

# 2024 Governor's Supplemental Budget Recommendations

## All Funds by Agency

(Dollars in Thousands)

FY 2024-25 FY 2026-27

### E-12 Education

#### Education

##### Summer Electronic Benefit Transfer Program Funding

The Governor recommends ongoing funding for administrative costs at Minnesota Department of Education and Minnesota Department of Human Services (DHS) to implement the new federal Summer Electronic Benefit Transfer (Summer EBT) program. The program provides \$120 per eligible child for low-income families with school-aged children during the summer. Summer EBT benefits will come in the form of pre-loaded cards that families can use to purchase groceries. The federal government provides 100 percent of the benefit cost and 50 percent of the state's administrative costs. The DHS portion of this program will transfer to the Department of Children, Youth, and Families.

General	Expenditures	\$3,424	\$1,144
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##### Voluntary Prekindergarten (VPK) Reserve Allocation

The Governor recommends allocating \$42.1 million from the voluntary prekindergarten (VPK) reserve established in Laws 2023, Chapter 55 to provide an additional 5,200 VPK seats in fiscal year 2025. This recommendation includes changes to equalization formulas to ensure the additional VPK seats have no net impact on local property tax levies on a statewide basis. The cost of the VPK seats and equalization changes is \$38.0 million in fiscal year 2025 and \$4.1m in fiscal year 2026. The remaining \$7.9 million of the onetime \$50 million VPK reserve cancels and falls to the bottom line of the general fund under the Governor's recommendation.

General	Expenditures	(\$12,004)	\$4,128
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##### Transition to New Department of Children, Youth, and Families

The Governor recommends ongoing funding for the Minnesota Department of Education (MDE) to maintain its current level of service after identified existing staff and resources transition to the new Department of Children, Youth, and Families (DCYF). Minnesota Management and Budget in partnership with MDE have identified the proportional amount of central office functions that support programs transitioning to DCYF. Transferring these resources to the new agency creates gaps in some critical operating functions at MDE that require additional resources to ensure continuity of services across the department's remaining programs.

General	Expenditures	\$173	\$690
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##### Alternative Teacher Compensation Revenue Reserved

The Governor recommends a change to Alternative Teacher Professional Pay System ("Q Comp") funding to require that recipients reserve any unused funds related to alternative teacher pay systems in a restricted fund. This recommendation will align the Q-Comp statute with other categorical program statutes to ensure that recipients use Q-Comp funds for the intended purpose. This recommendation is budget neutral.

General	Expenditures	\$0	\$0
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# 2024 Governor's Supplemental Budget Recommendations

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(Dollars in Thousands)

FY 2024-25 FY 2026-27

### Education

#### American Indian Education Aid Carry Forward Adjustment

The Governor recommends adjusting the period of time under which American Indian Education Aid that is carried from one fiscal year to the next may be used. Current law allows unused funds to carry forward six months into the following fiscal year. This recommendation will allow unused funds to carry forward through the full following fiscal year, in order to be consistent with district financial reporting that occurs on an annual basis. This recommendation is budget neutral.

General	Expenditures	\$0	\$0
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#### Area Learning Center Transportation Aid Modification

The Governor recommends allowing cooperative units to be direct recipients of area learning center transportation aid. Current law establishes that districts are the only direct recipients of these funds. This change will improve efficiency and reduce validation challenges. This recommendation is budget neutral.

General	Expenditures	\$0	\$0
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#### Basic Skills Revenue - Account Transfer Authorized

The Governor recommends authorizing school districts to execute a onetime transfer of certain basic skills funds between accounts to ensure that they have authority to spend the funds. Laws 2023, Chapter 55 amended the uses of any basic skills revenue that is utilized in fiscal year 2024 and later. However, some school districts have remaining basic skills revenue (from before fiscal year 2024) assigned to extended school day and extended school year programs, which is no longer an allowable use of basic skills revenue for fiscal year 2024 and later. As with many fund balances, districts may not reassign this revenue without explicit authority. This recommendation authorizes and directs these districts to transfer these funds to a restricted balance sheet that can be used on any basic skills eligible use. These funds are currently reflected as expended at the state level and will remain so under this recommendation. This recommendation is budget neutral.

General	Expenditures	\$0	\$0
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#### Charter School Lease Aid Review Modification

The Governor recommends a modification to Minnesota Department of Education (MDE) review of charter school lease aid applications to allow MDE to set additional requirements. Currently, MDE must review and approve charter school lease aid applications based on three criteria established in statute. This recommendation would allow MDE to set additional criteria and rubrics to more effectively evaluate components of individual leases and to ensure funding is used appropriately. For example, MDE would be able to evaluate the financial viability of a situation in which a charter school is proposing to carry two leases even though only one is for space actively being used for instructional purposes. This recommendation is budget neutral.

General	Expenditures	\$0	\$0
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# 2024 Governor's Supplemental Budget Recommendations

## All Funds by Agency

(Dollars in Thousands)

FY 2024-25 FY 2026-27

### Education

#### Compensatory Revenue - Technical Correction

The Governor recommends technical corrections related to the calculation of compensatory revenue. Currently, Minnesota Statutes, section 126C.10, subdivision 3c provides conflicting instruction on how the statewide compensatory allowance is set for fiscal year 2026 and later. This recommendation would repeal paragraph (b) of subdivision 3c in order to clarify that paragraph (a) establishes how the statewide compensatory allowance is set for fiscal year 2026 and later. This recommendation also corrects two cross references in subdivision 3. This recommendation is budget neutral.

General	Expenditures	\$0	\$0
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#### English Learner Cross Subsidy Qualifying Costs Definition

The Governor recommends adding a definition in state law regarding allowable English learner (EL) costs for purposes of the new EL cross subsidy aid that begins in fiscal year 2027, using data from fiscal year 2025. The EL cross subsidy aid in fiscal year 2027 is 25 percent of a district's EL cross subsidy, one component of which is district costs for "qualifying English learner services". This recommendation would define "qualifying English learner services" in order to ensure that costs are reported consistently across districts. This recommendation also includes technical clarifying changes. This recommendation is budget neutral.

General	Expenditures	\$0	\$0
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#### Grant Appropriation Availability Modifications

The Governor recommends changes to language controlling the availability of grant appropriations for nine grants established in Laws 2023, Chapter 53 and one grant established in Laws 2023, Chapter 54. For seven competitive/discretionary grants, this recommendation extends the availability of the grant from the first year of the biennium to the second year of the biennium. This will align the availability of these appropriations with other grants administered by the Minnesota Department of Education (MDE) and will maximize the use of these grant funds. For three other grants, this recommendation conforms language controlling availability of funds to other education grants by clarifying that the availability of the funds is for the first and second years of the biennium. This recommendation is budget neutral.

General	Expenditures	\$0	\$0
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#### Grantee Timeline Revision

The Governor recommends aligning the distribution timeline for a legislatively-named grantee in Laws 2023, Chapter 55 with that of other grantees. Currently, the Minnesota Department of Education (MDE) is directed by law to distribute funds to the Minnesota Council on Economic Education by August 15th of each year. This recommendation would remove that deadline to allow MDE to follow grant best practices related to reimbursement, budgets, and progress monitoring. This recommendation is budget neutral.

General	Expenditures	\$0	\$0
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# 2024 Governor's Supplemental Budget Recommendations

## All Funds by Agency

(Dollars in Thousands)

FY 2024-25 FY 2026-27

### Education

#### Grow Your Own Program Modifications

The Governor recommends modifications to the Grow Your Own (GYO) grant program including allowing scholarships to be used at community colleges, adding Tribal contract schools to the list of eligible grantees, and providing existing grantees flexibility to operate under the program's current statute. The GYO program is a competitive grant program that awards two types of grants for recipients to support GYO programs. One allows recipients to partner with teacher preparation programs for adults who want to become teachers, and the other allows recipients to run a GYO program for high school students who have an interest in teaching. This recommendation is budget neutral.

General	Expenditures	\$0	\$0
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#### Head Start Administrative Support

The Governor recommends allowing up to two percent of Head Start funds appropriated in Laws 2023, Chapter 54 to be used for state-level program administration and funding distribution support. Head Start and Early Head Start programs are appropriated \$35.1 million annually in state general funds that supplement federal funds. Laws 2023, Chapter 54 increased the funding level and expanded the uses of state Head Start funds. Additional administrative resources would allow the Minnesota Department of Education (MDE) to better manage the increase in funds and expand capacity to support recipients. This recommendation is budget neutral.

General	Expenditures	\$0	\$0
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#### Kindergarten Pupil Unit - Technical Correction

The Governor recommends technical changes to fully align laws related to the Average Daily Membership (ADM) Change for Kindergarten Students with a Disability modification that was enacted by the 2023 legislature. The 2023 legislation eliminated the distinction between "kindergarten students with a disability" and "kindergarten students without a disability" for pupil unit calculation purposes. This recommendation amends Minnesota Statutes, sections 120A.41 and 126C.05, subdivision 15 to align with the changes made to section 126C.05 subdivision 1, enacted in 2023. This recommendation is budget neutral.

General	Expenditures	\$0	\$0
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#### One Room School House Funding Modification

The Governor recommends changing the method in which the Minnesota Department of Education (MDE) is authorized to make a payment related to a one-room schoolhouse from being paid as a grant to instead be paid as an aid. This existing appropriation provides \$65 thousand per year to the Warroad School District to operate the Angle Inlet School. Switching the funding mechanism will streamline the distribution, receipt, and reporting of funds for both MDE and the school district. This recommendation is budget neutral.

General	Expenditures	\$0	\$0
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# 2024 Governor's Supplemental Budget Recommendations

## All Funds by Agency

(Dollars in Thousands)

FY 2024-25 FY 2026-27

### Education

#### Operating Capital Levy Exemption Clarification

The Governor recommends a technical correction to clarify that revenue related to purchasing menstrual products and opiate antagonists enacted in the 2023 legislative session is in the form of aid only and is not subject to levy equalization under operating capital revenue as defined in Minnesota Statutes, section 126C.10, subdivision 13a. This recommendation is budget neutral.

