

The background of the slide features a photograph of the Minnesota State Capitol building, a grand neoclassical structure with a prominent white dome topped by a golden spire. The building is partially obscured by out-of-focus, dry, golden-brown grasses in the foreground, creating a layered, natural aesthetic. The sky is a clear, pale blue.

Minnesota State Budget Overview

JANUARY 2023

PRESENTED BY:

FISCAL STAFF FROM THE OFFICE OF SENATE COUNSEL, RESEARCH, AND FISCAL ANALYSIS



Role of Legislative Fiscal Staff

Budget Development Process

- Constitution, Statute, Legislative Rules
- Timelines, Legislative Process
- Committees, Budget Targets, Information Sources, Important Terms, Budget Rules

Appropriations

Fiscal Notes & Revenue Estimates

Recap of the November 2022 State Budget Forecast

Budget Overview

- “All Funds”
- General Fund
- Overview of Individual Budget Areas

Unless otherwise noted, all figures in the presentation reflect FY 2024-25 projections, based on the November 2022 budget forecast.

Presentation Overview & General Budget

Schedule



Senate Counsel, Research, and Fiscal Analysis

Thursday, January 19 (1:00-3:30pm)

- Overall Budget, Process, Fiscal Notes, Timelines – Eric Nauman
- E-12 Education – Jenna Hofer
- Health and Human Services – Dennis Albrecht & Kyle Raymond
- Transportation and Public Safety – Krista Boyd
- Judiciary and Public Safety – Chris Turner
- Labor – Casey Muhm
- Taxes – Casey Muhm
- Aids and Credits – Casey Muhm

Friday, January 20 (10:30am – 12:30pm)

- State Government, Vets – Andrew Erickson
- Elections– Andrew Erickson
- Higher Education – Andrew Erickson
- Jobs & Commerce – Hannah Grunewald Noeldner
- Capital Investment – Hannah Grunewald Noeldner
- Housing – Daniel Mueller
- Energy, Environment and Natural Resources – Daniel Mueller
- Agriculture and Rural Development – Daniel Mueller
- Wrap-Up – Eric Nauman



What We Do

- Analyze spending and revenue proposals, including modeling of many proposed education and tax law changes.
- Assist committees and members in developing and analyzing budget options.
- Request and interpret Fiscal Notes and Revenue Analysis; interface with state agencies to ascertain information in support of the policy process.
- Draft budgetary legislation.
- Track budget proposals and decisions using spreadsheets.
- Support legislative oversight of enacted budgets.
- Fiscal staff organized by legislative jurisdiction (12 House fiscal analysts; 11 Senate fiscal analysts).



Budget Area Assignments

Overall Budget & Finance	Eric Nauman, 296-5539
E-12 Education Finance	Jenna Hofer, 296-5259
Environment, Natural Resources and Legacy; Energy and Utilities; Housing	Daniel Mueller, 296-7680
Health & Human Services	Dennis Albrecht, 296-3817 Kyle Raymond, 296-2491
Higher Education, Agriculture, Labor	Erik Olson, 296-4047
Jobs, Economic Growth, Commerce	Hannah Grunewald Noeldner, 296-2727
Judiciary and Public Safety	Chris Turner, 296-4350
State Government, Veterans and Military Affairs, Elections	Andrew Erickson, 296-4855
Transportation and Public Safety	Krista Boyd, 296-7681
Capital Investment	Hannah Grunewald Noeldner, 296-2727
Taxes and Aids & Credits	Casey Muhm, 296-2500

Constitutional Framework



Senate Counsel, Research, and Fiscal Analysis

- Article IV ...provides for a Legislature and vests it with power to pass bills for approval by the Governor (enactment) or to override the objections of the Governor (enactment).
- Article IV, section 23, also provides for partial veto of bills containing appropriations.
- Article V ...provides for a Governor with powers and duties that include...to “take care that the laws be faithfully executed.”
- Article XI, section 1... “No money shall be paid out of the treasury of this state except in pursuance of an appropriation by law.”
- Article XI, section 6, requires a balanced biennial budget by implication, by prohibiting the issuance of certificates of indebtedness that go beyond the biennium.
- Constitution contains numerous other provisions related to the authority to tax, creation of dedicated funds, and to public debt.

Budget Process Requirements



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The budget process and legislative decision-making is facilitated through various tools in statute:

Minnesota Statutes, section 16A.095

- Creation of a state budget system.

Minnesota Statutes, section 16A.103

- State budget forecasts.

Minnesota Statutes, section 16A.11

- Budget forms, instructions, and timeline for agency budget preparation.
 - Subd. 1.: Requirements for the Governor to submit budget recommendations to Legislature
 - Subd. 2.: Governor's budget must be balanced.

Legislative Rules



Senate Counsel, Research, and Fiscal Analysis

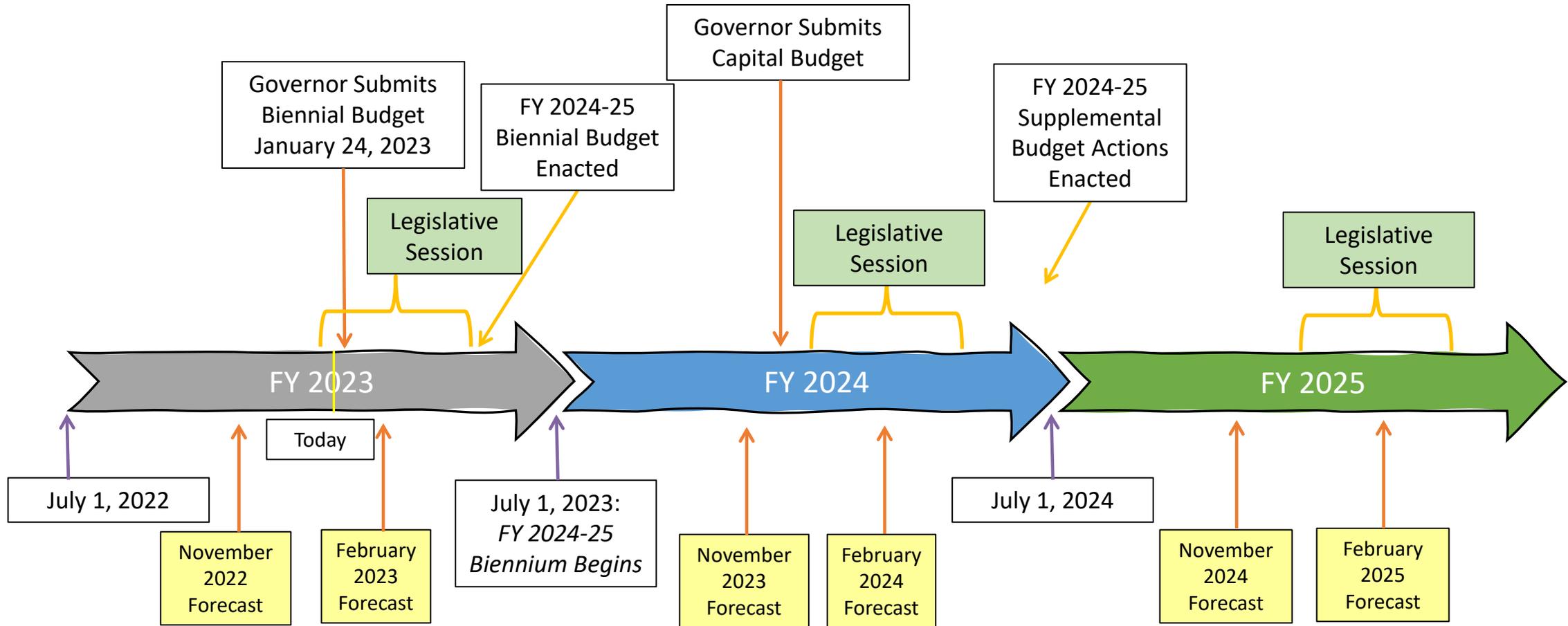
The House and Senate have separate rules, and joint rules that govern how the Legislature operates. Many of these rules relate to the budget development process.

- Joint Rules establish three committee deadlines to define when policy and fiscal bills must be processed through committees. The House and Senate establish these deadlines through a concurrent resolution.
- House and Senate Rules separately provide a process for establishing general fund spending/revenue targets to allocate decisions among the various budget committees
- Numerous other rules guide various fiscal decisions in the budget development process.

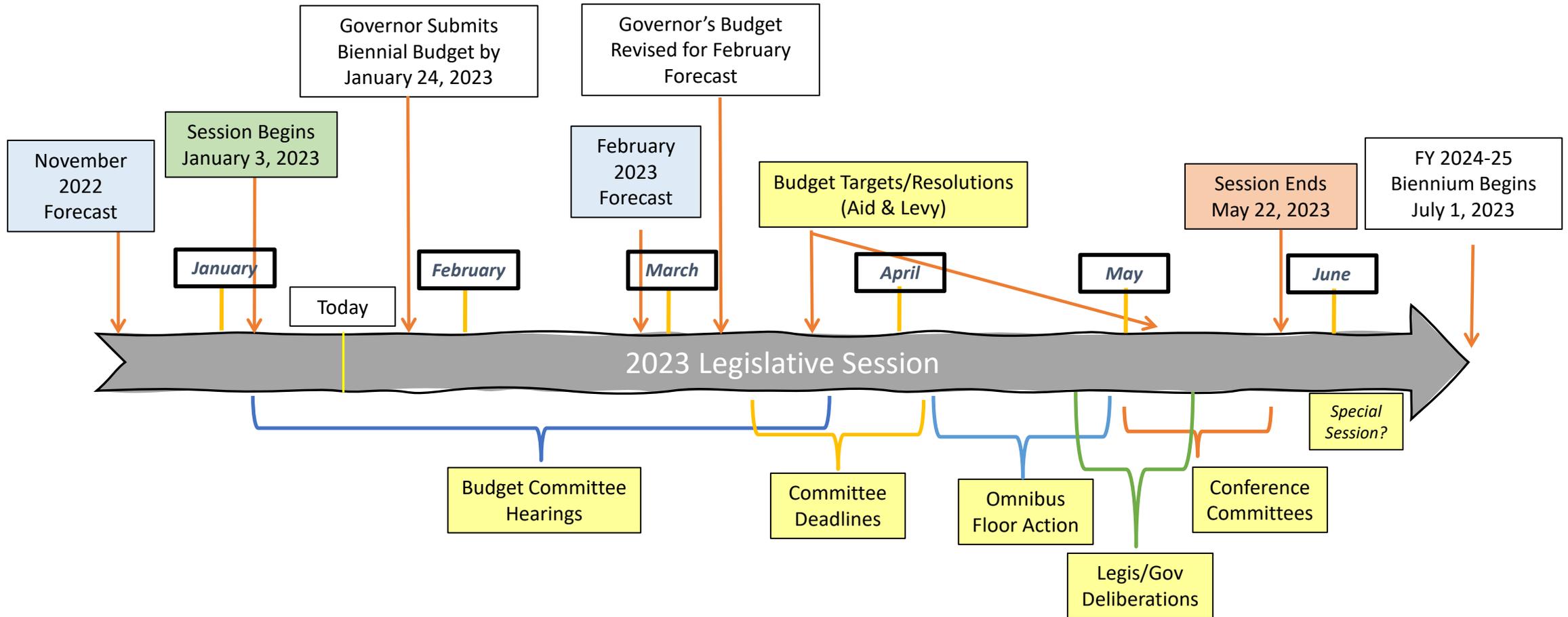
Statutory & Constitutional Timeline Through the Biennium



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Budget Year Timeline



Committee Process



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- Legislative Committees are a key part of the way legislative bodies organize themselves to get the work done - including both policy and budget committees.
- Committees typically hold hearings to review the budget, including the Governor's budget recommendations, along with budget-related bills introduced by Legislators.
- Bills may propose policy changes that have no budget impact, bills with budget implications only, or a mix of policy and budget.
- Committees typically hear budget bills and then combine budget provisions into an Omnibus Bill after weighing the various options.
- House budget bills produced by a budget committee must conform to the limits established in budget targets for that bill.
- **Senate budget bills typically conform to the limits established in the targets for that bill, but Senate rules limit bills based on how they were reported to the floor of the Senate.**
- Rules (House, Senate and Joint) and Committees help drive the process to an end point.

Budget Targets



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Budget Target – mechanism used by the House and Senate to set broad spending/revenue levels by committee.

- Developed by Legislative Leaders with input from political caucuses and others.
- Formally adopted by the Ways and Means Committee in the House and publicly announced by the Chair of the Finance Committee or the Majority Leader in the Senate.
- May be stated in terms of budget totals or change amount from forecasted budget levels. Usually stated in terms of “net spending” (spending plus or minus change in revenue).
- Target setting process is typically repeated during conference committee phase, and potentially again during negotiations with the Governor.



Budget Information Sources



State Budget Forecasts

A formal economic forecast of expenditures and revenues in November and February prepared by Minnesota Management & Budget as required by MN Statutes, section 16A.103.

<https://mn.gov/mmb/forecast/forecast/>



Executive Budget Books

Prepared by each state agency to summarize the agency's mission, services, performance information, base budget, and Governor's budget proposals.

<https://mn.gov/mmb/budget/current-budget/governors-budget-recommendations/base-budget-books.jsp>



Fiscal Notes

Prepared by the relevant state agencies, with oversight from the Legislative Budget Office, that estimates the costs, savings, revenue gain/loss that would result from proposed legislation.

<https://www.mn.gov/mmbapps/fnsearchlbo/>



Revenue Analysis

Prepared by the Department of Revenue that estimates the revenue/spending change that would result from the proposed change to state or local tax laws or property tax aids and credit programs.

<https://www.revenue.state.mn.us/revenue-analyses>



Legislative Budget Tracking Spreadsheets

Prepared by legislative fiscal analysts that compile cost information from fiscal notes, revenue estimates and other sources to record executive and legislative budget decisions at key steps in the process.

<https://www.senate.mn/tracking/2023>



Important Terms

General Fund – Largest fund in the state treasury where receipts for most major taxes are deposited. Most money in the General Fund is not earmarked for specific purposes and is available for general spending.

Other Funds - Various other funds usually designated for certain purposes such as the Trunk Highway Fund, Game & Fish Fund, Federal Fund.

Measures of Fund Balance

- **Budgetary Balance** - Total Resources (including transfers, carry-forward) less spending; typically measured for the biennium but also fiscal years.
- **Structural Balance** - Biennial (or Fiscal Year) current revenues less current spending

Planning Period or “Tails” (FY 2026-27)

- A current law budget constructed carrying FY 2019 appropriations forward. That budget recognized inflation to the extent it is recognized in current law.

For additional common terms, see:

- “State of Minnesota Budget Basics” at: <https://www.senate.mn/departments/fiscalpol/reports/2005/budgetbasics.pdf>
- Money Matters at: <http://www.house.leg.state.mn.us/Fiscal/Download/934>



The Budget Rules



Informal guidance that specifies how to “count” money in the context of the state budget.

- Used by MMB and the Legislature for budget forecasts, Governor’s budget recommendations, fiscal notes, and legislative budget changes.
- The Budget Rules provide a uniform understanding of how to track the overall budget. The Rules minimize technical fiscal disagreements.
- Legislative fiscal staff and MMB jointly update and agree upon the rules every year.
- The budget rules were originally established in 2002 and were most recently approved by the Legislative Commission on Planning and Fiscal Policy in 2013.
- In 2017, the rules were reorganized for clarity; in 2022, the rules were updated for the current budget period. (https://assets.senate.mn/fiscalpol/tracking/2022/Overall_Budget_Rules_2022.pdf)



Two Key Budget Rules for Appropriations

- The Budget Rules suggest that an appropriation should be a direct appropriation unless there is a compelling reason to make it statutory.
- MS 16A.11, subd 3 (b) and Budget Rules specify that existing appropriations are assumed to be ongoing to the next biennium at the level appropriated in the second year of the current biennium unless a different number is specified.



Spending Authority & Definitions

Direct Appropriation

- Short term spending authority, usually within the biennium

Statutory Appropriation

- Ongoing, codified spending authority

Open Appropriation

- Unlimited spending authority, whatever is needed for the purpose

Standing Appropriation

- Ongoing, but limited spending authority



Recommendations for Establishing Statutory Appropriations

- Activities funded by the appropriation are outside the scope of normal agency operations and would be discontinued if the dedicated revenues were no longer available.
- Constitutional requirements would trigger automatic state obligations or levy new taxes.
- Revenues and expenditures are difficult to predict and appropriate directly.
- Link to “Statutory Appropriations Guide” adopted by the LCPFP in 2002 is at:
<http://www.house.leg.state.mn.us/Fiscal/Download/125> ; or
<https://www.senate.mn/storage/scrfa/Final%20Report%20to%20the%20LCPFP%202%202003.pdf>



What is a Fiscal Note?

- A fiscal note estimates the costs, savings, revenue gain, or revenue loss resulting from the implementation of proposed legislation. The baseline for the fiscal note is the most recent budget forecast so the fiscal note numbers show changes from that forecast.
- It is a tool to help legislators better understand how a bill might impact the state budget as a whole, individual agencies, and in some instances, local governments.



Use of Fiscal Notes in the Legislative Process

Fiscal Notes: Minnesota Statutes 3.98

- Fiscal note examines spending and fee changes
- Fiscal note requested by committee chairs
- Legislative Budget Office (LBO) coordinates and signs off
- LBO is a new office and is part of the Legislative Coordinating Commission

Unofficial Fiscal Notes: Minnesota Statutes 13.64, subd. 3

- Same form and format as a regular fiscal note
- Bill language is available, but not yet introduced
- Are public, except when the requester directs note to be classified as not public data

Local Impact Notes: Minnesota Statutes 3.987-3.989

- Local impact note examines fiscal impact of proposed law change on counties, cities, school districts, and any other local governments
- Local impact note requested by Tax, Finance, or Ways and Means committee chairs or ranking minority members
- LBO coordinates

Revenue Estimate: Minnesota Statutes 270C.11, subd. 5

- Revenue estimate examines tax changes
- Revenue estimate requested by tax committee chairs or ranking minority members
- Department of Revenue is responsible



Requirements

- Cite the effect in dollar amounts
- Cite the statutory provisions affected
- Estimate the increase or decrease in expenditures or revenues
- Include the costs that may be absorbed without additional funds
- Include the assumptions used in determining the cost estimates
- Specify any long-range cost implications

The fiscal note may comment on technical or mechanical defects in the bill but may not express opinions concerning the merits of the proposal.

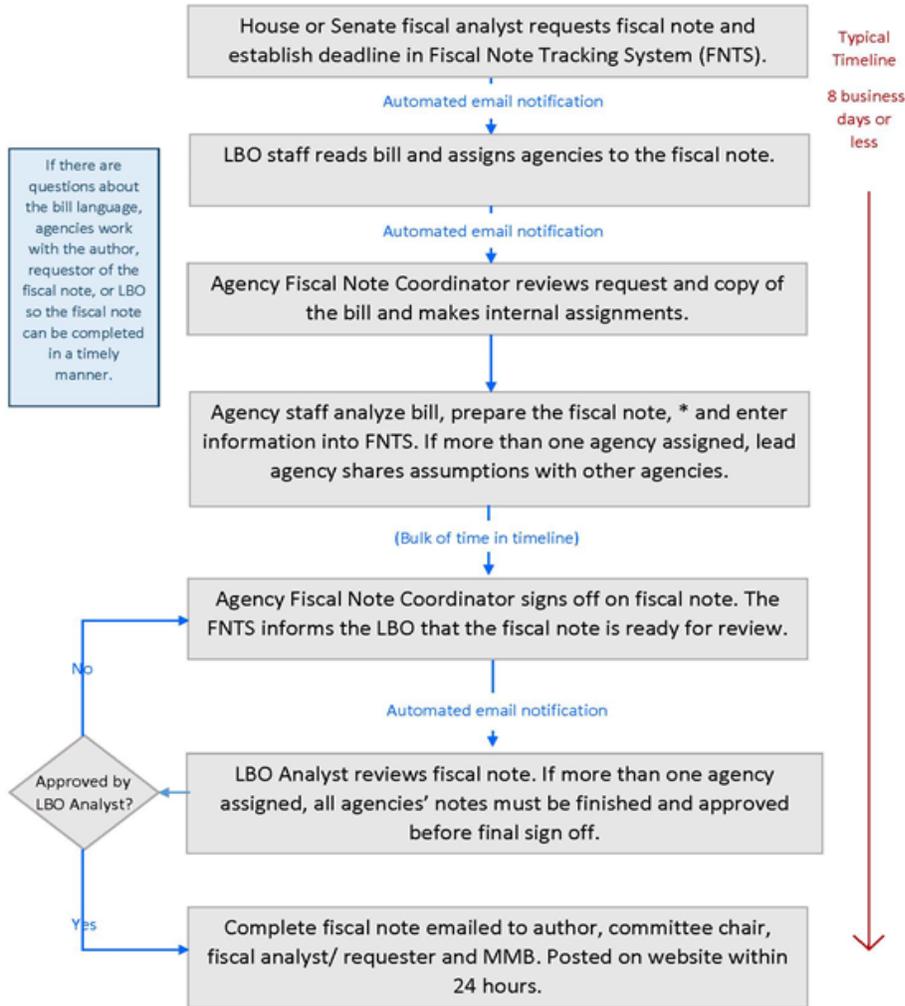
LBO prescribes uniform form, format and procedures that govern all agencies.



Minnesota Statutes 3.98 and 3.8853

Legislative Budget Office

Fiscal Note Process



If there are questions about the bill language, agencies work with the author, requestor of the fiscal note, or LBO so the fiscal note can be completed in a timely manner.

Typical Timeline
8 business days or less

*Information includes assumptions used, impact on agency, estimated costs or savings, including technology costs involved in change, additional staff required, long term considerations, and any local impact noted.

Source: MN Legislative Budget Office



How to Review a Fiscal Note

The basic components of a Fiscal Note include:

- Front page tables & information
 - File Number
 - Author
 - Consolidated FN / Single agency
 - Fiscal Impact Table
 - State government fiscal impact table
- Bill Description
- Assumptions
- Expenditure and/or Revenue Formula
- Long-term fiscal considerations
- Local Government Costs
- References/Sources
- LBO Analyst Comments

Use of Fiscal Notes in the Legislative Process



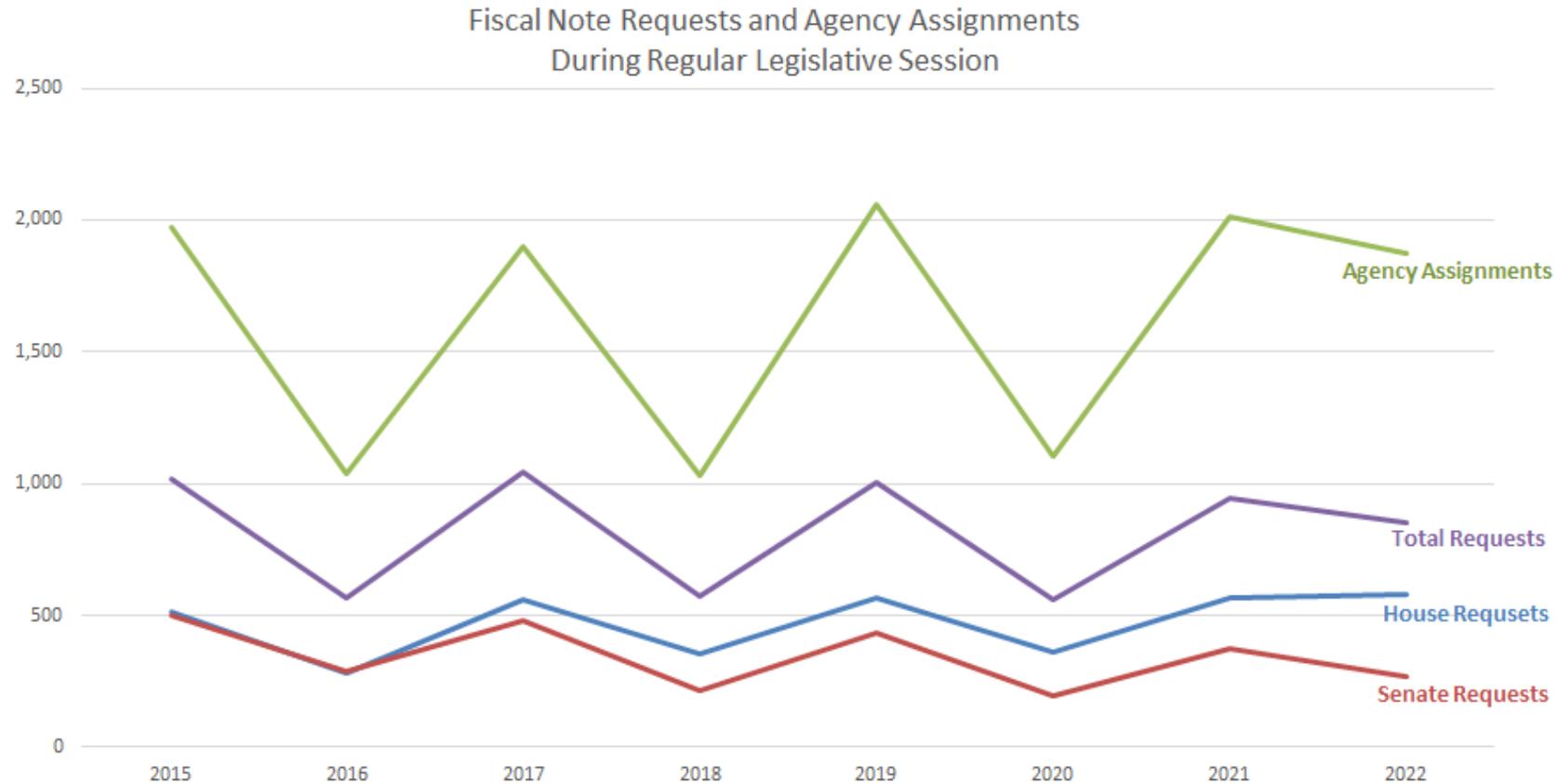
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Good Questions to Ask:

- Did the author and agency preparing the fiscal note make the same assumptions? Are those assumptions clearly stated in the fiscal note?
- Does the bill language reflect the author's intent? Did the agency(s) completing the fiscal note understand the author's intent?
- Do the assumptions in the fiscal note reflect the most likely scenario?
- Are there technical problems with the bill language?



Total Fiscal Note Requests and Agency Assignments by Year



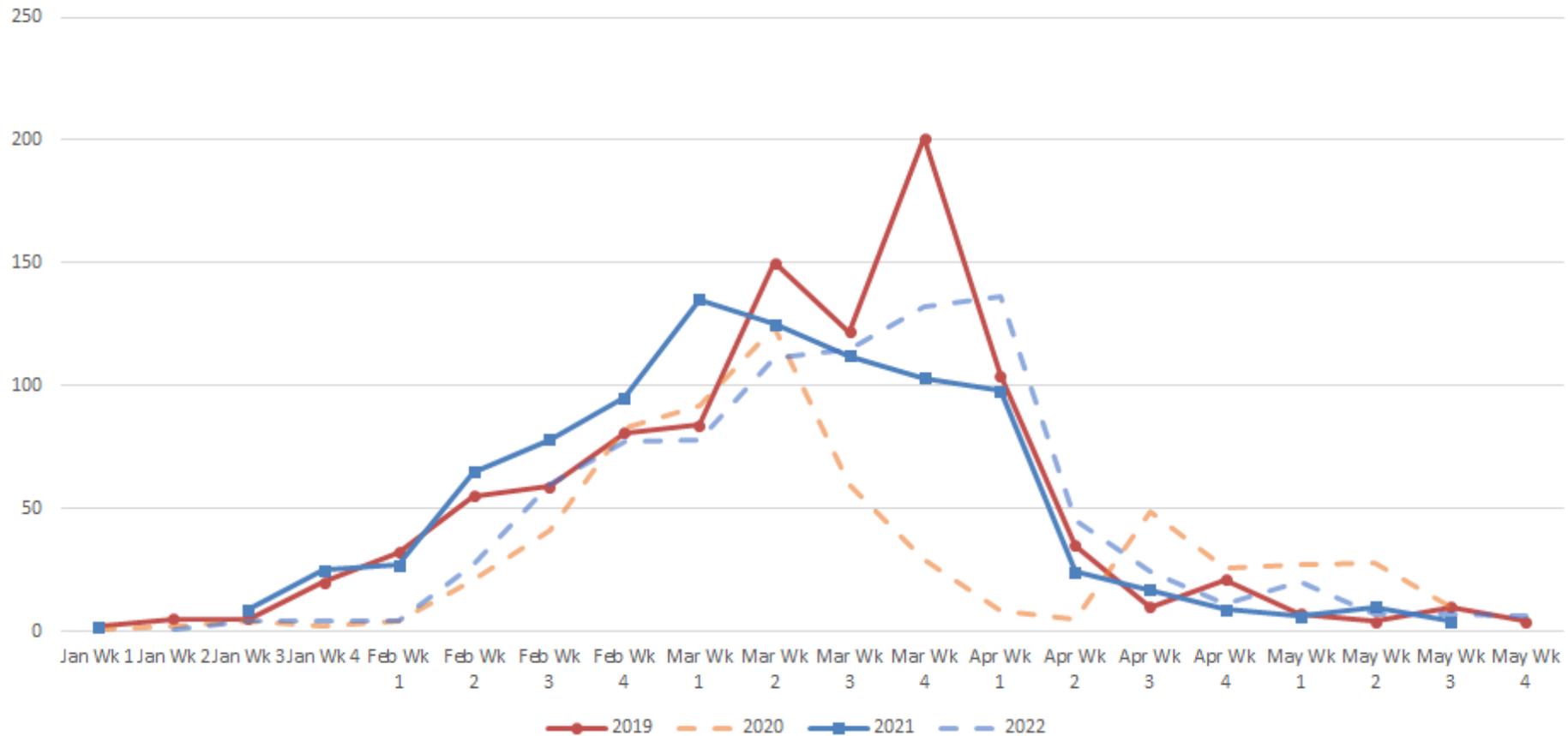
Source: MN Legislative Budget Office

Fiscal Note Requests by Session Week



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Fiscal Note Requests from January 1

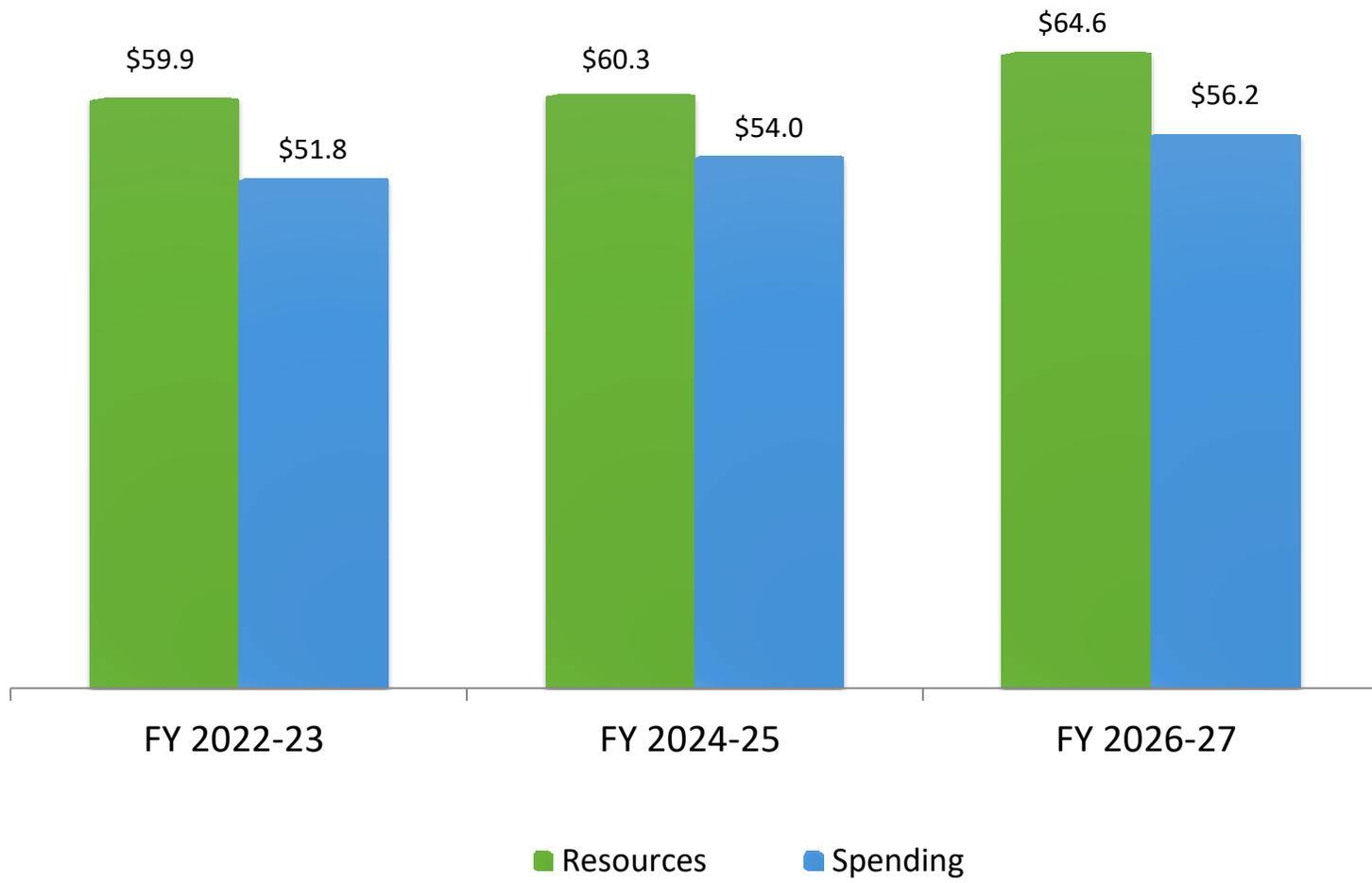


Solid lines denote budget year.
 Dashed lines denote non-budget year.
 Source: MN Legislative Budget Office



