



Fiscal Review

Minnesota State Senate

2021 Session

A

Fiscal Review

of the

2021 Legislative Sessions

**Prepared by Minnesota State Senate
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The *Fiscal Review* can also be accessed at:

http://www.senate.leg.state.mn.us/departments/scr/freview/2021/fiscal_review.pdf

Cover Photography

The cover of the *2021 Fiscal Review* focuses on the front exterior architecture of the Minnesota State Capitol. The image centers on six marble arches on the first and second floor of the State Capitol. Due to the COVID-19 pandemic, the 2021 legislative sessions were largely held remotely while the State Capitol remained closed to the public until June 2021. Essential staff members continued to work in person, such as the two Minnesota state troopers shown standing atop the front Capitol steps. The unique nature and circumstances of this legislative session led to the selection of this cover photo.

The back cover of the report features additional photographs of the State Capitol and working environment in detail. The Office of Senate Counsel, Research, and Fiscal Analysis appreciates Andrew Olmscheid, the Senate Photographer, for his first year working on the *Fiscal Review* cover photography.

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REPORT PREFACE

The *Fiscal Review* is an annual report of enacted budget and fiscal policy actions. The report covers all budgetary funds (all funds), with particular attention given to the General Fund. Under the Minnesota Constitution, the General Fund revenues and expenditures must be in balance at the close of each biennium. Budgetary funds reflect the operating budget for the state and exclude some state funds not budgeted for operations, such as pension funds, trust funds, and enterprise funds.

Minnesota operates on a biennial budget enacted in odd-year legislative sessions. A fiscal year begins on July 1 and ends on June 30. Biennial budget revisions and major capital investments tend to be the focus of even-year legislative sessions. While most revenue and expenditure amounts are presented as biennial amounts, in some cases annual amounts may provide a more thorough understanding of the timing of revenue and appropriations. Additional detail is available by consulting legislative budget tracking sheets or by contacting the relevant Senate fiscal staff.

Detailed budget tracking sheets can be found here:

<https://www.senate.mn/departments/fiscalpol/tracking/index.html>

Appropriations Defined

Appropriations are authorizations made by the Legislature to spend money from the state treasury for the purposes established by law. The Minnesota Constitution prohibits the payment of money out of the treasury unless appropriated by the Legislature. The

Governor may veto appropriations but cannot create appropriations.

Direct appropriations are authorizations to spend a specific dollar amount, usually for a limited time period, such as one year or a biennium. Open appropriations, which are less common, authorize an open-ended spending level, such as a “sum sufficient” to meet a defined need or formula. The amounts shown in the *Fiscal Review* for open appropriations reflect estimates of expected spending.

Most direct appropriations are established in session law and expire at the end of the biennium, or another specified time, and must be renewed every two years in order to continue spending authority. Statutory appropriations, on the other hand, are set in state statutes and provide ongoing authority to spend money from the treasury even if a biennial budget is not adopted.

Statutory appropriations may authorize either a specific dollar amount or an open-ended amount and may provide a specific time period for the appropriation.

Distinct from the various appropriation types, dedicated revenues and expenditures refer to sources of revenue that are dedicated for specific purposes. Amounts shown for authorized spending from dedicated revenues reflect estimates of the revenues to be generated and the allocation of those revenues established in law.

Further, it should be noted that significant portions of some state agency operations, such as the Department of Administration or

the Department of Management and Budget, are funded through charges to the other state agencies. In other words, money appropriated to an agency may be used to purchase services from another state agency whose mission is, in part, to provide for centralized operating functions. To fully describe budget activity while avoiding double-counting, budget totals are reported based on the agency that receives an appropriation. Please note that some *Fiscal Review* chapters also discuss agency activities that are supported through charges to other state agencies.

Appropriations versus Spending

Amounts shown in the *Fiscal Review* for the current biennium (FY 2022-23) reflect appropriation levels enacted in the 2021 regular session and 2021 First Special Session. Amounts shown for the next biennium (FY 2024-25), often referred to as “tails” or “planning estimates,” reflect estimates of future biennial spending, assuming current law programs are carried forward for another two years. The *2021 Fiscal Review* compares current biennial appropriations to budgeted spending in the previous biennium (FY 2020-21), as well as to the February 2021 budget forecast published by the Department of Management and Budget.

References to Session Law and Fiscal Years

In the *2021 Fiscal Review*, session laws enacted during the 2021 regular session are referred to simply with the appropriate chapter number. Laws enacted during the 2021 First Special Session will initially be referred to as “2021 First Special Session” and a chapter number. A subsequent reference to a special session enactment will be made with only the chapter number unless an additional reference is needed to avoid

confusion. Unless specifically noted, this report collectively refers to the 2021 regular session and the 2021 First Special Session together as “the 2021 sessions.” Finally, throughout this document, “fiscal year” will be abbreviated as “FY.”

Specific Reporting Details

Following the practice that began in 2019, the *2021 Fiscal Review* is organized with a standard list of budget jurisdictions. Executive branch agencies, the Judiciary, and the Legislature are each allocated to a budget jurisdiction that is similar in mission topically. This practice improves the comparability of *Fiscal Review* documents year-to-year.

Also mirroring a practice that began in 2019, the annual *Fiscal Review* reports on the fiscal activity enacted in the most recent regular legislative session and any associated special sessions, but the document also places the recently enacted biennial fiscal activity in the context of the biennial spending and revenues that preceded it. Each chapter of the *2021 Fiscal Review* begins with a discussion and a bar chart that compares net appropriations for the General Fund and non-general funds in FY 2022-23 to the four previous biennia. The State Revenues chapter provides a similar comparison for General Fund taxes over the same period. The bar chart displays allow a quick comparison for each budget jurisdiction over five biennia, based on the most recent information. Additionally, Appendix D displays detailed net spending and appropriations in each budget jurisdiction for the General Fund and non-general funds from FY 2014 to FY 2023. Appendix D also provides the percentage change in each successive biennium for the General Fund, non-general funds, and all funds.

In May 2021, the Department of Management and Budget made adjustments to the February 2021 forecast for several different funds. Most of the changes updated federal funds based on improved information for federal COVID-19 pandemic allocations that was not available when the February 2021 forecast was published. The adjustments also included changes to several Legacy funds. The *2021 Fiscal Review* incorporates the May 2021 adjustments to the February 2021 forecast.

Fiscal Issue Briefs containing supplemental policy and fiscal information related to the FY 2022-23 budget will be posted on the [Senate Counsel, Research, and Fiscal Analysis website](#).

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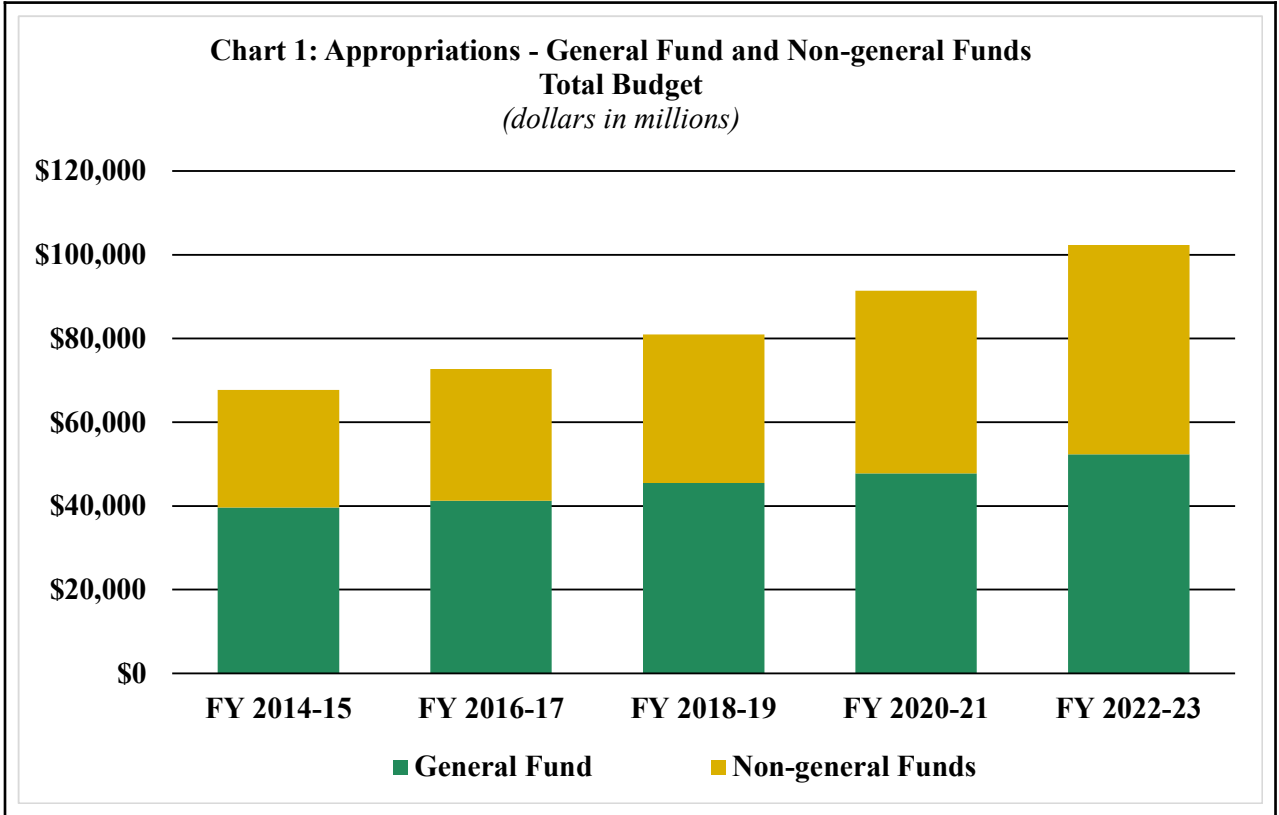
**CHAPTER 1
STATE BUDGET OVERVIEW**

The primary focus of the 2021 regular legislative session and the subsequent 24-day special session was the adoption of the FY 2022-23 biennial budget. The enactment of a balanced General Fund biennial budget is the focus during the legislative session in an odd-numbered year. The February 2021 forecast projected a positive General Fund balance of \$1.7 billion for FY 2022-23 and \$2.4 billion for FY 2024-25. In addition, Minnesota received substantial federal resources to respond to the COVID-19 pandemic, including \$2.8 billion from the federal State Fiscal Recovery Fund (SFRF). The SFRF money provided Minnesota with additional

resources to pay for the state’s COVID-19 response and to balance the General Fund.

The 2021 sessions concluded with a completed General Fund budget that left \$127.3 million of the projected FY 2022-23 positive budgetary balance unallocated and had a projected FY 2024-25 positive balance of \$59.6 million.

Total all funds appropriations increased in each of the past four biennia. Chart 1 displays total appropriations since FY 2014-15 and divides each biennium between the General Fund and the non-general funds. The enacted all funds budget in FY 2022-23 totaled



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\$102.3 billion, an increase of \$3.7 billion, or 3.7 percent, more than the February 2021 forecast, and an increase of \$10.9 billion, or 11.9 percent, more than FY 2020-21 appropriations. The FY 2020-21 all funds appropriations totaled \$91.4 billion, an increase of \$10.5 billion, or 12.9 percent, more than FY 2018-19. The FY 2018-19 all funds appropriations totaled \$81 billion, an increase of \$8.2 billion, or 11.3 percent, above FY 2016-17. The FY 2016-17 all funds appropriations totaled \$72.7 billion, an increase of \$5.1 billion, or 7.5 percent, above FY 2014-15.

In FY 2022-23, the total General Fund appropriations were 51.2 percent of the total all funds budget. The General Fund budget in FY 2022-23 totaled \$52.4 billion, an increase of \$1.7 billion, or 3.4 percent, more than the February 2021 forecast, and an increase of \$4.6 billion, or 9.6 percent, more than FY 2020-21 appropriations. FY 2020-21 General Fund appropriations totaled \$47.8 billion, an increase of \$2.3 billion, or five percent, more than FY 2018-19. FY 2018-19 General Fund appropriations totaled \$45.5 billion, an increase of \$4.2 billion, or 10.3 percent, above FY 2016-17. FY 2016-17 General Fund appropriations totaled \$41.3 billion, an increase of \$1.6 billion, or 4.1 percent, above FY 2014-15.

FY 2022-23 Highlights

Twenty-one separate chapters were enacted to complete the FY 2022-23 budget during the 2021 regular session and the 2021 First Special Session, including supplementary changes to the FY 2020-21 budget. Of this total, seven chapters were enacted during the regular session. Most of the FY 2022-23 budget was enacted in 14 separate omnibus finance acts, including an Omnibus Tax Act that contained several important federal income tax conformity changes. All 14

omnibus acts were enacted during the special session. A complete list of 2021 session laws relating to the FY 2022-23 enacted budget is included in Appendix F.

In addition to establishing a FY 2022-23 budget to fund the operations of state government, the 2021 sessions also enacted a series of noteworthy fiscal policy changes that have ongoing implications for Minnesota's budget.

- The federal American Rescue Plan Act of 2021 (ARPA) created the State Fiscal Recovery Fund (SFRF), which provided flexible federal aid for states to continue to respond to the COVID-19 pandemic and its corresponding economic effects. Minnesota's enacted FY 2022-23 budget appropriated \$425 million from the SFRF to the Commissioner of Management and Budget to respond to the needs of the pandemic. The budget also used \$1.2 billion from the SFRF to replace lost resources in the state's General Fund. The General Fund revenue replacement was allocated as \$633.1 million in FY 2023 and \$550 million in FY 2024 to support the FY 2024-25 planning budget. The enacted budget reserved an additional \$1.2 billion of SFRF money for appropriation during the 2022 legislative session. The SFRF resources reduced pressure on the General Fund budget in both FY 2022-23 and FY 2024-25 and permitted a higher level of spending in both biennia while retaining overall budgetary balance. (For more discussion of this topic, see the Fiscal Issue Brief "[Legislative Allocation of State Fiscal Recovery Funds](#)" posted on the Senate Counsel, Research and Fiscal Analysis website.)
- The federal Coronavirus Relief Fund (CRF), enacted in 2020, was another

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source of COVID-19 funding for states. By December 30, 2020, Minnesota had allocated all \$2.2 billion of its CRF disbursement. However, due to the complexity of the federal rules governing the allocation of funds, \$117.9 million was returned to the CRF during the 2021 sessions, making these funds eligible for reallocation in Minnesota. [2021 First Special Session, Chapter 7](#), the Omnibus Health and Human Services Act, replaced \$59.5 million of previous General Fund expenditures with CRF funds. [2021 First Special Session, Chapter 12](#), the Omnibus State Government and Veterans Act, redirected an additional \$58.4 million from the CRF in FY 2022. Together, these two provisions spent the remaining CRF balance for Minnesota and improved the General Fund balance by \$117.9 million.

- [2021 First Special Session, Chapter 14](#), the Omnibus Tax Act, enacted a series of changes to conform Minnesota's income tax bases to federal definitions. These changes reduced estimated revenues in the General Fund by \$669.7 million in FY 2022-23 compared to the February 2021 forecast. In the most significant conformity-related change, Chapter 14 excluded federal paycheck protection program loan forgiveness amounts from gross income and permitted expenses generated from those amounts to be deductible. Chapter 14 also excluded federal unemployment insurance compensation from gross income for many taxpayers. (See page 17 for additional discussion.)
- ARPA increased the percentage of federal funds that Minnesota received for medical assistance (MA) for home and community based services (HCBS) by ten percent. This increase affects the federal

reimbursement amount for these expenditures for 12 months in FY 2021 and FY 2022, beginning on April 1, 2021. As a result, Minnesota received additional federal funds for certain MA expenditures, and there was a corresponding reduction in state General Fund and Health Care Access Fund (HCAF) spending for previously-enacted eligible expenses. The increased percentage also permitted Minnesota to make additional spending commitments for new HCBS services. The enhanced federal medical assistance percentage was estimated to provide an additional \$686.1 million in federal funds in FY 2022-23. (This change is discussed further on page 47.)

- The enacted budget reduced the budget reserve by \$591.4 million in FY 2022 (from \$2.4 billion to \$1.8 billion). The February 2021 forecast included a reduction to the reserve of \$491.4 million that was enacted as part of the FY 2020-21 budget. (See page 22 of the [2019 Fiscal Review](#) for further discussion.) [2021 First Special Session, Chapter 7](#), the Health and Human Services Omnibus Act, reduced the budget reserve by an additional \$100 million. However, Chapter 14 increased the statutory minimum budget reserve amount that is required before a future budget forecast may report an unrestricted positive budgetary balance. This provision will require the Commissioner of Management and Budget to allocate any initial positive balances in a future General Fund forecast to the budget reserve until the reserve reaches \$2.4 billion. (See pages 20 and 49 for additional discussion.)
- Chapter 14 also included a provision to eliminate the June accelerated payment

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requirement for the general sales and use tax. After the budget reserve is restored to \$2.4 billion, this provision requires the Commissioner of Management and Budget to allocate any remaining positive unrestricted balances in the General Fund to reduce the percentage of early sales tax payments until the requirement is fully eliminated. Eliminating this accelerated payment will reduce General Fund revenues by \$292.6 million over four years. (See page 20 for additional discussion of this provision.)

- In total, the budget reserve allocation and the June accelerated payment elimination provisions enacted in Chapter 14 are estimated to reduce budgetary balances reported in future forecasts by \$884 million (\$591.4 million to the budget reserve and \$292.6 million to the June accelerated payment provision).
- Chapter 7 extended Minnesota’s premium security plan (also called the reinsurance program) to include benefit year 2022, and appropriated \$85 million in FY 2022-23 from the HCAF and transferred \$3.8

million from the General Fund to the Special Revenue Fund to pay for the costs of one additional benefit year. The enacted budget also required the Commissioner of Commerce to submit a new waiver request to the federal government to permit Minnesota’s premium security plan to be extended. (See page 78 of the [2017 Fiscal Review](#) and page 49 for additional discussion.)

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Appropriations

When all funding sources are considered, the enacted FY 2022-23 biennial budget totaled \$102.3 billion, as shown in Table 1. This includes the two-year budget for the General Fund and all other state funds from which operating budget appropriations are made. Total appropriations were \$10.9 billion, or 11.9 percent, greater than the appropriations in FY 2020-21 and \$3.7 billion, or 3.7 percent, greater than the February 2021 forecast for FY 2022-23. Total General Fund appropriations in FY 2022-23 were \$52.3 billion and represented 51.2 percent of the state’s operating budget.

Table 1 - All Funds Biennial Budget - FY 2022-23, by Fund Comparison of Enacted FY 2022-23 Budget to FY 2020-21 and to Forecast <i>(dollars in millions)</i>					
	FY 2020-21*	FY 2022-23 Forecast Base	FY 2022-23 Enacted Budget	Change: Enacted - FY 2020-21	Change: Enacted - Fcst Base
General Fund	47,755.8	50,657.2	52,363.1	4,607.3	1,705.9
General Fund Transfer Out	(4,297.5)	(3,954.4)	(4,029.1)	268.4	(74.7)
Health Care Access Fund	1,476.3	1,851.9	1,556.4	80.1	(295.4)
Federal Fund	27,806.7	35,275.5	36,168.9	8,362.2	893.5
Federal COVID-Related Funds**	1,770.1	75.1	193.3	(1,576.8)	118.2
Other Funds	16,917.9	14,745.1	16,055.0	(862.9)	1,309.8
All Funds Total	91,429.3	98,650.4	102,307.6	10,878.3	3,657.2

* Adjusted by FY 2021 changes enacted during the 2021 sessions.

** Includes all expenditures and appropriations from the Coronavirus Relief Federal Fund and the State Fiscal Recovery Fund (SFRF) as of August 6, 2021.