General	Expenditures	\$0	\$0
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#### Paraprofessional Training Clarifications

The Governor recommends two changes related to paraprofessional training: 1) clarifying that all recipients of paraprofessional reimbursement funding must provide the required hours of training to eligible staff; and 2) defining "compensation" for purposes of this funding. The first change will add intermediate districts and other cooperative units, the Perpich Center for Arts Education, and the Minnesota State Academies to the list of entities required to provide at least eight hours of training. These entities are already eligible for the reimbursement funding. The second change defines "compensation" to mean the hourly wage as defined in applicable bargaining agreements, Federal Insurance Contributions Act (FICA) taxes, and employer-paid pension contributions. This recommendation is budget neutral.

General	Expenditures	\$0	\$0
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#### School Unemployment Aid Funding Modification

The Governor recommends modifying the payment timeline for the school unemployment aid account in the special revenue fund. Under current law, 100 percent of the aid payment associated with a given fiscal year must be paid to recipients in that year. However, final data for any given fiscal year is not available until schools submit final audited information to Minnesota Department of Education (MDE) by December 15 in the following fiscal year. This recommendation would require MDE to pay 90 percent of the total aid amount for a given year in the current year, with the 10 percent final payment in the following year, similar to many existing aid streams. This recommendation does not change the total amount appropriated for school unemployment aid.

Other Misc Special Revenue	Expenditures	(\$5,160)	\$5,160
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#### Special Education Teacher Pipeline Program Modifications

The Governor recommends modifications to the Special Education Teacher Pipeline Program. Recommended changes include expanding participants beyond individuals employed by the grant recipient to community members affiliated with the grant recipient, allowing participants with a Tier 3 or Tier 4 license to add a special education license through the grant program, adding Tribal contract schools to the list of eligible grantees, and providing existing grantees flexibility to operate under the program's current statute. The Special Education Teacher Pipeline Program is a grant program that provides funding to recipients to partner with a teacher preparation program to operate a special education teacher pipeline program. This recommendation is budget neutral.

General	Expenditures	\$0	\$0
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# 2024 Governor's Supplemental Budget Recommendations

## All Funds by Agency

(Dollars in Thousands)

FY 2024-25 FY 2026-27

### Education

#### Statewide Teacher Mentoring Program Use Modifications

The Governor recommends a modification to the Statewide Teacher Mentoring Program to expand the uses of funds to include mentorships for Tier 2 licensed special education teachers. The Statewide Teacher Mentoring Program provides competitive grants to higher education institutions, cooperatives, districts, and professional organizations to fund mentoring supports for new teachers, mentorships for special education teachers, and for recipients to develop an induction model to provide ongoing support. This recommendation also includes a technical change to increase clarity by removing the phrase "Teacher of Record". This recommendation is budget neutral.

General	Expenditures	\$0	\$0
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#### Student Support Personnel Aid Modifications

The Governor recommends allowing school districts and charters to retain unspent Student Support Personnel Aid in a restricted fund balance for use in subsequent fiscal years. This would eliminate the requirement that the student support personnel aid amount for districts and charters not exceed actual expenditures, but would limit the reserve amount to the amount of the prior year's aid allocation. Because the forecast baseline assumes all aid will be expended, this recommendation is budget neutral.

General	Expenditures	\$0	\$0
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### Prof Educator Licensing and Standards Board

#### Educators Online Licensing System

The Governor recommends onetime funding in fiscal year 2025, with availability until June 30, 2027, for an IT project to replace and modernize educator licensing systems, including the online application portal for first-time educator licenses. The project would combine separate online systems and paper processes currently used into a single online system for educator licensing.

General	Expenditures	\$2,767	\$0
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2024 Governor's Supplemental Budget Recommendations

All Funds by Agency

(Dollars in Thousands)

FY 2024-25 FY 2026-27

Higher Education

Higher Education, Office of

Amyotrophic Lateral Sclerosis Research Grant Appropriation Modified

The Governor recommends extending the availability of the David J. Tomassoni Amyotrophic Lateral Sclerosis Research Grant Program appropriation under Laws 2022, Chapter 42 from June 30, 2026 to June 30, 2029. Additionally, the Governor recommends allowing the Office of Higher Education to grant the remaining funds in the appropriation to the Amyotrophic Lateral Sclerosis Association, or similar organizations, for the purposes of having that organization issue competitive research grants on Amyotrophic Lateral Sclerosis outlined in the program. This recommendation is budget neutral.

General Expenditures \$0 \$0

New Fee For Multiple Revisions on Licensure and Registration Applications

The Governor recommends a new \$600 fee on institutions registered under the Minnesota Private and Out-of-state Public Postsecondary Act (M.S. 136A.63) and schools licensed under the Private Career School Act (M.S. 136A.822) when an application for registration or licensure has had many revisions. The fee would apply for initial and renewal applications by institutions registered under the Minnesota Private and Out-of-state Public Postsecondary Act (M.S. 136A.63) that have had four or more revisions on a single application or six or more cumulative revisions. The fee revenue would partially defray costs at the Office of Higher Education of reviewing licensure and registration applications.

Restrict Misc Special Revenue Revenues \$21 \$42

University Of Minnesota

Clean Water Legacy: Stormwater Performance Evaluation and Technology Transfer

The Governor recommends onetime dollars for additional funding to support research on emerging issues in urban stormwater pond operation and maintenance, including pond cleanout and disposal. This change was also recommended by the Clean Water Council.

Clean Water Expenditures \$1,000 \$0

## 2024 Governor's Supplemental Budget Recommendations

### All Funds by Agency

(Dollars in Thousands)

FY 2024-25 FY 2026-27

## Property Tax Aids and Credits

### Tax Aids, Credits and Refunds

#### Attachments and Appurtenances Clarification

The Governor recommends clarifying the definition of attachments and appurtenances to distribution line property owned by utility cooperatives. The current statutory language has not been updated to account for changes in industry technology, creating confusion about how property taxes should be applied to certain electrical property. The change would be effective for assessment year 2024.

General	Expenditures	\$0	\$60
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#### Child Tax Credit Payment Protection Pilot

The Governor recommends the implementation of advanced, periodic payments of the Minnesota Child Tax Credit (CTC). This proposal provides sufficient operating funds for the department to administer advanced, periodic CTC payments beginning tax year 2025 and establishes a pilot program to guarantee a minimum CTC amount for households based on their prior year's CTC amount, irrespective of whether they opted in to receive the CTC on an advanced basis. The guaranteed minimum amount of 50 percent of the prior year's CTC amount applies in instances in which a taxpayer loses eligibility in a subsequent year due to changes in income, not to reductions in the number of qualifying children. However, filers with incomes greater than a certain threshold will not be eligible for this guaranteed minimum credit. The thresholds for tax year 2025 are \$60,100 for married joint (\$49,570 for other filers) with one child, increased by \$9,000 for each additional child, with the threshold amounts adjusted annually for inflation. This pilot program for guaranteed minimum payments would sunset after tax year 2028, while the option to receive advanced payments would not sunset. The department will certify the amount of guaranteed minimum payments made each year to Management and Budget. A one-time general fund transfer to the special revenue fund in fiscal year 2025 would be used to offset each year's reduction in general fund revenues associated with this provision, with any remaining amount transferred back to the general fund after the pilot sunsets.

General	Revenues	\$0	(\$19,800)
General	Transfers In	\$0	\$19,800
General	Transfers Out	\$45,000	\$0
Other Misc Special Revenue	Transfers In	\$45,000	\$0
Other Misc Special Revenue	Transfers Out	\$0	\$19,800

#### Corporate Net Operating Loss Effective Date

The Governor recommends changing the effective date of the net operating loss provision of the 2023 tax bill by one year to align with legislative intent. Eligible corporate taxpayers will be able to deduct additional net operating losses in tax year 2023 to potentially lower their tax liability.

General	Revenues	(\$14,800)	\$0
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## 2024 Governor's Supplemental Budget Recommendations

### All Funds by Agency

(Dollars in Thousands)

FY 2024-25 FY 2026-27

#### Tax Aids, Credits and Refunds

##### Emergency Ambulance Service Aid

The Governor recommends establishing an aid program for licensed ambulance service providers. Eligible licensed ambulance service providers must have possessed a license in calendar year 2022, operate in an Emergency Medical Services (EMS) region which had total operating losses of more than \$1 million according to the 2023 EMS Regulatory Board Financial Evaluation of Minnesota's Ground Ambulance Industry, and continue to operate in the aids payable calendar year.

General	Expenditures	\$10,000	\$0
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##### Provider Tax Research Credit Calculation Update

The Governor recommends updating state law to convert a tax credit calculation to its current published value. Since the original passage of the law, Management and Budget has lowered the credit rate from 2.5 percent to 0.5 percent, the minimum allowable rate. This would eliminate the requirement for Management and Budget to annually publish a notice in the state register and fix the research credit rate to its current and minimum value of 0.5 percent. This recommendation is budget neutral.

General	Revenues	\$0	\$0
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##### Tribal Nation Aid Timing

The Governor recommends Tribal Nation Aid payments be made earlier each calendar year to allow tribal governments to better plan and budget for the payments. The 2024 aid payment would be made on June 20th and future payments would be made on July 20th. This would also change the annual certification date to June 1st. The change in the calendar year 2024 payment date would result in a shift of fiscal year 2025 costs to fiscal year 2024. This recommendation is budget neutral.

General	Revenues	\$0	\$0
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General	Expenditures	\$0	\$0
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# 2024 Governor's Supplemental Budget Recommendations

## All Funds by Agency

(Dollars in Thousands)

FY 2024-25 FY 2026-27

### Health and Human Services

#### Human Services

##### Expanding Access to Direct Care and Treatment Care

The Governor recommends providing additional funding for Direct Care and Treatment programming. This funding will go towards repurposing Substance Use Disorder facilities to increase bed capacity thereby allowing the psychiatric hospital to increase admissions, providing funding for the Child and Adolescent Behavioral Health Hospital (CABHH) at Willmar to operate at full bed capacity, funding full-time resources to provide support and technical assistance to county correctional facilities, and the creation of a Mentally Ill and Dangerous (MID) Commitment Reform Task Force to review the current statute and make recommendations.