Projected General Fund Resources & Spending

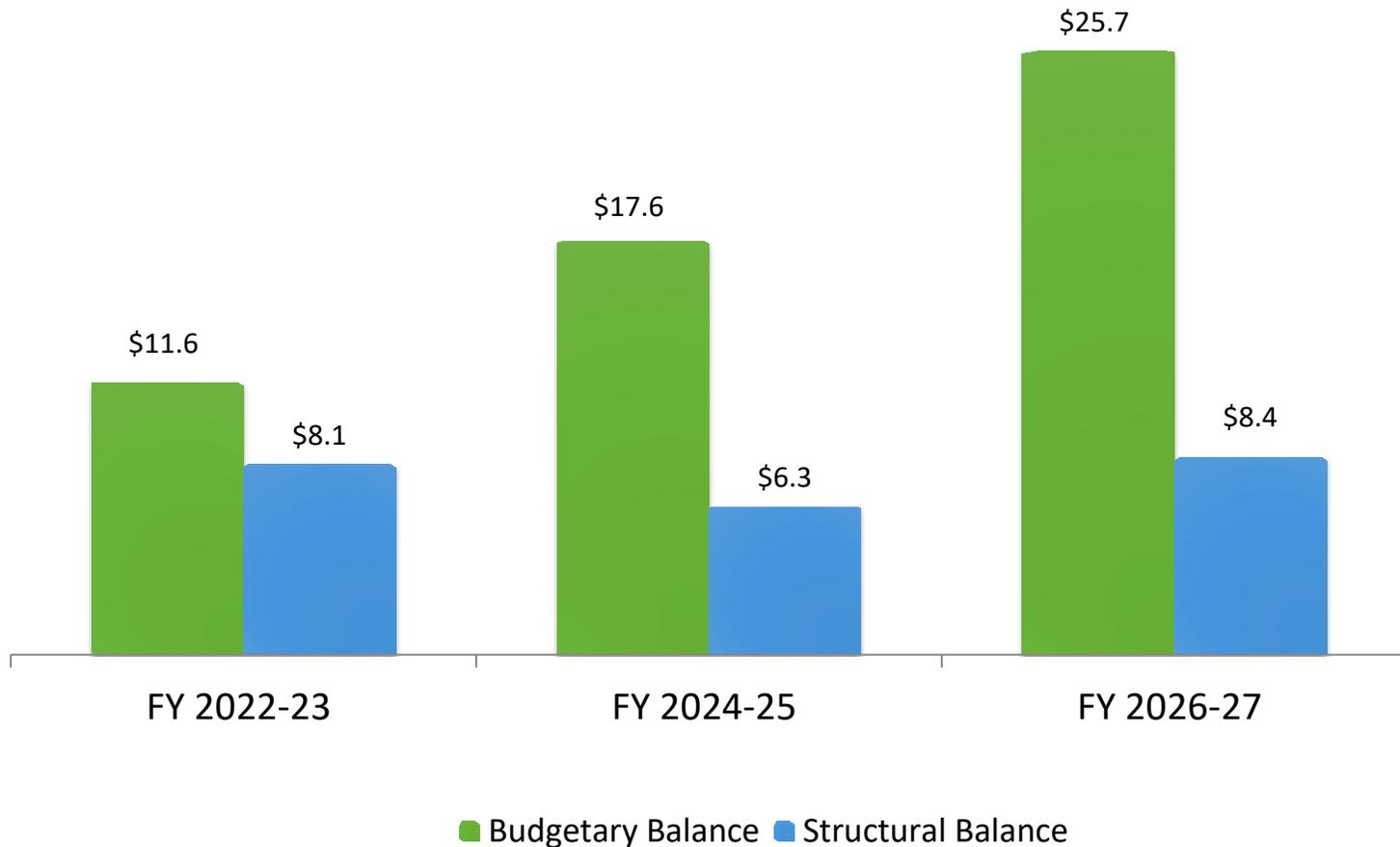
Dollars in Billions





Projected General Fund Balance

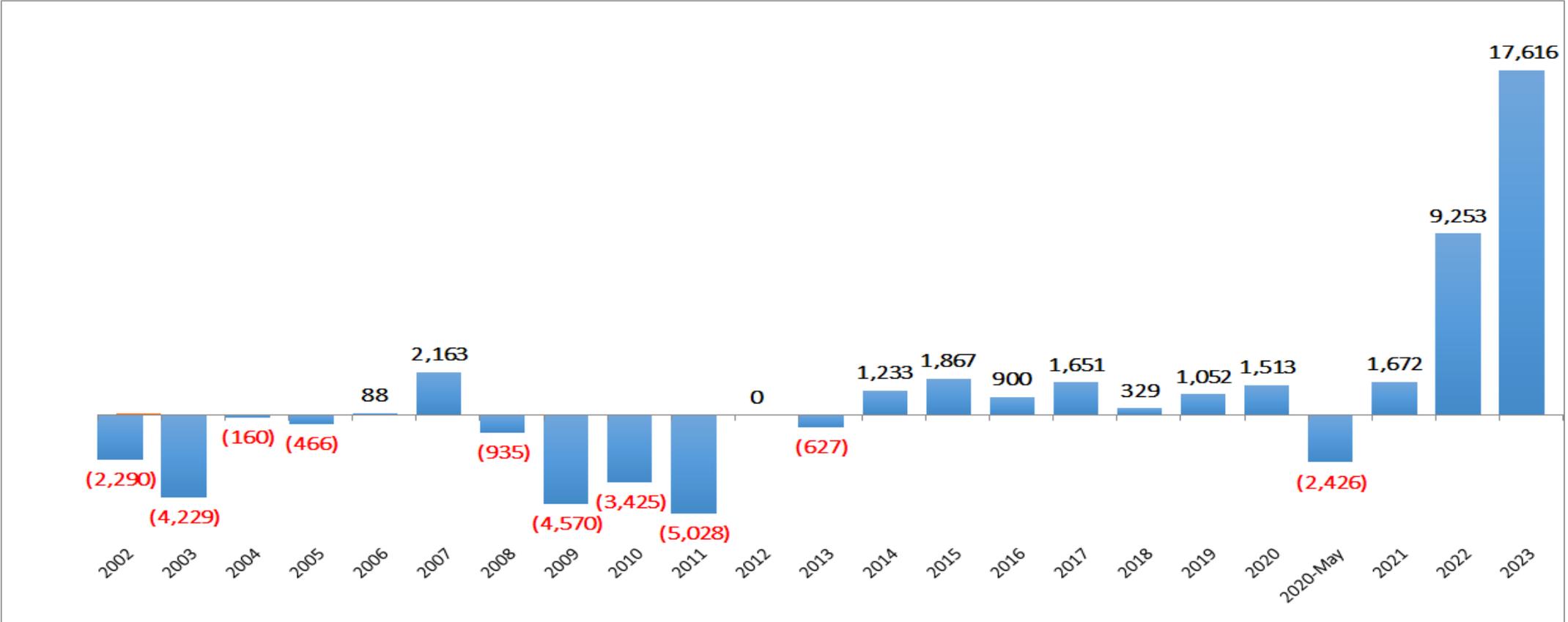
Dollars in Billions





Budgetary Balance Levels 2002 through 2023 Legislative Sessions

Dollars in Millions, Based on February Forecast For Session*



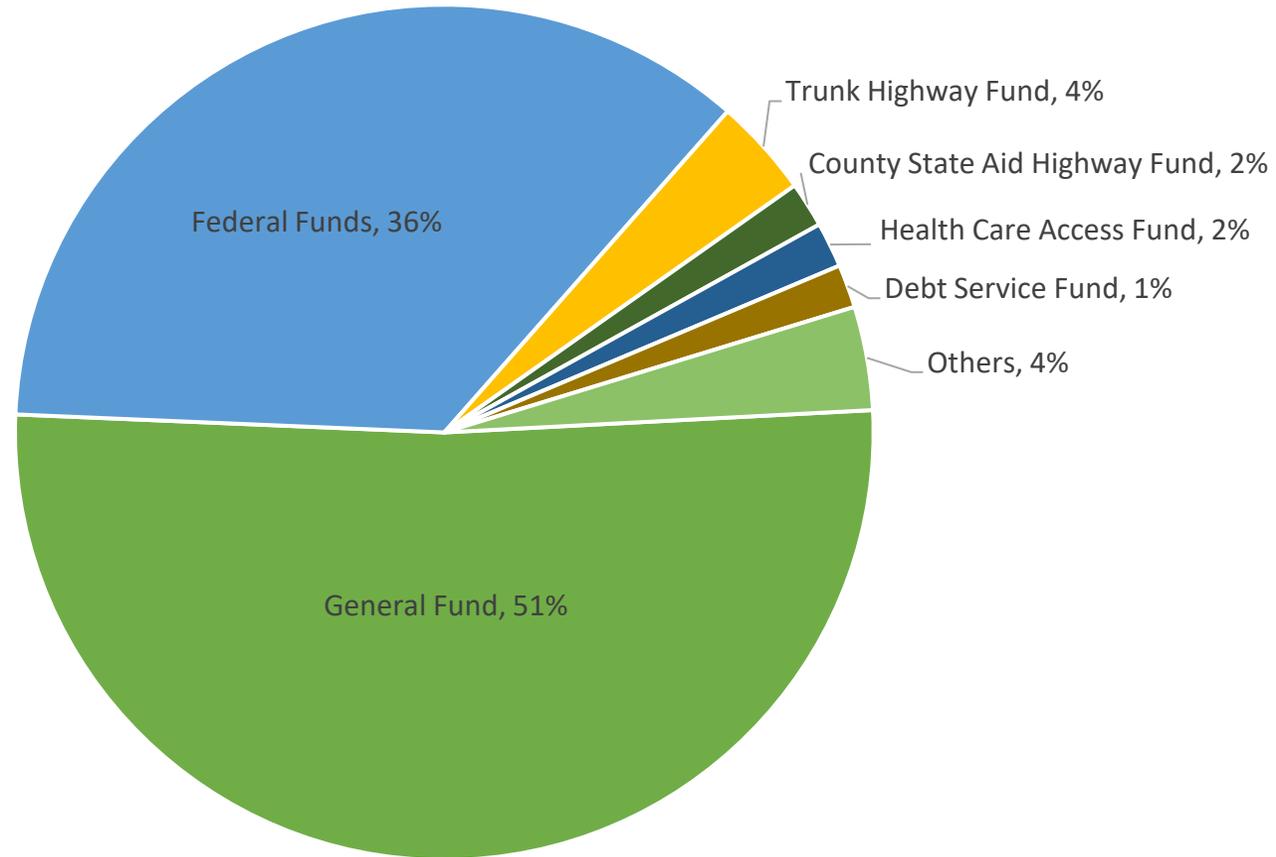
*Budget balance as projected by Feb forecast for subsequent biennium in odd numbered years and for current biennium in even numbered years.

** 2023 Session data are from the November 2022 Forecast.



All Funds, By Fund Type - FY 2024-25

Total Spending \$104.7 Billion

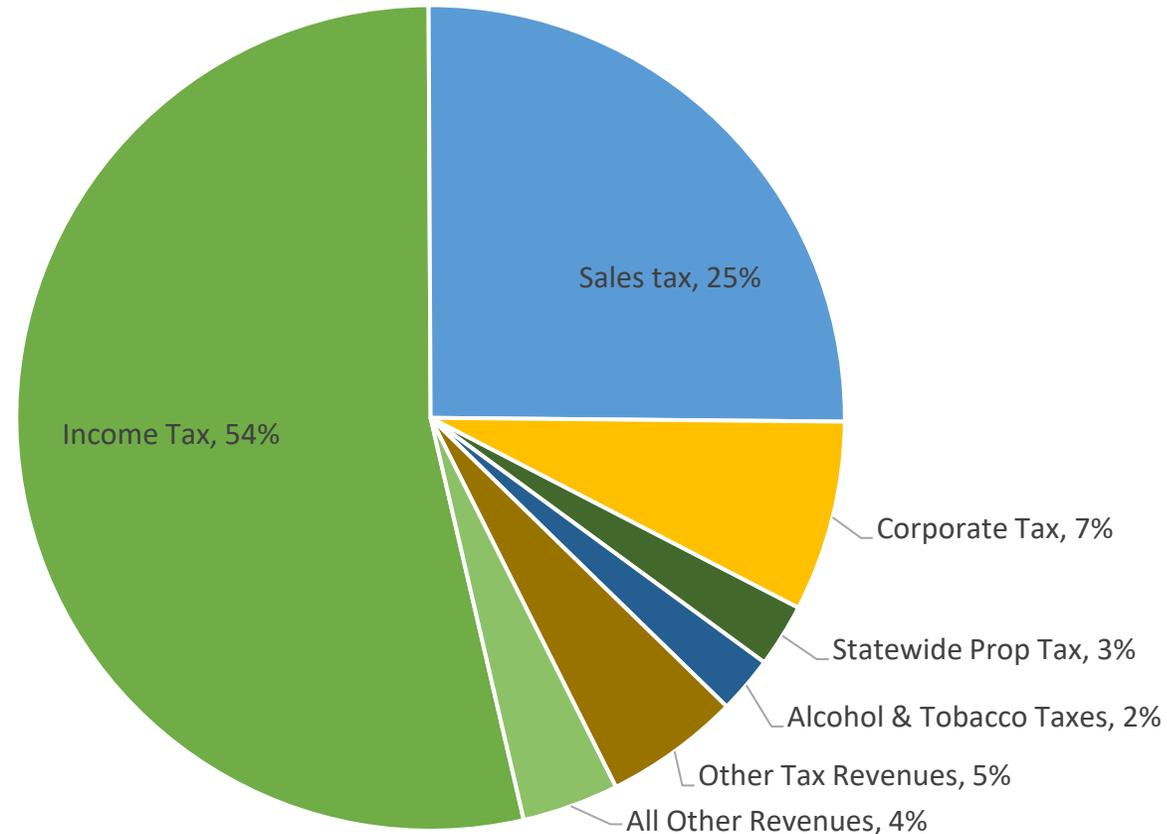


Where Do General Fund Resources Come From - FY 2024-25

Total Revenues \$60.1 Billion



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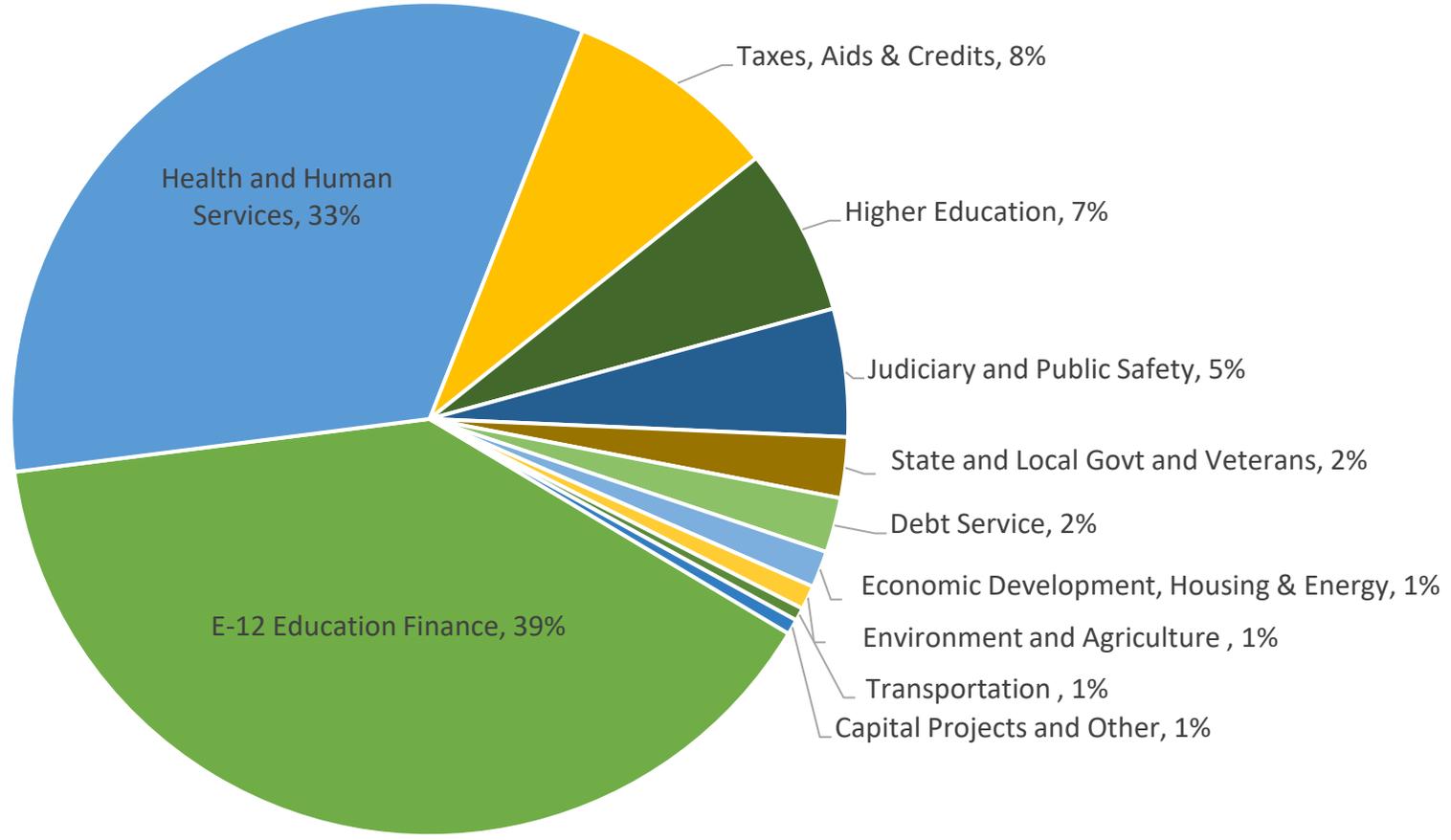


Where Do General Fund Dollars Go – FY 2024-25



Senate Counsel, Research, and Fiscal Analysis

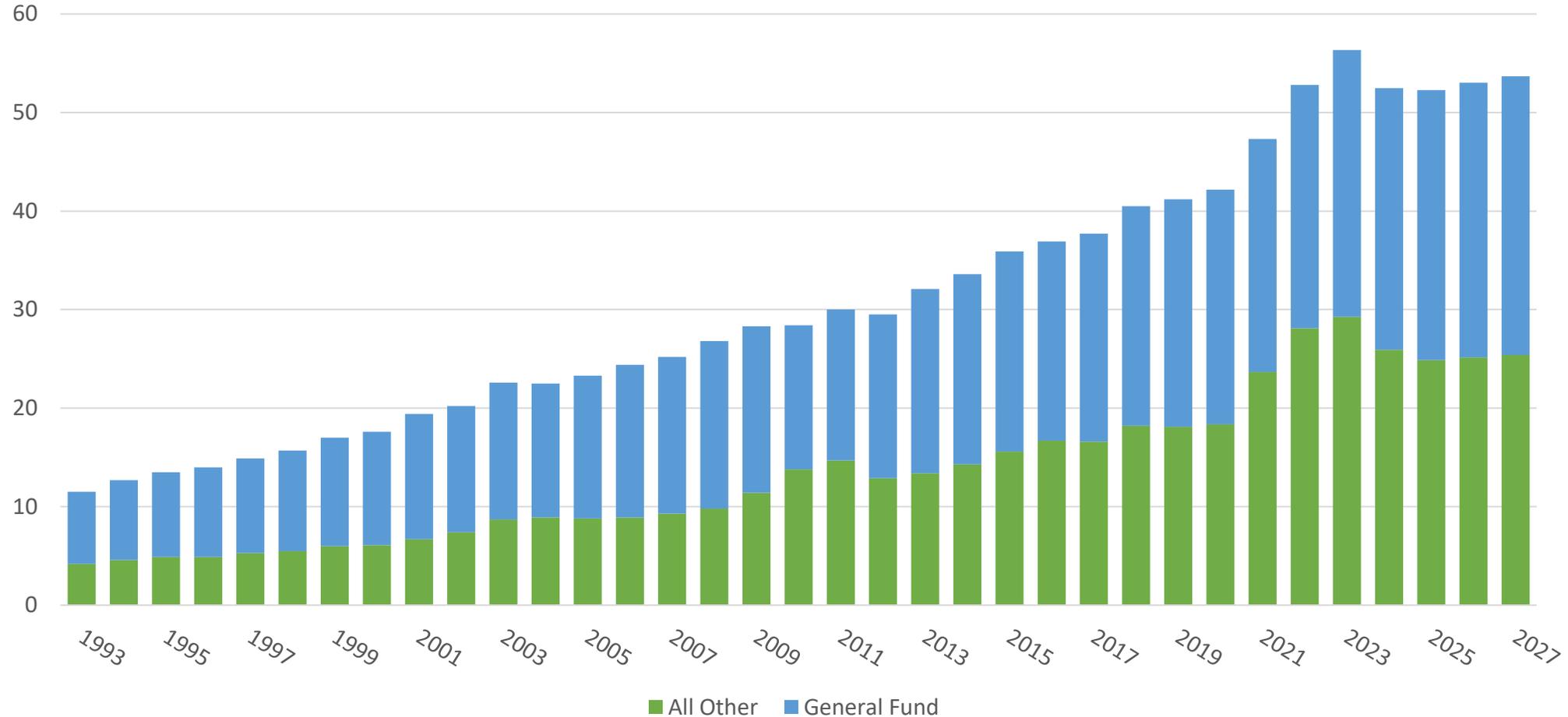
Total Spending \$53.95 Billion





Expenditures – All Funds

Actual Dollars, In Billions





The Ongoing FY 2024-25 General Fund Budget

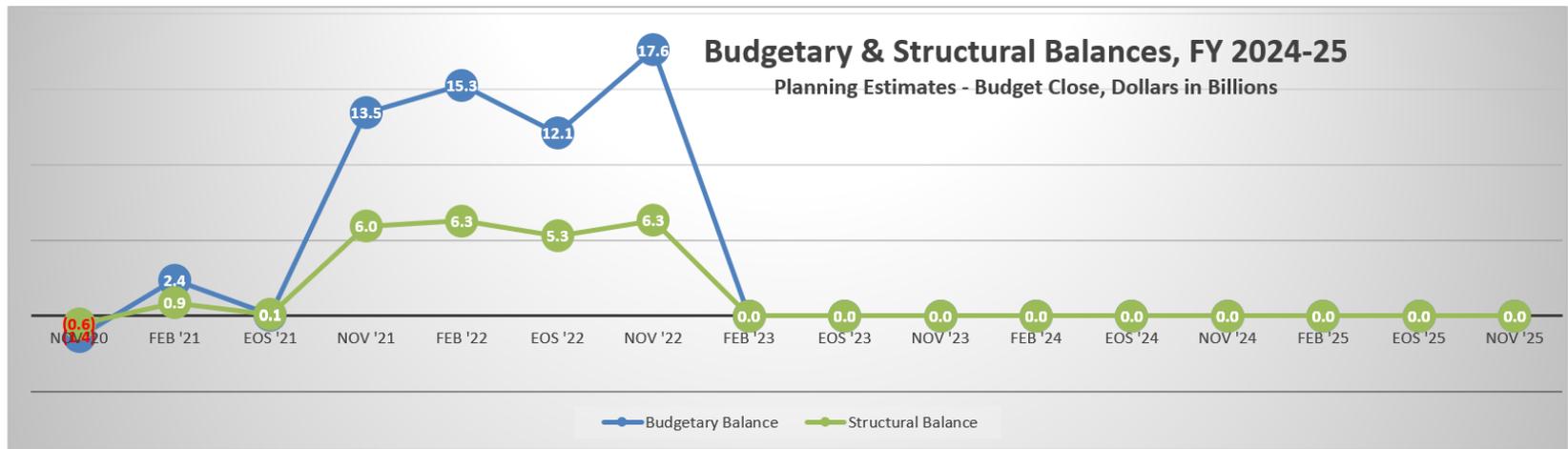
(dollars in billions)

Forecast/EOS	Planning Estimate Forecasts		Planning Estimates After Budget Session EOS '21	Planning Estimate Forecasts		Planning Estimates After Supp'tl Session EOS '22	Estimates Before Budget Established Nov '22 Feb '23		Budget Initially Set EOS '23	Estimates of Enacted Budget Nov '23 Feb '24		Supp'tl Budget EOS '24	Estimates of Enacted Budget with Supplemental Changes Nov '24 Feb '25		Final Action EOS '25	Final Look, Budget Close Nov '25
	Nov '20	Feb '21		Nov '21	Feb '22		Nov '22	Feb '23		Nov '23	Feb '24		Nov '24	Feb '25		
Carryforward	1.8	4.1	2.5	11.1	12.6	10.4	15.2									
Current Revenues	53.1	54.3	54.8	60.3	60.6	59.9	60.3									
Total Revenues	54.9	58.4	57.3	71.3	73.2	70.3	75.5									
Spending	53.6	53.4	54.7	54.3	54.3	54.6	54.0									
Reserves	2.7	2.6	2.5	3.6	3.6	3.6	3.9									
Budgetary Balance	(1.378)	2.379	0.060	13.460	15.288	12.112	17.616	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Structural Balance	(0.552)	0.865	0.091	5.953	6.289	5.317	6.327	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

Footnotes:

(1)

(2)



Footnotes: (1) The "planning estimates after the budget session" \$550 million in revenue replacement funding from the state fiscal recovery fund (SFRF). These funds are booked as revenue.

(2) The supplemental budget removed the \$550 million in revenue replacement funding from the SFRF.

E-12 Education

JENNA HOFER
FISCAL ANALYST

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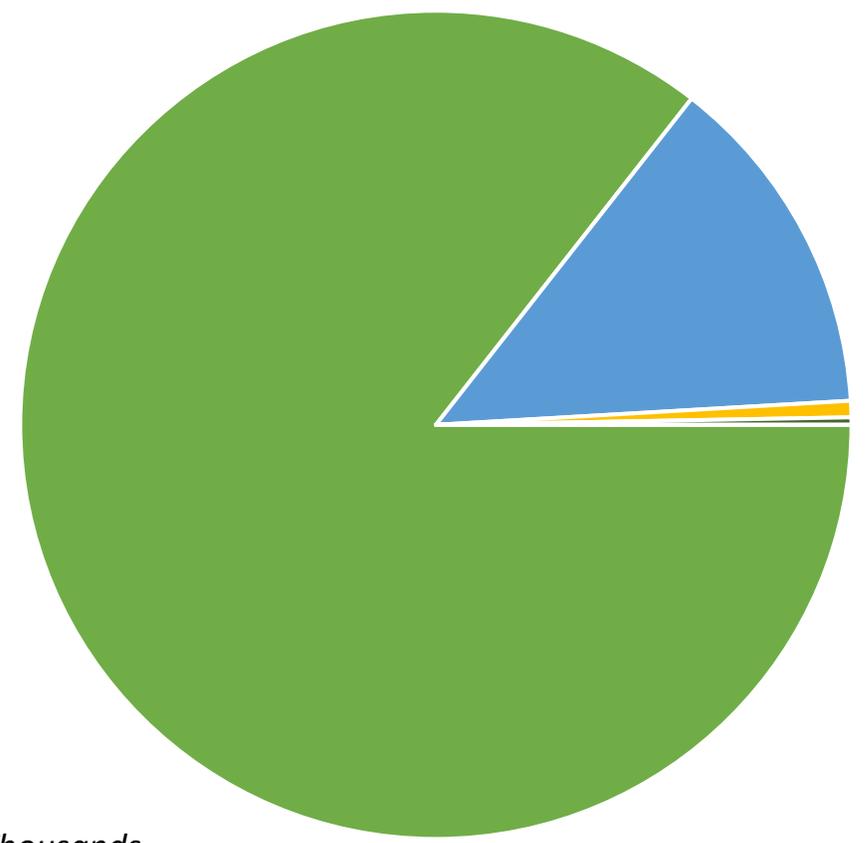
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FY 2024-25 All Funds Budget

Base Budget \$24.9 Billion (23.5% of total All Funds)



Dollars in Thousands

General Fund

\$21,251,951
85.6% of All Funds

Federal Fund

\$3,358,834
13.5% of All Funds

Special Revenue Fund

\$158,564
0.6% of All Funds

Permanent School Fund

\$71,240
0.3% of All Funds

Gift Fund

\$438
0.0% of All Funds



General Fund Appropriations

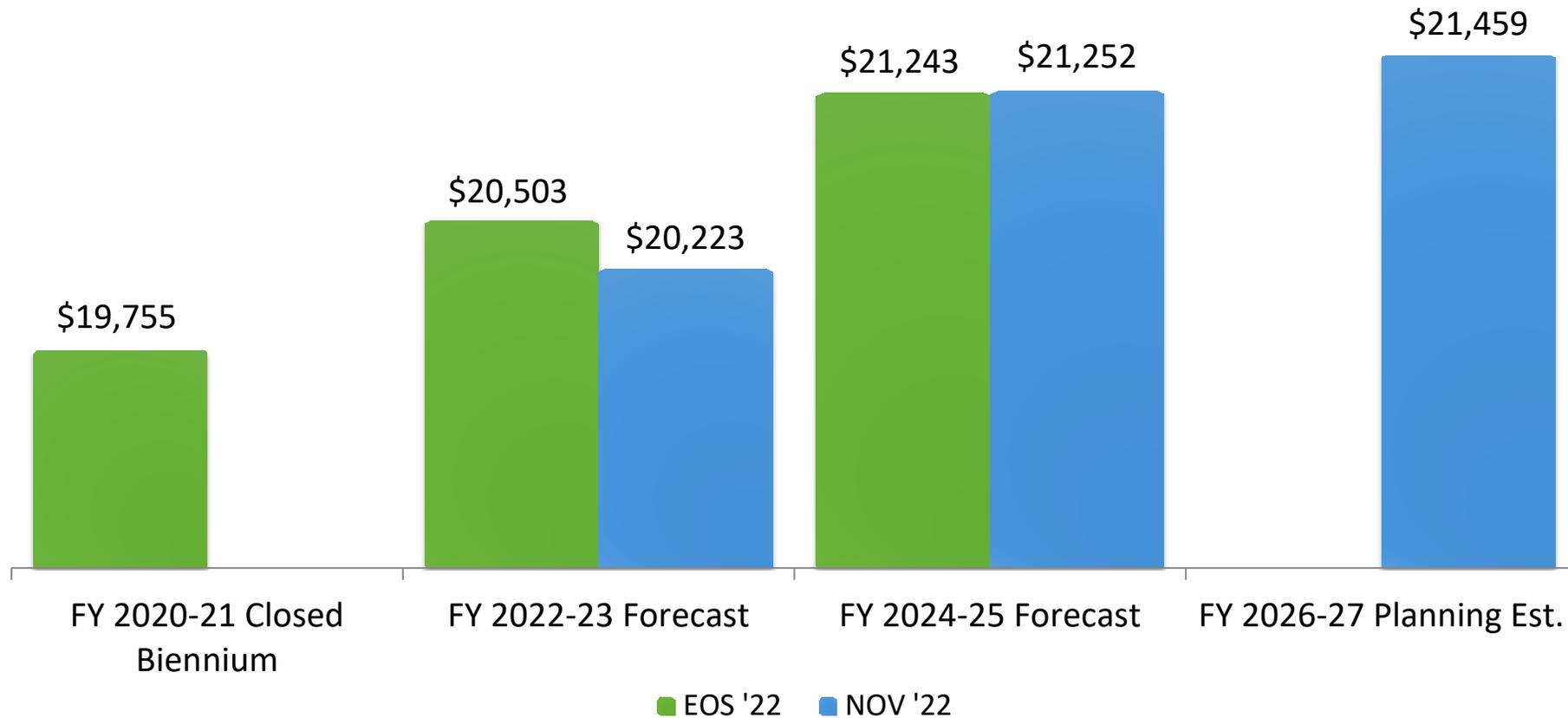
Dollars in Thousands

	FY 2024-25	% of E-12 General Fund Budget
General Education	\$15,547,394	73.2%
Special Education	\$4,006,914	18.6%
Education Excellence & Teachers	\$770,296	3.6%
Early Education	\$343,847	1.6%
Facilities & Technology	\$269,744	1.3%
Lifelong Learning	\$111,700	0.5%
State Agencies	\$109,854	0.5%
Nutrition Programs	\$56,062	0.3%
Library Programs	\$36,140	0.2%
Community Education	\$7,929	0.0%
Total	\$21,251,951	