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Federal funds (the largest category of non-general fund resources) were \$36.2 billion for FY 2022-23. This total is \$893.5 million (2.5 percent) greater than the February 2021 forecast for FY 2022-23 and is \$8.4 billion (30.1 percent) higher than in FY 2020-21. This increase is primarily attributable to federal COVID-19 pandemic response assistance to states.

The HCAF is particularly important in the Health and Human Services (HHS) budget. Appropriations from the HCAF in the enacted budget totaled \$1.6 billion, which was \$295.4 million, or 16 percent, less than the February 2021 forecast and \$80.1 million, or 5.4 percent, higher than FY 2020-21. (See Chapter 6 and Appendix C for additional detail on the HCAF.)

Table 2 displays the state's all funds budget by major budget jurisdiction. Total appropriations in most budget areas were higher in FY 2022-23 than in the prior biennium. Compared to FY 2020-21, the noteworthy increases were in HHS (\$7.3 billion, or 17.9 percent); E-12 Education (\$2.7 billion, or 11.9 percent); Transportation and Public Safety (\$1.4 billion, or 15.4 percent); and Jobs, Commerce, and Energy (\$137.5 million, or 5.2 percent). The State Government and Veterans all funds budget declined by \$171.1 million, or 5.3 percent, compared to FY 2020-21. The Capital Investment portion of the budget was also lower compared to FY 2020-21, by \$520.2 million, or 13.4 percent.

	FY 2020-21*	FY 2022-23 Forecast Base	FY 2022-23 Enacted Budget	Change: Enacted - FY 2020-21	Change: Enacted - Fest Base
E-12 Education	22,416.8	24,520.1	25,083.3	2,666.5	563.2
Higher Education	3,510.1	3,482.3	3,620.6	110.5	138.3
Property Tax Aids and Credits	4,810.6	4,542.1	4,582.3	(228.3)	40.2
Health and Human Services	40,767.8	47,404.0	48,075.7	7,307.8	671.7
Agric, Env, and Natural Resources	2,534.6	1,806.9	2,427.5	(107.1)	620.7
Jobs, Commerce, and Energy	2,634.2	2,281.4	2,771.8	137.5	490.4
Judiciary and Public Safety	3,190.0	3,032.9	3,137.1	(53.0)	104.2
Transportation and Public Safety	8,796.2	9,554.0	10,150.2	1,354.0	596.2
State Government and Veterans	3,203.5	2,625.7	3,032.4	(171.1)	406.7
Capital Investment	3,877.9	3,375.5	3,357.7	(520.2)	(17.8)
Cancellations and Other	(4,312.5)	(3,974.4)	(3,930.9)	381.6	43.5
Total for Budget Jurisdictions	91,429.3	98,650.4	102,307.6	10,878.3	3,657.2

* Adjusted by FY 2021 changes enacted during the 2021 sessions.

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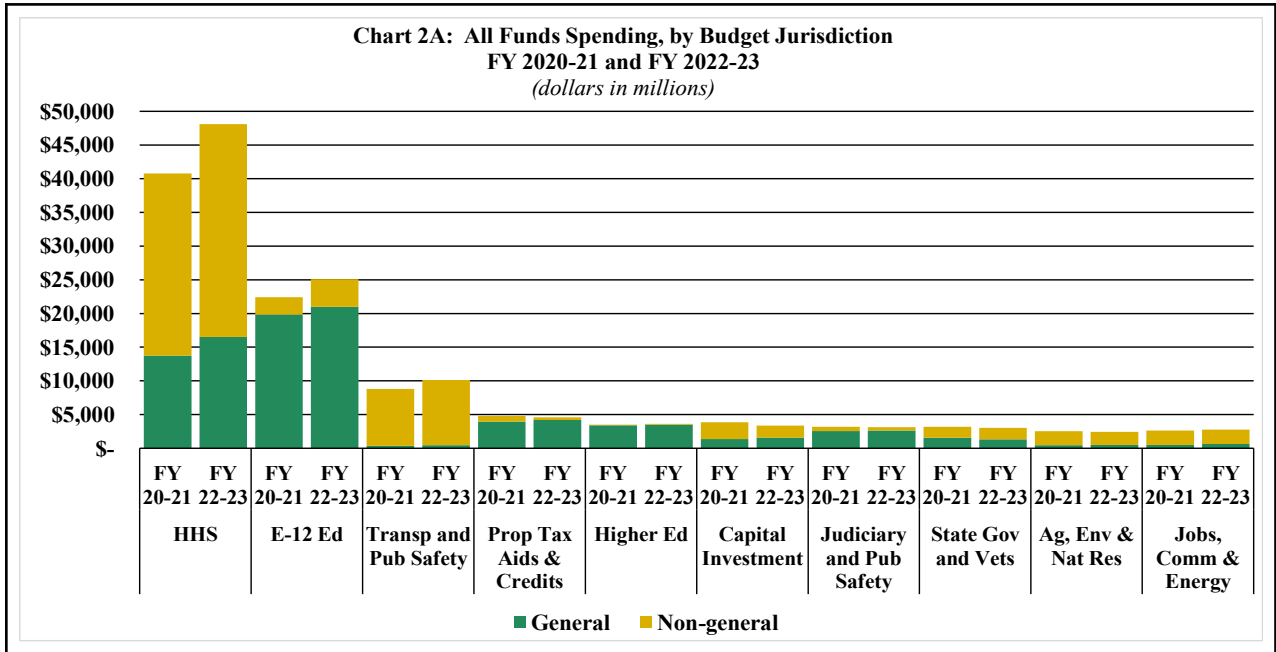
Most budget jurisdictions enacted higher all funds spending than the February 2021 forecast. The noteworthy increases were contained in E-12 Education (\$563.2 million, or 2.3 percent); Jobs, Commerce, and Energy (\$490.4 million, or 21.5 percent); Agriculture, Environment, and Natural Resources (\$620.7 million, or 34.4 percent); Transportation and Public Safety (\$596.2 million, or 6.2 percent); State Government and Veterans (\$406.7 million, or 15.5 percent); and HHS (\$671.7 million, or 1.4 percent).

Table 2A displays the enacted FY 2022-23 all funds budget by major budget jurisdiction

and sorts the jurisdictions based on each area’s share of the total all funds budget. The three largest budget jurisdictions represent 81.4 percent of the total FY 2022-23 budget. The enacted budget appropriated \$48.1 billion for HHS, which is 47 percent of the state’s all funds budget. E-12 Education was the next largest budget area with appropriations of \$25.1 billion, which was 24.5 percent of the total all funds budget. The enacted budget appropriated \$10.1 billion for Transportation and Public Safety, 9.9 percent of the all funds budget. The remaining budget areas were less than 20 percent of the total all funds budget.

Table 2A - FY 2022-23, All Funds, by Budget Jurisdiction Appropriations, by General Fund and Non-general Funds (dollars in millions)						
	General Fund FY 2022-23	General Fund as Percent of All Funds by Jurisdiction	Non-general Funds FY 2022-23	Non-general Funds as Percent of All Funds by Jurisdiction	All Funds FY 2022-23	Percent of All Funds Total
Health and Human Services	16,504	34.3%	31,572	65.7%	48,076	47.0%
E-12 Education	20,987	83.7%	4,096	16.3%	25,083	24.5%
Transportation and Public Safety	476	4.7%	9,674	95.3%	10,150	9.9%
Property Tax Aids and Credits	4,204	91.8%	378	8.2%	4,582	4.5%
Higher Education	3,512	97.0%	109	3.0%	3,621	3.5%
Capital Investment	1,583	47.2%	1,774	52.8%	3,358	3.3%
Judiciary and Public Safety	2,638	84.1%	499	15.9%	3,137	3.1%
State Government and Veterans	1,333	44.0%	1,699	56.0%	3,032	3.0%
Jobs, Commerce, and Energy	637	23.0%	2,135	77.0%	2,772	2.7%
Agric, Env, and Natural Resources	508	20.9%	1,919	79.1%	2,428	2.4%
Cancellations and Other	(20)	0.5%	(3,911)	99.5%	(3,931)	-3.8%
Total	52,363	51.2%	49,944	48.8%	102,308	100.0%

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For each budget jurisdiction, Table 2A also displays General Fund and non-general funds as a percent of each area’s total appropriations. For example, appropriations in FY 2022-23 for HHS are \$16.5 billion from the General Fund (34.3 percent of total HHS appropriations) and \$31.6 billion from non-general funds (65.7 percent of total HHS appropriations). E-12 Education is predominantly funded through the General Fund with 83.7 percent of its appropriations from this source. Conversely, the Transportation and Public Safety budget is primarily funded through non-general funds, with 95.3 percent of its FY 2022-23 budget funded from these sources and only 4.7 percent from the General Fund.

Chart 2A graphically displays the information in Table 2A, but also includes the previous biennium for comparison.

Each column displays the total size of the all funds budget for a jurisdiction and is divided between the General Fund and non-general funds. This chart compares each budget jurisdiction’s relative size and the source of

the jurisdiction’s funding as a percent of its total appropriations.

Appendix D provides further all funds detail by budget jurisdiction, displaying net spending for the General Fund and the non-general funds from FY 2014-15 through FY 2022-23. The appendix also presents the biennial change for each budget area since FY 2014-15 for the General Fund and the non-general funds.

Revenues

Total enacted FY 2022-23 revenues were \$102.8 billion for the all funds budget, an increase of \$6.2 billion compared to the February 2021 forecast. FY 2022-23 General Fund revenue was \$721.2 million lower than the February 2021 forecast. This reflects the changes enacted in Chapter 14 that conformed many of Minnesota’s income tax definitions to the federal definitions. FY 2022-23 revenues also included federal revenue replacement of \$633.1 million from the SFRF. (Page 90 of this document and the [“Legislative Allocation of State Fiscal](#)

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[Recovery Fund](#)” Fiscal Issue Brief discuss the revenue replacement in Minnesota.)

Table 3 shows total state revenues by fund, highlighting the General Fund and other state funds with noteworthy changes in the 2021 sessions. The revenues discussion in Chapter 2 of this report excludes non-tax revenues, transfers from other funds, and prior year adjustments. As a result, the totals and comparisons in that chapter are slightly lower than in Table 3. Additionally, the FY 2023 federal replacement revenue from the SFRF (\$633.1 million) is excluded from Table 3. Appendix B includes these resources and reconciles all revenues in FY 2022-23.

GENERAL FUND SUMMARY

At the end of the 2021 sessions, the state’s General Fund was balanced for FY 2022-23

with a projected \$2.4 billion balance before transfers to the reserves.

Total revenues were \$54.8 billion for the biennium (including transfers, adjustments, and federal replacement revenue) and appropriations were \$52.4 billion. Of the \$2.4 billion balance remaining, \$2.3 billion was included in the state’s General Fund reserves (\$350 million in the cash flow account, \$1.8 billion in the budget reserve account, and \$200.7 million in the stadium reserve account). Compared to the February 2021 forecast, the budget reserve was reduced by \$100 million in FY 2022-23. After the reserves, a budgetary balance of \$127.3 million was left unallocated at the end of the FY 2022-23 biennium. Table 4 summarizes how the FY 2022-23 General Fund balance projected in the February 2021 forecast was allocated in the 2021 sessions and Appendix A provides a detailed fund balance analysis.

Table 3 - All Funds Biennial Revenues -- FY 2022-23, by Fund Comparison of Enacted FY 2022-23 Budget to FY 2020-21 and to Forecast <i>(dollars in millions)</i>					
	FY 2020-21*	FY 2022-23 Forecast Base	FY 2022-23 Enacted Budget	Change: Enacted - FY 2020-21	Change: Enacted - Fcst Base
General Fund	46,793.1	50,563.5	49,842.3	3,049.2	(721.2)
<u>Non-general Funds</u>					
Health Care Access Fund	1,656.9	1,740.8	1,741.0	84.1	0.2
Federal Fund	27,695.5	30,705.8	36,046.0	8,350.5	5,340.2
Other (Incl Transfers and Prior Year Adjustments)	17,067.2	13,576.5	15,124.4	(1,942.8)	1,547.9
Subtotal, Non-general Funds	46,419.6	46,023.1	52,911.4	6,491.8	6,888.3
Total All Funds Revenues	93,212.7	96,586.6	102,753.7	9,541.0	6,167.1

* Adjusted by FY 2021 changes enacted during the 2021 sessions.

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FY 2022-23 General Fund Budget

The February 2021 forecast projected a positive General Fund balance of \$1.7 billion in FY 2022-23. This included a FY 2020-21 positive balance of \$1.1 billion, which carried forward to FY 2022-23 and increased projected revenues. Total General Fund revenues forecasted in FY 2022-23 were \$54.8 billion, including carryforward balances from FY 2020-21. Excluding carryforward balances, the FY 2022-23 General Fund forecasted revenues totaled \$50.9 billion (including \$633.1 million from the federal SFRF revenue replacement resources).

The February 2021 forecast projected General Fund spending in FY 2022-23 to be \$50.7 billion. The enacted budget increased General Fund appropriations by \$1.7 billion compared to forecast. The enacted budget also reduced FY 2020-21 General Fund appropriations by \$30.4 million and increased FY 2020-21 General Fund revenue by \$59.7 million, compared to forecast.

Net Revenue Changes

Table 4 shows that General Fund resources in FY 2022-23 increased by a net \$60.8 million in the enacted budget compared to the February 2021 forecast. This net total combines \$29.3 million in decreased FY 2022-23 revenue with \$90.1 million in increased carryforward revenue from FY 2020-21. Tax revenues in the enacted budget decreased by \$721.2 million, primarily from changes to the income tax (a \$490.8 million decrease) and the corporate income tax (a \$222 million decrease). As discussed earlier, most of these reductions were related to federal tax conformity.

Other General Fund revenues increased by \$691.9 million in FY 2022-23 compared to the February 2021 forecast. General Fund transfers from other funds increased by \$633.2 million in FY 2022-23 compared to the forecast. Of this amount, \$633.1 million was from the federal SFRF.

Table 4 - General Fund Budget					
Comparison of Enacted FY 2022-23 Budget to FY 2020-21 and to Forecast					
<i>(dollars in millions)</i>					
	FY 2020-21*	FY 2022-23 Forecast Base	FY 2022-23 Enacted Budget	Change: Enacted - FY 2020-21	Change: Enacted - Fcst Base
Balance Forward (including Reserves)	3,971.4	3,829.5	3,919.6	(51.8)	90.1
Current Revenues	47,704.1	50,936.7	50,907.4	3,203.3	(29.3)
Total Resources	51,675.5	54,766.2	54,827.0	3,151.5	60.8
Spending	47,755.8	50,657.2	52,363.1	4,607.3	1,705.9
Reserves	2,808.1	2,436.6	2,336.6	(471.5)	(100.0)
Budgetary Balance	1,111.6	1,672.4	127.3	(984.3)	(1,545.1)

* Adjusted by FY 2021 changes enacted during the 2021 sessions.

STATE BUDGET OVERVIEW

Table 5 - General Fund Biennial Budget, by Budget Jurisdiction					
Comparison of Enacted FY 2022-23 Budget to FY 2020-21 and to Forecast					
<i>(dollars in millions)</i>					
	FY 2020-21*	FY 2022-23 Forecast Base	FY 2022-23 Enacted Budget	Change: Enacted - FY 2020-21	Change: Enacted - Fest Base
E-12 Education	19,838.7	20,429.2	20,987.0	1,148.3	557.8
Higher Education	3,401.8	3,406.1	3,511.9	110.1	105.7
Property Tax Aids and Credits	3,973.1	4,164.2	4,204.4	231.3	40.2
Health and Human Services	13,748.1	16,249.7	16,503.6	2,755.5	253.8
Agric, Env, and Natural Resources	472.8	459.2	508.3	35.5	49.1
Jobs, Commerce, and Energy	502.9	430.9	637.3	134.3	206.3
Judiciary and Public Safety	2,565.3	2,538.1	2,637.9	72.7	99.8
Transportation and Public Safety	358.4	249.6	476.4	117.9	226.8
State Government and Veterans	1,545.2	1,169.8	1,333.1	(212.1)	163.3
Capital Investment	1,364.5	1,580.3	1,583.3	218.9	3.1
Cancellations and Other	(15.0)	(20.0)	(20.0)	(5.0)	-
Total Spending	47,755.8	50,657.2	52,363.1	4,607.3	1,705.9

* Adjusted by FY 2021 changes enacted during the 2021 sessions.

FY 2022-23 Appropriations Changes by Budget Jurisdiction

Table 5 summarizes the FY 2022-23 General Fund budget by budget jurisdiction. The enacted budget appropriated \$52.4 billion in FY 2022-23 from the General Fund. As described above, this was \$1.7 billion more than projected in the February 2021 forecast and \$4.6 billion more than FY 2020-21. Compared to the forecast, the increases were noteworthy in E-12 Education (\$557.8 million, or 2.7 percent); Higher Education (\$105.7 million, or 3.1 percent); Health and Human Services (\$253.8 million, or 1.6 percent); Jobs, Commerce, and Energy (\$206.3 million, or 47.9 percent); State Government and Veterans (\$163.3 million, or 14 percent); and Transportation and Public Safety (\$226.8 million, or 90.9 percent).

GENERAL FUND BALANCE ANALYSIS FY 2022-23 AND FY 2024-25

Looking ahead at the effect of the FY 2022-23 enacted budget on the next biennium shows that the state's General Fund balance in FY 2024-25 is projected to be positive. The FY 2024-25 planning budget is projected to be balanced with \$59.6 million remaining unallocated. This unallocated number represents the budgetary balance and, combined with General Fund reserves, will be carried forward into the subsequent biennium. The enacted General Fund budgetary balances in FY 2020-21 and FY 2022-23 were \$1.1 billion and \$127.3 million, respectively, and they each became a part of the opening balance for the next biennium and contributed to the positive balances in FY 2022-23 and FY 2024-25, respectively.

STATE BUDGET OVERVIEW

Table 6 - General Fund Biennial Budget Comparison of Enacted FY 2022-23 Budget to FY 2024-25 Planning Estimates <i>(dollars in millions)</i>			
	FY 2022-23 Enacted Budget	FY 2024-25 Planning Estimates	Change: FY 2024-25 - FY 2022-23
Current Revenues (excluding carryforward)	50,907.4	54,798.6	3,891.2
Total Projected Appropriations	52,363.1	54,707.6	2,344.5
Projected Structural Balance	(1,455.7)	91.0	1,546.7

In addition to budgetary balance, another measurement of fiscal health is structural balance, which compares a single biennium’s revenue collections with its appropriations. The structural balance calculation (current revenues minus projected appropriations) does not include money carried forward from one biennium to the next. By eliminating carryforward resources from a previous biennium, the structural balance measurement can provide an indication of the state’s overall budget position within a specific biennium. Carryforward resources are one-time and can mute the overall estimates of the budget picture, inflating a budget’s closing balance. In addition, because the FY 2022-23 and FY 2024-25 General Fund revenues include replacement revenue from the federal SFRF (\$633.1 million in FY 2022-23 and \$550 million in FY 2024-25), there is additional pressure on the General Fund as those funds are used to support ongoing spending in both biennia.