General	Revenues	\$1,084	\$2,254
General	Expenditures	\$4,965	\$5,453

##### Acute Care Transitions for People with Disabilities and Complex Health Conditions

The Governor recommends funding several strategies to address systemic barriers for people with disabilities and complex support needs, such as co-occurring behavioral health conditions or medical complexity, who are residing in hospitals because appropriate community-based services are not available or cannot meet their needs. These strategies include allowing disability waiver services in hospitals, supporting elderly waiver recipients with high support needs, creating a vulnerable adult/developmental disability case management benefit for Tribal nations, addressing the backlog of MnChoices assessments, and adding transition planning as a service under the Alternative Care program.

General	Expenditures	\$931	\$6,671
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##### SNAP, TANF, and Title IV-E Federal Compliance

The Governor recommends ongoing funding to meet new federal requirements resulting from changes to Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF) that were components of the federal debt ceiling agreement, the Fiscal Responsibility Act of 2023, and make statutory changes and information technology system updates to implement the new federal requirement making labor trafficking of a minor a mandated report to local child welfare agencies. Programs and funding related to SNAP, TANF, and child protection will transfer to the Department of Children, Youth, and Families on July 1, 2024.

General	Expenditures	\$508	\$938
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##### Weighted Risk System for Licensed Child Care

The Governor recommends ongoing funding to support the implementation of a tiered weighted risk system (WRS) to evaluate licensing compliance for child care centers and family child care providers. This would replace Minnesota's child care fix-it tickets. The new WRS would tier regulation violations by risk level and would ensure that resources are prioritized for child care providers who are most in need of assistance and support. Child care licensing will transfer to the Department of Children, Youth, and Families (DCYF) on July 1, 2025.

General	Expenditures	\$228	\$244
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# 2024 Governor's Supplemental Budget Recommendations

## All Funds by Agency

(Dollars in Thousands)

FY 2024-25 FY 2026-27

### Human Services

#### Direct Care and Treatment Separation Authority

The Governor recommends making changes to effectuate the transition of Direct Care and Treatment from the Department of Human Services to its own agency. These changes include: (1) shifting the formal separation date from January 1, 2025 to July 1, 2025, to align with the next state fiscal year and biennium; (2) establishing the composition of the Direct Care and Treatment Executive Board; and (3) providing policy changes and statutory authority for Direct Care and Treatment as held by other standalone state agencies. This recommendation is budget neutral.

General	Expenditures	\$0	\$0
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#### Disproportionate Share Program Offramp

The Governor recommends sunsetting the Disproportionate Share Program, which provides a rate floor for customized living services in the Elderly Waiver (EW) program. The rate floor applies to services for residents of eligible facilities that serve a high proportion of waiver participants. The program was designed to be temporary and intended to sunset once the EW rates were fully phased in, however the statute as drafted does not enable the sunset to occur as intended. This proposal provides clear direction to sunset the program effective January 1, 2025. This proposal ensures that rate methodologies are consistent across all EW recipients and service rates will be based on the level of need and amount of support each person receives.

General	Expenditures	(\$1,451)	(\$8,903)
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#### Modify Opiate Response Fund Allocation and Eliminate Fee Sunset

The Governor recommends changes to the state law concerning funding allocation from the Opiate Epidemic Response Fund to addressing the impact of opioids on child welfare. The proposal includes updating how funds are distributed and broadening the use of these funds to cover prevention efforts that help families before they become involved in the child welfare system. Additionally, the Governor proposes removing the sunset on fees assessed on opioid manufacturers and distributors. Additionally, the Governor recommends adding the Director of the Office of Addiction and Recovery to the Opioid Epidemic Response Advisory Council as a non-voting advisory member.

Opiate Epidemic Response	Expenditures	\$0	\$0
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#### Implementation of Federally Funded Health Care for Deferred Action for Childhood Arrivals Recipients

The Governor recommends conforming with federal law changes that make federally funded Medical Assistance (MA) and MinnesotaCare available to Deferred Action for Childhood Arrival (DACA) recipients. Currently in Minnesota, DACA recipients may be eligible for state-funded MinnesotaCare, CHIP-funded Medical Assistance for pregnant people, and Emergency Medical Assistance. This proposal will extend eligibility to federally funded programs, which results in a savings to the state.

Health Care Access	Expenditures	(\$1,890)	(\$4,525)
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# 2024 Governor's Supplemental Budget Recommendations

## All Funds by Agency

(Dollars in Thousands)

FY 2024-25 FY 2026-27

### Human Services

#### Human Services Response Contingency Account

The Governor recommends establishment of the Human Services Contingency Account. This account will be available for the Commissioner of Human Services to deploy in addressing emerging needs not met by other human services programs or for which insufficient funding is currently available.

General	Expenditures	\$10,000	\$0
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#### 2023 Budget Bill Technical Cleanup

The Governor recommends technical adjustments to correct errors in previous session law to ensure that the Department of Human Services can implement policy changes as intended by the legislature. Technical adjustments include: adjusting carryforward authority for one-time appropriations authorized by the 2023 legislature; fixing errors in effective dates; correcting the budget activity for specific appropriations; and correcting various technical errors from the 2023 session.

General	Expenditures	\$0	\$0
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#### Addressing Food Security for Minnesotans

The Governor recommends onetime funding for food security initiatives across Minnesota. This funding will provide resources to Minnesotan food banks, the Minnesota Food Shelf Program, and the American Indian Food Sovereignty Program. This funding will expand access to food security programs and improve equity for food security programs within Tribal and American Indian communities. Funds will be used to purchase, transport, and coordinate the distribution of nutritious food and personal hygiene supplies to Minnesotans experiencing food insecurity.

General	Expenditures	\$5,000	\$0
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#### Child Welfare Workforce System Improvements

The Governor recommends onetime funding to improve and modernize the Social Service Information System (SSIS), the state's child welfare and social services reporting system. SSIS is used by county, tribal, and state agency employees to track social service cases. By improving SSIS, administrative burdens will be reduced and county and tribal child welfare workers will have more time to spend with children and families.

General	Expenditures	\$15,000	\$0
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#### Keeping Nurses at the Bedside Contingent Appropriation Reduction

The Governor recommends fully reducing the contingent appropriation for the Keeping Nurses at the Bedside Act. The appropriation was held in contingency during the 2023 legislative session pending the passage of the Keeping Nurses at the Bedside Act which did not pass.

General	Expenditures	(\$6,109)	(\$15,132)
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2024 Governor's Supplemental Budget Recommendations

All Funds by Agency

(Dollars in Thousands)

FY 2024-25 FY 2026-27

Human Services

Public Option Studies and Planning

The Governor recommends funding to continue planning and development of a public health insurance option. This funding would support community engagement, the creation of an implementation plan, information technology development, planning, and conducting additional actuarial analyses. This proposal will provide resources to the Departments of Human Services, Commerce, and Minnesota to inform implementation decisions for a public health insurance option.

Health Care Access	Expenditures	\$72	\$0
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Reducing Recidivism and Preventing Overdoses - Federal Reentry 1115 Medicaid Waiver Phase One

The Governor recommends transformational investments to reduce recidivism and overdoses across the state. This proposal implements the first phase of a federal 1115 Medicaid Demonstration Waiver that will reimburse for certain physical and behavioral health services in prisons and jails, 90 days prior to a person's release. This proposal will implement the first phase of this waiver in three state and seven local facilities, enabling people eligible for Medicaid, which will enable people who are eligible for Medicaid to receive select services in three state and seven local facilities. This proposal also provides ongoing funding for the Bridging Benefits program, which assists people who are identified as high risk for recidivism to access supports upon release.

General	Expenditures	\$3,118	\$9,601
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Summer Electronic Benefit Transfer Program Funding

The Governor recommends ongoing funding for administrative costs at Minnesota Department of Education and Minnesota Department of Human Services (DHS) to implement the new federal Summer Electronic Benefit Transfer (Summer EBT) program. The program provides \$120 per eligible child for low-income families with school-aged children during the summer. Summer EBT benefits will come in the form of pre-loaded cards that families can use to purchase groceries. The federal government provides 100 percent of the benefit cost and 50 percent of the state's administrative costs. The DHS portion of this program will transfer to the Department of Children, Youth, and Families on July 1, 2024.

General	Expenditures	\$10,189	\$10,324
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Transition to New Department of Children, Youth, and Families

The Governor recommends ongoing funding for the Department of Human Services (DHS) to maintain its current level of service after identified existing staff and resources transition to the new Department of Children, Youth, and Families (DCYF). Minnesota Management and Budget in partnership with DHS have identified the proportional amount of central office functions that support programs transitioning to DCYF. Transferring these resources to the new agency creates gaps in some critical operating functions at DHS that require additional resources to ensure continuity of services across the department's remaining programs.

General	Expenditures	\$824	\$3,296
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(Dollars in Thousands)

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### Children, Youth and Families

#### Transition to New Department of Children, Youth, and Families

The Governor recommends ongoing funding to establish the operating budget for the new Department of Children, Youth, and Families (DCYF). Appropriations from 2023 legislative session cover operating dollars to the new agency for hiring key leadership positions and directed impacted agencies to transfer resources to DCYF that support program delivery. This recommendation is for critical central office functions and resources necessary to set up the new state agency for success, such as legal, finance, grants management, and other key functions. It also includes new positions to coordinate policies and services for children, youth, and families. These positions would support an intergovernmental advisory committee with representation from DCYF, counties, and Tribal nations. Additional staff would be dedicated to interagency and cross-agency initiatives to support family navigation and children with disabilities and mental health needs.

General	Expenditures	\$1,024	\$8,142
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### Health

#### 988 Suicide and Crisis Lifeline Fee

The Governor recommends clarifying Minnesota Statutes, section 145.561 to set the 988 telecommunications fee at 12 cents per month. Current language gives the commissioner discretion to set the fee up to 25 cents which requires the department to engage in rule making, thereby delaying fee implementation and leaving a gap in funding. This fee is critical to fund the 988 Suicide and Crisis Lifeline, which provides lifesaving support to Minnesotans 24 hours a day, seven days a week, every day of the year via call, text, and online chat. This recommendation is budget neutral.