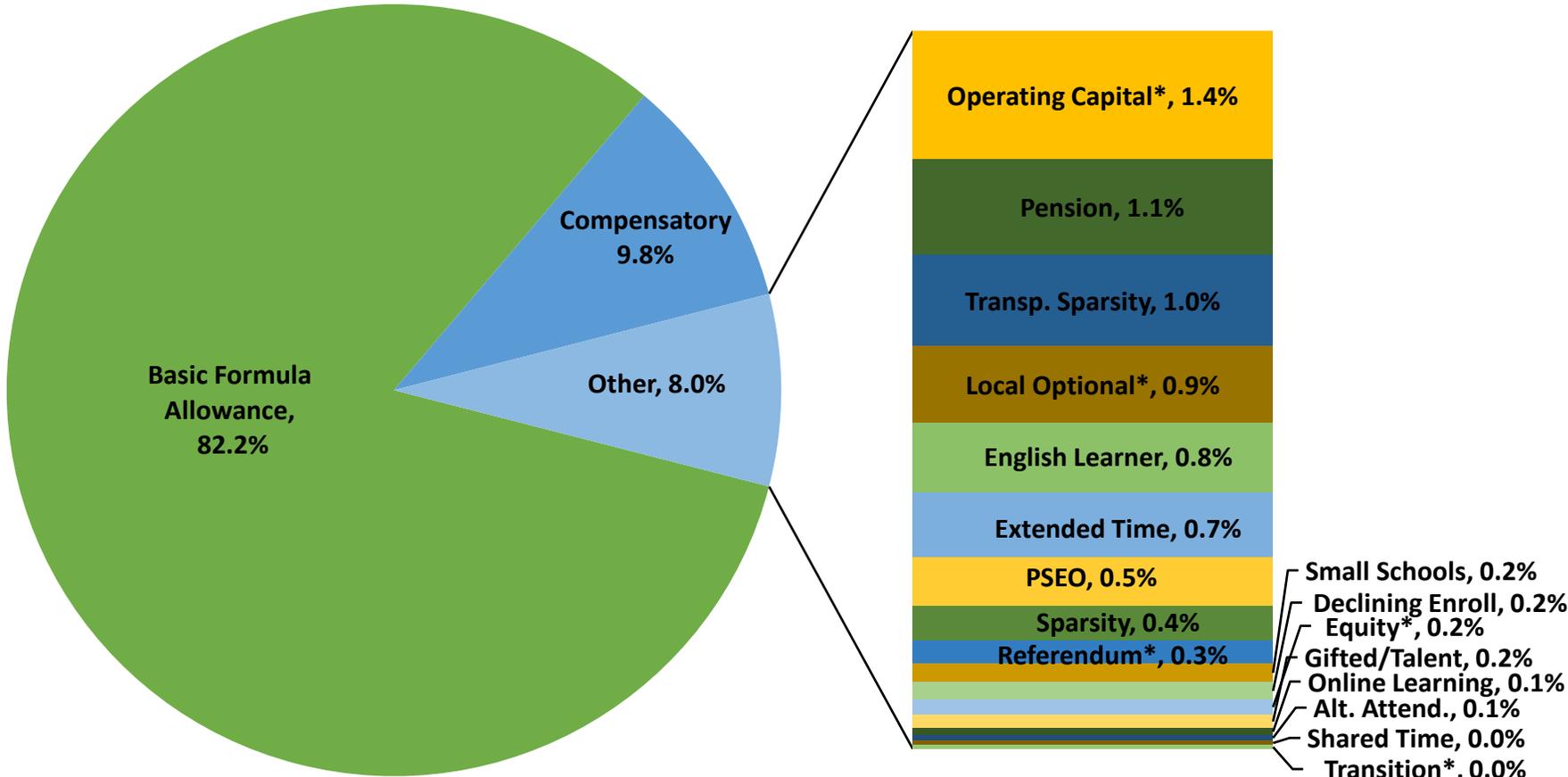
Forecasted General Fund Spending

FY 2020-21 to FY 2026-27 (est.), Dollars in Millions





General Education Aid Entitlements FY 2024-25: \$15.5 Billion

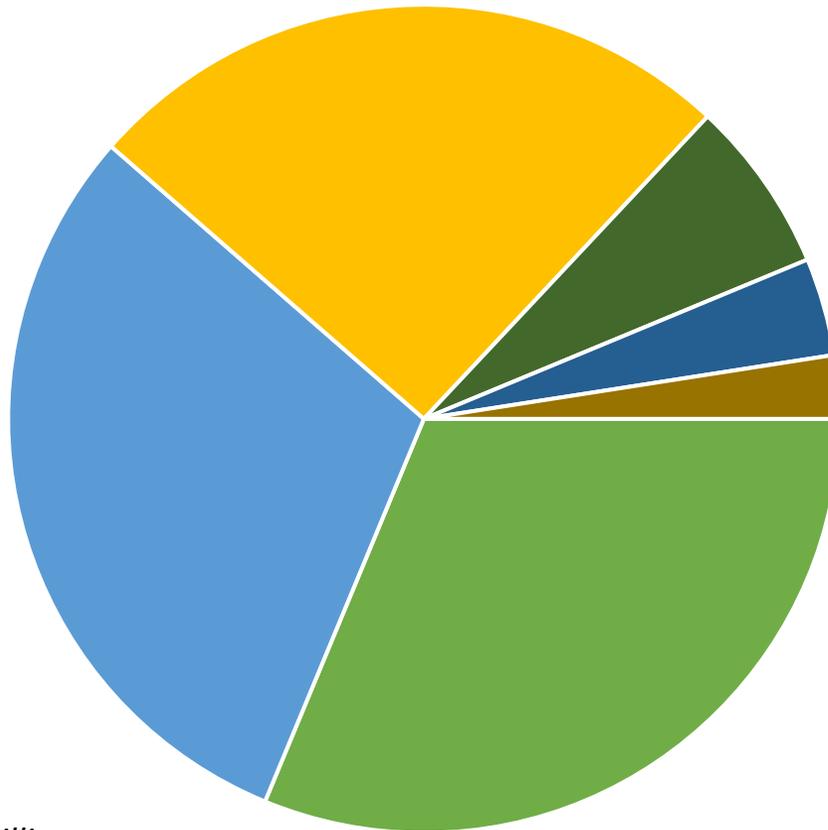


*Indicates program also has a levy component



MN Property Taxes By Source

Taxes Payable 2022 Certified: \$11.5 Billion



Dollars in Millions

Counties	State
\$3,605	\$779
31.2% of Revenue	6.8% of Revenue
Schools	Special Districts
\$3,484	\$440
30.2% of Revenue	3.8% of Revenue
Cities	Towns
\$2,946	\$285
25.5% of Revenue	2.5% of Revenue



Education Property Tax Base Budget

Dollars in Thousands

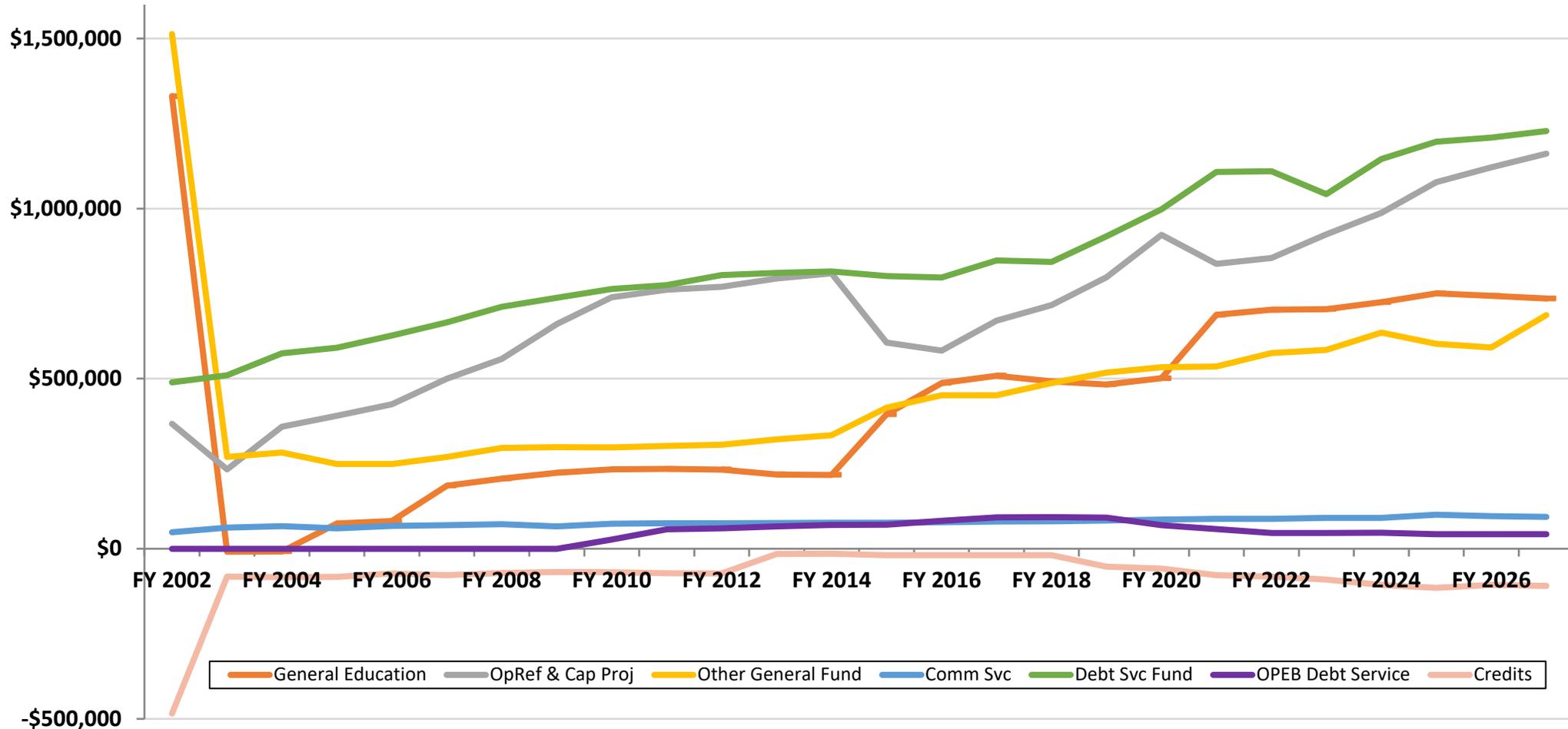
	FY 2024-25
General Fund	\$4,778,341
Community Service Fund	\$190,240
Debt Service Fund	\$2,342,269
OPEB/Pension Debt Service	\$89,508
Total School District Levies	\$7,400,358
Credits & Adjustments	\$(221,023)
Total Certified Levies	\$7,179,335

Education Property Tax Trends By Fund/Category, FY 2002 – 2027 (est.)



Senate Counsel, Research, and Fiscal Analysis

Dollars in Thousands

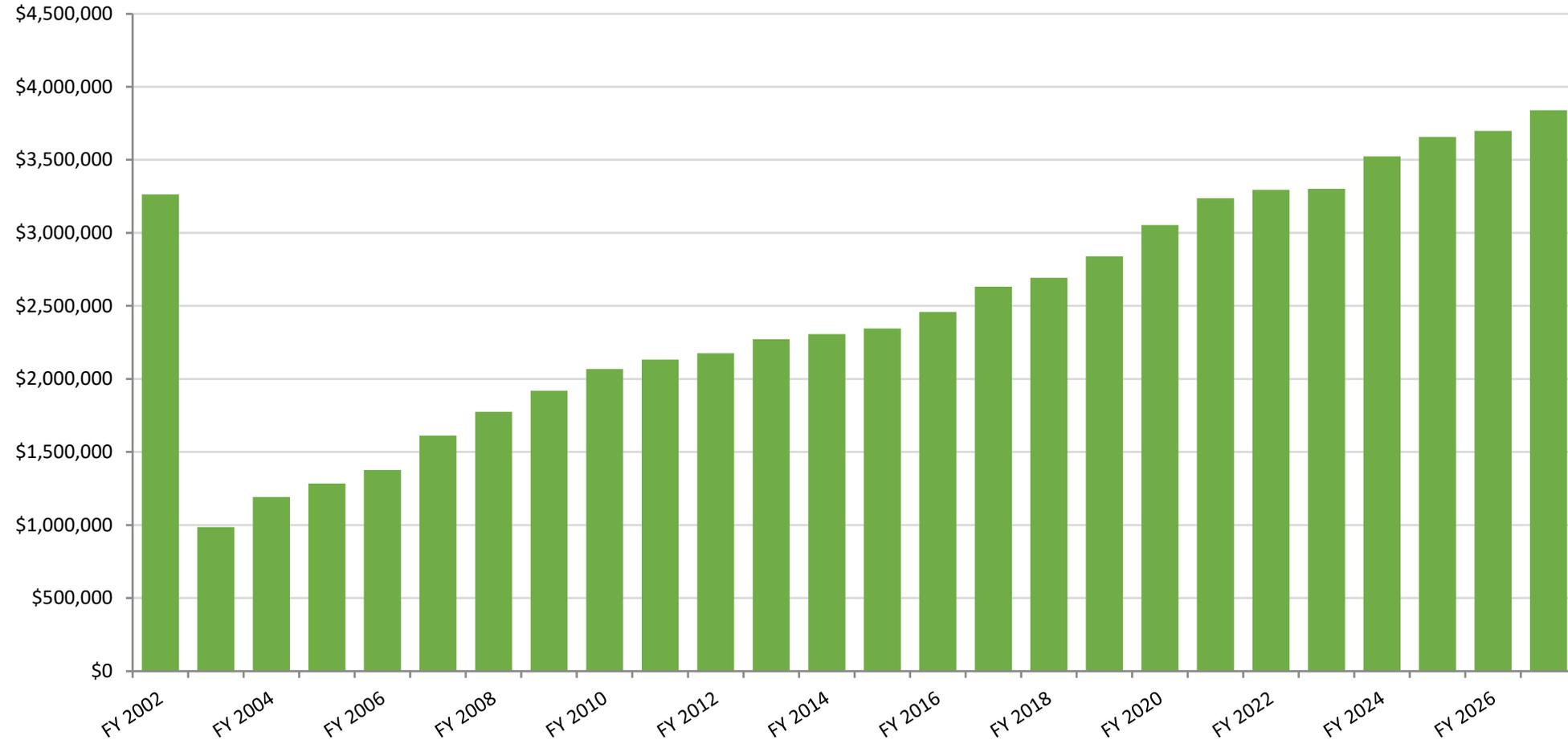


Total Education Property Tax Levies, FY 2002 - FY 2027 (est.)



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Dollars in Thousands

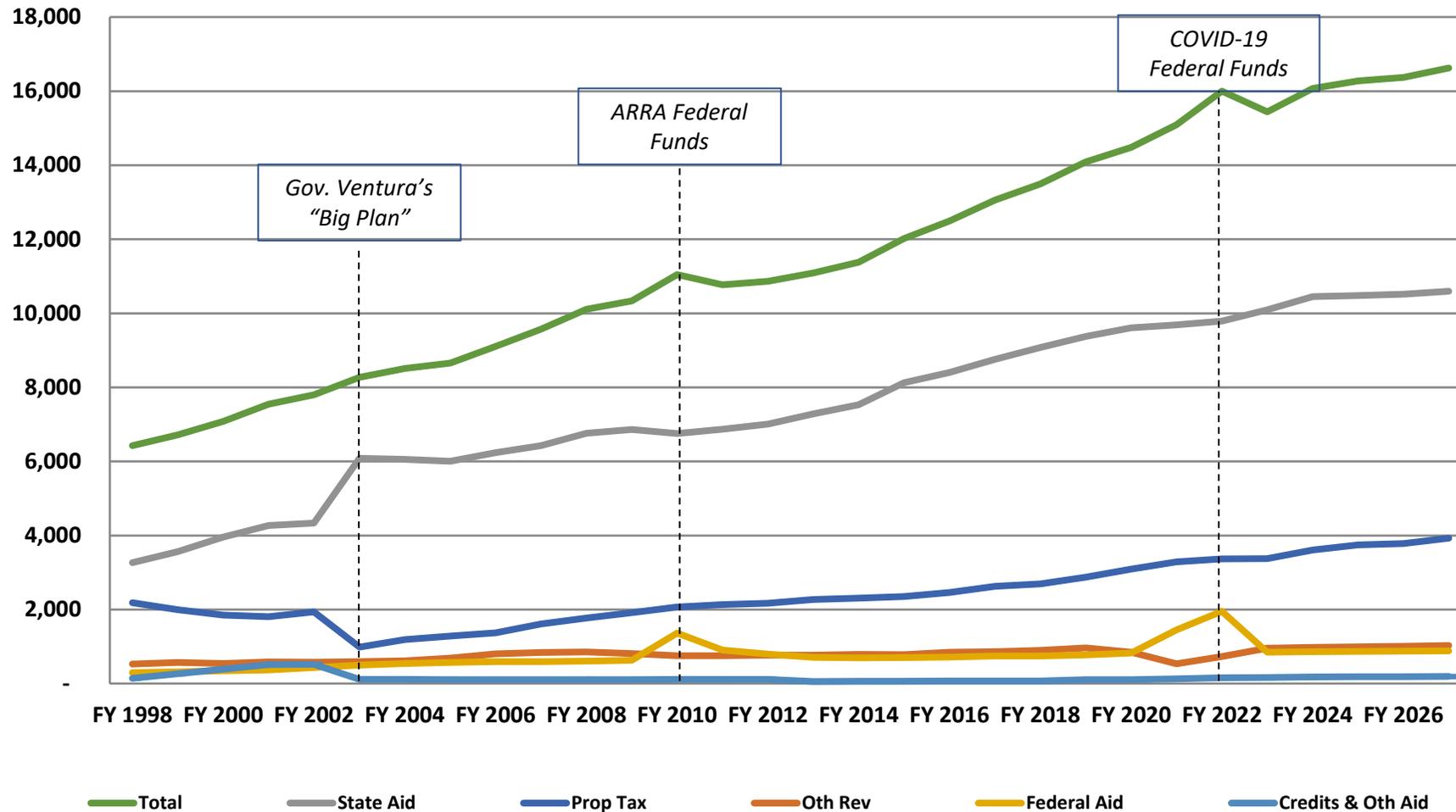


Education Spending by Type of Revenue



Senate Counsel, Research, and Fiscal Analysis

FY 1998-2027 (Est.), Dollars in Millions



Health and Human Services

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FY 2024-25 All Funds Budget



Senate Counsel, Research, and Fiscal Analysis

Base Budget \$51.5 Billion (49.2% of total All Funds)

Dollars in Thousands

Fund	2024-25 Total	Percent of Total
General Fund	\$17,811,341	34.6%
State Government Special Revenue Fund	\$208,562	0.4%
Health Care Access Fund	\$1,779,427	3.5%
Special Revenue Fund	\$1,437,275	2.8%
Federal Fund	\$29,603,822	57.5%
Federal TANF Fund	\$459,862	0.9%
Environmental Fund	\$1,864	<0.5%
Remediation Fund	\$514	<0.5%
Medical Education Endowment Fund	\$157,982	0.3%
Opiate Epidemic Response Fund	\$59,044	0.1%
Gift Fund	\$64	<0.5%
Total	\$51,519,759	100.0%

FY 2024-25 All Funds Budget



Senate Counsel, Research, and Fiscal Analysis

Base Budget \$51.5 Billion (49.2% of total All Funds)

Dollars in Thousands

Fund	Health & Human Services	Human Services	Total
General Fund	\$6,133,665	\$11,677,676	\$17,811,341
State Government Special Revenue Fund	\$208,562		\$208,562
Health Care Access Fund	\$1,779,427		\$1,779,427
Special Revenue Fund	\$1,413,821	\$23,454	\$1,437,275
Federal Fund	\$17,598,398	\$12,005,424	\$29,603,822
Federal TANF Fund	\$459,862		\$459,862
Environmental Fund	\$1,864		\$1,864
Remediation Fund	\$514		\$514
Medical Education Endowment Fund	\$157,982		\$157,982
Opiate Epidemic Response Fund	\$59,044		\$59,044
Gift Fund	\$38	\$26	\$64
Endowment Fund	\$2		\$2
Total	\$27,813,179	\$23,706,580	\$51,519,759



Agencies

- Department of Human Services
- Department of Health
- Emergency Medical Services Regulatory Board
- Council on Disability
- Ombudsman for Mental Health and Developmental Disabilities
- Ombudsperson for Families
- Ombudsperson for American Indian Families
- Ombudsperson for Foster Youth
- Rare Disease Advisory Council
- Health Related Licensing Boards
- MNsure



FY 2024-25 General Fund

Base Budget \$17.8 Billion (33.0% of total General Fund)

Dollars in Thousands

Agency	2024-25 Total	Percent of Total
Department of Human Services	\$17,476,522	98.1%
Department of Health	\$316,799	1.8%
Emergency Medical Services Regulatory Board	\$7,552	<0.5%
Council on Disability	\$2,076	<0.5%
Ombudsman for Mental Health & Developmental Disabilities	\$5,072	<0.5%
Ombudsperson for Families	\$1,488	<0.5%
Ombudsperson for American Indian Families	\$380	<0.5%
Ombudsperson for Foster Youth	\$1,452	<0.5%
Total	\$17,811,341	100.0%



FY 2024-25 General Fund

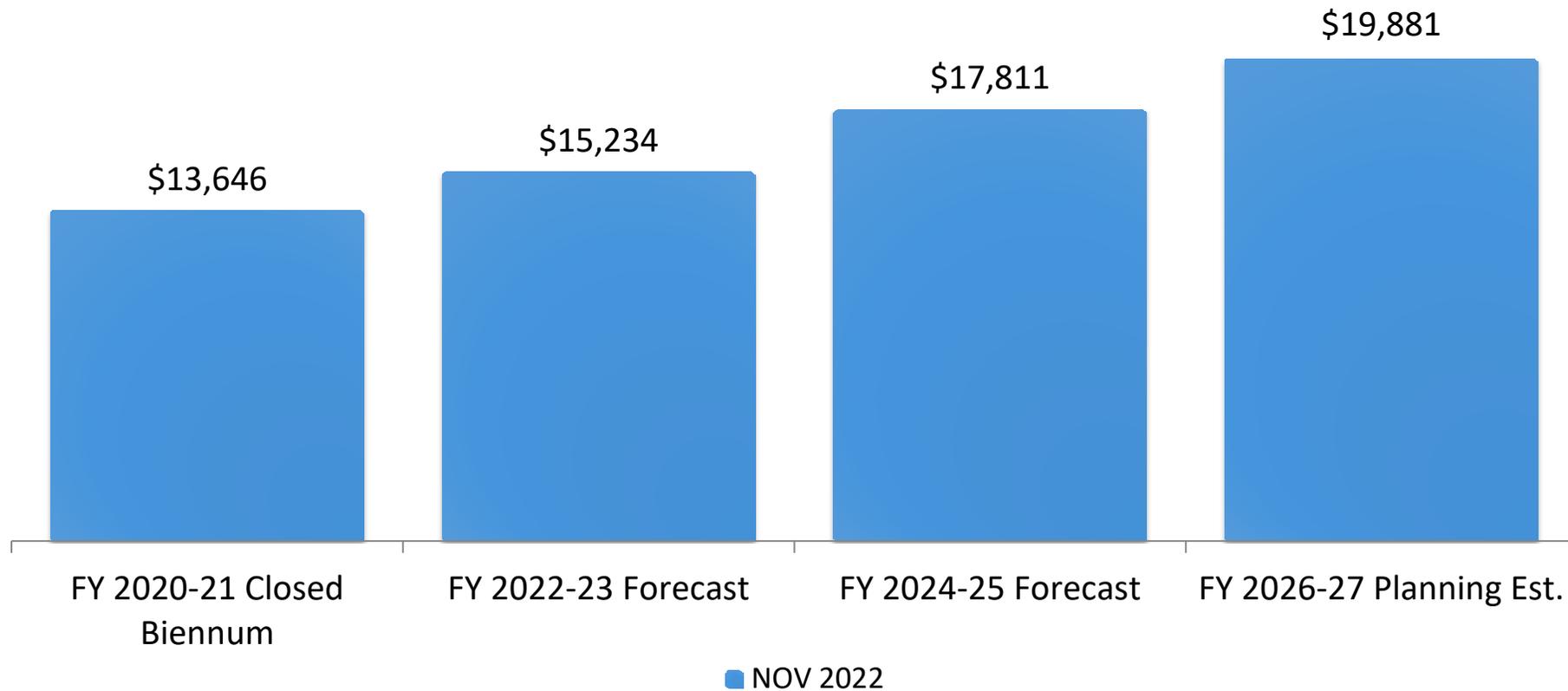
Base Budget \$17.8 Billion (33.0% of total General Fund), Dollars in Thousands

Agency	Health & Human Services	Human Services	Total
Department of Human Services	\$5,805,984	\$11,670,538	\$17,476,522
Department of Health	\$316,799		\$316,799
Emergency Medical Services Regulatory Board	\$7,552		\$7,552
Council on Disability		\$2,076	\$2,076
Ombudsman for Mental Health & Developmental Disabilities		\$5,072	\$5,072
Ombudsperson for Families	\$1,488		\$1,488
Ombudsperson for American Indian Families	\$380		\$380
Ombudsperson for Foster Youth	\$1,452		\$1,452
Total	\$6,133,665	\$11,677,676	\$17,811,341



Forecasted General Fund Spending

FY 2020-21 to FY 2026-27 (est.), Dollars in Millions





General Fund, FY 2024-25

Base Budget \$17.8 billion (33.0% of total General Fund)

Dollars in Thousands

	FY 2024-25	Percent of Total
Department of Human Services	\$17,476,522	98.1%
Department of Health	\$316,799	1.8%
Emergency Medical Services Regulatory Board	\$7,552	<0.5%
Council on Disability	\$2,076	<0.5%
Ombudsman for Mental Health and Developmental Disabilities	\$5,072	<0.5%
Ombudsperson for Families	\$1,488	<0.5%
Ombudsperson for American Indian Families	\$380	<0.5%
Ombudsperson for Foster Youth	\$1,452	<0.5%
Total	\$17,811,341	100.0%



General Fund, FY 2024-25

Base Budget \$17.8 billion (33.0% of total General Fund)

Dollars in Thousands

	Health & Human Services	Human Services	Total
Department of Human Services	\$5,805,984	\$11,670,538	\$17,476,522
Department of Health	\$316,799		\$316,799
Emergency Medical Services Regulatory Board	\$7,552		\$7,552
Council on Disability		\$2,076	\$2,076
Ombudsman for Mental Health and Developmental Disabilities		\$5,072	\$5,072
Ombudsperson for Families	\$1,488		\$1,488
Ombudsperson for American Indian Families	\$380		\$380
Ombudsperson for Foster Youth	\$1,452		\$1,452
Total	\$6,133,665	\$11,677,676	\$17,811,341



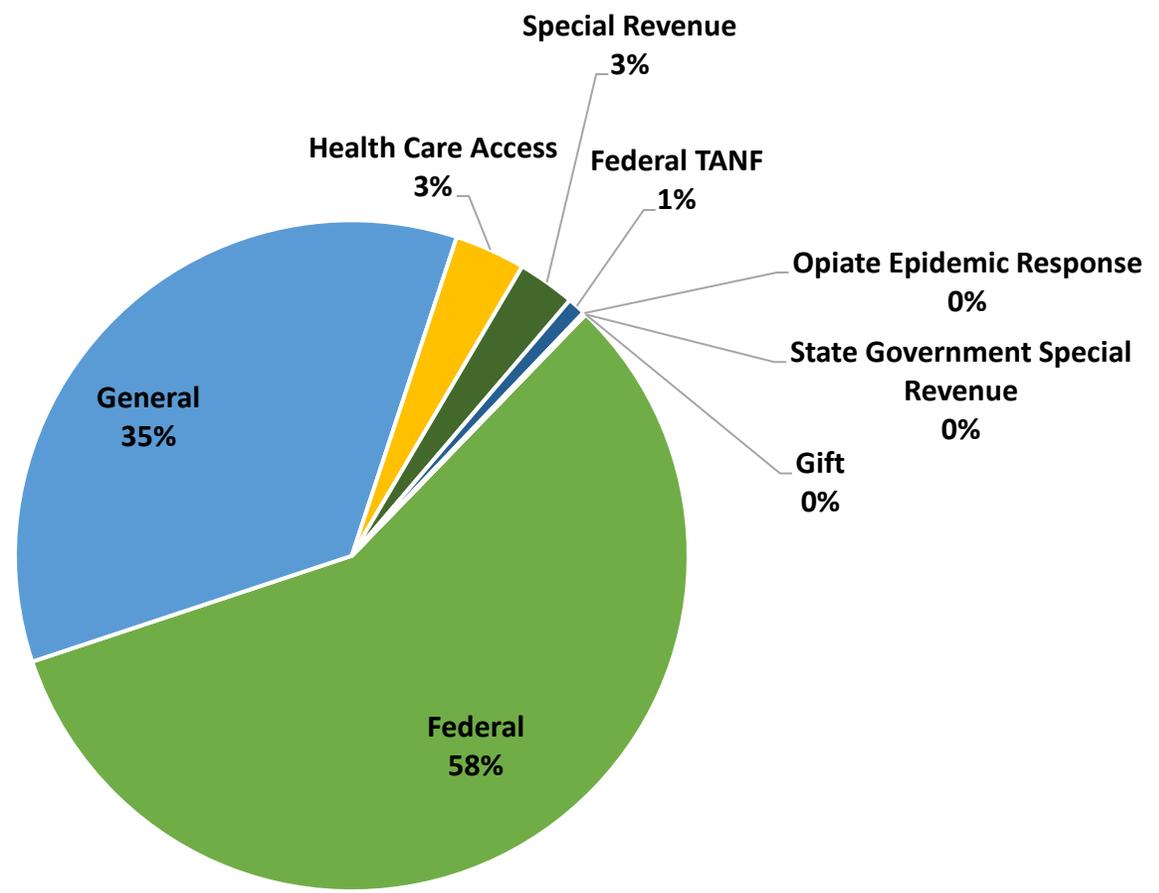
Department of Human Services

- State Directed, County Administered Programs
 - Medical Assistance (MA)
 - MinnesotaCare
 - Economic Assistance Programs
 - MFIP, Child Care, GA, MSA, Housing, Northstar Care
 - Direct Care & Treatment
 - MSH, MSOP, Community Based Services, Enterprise Services
 - Behavioral Health
 - Mental Health Services
 - Substance Use Disorder Services
 - Child Welfare Services
 - Grant Programs



Department of Human Services

All Funds, FY 2024-25, Base Budget \$50.0 billion (48% of total All Funds)

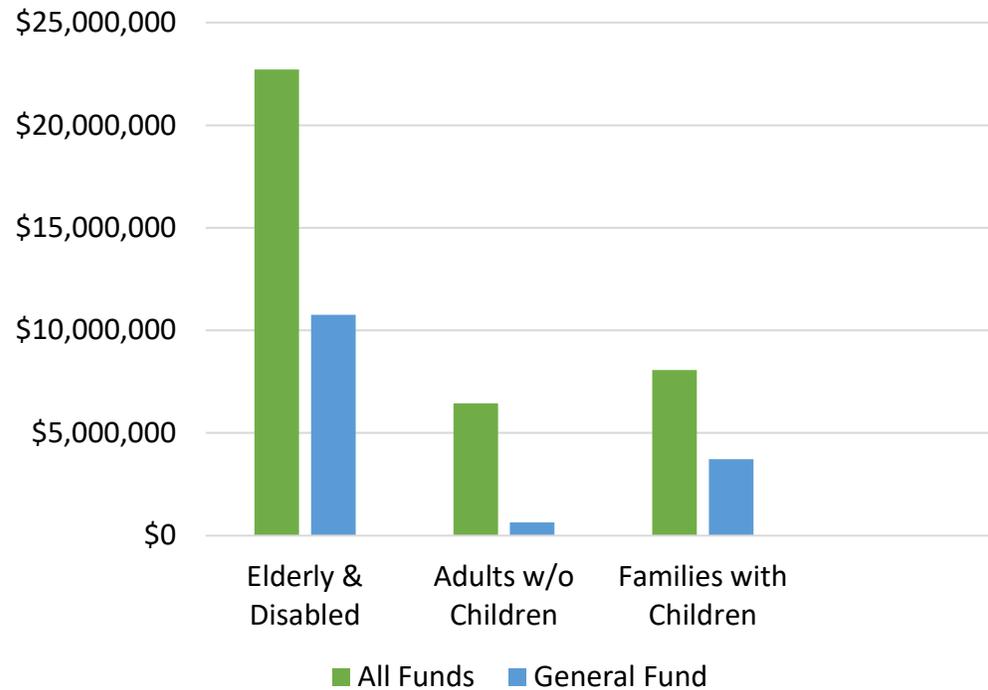




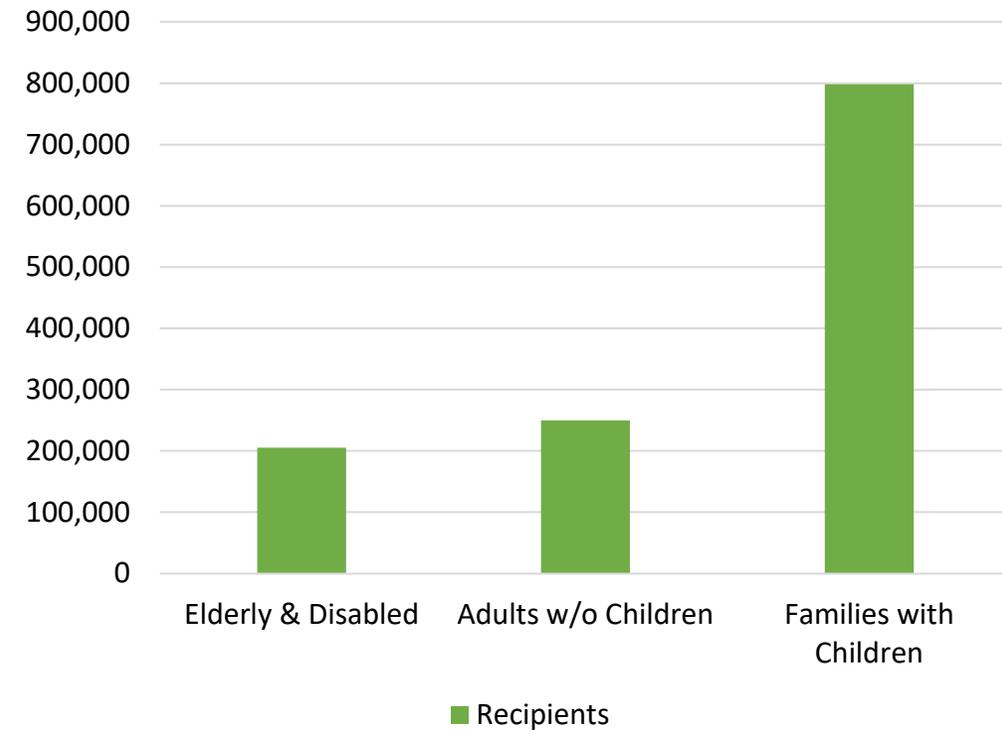
Medical Assistance

Forecast Expenditures FY 2024-25

Dollars in Thousands



Average Monthly Recipients FY 2024-25





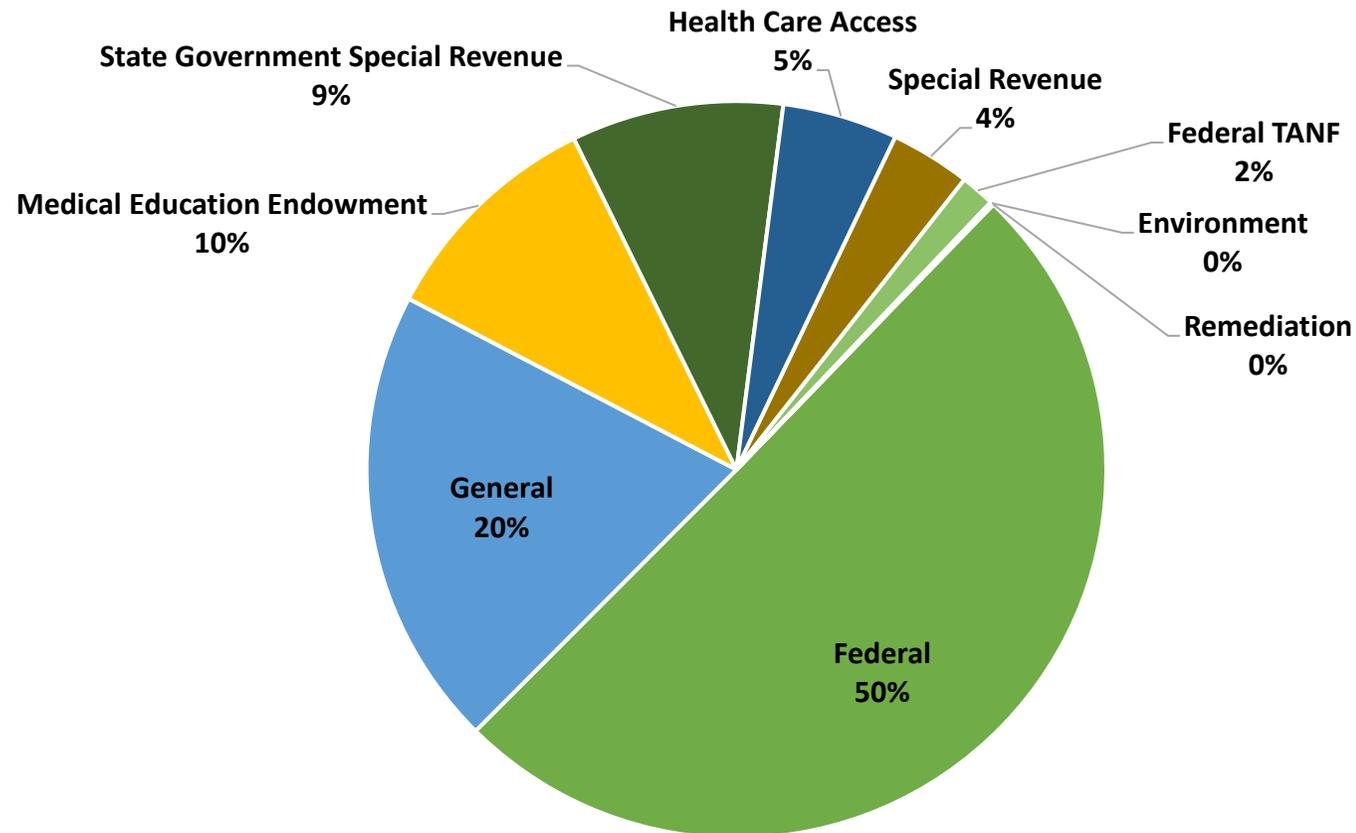
Department of Health

- Child and Family Health
- Infectious Disease Monitoring, Prevention, and Control
- Community Health
- Health Professionals and Facilities Regulation
- Health Promotion and Chronic Disease
- Health Operations
- Health Policy
- Environmental Health
- Public Health Laboratory
- Health Equity
- Medical Cannabis
- Grant Programs