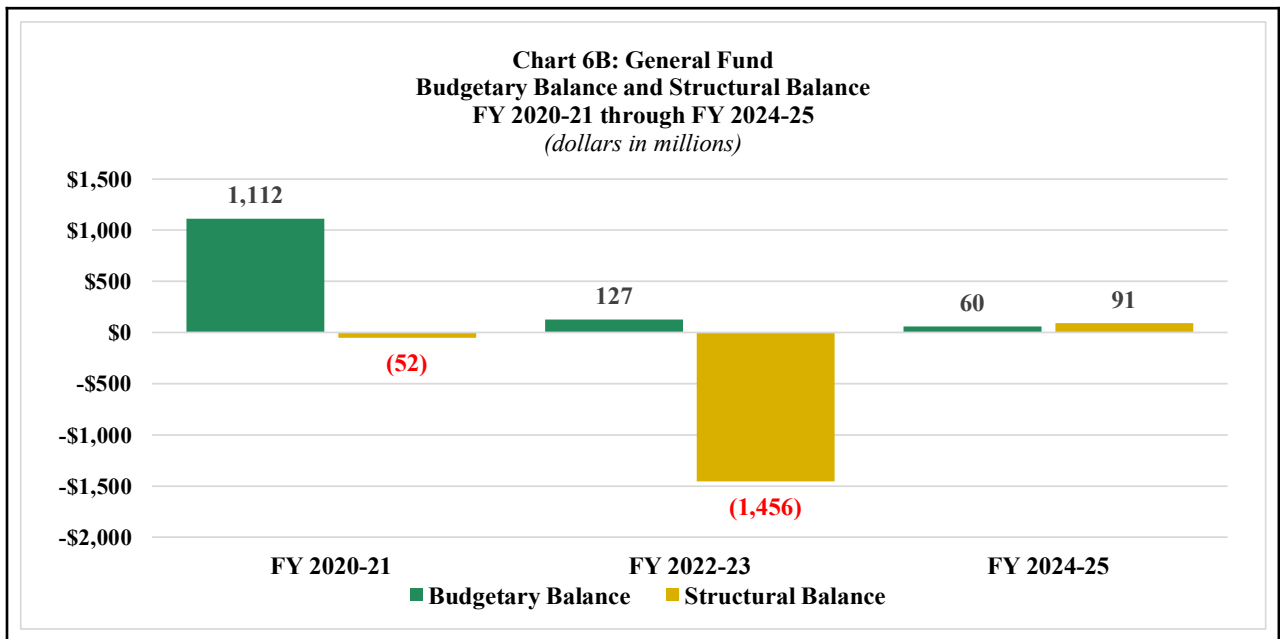
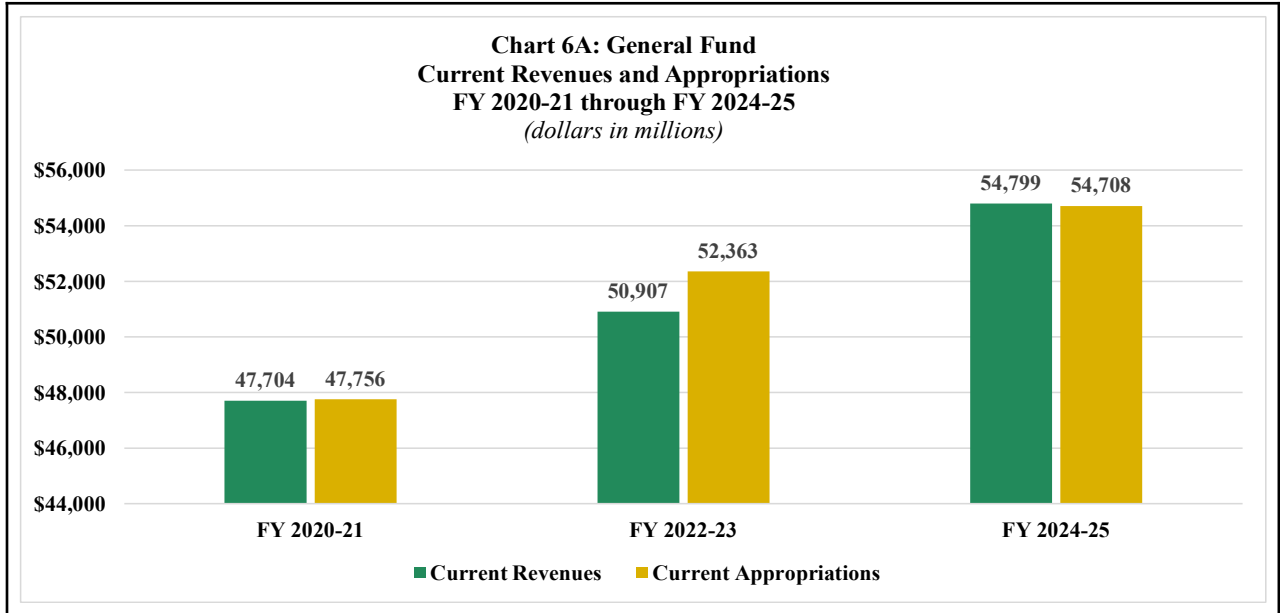
Chart 6A displays the current General Fund revenues in the enacted budget for FY 2020-21 through FY 2024-25. For FY 2020-21 and FY 2022-23, the appropriations exceed the current revenues. FY 2020-21 current revenues totaled \$47.7 billion and appropriations totaled \$47.8 billion. Current

revenues for FY 2022-23 are projected to total \$50.9 billion, while appropriations are estimated to total \$52.4 billion, resulting in a negative structural balance of \$1.5 billion. In FY 2024-25, projected revenues total \$54.8 billion, and projected appropriations total \$54.7 billion, leaving a positive structural balance of \$91 million.

As discussed above, the enacted General Fund budget was balanced on a budgetary basis with resources carried forward from FY 2020-21 into FY 2022-23. Additionally, the \$127.3 million budgetary balance in FY 2022-23 will carry forward to FY 2024-25 and provide resources that help balance the planning years. Chart 6B displays the budgetary balance and structural balance in the General Fund for each of the three biennia.

Table 6 displays current General Fund revenues and appropriations in FY 2022-23 and FY 2024-25. It indicates that current revenues are growing in the enacted budget by \$3.9 billion between the biennia. The table also shows that projected appropriations in the enacted budget are anticipated to grow by \$2.3 billion over the two biennia. Overall, this indicates that revenues in the enacted budget are growing faster than appropriations over the four years of the projection period.

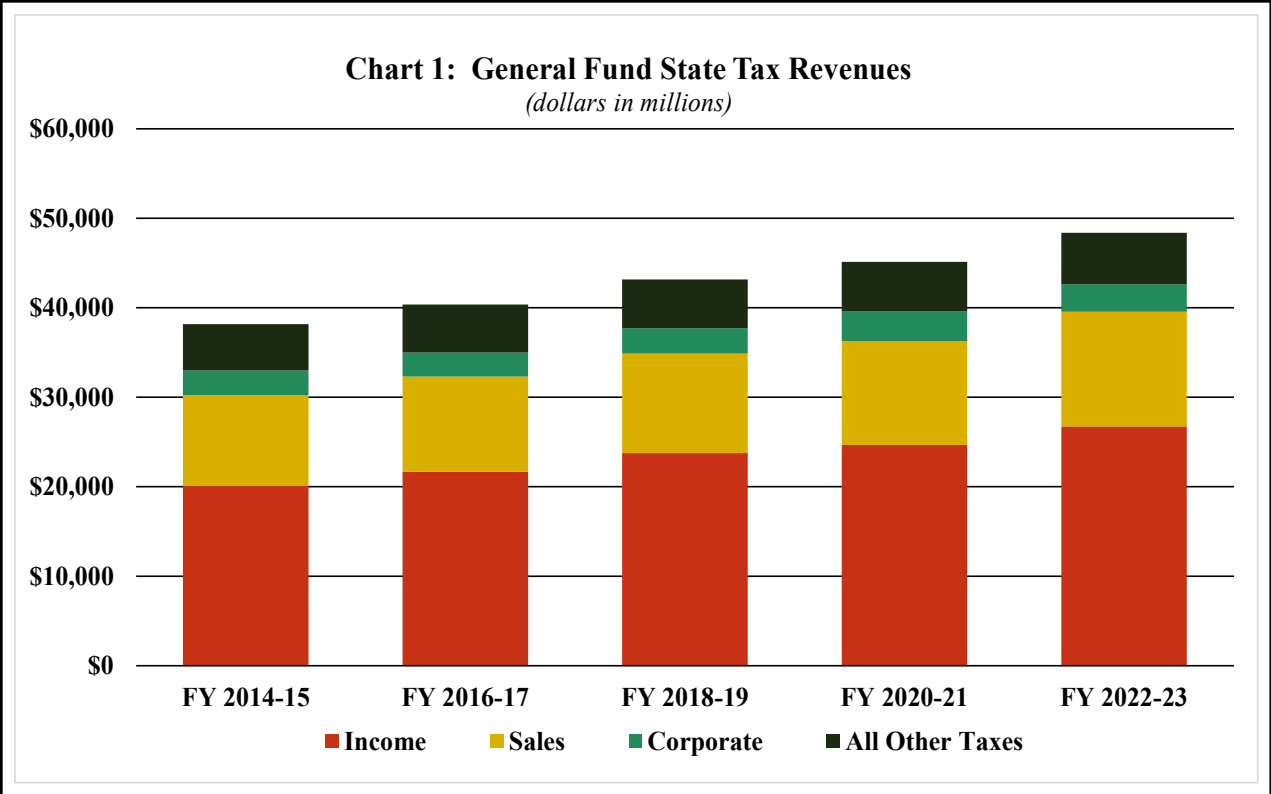
STATE BUDGET OVERVIEW



CHAPTER 2 STATE REVENUES

[2021 First Special Session, Chapter 14](#), the Omnibus Tax Act, enacted several tax policy changes affecting state revenues. The primary fiscal effects of Chapter 14 resulted from conforming Minnesota’s tax code to specific federal tax code changes that were made in response to the COVID-19 pandemic. In addition, Chapter 14 included other changes to the individual income tax, corporate franchise tax, general sales and use tax, estate tax, statewide property tax, and solid waste management taxes. Compared to the February 2021 forecast, the enacted budget reduced General Fund tax revenues by \$746.3 million in FY 2022-23 and \$150.5 million in FY 2024-25.

Total General Fund tax revenues have increased in each of the past four biennia. Chart 1 displays General Fund tax revenues from FY 2014-2015 to FY 2022-23 and divides each between the three largest tax categories (income, sales, and corporate) and other tax revenues. Total FY 2016-17 revenues were \$2.2 billion, or 5.8 percent, higher than FY 2014-2015. Total FY 2018-19 revenues were \$3.5 billion, or 8.7 percent, more than FY 2016-17. Total FY 2020-21 revenues were \$1.3 billion, or 2.9 percent, more than FY 2018-19. Total FY 2022-23 revenues were \$3.2 billion, or 7.2 percent, higher than FY 2020-21.



FEDERAL CONFORMITY

Like many other states with an income tax, Minnesota conforms its tax code to a version of the federal tax code to streamline administration and ease the burden of compliance. As a result of this preference for federal conformity and a prior Minnesota Supreme Court ruling which requires state lawmakers to conform to the federal code through legislative action proactively, Minnesota lawmakers must routinely consider changes to the state's tax code prompted by federal action.

In this regard, the task of the Legislature in 2021 was unique based on the number and scope of conforming changes under consideration. In response to the COVID-19 pandemic, Congress enacted a wide range of tax-related provisions beginning in March 2020, designed to support individuals, businesses, and the economy. Furthermore, the fixed-date reference to the Internal Revenue Code (IRC) in Minnesota statutes was last updated to December 31, 2018, which meant that other federal tax policy changes made before the start of the pandemic had not yet been adopted. Altogether, these acts included:

- the Taxpayer Certainty and Disaster Tax Relief Act of 2019;
- the Families First Coronavirus Response Act;
- the Coronavirus Aid, Relief, and Economic Security (CARES) Act;
- the Setting Every Community Up for Retirement Enhancement Act;
- the Taxpayer Certainty and Disaster Tax Relief Act of 2020;
- the COVID-Related Tax Relief Act; and
- the American Rescue Plan Act (ARPA) of 2021.

Chapter 14 conformed to selected statutory references to the IRC as amended through March 31, 2021. In total, Chapter 14 conformity reduced estimated General Fund revenues by \$669.7 million in FY 2022-23 and \$44.9 million in FY 2024-25, compared to the February 2021 forecast.

The most significant component of conformity-related tax reductions in Chapter 14 was the tax treatment of forgiven paycheck protection program (PPP) loans. Federal lawmakers initially excluded forgiven loans from gross income and later also allowed taxpayers to deduct the expenses generated from loan amounts. Minnesota fully conformed to this treatment of forgiven PPP loans for individual and corporate franchise taxpayers.

According to the United States Small Business Administration's final report issued on May 31, 2021, 228,740 loans totaling \$16.6 billion were approved for Minnesota borrowers in 2020 and 2021. Complete conformity to the federal tax treatment of PPP loans is expected to reduce General Fund revenues by \$409 million in FY 2022-23 and by \$45.7 million in FY 2024-25. \$375 million, or 91.6 percent, of the fiscal effects for the FY 2022-23 biennium will occur in FY 2022, resulting from forgiven loans for tax years 2020 and 2021. In addition, the policy will have a trailing effect on future fiscal years because, under existing law, businesses without taxable income in 2020 and 2021 are allowed to carry forward the deductions as net operating losses to offset future taxable income.

The second largest conformity change enacted in Chapter 14 was the exclusion of federal unemployment insurance compensation from gross income. The law allows taxpayers with modified adjusted gross income of less than \$150,000 to

STATE REVENUES

exclude up to \$10,200 of compensation paid in 2020. The change reduced estimated General Fund revenues by \$234.8 million in FY 2022.

INDIVIDUAL INCOME TAX

In addition to the conformity changes described earlier, Chapter 14 enacted tax policy changes estimated to reduce individual income tax revenues credited to the General Fund by \$29.5 million in FY 2022-23 and \$39.2 million in FY 2024-25.

Significant policy changes included:

- a one-time allocation in tax year 2022 to the small business investment credit (often called the “angel investment credit”), estimated to reduce General Fund revenues by \$5 million in FY 2023;
- a decrease to the minimum age required to qualify for the working family credit, estimated to reduce General Fund revenues by \$8.7 million in FY 2022-23;
- the establishment of a non-refundable tax credit to promote film production in Minnesota for tax years 2021 through 2024, estimated to reduce General Fund revenues by \$9.9 million in FY 2022-23; and
- the establishment of a non-refundable housing tax credit for the promotion of affordable housing development beginning in tax year 2024 through tax year 2028, estimated to reduce revenues by \$19.8 million in FY 2024-25.

CORPORATE FRANCHISE TAX

Chapter 14 enacted corporate franchise tax policy changes that were estimated to reduce General Fund revenues by \$13.6 million in

FY 2022-23 and \$13.2 million in FY 2024-25. Most of this reduction resulted from a one-year extension to the historic structure rehabilitation credit, which was set to expire after FY 2021. Because the credit is payable over five years, the one-year extension will reduce General Fund revenues through FY 2026.

GENERAL SALES AND USE TAX

Chapter 14 enacted several exemptions to the general sales and use tax that were estimated to reduce General Fund revenues by \$22.9 million in FY 2022-23 and \$13 million in FY 2024-25. The largest exemption was from the sales tax for materials used in the construction of public safety facilities. This exemption, effective beginning with materials purchased after July 1, 2021, reduced estimated General Fund revenues by \$6.1 million in FY 2022-23 and \$8.7 million in FY 2024-25. Another significant policy change was the repeal of the requirement for vendors of construction materials to make accelerated payments for June sales tax liabilities. This change was estimated to reduce revenues to the General Fund by \$12.1 million in FY 2022, with residual revenue reductions of \$500,000 in FY 2023 and later.

STATEWIDE PROPERTY TAX

Chapter 14 reduced General Fund revenue from the statewide property tax by \$10.7 million in FY 2022-23 and \$40.2 million in FY 2024-25. Almost the entirety of this reduction resulted from increasing the commercial-industrial market value exclusion by \$50,000 (to \$150,000) and reducing the statewide levy amount proportionally to prevent tax burdens from shifting to other property types.

STATE REVENUES

Table 1 - State Revenues All Funds Biennial Revenue, by Type and Fund <i>(dollars in thousands)</i>					
Total Revenues by Type	FY 2020-21 Revenues*	FY 2022-23 Forecast Base	FY 2022-23 Enacted Budget	Change: Enacted - FY 2020-21	Change: Enacted - Fcst. Base
General Fund					
Individual Income Taxes	24,663,829	27,232,500	26,741,700	2,077,871	(490,800)
Sales and Use Taxes	11,518,737	12,755,267	12,728,403	1,209,666	(26,864)
Corporate Franchise Taxes	3,311,615	3,302,967	3,080,967	(230,648)	(222,000)
Statewide Property Tax	1,558,344	1,541,366	1,530,696	(27,648)	(10,670)
Tobacco Products Taxes	1,167,551	1,163,610	1,163,610	(3,941)	-
Gross Earnings Taxes	860,616	939,336	939,336	78,720	-
Estate Taxes	325,038	344,500	344,500	19,462	-
Alcoholic Beverage Taxes	194,879	204,480	204,480	9,601	-
Gambling Taxes	173,778	239,068	239,068	65,290	-
All Other Taxes	1,348,139	1,387,052	1,387,052	38,913	-
All Other Non-Tax Revenues	1,670,568	1,453,381	1,482,512	(188,056)	29,131
Subtotal for General Fund	46,793,094	50,563,527	49,842,324	3,049,230	(721,203)
Other Funds					
Federal Fund	27,695,494	30,705,784	36,045,959	8,350,465	5,340,175
Highway User Tax Distribution Fund	4,804,262	5,192,795	5,192,795	388,533	-
Special Revenue Fund	3,240,841	3,196,335	3,200,975	(39,866)	4,640
Health Care Access Fund	1,656,865	1,740,819	1,741,002	84,137	183
State Fiscal Recovery Fund	-	-	1,416,647	1,416,647	1,416,647
Trunk Highway Fund	1,059,013	1,242,045	1,364,096	305,083	122,051
Transit Assistance Fund	739,190	823,794	823,794	84,604	-
Federal TANF Fund	844,485	522,052	522,052	(322,433)	-
All Other Funds	6,379,457	2,599,491	2,604,067	(3,775,390)	4,576
Subtotal for Other Funds	46,419,607	46,023,115	52,911,387	6,491,780	6,888,272
Total State Revenues, All Funds	93,212,701	96,586,642	102,753,711	9,541,010	6,167,069

* As adjusted by FY 2021 changes enacted during the 2021 sessions.

STATE REVENUES

OTHER ITEMS

Chapter 14 included two changes to the statutory allocations of positive unrestricted budgetary balances. First, if an economic forecast estimates a positive unrestricted budgetary balance in the General Fund at the close of any biennium, Chapter 14 requires the Commissioner of Management and Budget to allocate any initial positive balances to the budget reserve until the reserve reaches \$2.4 billion. Second, Chapter

14 included the additional requirement that available balances be used to reduce the June accelerated payment percentage until the requirement is fully eliminated. In total, the budget reserve allocation and the June accelerated payment elimination provisions are estimated to reduce budgetary balances reported in future forecasts by \$884 million (\$591.4 million to the budget reserve and \$292.6 million to the June accelerated payment provision).