Restrict Misc Special Revenue	Revenues	\$0	\$0
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#### Background Studies Appropriation Reduction

The Governor recommends reducing a state government special revenue fund for background studies processing fees as a result of a 2021 statute change which clarified that applicants and licensees regulated by MDH are responsible for paying the Department of Human Services (DHS) fees associated with background studies. MDH transitioned its licensed providers to pay DHS directly for their background study fees effective February 1, 2024.

State Government Special Rev	Expenditures	(\$2,880)	(\$5,760)
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#### Chapter 70 Corrections & Technical Fixes

The Governor recommends modifying several sections of Chapter 70 from the 2023 session. Modifications will include updating riders which need administrative amounts specified. Additionally, this will align Chapter 70 with other sections of law, including a portion from Chapter 75, the Nurse and Patient Safety Act, which did not pass in law, as well as removing language that is duplicative of the State Government appropriation legislation. This recommendation is budget neutral.

General	Expenditures	\$0	\$0
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2024 Governor's Supplemental Budget Recommendations

All Funds by Agency

(Dollars in Thousands)

FY 2024-25 FY 2026-27

Health

Clean Water Legacy: Addressing Nitrate Contamination in Private Wells in Southeast Minnesota

The Governor recommends funding for immediate action to address nitrate contamination in private wells in eight counties in southeast Minnesota. This consists of a Clean Water Fund appropriation for conducting a well inventory and providing residents free well testing. A general fund appropriation is recommended for mitigation in wells found to have nitrate levels at or above the maximum contaminant level (MCL) of 10 mg/L. Mitigation options include repair or replacement of contaminated wells or installation of home water treatment such as reverse osmosis systems.

General	Expenditures	\$4,091	\$0
Clean Water	Expenditures	\$2,790	\$0

Clean Water Legacy: Updating Fish Consumption Guidance for PFAS in Fish

The Governor recommends expanding the Fish Monitoring Program to update guidance on safe fish to eat. This program analyzes health risks of fish consumption balanced with the known nutritional and cultural benefits of eating fish. Funding will provide additional expertise to address data analysis, method development, enhanced general communications, and specialized outreach to highly exposed communities. This is a recommendation of the Clean Water Council.

Clean Water	Expenditures	\$384	\$0
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Health Maintenance Organization Financial Exams: Schedule and Expenses

The Governor recommends changing the schedule for financial examinations of health maintenance organizations (HMOs) from every three years to every five years, which aligns with the schedule used by the Department of Commerce for health insurance companies. This reduces regulatory burden on HMOs and creates consistency across regulated entities. This recommendation is budget neutral.

General	Expenditures	\$0	\$0
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Health Professionals Clinical Training Expansion Grant Program

The Governor recommends removing the per-year limitations on funding in the Health Professionals Clinical Training Expansion Grant Program to create flexibility for grantees. Current statutory language specifies that "a training grant shall not exceed \$150,000 for the first year, \$100,000 for the second year, and \$50,000 for the third year per program." The new language keeps the \$300,000 per grant maximum but allows the funds to be spent in a different cadence over the three-year period to meet each program's needs, without annual limitations. This recommendation is budget neutral.

General	Expenditures	\$0	\$0
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# 2024 Governor's Supplemental Budget Recommendations

## All Funds by Agency

(Dollars in Thousands)

FY 2024-25 FY 2026-27

### Health

#### Loan Forgiveness Repayments

The Governor recommends creating an account in the special revenue fund for repayment and canceled contracts from the state loan forgiveness program, as well as allowing annual transfers, to maximize the potential of the loan forgiveness program. This ensures that when funds are returned to the program because an individual has defaulted on their loans, they can be re-used to support the intent of the program in ensuring a robust health care workforce. This recommendation is budget neutral.

Restrict Misc Special Revenue	Expenditures	\$0	\$0
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#### Supplemental Nursing Services Agency Updates

The Governor recommends updating statutes regarding registered Supplement Nursing Services Agencies (SNSAs). SNSAs are a person, firm, corporation, partnership, or association providing or procuring temporary employment in health care facilities for nurses, nursing assistants, nurse aids, and orderlies. This ensures that SNSAs are sending appropriately credentialed individuals into health care settings. This will better clarify training and competency of SNSA employed individuals and includes fining authority language that may be imposed upon registered SNSAs for failure to comply with statutory requirements. This recommendation is budget neutral.

State Government Special Rev	Expenditures	\$0	\$0
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#### Cannabis Education Programming for Youth and Pregnant and Breastfeeding Families

The Governor recommends programmatic and technical changes to portions of Chapter 63 from Laws of 2023, which legalized adult-use cannabis. This recommendation will best position the Department of Health and its partners in Local and Tribal health departments to provide long-term, coordinated cannabis education for youth and pregnant and breastfeeding women. This proposal also includes enhanced flexibility to use funding for substance use disorder treatment and prevention activities. The proposal also includes a minor reduction in the total appropriation, with savings redirected to a related public health budget recommendation on effective cannabis testing.

General	Expenditures	(\$849)	(\$1,328)
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#### Substance Use Treatment, Prevention and Recovery Account Updates

The Governor recommends redirecting the amounts appropriated in the Laws of 2023 for Substance Use Treatment, Recovery, and Prevention account under Minnesota Statutes, section 342.72, to the commissioner of health. MDH will establish a grant program for substance use disorder and mental health recovery and prevention. This has been developed in coordination with MDH, the Office of Cannabis Management, and the Office of Addiction and Recovery. This recommendation is budget neutral.

General	Expenditures	\$5,500	\$11,000
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# 2024 Governor's Supplemental Budget Recommendations

## All Funds by Agency

(Dollars in Thousands)

FY 2024-25 FY 2026-27

### Health

#### Testing Capacity

The Governor recommends modifying an appropriation from Laws of 2023. Currently, MDH receives funding for testing edible cannabinoids, and this will re-appropriate the funds to the Office of Cannabis Management in fiscal year 2025 and ongoing. This recommendation is budget neutral.

General	Expenditures	(\$771)	(\$1,380)
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#### Transfer Hemp-Derived Enforcement Responsibility to Office of Cannabis Management

The Governor recommends modifying an appropriation from Laws of 2023. Currently, MDH receives funding for regulation of hemp-derived edible products, and this will re-appropriate the funds to the Office of Cannabis Management in fiscal year 2025 and ongoing. This recommendation is budget neutral.

General	Expenditures	(\$1,107)	\$0
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### MNsure

#### Public Options Studies and Planning

The Governor recommends funding to continue studies and planning for the development of a public health insurance option. This funding will enable MNsure to develop information technology blueprint for implementation and administration of the public option as well as community engagement, equity analysis, and market research. This proposal will provide resources to the Departments of Human Services, Commerce, and MNsure to inform implementation decisions for a public health insurance option.

Health Care Access	Expenditures	\$315	\$0
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### Pharmacy, Board of

#### Legal Costs

The Governor recommends one-time funding to support ongoing Board litigation costs related to the Minnesota Insulin Safety Net Program. Funds will support ongoing legal fees, expected to increase during fiscal year 2025, as well as expert witness costs.

General	Expenditures	\$1,500	\$0
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2024 Governor's Supplemental Budget Recommendations

All Funds by Agency

(Dollars in Thousands)

FY 2024-25 FY 2026-27

**Emergency Medical Services Regulatory Board**

**Innovation Grants**

The Governor recommends transferring the responsibilities of the Emergency Services Regulatory Board to a new Office of Emergency Medical Services (EMS) which will consult with a new EMS advisory board. Additionally, the Governor recommends one-time funding for a pilot program to create "innovation zones" to test different ways of providing emergency medical services in communities. The selected communities will implement a "sprint medic model," which dispatches paramedics to provide a triaged emergency response.

General	Expenditures	\$6,000	\$0
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**Family Child Care Ombudsperson**

**Office of the Family Child Care Ombudsperson**

The Governor recommends ongoing funding for the Office of the Family Child Care Ombudsperson state agency. The Office will support providers with licensing, compliance, and other needs of family child care providers. The current Office is operating with onetime child care development federal funds allocated to the Department of Human Services that expire in September 2024.

General	Expenditures	\$350	\$700
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2024 Governor's Supplemental Budget Recommendations

All Funds by Agency

(Dollars in Thousands)

FY 2024-25 FY 2026-27

Public Safety and Judiciary

Corrections

Operating Adjustment

The Governor recommends funding for the Department of Corrections to maintain current service levels. These additional funds will be used to cover increased compensation needs resulting from labor contract settlements to support retention and recruitment for corrections officers and staff across the Department.

General	Expenditures	\$7,900	\$14,220
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Reducing Recidivism and Preventing Overdoses - Federal Reentry 1115 Medicaid Waiver Phase One

The Governor recommends transformational investments to reduce recidivism and overdoses across the state. This proposal implements the first phase of a federal 1115 Medicaid Demonstration Waiver that will reimburse for certain physical and behavioral health services in prisons and jails 90 days prior to a person's release. This proposal will implement the first phase of this waiver in three state and seven local facilities, enabling people eligible for Medicaid to access these services prior to and post release. This proposal also provides ongoing funding for the Bridging Benefits program, which assists people who are identified as high risk for recidivism to access supports upon release.

General	Expenditures	\$1,649	\$4,288
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Clemency Review Commission Transition to Independent Operations

The Governor recommends transferring funds appropriated to the Department of Corrections during the 2023 Legislative Session to the Clemency Review Commission (CRC) at the beginning of fiscal year 2025. This transfer was intended in the 2023 creation of the CRC. The recommendation also extends the availability of fiscal year 2024 grant appropriations so that the funds can be used by the CRC in fiscal year 2025. The CRC is currently receiving administrative support from the Department of Corrections but will become an independent agency on July 1, 2024.