Department of Health

All Funds, FY 2024-25, Base Budget \$1.56 billion (1.5% of total All Funds)





Other Agencies

- Emergency Medical Services Regulatory Board
- Council on Disability
- Ombudsman for Mental Health and Developmental Disabilities
- Ombudsperson for Families
- Ombudsperson for American Indian Families
- Ombudsperson for Foster Youth
- Health Related Licensing Boards
- Rare Disease Advisory Council
- MNsure



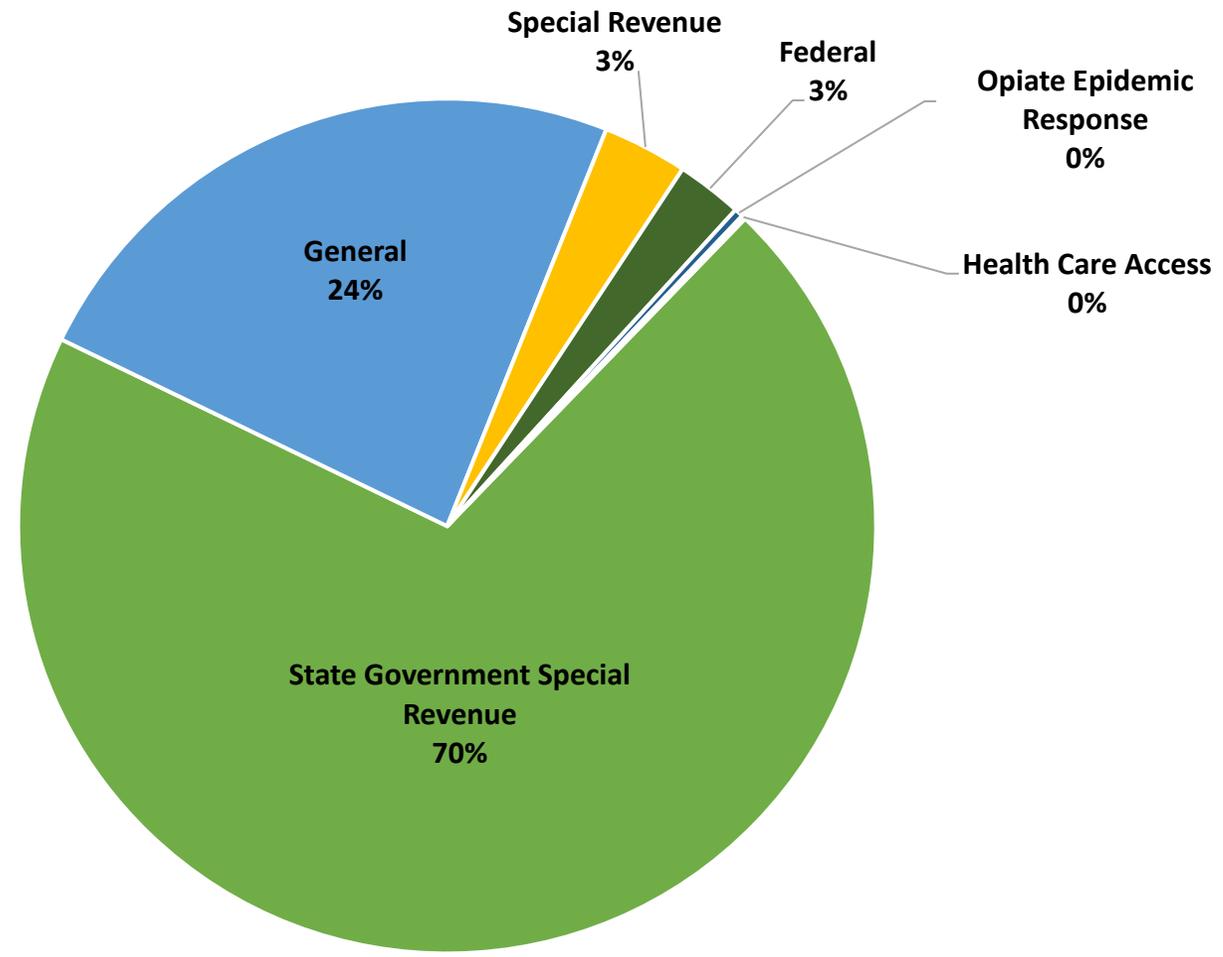
Health Related Licensing Boards

- Board of Chiropractic Examiners
- Board of Dentistry
- Board of Dietetics and Nutrition Practice
- Board of Marriage and Family Therapy
- Board of Medical Practice
- Board of Nursing
- Executives for Long-Term Services and Supports Board
- Board of Optometry
- Board of Pharmacy
- Board of Physical Therapy
- Board of Podiatric Medicine
- Board of Psychology
- Board of Social Work
- Board of Veterinary Medicine
- Board of Behavioral Health and Therapy
- Occupational Therapy Practice Board



Other Agencies

All Funds, FY 2024-25, Base Budget \$73.7 million (<0.1% of total All Funds)



Transportation

KRISTA ROHAN BOYD
FISCAL ANALYST

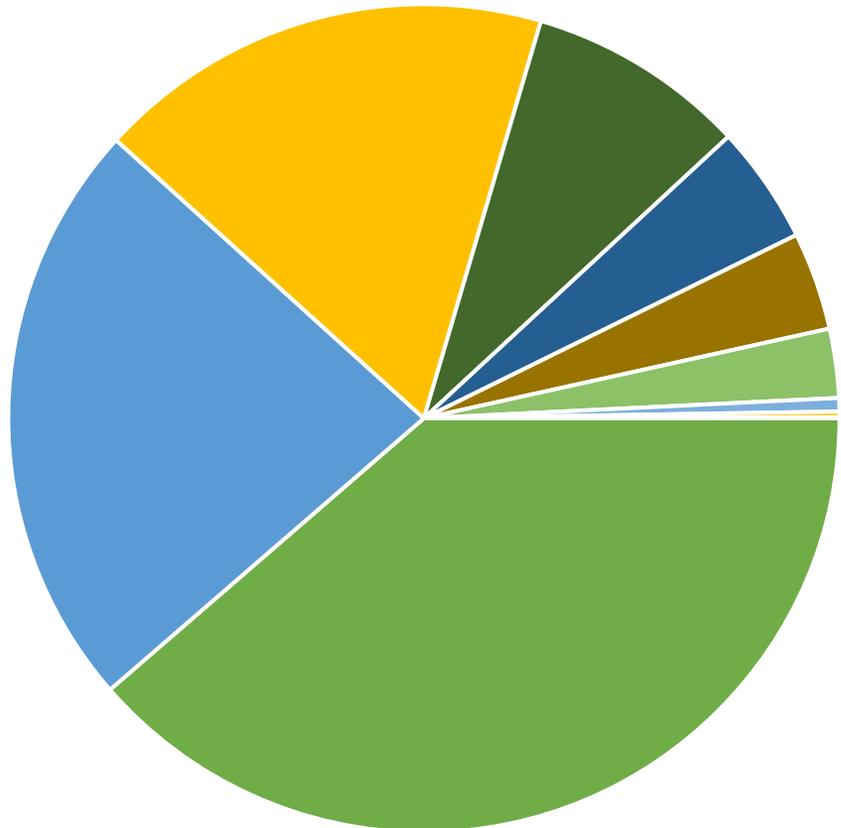
KRISTA.BOYD@SENATE.MN
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FY 2024-25 All Funds Budget

Base Budget \$10.1 Billion (9.6% of total All Funds)



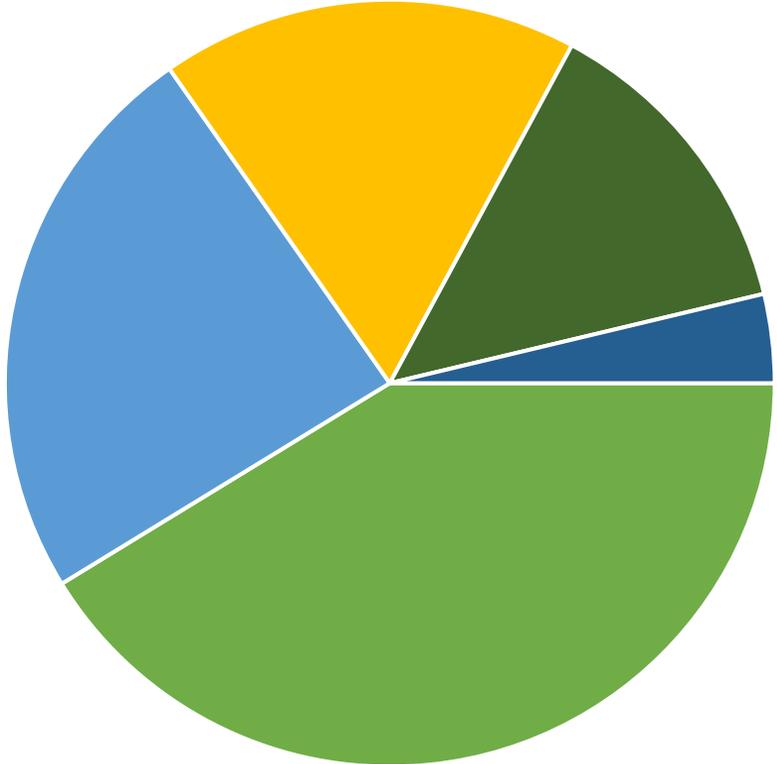
Dollars in Thousands

Trunk Highway	\$3,893,445	38.6% of All Funds
Federal	\$2,329,165	23.1% of All Funds
County State-Aid Hwy	\$1,796,323	17.8% of All Funds
Transit Assistance	\$861,444	8.5% of All Funds
Municipal State-Aid St	\$464,340	4.6% of All Funds
Special Revenue	\$385,681	3.8% of All Funds
General	\$271,460	2.7% of All Funds
Other	\$78,967	0.8% of All Funds



FY 2024-25 General Fund

Base Budget \$271.5 million (0.5% of total General Fund)



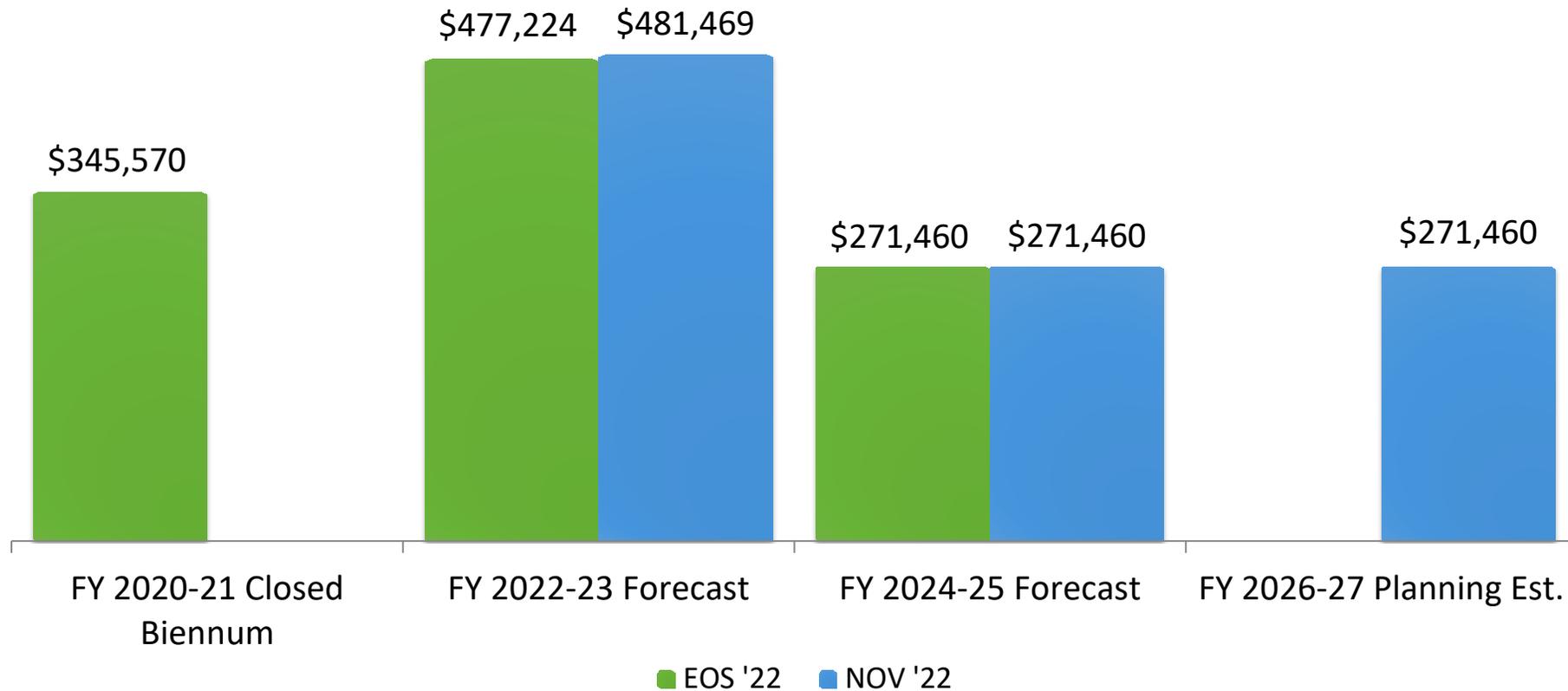
Met Council (Metro Mobility) – 41%	\$111,952
Met Council (Transit) – 24.1%	\$65,308
DPS – 17.6%	\$47,632
MnDOT (Transit) – 13.4%	\$36,402
MnDOT (Other) – 3.7%	\$10,166

Dollars in Thousands



Forecasted General Fund Spending

FY 2020-21 to FY 2026-27 (est.), Dollars in Thousands





Agencies & Programs

Department of Transportation (MnDOT)

- Multimodal Systems
 - Greater MN Transit, Aeronautics, Freight, Passenger Rail
- State Roads
 - Construction, Maintenance, Program Delivery, Debt Service
- Local Roads
 - County State-Aid, Municipal State-Aid
- Agency Management

Metropolitan Council

- Metro Transit
 - Bus, Light Rail, Commuter Rail
- Metro Mobility

Department of Public Safety

- State Patrol
 - Patrolling Highways, Commercial Vehicle Enforcement, Capitol Security
- Driver and Vehicle Services
- Traffic Safety
- Pipeline Safety
- Administration and Related Services



Constitutional Framework

Minnesota Constitution, Article XIV:

- **Creates three highway systems: trunk, county state-aid and municipal state-aid**
- **Creates major transportation funds in state treasury**
 - Highway User Tax Distribution Fund
 - Trunk Highway Fund
 - County State-Aid Highway Fund
 - Municipal State-Aid Street Fund
- **Establishes dedicated transportation taxes**
 - Motor Fuels Excise Tax (gas tax)
 - Vehicle Registration Tax (tab fees)
 - Motor Vehicle Sales Tax (MVST)
- **Allows state to sell bonds to construct and improve trunk highways**



Transportation Spending (Funds)

Constitutional Funds:

- Highway User Tax Distribution Fund
- Trunk Highway Fund
- County State-Aid Highway Fund
- Municipal State-Aid Street Fund

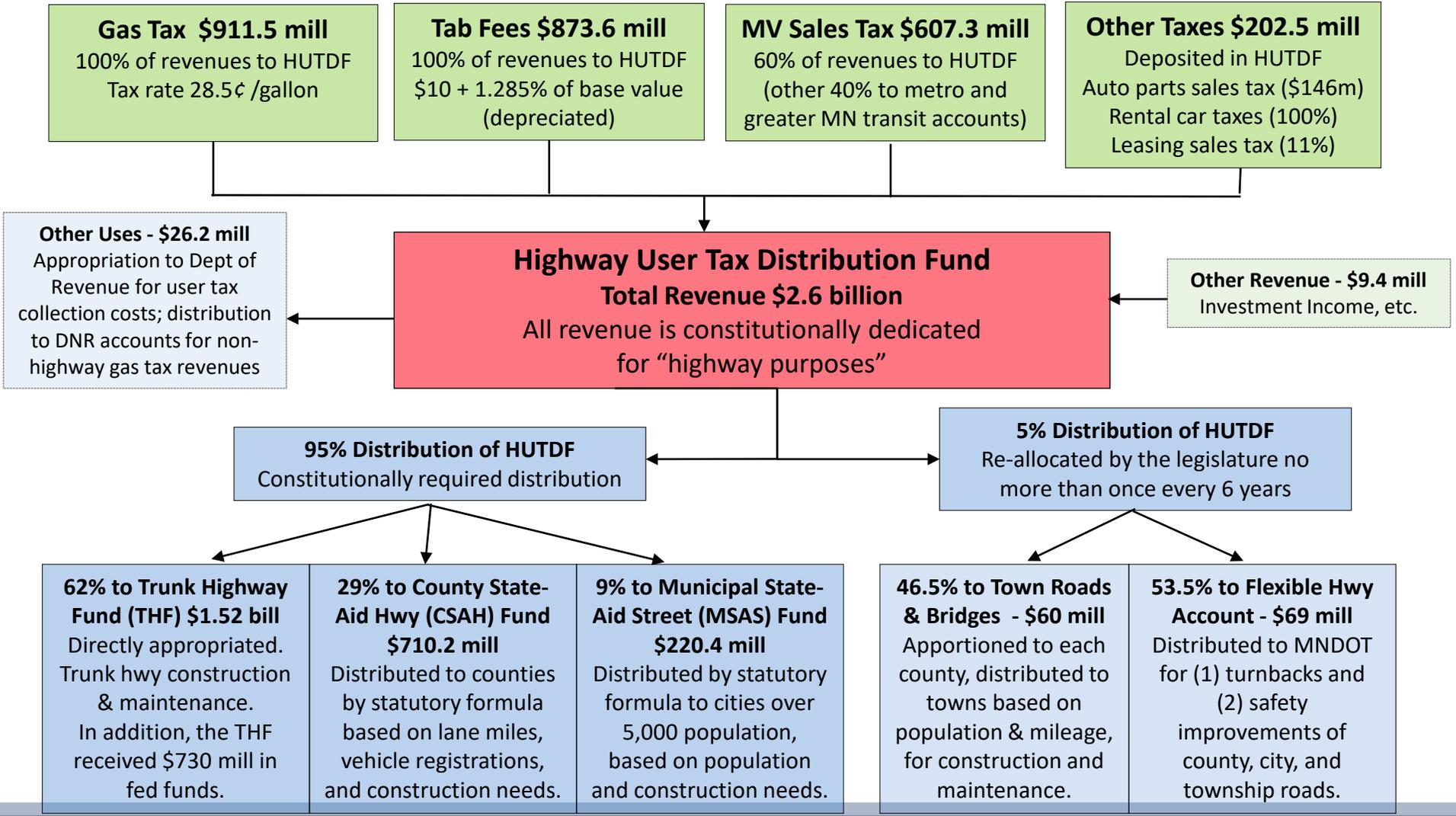
Other Major Dedicated Funds:

- State Airports Fund
- Transit Assistance Fund



Highway Funding FY 2024

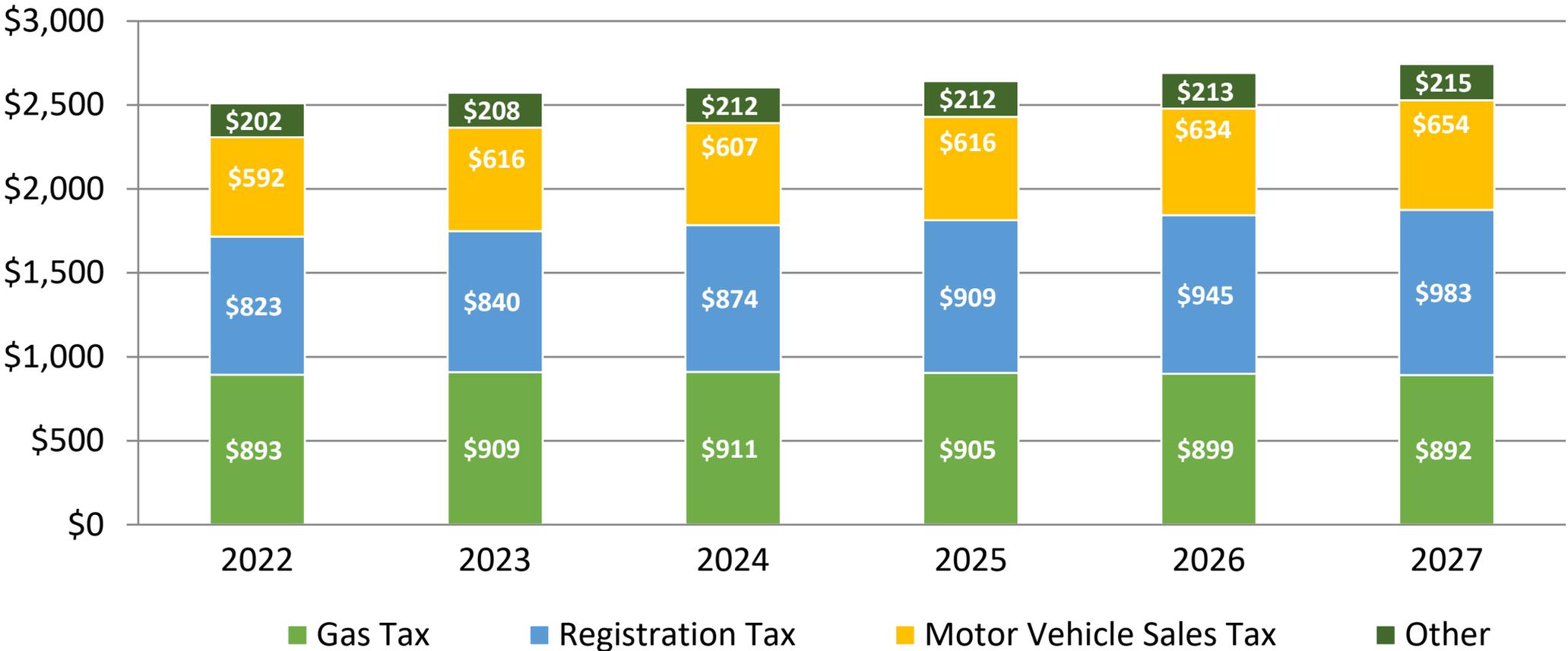
Data source: MNDOT Transportation Funds Forecast Nov 2022





HUTDF Revenue Projections

Dollars in Millions



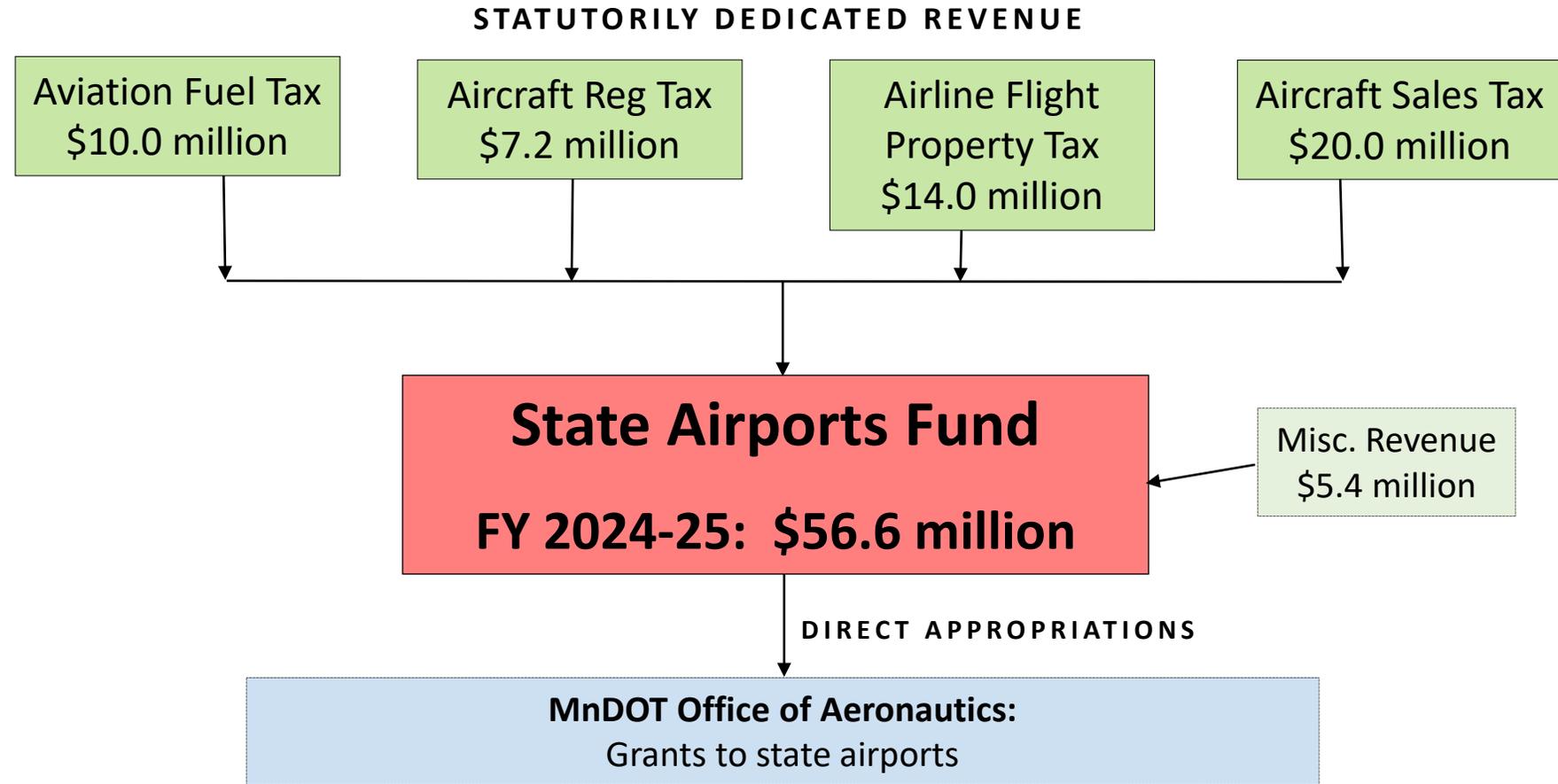


State Airports Fund (SAF)

- The State Airports Fund receives statutorily dedicated aviation revenues:
 - Aviation fuel tax
 - Aircraft registration tax
 - Airline flight property tax
 - Aircraft sales tax
- Money in SAF is appropriated by legislature in biennial budget
- Grants from MNDOT's Office of Aeronautics to Minnesota's 133 publicly owned airports:
 - Capital improvements to facilities, equipment, and runways
 - Maintenance and operations assistance
 - Navigational aids and weather systems



State Airports





Transit Operations Funding

State funding sources for public transit:

- GENERAL FUND (direct appropriations in biennial budget)
- TRANSIT ASSISTANCE FUND (statutory appropriations)
 - Metro Transit Account:
 - 36% of Motor Vehicle Sales Tax (MVST)
 - Greater MN Transit Account:
 - 4% of Motor Vehicle Sales Tax (MVST)
 - 38% of Motor Vehicle Lease Sales Tax (MVLST)

METRO TRANSIT:

- Bus and light-rail transit in the 7-county metro area is operated by the Metropolitan Council and by several Suburban Transit Providers (replacement service or “opt-outs”)

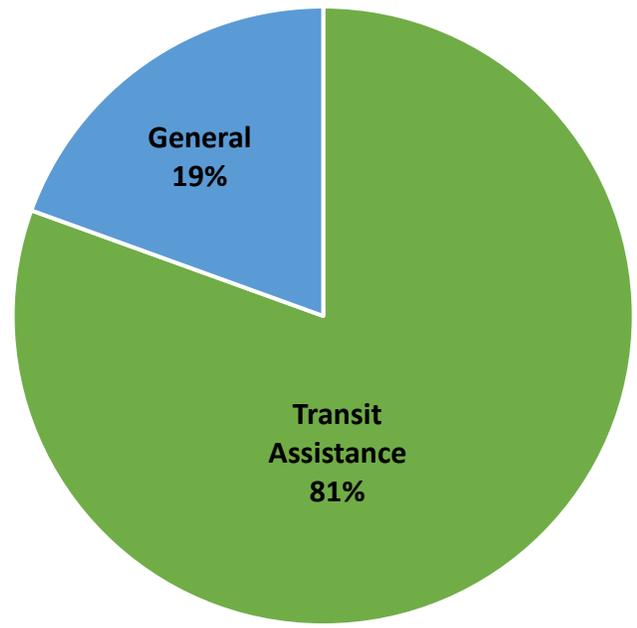
GREATER MINNESOTA TRANSIT:

- Programs are locally-operated transit services that receive state and federal assistance through MnDOT’s Office of Transit.