Table 2 - State Revenues						
General Fund Changes Compared to Forecast						
<i>(dollars in thousands)</i>						
	FY 2022	FY 2023	FY 2022-23	FY 2024	FY 2025	FY 2024-25
Federal Conformity Changes by Tax Type						
Individual Income Tax Changes						
PPP Loan Exclusion, 100% Exclusion from Gross Income	(191,500)	(18,200)	(209,700)	(14,400)	(9,900)	(24,300)
Exclusion of Discharge of Indebtedness on Qualified Principal Residence	(6,700)	-	(6,700)	-	-	-
Exclusion of EIDL Loan Advances and Repayments from Gross Income	(3,500)	(400)	(3,900)	(200)	(200)	(400)
Exclusion of Small Business Assistance (SBA) Loan from Gross Income	(1,500)	(100)	(1,600)	(100)	(100)	(200)
Federal Conformity Exclusion: Unemployment Benefits up to \$10,200, \$150,000 AGI Limitation	(234,800)	-	(234,800)	-	-	-
Other	(7,205)	2,585	(4,620)	595	285	880
Total:	(445,205)	(16,115)	(461,320)	(14,105)	(9,915)	(24,020)

STATE REVENUES

	FY 2022	FY 2023	FY 2022-23	FY 2024	FY 2025	FY 2024-25
Corporate Franchise Tax Changes						
PPP Loan Exclusion, 100% Exclusion from Gross Income	(183,500)	(15,900)	(199,400)	(12,200)	(9,200)	(21,400)
Exclusion of Discharge of Indebtedness on Qualified Principal Residence	(3,400)	(300)	(3,700)	(200)	(200)	(400)
Exclusion of EIDL Loan Advances and Repayments from Gross Income	(1,500)	(100)	(1,600)	(100)	(100)	(200)
Other	(4,420)	720	(3,700)	590	570	1,160
Total:	(192,820)	(15,580)	(208,400)	(11,910)	(8,930)	(20,840)
<u>Other Tax Policy Changes by Tax Type</u>						
Individual Income Tax Changes						
Working Family Credit, Lower Minimum Age of Eligibility for Certain Taxpayers	(4,300)	(4,400)	(8,700)	(4,500)	(4,500)	(9,000)
Small Business Investor (Angel) Credit Extended (TY22/FY23 Only)	-	(5,000)	(5,000)	-	-	-
Film Production Non-Refundable Tax Credit Established, Capped Allocation	(4,950)	(4,950)	(9,900)	(4,950)	(4,950)	(9,900)
Housing Tax Credit Established (85% Credit Rate)	-	-	-	(9,900)	(9,900)	(19,800)
Other	(4,930)	(930)	(5,860)	(220)	(320)	(540)
Total:	(14,180)	(15,280)	(29,460)	(19,570)	(19,670)	(39,240)
Corporate Franchise Tax Changes						
Historic Rehabilitation Credit Extended by One Year	(5,600)	(7,000)	(12,600)	(7,000)	(7,000)	(14,000)
Other	(1,400)	400	(1,000)	400	400	800
Total:	(7,000)	(6,600)	(13,600)	(6,600)	(6,600)	(13,200)

STATE REVENUES

	FY 2022	FY 2023	FY 2022-23	FY 2024	FY 2025	FY 2024-25
Sales Tax Changes						
Exemption for Collegiate Preferred Seating	(880)	(890)	(1,770)	(900)	(910)	(1,810)
Exemptions for Construction Materials for Public Safety Facilities	(2,690)	(4,140)	(6,830)	(4,290)	(4,440)	(8,730)
Exemptions for Construction Materials for Fire-related Reconstruction (Melrose & Alexandria)	(170)	(180)	(350)	-	-	-
Exempt Certain Construction Material Vendors from Accelerated June Payment Requirement	(12,100)	(500)	(12,600)	(500)	(500)	(1,000)
Other	(640)	(670)	(1,310)	(690)	(720)	(1,410)
Total:	(16,480)	(6,380)	(22,860)	(6,380)	(6,570)	(12,950)
Statewide Property Tax Changes						
Increase MV Exclusion \$150,000; Decrease Levy to Prevent Shifting	-	(10,650)	(10,650)	(20,100)	(20,100)	(40,200)
Other	(20)	-	(20)	-	-	-
Total:	(20)	(10,650)	(10,670)	(20,100)	(20,100)	(40,200)
Total General Fund Tax Revenue Changes	(675,705)	(70,605)	(746,310)	(78,665)	(71,785)	(150,450)
Non-Tax Revenue Changes						
Miscellaneous Changes	11,052	14,055	25,107	13,528	13,378	26,906
Total General Fund Changes	(664,653)	(56,550)	(721,203)	(65,137)	(58,407)	(123,544)

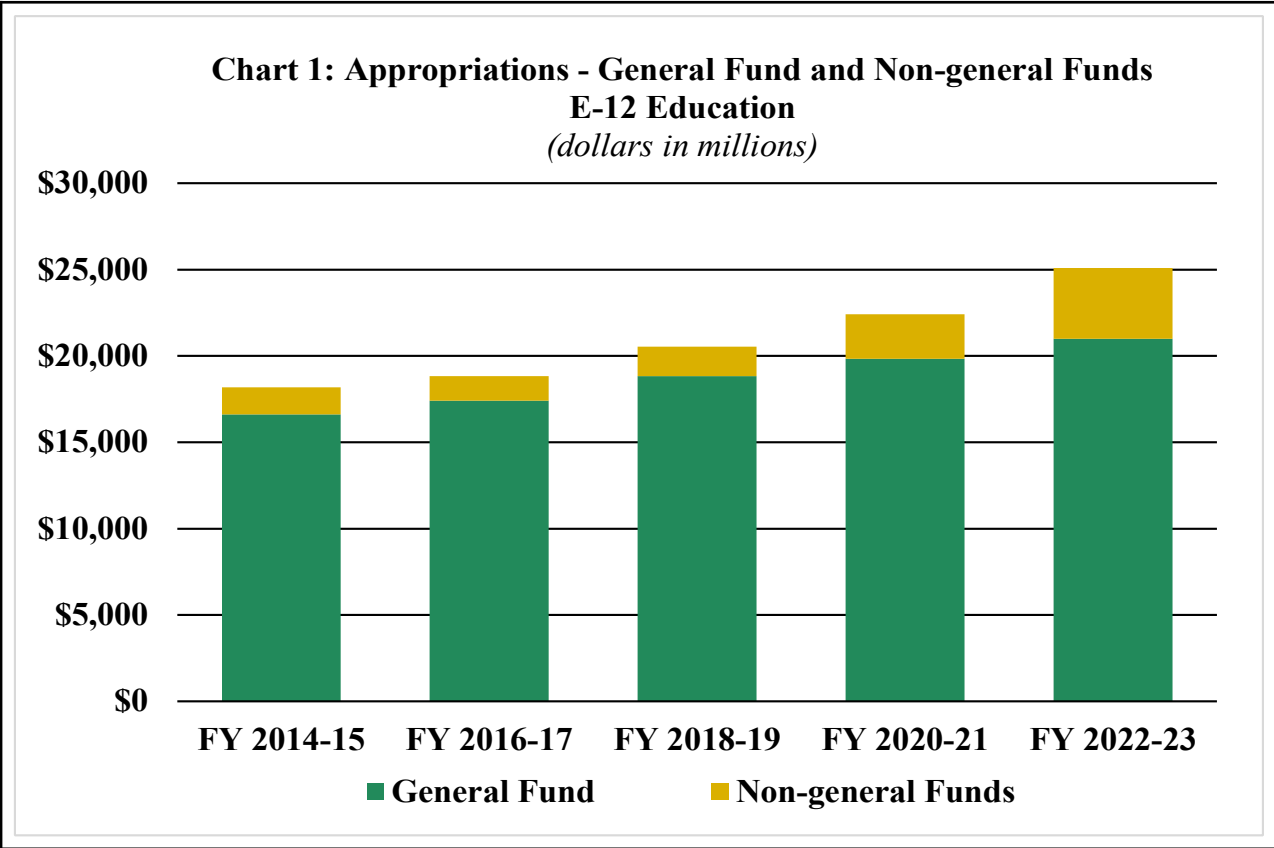
**CHAPTER 3
E-12 EDUCATION**

The E-12 Education budget included appropriations for early childhood programs, elementary and secondary schools, extended day programs, adult education programs, community education programs, and libraries. For FY 2022-23, appropriations totaled \$25.1 billion, of which \$21 billion, or 83.7 percent, was from the General Fund. E-12 Education comprises 40.1 percent of total General Fund appropriations and is forecasted to be the largest General Fund spending area in FY 2022-23.

The changes discussed in this chapter were enacted in [2021 First Special Session](#),

[Chapter 13](#), the Omnibus Education Act, which provided most education finance provisions for FY 2022-23.

Total E-12 Education appropriations from all funds increased in each of the past four biennia. Chart 1 displays E-12 Education appropriations since FY 2014-15 and divides each biennium between the General Fund and the non-general funds. The enacted all funds budget in FY 2022-23 totaled \$25.1 billion, an increase of \$563.2 million, or 2.3 percent, more than the February 2021 forecast, and an increase of \$2.7 billion, or 11.9 percent, more than FY 2020-21 appropriations. The all



E-12 EDUCATION

funds appropriation increase of \$2.7 billion included \$1.7 billion of federal funding to address the COVID-19 pandemic. (For additional information see the [Federal COVID-19 Funding for E-12 Education Fiscal Issue Brief](#).)

The FY 2020-21 all funds appropriations totaled \$22.4 billion, an increase of \$1.9 billion, or 9.2 percent, more than FY 2018-19. The FY 2018-19 all funds appropriations totaled \$20.5 billion, an increase of \$1.7 billion, or nine percent, more than FY 2016-17. The FY 2016-17 all funds appropriations totaled \$18.8 billion, an increase of \$640.7 million, or 3.5 percent, more than FY 2014-15.

The General Fund budget in FY 2022-23 totaled \$21 billion, an increase of \$557.8 million, or 2.7 percent, more than the February 2021 forecast, and an increase of \$1.1 billion, or 5.8 percent, more than FY 2020-21 appropriations. The FY 2020-21 General Fund appropriations totaled \$19.8 billion, an increase of \$1 billion, or 5.3 percent, more than FY 2018-19. The FY 2018-19 General Fund appropriations totaled \$18.8 billion, an increase of \$1.4 billion, or 8.2 percent, more than FY 2016-17. The FY 2016-17 General Fund appropriations totaled \$17.4 billion, an increase of \$790.5 million, or 4.8 percent, above FY 2014-15. (See Appendix D for additional information.)

Table 1 - E-12 Education All Funds Biennial Spending/Appropriations, by Agency and Fund <i>(dollars in thousands)</i>					
Agency/Fund	FY 2020-21 Spending*	FY 2022-23 Forecast Base	FY 2022-23 Enacted Budget	Change: Enacted - FY 2020-21	Change: Enacted - Fest. Base
Department of Education					
General Fund	19,787,486	20,378,097	20,929,523	1,142,037	551,426
Special Revenue Fund**	161,729	157,777	157,777	(3,952)	-
Endowment and Permanent School Fund	78,325	83,661	83,661	5,336	-
Gift Fund	231	209	209	(22)	-
Federal Fund	2,075,318	3,783,183	3,783,183	1,707,865	-
State Fiscal Recovery Fund	-	67,864	67,864	67,864	-
Expenses in Multiple Funds	(12,429)	(12,428)	(12,428)	1	-
<u>Coronavirus Relief Federal Fund</u>	<u>259,883</u>	=	=	<u>(259,883)</u>	=
Subtotal for Department of Education	22,350,542	24,458,363	25,009,789	2,659,247	551,426
<i>Environment Trust/Legacy Funds</i>					
<u>Arts and Cultural Heritage Fund</u>	<u>5,200</u>	=	<u>5,420</u>	<u>220</u>	<u>5,420</u>
<i>Subtotal Env Trust/Legacy Funds</i>	<u>5,200</u>	-	<u>5,420</u>	<u>220</u>	<u>5,420</u>
Total Department of Education	22,355,742	24,458,363	25,015,209	2,659,467	556,846

E-12 EDUCATION

Agency/Fund	FY 2020-21 Spending*	FY 2022-23 Forecast Base	FY 2022-23 Enacted Budget	Change: Enacted - FY 2020-21	Change: Enacted - Fest. Base
Perpich Center for Arts Education					
General Fund	14,575	14,582	14,933	358	351
Special Revenue Fund	639	716	716	77	-
Gift Fund	2	10	10	8	-
Federal Fund	122	45	45	(77)	-
Total Perpich Center for Arts Education	15,337	15,353	15,704	367	351
State Academies					
General Fund	27,533	27,595	28,373	840	778
Special Revenue Fund	7,798	8,845	8,845	1,047	-
Endowment Fund	3	-	-	(3)	-
Gift Fund	146	52	52	(94)	-
Federal Fund	608	517	517	(91)	-
Total State Academies	36,088	37,009	37,787	1,699	778
Professional Educator Licensing & Standards Board					
General Fund	9,111	8,930	14,131	5,020	5,201
Special Revenue Fund	523	428	428	(95)	-
Total PELSB	9,634	9,358	14,559	4,925	5,201
Totals by Fund					
General Fund	19,838,705	20,429,204	20,986,960	1,148,255	557,756
Special Revenue Fund	170,688	167,766	167,766	(2,922)	-
Endowment and Permanent School Fund	78,325	83,661	83,661	5,336	-
Endowment Fund	3	-	-	(3)	-
State Fiscal Recovery Fund	-	67,864	67,864	67,864	-
Coronavirus Relief Federal Fund	259,883	-	-	(259,883)	-
Expenses in Multiple Funds	(12,429)	(12,428)	(12,428)	1	-
Gift Fund	379	271	271	(108)	-
Federal Fund	2,076,048	3,783,745	3,783,745	1,707,697	-
Subtotal for Non-Dedicated Funds	22,411,600	24,520,083	25,077,839	2,666,239	557,756

E-12 EDUCATION

Agency/Fund	FY 2020-21 Spending*	FY 2022-23 Forecast Base	FY 2022-23 Enacted Budget	Change: Enacted - FY 2020-21	Change: Enacted - Fcst. Base
<i>Environment Trust/Legacy Funds</i>					
<i>Arts & Cultural Heritage Fund</i>	5,200	-	5,420	220	5,420
<i>Subtotal Env Trust/Legacy Funds</i>	5,200	-	5,420	220	5,420
Total for Budget Area	22,416,800	24,520,083	25,083,259	2,666,459	563,176

*As adjusted by FY 2021 changes enacted during the 2021 sessions.

**Includes transfer of Early Learning Scholarship, Come Teach in Minnesota Hiring Bonus, and Grow Your Own appropriations from General Fund to Special Revenue Fund.

Basic Revenue

The basic revenue formula is the primary funding source for public schools. Basic revenue equals the formula allowance multiplied by a school district’s or charter school’s adjusted pupil units. Chapter 13 increased the formula allowance by 2.45 percent in FY 2022 (to \$6,728) and two percent in FY 2023 (to \$6,863). Basic revenue represents 62.2 percent of total E-12 General Fund appropriations for FY 2022-23.

The changes in the formula allowance increased the FY 2022-23 general education aid appropriations by \$457.4 million above the February 2021 forecast. The general education aid appropriation is the sum of numerous funding formulas, of which the largest component is basic revenue. Several of the other formulas within the general education aid appropriation are statutorily linked to the basic revenue formula allowance and grow whenever the basic formula allowance is increased. These programs are declining enrollment aid, compensatory aid, elementary sparsity aid, secondary sparsity aid, transportation sparsity aid, shared time aid, postsecondary enrollment options aid, private alternative program aid, and online learning aid. The general education aid appropriation increase

of \$457.4 million for FY 2022-23 included the increased state aid entitlements for these programs and was appropriated from the General Fund.

The value of the basic formula allowance also determines, in part, a district’s aid for four non-general-education aid programs. Nonpublic pupil aid, nonpublic pupil transportation aid, American Indian tribal contract aid, and early childhood family education revenue are also statutorily linked to the basic formula allowance. Therefore, the increases to the basic formula allowance increased FY 2022-23 General Fund appropriations for these linked programs by \$5.6 million above the February 2021 forecast. In total, the changes in the formula allowance increased the FY 2022-23 General Fund appropriations by \$462.9 million above the February 2021 forecast.

Early Childhood Education

Chapter 13 included a one-time appropriation of \$45.9 million from the General Fund for FY 2022-23 to extend funding for 4,000 prekindergarten seats for at-risk four-year-olds through the end of the biennium. The funding is distributed through the traditional education finance formulas. Funding provided in FY 2018-19 and FY 2020-21 was

also one-time and was scheduled to expire at the end of each respective biennium. (See page 28 of the [2017 Fiscal Review](#) and page 44 of the [2019 Fiscal Review](#).) Chapter 13 also modified the calculation of declining enrollment revenue and compensatory revenue for FY 2024 by excluding the 4,000 prekindergarten seats from the calculations to account for the program's scheduled expiration at the end of FY 2023.

Special Education

Chapter 13 provided a one-time appropriation of \$10.4 million from the General Fund for FY 2022 for additional special education cross-subsidy reduction aid. The term cross-subsidy refers to the difference between a district's special education expenditures and the district's special education revenues. Chapter 13 allocated the additional special education cross-subsidy reduction aid to school districts based on their initial cross-subsidy for FY 2021 in proportion to the statewide total cross-subsidy for FY 2021.

English Learner Cross-subsidy Reduction Aid

Chapter 13 appropriated \$4 million from the General Fund in FY 2022-23 for English learner cross-subsidy reduction aid. It increased English learner aid by \$2 million per year for FY 2022 through FY 2025. Chapter 13 allocated the aid to school districts and charter schools in proportion to their English learner and concentration revenue for the preceding fiscal year. Additionally, Chapter 13 required the English learner cross-subsidy reduction aid to be used for the same purposes as English learner revenue.

Grow Your Own

Chapter 13 modified the funding structure for the grow your own program by creating a grow your own program account in the Special Revenue Fund. In FY 2022-23, \$13 million for the program was transferred from the General Fund to the new account. Amounts in the account are statutorily appropriated to the Professional Educator Licensing and Standards Board (PELSB) and are available until spent. This provision allows districts or charter schools to use the grant funds for up to 60 months to provide tuition scholarships or stipends for teacher preparation programs to school employees or community members affiliated with the district, who are of color or American Indian and who are seeking a teaching license. PELSB may reallocate returned grant funds to additional qualifying districts or charter schools. The FY 2022-23 grow your own appropriation increased by \$10 million compared to the February 2021 forecast.

Come Teach in Minnesota Hiring Bonuses

Chapter 13 established the come teach in Minnesota hiring bonus program. The program allows a school district or charter school to seek reimbursement for offering certain hiring or retention bonuses for licensed out-of-state teachers of color or American Indian teachers to work in shortage areas. Chapter 13 also created the come teach in Minnesota hiring bonus program account in the Special Revenue Fund. In FY 2022-23, \$400,000 for the program was transferred from the General Fund to the new account. Amounts in the account are statutorily appropriated to the Minnesota Department of Education (MDE) and are available until spent. This provision allows MDE to reallocate returned hiring bonus funds to additional qualifying districts or schools.