General	Expenditures	(\$986)	(\$1,972)
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Technical Clarifications to the Minnesota Rehabilitation and Reinvestment Act

The Governor recommends making technical clarifications to the Minnesota Rehabilitation and Reinvestment Act (MRRRA) enacted during the 2023 Legislative Session. These changes would clarify that the same MRRRA incentives for those individuals serving supervised release terms also apply to those who are subject to a concurrent term of conditional release. Additionally, the language would update the MRRRA reinvestment provision to correct a reference to statute amended during the 2023 Legislative Session. This recommendation is budget neutral.

General	Expenditures	\$0	\$0
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2024 Governor's Supplemental Budget Recommendations

All Funds by Agency

(Dollars in Thousands)

FY 2024-25 FY 2026-27

Cannabis Expungement Board

Transition Period Extension

The Governor recommends extending the period of transition end date for the Cannabis Expungement Board (CEB) from March 1, 2024, to August 1, 2024. During this transition period, the Department of Corrections is tasked with providing supporting administrative, accounting, and management services to the CEB. This recommendation is budget neutral.

Table with 4 columns: General, Expenditures, \$0, \$0

Clemency Review Commission

Clemency Review Commission Transition to Independent Operations

The Governor recommends transferring funds appropriated to the Department of Corrections during the 2023 Legislative Session to the Clemency Review Commission (CRC) at the beginning of fiscal year 2025. This transfer was intended in the 2023 creation of the CRC. The recommendation also extends the availability of fiscal year 2024 grant appropriations so that the funds can be used by the CRC in fiscal year 2025. The CRC is currently receiving administrative support from the Department of Corrections but will become an independent agency on July 1, 2024.

Table with 4 columns: General, Expenditures, \$986, \$1,972

Public Safety - Public Safety

Crime Victim Services

The Governor recommends funding for the Office of Justice Programs (OJP) to provide grants for direct services and advocacy for victims of crime. This funding would assist organizations that serve the victims of these crimes and allow OJP to devote additional resources to victims and their families.

Table with 4 columns: General, Expenditures, \$10,000, \$0

Non-responsible Party Fund/Urban Search and Rescue Definition

The Governor recommends expanding the authority of the Department of Public Safety's State Fire Marshal division to allow Urban Search and Rescue and the Minnesota Air Rescue Team to receive reimbursements from the Non-responsible Party Fund. The fund provides reimbursement to state response assets when no identified party is found. This recommendation is budget neutral.

Table with 4 columns: Restrict Misc Special Revenue, Expenditures, \$0, \$0

Youth Intervention Program Administrative Authority

The Governor recommends increasing the amount of Youth Intervention Program grant funding that can be used for grant administration costs from two percent up to ten percent. The Youth Intervention Program grants will eventually be moving to the Department of Children, Youth, and Families. This recommendation is budget neutral.

Table with 4 columns: General, Expenditures, \$0, \$0

# 2024 Governor's Supplemental Budget Recommendations

## All Funds by Agency

(Dollars in Thousands)

FY 2024-25 FY 2026-27

### Transportation

#### Transportation

##### Technical Amendments to Trunk Highway Bond Appropriations

The Governor recommends several technical modifications to previously appropriated trunk highway bonds appropriated to local governments for work on the trunk highway system as well as to the department for agency facilities and Minnesota Management and Budget for bond sale expenses. In 2023, Chapter 68, four appropriations totaling \$144.95 million for legislatively named road projects and a \$87.44 million appropriation for department facilities are unable to be spent without legislative corrections. Clarifying language must also be added to appropriations for bond sale expenses to allow for the standard four-year availability. This recommendation is budget neutral.

Trunk Highway Bond	Expenditures	\$0	\$0
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##### Passenger Rail Revenue Authority

The Governor recommends providing statutory authority for the department to collect revenue from fees related to passenger rail. Without the statutory modifications, the department would have limited ability to manage financial effectiveness of passenger rail. Revenues would be annually appropriated for related operations and maintenance costs. The Twin Cities – Milwaukee – Chicago second daily train service is expected to begin in the spring of 2024. For this route, Minnesota is responsible for 35 percent of the cost share and would receive 35 percent of the revenue.

Restrict Misc Special Revenue	Revenues	\$9,500	\$16,000
Restrict Misc Special Revenue	Expenditures	\$9,500	\$16,000

##### Tribal Worksite Training Program

The Governor recommends providing statutory authority to create on-the-job training programs for state-funded construction projects in and near Indian Country. The department anticipates limited impact on project costs and the Governor recommends using existing state road construction funding to finance the program. In a pilot project, the cost to the department was 0.1 percent of the total project cost. Federal regulations already allow for on-the-job training for construction projects receiving federal funds, but the department lacks this authority for entirely state-funded projects. The department anticipates about 12 projects each year and the ability to train up to a total of 24 tribal trainees through those projects. This recommendation is budget neutral because the Governor is recommending the department absorb the cost.

Trunk Highway	Expenditures	\$0	\$0
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#### Public Safety - Transportation

##### Driver and Vehicle Services Examiners

The Governor recommends funding for additional Driver and Vehicle Services exam station staff. Additional examination specialists will help the department meet its statutory mandate of providing driving examination appointments within 14 days of being requested. This funding would provide the department the resources to hire up to 22 new examination specialists, which the department estimates is the amount necessary to meet the statutory requirement.

Restrict Misc Special Revenue	Expenditures	\$2,039	\$4,078
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2024 Governor's Supplemental Budget Recommendations

All Funds by Agency

(Dollars in Thousands)

FY 2024-25 FY 2026-27

Environment and Energy

Pollution Control

Clean Water Legacy: Chloride Reduction Grants

The Governor recommends funding to help reduce chloride pollution. This is a recommendation of the Clean Water Council.

Table with 4 columns: Category, Expenditures, FY 2024-25, FY 2026-27. Row: Clean Water, Expenditures, \$1,000, \$0

Clean Water Legacy: Continuous Nitrate Sensor Network

The Governor recommends funding to develop a continuous nitrate monitoring network to allow local water managers to effectively target best management practices where nitrate reduction is most needed. The sensors will monitor approximately 60-80 locations across the state with historical elevated loads or increasing nitrate. This is a recommendation of the Clean Water Council.

Table with 4 columns: Category, Expenditures, FY 2024-25, FY 2026-27. Row: Clean Water, Expenditures, \$2,000, \$0

Clean Water Legacy: Enhanced County Inspection and Septic System Corrective Action

The Governor recommends Clean Water Funds for enhanced inspections by counties and assistance for qualified low-income households to replace their underground sewage to avoid imminent threats to human health. This funding would support approximately 70 additional low-income households. This is a supplemental year recommendation by the Clean Water Council.

Table with 4 columns: Category, Expenditures, FY 2024-25, FY 2026-27. Row: Clean Water, Expenditures, \$2,000, \$0

Clean Water Legacy: River and Lake Monitoring

The Governor recommends Clean Water Funds to conduct planned river and lake monitoring. Water monitoring collects data that is used in determining pollutant levels, evaluating watershed condition, and informing local protection and restoration. This is a supplemental year recommendation by the Clean Water Council.

Table with 4 columns: Category, Expenditures, FY 2024-25, FY 2026-27. Row: Clean Water, Expenditures, \$326, \$0

CPRG Leveraging Funds

The Governor recommends one-time funding available through fiscal year 2029 to supplement federal Climate Pollution Reduction Grant (CPRG) Funds for which Minnesota is applying to the U.S. Environmental Protection Agency (EPA). EPA funding decisions will consider how applicants leverage other sources of funding, particularly state funding. State funds can also be used to fill potential gaps in any federal funds received. State funds will support developing a climate smart food system and equitable residential decarbonization.

Table with 4 columns: Category, Expenditures, FY 2024-25, FY 2026-27. Row: General, Expenditures, \$5,000, \$0

## 2024 Governor's Supplemental Budget Recommendations

### All Funds by Agency

(Dollars in Thousands)

FY 2024-25 FY 2026-27

#### Pollution Control

##### Increased Capacity to Protect Air Quality in Environmental Justice Areas

The Governor requests funding for fifteen Full-Time Equivalents (FTEs) to carry out state air regulatory program work and funding to develop a data portal for air program compliance information. Additional revenues would be collected through air regulatory program fee increases. Air regulatory program work will focus on permitting, regulatory, and monitoring activities in Environmental Justice Areas (EJA) of the state. The data portal will streamline the collection and evaluation of permit program data by allowing permitted facilities to enter required reporting data to the Minnesota Pollution Control Agency (MPCA).

Environmental	Revenues	\$2,975	\$5,250
Environmental	Expenditures	\$2,975	\$5,250

##### Legal Capacity

The Governor recommends funding for three additional staff to support industrial permitting, document and rule review, enforcement and negotiation support for industrial compliance programs. Additional legal services are needed to address expanded needs, resolve enforcement actions, and reduce permitting backlogs.

Environmental	Expenditures	\$525	\$1,050
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##### Legal Costs

The Governor recommends one-time funding available through June 30, 2027 to support the Minnesota Pollution Control Agency's (MPCA) anticipated legal costs associated with contested proceedings.

General	Expenditures	\$5,500	\$0
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##### Responsive Monitoring

The Governor recommends funds to purchase and equip an air monitoring trailer and hire three staff to run and monitor the data from the trailer. This new equipment will allow the agency to rapidly deploy equipment to respond to complaints, support compliance, and investigate air pollution sources of concern.

Environmental	Expenditures	\$1,025	\$1,070
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**2024 Governor's Supplemental Budget Recommendations**

**All Funds by Agency**

(Dollars in Thousands)

FY 2024-25    FY 2026-27

**Natural Resources**

**Electronic License System (ELS) Implementation IT and Customer Support**

The Governor recommends funding available through fiscal year 2026 to support the development and implementation of a modern Electronic License System for hunting and fishing licenses and recreational vehicle registrations. These funds will be used to complete the development of the new system, provide temporary staff resources to support customers during launch of the new system, and ensure a customer focused system. These funds will ensure the system is launched by the March 1, 2026 legislative deadline.