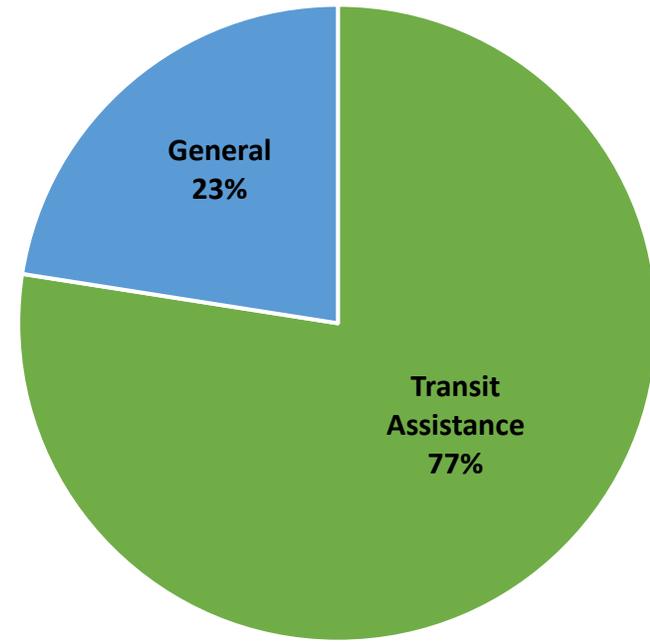


Transit Operations Funding

Metropolitan Transit (Met Council)
FY 2024-25 Base Budget \$911 million



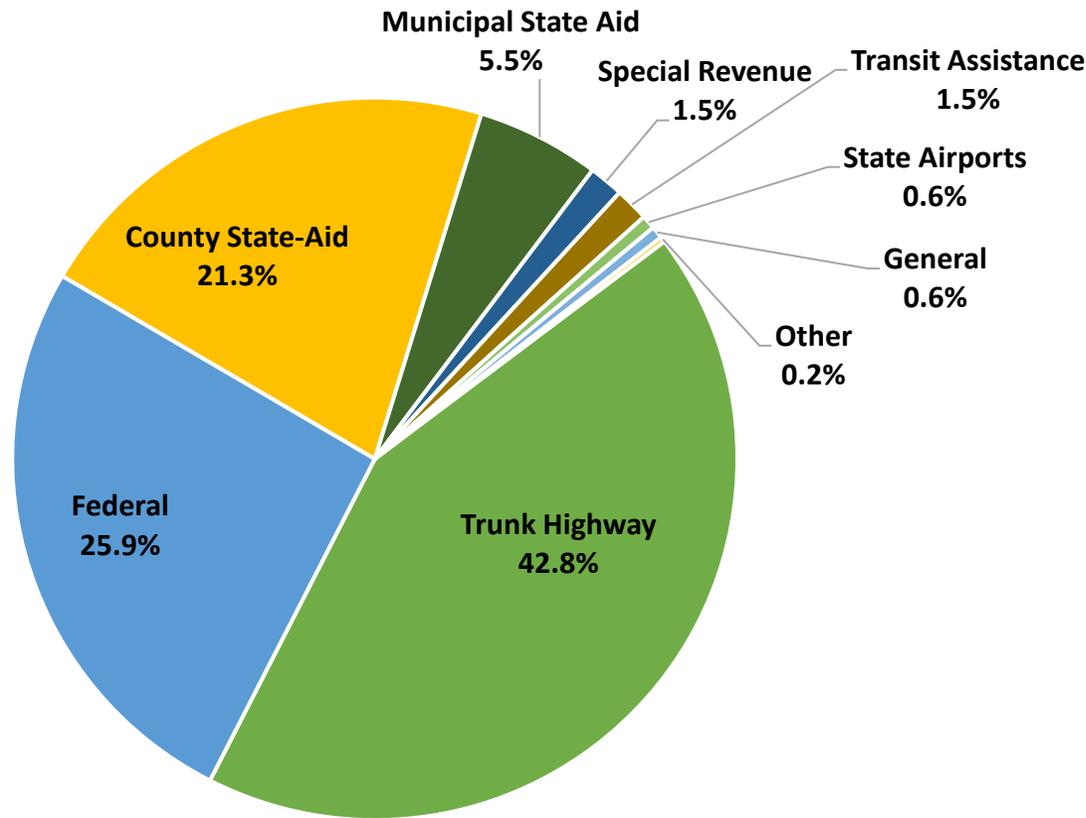
Greater MN Transit (MnDOT)
FY 2024-25 Base Budget \$161.6 million





Department of Transportation

FY 2024-25 All Funds Budget



Fund	Dollars in Thousands
Trunk Highway	3,608,953
Federal	2,187,271
County State-Aid Highway	1,796,323
Municipal State-Aid Street	464,340
Special Revenue	130,058
Transit Assistance	127,714
State Airports	52,612
General	46,568
Other	19,588
Total All Funds	8,433,427



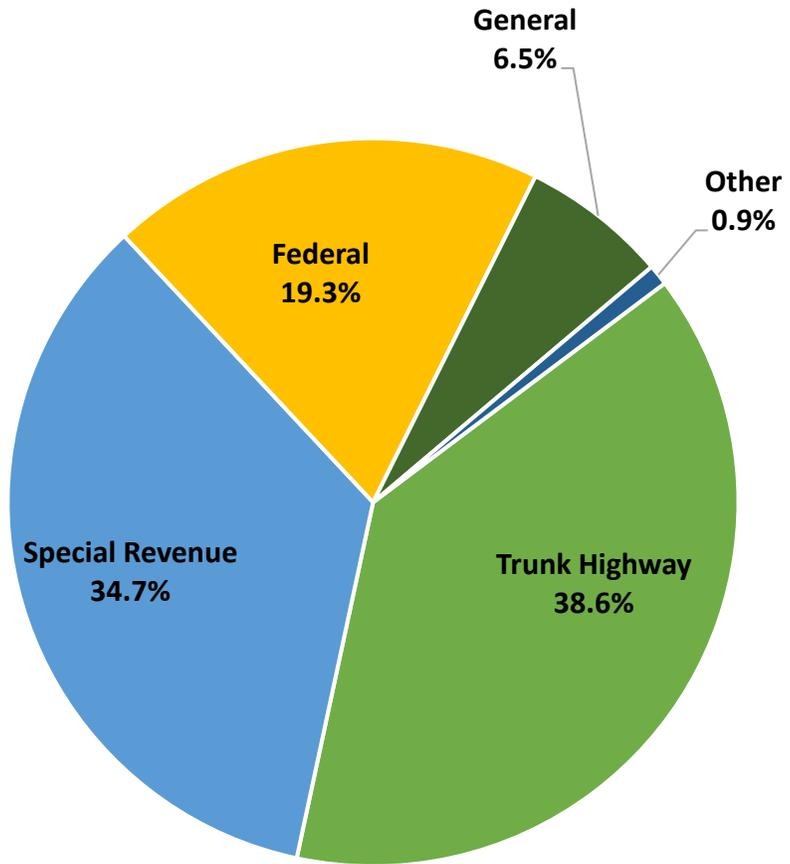
Department of Public Safety (Transportation Programs)

- **Driver and Vehicle Services**
 - Program operations are funded by fees for vehicle registration/titles and drivers license transactions
 - Fee revenue deposited in Special Revenue Fund operating accounts
 - DVS account revenues are directly appropriated
- **State Patrol**
 - Funded by direct Trunk Highway Fund appropriation, except:
 - Capitol Security funded by direct General Fund appropriation
- **Office of Traffic Safety**
 - Funded by direct Trunk Highway Fund and General Fund appropriations
 - THF used as state match for annual federal funding
- **Office of Pipeline Safety**
 - Funded by direct Special Revenue Fund appropriation, from pipeline safety inspection fee revenue
- **Administration**



Department of Public Safety

FY 2024-25 All Funds Budget (Transpo Only)



Fund	Dollars in Thousands
Trunk Highway	284,492
Special Revenue	255,623
Federal	141,894
General	47,632
Other	6,767
Total All Funds	736,408



Transportation Bonding

- **Trunk Highway Bonds:**
 - Proceeds only to be used for “trunk highway purposes,” and must be deposited in the Trunk Highway Fund (THF)
 - Debt service on bonds is paid from THF
 - MnDOT Debt Management guidelines: THF debt service must not exceed 20% of annual state revenues to the THF
- **General Obligation (GO) Bonds:**
 - Used to fund non-trunk highway transportation projects, such as transitways, rail, local bridges and roads, ports, and airport improvements
 - Cannot be used for trunk highway projects
 - Debt service on bonds is paid from the General Fund

Judiciary & Public Safety

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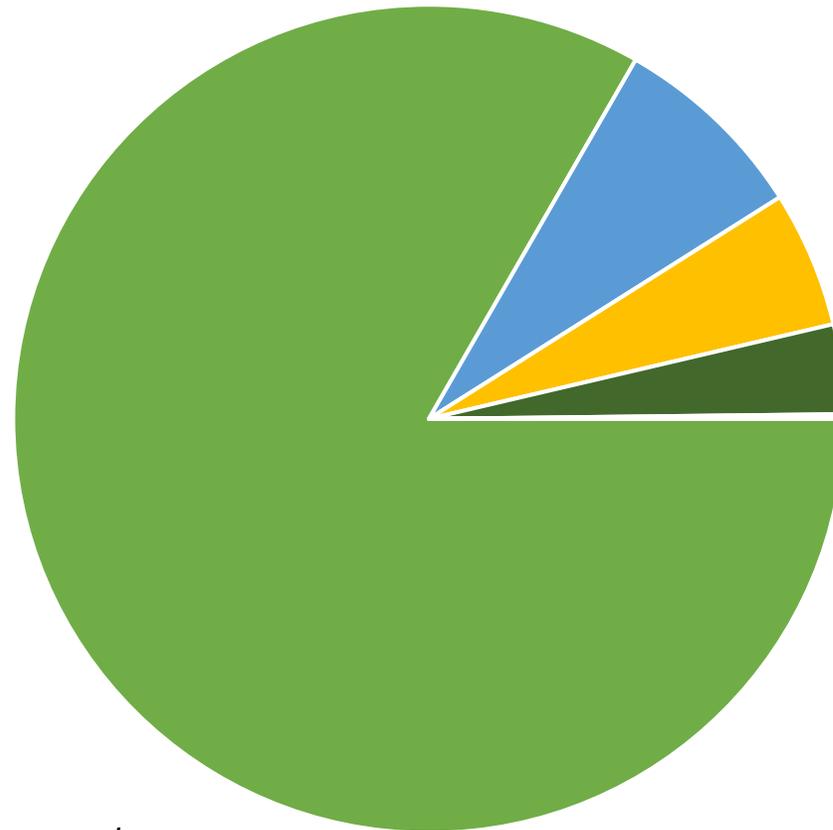
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FY 2024-25 All Funds Budget

Base Budget \$3.2 Billion (3.1% of total All Funds)



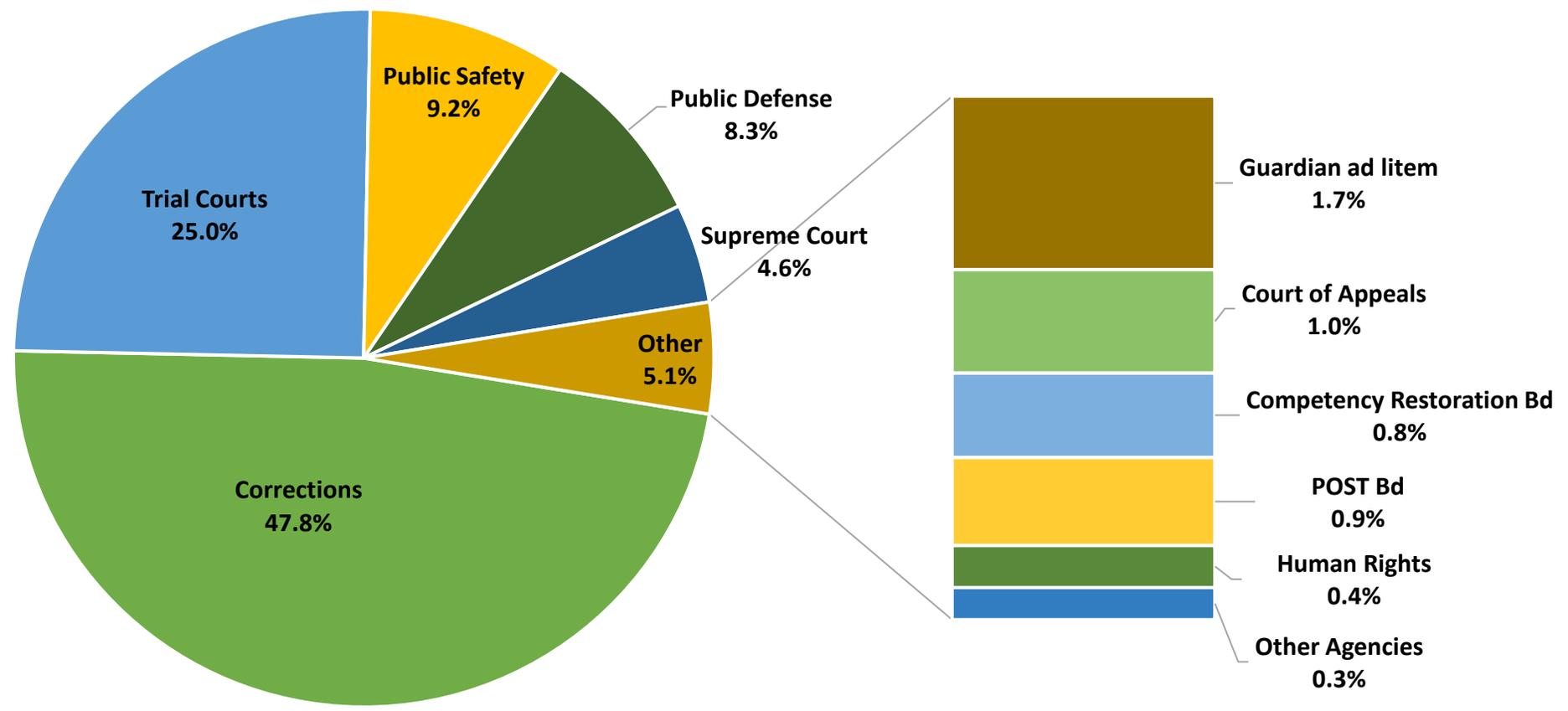
Dollars in Thousands

General Fund	911-E
\$2,676,504	\$112,248
83.3% of All Funds	3.5% of All Funds
Federal Fund	Trunk Highway
\$247,924	\$4,858
7.7% of All Funds	0.2% of All Funds
Special Revenue Fund	State Government Special Revenue
\$170,873	\$206
5.3% of All Funds	0.0% of All Funds
Gift	Environmental
\$614	\$146
0.0% of All Funds	0.0% of All Funds



General Fund, FY 2024-25

Base Budget \$2.7 billion (5.0% of total General Fund)



General Fund FY 2024-25

Dollars in Thousands

Agency	FY 2024-25
Supreme Court	123,164
Court of Appeals	27,148
Trial Courts	667,976
Guardian ad litem	45,630
Tax Court	3,682
Judicial Standards Board	1,172
Uniform Laws Commission	200
Public Defense Board	222,818
Public Safety (Public Safety Divisions)	246,072
POST Board	23,108
Private Detective Board	576
Human Rights	11,068
Corrections	1,277,862
Sentencing Guidelines	1,530
Ombudsman for Corrections	1,326
Competency Restoration Board	22,250
Total	2,675,582



Senate Counsel, Research, and Fiscal Analysis



Department of Corrections

Incarceration and Prerelease Services

- Seven adult male facilities
- One adult female prison
- Two “boot camps” for select adult offenders
- One combination adult minimum security and juvenile facility

Community Supervision and Postrelease Services

- Community Corrections Act (34 counties)
- DOC Direct Supervision (53 counties adult felon, 29 juvenile and misdemeanor)
- County Probation Officer (24 counties juvenile and misdemeanor)

Organizational, Regulatory and Administrative Services

- Administration and information technology



Department of Public Safety Divisions

- Homeland Security and Emergency Management
- Bureau of Criminal Apprehension
- Fire Marshal Division
- Board of Firefighter Training
- Gambling and Alcohol Enforcement
- Office of Justice Programs
- Emergency Communication Networks

Special Revenue, Direct Appropriation

Dollars in Thousands



Senate Counsel, Research, and Fiscal Analysis

Agency	FY 2024-25
DPS – Fire Marshal, Firefighter Training source: 0.5% homeowner/fire premium surcharge	29,000
DPS – Emergency Communication Network source: \$0.80/telephone line 911 fee	112,000
Total	141,000



Major Cost Drivers

- Crime Rate
- Arrest Rate
- Court Volume (criminal and civil)
- Incarceration Rate – Sentencing Policies
- Costs realized at both State and Local level
- Budget is personnel-driven, sensitive to salary increases, health care costs, and pension costs

Labor

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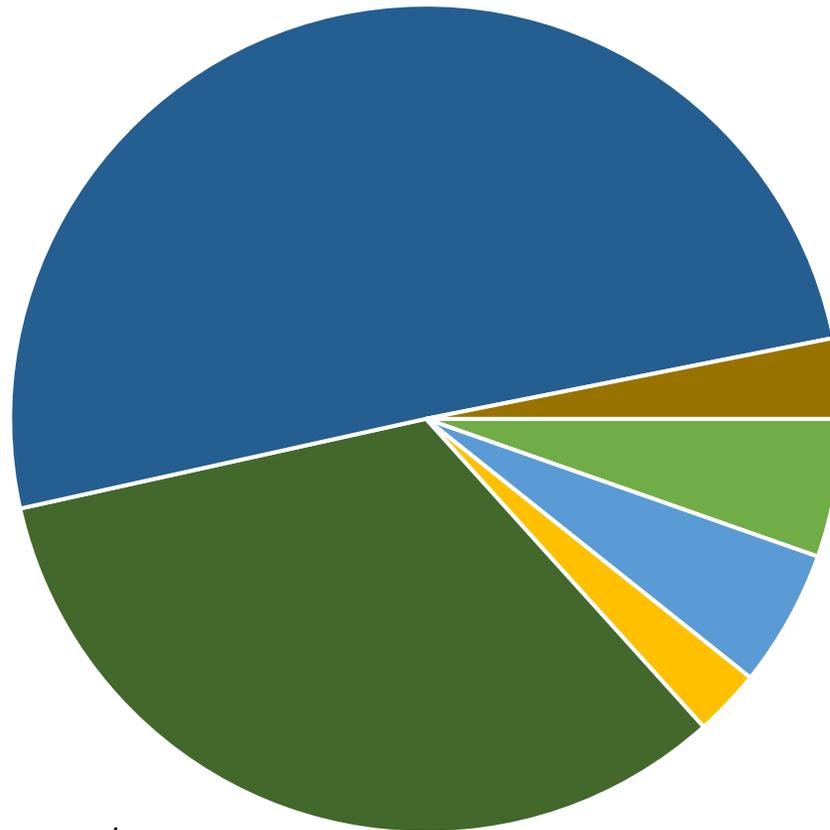
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FY 2024-25 All Funds Budget

Base Budget \$213.8 million (0.2% of total All Funds)



Dollars in Thousands

General Fund

\$11,538
5.6% of All Funds

Federal Fund

\$11,438
5.5% of All Funds

Special Revenue Fund

\$5,576
2.6% of All Funds

Construction Code Fund

\$70,931
33.2% of All Funds

Workers Compensation Fund

\$107,664
50.3% of All Funds

Workforce Development Fund

\$6,694
3.1% of All Funds



FY 2024-25 General Fund

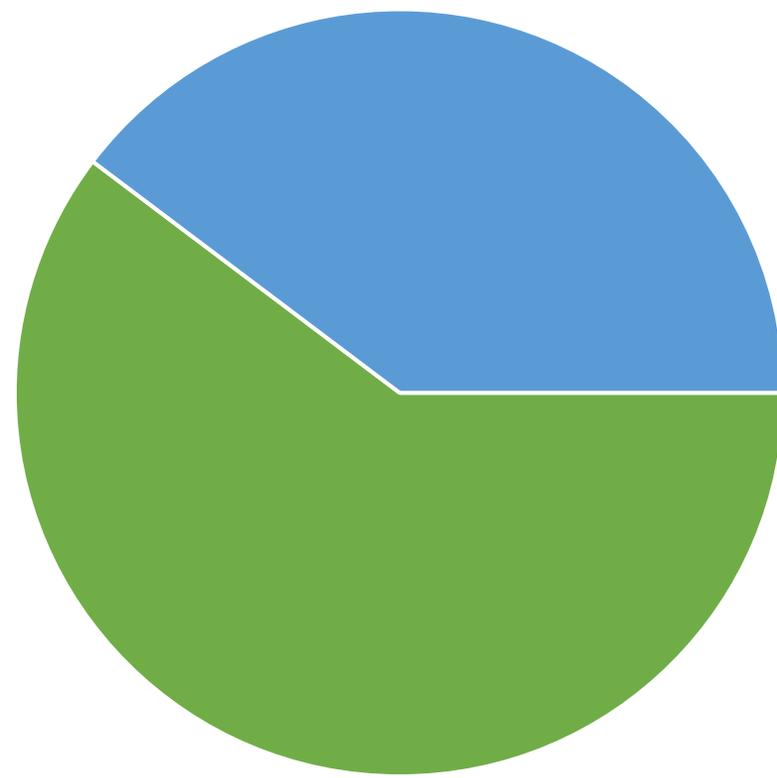
Base Budget \$11.5 Million (0.04% of total General Fund)

Department of Labor and Industry— 60.3%

\$6,958

Bureau of Mediation Services— 39.7%

\$4,580



Dollars in Thousands

All Funds, FY 2024-25

Dollars in Thousands



Senate Counsel, Research, and Fiscal Analysis

Agency	FY 2024-25
Department of Labor and Industry (DLI)	204,695
Bureau of Mediation Services (BMS)	4,600
Workers Compensation Court of Appeals	4,566
Total	213,841



Department of Labor & Industry (DLI)

- Mission: to ensure Minnesota's work and living environments are equitable, healthy, and safe
- Promulgates construction codes and conducts inspections
- Oversees the provision of workers compensation benefits and reviews claims
- Provides vocational rehabilitation services and registers apprenticeship programs
- Investigates reported instances of wage theft
- Issues professional licenses and certifications

Department of Labor & Industry (DLI)

All Funds, FY 2024-25



Senate Counsel, Research, and Fiscal Analysis

Dollars in Thousands

Fund	FY 2024-25	% of All Funds for Agency
General Fund	6,958	3.4%
Workers Compensation Fund	103,098	50.4%
Construction Codes Fund	70,931	34.7%
Special Revenue Fund	5,576	2.7%
Federal Fund	11,438	5.6%
Workforce Development Fund	6,694	3.3%
Total	204,695	



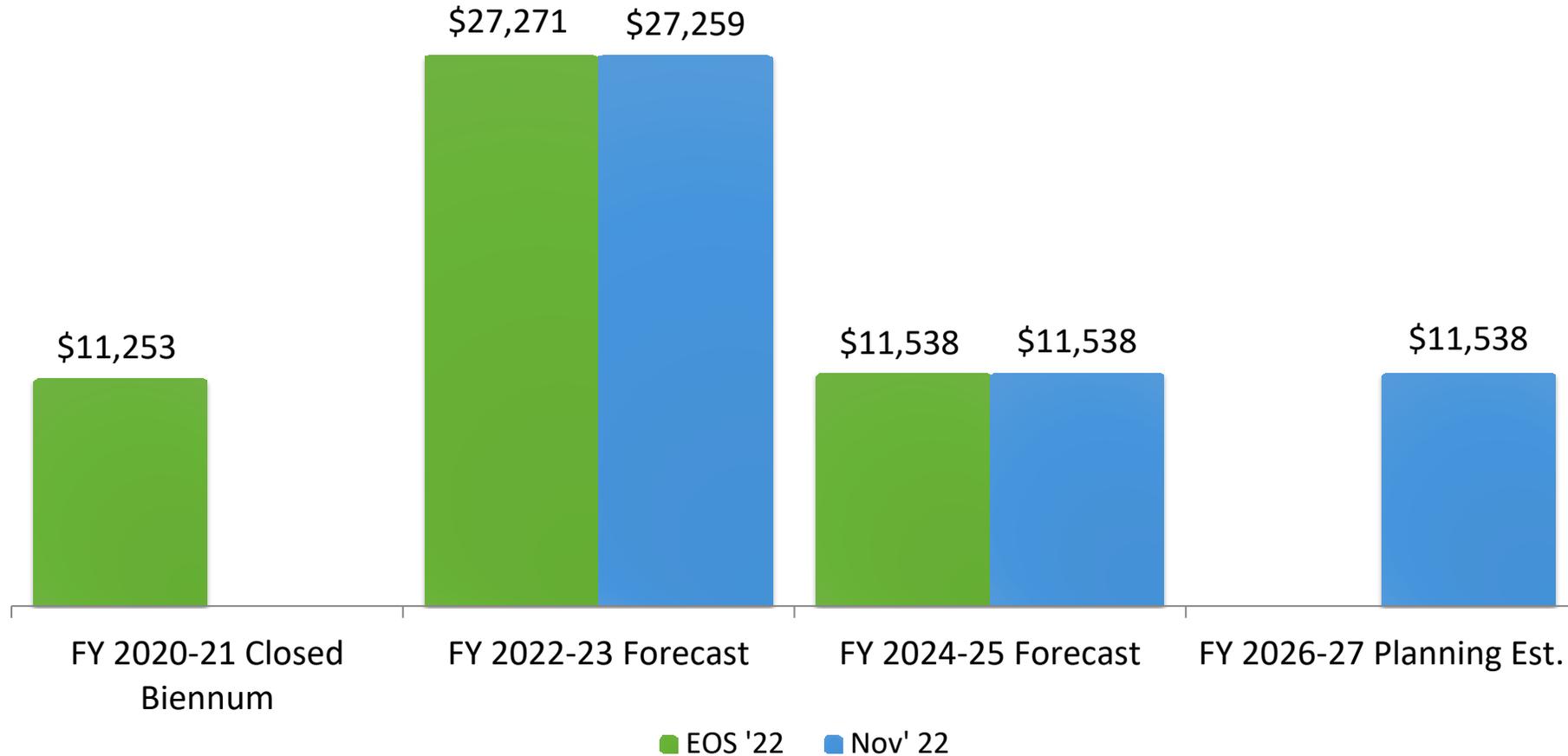
Other Agencies

- **Bureau of Mediation Services:** promotes stable and constructive labor-management relations and the use of alternative dispute resolution and collaborative processes in areas other than labor-management
 - Funding: \$4.6 m from General Fund
- **Workers Compensation Court of Appeals:** mission is to produce high quality and consistent decisions in a timely manner to ensure the quick and efficient delivery of workers' compensation benefits to qualified injured workers at a reasonable cost to employers
 - Funding: \$4.6 m from Workers Compensation Fund
- **Public Employment Relations Board:** currently funded through Bureau of Mediation Services



Forecasted General Fund Spending

FY 2020-21 to FY 2026-27 (est.), Dollars in Millions



Taxes

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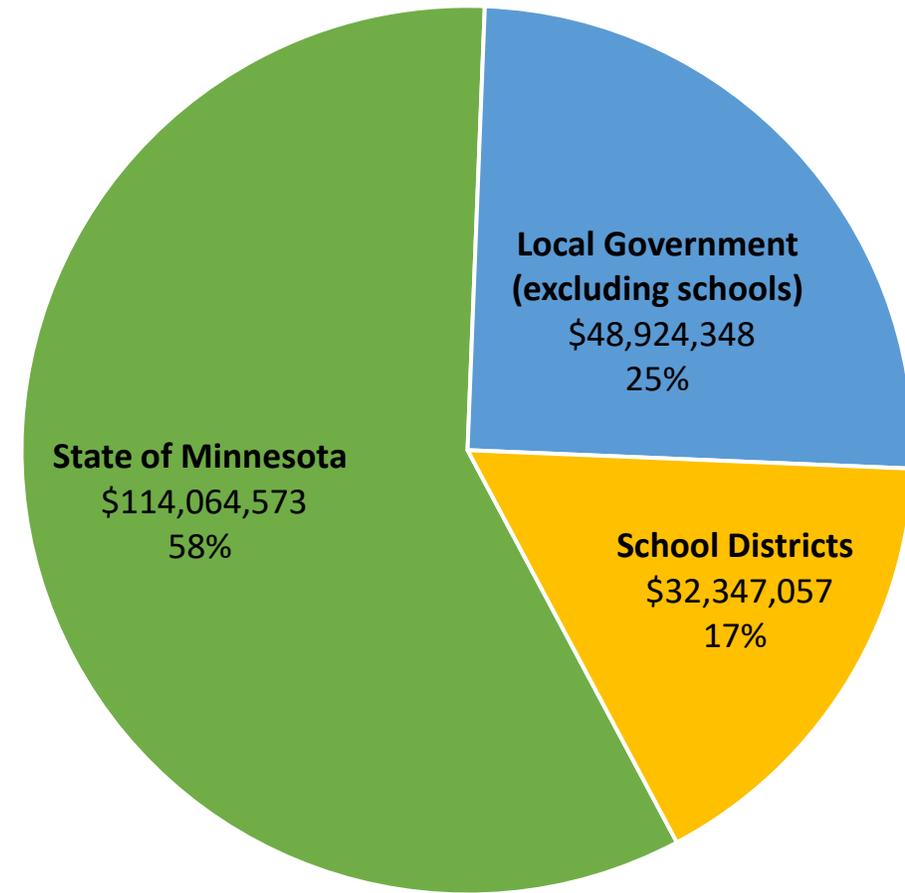
Committee Jurisdiction

- State Tax Policy
- Property Tax System
- Property Tax Refunds, Aids, and Credits



Public Sector Revenue

FY 24-25 Biennium | Dollars in Thousands



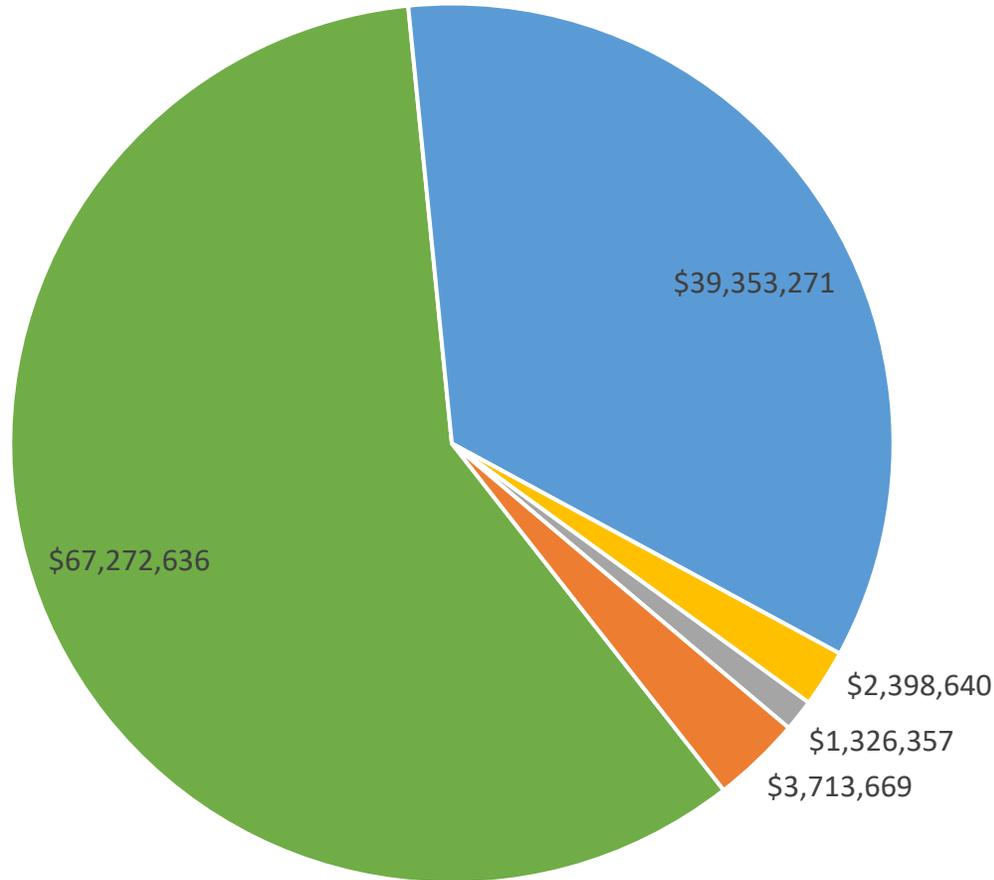
Source:
November 2022 Price of Government Report (MMB)

State Revenues by Category, All Funds

FY 24-25 Biennium | Total = \$114.1 billion



Senate Counsel, Research, and Fiscal Analysis



Taxes

\$67,272,636
59% of Total Revenue

Investment Income

\$1,326,357
1% of Total Revenue

Federal Grants

\$39,353,271
35% of Total Revenue

All Other Revenue

\$3,713,669
3% of Total Revenue

Departmental Earnings

\$2,398,640
2% of Total Revenue

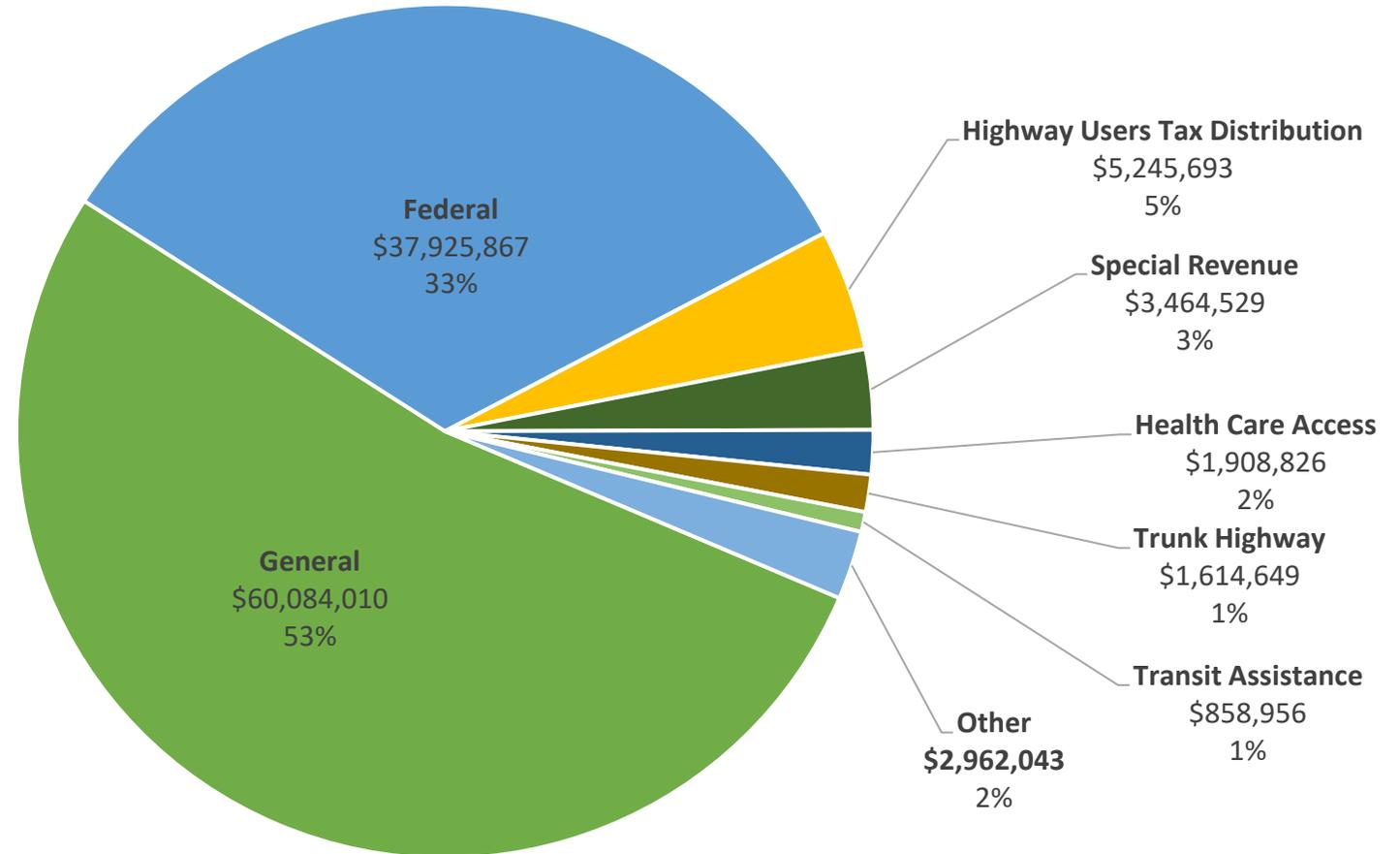
Dollars in Thousands



FY 2024-25 Revenues by Fund

Total = \$114.1 billion

Fund	FY 2024-25
General	\$60,084,010
Federal	\$37,925,867
Highway User Tax Distribution	\$5,245,693
Special Revenue	\$3,464,529
Health Care Access	\$1,908,826
Trunk Highway	\$1,614,649
Transit Assistance	\$858,956
All Other	\$2,962,043
Total Revenues	\$114,064,573