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Table 2 - E-12 Education General Fund Changes Compared to Forecast <i>(dollars in thousands)</i>						
Appropriation Changes by Agency	FY 2022	FY 2023	FY 2022-23	FY 2024	FY 2025	FY 2024-25
Department of Education						
Basic Revenue Formula Allowance Increase	155,640	307,307	462,947	321,929	320,966	642,895
English Learner Cross-subsidy Reduction Aid	2,000	2,000	4,000	2,000	2,000	4,000
Maintain Existing Voluntary Prekindergarten Seats	19,052	26,840	45,892	2,714	-	2,714
Civic Education Grants	75	75	150	-	-	-
College Entrance Exam Reimbursement	(500)	(500)	(1,000)	(500)	(500)	(1,000)
Digital Well-being Grant	1,000	-	1,000	-	-	-
Girls in Action Grant	1,500	-	1,500	-	-	-
Minnesota Math Corps Program	500	500	1,000	-	-	-
Minnesota Youth Council	187	188	375	-	-	-
Museums and Education Centers	150	150	300	-	-	-
Sanneh Foundation	1,500	1,500	3,000	-	-	-
Statewide Testing and Reporting System	(1,200)	(1,200)	(2,400)	-	-	-
American Indian Teacher Preparation Grants	140	140	280	140	140	280
Black Men Teach Twin Cities Grant	750	-	750	-	-	-
Come Teach in Minnesota Hiring Bonuses	200	200	400	200	200	400
Come Teach in Minnesota Hiring Bonuses (General Fund Appropriation)	(200)	(200)	(400)	(200)	(200)	(400)
Come Teach in Minnesota Hiring Bonuses (Transfer to Special Revenue Fund)	200	200	400	200	200	400
Expanded Concurrent Enrollment Grants	125	125	250	125	125	250
Grow Your Own Grants	5,000	5,000	10,000	5,000	5,000	10,000
Grow Your Own Grants (General Fund Appropriation)	(6,500)	(6,500)	(13,000)	(6,500)	(6,500)	(13,000)
Grow Your Own Grants (Transfer to Special Revenue Fund)	6,500	6,500	13,000	6,500	6,500	13,000

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Appropriation Changes by Agency	FY 2022	FY 2023	FY 2022-23	FY 2024	FY 2025	FY 2024-25
Language Essentials for Teachers of Reading and Spelling (LETRS) Grant	3,000	-	3,000	-	-	-
Non-exclusionary Discipline Training Grants	1,750	-	1,750	-	-	-
MN Council on Economic Education	150	150	300	-	-	-
Special Education Cross-subsidy						
Reduction Aid	10,425	-	10,425	-	-	-
Suicide Prevention Teacher Training Grants	265	-	265	-	-	-
Dept of Education Litigation Fees	4,500	-	4,500	-	-	-
Operating Increase	1,406	1,336	2,742	1,336	1,336	2,672
FY 2021 Administrative Holdback*	(1,252)	-	(1,252)	-	-	-
FY 2021 Department of Education Litigation Fees*	(2,000)	-	(2,000)	-	-	-
Total Department of Education	204,363	343,811	548,174	332,944	329,267	662,211
Professional Educator Licensing & Standards Board						
Operating Increase	73	120	193	120	120	240
Teachers of Color - Mentoring and Retention Incentive Grants	2,254	2,254	4,508	2,254	2,254	4,508
Teacher Recruitment Marketing Campaign	250	250	500	250	250	500
Total Professional Educator Licensing & Standards Board	2,577	2,624	5,201	2,624	2,624	5,248
Minnesota State Academies						
Operating Increase	262	516	778	516	516	1,032
Perpich Center for Arts Education						
Operating Increase	118	233	351	233	233	466
Total General Fund Changes	207,320	347,184	554,504	336,317	332,640	668,957

* Amounts reflect cancellations of FY 2021 appropriations.

E-12 EDUCATION

Agency Budgets

Chapter 13 increased FY 2022-23 operating budget appropriations for MDE, the Minnesota State Academies for the Deaf and Blind, the Perpich Center for Arts Education, and PELSB. MDE’s General Fund appropriation for FY 2022-23 increased by \$7.9 million above the February 2021 forecast. Of that amount, \$4.5 million was for litigation fees (including \$2 million of reappropriated funds, as discussed below), \$2.7 million was for an operating increase, and \$680,000 was for administrative costs associated with extending funding for the 4,000 prekindergarten seats.

Chapter 13 increased the FY 2022-23 General Fund appropriation for the Minnesota State Academies by \$778,000 compared to the February 2021 forecast. Chapter 13 also increased the FY 2022-23 General Fund appropriation for the Perpich Center for Arts Education by \$351,000 compared to forecast. Finally, Chapter 13 increased the FY 2022-23

General Fund appropriation for PELSB by \$193,000 compared to forecast.

Cancelled and Reappropriated Funds

Chapter 13 cancelled \$1.3 million of administrative holdback funding from the FY 2021 MDE appropriation. In addition, \$2 million from the FY 2020-21 MDE appropriation for litigation fees, which was expected to go unspent, was cancelled and reappropriated for FY 2022-23. MDE is a defendant in two court cases related to the education clause of the Minnesota Constitution ([Article XIII, section 1](#)). MDE will use the reappropriated money to cover legal costs associated with the cases, such as legal services provided by the Attorney General’s office, discovery, mediation, and other litigation-related expenses. In total, \$3.3 million in FY 2020-21 appropriations were cancelled. Table 1 displays these cancellations as part of the FY 2022-23 column.

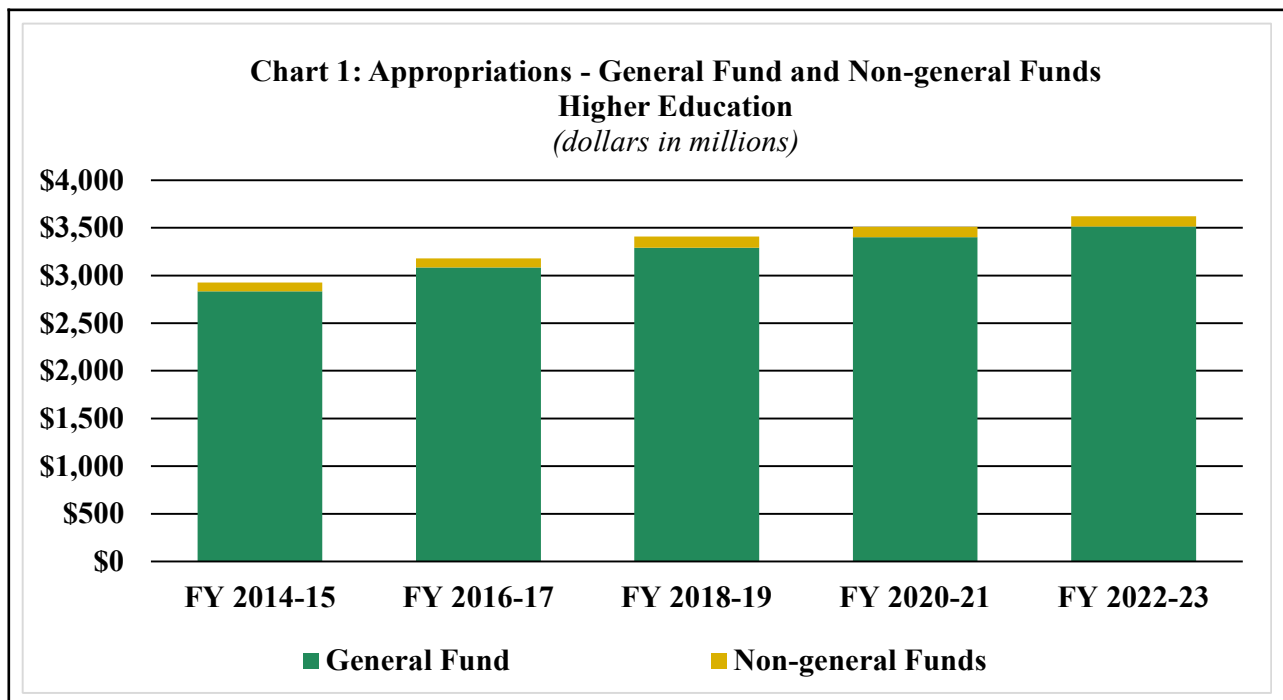
Table 3 - E-12 Education Revenue Changes Compared to Forecast (dollars in thousands)							
Revenue Changes by Agency	Fund	FY 2022	FY 2023	FY 2022-23	FY 2024	FY 2025	FY 2024-25
Department of Education							
Come Teach in Minnesota Hiring Bonuses (Transfer from General Fund)	Special Revenue	200	200	400	200	200	400
Grow Your Own Grants (Transfer from General Fund)	Special Revenue	6,500	6,500	13,000	6,500	6,500	13,000
Total Department of Education		6,700	6,700	13,400	6,700	6,700	13,400
Total Revenue Changes by Fund							
Special Revenue Fund		6,700	6,700	13,400	6,700	6,700	13,400
Total Revenue Changes for Budget Area		6,700	6,700	13,400	6,700	6,700	13,400

CHAPTER 4 HIGHER EDUCATION

Three chapters enacted the Higher Education budget for FY 2022-23. [2021 First Special Session, Chapter 2](#), the Omnibus Higher Education Act, appropriated funds to support the Office of Higher Education (OHE), Minnesota State Colleges and Universities (Minnesota State), the University of Minnesota (UMN), and the Mayo Clinic. [2021 First Special Session, Chapter 10](#), the Omnibus Jobs and Economic Growth Act, appropriated funds to Minnesota State. [2021 First Special Session, Chapter 4](#), the Omnibus Commerce, Climate, and Energy Act, appropriated funds to the University of Minnesota.

The Higher Education all funds appropriations increased in each of the past four biennia. Chart 1 displays Higher

Education appropriations since FY 2014-15 and divides each biennium between the General Fund and non-general funds. The enacted all funds budget in FY 2022-23 was \$3.6 billion, an increase of \$138.3 million, or four percent, more than the February 2021 forecast and an increase of \$110.5 million, or 3.1 percent, more than FY 2020-21. The FY 2020-21 all funds budget was \$3.5 billion, an increase of \$102 million, or three percent, more than FY 2018-19. The FY 2018-19 all funds appropriations totaled \$3.4 billion, which was \$228.1 million, or 7.2 percent, higher than FY 2016-17. The FY 2016-17 all funds appropriations totaled \$3.2 billion, which was \$255.3 million, or 8.7 percent, higher than FY 2014-15. (See Appendix D for additional information.)



HIGHER EDUCATION

Table 1 - Higher Education All Funds Biennial Spending/Appropriations, by Agency and Fund <i>(dollars in thousands)</i>					
Agency/Fund	FY 2020-21 Spending*	FY 2022-23 Forecast Base	FY 2022-23 Enacted Budget	Change: Enacted - FY 2020-21	Change: Enacted - Fest. Base
Office of Higher Education					
General Fund	533,677	535,546	545,971	12,294	10,425
Special Revenue Fund	17,476	14,393	14,393	(3,083)	-
Gift Fund	3	-	-	(3)	-
Expenses in Multiple Funds	(723)	(814)	(814)	(91)	-
State Fiscal Recovery Fund	-	1,125	1,125	1,125	-
Federal Fund	10,329	12,381	12,381	2,052	-
Total Office of Higher Education	560,762	562,631	573,056	12,294	10,425
Minnesota State					
<u>General Fund</u>	<u>1,524,338</u>	<u>1,525,068</u>	<u>1,581,883</u>	<u>57,545</u>	<u>56,815</u>
Subtotal for Minnesota State	1,524,338	1,525,068	1,581,883	57,545	56,815
<i>Environment Trust/Legacy Funds</i>					
<u>Env & Natural Resources Trust Fund</u>	<u>1,103</u>	=	<u>520</u>	<u>(583)</u>	<u>520</u>
Subtotal Env Trust/Legacy Funds	1,103	-	520	(583)	520
Total Minnesota State	1,525,441	1,525,068	1,582,403	56,962	57,335
University of Minnesota					
General Fund	1,341,072	1,342,812	1,381,312	40,240	38,500
Special Revenue Fund	44,729	44,732	44,732	3	-
Health Care Access Fund	4,314	4,314	4,314	-	-
Renewable Development Account	-	-	10,000	10,000	10,000
<u>Agricultural Fund</u>	=	=	=	=	=
Subtotal for University of MN	1,390,115	1,391,858	1,440,358	50,243	48,500
<i>Environment Trust/Legacy Funds</i>					
Env & Natural Resources Trust Fund	28,942	-	18,069	(10,873)	18,069
Clean Water Fund	2,000	-	3,968	1,968	3,968
<u>Arts and Cultural Heritage Fund</u>	<u>100</u>	=	=	<u>(100)</u>	=
Subtotal Env Trust/Legacy Funds	31,042	-	22,037	(9,005)	22,037
Total University of Minnesota	1,421,157	1,391,858	1,462,395	41,238	70,537

HIGHER EDUCATION

Agency/Fund	FY 2020-21 Spending*	FY 2022-23 Forecast Base	FY 2022-23 Enacted Budget	Change: Enacted - FY 2020-21	Change: Enacted - Fest. Base
Mayo Clinic					
General Fund	2,702	2,702	2,702	-	-
Total Mayo Clinic	2,702	2,702	2,702	-	-
Totals by Fund					
General Fund	3,401,789	3,406,128	3,511,868	110,079	105,740
Special Revenue Fund	62,206	59,125	59,125	(3,081)	-
Health Care Access Fund	4,314	4,314	4,314	-	-
Renewable Development Account	-	-	10,000	10,000	10,000
Agriculture Fund	-	-	-	-	-
Gift Fund	3	-	-	(3)	-
Expenses in Multiple Funds	(723)	(814)	(814)	(91)	-
State Fiscal Recovery Fund	-	1,125	1,125	1,125	-
<u>Federal Fund</u>	<u>10,329</u>	<u>12,381</u>	<u>12,381</u>	<u>2,052</u>	=
Subtotal for Non-Dedicated Funds	3,477,917	3,482,259	3,597,999	120,082	115,740
<i>Environment Trust/Legacy Funds</i>					
Env & Natural Resources Trust Fund	30,045	-	18,589	(11,456)	18,589
Clean Water Fund	2,000	-	3,968	1,968	3,968
<u>Arts and Cultural Heritage Fund</u>	<u>100</u>	=	=	<u>(100)</u>	=
<i>Subtotal Env Trust/Legacy Funds</i>	<i>32,145</i>	-	<i>22,557</i>	<i>(9,588)</i>	<i>22,557</i>
Total for Budget Area	3,510,062	3,482,259	3,620,556	110,494	138,297

* As adjusted by FY 2021 changes enacted during the 2021 sessions.

In FY 2022-23, General Fund appropriations to Higher Education were 97 percent of its all funds budget. General Fund appropriations in the enacted budget for FY 2022-23 increased \$105.7 million, or 3.1 percent, higher than the February 2021 forecast, and \$110.1 million, or 3.2 percent, higher than FY 2020-21. The FY 2020-21 General Fund appropriations were \$111.7 million, or 3.4 percent, greater than FY 2018-19; FY 2018-19 was \$205.2 million, or 6.7 percent, more than FY 2016-17; and FY 2016-17 was \$251.3 million, or 8.9 percent, more than FY 2014-15.

The Office of Higher Education's FY 2022-23 General Fund appropriation totaled \$546 million, an increase of \$10.4 million, or 1.9 percent, over the February 2021 forecast. The majority of OHE's increased appropriation was for the state grant program, which received a \$5.2 million increase in FY 2022-23. The state grant formula had two changes in the calculation of grant awards: a three percent reduction in the assigned family responsibility for all student types and an increase in the living and miscellaneous expense allowance from 106 percent to 109

HIGHER EDUCATION

percent of the federal poverty guidelines for a one-person household in Minnesota for nine months if no other allowance is specified in law.

Chapter 2 established several new initiatives in FY 2022-23 for OHE, including \$4 million for a grant program for students who are currently or were formerly in foster care, \$3 million for an aspiring teachers of color scholarship pilot program, \$2 million in grants to underrepresented teacher candidates, \$1 million for a direct admission pilot program, and \$307,000 to address food insecurity on campus.

Chapter 2 increased the operations and maintenance (O&M) appropriations for Minnesota State Colleges and Universities and for the University of Minnesota. In FY 2022-23, Minnesota State’s O&M increased by \$45 million while UMN’s O&M increased

by \$38 million, compared to the forecast. Chapter 2 established two new initiatives for Minnesota State in FY 2022-23: \$1.5 million in one-time funding for a mental health awareness program and \$1 million in one-time funding to support students’ basic needs. Minnesota State also received a one-time appropriation in Chapter 10 of \$400,000 in FY 2022 for a career and technical pilot project. Chapter 2 contained a \$500,000 increase to UMN in FY 2022-23 for the Natural Resources Research Institute. Chapter 4 appropriated \$10 million to UMN in FY 2022 from the renewable development account for an ammonia research and demonstration project at the University’s West Central Research and Outreach Center.

Chapter 2 also appropriated \$2.7 million in FY 2022-23 from the General Fund to the Mayo Clinic to support medical training.

Appropriation Changes by Agency	FY 2022	FY 2023	FY 2022-23	FY 2024	FY 2025	FY 2024-25
Office of Higher Education						
State Grant	2,600	2,600	5,200	2,600	2,600	5,200
Agency Administration	177	177	354	177	177	354
Interstate Tuition Reciprocity	(2,518)	(2,518)	(5,036)	(2,518)	(2,518)	(5,036)
Intervention for College Attendance Program	358	357	715	357	357	714
College Possible	50	50	100	50	50	100
Dual Training Competency Grants: DOLI	(200)	(200)	(400)	(200)	(200)	(400)
Emergency Assistance for Postsecondary Students	94	94	188	144	144	288

HIGHER EDUCATION

Appropriation Changes by Agency	FY 2022	FY 2023	FY 2022-23	FY 2024	FY 2025	FY 2024-25
Grants to Teaching Candidates	(750)	(750)	(1,500)	(750)	(750)	(1,500)
Grants to Underrepresented Teacher Candidates	1,000	1,000	2,000	1,125	1,125	2,250
Minnesota Independence Life College and Community	250	250	500	-	-	-
Hunger Free Campus Act	205	102	307	102	102	204
Fostering Independence HE Grants	238	3,759	3,997	3,761	3,761	7,522
Aspiring Teacher of Color Scholarships Pilot	1,500	1,500	3,000	-	-	-
Direct Admissions Minnesota	925	75	1,000	75	75	150
FY 2021 State Grant Changes	-	(5,000)	(5,000)	-	-	-
FY 2021 Administrative Holdback Cancellation*	-	(340)	(340)	-	-	-
Total Office of Higher Education	3,929	1,156	5,085	4,923	4,923	9,846
Minnesota State						
Central Offices and Shared Services	1,008	1,007	2,015	1,327	1,327	2,654
Operations and Maintenance	22,500	22,500	45,000	22,500	22,500	45,000
Supplemental Aid to Non-Metro Colleges	2,700	2,700	5,400	2,700	2,700	5,400
Workforce Development Scholarships	500	500	1,000	500	500	1,000
Z-Degree Textbook Program	250	250	500	50	50	100
Mental Health Awareness Program	1,500	-	1,500	-	-	-
Supporting Students' Basic Needs	1,000	-	1,000	-	-	-
Career and Technical Educator Pilot Project	400	-	400	-	-	-
Total Minnesota State	29,858	26,957	56,815	27,077	27,077	54,154
University of Minnesota						
Operations and Maintenance	19,000	19,000	38,000	18,000	18,000	36,000
System Special: Natural Resources Research Institute	250	250	500	-	-	-
Total University of Minnesota	19,250	19,250	38,500	18,000	18,000	36,000
Total General Fund Changes	53,037	47,363	100,400	50,000	50,000	100,000

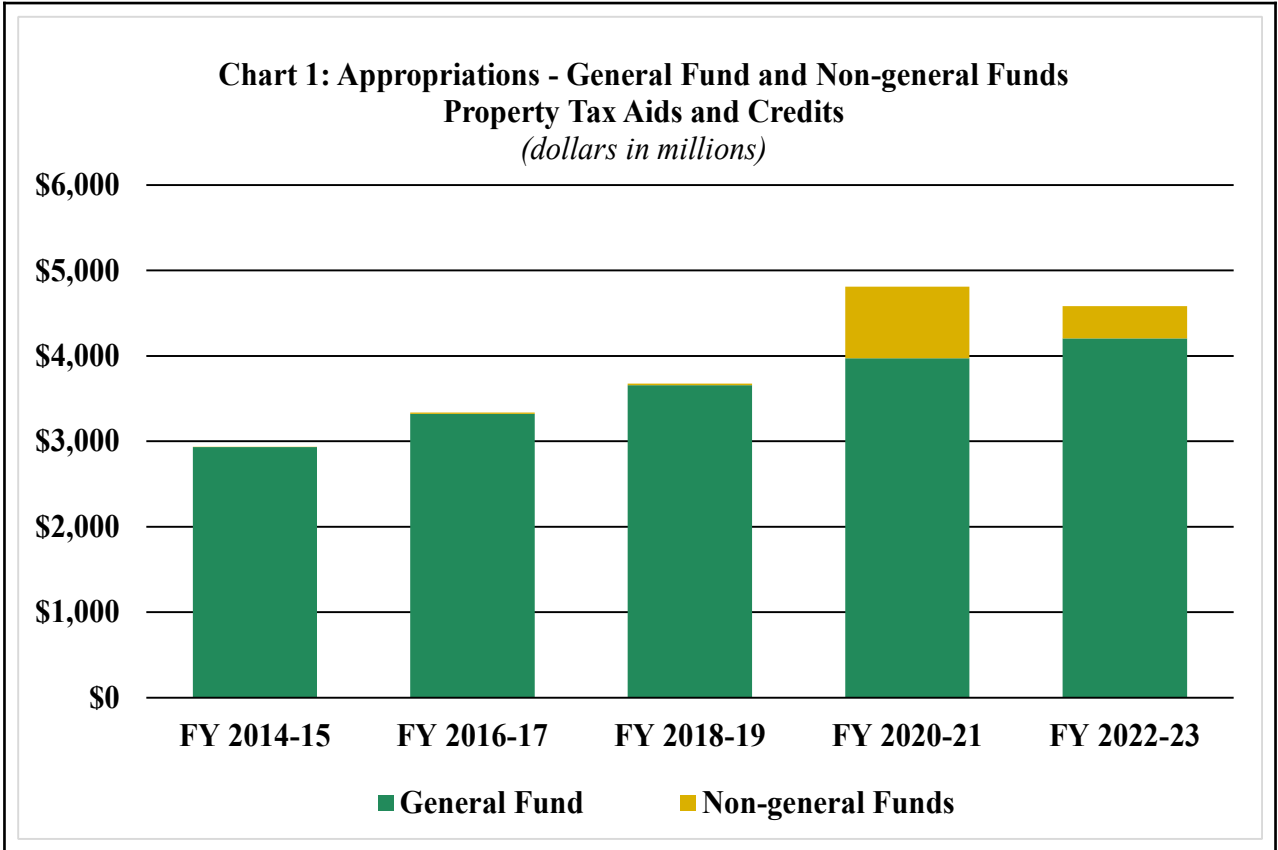
* Amounts reflect cancellations of FY 2021 appropriations.