Water Recreation	Expenditures	\$330	\$0
Snowmobile	Expenditures	\$80	\$0
All-Terrain Vehicle	Expenditures	\$204	\$0
Off-Highway Motorcycle	Expenditures	\$7	\$0
Off-Road Vehicle	Expenditures	\$4	\$0
Game and Fish (Operations)	Expenditures	\$1,975	\$0

**Legal Costs**

The Governor recommends one-time funding to support the Minnesota Department of Natural Resource’s anticipated legal costs associated with developing and defending the agency’s decisions.

General	Expenditures	\$1,300	\$0
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**License Simplification (Eliminate Goose Permit)**

The Governor recommends eliminating the special goose hunting permit for the September season in Minnesota. In 2021, U.S. Fish and Wildlife Service’s (USFWS) guidance expanded the allowable goose season in response to goose populations exceeding management goals, removing the need for a special goose season permit in Minnesota. Eliminating the unnecessary permit will reduce complexity and administrative burden.

Game and Fish (Operations)	Revenues	(\$102)	(\$200)
Game and Fish (Operations)	Expenditures	(\$31)	(\$61)

**Lands Bill**

The Governor recommends undertaking specific land sales that require legislative authorization. Proceeds from the sales will be deposited in the Land Acquisition Account in the Natural Resources Fund to be reinvested in other lands that meet the Minnesota Department of Natural Resources’ (DNR’s) natural resource goals. This recommendation also includes statutory changes allowing DNR to pay easement application fees for private parties in certain, infrequent circumstances as well as DNR authority to charge fees associated with land exchange transactions.

Land Acquisition	Revenues	\$312	\$67
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# 2024 Governor's Supplemental Budget Recommendations

## All Funds by Agency

(Dollars in Thousands)

FY 2024-25 FY 2026-27

### Natural Resources

#### Minerals-Related Rules Updates

The Governor recommends updating the inflationary adjustment, last updated in 1995, for non-ferrous mining royalty rates and expanding the circumstances when the Minnesota Department of Natural Resources (DNR) can deposit money into the special advance royalty account to include new taconite leases in addition to lease extensions. These changes would allow for flexibility in negotiating lease terms and expand state revenue opportunities.

Mineral Management	Revenues	\$0	\$0
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#### Clean Water Legacy: Fish Contamination Assessment

The Governor recommends Clean Water Funds to monitor per- and polyfluoroalkyl substances (PFAS) in fish. These additional funds will be used to support efforts to collect and test fish for PFAS contamination. This is a supplemental year recommendation by the Clean Water Council.

Clean Water	Expenditures	\$90	\$0
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#### Law Enforcement Response Costs

The Governor recommends one-time funding to reimburse the Department of Natural Resources for public safety response efforts in August 2023.

General	Expenditures	\$200	\$0
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#### Operating Adjustment for Law Enforcement Services

The Governor recommends funding for the Department of Natural Resources to maintain current service levels. These additional funds will be used to cover increased compensation needs resulting from labor contract settlements for Conservation Officers.

Water Recreation	Expenditures	\$30	\$216
All-Terrain Vehicle	Expenditures	\$15	\$108
Game and Fish (Operations)	Expenditures	\$255	\$1,836

### Water and Soil Resources, Board of

#### Clean Water Legacy: Critical Shoreland Protection - Permanent Conservation Easements

The Governor recommends Clean Water Funds to protect lands adjacent to public waters that have good water quality but are threatened with degradation. This funding responds to a backlog of requests to protect priority parcels in the Rum River watershed. It protects sensitive shorelands on privately owned lands in the following 10 counties: Aitkin, Anoka, Benton, Chisago, Crow Wing, Isanti, Kanabec, Mille Lacs, Morrison, and Sherburne. This is a supplemental year recommendation by the Clean Water Council.

Clean Water	Expenditures	\$4,000	\$0
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2024 Governor's Supplemental Budget Recommendations

All Funds by Agency

(Dollars in Thousands)

FY 2024-25 FY 2026-27

**Water and Soil Resources, Board of**

**Clean Water Legacy: Great Lakes Restoration Initiative Lakewide Action and Management Program**

The Governor recommends Clean Water Funds to support soil and water conservation district (SWCD) capacity to leverage federal funds from the Great Lakes Restoration Initiative (GLRI). Funding would only apply to the five SWCDs along in the Lake Superior Basin for protection and restoration activities affecting lake water quality. This is a supplemental year recommendation by the Clean Water Council.

Clean Water	Expenditures	\$1,000	\$0
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**Clean Water Legacy: Watershed Partners Legacy Grants**

The Governor recommends Clean Water Funds to support a grants program which expands partnerships for clean water. Half of the funding would go to tribal governments and the other half to nonprofit organizations. This is a supplemental year recommendation by the Clean Water Council.

Clean Water	Expenditures	\$2,000	\$0
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**Clean Water Legacy: Working Land and Floodplain Easements**

The Governor recommends Clean Water Funds to restore and protect riparian, wellhead and floodplain areas across the state to improve and enhance water quality and wildlife habitat. The land targeted for this program is sensitive agriculture land within a riparian floodplain or wellhead area that is a priority drinking water protection area. This will be accomplished through long term, limited use contracts and perpetual easements. This is a supplemental year recommendation by the Clean Water Council.

Clean Water	Expenditures	\$4,434	\$0
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2024 Governor's Supplemental Budget Recommendations

All Funds by Agency

(Dollars in Thousands)

FY 2024-25 FY 2026-27

Jobs, Commerce, Ag and Housing

Agriculture

Agricultural Growth, Research, and Innovation (AGRI)

The Governor recommends a one-time increase to the Agricultural Growth, Research, and Innovation (AGRI) program to support Minnesota’s dairy and livestock industries, including Livestock Investment Grants and grants for meat, poultry, egg and milk processing. Funds will remain available through fiscal year 2027.

Table with 4 columns: General, Expenditures, \$4,000, \$0

Nitrate Treatment

The Governor recommends funding for in-home water treatment systems to remove nitrates from drinking water. This funding will be for private domestic wells with elevated nitrate and targeted to residents with a demonstrated financial need who could not otherwise afford to treat water or purchase an alternative drinking water source. Funds will also be used to provide education, outreach, and technical assistance to homeowners.

Table with 4 columns: General, Expenditures, \$3,000, \$0

Agricultural Growth, Research, and Innovation (AGRI): Extend Availability of Appropriation

The Governor recommends extending availability of funding already appropriated for Agricultural Growth, Research, and Innovation (AGRI) program and for the Dairy Assistance, Investment, and Relief Initiative (DAIRI). This recommendation would cancel the \$4 million fiscal year 2024 appropriation for DAIRI and the \$23.107 million fiscal year 2025 appropriation for AGRI and re-appropriate both of those amounts in fiscal year 2025 with spending availability through fiscal year 2027. This recommendation is budget neutral over the biennium.

Table with 4 columns: General, Expenditures, \$0, \$0

Clean Water Legacy: Nitrate in Groundwater

The Governor recommends, concurring with the recommendation of the Clean Water Council, additional funds to accelerate progress already being made in implementing the Nitrogen Fertilizer Management Plan. This additional funding would focus on eight counties in southeast Minnesota as a response to findings by the Environmental Protection Agency (EPA).

Table with 4 columns: Clean Water, Expenditures, \$1,000, \$0

Clean Water Legacy: Agricultural Best Management Practices Loan Program

The Governor recommends, concurring with the recommendation of the Clean Water Council, additional funding to help meet a large backlog of requests for low-interest loans for water quality-related purposes.

Table with 4 columns: Clean Water, Expenditures, \$3,402, \$0

2024 Governor's Supplemental Budget Recommendations

All Funds by Agency

(Dollars in Thousands)

FY 2024-25 FY 2026-27

Agriculture

Extend Authorities for the Agricultural Fertilizer Research and Education Council

The Governor recommends extending the sunset date for the Agricultural Fertilizer Research and Education Council (AFREC) as well as the authority to continue to collect the fee on bulk fertilizer sales which is used to support the council. AFREC is responsible for improving fertilizer efficiency, farm profitability, and Minnesota’s environment through soil fertility research, technology development, and education. Under current law, the council will sunset at the end of fiscal year 2025 and the authority to collect the fee of \$0.40 per ton will sunset at the end of fiscal year 2024. This recommendation would extend those authorities through the end of fiscal 2030 and fiscal 2029, respectively.

Agriculture	Revenues	\$1,200	\$2,400
Agriculture	Expenditures	\$0	\$2,400

Dairy Profitability and Enhancement Program Expansion

The Governor recommends changes to the Dairy Development and Profitability Enhancement statute to broaden the use of the funds to support dairy farmers in meeting evolving needs of the dairy production and processing industries. The proposed changes would expand the ways that the program could address short-term needs and long-term challenges facing the industry, such as reduced processing capacity, and allow for producers to explore new marketing opportunities and support local food systems. This recommendation is budget neutral.

General	Expenditures	\$0	\$0
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Designating Hemp Program Guidelines as Federally Approved Plan

The Governor recommends permitting the use of rulemaking authority under MS 14.386 on Exempt Rules for the Hemp Program. Minnesota operates an industrial hemp program under the oversight of the federal Department of Agriculture (USDA). Changes in USDA regulations and requirements may require changes to Minnesota’s USDA-approved plan. This proposal would allow MDA to change the state’s rules to comply with mandatory federal rules without going through the usual full state rulemaking process, thus keeping the state's plan in good standing with the USDA. This recommendation is budget neutral.

General	Expenditures	\$0	\$0
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Expanding Farm to School and Early Care Grant

The Governor recommends expanding eligibility for the Farm to School and Early Care Grant program to include home-based early care providers. The program currently provides resources for schools and early childhood education centers for local food purchases. This proposal will expand eligibility to allow for home-based providers to participate in the program. This recommendation is budget neutral.

General	Expenditures	\$0	\$0
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# 2024 Governor's Supplemental Budget Recommendations

## All Funds by Agency

(Dollars in Thousands)

FY 2024-25 FY 2026-27

### Agriculture

#### Extend the Organic Advisory Task Force Sunset Date

The Governor recommends extending the expiration date of the Organic Advisory Task Force from June 30, 2024 to June 30, 2034. This recommendation is budget neutral.