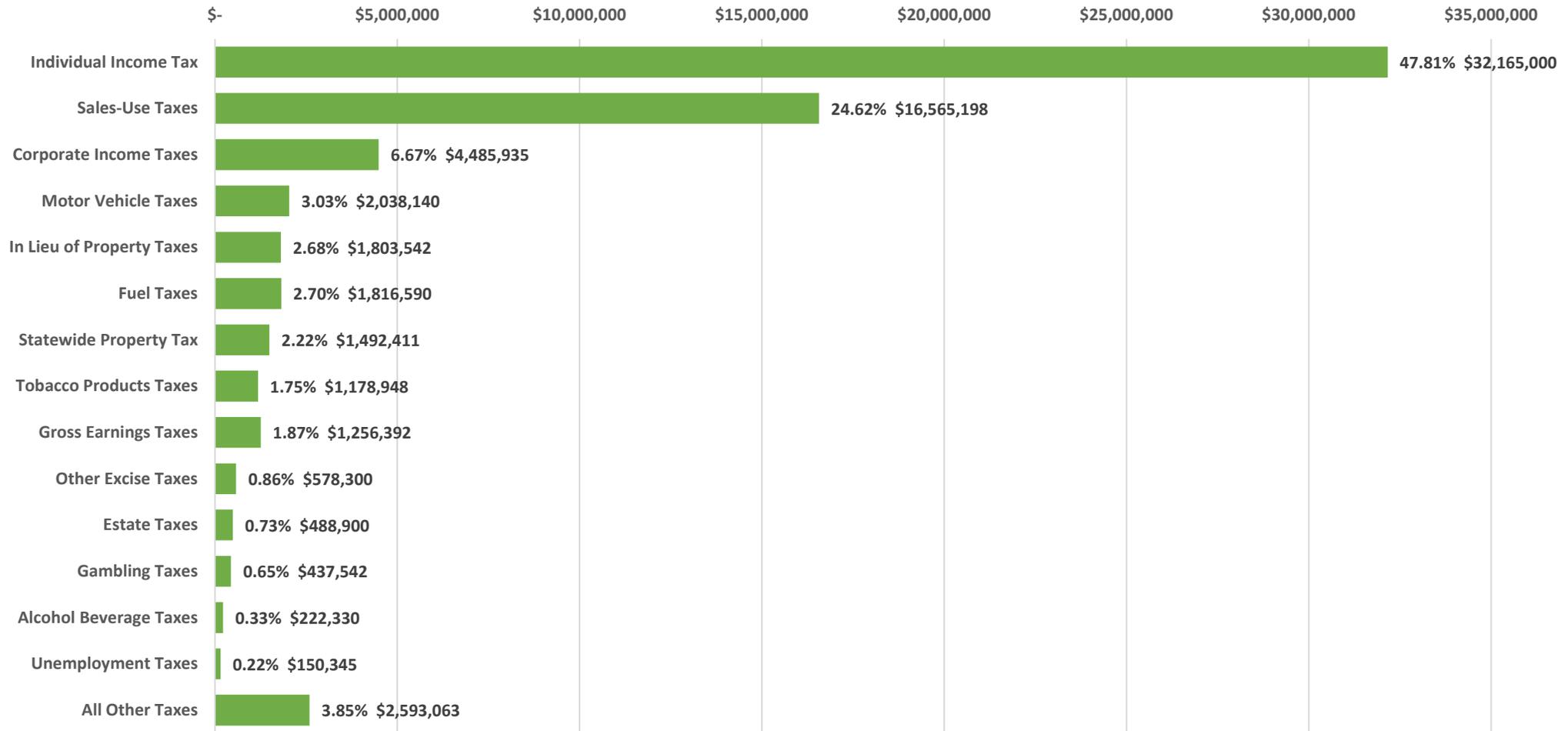


Tax Revenue by Category, All Funds

FY 24-25 Biennium | Total = \$67.3 billion



Senate Counsel, Research, and Fiscal Analysis



\$ in Thousands
Based on Nov. 22 Forecast

General Fund Taxes by Category, FY 2024-25

Dollars in Thousands



Senate Counsel, Research, and Fiscal Analysis

Revenue Source	FY 2024-25	Percentage of Total
Individual Income	\$32,165,000	55.6%
Sales and Use	\$15,155,253	26.2%
Corporate Income	\$4,485,935	7.8%
Statewide Property	\$1,492,411	2.6%
Tobacco	\$1,118,700	1.9%
Gross Earnings	\$971,804	1.7%
All Other	\$2,428,734	4.2%
Total Revenues	47,712,041	100%

General Fund Taxes – Actual & Forecast



Senate Counsel, Research, and Fiscal Analysis

FY 2020-21 to FY 2026-27 (est.) | Dollars in Thousands



Property Tax Refunds, Aids, and Credits

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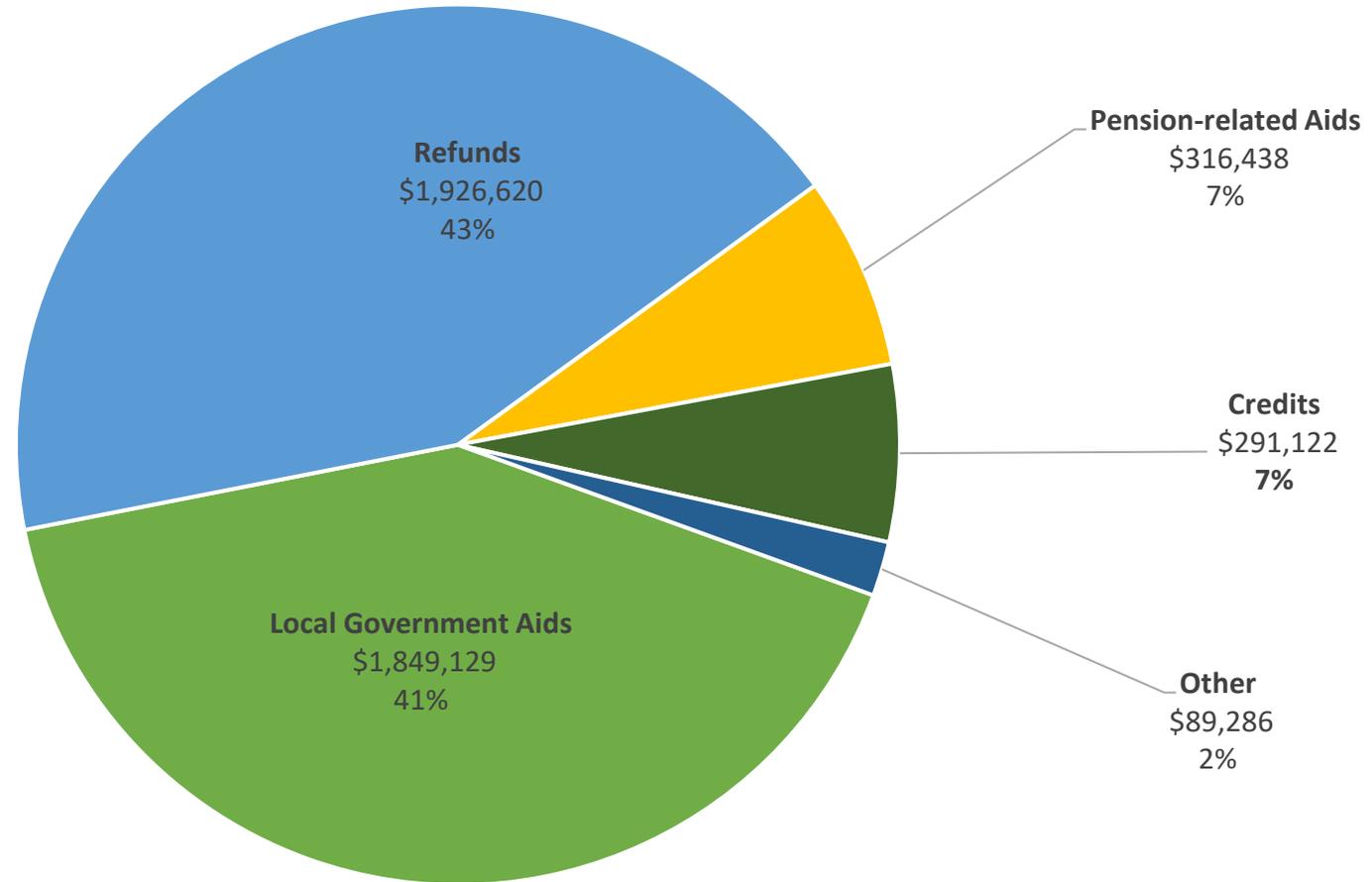
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Property Tax Refunds, Aids, & Credits

FY 24-25 Biennium | Total = \$4.47 billion



Dollars in Thousands

Property Tax Refunds, Aids, & Credits

FY 2024-25 Biennium | Dollars in Thousands



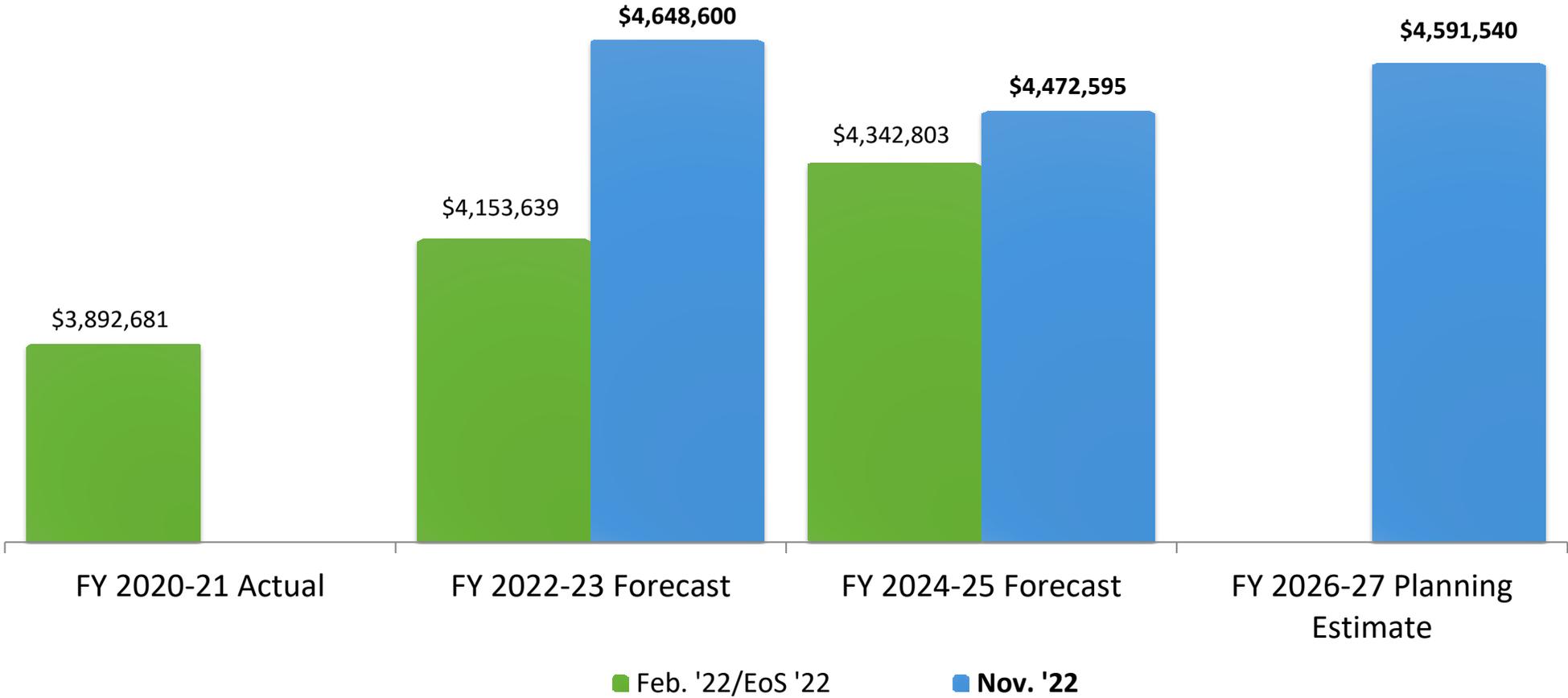
Senate Counsel, Research, and Fiscal Analysis

	FY 2024-25
Homestead Credit Refund	\$1,387,000
Local Government Aid (LGA)	\$1,128,769
County Program Aid (CPA)	\$529,956
Renters Property Tax Refund	\$485,500
Police Aid	\$185,580
School Building Bond Agricultural Credit	\$182,577
Payment In Lieu Of Taxes (PILT)	\$82,079
All Other	\$491,134
Total Refunds, Aids, and Credits	4,472,595



Property Tax Refunds, Aids, & Credits

FY 2020-21 to FY 2026-27 (est.) | Dollars in Thousands





Useful Tax Policy Resources

- Department of Revenue:
 - Tax Handbook
 - Tax Expenditure Study
 - Tax Incidence Study
 - Homestead Property Tax Burdens
 - Tax Rankings
 - Revenue Estimates

- House of Representatives:
 - Short Subjects

State and Local Government and Veterans

ANDREW ERICKSON
FISCAL ANALYST

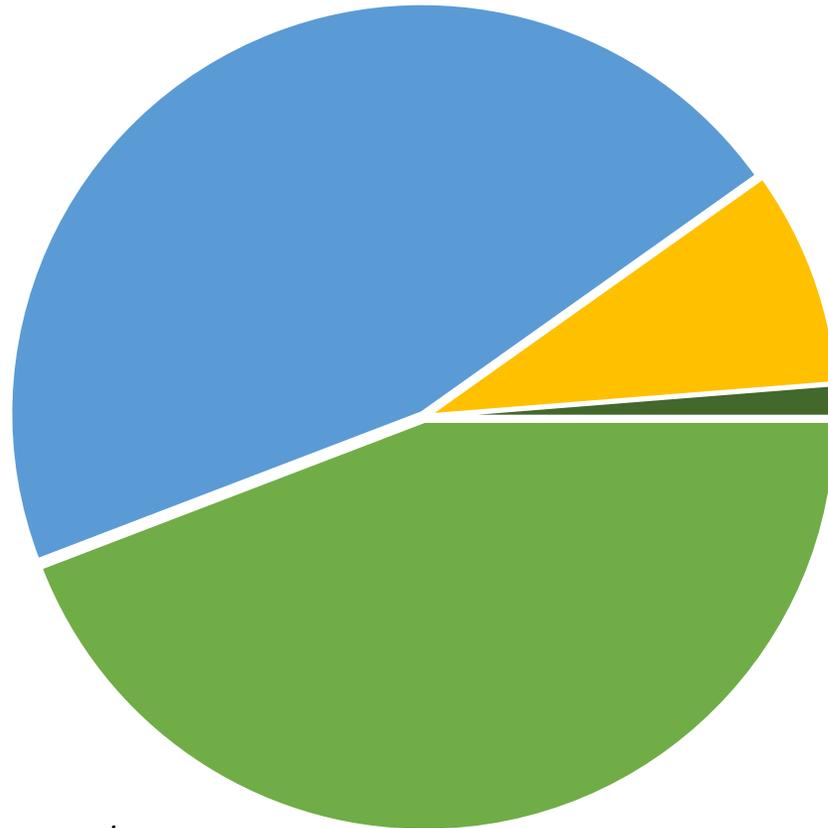
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FY 2024-25 All Funds Budget

Base Budget \$3.1 Billion (2.7% of total All Funds)



General Fund

\$1,255,977
44.2% of All Funds

Federal Fund

\$244,170
8.6% of All Funds

Special Revenue Fund

\$1,307,552
46.0% of All Funds

All Other Funds

\$35,998
1.3% of All Funds

Dollars in Thousands

FY 2024-25 General Fund

Base Budget \$1.3 Billion (2.3% of total General Fund)



Senate Counsel, Research, and Fiscal Analysis

Revenue – 27.0%

\$350,286

Legislature – 15.5%

\$200,811

Veterans Affairs – 15.0%

\$194,952

Retirement Fund Aids – 12.9%

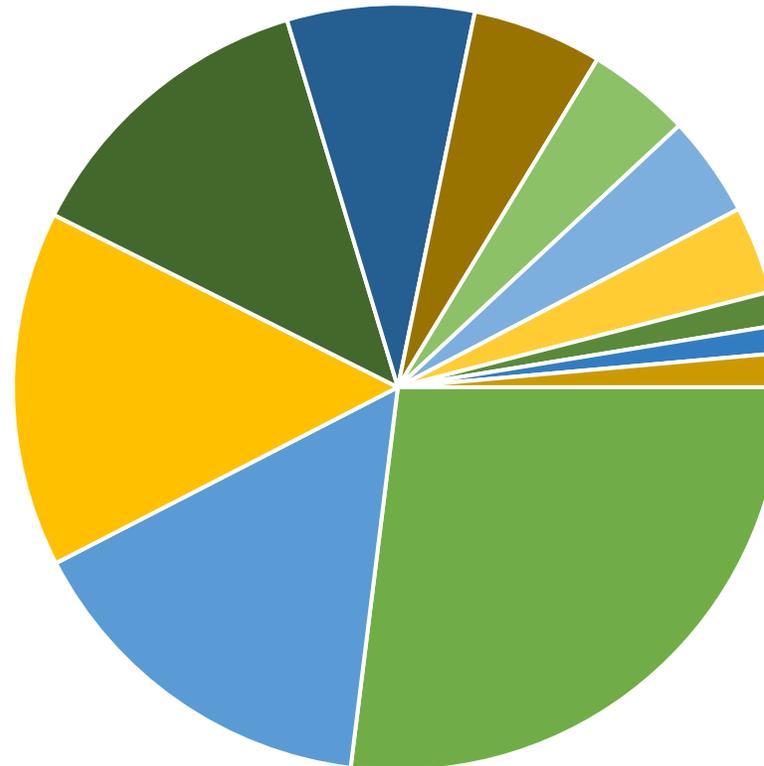
\$340,955

Constitutional Offices – 7.9%

\$102,170

Minnesota Management and Budget – 5.5%

\$70,974



*Dollars in Thousands
Excludes Indirect Costs Receipt Offset*

Administration – 4.4%

\$56,809

Military Affairs – 4.3%

\$55,334

Historical Society – 3.7%

\$47,836

IT Services – 1.4%

\$18,464

Arts Board – 1.2%

\$15,122

All Other Boards – 1.4%

\$18,552



General Fund, FY 2024-25

Dollars in Thousands

	<u>FY 2024-25</u>
Revenue	350,286
Legislature	200,811
Veterans Affairs	194,952
Retirement Fund Aid	168,045
Constitutional Offices	102,170
Minnesota Management and Budget	70,974
Administration	56,809
Military Affairs	55,334
Historical Society	47,836
MN.IT Services	18,464
Arts Board	15,122
All Others (Boards, Councils, and Commissions)	18,552
	<hr/>
TOTAL General Fund Base	1,299,355
Indirect Costs Receipts Offset	(44,200)
	<hr/>
Net General Fund Base	1,255,155

Note: Lottery, Racing Commission, and Gambling Control Board do not have a General Fund Base

FY 2024-25 General Fund

Base Budget \$1.3 Billion (2.3% of total General Fund)



Senate Counsel, Research, and Fiscal Analysis

Revenue – 27.0%

\$350,286

Legislature – 15.5%

\$200,811

Veterans Affairs – 15.0%

\$194,952

Retirement Fund Aids – 12.9%

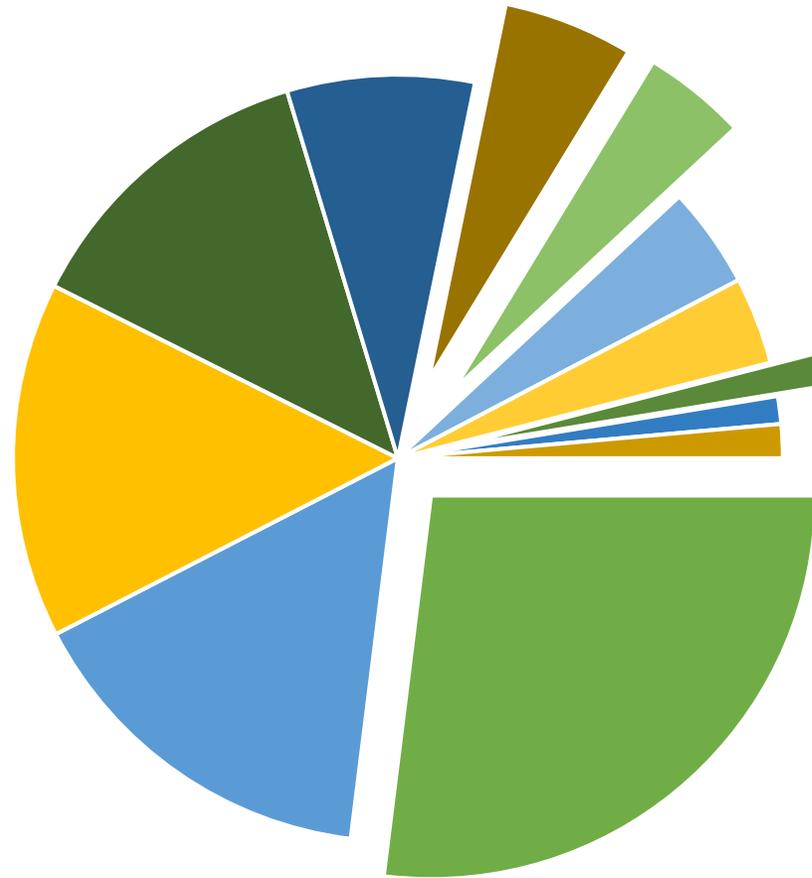
\$340,955

Constitutional Offices – 7.9%

\$102,170

Minnesota Management and Budget – 5.5%

\$70,974



Dollars in Thousands
Excludes Indirect Costs Receipt Offset

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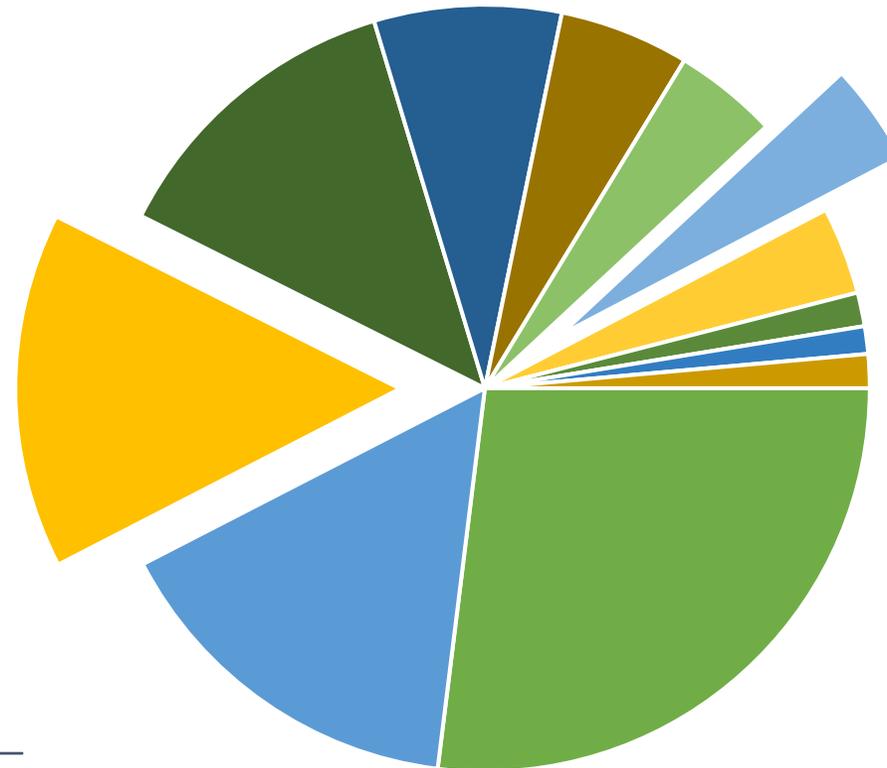
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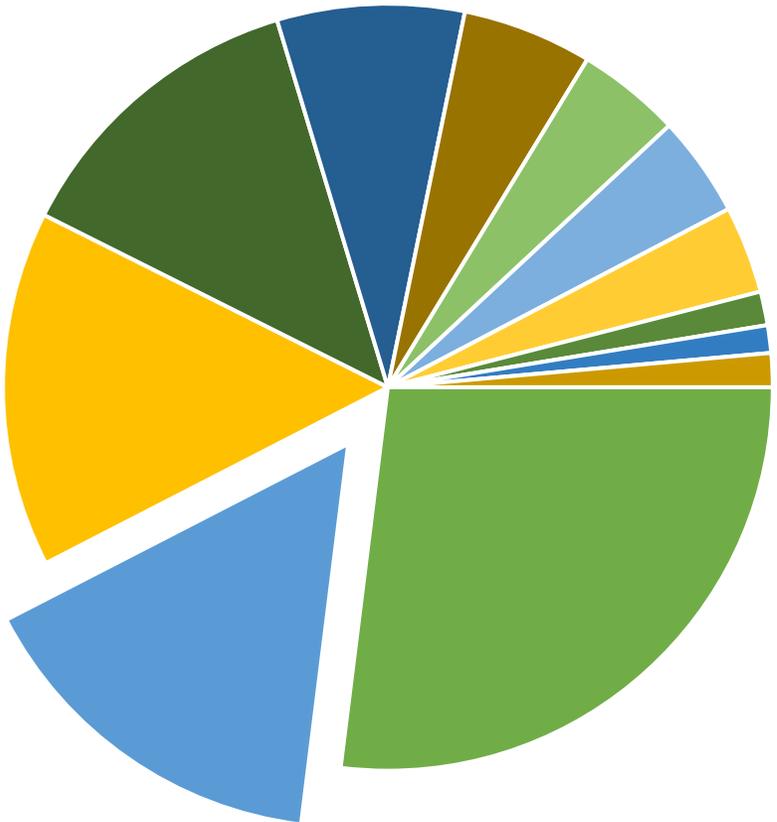
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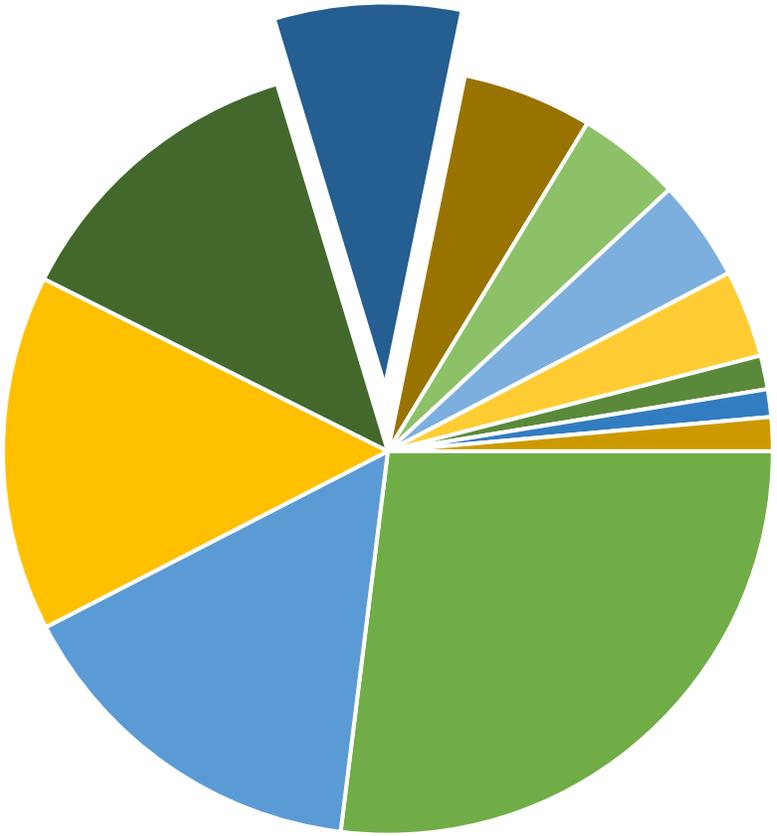
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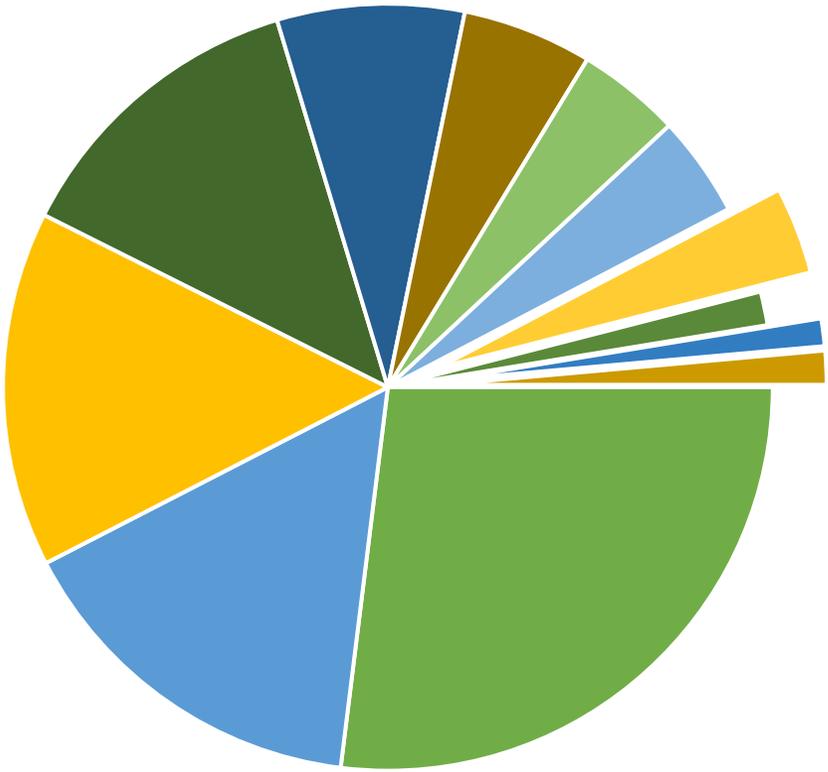
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FY 2024-25 General Fund

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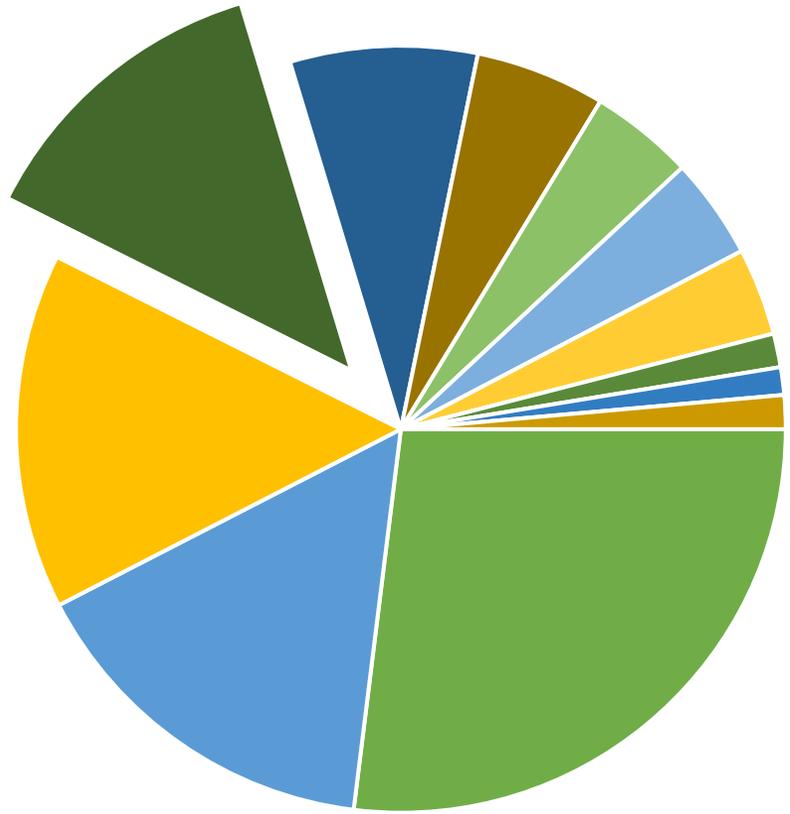
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Dollars in Thousands
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IT Services – 1.4%

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All Other Boards – 1.4%

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Agency Billing



Senate Counsel, Research, and Fiscal Analysis

A number of state agencies charge for services provided to another agency either directly or indirectly.

Many of these charges are not reflected in the Consolidated Fund Balance because they are existing state operating budget dollars that move from one agency to another to pay for services, however they do represent a significant portion of agency operating budgets. Service agencies generally have statutory authority to charge for services and spend the payments received.

- **Attorney General** – legal services billings account for 29% of the operating budget
- **State Auditor** – financial and legal compliance audit fees account for 50% of the operating budget
- **Administration** – internal support services such as insurance, motor pool, mail, and leasing of state buildings account for more than 80% of the operating budget
- **Office of Administrative Hearings (OAH)** – administrative hearing billings account for 30% of the operating budget
- **Minnesota Management & Budget (MMB)** – state employee benefit programs, consulting, budget and accounting services account for 95% of the operating budget
- **IT Services**– service level agreements with executive branch agencies to manage IT projects and IT staff account for 96% of the operating and IT project budget
- **Investment Board** – investment of state retirement funds, trust funds, and cash accounts billings account for 99% of the operating budget
- **Governor's Office** - intra-agency agreements for policy staff and other related expenses account for 50% of the operating budget



Agency Fees:

Application and licensure fees for the following boards are collected and deposited as non-dedicated receipts in the General Fund. A direct General Fund appropriation is made to the board to cover operating expenses.

- **Board of Accountancy**
- **Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience and Interior Design**
- **Board of Barber Examiners**
- **Board of Cosmetologist Examiners**

All fees collected by the **Gambling Control Board** and a portion of fees collected by the **Racing Commission** are deposited in accounts in the Special Revenue Fund and directly appropriated to each for operating expenses.

The **Department of Veterans Affairs** operates five veterans homes in Fergus Falls, Hastings, Luverne, Minneapolis, and Silver Bay. Three new homes are opening soon in Bemidji, Montevideo, and Preston. Operations are funded by a General Fund appropriation, federal per diem payments, and maintenance fees charged to residents.

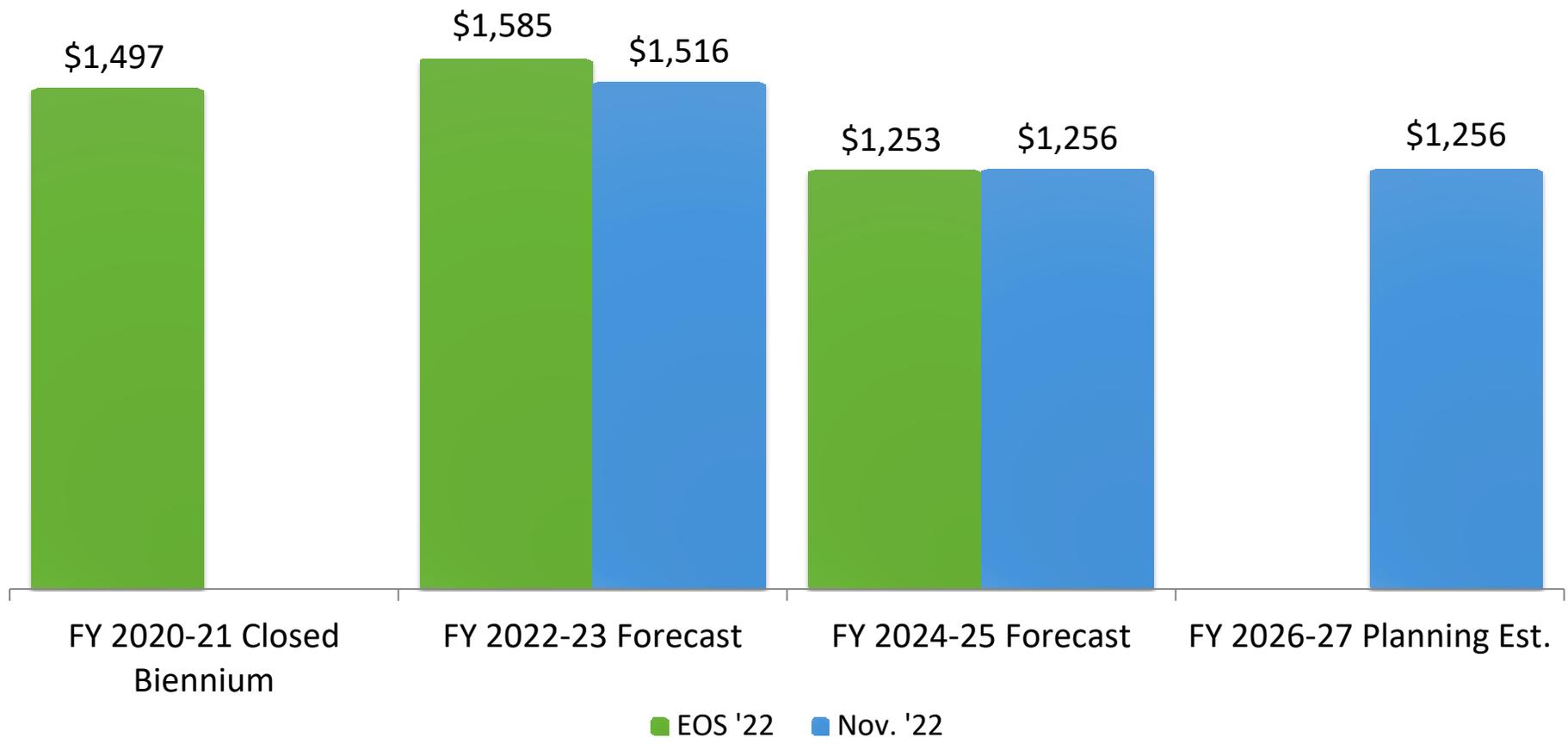
Minnesota Lottery

The Lottery Fund is established outside the state treasury. A lottery operations account exists within the fund. The budget bill contains a rider specifying the maximum amount the Lottery may spend for operating expenses.