**CHAPTER 5
PROPERTY TAX AIDS AND CREDITS**

[2021 First Special Session, Chapter 14](#), the Omnibus Tax Act, increased General Fund appropriations for Property Tax Aids and Credits in FY 2022-23 by \$40.2 million, or one percent, above the February 2021 forecast, and in FY 2024-25 by \$51.8 million, or 1.2 percent, above forecast. Most of the increase in FY 2022-23 consisted of one-time appropriations. The establishment of a new aid program for homelessness prevention represented much of the increase for FY 2024-25. Total appropriations for Property Tax Aids and Credits from all funds were \$4.2 billion for FY 2022-23, an increase of

\$231.3 million, or 5.8 percent, more than FY 2020-21.

Property Tax Aids and Credits all funds appropriations increased in three of the past four biennia. Chart 1 displays Property Tax Aids and Credits appropriations since FY 2014-15 and divides each biennium between the General Fund and the non-general funds. The enacted all funds budget in FY 2022-23 totaled \$4.6 billion, an increase of \$40.2 million, or 0.9 percent, more than the February 2021 forecast, and a decrease of \$228.3 million, or 4.7 percent, less than FY 2020-21 appropriations. The FY 2020-21 all



PROPERTY TAX AIDS AND CREDITS

funds appropriations totaled \$4.8 billion, an increase of \$1.1 billion, or 30.9 percent, more than FY 2018-19. The FY 2018-19 all funds appropriations totaled \$3.7 billion, an increase of \$338.7 million, or 10.2 percent, above FY 2016-17. The FY 2016-17 all funds appropriations totaled \$3.3 billion, an increase of \$401 million, or 13.7 percent, above FY 2014-15.

The General Fund budget in FY 2022-23 totaled \$4.2 billion, an increase of \$40.2 million, or one percent, more than the February 2021 forecast, and an increase of \$110.1 million, or 5.8 percent, more than FY 2020-21 appropriations. The FY 2020-21 General Fund appropriations totaled \$4 billion, an increase of \$315.3 million, or 8.6 percent, more than FY 2018-19. The FY 2018-19 General Fund appropriations totaled \$3.7 billion, an increase of \$336.6 million, or 10.1 percent, more than FY 2016-17. The FY 2016-17 General Fund appropriations totaled \$3.3 billion, an increase of \$388 million, or 13.2 percent, above FY 2014-15. (See Appendix D for additional information.)

Property Tax Refunds

Chapter 14 modified the calculation of the homestead credit refund and the renter's property tax refund by excluding veterans disability compensation from the definition of "household income." By excluding this form of income from the calculation, taxpayers with this type of income could receive a larger refund or newly qualify for a refund. The change is effective beginning with rent paid in 2021 and property taxes payable in 2022. These changes increased property tax refunds from the General Fund by \$4.7 million in FY 2023 and \$9.7 million in FY 2024-25.

Chapter 14 also increased property tax refunds indirectly by modifying the

calculation of net tax capacity for class 4d property (qualifying low-income rental housing). The law decreased the per-unit value threshold at which these units qualify for a lower tax rate and suspended the annual indexing of this threshold for two years. Under prior law, in assessment year 2021, class 4d units were taxed at a first-tier rate of 0.75 percent for market value up to \$174,000 and a second-tier rate of 0.25 percent for the remaining market value. Chapter 14 reduced the tier threshold to \$100,000 for assessment years 2022 and 2023. Beginning with assessment year 2024, this threshold will again be annually adjusted for inflation. The change results in lower class 4d net tax capacity, thereby shifting property tax burden to other types of property and increasing property tax refunds paid by the state. Property tax refunds from the General Fund are estimated to increase by \$530,000 beginning in FY 2024 and by \$630,000 in FY 2025 due to this change.

Local Aids

Chapter 14 established an annual General Fund appropriation of \$20 million beginning in FY 2024 through FY 2029 for homelessness prevention aid to counties. Aid for each county is calculated based on population and on the county's proportional share of students experiencing homelessness. Counties must use the proceeds to fund new or existing family homeless prevention and assistance projects or programs.

Chapter 14 also provided a one-time appropriation of \$5.1 million from the General Fund in FY 2023 for a supplemental aid payment to 96 cities. Supplemental aid for a qualifying city is equal to the reduction in LGA that was paid to the city between 2021 and 2022.

PROPERTY TAX AIDS AND CREDITS

Table 1 - Property Tax Aids and Credits All Funds Biennial Spending/Appropriations, by Fund <i>(dollars in thousands)</i>					
Fund/Program	FY 2020-21 Spending*	FY 2022-23 Forecast Base	FY 2022-23 Enacted Budget	Change: Enacted - FY 2020-21	Change: Enacted - Fcst. Base
General Fund					
Property Tax Refunds	1,616,466	1,724,390	1,729,190	112,724	4,800
Local Government Aid	1,018,490	1,128,796	1,128,796	110,306	-
County Program Aid	494,174	529,411	529,411	35,237	-
Police & Fire State Aid	228,368	248,110	248,110	19,742	-
School Building Bond Agricultural Credit	92,994	130,768	130,768	37,774	-
Payments in Lieu of Taxes	72,030	72,855	72,863	833	8
Agricultural Homestead Credit	74,441	71,009	71,009	(3,432)	-
Other Spending	376,160	258,842	294,264	(81,896)	35,422
Subtotal for General Fund	3,973,123	4,164,181	4,204,411	231,288	40,230
Other Funds					
Federal Fund	-	-	376,932	376,932	376,932
Special Revenue Fund	601	603	603	2	-
Health Care Access Fund	396	273	273	(123)	-
Highway User Tax Distribution Fund	50	60	60	10	-
Environmental Fund	1	2	2	1	-
Coronavirus Relief Federal Fund	836,390	-	-	(836,390)	-
Subtotal for Other Funds	837,438	938	377,870	(459,568)	376,932
Total Changes, All Funds	4,810,561	4,165,119	4,582,281	(228,280)	417,162

* As adjusted by FY 2021 changes enacted during the 2021 sessions.

Other Appropriations

Chapter 14 included a one-time appropriation of \$29.4 million from the General Fund in FY 2022 for grants to 13 counties to pay refund amounts owed by the counties and other taxing districts within those counties as the result of final judgment issued in an appeal of

state-valued pipeline property. The grants were allocated as follows:

- \$91,781 to Aitkin County;
- \$2.2 million to Beltrami County;
- \$2.6 million to Carlton County;
- \$2.6 million to Cass County;

PROPERTY TAX AIDS AND CREDITS

- \$3.7 million to Clearwater County;
- \$549,582 to Hubbard County;
- \$5.6 million to Itasca County;
- \$1.2 million to Kittson County;
- \$2.4 million to Marshall County;
- \$2.6 million to Pennington County;
- \$1.2 million to Polk County;
- \$1.9 million to Red Lake County; and
- \$2.8 million to Saint Louis County.

The amounts were determined based on refunds for assessment years 2012 through 2018. The enacted law also included a requirement that the Commissioner of Revenue review the process by which utility and pipeline properties are valued.

Finally, Chapter 14 included one-time appropriations from the General Fund in FY 2022 for grants to three cities: \$644,000 to the city of Melrose and \$120,000 to the city of Alexandria for fire remediation and \$250,000 to the city of Floodwood for street and infrastructure projects.

Table 2 - Property Tax Aids and Credits General Fund Changes Compared to Forecast <i>(dollars in thousands)</i>						
Appropriation Changes	FY 2022	FY 2023	FY 2022-23	FY 2024	FY 2025	FY 2024-25
Department of Revenue						
Exclude Veterans Benefits for Purposes of Calculating Property Tax Refund	-	4,700	4,700	4,800	4,900	9,700
Property Tax Settlement Refunds to Counties	29,355	-	29,355	-	-	-
Supplemental One-time LGA Payment	-	5,053	5,053	-	-	-
Homelessness Prevention Aid Established	-	-	-	20,000	20,000	40,000
FY 2021 Small Business Assistance to Restaurants and Bars	(18,265)	-	(18,265)	-	-	-
Other Changes	1,014	108	1,122	778	1,348	2,126
Total General Fund Changes	12,104	9,861	21,965	25,578	26,248	51,826

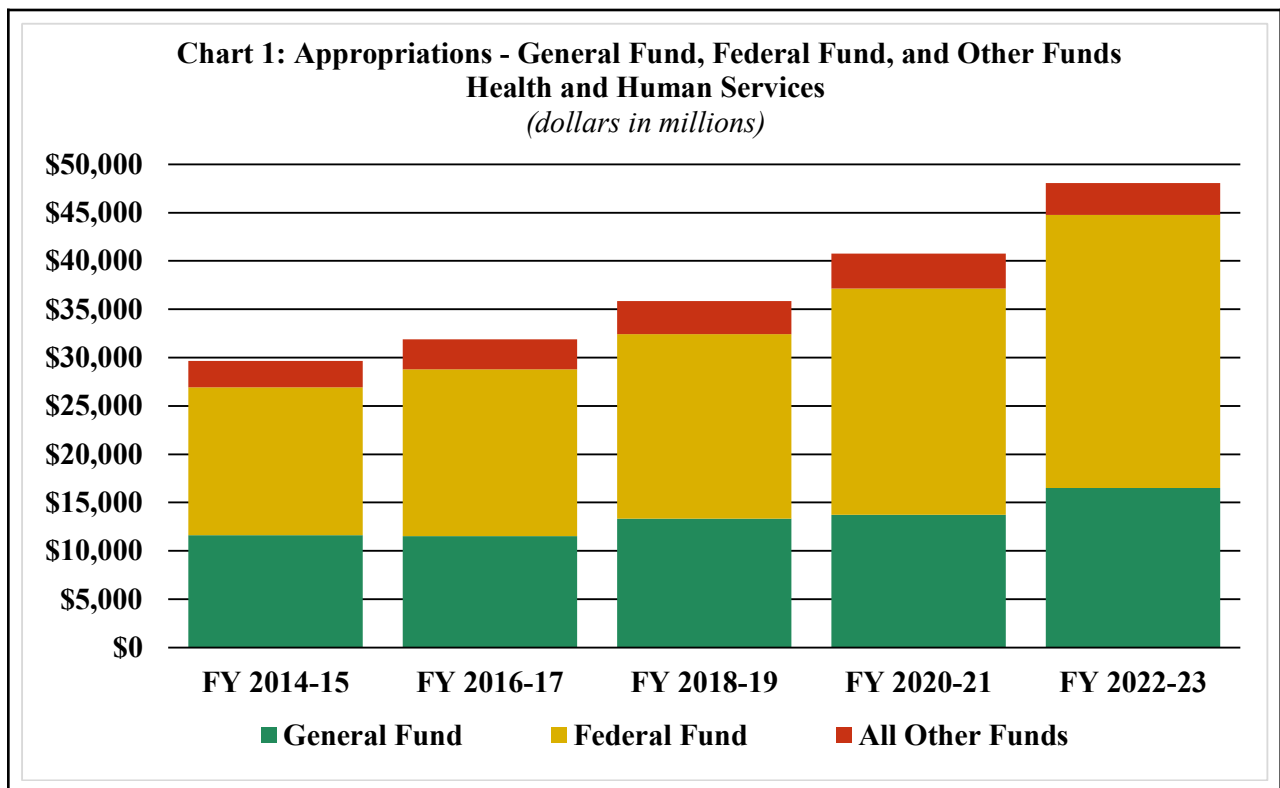
CHAPTER 6 HEALTH AND HUMAN SERVICES

The Health and Human Services (HHS) budget for FY 2022-23 was enacted in [2021 First Special Session, Chapter 7](#). Chapter 7 established the operating budgets for the Department of Human Services (DHS), the Department of Health (MDH), the health-related licensing boards, the Emergency Medical Services Regulatory Board, the Council on Disabilities, the Ombudsman for Mental Health and Developmental Disabilities, the Ombudsperson for Families, and MNsure. In addition, Chapter 7 created a new state agency, the Ombudsperson for American Indian Families, and established its operating budget.

APPROPRIATIONS SUMMARY

All Funds Biennial Changes

The HHS all funds appropriations increased in each of the past four biennia. Chart 1 displays HHS appropriations since FY 2014-15 and divides each biennium between the General Fund, Federal Fund, and all other funds. The enacted all funds budget in FY 2022-23 totaled \$48.1 billion, an increase of \$671.7 million, or 1.4 percent, more than the February 2021 forecast, and an increase of \$7.3 billion, or 17.9 percent, more than FY 2020-21. The all funds appropriations in FY 2020-21 totaled \$40.8 billion, an increase of \$4.9 billion, or 13.7 percent, more than FY



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2018-19 appropriations. The FY 2018-19 all funds appropriations totaled \$35.9 billion, an increase of \$4 billion, or 12.4 percent, more than FY 2016-17. The FY 2016-17 all funds appropriations totaled \$31.9 billion, an increase of \$2.2 billion, or 7.5 percent, above FY 2014-15.

The \$28.3 billion appropriated from the Federal Fund in FY 2022-23 was 58.8 percent of the HHS all funds budget, compared to \$23.4 billion, or 57.4 percent, in FY 2020-21.

General Fund Biennial Changes

General Fund appropriations in FY 2022-23 totaled \$16.5 billion, an increase of \$253.8 million, or 1.6 percent, more than the February 2021 forecast and an increase of \$2.7 billion, or 20 percent, more than FY 2020-21. In FY 2022-23, the HHS General Fund appropriations were 34.3 percent of its all funds budget. FY 2020-21 General Fund appropriations totaled \$13.7 billion, an increase of \$425.7 million, or 3.2 percent, more than FY 2018-19 appropriations. FY 2018-19 General Fund appropriations totaled \$13.3 billion, an increase of \$1.8 billion, or 15.4 percent, more than FY 2016-17. FY 2016-17 General Fund appropriations totaled \$11.5 billion, a decrease of \$75.8 million, or 0.7 percent, less than FY 2014-15.

Enacted Budget Summary

General Fund appropriations in FY 2022-23 increased for all the agencies in the HHS budget compared to the February 2021 forecast, as shown in Table 2. For DHS, Chapter 7 increased General Fund appropriations by \$87.9 million. The enacted budget increased all DHS operating and grant appropriations for FY 2022-23. However, Chapter 7 decreased appropriations for forecasted programs by \$166.5 million in FY 2022-23, reflecting a one-time increase in

federal funding for home and community based services (HCBS) in the medical assistance program (MA), which reduced appropriations for the state share of the MA program.

Chapter 7 increased MDH General Fund appropriations in FY 2022-23 by \$59.6 million and increased the General Fund appropriations of the other agencies in the HHS budget by a combined total of \$6.3 million, compared to the February 2021 forecast. The amount in Table 2 attributable to the Blue Ribbon Commission on Health and Human Services reflects an offset of \$100 million for previously enacted but unspecified General Fund reductions in FY 2022-23 in the HHS budget area, which the Legislature did not specify when establishing the FY 2022-23 budget.

As shown in Table 1, Chapter 7 allocated \$686.1 million from statutorily appropriated federal funds in FY 2022-23 for child care programs, community mental health services, and substance abuse prevention and treatment programs. Also, Chapter 7 reduced the Health Care Access Fund (HCAF) appropriations in FY 2022-23 by \$295.4 million. This reduction reflects the cumulative effect of a one-time enhanced federal medical assistance percentage (FMAP) for HCBS. The one-time enhanced FMAP for HCBS is available for three years and is discussed below. In this instance, the HCAF appropriation for MA was reduced in FY 2022-23 and increased in FY 2024-25 to balance between the two biennia the General Fund appropriations related to the one-time federal funding.

Finally, Chapter 7 repealed the annual statutory transfer of \$122 million from the HCAF to the General Fund required under Minnesota Statutes, section 16A.724, subdivision 2. This change is effective in FY 2026 and later.