General	Expenditures	\$0	\$0
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#### Farmers Market Grant Technical Changes

The Governor recommends expanding the eligible uses of the appropriation for farmers' market infrastructure grants to support nutrition programs. Current law stipulates that this funding be spent on infrastructure that supports Supplemental Nutrition Assistance Program (SNAP), Electronic Benefits Transfer (EBT), Senior Farmers Market Nutrition Program (SFMNP), and related programs. This recommendation would expand eligible uses to include costs like service fees and staff capacity. It would also allow for cost sharing in addition to grants and would expand the timeline for using the funds by a year. This recommendation is budget neutral.

General	Expenditures	\$0	\$0
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#### Rural Finance: Beginning Farmer Tax Credit Expansion

The Governor recommends changing Minnesota Statute 41B.0391 to expand the definition of an "individual" to an "individual or individually owned limited liability corporation" in regard to the Beginning Farmer Tax Credit. This change would allow individual farmers who operate their farms as LLCs to receive the same tax benefits as those who don't. This recommendation is budget neutral.

Rural Finance Administration	Expenditures	\$0	\$0
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#### Rural Finance: Disaster Loan Program

The Governor recommends allowing for the Disaster Loan Program to include additional cost of feed as a covered hazard during declared droughts. The Disaster Loan Program is administered by the Rural Finance Authority (RFA) as a part of the suite of loans under the Revolving Loan Account. This recommendation is budget neutral.

Rural Finance Administration	Expenditures	\$0	\$0
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#### Rural Finance: Maximum Loan Amount Increases

The Governor recommends that the loan limits of all Rural Finance Authority (RFA) bond funded loan programs be increased by \$100,000 each. The affected programs include the Beginning Farmer Loan Program, the Seller- Sponsored Loan Program, the Agricultural Improvement Loan Program, the Livestock Expansion Loan Program, and the Restructure II Loan Program. This recommendation is budget neutral.

Rural Finance Administration	Expenditures	\$0	\$0
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**2024 Governor's Supplemental Budget Recommendations**

**All Funds by Agency**

(Dollars in Thousands)

**FY 2024-25    FY 2026-27**

**Cannabis Management Office**

**State Reference Laboratory and Testing Capacity**

The Governor recommends funding to support a state reference laboratory to establish standards and policies that licensed commercial cannabis testing laboratories in Minnesota must follow. In the interest of public health and safety, the state lab will oversee testing requirements for all commercial labs that conduct adult-use and medical cannabis testing. This includes inspecting licensed laboratories to ensure they are in compliance with all state laws and rules, and testing regulatory cannabis samples to ensure that they meet the standards required by the Office of Cannabis Management (OCM). The Governor further recommends modifying an appropriation from Laws of 2023. Currently, the Department of Health receives funding for testing edible cannabinoids. This recommendation will re-appropriate the funds to OCM in fiscal year 2025 and ongoing and broaden the scope to support enforcement. Transferring this responsibility is budget neutral.

General	Expenditures	\$1,620	\$2,708
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**Transfer Hemp-Derived Enforcement Responsibility to OCM**

The Governor recommends modifying an appropriation from Laws of 2023. Currently, the Department of Health receives funding for regulation of hemp-derived edible products, and this will re-appropriate the funds to the Office of Cannabis Management in fiscal year 2025. This recommendation is budget neutral.

General	Expenditures	\$1,107	\$0
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**Substance Use Treatment, Prevention and Recovery Grant Savings**

The Governor recommends cancelling the amounts appropriated in fiscal year 2024 for the Substance Use Treatment, Recovery, and Prevention account. Separate budget initiatives related to substance use treatment, prevention and recovery are addressed in recommendations for the Minnesota Department of Health.

General	Transfers Out	(\$5,500)	\$0
Restrict Misc Special Revenue	Transfers In	(\$5,500)	\$0
Restrict Misc Special Revenue	Expenditures	(\$5,500)	\$0

**Substance Use Treatment, Prevention and Recovery Account Updates**

The Governor recommends redirecting the amounts appropriated in the Laws of 2023 for Substance Use Treatment, Recovery, and Prevention account under Minnesota Statutes, section 342.72, to the Department of Health (MDH). MDH will establish a grant program for substance use disorder and mental health recovery and prevention. This has been developed in coordination with MDH, the Office of Cannabis Management, and the Office of Addiction and Recovery. This recommendation is budget neutral.

General	Transfers Out	(\$5,500)	(\$11,000)
Restrict Misc Special Revenue	Transfers In	(\$5,500)	(\$11,000)
Restrict Misc Special Revenue	Expenditures	(\$5,500)	(\$11,000)

## 2024 Governor's Supplemental Budget Recommendations

### All Funds by Agency

(Dollars in Thousands)

FY 2024-25 FY 2026-27

#### Commerce

##### Commerce Fraud Bureau Insurance Company Assessment Adjustment

The Governor recommends a statutory change to increase the current Commerce Fraud Bureau (CFB) insurance company assessment. The current assessment accounts for approximately \$1.85M per fiscal year. With the increased assessment, the CFB would increase revenue by an additional \$1.85M per year to the existing Special Revenue Fund. This additional revenue will be used primarily to support CFB Agent salary costs as well as operations and administration of fraud investigations by the Department of Commerce.

Restrict Misc Special Revenue	Revenues	\$1,850	\$3,700
Restrict Misc Special Revenue	Expenditures	\$1,850	\$3,700

##### External Appeals Fee Elimination

The Governor recommends a statutory change to M.S. 62Q.73 related to the Department of Commerce's external review fee. This change will remove the existing fee of \$25 to request the department's external review process for denied coverage claims. The Department of Commerce has determined that administration of this fee uses significant staff member time with nominal benefit to the general fund, and is often a burden for Minnesota consumers and staff needed to process and re-process the fee. Currently, the fee is refundable when there is a ruling in favor of the consumer. The elimination of this fee will free up considerable customer and consumer services.

General	Revenues	(\$1)	(\$2)
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##### Public Option Studies and Planning

The Governor recommends funding to continue planning and development of a public health insurance option. The funding will enable the Commerce Department to work with regulatory experts on potential challenges and preparations needed to proceed with the implementation of the public option including examining the impact a public option may have on the individual market. This proposal will provide resources to the Departments of Human Services, Commerce, and MNSure to inform implementation decisions for a public health insurance option.

Health Care Access	Expenditures	\$200	\$0
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#### Employment and Economic Development

##### Broadband Funding and Policy Changes

The Governor recommends budget neutral session law language that will ensure that the Office of Broadband Development has the authority needed to award federal Digital Equity funding made available in the Infrastructure Investment and Jobs Act (IIJA).

Federal	Expenditures	\$0	\$0
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2024 Governor's Supplemental Budget Recommendations

All Funds by Agency

(Dollars in Thousands)

FY 2024-25 FY 2026-27

Employment and Economic Development

General Support Services Operating Base Reduction

The Governor recommends a reduction in the general support services operating base for fiscal years 2026-27 from the general fund. This is a technical fix to the 2023 session law to correct the base budget.

Table with 4 columns: General, Expenditures, FY 2024-25, FY 2026-27. Values: \$0, (\$4,000)

Airport Infrastructure Renewal Grant Program Elimination

The Governor recommends eliminating the Airport Infrastructure Renewal (AIR) Grant Program. This program was created in 2019 and has been sparingly used. The program is very similar and mostly redundant to the Redevelopment Program. This is a budget neutral proposal.

Table with 4 columns: General, Expenditures, FY 2024-25, FY 2026-27. Values: \$0, \$0

Climate Economic Development Fund Transfer Language Technical Fix

The Governor recommends a technical change related to transfers within the Forward Fund established in the 2023 legislative session. Current law states that transfers can occur in the biennium ending on June 30, 2027. A transfer delay within the fund until the 2026-2027 biennium was not the intent.

Table with 4 columns: Climate and Economic Dev, Transfers Out, FY 2024-25, FY 2026-27. Values: \$0, \$0

Extension of Vocational Rehabilitation Services Appropriation

The Governor recommends that the Vocational Rehabilitation Services appropriation from the 2023 legislative session be extended to June 30, 2027. This extension will allow for DEED to serve more Minnesotans and is budget neutral.

Table with 4 columns: General, Expenditures, FY 2024-25, FY 2026-27. Values: \$0, \$0

Paid Leave Technical and Premium Method Changes

The Governor recommends making technical changes to the Paid Leave program enacted in the 2023 Legislative session. In addition to the technical language changes, the proposal adjusts the method that the commissioner must use to adjust the premium rate to include an actuarial study at a minimum of every other year, effective January 1, 2027. This change is budget neutral for FY 2026 and will have fiscal impact in FY 2027 onwards. This will impact collected revenue in FY2027 and beyond based on the actuarial study required in 2023 law, and the new methodology for rates effective January 1, 2028.

Table with 4 columns: Family and Medical Benefit Ins, Revenues, FY 2024-25, FY 2026-27. Values: \$0, (\$131,550)
Table with 4 columns: Family and Medical Benefit Ins, Expenditures, FY 2024-25, FY 2026-27. Values: \$0, (\$131,550)

# 2024 Governor's Supplemental Budget Recommendations

## All Funds by Agency

(Dollars in Thousands)

FY 2024-25 FY 2026-27

### Employment and Economic Development

#### Repeal Bloomington Expo 2027 Funding

The Governor recommends repealing the funding to support the 2027 Expo that was passed in the 2023 legislative session. Minnesota was unsuccessful in its bid and the appropriation is no longer needed for this event.

General	Expenditures	(\$5,000)	\$0
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#### Targeted Populations Workforce Grants Cap Removal

The Governor recommends removing the organizational budget cap related to nonprofit organizations receiving targeted population workforce grants. This proposal is budget neutral.