Forecasted General Fund Spending

FY 2020-21 to FY 2026-27 (est.), Dollars in Millions



Elections

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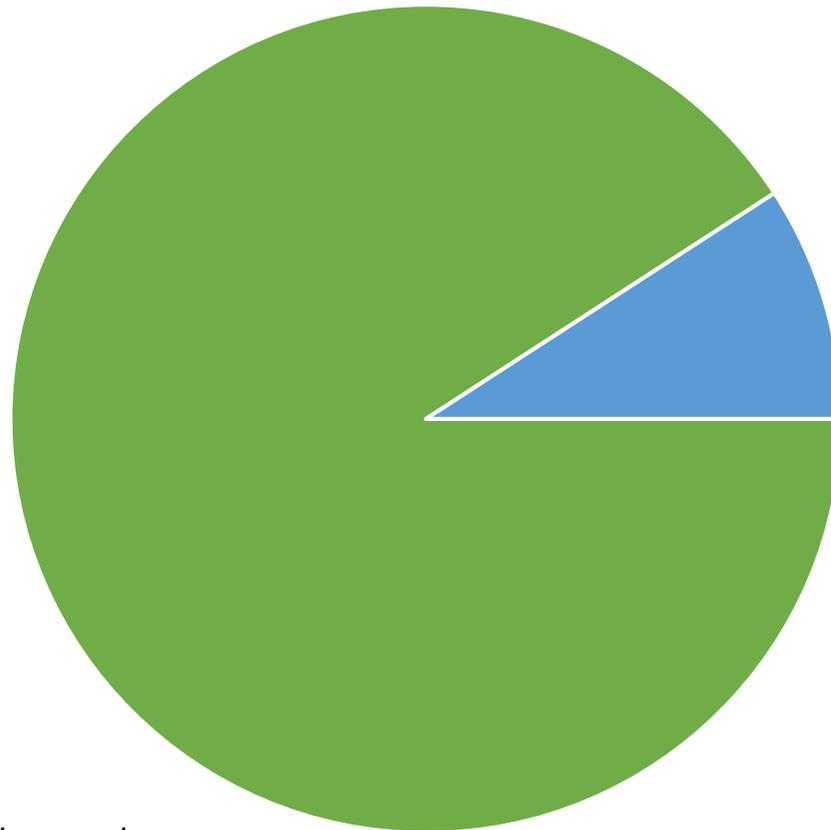
651-296-4855





FY 2024-25 All Funds Budget

Base Budget \$16.1 Million (0.02% of total All Funds)



General Fund

\$14,656

90.8% of All Funds

Special Revenue Fund

\$1,481

9.2% of All Funds

Dollars in Thousands



FY 2024-25 General Fund

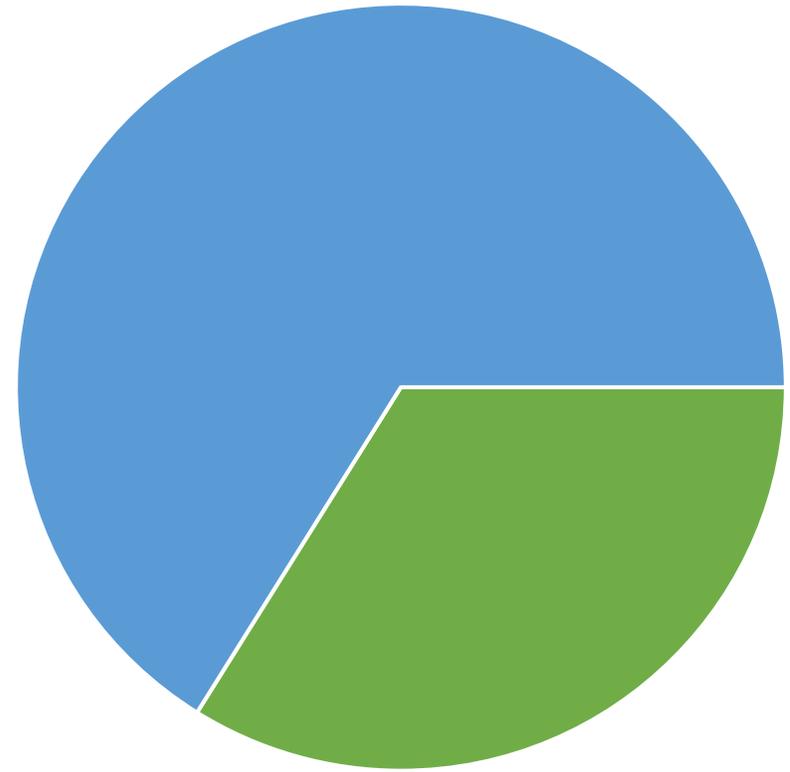
Base Budget \$14.7 Million (0.03% of total General Fund)

Campaign Finance and Public Disclosure Board –
33.9%

\$4,966

Secretary of State, Presidential
Primary – 66.1%

\$9,690



Dollars in Thousands



Forecasted General Fund Spending

FY 2020-21 to FY 2026-27 (est.), Dollars in Thousands



Higher Education

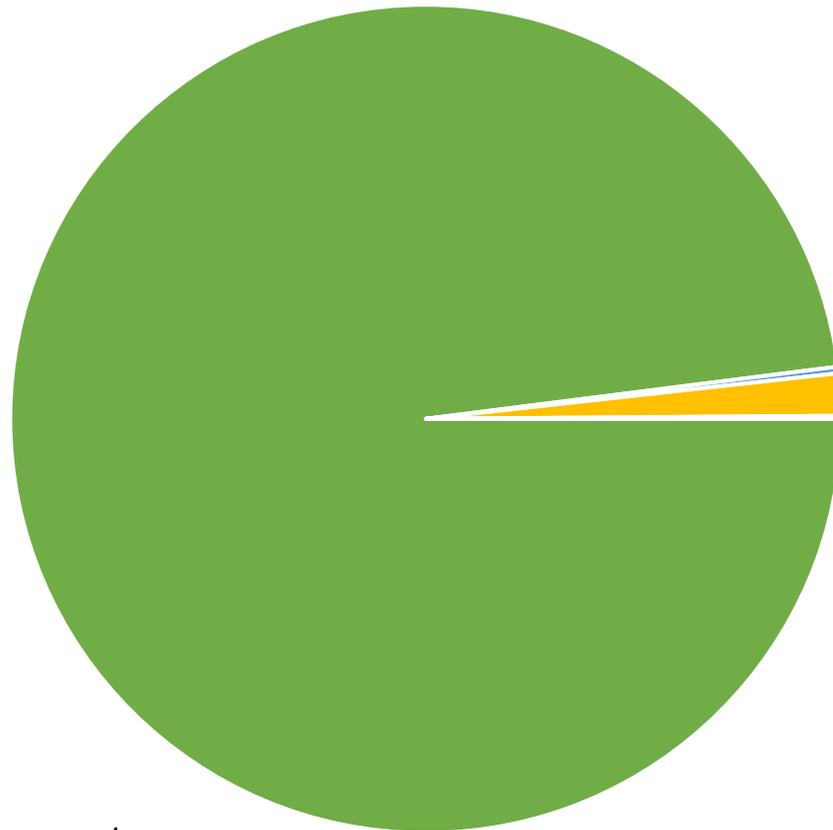
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FY 2024-25 All Funds Budget

Base Budget \$3.6 Billion (3.4% of total All Funds)



General Fund

\$3,505,828

98% of All Funds

Health Care Access Fund

\$4,314

0.1% of All Funds

Federal Fund

\$9,064

.3% of All Funds

Special Revenue Fund

\$58,650

1.6% of All Funds

Dollars in Thousands



General Fund, FY2024-25

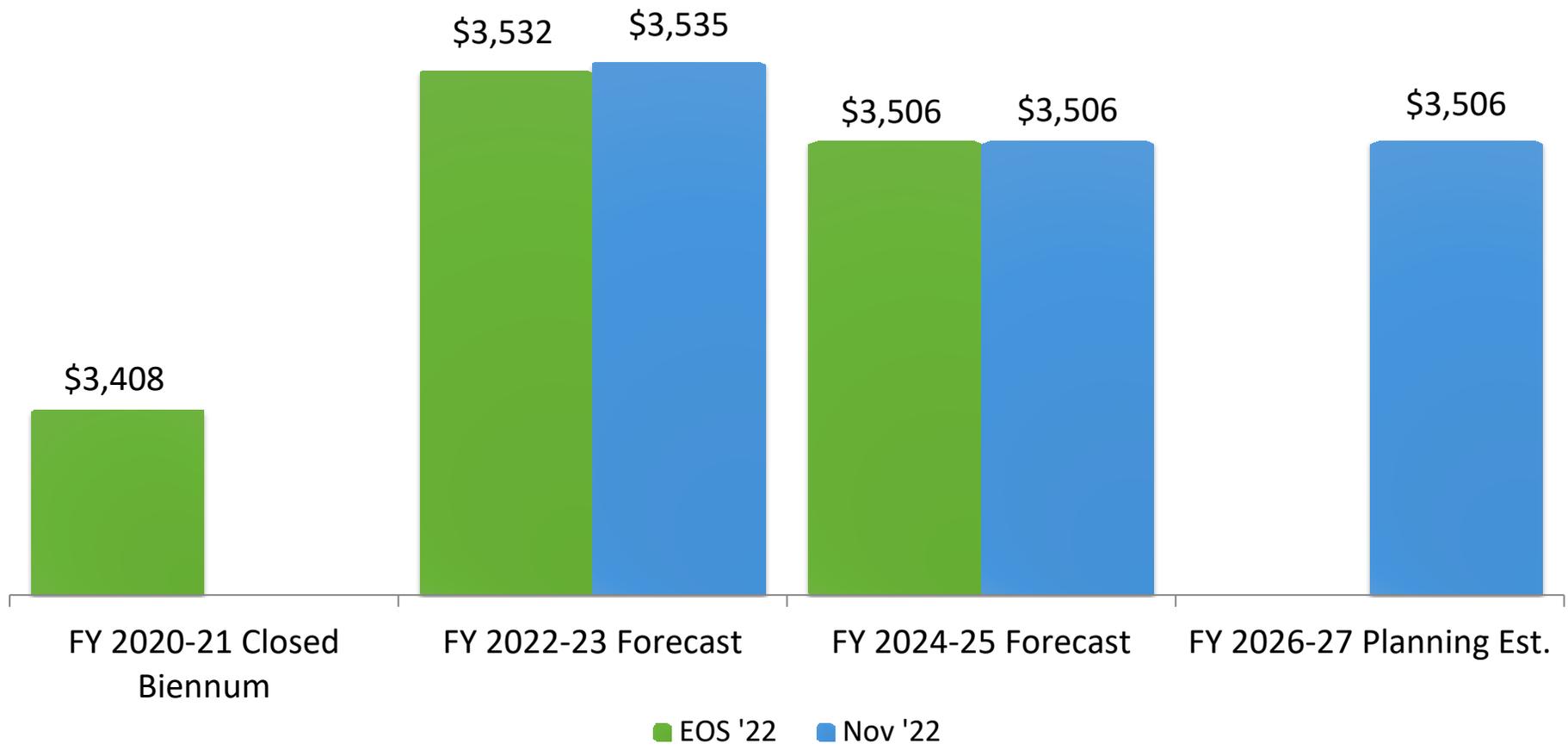
Dollars in Thousands

Agency	FY 24 – FY 25
Office of Higher Education	545,392
University of Minnesota	1,378,512
Minnesota State Colleges and Universities	1,579,222
Mayo Clinic Foundation	2,702
Total	3,505,828



Forecasted General Fund Spending

FY 2020-21 to FY 2026-27 (est.), Dollars in Millions





Office of Higher Education

- Administers several financial aid programs including State Grant, Work Study, Child Care Grants, and more
- Performs research, serves as lead agency for State Longitudinal Education Data System (SLEDS).
- Licensing and registration of private colleges (both nonprofit and for-profit) and career schools
- Assists with preparation for college: academic readiness programs, college savings plans, etc.
- Enters into interstate tuition reciprocity agreements



University of Minnesota

- State's only land-grant university, offering undergraduate, graduate, and professional degrees
- Five campuses and seven Research and Outreach Centers (previously known as Agricultural Experiment Stations) statewide; Twin Cities campus includes 19 “academic units”
- 52,280 students enrolled system-wide in 2021
- 2022-23 average resident undergraduate tuition and fees: \$16,108
- Primary state-supported academic agency for research and extension service; receives several special appropriations for this purpose



Minnesota State Colleges and Universities

- Created by act in 1995 to consolidate state's technical and community colleges and state universities into a single system
- 33 separately accredited two-year colleges and seven universities across 54 campuses statewide
- 300,000 students enrolled in both credit and noncredit courses



Mayo Foundation

Two parts of the Mayo appropriation:

- **Mayo Medical School** receives an appropriation for direct support of Minnesota residents attending the school. About 40% of students are Minnesota residents.
- The **Family Medicine Residency** training program receives an appropriation to train prospective family physicians for primary care in all settings. One-third of graduates from this program are serving in rural or underserved areas.

Minnesota Higher Education Facilities Authority

- Issues tax-exempt revenue bonds to finance or refinance capital construction projects
- Receives no appropriation; operations are funded by fees charged to benefiting institutions
- Authorized to issue up to \$1.3 billion in outstanding bond principal

Jobs & Economic Growth

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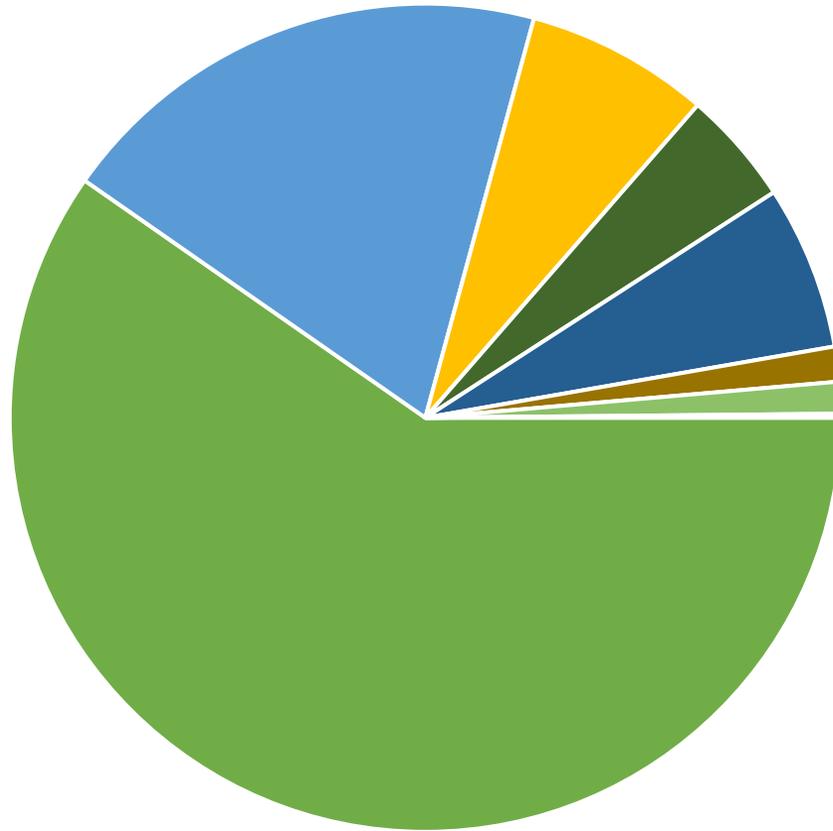


FY 2024-25 All Funds Budget

Base Budget \$1.5 Billion (1.4% of total All Funds)



Senate Counsel, Research, and Fiscal Analysis



Dollars in Thousands

Federal Fund

\$887,391
59.7% of All Funds

General Fund

\$289,902
19.5% of All Funds

Workforce Devlp Fund

\$106,474
7.2% of All Funds

Special Revenue Fund

\$66,236
4.5% of All Funds

Iron Range Resources & Rehab Fund

\$95,254
6.4% of All Funds

Douglas J. Johnson Econ Protection Trust Fund

\$20,256
1.4% of All Funds

Petro Tank Cleanup

\$18,400
1.2% of All Funds

Gift & Remediation

\$2,299
0.2% of All Funds



General Fund Appropriations, FY 2024-25

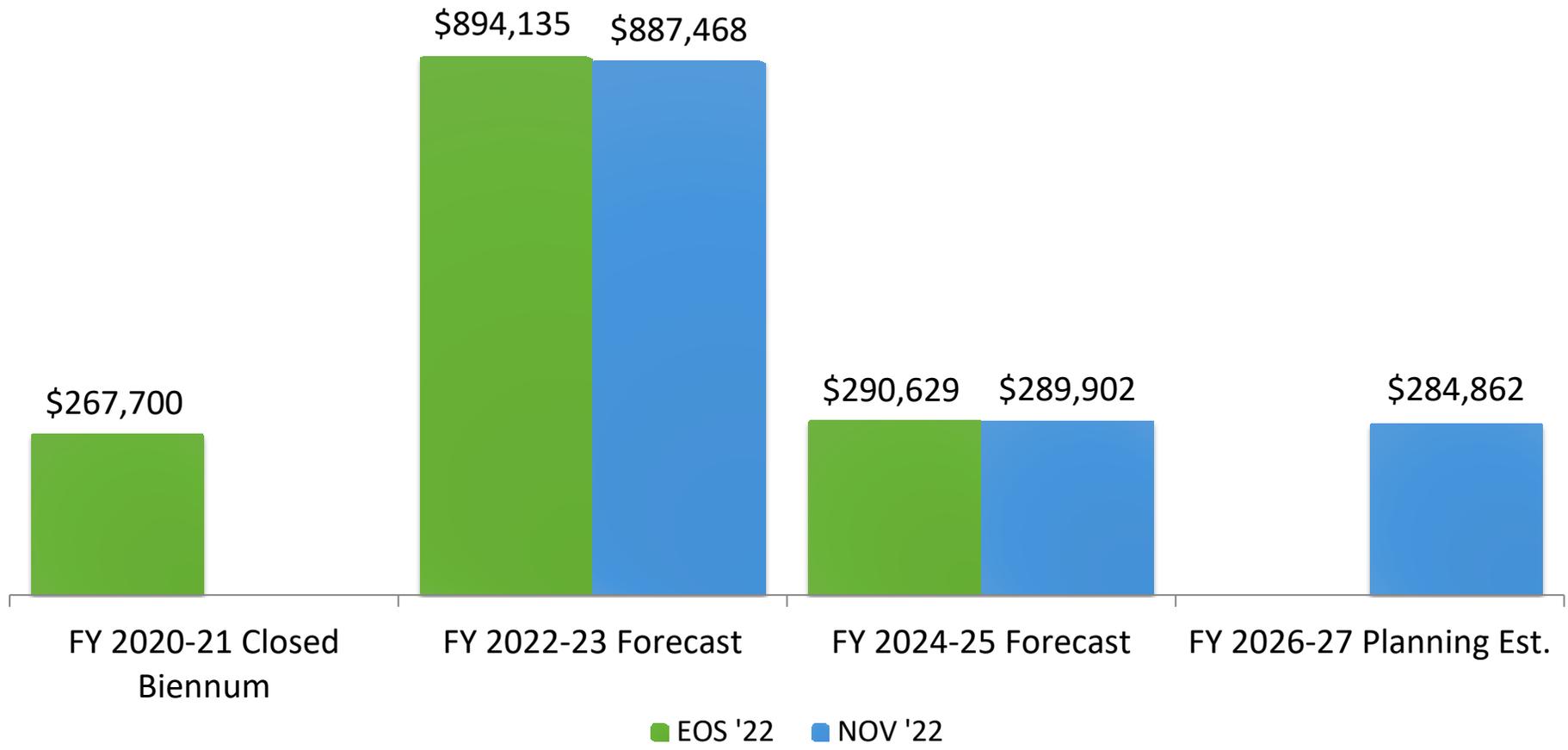
Dollars in Thousands

Agency	FY 2024-25	% of All Funds for Agency
Department of Employment and Economic Development (DEED)	186,806	64.4%
Rochester Destination Medical Center (DMC)	69,000	23.8%
Explore Minnesota Tourism	29,046	10.0%
Department of Iron Range Resources and Rehabilitation (IRRR)	5,040	1.7%
Total	289,892	



Forecasted General Fund Spending

FY 2020-21 to FY 2026-27 (est.), Dollars in Thousands





Department of Employment & Economic Development (DEED)

- Purpose: facilitates an economic environment to produce jobs and improve the quality of the state's workforce
- Promotes business recruitment, expansion, and retention
- Supports workforce and community development
- Programs to promote international trade
- Divisions include:
 - Business and Community Development
 - Employment & Training Programs
 - Minnesota Trade Office
 - Vocational Rehabilitation
 - Services for the Blind



Department of Employment & Economic Development (DEED) All Funds, FY 2024-25

Dollars in Thousands

Fund	FY 2024-25	% of All Funds for Agency
General Fund	186,806	14.2%
Federal Fund	887,391	67.4%
Workforce Development Fund	106,474	8.1%
Special Revenue Fund	64,745	8.7%
Petroleum Tank Release Cleanup Fund	18,400	1.4%
Remediation Fund	1,400	1.1%
Gift Fund	899	0.1%
Total	1,266,115	

Department of Iron Range Resources & Rehabilitation (IRRR)



Senate Counsel, Research, and Fiscal Analysis

- Mission: to promote and invest in business, community, and workforce development for the betterment of northeastern Minnesota
- Provides low- or no-interest loans and grants for businesses relocation/expansion
- Issues grants to local governments, schools, and non-profits that promote workforce development

All Funds, FY 2024-25

Dollars in Thousands

Fund	FY 2024-25	% of All Funds for Agency
Iron Range Resource Fund	95,254	79.0%
Douglas J Johnson Economic Protection Trust Fund	20,256	16.8%
General Fund	5,050	4.2%
Total	120,560	



Other Agencies

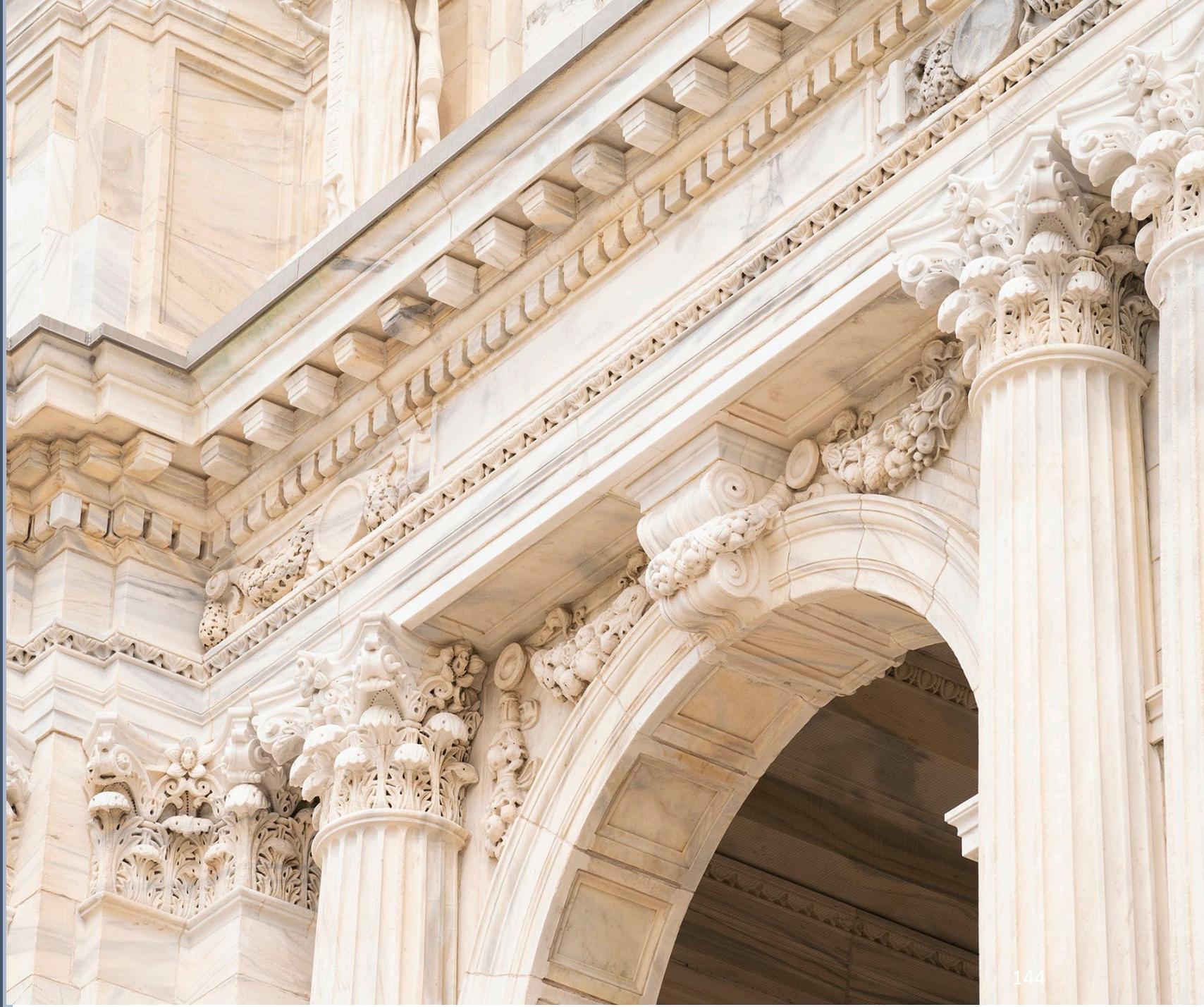
- **Public Facilities Authority:** provides municipal financing programs and expertise to help communities build public infrastructure that preserves the environment, protects public health, and promotes economic growth
 - Administers and oversees three revolving loan funds that help local governments construct wastewater, storm water, and drinking water facilities
 - FY 24-25 Funding: \$549,000 from Special Revenue Fund (for administrative costs)
- **Rochester Destination Medical Center:** public/private partnership created in May 2013 to commit \$585m over 20 years to support development in Rochester and around the Mayo Clinic
 - FY 24-25 Funding: open General Fund appropriation of \$69 m
- **Explore Minnesota Tourism:** to inspire consumers and facilitate their travel to and within Minnesota; Marketing Minnesota travel products and opportunities
 - FY 24-25 Funding: \$29 million from General Fund; \$942,000 from Special Revenue Fund

Commerce & Consumer Protection

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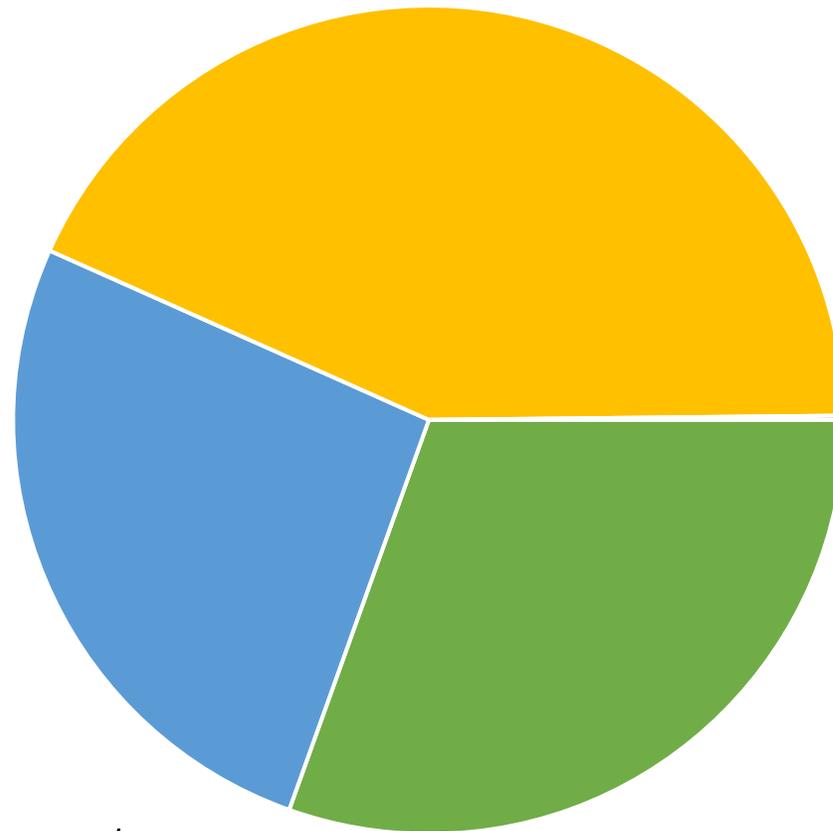
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FY 2024-25 All Funds Budget

Base Budget \$930.2 Million (0.9% of total All Funds)



General Fund

\$282,375
30.5% of All Funds

Federal Fund

\$243,327
26.2% of All Funds

Special Revenue Fund

\$399,911
43.1% of All Funds

Workers Compensation Fund

\$1,522
0.2% of All Funds

Dollars in Thousands



Department of Commerce

- **Financial Institutions:**
 - Regulates state-chartered financial institutions and other financial services
 - Supervises and examines state financial institutions to determine their financial solvency and responsiveness
 - Writes rules/recommends laws to be enacted, and enforces existing laws and rules
- **Insurance:**
 - Regulates and licenses insurance agents, claims adjustors, and others
- **Other:**
 - Weights and measures inspections, unclaimed property, franchising regulation, liquor



Department of Commerce

- **Telecommunications:**
 - Advocate for Minnesota consumers and public interest before telecommunications regulatory bodies
 - Investigates telecommunications complaints and enforces regulations
 - Manages Telecommunications Access Minnesota (TAM) program
- **Reinsurance: Minnesota Premium Security Plan:**
 - Administered by the Minnesota Comprehensive Health Association (MCHA)
 - Created in 2017 and extended through 2027 to provide reinsurance payments to health insurers to help offset the costs of high claims in the state's individual health insurance market.
 - Funding for program is provided through 2025



General Fund Appropriations, FY 2024-25

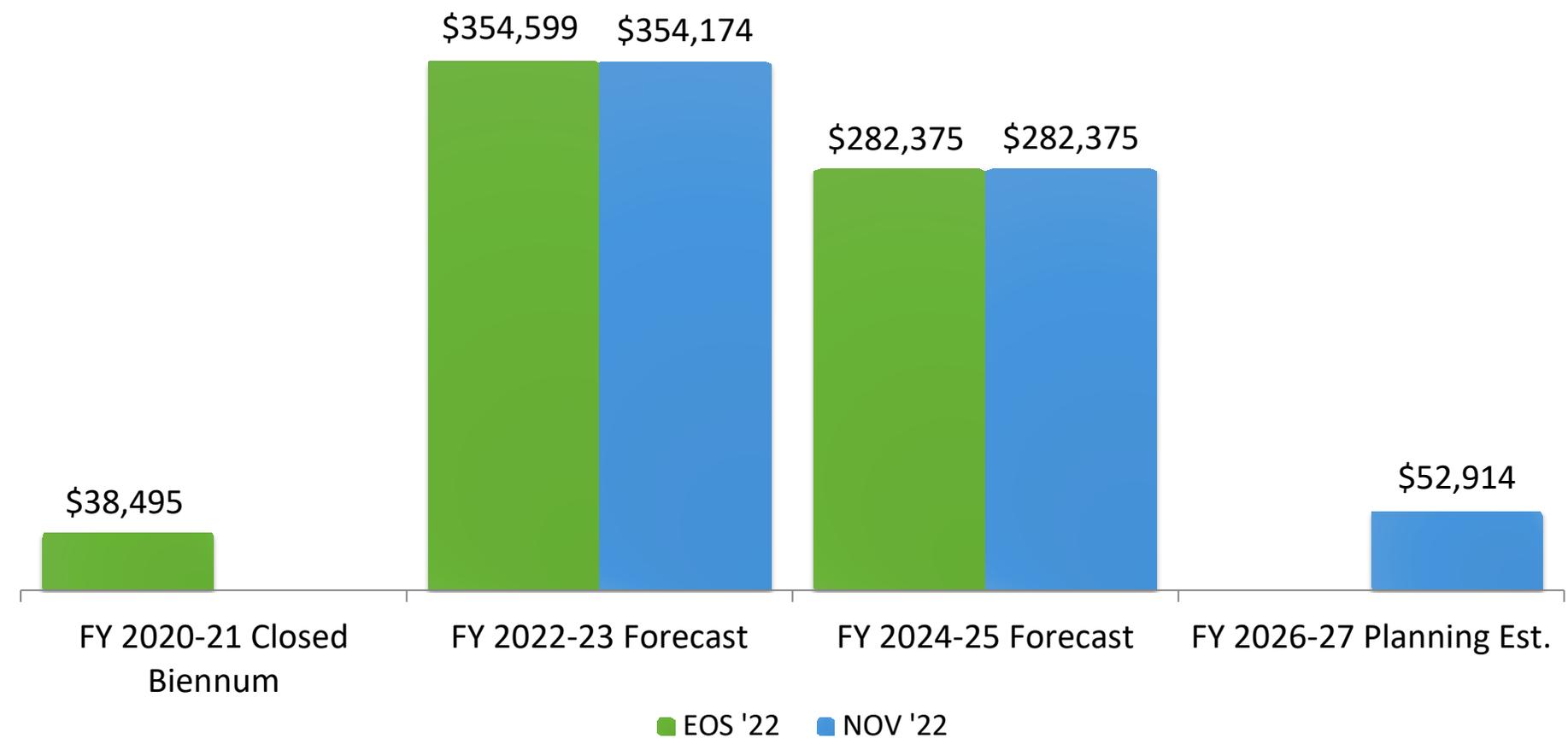
Dollars in Thousands

Agency	FY 2024-25	% of All Funds for Agency
Commerce – Financial Institutions	4,482	1.6%
Commerce – Administrative Services	17,268	6.1%
Commerce – Enforcement/Market Assurance	13,472	4.8%
Commerce – Telecommunications	2,180	0.8%
Commerce – Insurance	12,508	4.4%
Commerce – Reinsurance	229,465	81.3%
Commerce – Weights and Measures	3,000	1.1%
Total Department of Commerce	282,375	