HEALTH AND HUMAN SERVICES

Table 1 - Health and Human Services All Funds Biennial Spending/Appropriations, by Agency and Fund <i>(dollars in thousands)</i>					
Agency/Fund	FY 2020-21 Spending*	FY 2022-23 Forecast Base	FY 2022-23 Enacted Budget	Change: Enacted - FY 2020-21	Change: Enacted - Fcst. Base
Department of Human Services					
General Fund	13,235,931	16,068,980	16,156,902	2,920,971	87,922
Expenditures in Multiple Funds	(33,872)	(35,882)	(35,882)	(35,882)	-
State Gov Special Revenue Fund	8,621	8,598	8,598	(23)	-
Special Revenue Fund	1,385,682	1,340,323	1,340,323	(45,359)	-
COVID-19 Minnesota Fund	15,319	-	-	(15,319)	-
Federal Fund	21,855,091	24,940,842	25,626,933	3,771,842	686,091
Coronavirus Relief Federal Fund	261,173	-	-	(261,173)	-
State Fiscal Recovery Fund	-	6,011	6,011	6,011	-
Federal TANF Fund	326,824	405,709	414,098	87,274	8,389
Health Care Access Fund	1,389,091	1,769,256	1,473,811	84,720	(295,445)
Gift Fund	74	1,339	1,339	1,265	-
Opiate Epidemic Response Fund	8,389	23,251	23,251	14,862	-
Total Dept of Human Services	38,452,323	44,528,427	45,015,384	6,529,189	486,957
Department of Health					
General Fund	266,933	264,881	324,515	57,582	59,634
Expenditures in Multiple Funds	(68,209)	(78,388)	(78,388)	(10,179)	-
State Gov Special Revenue Fund	119,659	138,996	144,458	24,799	5,462
Special Revenue Fund	178,170	104,954	104,954	(73,216)	-
COVID-19 Minnesota Fund	224,542	-	-	(224,542)	-
Health Care Response Fund	140,135	-	-	(140,135)	-
Federal Fund	683,902	2,212,650	2,212,650	1,528,748	-
Coronavirus Relief Federal Fund	266,211	-	-	(266,211)	-
Federal TANF Fund	23,426	23,426	23,426	-	-
Health Care Access Fund	78,014	74,344	74,344	(3,670)	-
Gift Fund	1,127	30	30	(1,097)	-
Environmental Fund	2,000	1,864	1,864	(136)	-
Medical Educ. Endowment Fund	158,334	157,982	157,982	(352)	-
<u>Remediation Fund</u>	<u>514</u>	<u>514</u>	<u>514</u>	-	-
Subtotal for Department of Health	2,074,758	2,901,253	2,966,349	891,591	65,096

HEALTH AND HUMAN SERVICES

Agency/Fund	FY 2020-21 Spending*	FY 2022-23 Forecast Base	FY 2022-23 Enacted Budget	Change: Enacted - FY 2020-21	Change: Enacted - Fcst. Base
<i>Environment Trust/Legacy Funds</i>					
Clean Water Fund	14,875	-	11,910	(2,965)	11,910
<u>Env & Natural Resources Trust</u>					
Fund	342	=	=	(342)	=
<i>Subtotal Env Trust/Legacy Funds</i>	<i>15,217</i>	<i>-</i>	<i>11,910</i>	<i>(3,307)</i>	<i>11,910</i>
Total Department of Health	2,089,975	2,901,253	2,978,259	888,284	77,006
Health Related Boards					
Health Related Boards Fund	54,113	52,836	54,343	230	1,507
Special Revenue Fund	2,007	1,996	1,996	(11)	-
Federal Fund	863	220	220	(643)	-
Health Care Access Fund	76	152	152	76	-
Opiate Epidemic Response Fund	126	252	252	126	-
Total Health Related Boards	57,185	55,456	56,963	(222)	1,507
Council on Disability					
General Fund	2,020	2,012	2,060	40	48
Special Revenue Fund	13	-	-	(13)	-
Total Council on Disability	2,033	2,012	2,060	27	48
Emergency Medical Services Regulatory Board					
General Fund	7,454	7,552	9,356	1,902	1,804
Federal Fund	246	260	260	14	-
Special Revenue Fund	1,360	1,310	1,310	(50)	-
911 Emergency Fund	1,366	1,366	1,366	-	-
Total EMSRB	10,426	10,488	12,292	1,866	1,804
Ombudsman for Mental Health and Developmental Disabilities					
General Fund	5,069	4,876	5,023	(46)	147
Special Revenue Fund	25	-	-	(25)	-
Total Ombudsman for MH/DD	5,094	4,876	5,023	(71)	147

HEALTH AND HUMAN SERVICES

Agency/Fund	FY 2020-21 Spending*	FY 2022-23 Forecast Base	FY 2022-23 Enacted Budget	Change: Enacted - FY 2020-21	Change: Enacted - Fcst. Base
MNsure					
Federal Fund	2,000	-	-	(2,000)	-
Coronavirus Relief Federal Fund	528	-	-	(528)	-
Health Care Access Fund	547	-	-	(547)	-
Total MNsure	3,075	-	-	(3,075)	-
Ombudsperson for American Indian Families					
General Fund	-	-	380	380	380
Total Ombudsperson for Am. Indian Families	-	-	380	380	380
Ombudsperson for Families					
General Fund	1,437	1,446	1,477	40	31
Total Ombudsperson for Families	1,437	1,446	1,477	40	31
Department of Management and Budget					
COVID-19 Minnesota Fund- FEMA Reimbursement	(16,742)	-	-	16,742	-
Health Care Response Fund-FEMA Reimbursement	(66,219)	-	-	66,219	-
General Fund-MMB Non- Operating	229,259	-	-	(229,259)	-
General Fund-Transfer to Health Care Access Fund	-	-	3,844	3,844	3,844
General Fund-Budget Reserve Transfer-Blue Ribbon Commission	-	(100,000)	-	-	100,000
Total MMB	146,298	(100,000)	3,844	(142,454)	103,844
Totals by Fund					
General Fund	13,748,103	16,249,747	16,503,557	2,755,454	253,810
Expenditures in Multiple Funds	(102,081)	(114,270)	(114,270)	(12,189)	-
State Govt Special Revenue Fund	128,280	147,594	153,056	24,776	5,462
Health Related Boards Fund	54,113	52,836	54,343	230	1,507
Special Revenue Fund	1,567,257	1,448,583	1,448,583	(118,674)	-
911 Emergency Fund	1,366	1,366	1,366	-	-

HEALTH AND HUMAN SERVICES

Agency/Fund	FY 2020-21 Spending*	FY 2022-23 Forecast Base	FY 2022-23 Enacted Budget	Change: Enacted - FY 2020-21	Change: Enacted - Fcst. Base
COVID-19 Minnesota Fund	223,119	-	-	(223,119)	-
Health Care Response Fund	73,916	-	-	(73,916)	-
Federal Fund	22,542,102	27,153,972	27,840,063	5,297,961	686,091
Coronavirus Relief Federal Fund	527,912	-	-	(527,912)	-
State Fiscal Recovery Fund	-	6,011	6,011	6,011	-
Federal TANF Fund	350,250	429,135	437,524	87,274	8,389
Health Care Access Fund	1,467,728	1,843,752	1,548,307	80,579	(295,445)
Gift Fund	1,201	1,369	1,369	168	-
Opiate Epidemic Response Fund	8,515	23,503	23,503	14,988	-
Environmental Fund	2,000	1,864	1,864	(136)	-
Medical Educ. Endowment Fund	158,334	157,982	157,982	(352)	-
<u>Remediation Fund</u>	<u>514</u>	<u>514</u>	<u>514</u>	<u>-</u>	<u>-</u>
Subtotal for Non-Dedicated Funds	40,752,629	47,403,958	48,063,772	7,311,143	659,814
<i>Environment Trust/Legacy Funds</i>					
Clean Water Fund	14,875	-	11,910	(2,965)	11,910
<u>Env & Natural Resources Trust Fund</u>	<u>342</u>	<u>-</u>	<u>-</u>	<u>(342)</u>	<u>-</u>
Subtotal Env Trust/Legacy Funds	15,217	-	11,910	(3,307)	11,910
Total for Budget Area	40,767,846	47,403,958	48,075,682	7,307,836	671,724

* As adjusted by FY 2021 changes enacted during the 2021 sessions.

Table 2 - Health and Human Services General Fund Changes Compared to Forecast (dollars in thousands)						
Appropriation Changes by Agency	FY 2022	FY 2023	FY 2022-23	FY 2024	FY 2025	FY 2024-25
Department of Human Services						
Central Office Operations	37,997	29,845	67,842	19,967	14,886	34,853
FY 2021 Central Office Ops	(3,724)	-	(3,724)	-	-	-
Forecasted Programs, Non-MA	(5,986)	5,967	(19)	6,625	8,533	15,158
Forecasted Programs, MA	(602,309)	435,820	(166,489)	(142,234)	73,225	(69,009)
FY 2021 Forecasted Programs	37,175	-	37,175	-	-	-
Grant Programs	58,056	68,369	126,425	59,475	12,091	71,566
Direct Care and Treatment	17,302	42,861	60,163	42,861	42,861	85,722
Total Dept of Human Services	(461,489)	582,862	121,373	(13,306)	151,596	138,290

HEALTH AND HUMAN SERVICES

Appropriation Changes by Agency	FY 2022	FY 2023	FY 2022-23	FY 2024	FY 2025	FY 2024-25
Department of Health						
Health Improvement	27,307	27,623	54,930	25,074	20,217	45,291
Health Protection	2,468	2,117	4,585	2,130	2,130	4,260
Health Operations	55	64	119	64	64	128
FY 2021 Changes	(3,454)	-	(3,454)	-	-	-
Total Department of Health	26,376	29,804	56,180	27,268	22,411	49,679
Emergency Medical Services Regulatory Board	1,004	800	1,804	-	-	-
FY 2021 Changes	(204)	-	(204)	-	-	-
Total EMSRB	800	800	1,600	-	-	-
Council on Disability	16	32	48	32	32	64
Ombudsman for MH/DD	49	98	147	98	98	196
Ombudsperson for Families	10	21	31	21	21	42
Ombudsperson for American Indian Families	190	190	380	190	190	380
MNsure	3,844	-	3,844	-	-	-
Blue Ribbon Commission	100,000	-	100,000	-	-	-
Total General Fund Changes	(330,204)	613,807	283,603	14,303	174,348	188,651

REVENUE SUMMARY

Table 3 shows revenue changes within the HHS budget. Chapter 7 enacted changes to comply with federal requirements relating to insurance premiums, which affected federal revenue for MinnesotaCare and reduced appropriations from the HCAF for the MinnesotaCare program. This reduction in HCAF appropriations created a greater balance in the HCAF compared to the February 2021 forecast and resulted in a

\$64.2 million increase in the amount that is statutorily transferred from the HCAF to the General Fund contingent on an available balance in the HCAF.

For DHS, Chapter 7 increased FY 2022-23 revenue by \$20.5 million, with \$18.1 million attributable to increased cost of care collections related to appropriation increases for programs that have a county share that is a proportion of total state spending. The remaining revenue is due to additional

recoveries resulting from an increased appropriation for fraud prevention activities.

Chapter 7 established a new fee, administered by MDH, for dried raw cannabis in the medical cannabis program and appropriated \$13 million in FY 2022-23 from the State Government Special Revenue Fund for licensing activities. In addition, Chapter 7 increased the base fee for newborn screening and added a condition and related fee to the newborn screening panel. Together, these changes increased the State Government Special Revenue Fund appropriation in FY 2022-23 by \$8.4 million, compared to forecast.

FY 2021 APPROPRIATIONS

Chapter 7 appropriated \$37.2 million from the General Fund in FY 2021 to repay the state share of MA overpayments to tribal government providers of medication-assisted therapy services and to reimburse counties for overpayments for services provided in institutions of mental disease. Also, Chapter 7 cancelled FY 2021 appropriations totaling \$7.5 million in the HHS budget, providing a carryforward amount for FY 2022-23 appropriations.

Federal Funding-Enhanced FMAP for Home and Community Based Services (HCBS)

The federal American Rescue Plan Act of 2021 (ARPA) increased the federal medical assistance percentage for home and community based services by ten percentage points for 12 months (April 1, 2021 – March 31, 2022). During this period, Minnesota will receive additional funding for its eligible expenditures. The enhanced FMAP for HCBS is available for expenditures through March 31, 2024. The projected amount attributable to the enhanced FMAP for HCBS for FY 2022-23 is \$686.1 million.

The federal share of MA expenditures reduced the state share of General Fund expenditures for MA. Chapter 7 allocated \$76.2 million in FY 2022-23 and a projected \$111.8 million in FY 2024-25 to HCBS rate increases and service enhancements that were not implemented prior to the effective date for eligible expenditures.

Chapter 7 appropriated \$358 million in FY 2022-23 and allocated \$139 million in FY 2024 for HCBS initiatives to address gaps in available HCBS services and expand access to HCBS services in Minnesota. Also, Chapter 7 increased rates for many HCBS providers, established new HCBS grant programs and increased funding for existing HCBS grant programs, and implemented several HCBS reform initiatives to transform the support system for individuals who receive HCBS services.

Federal Funding for Child Care

ARPA included a child care stabilization fund that provided states with funding for child care programs. Minnesota received \$324.2 million from this provision. Chapter 7 allocated \$304.4 million in FY 2022-23 for child care public health grants, which are flexible grants available to child care providers to address business disruptions caused by the COVID-19 pandemic.

In addition, Chapter 7 allocated \$19.8 million in FY 2022-23 for initiatives to revitalize facilities, develop the child care provider workforce, and provide business training to child care providers.

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Table 3 - Health and Human Services Revenue Changes Compared to Forecast (dollars in thousands)							
Revenue Changes by Agency	Fund	FY 2022	FY 2023	FY 2022-23	FY 2024	FY 2025	FY 2024-25
Department of Management and Budget							
Adjust 16A.724 Transfer	General	-	-	-	-	64,157	64,157
Adjust 16A.724 Transfer	HCAF	-	-	-	-	(64,157)	(64,157)
Total MMB		-	-	-	-	-	-
Department of Human Services							
DCT Cost of Care Collections	General	5,045	7,756	12,801	7,756	7,756	15,512
CABHH Cost of Care Collections	General	1,229	1,229	2,458	1,229	1,229	2,458
Fraud, Waste, Abuse Additional Recoveries	General	1,038	1,440	2,478	1,440	1,440	2,880
Operating Adjustment Cost of Care Collections	General	931	1,862	2,793	1,862	1,862	3,724
Total Dept of Human Services		8,243	12,287	20,530	12,287	12,287	24,574
Department of Health							
Newborn Screening Fee-Vivian Act	SGSR	-	2,752	2,752	2,752	2,752	5,504
Newborn Screening Fee Increase	SGSR	2,814	2,856	5,670	2,856	2,856	5,712
Asbestos Licensing Fee Increase	SGSR	310	310	620	310	310	620
Radioactive Materials Unit Fee Increase	SGSR	332	332	664	332	332	664
Medical Cannabis Fee-Dried Raw Cannabis	SGSR	6,500	6,500	13,000	6,500	6,500	13,000
Health Data Intermediaries Fee Elimination	SGSR	(105)	(105)	(210)	(105)	(105)	(210)
Eliminate Transfer From SGSR	General	(77)	(77)	(154)	(77)	(77)	(154)
Total Department of Health		9,774	12,568	22,342	12,568	12,568	25,136
Total Revenue Changes by Fund							
General Fund		8,166	12,210	20,376	12,210	76,367	88,577
Health Care Access Fund		-	-	-	-	(64,157)	(64,157)
State Government Special Revenue Fund		9,851	12,645	22,496	12,645	12,645	25,290
Total Revenue Changes for Budget Area		18,017	24,855	42,872	24,855	24,855	49,710

In response to the COVID-19 pandemic, the federal government enacted several increases in funding for the child care and development block grant (CCDBG). This additional federal funding was available for the same purposes as the base amounts that the state receives for the CCDBG (primarily to pay for child care services and training for child care providers). Chapter 7 increased child care provider rates and allocated \$101.8 million in FY 2022-23 from the statutory CCDBG appropriation. These increased provider rates are projected to require an additional \$139.5 million in FY 2024-25 from the CCDBG funds. Chapter 7 also allocated \$39.5 million in FY 2022-23 for one-time investments in projects to update child care regulations, assist providers in meeting regulatory requirements, develop the child care provider workforce, develop new technology solutions to administer the state's child care programs, and pay background study fees for providers.

Premium Security Plan Account

Minnesota's premium security plan (also called the reinsurance program) reduces health insurance premiums by reimbursing health plan companies for claims that meet criteria specified in law. Chapter 7 extended the premium security plan to include benefit year 2022.

The MinnesotaCare program and MNsure operations receive funding based on health insurance premiums, so the funding for these programs is reduced when premiums are reduced. To make up for these reductions in funding, Chapter 7 appropriated \$85 million in FY 2022-23 from the HCAF for MinnesotaCare and transferred \$3.8 million from the General Fund to the MNsure account in the Special Revenue Fund for MNsure operations.

To offset the HCAF appropriation, Chapter 7 transferred \$79.1 million from the General Fund and \$5.9 million from the premium security account to the HCAF. In addition, Chapter 7 appropriated \$155,000 in FY 2022 to the Department of Commerce to submit a new section 1332 innovation waiver renewal request to continue Minnesota's premium security plan after the December 31, 2022, expiration of the state's current waiver.

Table 5 shows the projected amounts attributable to the enacted changes for the premium security plan account and its balance at the end of FY 2022-23, which under law will be transferred to the HCAF.

Blue Ribbon Commission on Health and Human Services

[2019 First Special Session, Chapter 9](#), the FY 2020-21 Health and Human Services Omnibus Act, established the Blue Ribbon Commission on Health and Human Services and reduced FY 2022-23 planning estimates by \$100 million for unspecified reductions in expenditures that would be adopted by the Legislature based on recommendations from the commission when establishing the FY 2022-23 budget. The FY 2020-21 budget required that the Legislature identify enacted proposals and related savings attributable to recommendations from the commission and that the difference between the enacted proposals and \$100 million be transferred from the budget reserve. (See page 84 of the [2019 Fiscal Review](#) for additional discussion.)

Chapter 7 enacted some proposals based on recommendations from the commission, but it did not attribute a total amount to the enacted provisions. Instead, Chapter 7 reduced the budget reserve by \$100 million and prohibited the transfer required by 2019 First Special Session, Chapter 9.

HEALTH AND HUMAN SERVICES

Table 4 - Health and Human Services Health Care Access Fund Balance and FY 2021 Enacted Changes <i>(dollars in thousands)</i>				
	FY 2022	FY 2023	FY 2024	FY 2025
February 2021 Forecast Balance (Adjusted)	343,106	183,848	30,463	-
<u>Revenue</u>				
Transfer from General Fund-Ch 7	79,101	-	-	-
Transfer from General Fund-Ch 7 Reinsurance	5,948	-	-	-
<u>Appropriations and Transfers</u>				
ARPA MinnesotaCare Premium Conformity	(91,963)	(28,632)	4,194	-
Extension of Premium Security Plan	41,393	43,656	-	-
Restoration of 16A.724 Transfer to General Fund	-	-	-	64,157
FY 2021 Appropriation Changes	(2,038)	-	-	-
Adjust MA Appropriation	(8,582)	(258,834)	257,425	-
All Other Appropriations	3,277	4,057	9,332	13,927
End of 2021 Session Balance	486,068	566,563	142,227	33,680

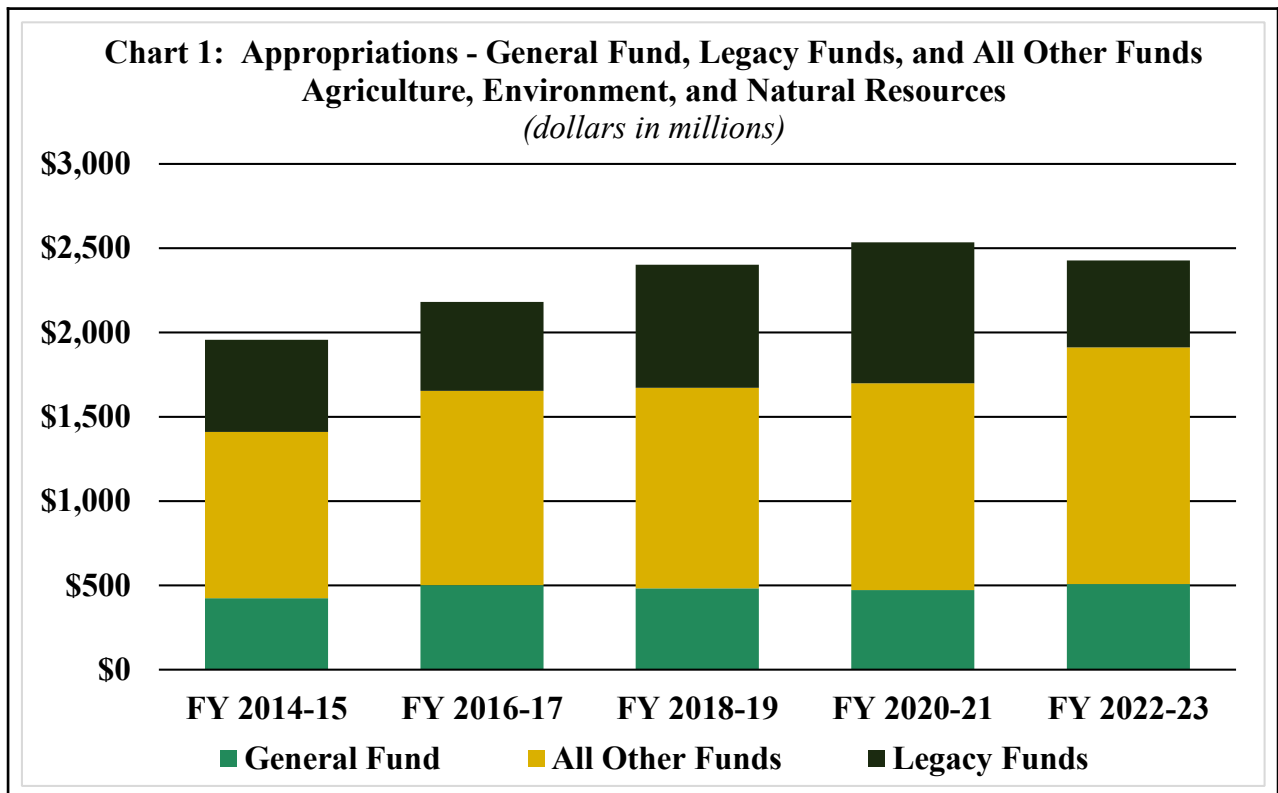
Table 5 - Health and Human Services Premium Security Plan Balance and FY 2021 Enacted Changes <i>(dollars in thousands)</i>				
	FY 2022	FY 2023	FY 2024	FY 2025
February 2021 Forecast Balance	104,543	105,785	N/A	N/A
<u>Revenue</u>				
Additional Federal Payments	-	58,318	-	-
<u>Appropriations and Transfers</u>				
Additional MCHA Expenditure	-	425	-	-
Additional Reinsurance Payments	-	156,990	-	-
Transfer to HCAF	5,948	-	-	-
End of 2021 Session Balance	98,595	740	740	740

CHAPTER 7 AGRICULTURE, ENVIRONMENT, AND NATURAL RESOURCES

Four chapters enacted the Agriculture, Environment, and Natural Resources budget during the 2021 sessions. [2021 First Special Session, Chapter 3](#), made appropriations for the Department of Agriculture, the Board of Animal Health, and the Agriculture Utilization Research Institute. [2021 First Special Session, Chapter 1](#), made appropriations from the constitutionally dedicated Legacy funds (see Appendix D). [2021 First Special Session, Chapter 14](#), created a production incentive program for a new oriented strand board facility. [2021 First Special Session, Chapter 6](#), appropriated funding for the Pollution Control Agency

(PCA), the Department of Natural Resources (DNR), the Metropolitan Council, the Minnesota Conservation Corps, the Board of Water and Soil Resources (BWSR), the Minnesota Zoo, the Science Museum, and the Minnesota Board of Tourism. Chapter 6 also appropriated money from the Environment and Natural Resources Trust Fund (see Appendix E).