General	Expenditures	\$0	\$0
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### Labor and Industry

#### Contractor Recovery Fund Cap Increase

The Governor recommends enhancing the effectiveness of the Contractor Recovery Fund by increasing the cap allowed to compensate homeowners who have suffered a financial loss due to a licensed contractor's fraudulent or deceptive practices.

Restrict Misc Special Revenue	Expenditures	\$228	\$456
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#### Office of Combative Sports Promoter Technical Fix

The Governor recommends adding language that allows for a combative sports event fee to be calculated by a flat fee or a percentage of the flat fee, whichever is greater. The current language allows for the fee to only be determined by gross ticket sales or a percentage of the gross ticket sales, whichever is greater. This recommendation is budget neutral.

General	Expenditures	\$0	\$0
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### Mediation Services, Bureau of

#### Police Officer Grievance Arbitration Roster Reallocation

The Governor recommends that the Bureau of Mediation Services (BMS) be able to reallocate money for duties related to the BMS-maintained Peace Officer Grievance Arbitration Roster (POGAR). The allocated amount would be repurposed into BMS's general base budget and will be used to continue all POGAR-related work. This proposal is budget neutral.

General	Expenditures	\$0	\$0
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**2024 Governor's Supplemental Budget Recommendations**

**All Funds by Agency**

(Dollars in Thousands)

**FY 2024-25    FY 2026-27**

**Mediation Services, Bureau of**

**Labor Management Committee Reallocation**

The Governor recommends that the Bureau of Mediation Services be able to reallocate grant money related to Labor Management Committees (LMC) and continue the work internally at BMS. This allocation would be moved to BMS's base budget to be invested in labor-relations trainings. This proposal is budget neutral.

General	Expenditures	\$0	\$0
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# 2024 Governor's Supplemental Budget Recommendations

## All Funds by Agency

(Dollars in Thousands)

FY 2024-25 FY 2026-27

### State Government and Veterans

#### Administration

##### Enterprise Grants Corrections and Clarification

The Governor recommends making technical corrections and clarifications related to the Enterprise grants system feasibility study appropriation correction. This change corrects a drafting error in the appropriation for the Office of Grants Management (OGM). Additionally, this recommendation includes a provision clarifying capital projects grants are not subject to Admin's grant management statute and instead are governed by MMB statute. This recommendation is budget neutral.

General	Expenditures	\$0	\$0
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##### Establish State Facilities Renewable Energy Account

The Governor recommends the establishment of an account, overseen by Admin's Office of Enterprise Sustainability, which agencies can utilize for renewable energy generation and energy storage improvements. This account would also be designated to capture federal "Elective Pay in lieu of tax credits to non-taxed entities" proceeds for renewable energy generation and storage projects and electric fleet vehicle purchases. This recommendation is budget neutral.

Other Misc Special Revenue	Expenditures	\$0	\$0
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#### Management and Budget

##### Motor Vehicle Lease Sales Tax Revenue Deposit

The Governor recommends redirecting the 13 percent of motor vehicle lease sales tax currently being deposited in the state transportation fund to the special revenue fund. The state transportation fund was originally created for the deposit and expenditure of state general obligation bond proceeds used for local transportation projects. This proposal would eliminate the commingling of the MVLST revenues with bond proceeds. This recommendation is budget neutral.

Other Misc Special Revenue	Revenues	\$18,018	\$19,058
Transportation-Loc Bridge&Road	Revenues	(\$18,018)	(\$19,058)

##### Keeping Nurses at the Bedside Contingent Appropriation Reduction

The Governor recommends fully reducing the contingent appropriation for the Keeping Nurses at the Bedside Act. The appropriation was held in contingency during the 2023 legislative session pending the passage of the Keeping Nurses at the Bedside Act which did not pass.

General	Expenditures	(\$232)	\$0
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# 2024 Governor's Supplemental Budget Recommendations

## All Funds by Agency

(Dollars in Thousands)

FY 2024-25 FY 2026-27

### Revenue

#### Child Tax Credit Payment Protection Pilot

The Governor recommends the implementation of advanced, periodic payments of the Minnesota Child Tax Credit (CTC). This proposal provides sufficient operating funds for the department to administer advanced, periodic CTC payments beginning tax year 2025 and establishes a pilot program to guarantee a minimum CTC amount for households based on their prior year's CTC amount, irrespective of whether they opted in to receive the CTC on an advanced basis. The guaranteed minimum amount of 50 percent of the prior year's CTC amount applies in instances in which a taxpayer loses eligibility in a subsequent year due to changes in income, not to reductions in the number of qualifying children. However, filers with incomes greater than a certain threshold will not be eligible for this guaranteed minimum credit. The thresholds for tax year 2025 are \$60,100 for married joint (\$49,570 for other filers) with one child, increased by \$9,000 for each additional child, with the threshold amounts adjusted annually for inflation. This pilot program for guaranteed minimum payments would sunset after tax year 2028, while the option to receive advanced payments would not sunset. The department will certify the amount of guaranteed minimum payments made each year to Management and Budget. A one-time general fund transfer to the special revenue fund in fiscal year 2025 would be used to offset each year's reduction in general fund revenues associated with this provision, with any remaining amount transferred back to the general fund after the pilot sunsets.

General	Expenditures	\$1,878	\$4,772
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### Veterans Affairs

#### Providing Minnesota Department of Veterans Affairs Additional Financial Management Tool

The Governor recommends providing the Minnesota Department of Veterans Affairs with authority to use the fiscal year 2025 appropriation for Veterans Healthcare in fiscal year 2024, if needed. This is in response to budgetary concerns resulting from the delayed opening of three new Veterans homes. This proposal is budget neutral.

General	Expenditures	\$0	\$0
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#### Updating State Soldiers Assistance Program (SSAP) Benefits

The Governor recommends updating the State Soldiers Assistance Program (SSAP) to streamline benefits. Included in the updates are an increase in the annual educational assistance stipend and an expansion of eligibility for benefits for the spouses and children of Veterans with a service-connected disability. Other changes include sunsetting underutilized benefits and reorganizing portions of statute that govern SSAP. The agency will pay for the \$808,000 in IT costs associated with these changes out of the Odyssey fund.

General	Expenditures	\$804	\$1,608
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### Military Affairs

#### Increase Incentives Appropriation

The Governor recommends additional one-time funding for the Department of Military Affairs Enlistment Incentives program. This funding will go towards state tuition reimbursement and enlistment incentives for service members.

General	Expenditures	\$1,500	\$0
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2024 Governor's Supplemental Budget Recommendations

All Funds by Agency

(Dollars in Thousands)

FY 2024-25 FY 2026-27

**Military Affairs**

**Increase Minnesota State Armory Building Commission Bonding Authority**

The Governor recommends increasing the bonding authority of the Minnesota State Armory Building Commission from \$15 million to \$45 million. The aim of the increased authority is to allow the agency to better compete for and match federal funding for armory projects.

General	Expenditures	\$0	\$0
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**Rededication of 'Gopher Gunner Bridge'**

The Governor recommends rededicating the "Gopher Gunner Bridge" in Mendota and replacing signage displaying the dedication. The Governor also recommends the Minnesota Department of Military Affairs absorb \$3 thousand in fiscal year 2025 for replacing the signs.

General	Expenditures	\$0	\$0
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**Racing Commission**

**Sustainable Funding for Federal Horseracing Oversight Fee**

The Governor recommends a temporary two-year increase, from 1% to 2%, in the regulatory fee imposed on advanced deposit wagering providers on all wagers placed on horse racing via advanced deposit wagering (ADW). ADW enables Minnesotans to wager online on horse races conducted outside of Minnesota. The additional fees collected from the increase in this proposal would provide a temporary source of revenue to pay the annual federal regulatory fees that are assessed to the Racing Commission by the federal Horseracing Integrity and Safety Authority (HISA) for its administration of the Horseracing Integrity and Safety Act (HISA). The Commission will use the two-year period covered by this proposal to identify a permanent, alternative source of revenue to pay for the annual assessment.

Restrict Misc Special Revenue	Revenues	\$600	\$575
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## 2024 Governor's Supplemental Budget Recommendations

### All Funds by Agency

(Dollars in Thousands)

FY 2024-25    FY 2026-27

#### MMB Non-operating

#### Governor's 2024 Revised Capital Budget

The Governor recommends the cash capital, debt service, and other costs associated with the recommendations in the Governor's 2024 revised capital budget.

General	Transfers Out	\$31,938	(\$19,363)
Trunk Highway	Expenditures	\$74,450	\$0
General Projects	Transfers In	\$34,558	\$0
General Projects	Expenditures	\$34,558	\$0
Debt Service	Transfers In	(\$2,620)	(\$20,363)
Debt Service	Expenditures	(\$2,620)	(\$20,363)
Housing Finance Agency	Transfers In	\$0	\$1,000
Housing Finance Agency	Expenditures	\$0	\$1,000

#### One-time 0.25 Percent Employee Pension Contribution Holiday for Teachers

The Governor recommends a one-time, 0.25 percent employee pension contribution holiday in fiscal year 2025 for active employees of the Teachers Retirement Association (TRA). A one-time direct state aid to TRA will cover the actuarial cost of the estimated reduction in active employee contributions.

General	Expenditures	\$15,729	\$0
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# 2024 Governor's Supplemental Budget Recommendations

## All Funds by Agency

(Dollars in Thousands)

FY 2024-25 FY 2026-27

### Debt Service

#### MMB Debt Service

##### Open Appropriation to Pay Bond Sale Expenses

The Governor recommends a shift in the practice for appropriating bond sale expenses. Rather than the recent practice of direct appropriations for bond sale expenses that are included in each bonding bill, the recommendation is to instead rely upon existing authority that appropriates an amount of bond proceeds to MMB for the purpose of paying bond sale expenses. The recommendation would continue to track the costs of bond sale expenses anticipated for a new bonding bill as part of the overall debt service cost in the budget. Changing to this approach would prevent the situation of over-appropriating for bond sale expenses thus needlessly tying up some debt capacity, and it would reduce the administrative complexity associated with managing many different direct appropriations for this purpose. This recommendation is budget neutral.

Debt Service

Expenditures

\$0

\$0