Forecasted General Fund Spending

FY 2020-21 to FY 2026-27 (est.), Dollars in Thousands

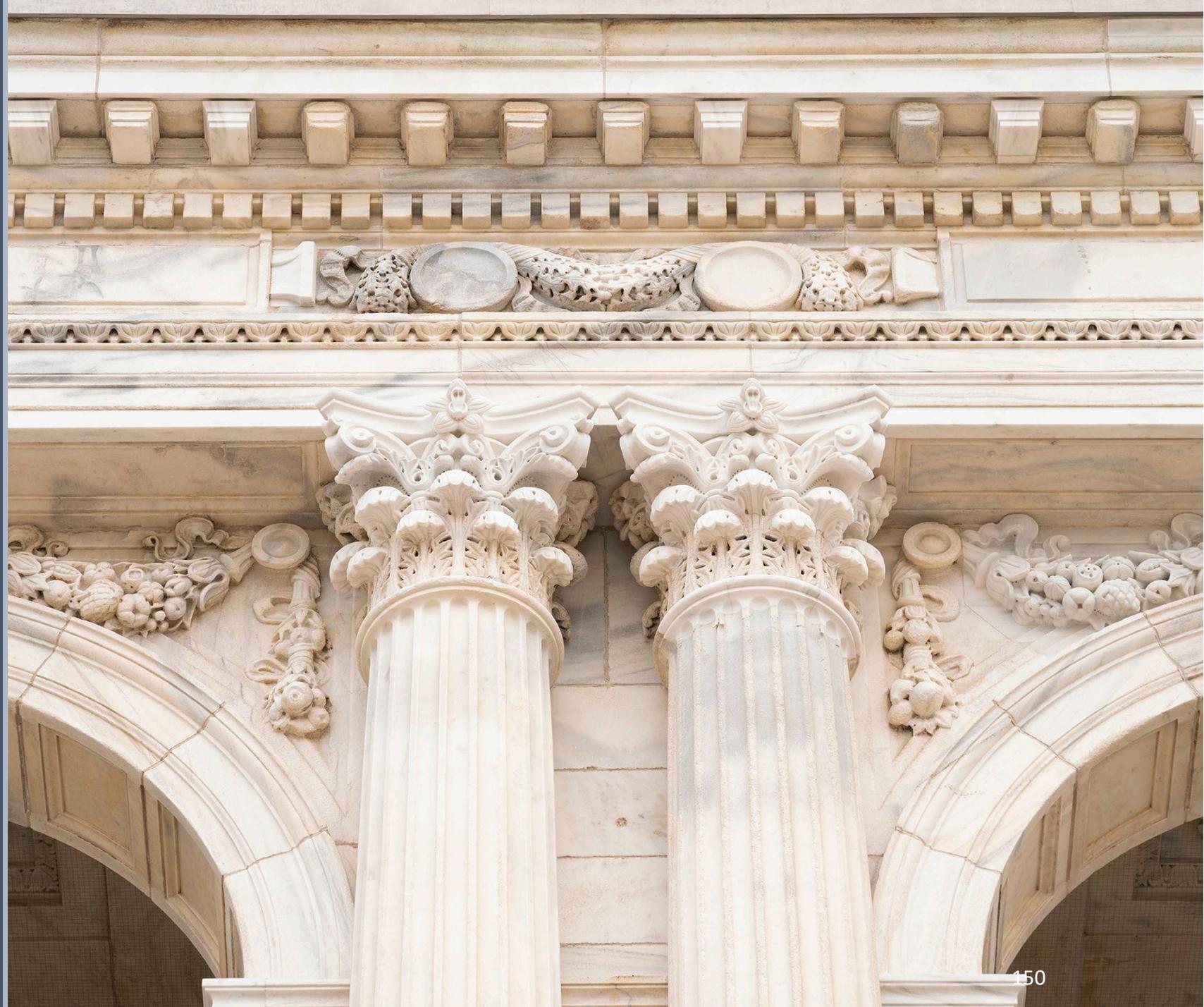


Capital Investment

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@SENATE.MN

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Capital Investment

- Since 1983, the Legislature has passed “bonding bills” in all but four years (2004, 2016, 2021, 2022)
- Historically followed a pattern of larger bills in even-numbered years and smaller bills in odd-numbered years. In recent years, there has not been this pattern.
- Bills that authorize debt require a 3/5 vote to pass in each chamber
- Minnesota Management & Budget is authorized to sell state bonds and manage debt
- Largest share of state debt consists of General Obligation (GO) bonds, whose debt service is paid from the General Fund



Capital Investment

- Bonds are issued (sold) a generally once per year, and proceeds are used to finance projects as their cash flow needs dictate
- The unobligated balance of each appropriation is cancelled after four years, absent legislative action
- Twice annually, MMB publishes a debt capacity forecast, addressing their Capital Investment Guidelines
 - 1: the amount of debt sold < 3.25% of state personal income
 - (currently = 2.02%)
 - 2: the amount of debt sold and unissued (authorized but not yet sold) < 6% of state personal income
 - (currently = 3.28%)
 - 3: >40% of existing debt be paid off within 5 years and >70% of existing debt be paid off within 10 years
 - (currently = 42.7% / 74.8%)

Total Outstanding Tax-Supported Debt



Senate Counsel, Research, and Fiscal Analysis

Dollars in Thousands



*Includes equipment leases and moral obligation debt issued by MHFA and MOHE



Total Tax-Supported Debt

Dollars in Thousands

Total Tax-Supported Debt	Feb 2020 Forecast	Feb 2021 Forecast	Feb 2022 Forecast	Nov 2022 Forecast
General Obligation & Trunk Highway Bonds	6,338,750	6,263,485	6,612,870	6,431,625
Other Debt	1,437,690	1,536,170	1,560,950	1,567,710
Total Tax-Supported Debt	7,776,440	7,799,655	8,173,820	7,999,335
<i>Authorized but unissued debt</i>	<i>2,231,275</i>	<i>3,431,232</i>	<i>2,793,543</i>	<i>2,154,744</i>
Total Debt	10,007,615	11,230,887	10,967,363	10,154,079

Annual Debt Service Payments, Actual and Projected

Dollars in Thousands



Senate Counsel, Research, and Fiscal Analysis

Fiscal Year	G.O. Bonds	Trunk Highway Bonds	Other Debt	Total Debt Service
FY2012	190,799	72,601	38,194	301,594
FY2013	222,584	120,305	49,236	392,125
FY2014	619,935	136,488	97,492	853,915
FY2015	623,060	154,593	147,149	924,802
FY2016	609,285	180,725	148,484	938,494
FY2017	529,215	193,539	150,838	873,593
FY2018	563,123	211,009	150,439	938,494
FY2019	549,785	214,903	150,675	915,363
FY2020	540,081	209,821	144,487	894,389
FY2021	515,544	177,571	145,383	838,498
FY2022	592,426	213,138	148,572	954,137
FY2023 (projected)	547,759	247,908	160,669	956,336
FY2024 (projected)	559,960	273,660	167,238	1,000,858
FY2025 (projected)	586,797	271,702	167,508	1,026,007
FY2026 (projected)	615,311	290,347	155,441	1,061,099
FY2027 (projected)	641,985	311,656	156,039	1,109,680
FY2028 (projected)	642,017	306,352	156,497	1,104,867
FY2029 (projected)	651,166	337,734	157,038	1,145,938

*Data from MMB's Debt Capacity Forecast (Nov 22)

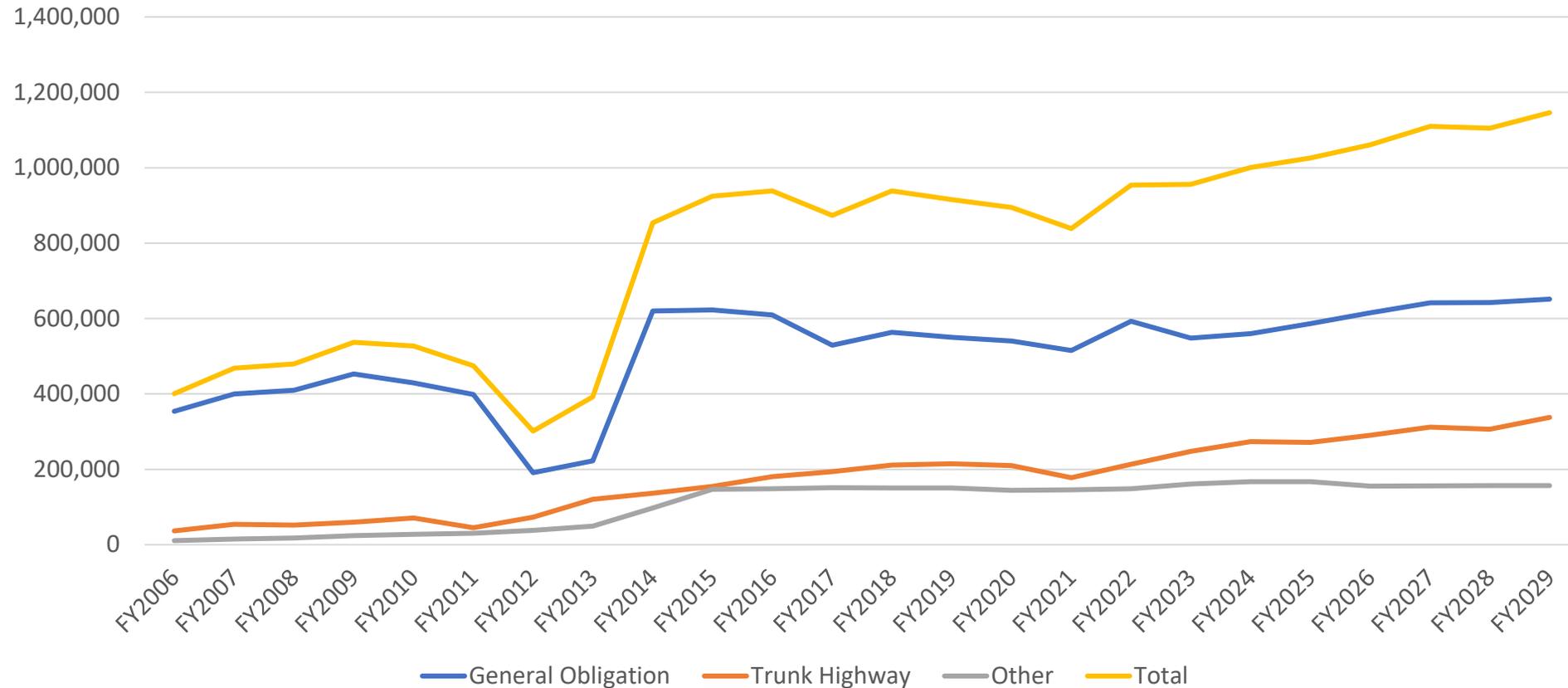
Annual Debt Service Costs and Projections*



Dollars in Thousands

Senate Counsel, Research, and Fiscal Analysis

Annual Debt Service Costs and Projections*
(figures shown in thousands)



*Projections are for FY2023-forward; FY2006-FY2022 display actual amounts

Housing and Homelessness Prevention

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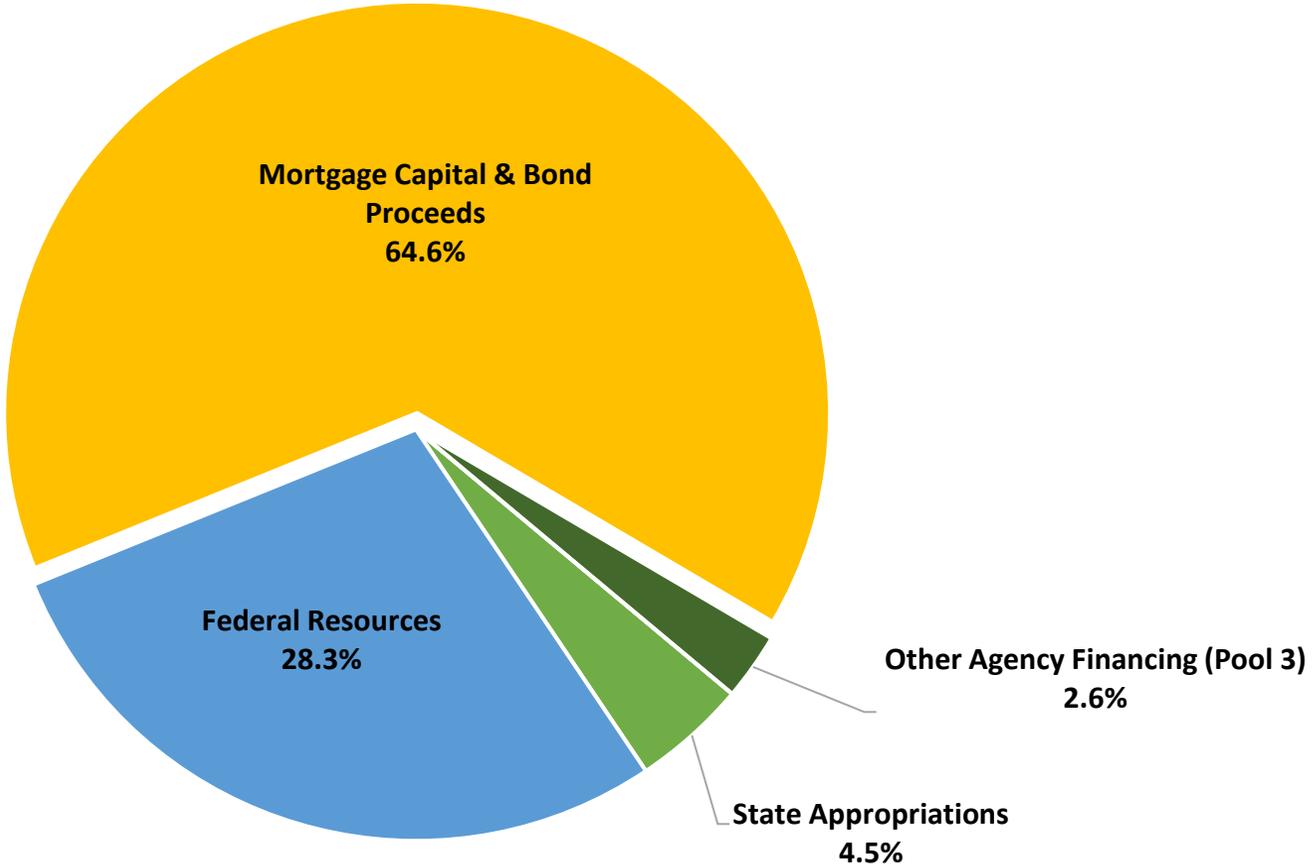
651-296-7680





Sources of Funds, CY 2022-23

*\$3.926 Billion (Includes all Investments and Financing)**





General Fund Budget - History

Dollars in Thousands

FY18-19	FY20-21	FY22-23	FY24-25
\$107,596	\$120,596	\$125,596	\$115,596

Energy, Utilities, Environment, and Climate

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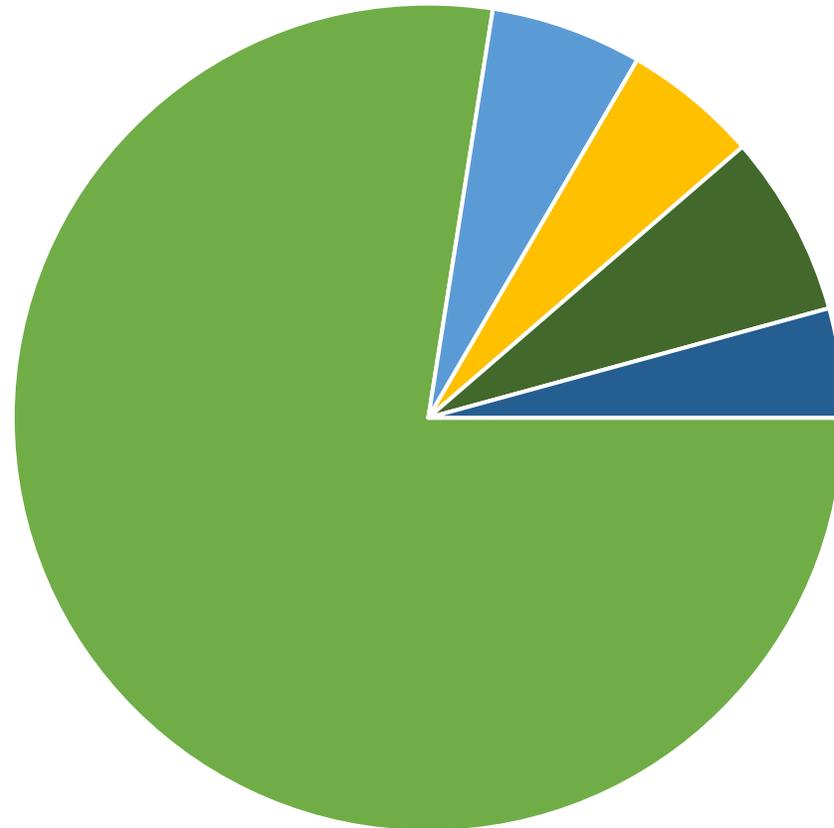


FY 2024-25 All Funds Budget

Base Budget \$462.2 Million



Senate Counsel, Research, and Fiscal Analysis



Federal Fund

\$358.2 million
77.5% of All Funds

General Fund

\$27.3 million
5.9% of All Funds

Petro Tank Cleanup Fund

\$19.7 million
4.3% of All Funds

Renewable Development Account

\$32.8 million
7.1% of All Funds

Special Revenue Fund

\$24.3 million
5.3% of All Funds

Dollars in Millions



General Fund Appropriations, FY 2024-25

Dollars in Thousands

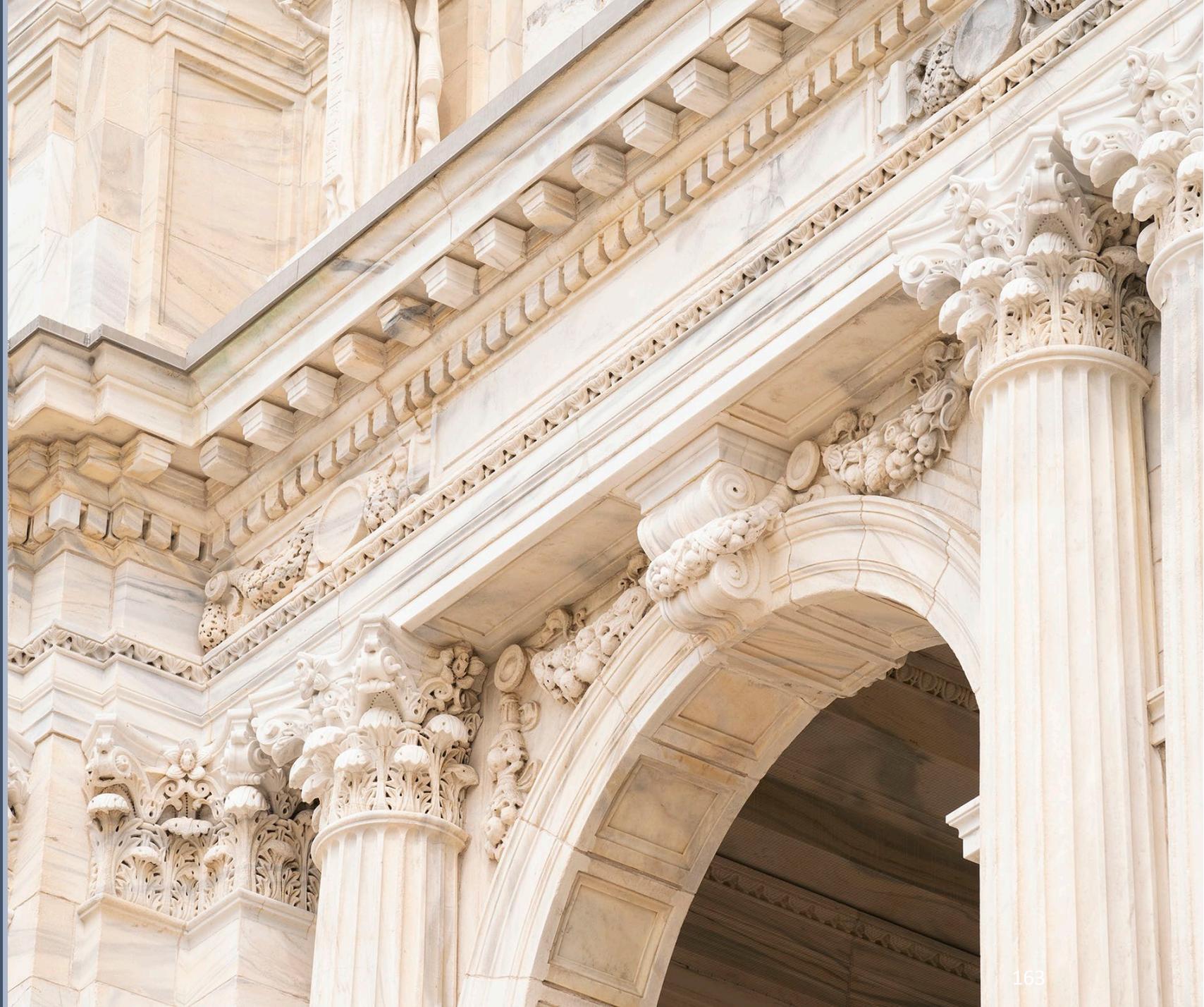
Agency	FY 2024-25	% of All Funds for Agency
Commerce Department; Energy Resources Division	10,650	2.5%
Public Utilities Commission	16,628	79.6%
Total	27,278	

Environment, Climate & Legacy

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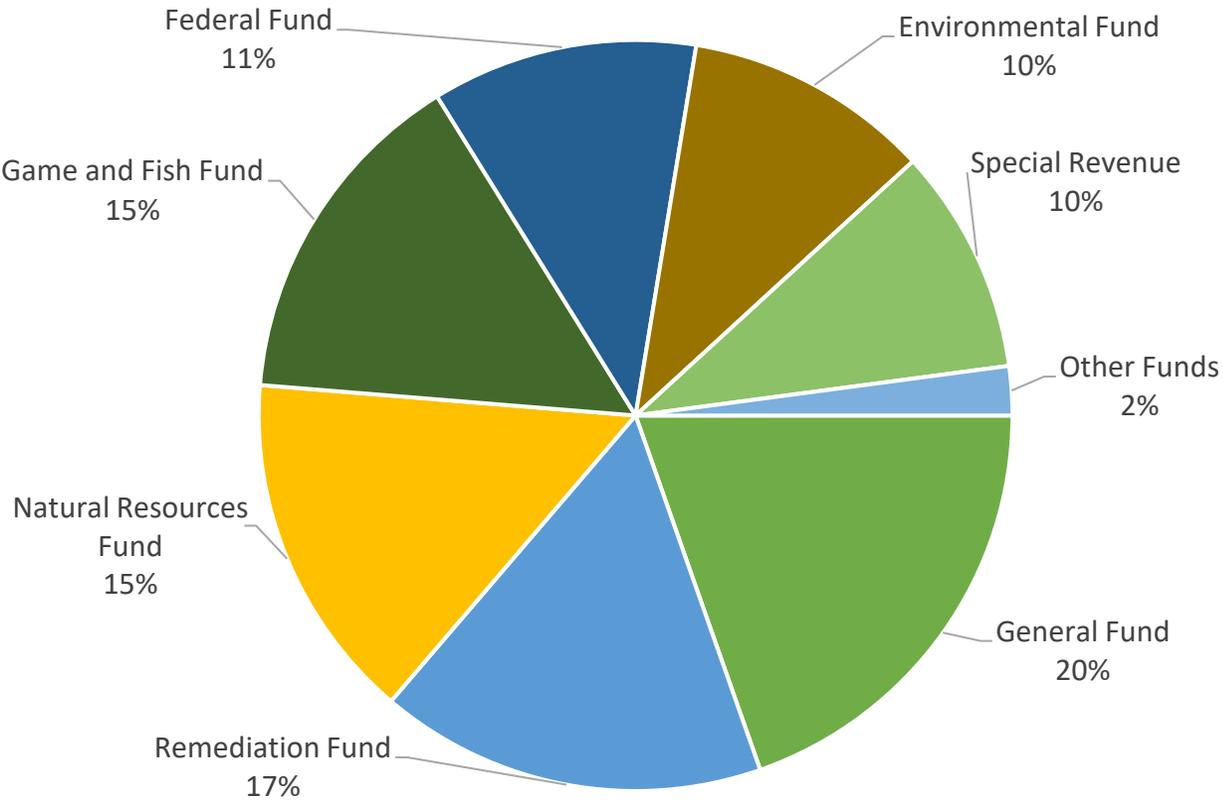
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FY 2024-25 All Funds Budget

Base Budget \$1.68 Billion (1.6 % of total All Funds)



Dollars in Thousands

<u>Fund</u>	<u>Thousands \$</u>
General	330,119
Remediation	279,156
Natural Resources	253,161
Game and Fish	250,080
Environmental	177,928
Federal	191,808
Special Revenue	163,470
Gift	24,935
Closed Landfill Investment	9,000
Endowment & Permanent School	1,458
<u>State Govt. Special Revenue</u>	<u>152</u>
Total All Funds	1,681,267



Base Budget FY 2024-25

Dollars in Thousands

Agency	General Fund	All Funds
Pollution Control Agency	13,072	540,257
Dept. of Natural Resources	257,629	1,007,466
Metropolitan Council - Parks	5,080	19,980
MN Conservation Corps	910	1,890
Brd. of Water & Soil Resources	30,536	46,651
Minnesota Zoo	20,534	62,665
Science Museum of MN	2,158	2,158
Transfer to Metro Landfill Fund	200	200
Total	330,119	1,681,267



Dedicated Funding

	FY 2022-23 Appropriations	FY 2024-25 Estimated*
Legacy Funds; from 3/8% Sales Tax		
- Outdoor Heritage Fund (33%)	287.4	320.3
- Clean Water Fund (33%)	256.8	315.2
- Parks and Trails Fund (14.25%)	110.7	135.3
- Arts and Cultural Heritage Fund (19.75%)	149.7	193.2
Subtotal Legacy Funds	804.6	964.0
From Lottery Proceeds		
Environment & Natural Resources Trust Fund	141.8	158.0
Grand Total	946.4	1,122.0

* Assuming a 5% fund balance reserve in the Legacy Funds

<https://www.legacy.mn.gov/>

Agriculture & Rural Development

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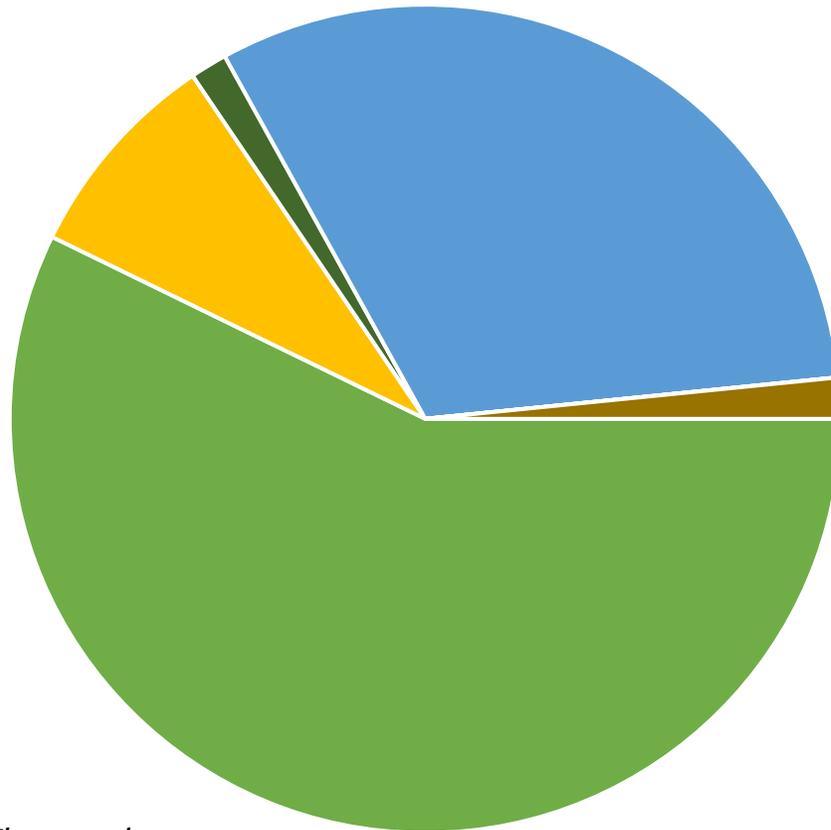
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FY 2024-25 All Funds Budget

Base Budget \$300.4 million (.16% of total All Funds)



Dollars in Thousands

General Fund

\$171,932,000

57.2% of All Funds

Agriculture Fund

\$94,361

31.4% of All Funds

Federal Fund

\$24,933

8.3% of All Funds

Gift Fund

\$12

0.0% of All Funds

Remediation Fund

\$4,798

1.6% of All Funds

Special Revenue Fund

\$4,330

1.4% of All Funds



FY 2024-25 General Fund

Base Budget \$171.9 million (.3% of total General Fund)

Department of Agriculture— 72.9%

\$125,284

Board of Animal Health— 7.1%

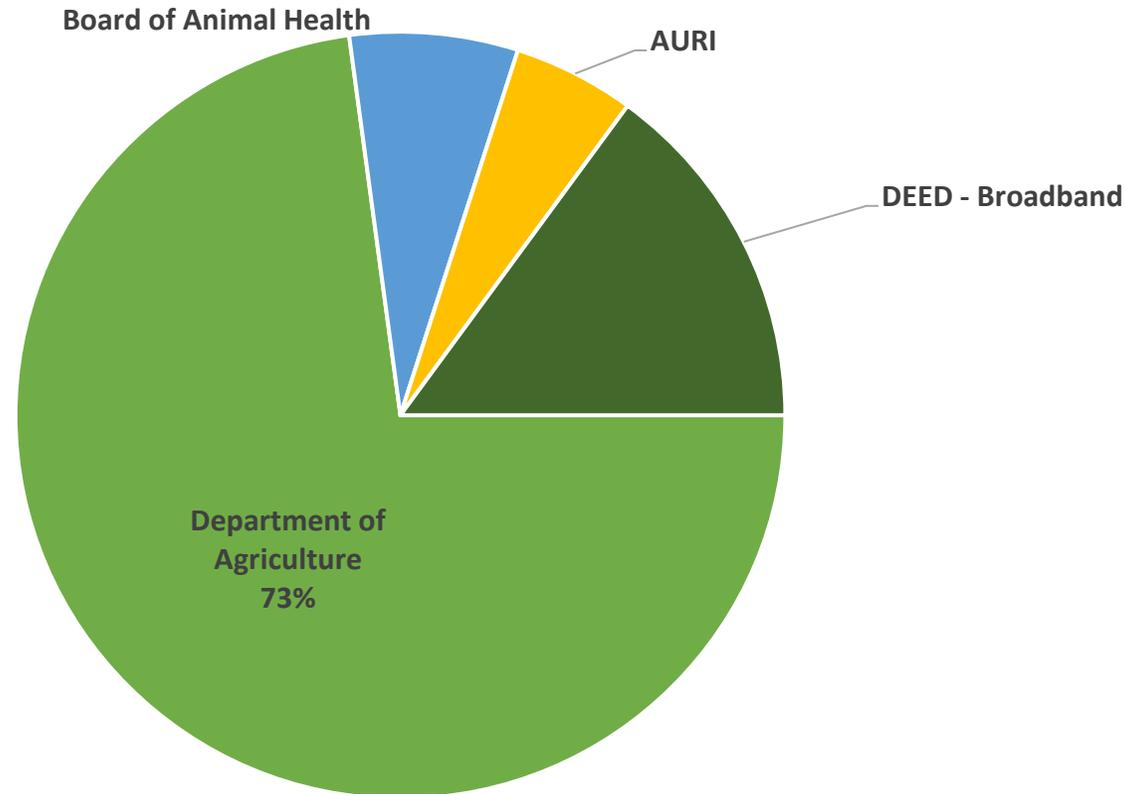
\$12,162

AURI— 5.1%

\$8,786

DEED Broadband— 14.9%

\$25,700



Dollars in Thousands



Base Budget FY 2024-25

Dollars in Thousands

Agency	General Fund	All Funds
Agriculture Department	125,284	252,348
Agricultural Utilization Research Institute (AURI)	8,786	8,786
Animal Health Board	12,162	13,532
DEED (Broadband)	25,700	25,700
Total	171,932	300,366



Forecasted General Fund Spending

FY 2020-21 to FY 2026-27 (est.), Dollars in Thousands





Wrap Up & Questions

Special thank you to A.J. Olmscheid, Senate Media Chief Photographer, for the photos used throughout the presentation.



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Senate Budget Tracking Spreadsheets

<https://www.senate.mn/tracking/2023>

November 2022 Forecast

<https://mn.gov/mmb/forecast/forecast/>

2022 Senate Counsel, Research and Fiscal Analysis Fiscal Review

https://www.senate.mn/departments/scr/freview/2022/fiscal_review.pdf

Fiscal Notes and the Legislative Process Briefing

https://www.senate.mn/storage/scrfa/2018_Fiscal_Note_Presentation.pdf

House Fiscal Staff Publication on Fiscal Notes

<http://www.house.leg.state.mn.us/Fiscal/Download/931>

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