The non-dedicated Agriculture, Environment, and Natural Resources all funds appropriations increased in each of the past four biennia. Chart 1 displays Agriculture, Environment, and Natural Resources



AGRICULTURE, ENVIRONMENT, AND NATURAL RESOURCES

appropriations since FY 2014-15 and divides each biennium between the General Fund, non-general funds, and Legacy funds. The enacted non-dedicated all funds budget in FY 2022-23 totaled \$1.9 billion, an increase of \$105 million, or 5.8 percent, more than the February 2021 forecast and an increase of \$211.7 million, or 12.5 percent, more than FY 2020-21 appropriations. The enacted budget also appropriated a total of \$515.7 million from the constitutionally dedicated funds for FY 2022-23. The FY 2020-21 all funds appropriations totaled \$2.5 billion, an increase of \$131.5 million, or 5.5 percent, more than FY 2018-19. The FY 2018-19 all funds appropriations totaled \$2.4 billion, an increase of \$220.9 million, or 10.1 percent, above FY 2016-17. The FY 2016-17 all funds appropriations totaled \$2.2 billion, an increase of \$224.2 million, or 11.5 percent, above FY 2014-15.

In FY 2022-23, the Agriculture, Environment, and Natural Resources General Fund appropriations were 20.9 percent of its all

funds budget. The General Fund budget in FY 2022-23 totaled \$508.3 million, an increase of \$49.1 million, or 10.7 percent, more than the February 2021 forecast and an increase of \$35.5 million, or 7.5 percent, more than FY 2020-21 appropriations. FY 2020-21 General Fund appropriations totaled \$472.8 million, a decrease of \$9.5 million, or two percent, less than FY 2018-19. FY 2018-19 General Fund appropriations totaled \$482.4 million, a decrease of \$18.9 million, or 3.8 percent, below FY 2016-17. FY 2016-17 General Fund appropriations totaled \$501.3 million, an increase of \$77.9 million, or 18.4 percent, above FY 2014-15.

Table 1 shows the FY 2022-23 enacted budget compared to the previous biennium and the February 2021 forecast for each of the agencies in these areas. The constitutionally dedicated funds are not considered part of the regular operating budget of an agency and appropriations for these funds are shown separately. (See Appendix E.)

Table 1 - Agriculture, Environment, and Natural Resources All Funds Biennial Spending/Appropriations, by Agency and Fund <i>(dollars in thousands)</i>					
Agency/Fund	FY 2020-21 Spending*	FY 2022-23 Forecast Base	FY 2022-23 Enacted Budget	Change: Enacted - FY 2020-21	Change: Enacted - Fcst. Base
Department of Agriculture					
General Fund	110,542	107,706	117,915	7,373	10,209
Agricultural Fund	82,967	83,808	83,808	841	-
Special Revenue Fund	16,118	16,524	16,524	406	-
Gift Fund	26	15	15	(11)	-
Remediation Fund	3,662	3,918	3,918	256	-
COVID-19 Minnesota Fund	1,249	-	-	(1,249)	-
Expenses in Multiple Funds	(13,398)	(12,686)	(12,686)	712	-

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Agency/Fund	FY 2020-21 Spending*	FY 2022-23 Forecast Base	FY 2022-23 Enacted Budget	Change: Enacted - FY 2020-21	Change: Enacted - Fcst. Base
Coronavirus Relief Federal Fund	14,554	-	-	(14,554)	-
<u>Federal Fund</u>	<u>25,858</u>	<u>35,763</u>	<u>35,763</u>	<u>9,905</u>	<u>-</u>
Subtotal for Department of Agriculture	241,577	235,048	245,257	3,680	10,209
<i>Environment Trust/Legacy Funds</i>					
Env & Natural Resources Trust Fund	1,536	-	-	(1,536)	-
Arts and Cultural Heritage Fund	821	-	800	(21)	800
<u>Clean Water Fund</u>	<u>26,633</u>	<u>-</u>	<u>20,240</u>	<u>(6,393)</u>	<u>20,240</u>
<i>Subtotal Env Trust/Legacy Funds</i>	<i>28,990</i>	<i>-</i>	<i>21,040</i>	<i>(7,950)</i>	<i>21,040</i>
Total Department of Agriculture	270,567	235,048	266,297	(4,270)	31,249
Board of Animal Health					
General Fund	11,505	11,754	12,061	556	307
Special Revenue Fund	422	294	294	(128)	-
Federal Fund	1,393	1,215	1,215	(178)	-
Total Board of Animal Health	13,320	13,263	13,570	250	307
Agricultural Utilization Research Institute					
General Fund	7,786	7,786	8,586	800	800
<i>Environment Trust/Legacy Funds</i>					
Env & Natural Resources Trust Fund	-	-	200	200	200
Total AURI	7,786	7,786	8,786	1,000	1,000
Pollution Control Agency					
General Fund	14,098	12,396	15,624	1,526	3,228
Environmental Fund	172,218	171,728	177,946	5,728	6,218
Remediation Fund	149,035	242,464	254,642	105,607	12,178
Closed Landfill Investment Fund	1,622	-	18,000	16,378	18,000
Gift Fund	18,361	14,855	14,855	(3,506)	-
Special Revenue Fund	73,524	71,105	71,105	(2,419)	-
State Gov Special Revenue Fund	153	154	154	1	-
Expenses in Multiple Funds	(57,432)	(57,015)	(57,015)	417	-
<u>Federal Fund</u>	<u>47,431</u>	<u>45,035</u>	<u>45,035</u>	<u>(2,396)</u>	<u>-</u>
Subtotal for PCA	419,009	500,722	540,346	121,337	39,624

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Agency/Fund	FY 2020-21 Spending*	FY 2022-23 Forecast Base	FY 2022-23 Enacted Budget	Change: Enacted - FY 2020-21	Change: Enacted - Fcst. Base
<i>Environment Trust/Legacy Funds</i>					
Env & Natural Resources Trust Fund	3,525	-	800	(2,725)	800
<u>Clean Water Fund</u>	<u>49,116</u>	<u>-</u>	<u>42,177</u>	<u>(6,939)</u>	<u>42,177</u>
<i>Subtotal Env Trust/Legacy Funds</i>	<i>52,642</i>	<i>-</i>	<i>42,977</i>	<i>(9,665)</i>	<i>42,977</i>
Total Pollution Control Agency	471,651	500,722	583,323	111,672	82,601
Department of Natural Resources					
General Fund	241,821	233,394	261,422	19,601	28,028
Game and Fish Fund	244,968	247,066	250,464	5,496	3,398
Natural Resources Fund	231,541	223,857	238,996	7,455	15,139
Remediation Fund	3,990	15,342	15,342	11,352	-
Special Revenue Fund	298,186	293,989	293,989	(4,197)	-
Endowment and Permanent School Fund	1,037	1,044	2,041	1,004	997
Gift Fund	5,520	4,883	4,883	(637)	-
Expenses in Multiple Funds	(217,118)	(201,062)	(201,062)	16,056	-
Coronavirus Relief Federal Fund	348	-	-	(348)	-
<u>Federal Fund</u>	<u>48,656</u>	<u>71,120</u>	<u>71,120</u>	<u>22,464</u>	<u>-</u>
Subtotal for DNR	858,948	889,633	937,195	55,783	47,562
<i>Environment Trust/Legacy Funds</i>					
Env & Natural Resources Trust Fund	64,034	-	43,487	(20,547)	43,487
Clean Water Fund	21,639	-	17,465	(4,174)	17,465
Outdoor Heritage Fund	281,804	-	105,139	(176,665)	105,139
<u>Parks and Trails Fund</u>	<u>83,379</u>	<u>-</u>	<u>66,816</u>	<u>(16,563)</u>	<u>66,816</u>
<i>Subtotal Env Trust/Legacy Funds</i>	<i>450,856</i>	<i>-</i>	<i>232,907</i>	<i>(217,949)</i>	<i>232,907</i>
Total DNR	1,309,804	889,633	1,170,102	(162,167)	280,469
Board of Water and Soil Resources					
General Fund	30,259	29,744	34,785	4,526	5,041
Special Revenue Fund	16,917	16,304	16,304	(613)	-
<u>Federal Fund</u>	<u>7,744</u>	<u>7,965</u>	<u>7,965</u>	<u>221</u>	<u>-</u>
Subtotal for BWSR	54,921	54,013	59,054	3,913	5,041

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Agency/Fund	FY 2020-21 Spending*	FY 2022-23 Forecast Base	FY 2022-23 Enacted Budget	Change: Enacted - FY 2020-21	Change: Enacted - Fcst. Base
<i>Environment Trust/Legacy Funds</i>					
Env & Natural Resources Trust Fund	9,568	-	1,111	(8,457)	1,111
Clean Water Fund	186,773	-	141,800	(44,973)	141,800
<u>Outdoor Heritage Fund</u>	<u>54,438</u>	<u>-</u>	<u>22,149</u>	<u>(32,289)</u>	<u>22,149</u>
<i>Subtotal Env Trust/Legacy Funds</i>	<i>250,778</i>	<i>-</i>	<i>165,060</i>	<i>(85,718)</i>	<i>165,060</i>
Total BWSR	305,699	54,013	224,114	(81,806)	170,101
Minnesota Conservation Corps					
General Fund	910	910	910	-	-
Natural Resources Fund	980	980	980	-	-
Total MN Conservation Corps	1,890	1,890	1,890	-	-
Metropolitan Council (Regional Parks)					
General Fund	5,222	5,080	5,080	(142)	-
<u>Natural Resources Fund</u>	<u>13,200</u>	<u>13,200</u>	<u>13,200</u>	<u>-</u>	<u>-</u>
Subtotal for Metropolitan Council	18,422	18,280	18,280	(142)	-
<i>Environment Trust/Legacy Funds</i>					
Env & Natural Resources Trust Fund	1,617	-	2,250	633	2,250
Clean Water Fund	2,750	-	3,088	338	3,088
<u>Parks and Trails Fund</u>	<u>40,096</u>	<u>-</u>	<u>43,861</u>	<u>3,765</u>	<u>43,861</u>
<i>Subtotal Env Trust/Legacy Funds</i>	<i>44,463</i>	<i>-</i>	<i>49,199</i>	<i>4,736</i>	<i>49,199</i>
Total Metropolitan Council	62,885	18,280	67,479	4,594	49,199
Minnesota Zoo					
General Fund	19,474	19,618	19,618	144	-
Special Revenue Fund	20,829	23,122	23,122	2,293	-
Gift Fund	5,048	4,050	4,050	(998)	-
Natural Resources Fund	380	380	380	-	-
COVID-19 Minnesota Fund	6,000	-	-	(6,000)	-
<u>Federal Fund</u>	<u>176</u>	<u>7,095</u>	<u>7,095</u>	<u>6,919</u>	<u>-</u>
Subtotal for MN Zoo	51,907	54,265	54,265	144	-

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Agency/Fund	FY 2020-21 Spending*	FY 2022-23 Forecast Base	FY 2022-23 Enacted Budget	Change: Enacted - FY 2020-21	Change: Enacted - Fcst. Base
<i>Environment Trust/Legacy Funds</i>					
Env & Natural Resources Trust Fund	1,156	-	391	(765)	391
<u>Arts and Cultural Heritage Fund</u>	<u>4,345</u>	-	<u>3,900</u>	<u>(445)</u>	<u>3,900</u>
<i>Subtotal Env Trust/Legacy Funds</i>	<i>5,501</i>	-	<i>4,291</i>	<i>(1,210)</i>	<i>4,291</i>
Total MN Zoo	57,409	54,265	58,556	(1,066)	4,291
Science Museum					
General Fund	2,158	2,158	2,158	-	-
<i>Environment Trust/Legacy Funds</i>					
Env & Natural Resources Trust Fund	1,232	-	-	(1,232)	-
Total Science Museum	3,390	2,158	2,158	(1,232)	-
Minnesota Board of Tourism					
General Fund	29,074	28,688	29,957	883	1,269
Special Revenue Fund	1,164	1,117	1,117	(47)	-
Total MN Board of Tourism	30,238	29,805	31,074	836	1,269
Transfer to Metropolitan Landfill Contingency Action Trust Account					
General Fund	-	-	200	200	200
Total Transfer to MLCAT	-	-	200	200	200
Totals by Fund					
General Fund	472,849	459,234	508,316	35,467	49,082
Agricultural Fund	82,967	83,808	83,808	841	-
Special Revenue Fund	427,160	422,455	422,455	(4,705)	-
Gift Fund	28,954	23,803	23,803	(5,151)	-
Remediation Fund	156,688	261,724	273,902	117,214	12,178
Environmental Fund	172,218	171,728	177,946	5,728	6,218
Closed Landfill Investment Fund	1,622	-	18,000	16,378	18,000
State Gov Special Revenue Fund	153	154	154	1	-
Game and Fish Fund	244,968	247,066	250,464	5,496	3,398
Natural Resources Fund	246,101	238,417	253,556	7,455	15,139

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Agency/Fund	FY 2020-21 Spending*	FY 2022-23 Forecast Base	FY 2022-23 Enacted Budget	Change: Enacted - FY 2020-21	Change: Enacted - Fcst. Base
Endowment and Permanent School Fund	1,037	1,044	2,041	1,004	997
COVID-19 Minnesota Fund	7,249	-	-	(7,249)	-
Expenses in Multiple Funds	(287,948)	(270,763)	(270,763)	17,185	-
Coronavirus Relief Federal Fund	14,901	-	-	(14,901)	-
<u>Federal Fund</u>	<u>131,258</u>	<u>168,193</u>	<u>168,193</u>	<u>36,935</u>	<u>-</u>
Subtotal for Non-Dedicated Funds	1,700,177	1,806,863	1,911,875	211,698	105,012
<i>Environment Trust/Legacy Funds</i>					
Env & Natural Resources Trust Fund	82,669	-	48,239	(34,430)	48,239
Outdoor Heritage Fund	336,242	-	127,288	(208,954)	127,288
Clean Water Fund	286,911	-	224,770	(62,141)	224,770
Parks and Trails Fund	123,475	-	110,677	(12,798)	110,677
<u>Arts and Cultural Heritage Fund</u>	<u>5,166</u>	<u>=</u>	<u>4,700</u>	<u>(466)</u>	<u>4,700</u>
Subtotal Env Trust/Legacy Funds	834,463	-	515,674	(318,789)	515,674
Total for Budget Area	2,534,640	1,806,863	2,427,549	(107,091)	620,686

* As adjusted by FY 2021 changes enacted during the 2021 sessions.

Agriculture Agencies

The Department of Agriculture’s enacted non-dedicated budget for FY 2022-23 totaled \$245.3 million, which was \$10.2 million, or 4.3 percent, above the February 2021 forecast, and \$3.7 million, or 1.5 percent, above FY 2020-21. The Board of Animal Health received \$13.6 million for FY 2022-23 in non-dedicated funds, which was \$307,000, or 2.3 percent, above the forecast, and \$250,000, or 1.9 percent, higher than FY 2020-21. The Agricultural Utilization Research Institute’s total enacted budget for FY 2022-23 was \$8.6 million, an increase of \$800,000, or 10.3 percent, over both the forecast and FY 2020-21 appropriations.

Budget highlights for FY 2022-23 General Fund appropriations included:

- \$1.2 million to replace capital equipment in the Department of Agriculture’s analytical laboratory;
- \$2.9 million to the agricultural and environmental revolving loan account for the agriculture best management practices loan program;
- \$190,000 for farm advocate services, of which \$150,000 is for a pilot program to create farmland access teams that provide technical assistance to potential beginning farmers and of that amount \$50,000 may be used to upgrade Minnesota FarmLink;
- \$150,000 to provide grants to Central Lakes College to design, build, and offer credentials in the area of meat cutting and butchery; and
- \$500,000 to the Agricultural Utilization Research Institute for grants to

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organizations to acquire, host, and operate a mobile slaughter unit.

Environment and Natural Resources Agencies

The Pollution Control Agency's (PCA) enacted non-dedicated budget for FY 2022-23 totaled \$540.3 million, which was an increase of \$39.6 million, or 7.9 percent, compared to the forecast and an increase of \$121.3 million, or 29 percent, above FY 2020-21.

The enacted non-dedicated budget for the Department of Natural Resources (DNR) for FY 2022-23 totaled \$937.2 million, which was \$47.6 million, or 5.3 percent, more than the forecast and \$55.8 million, or 6.5 percent, above FY 2020-21.

Budget highlights for FY 2022-23 included:

- \$2 million from the General Fund to the PCA for grants to help local governments plan and develop their wastewater and stormwater infrastructure;
- \$1.4 million from the Environmental Fund to the PCA for SCORE grants that assist counties with their waste and recycling programs;
- \$18 million from the Closed Landfill Investment Fund to the PCA for regular and emergency cleanup-related activities associated with closed landfills in the state;

- \$2.5 million from the General Fund to the DNR for planting trees and increasing tree nursery capacity;
- \$2.4 million from the General Fund and \$1 million from the Game and Fish Fund to the DNR for the management and disposal of ash trees due to the emerald ash borer;
- \$3.5 million from the General Fund and \$1.5 million from the Game and Fish Fund to the DNR for monitoring the wild deer herd for chronic wasting disease;
- \$3.5 million from the General Fund to the DNR for increased inspections of white-tailed deer farms;
- \$3 million from the Natural Resources Fund to the DNR for local park and trail grants due to the federal government fully funding the Land and Water Conservation Fund;
- \$7.7 million to the DNR for an increase in salaries for conservation officers, including \$1.4 million from the General Fund, \$1.6 million from the Natural Resources Fund, and \$4.7 million from the Game and Fish Fund;
- \$2 million from the General Fund to the Board of Water and Soil Resources (BWSR) for grants to local governments to control and store stormwater runoff; and
- \$1.4 million from the General Fund to BWSR for septic system replacement grants.

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Table 2 - Agriculture, Environment, and Natural Resources General Fund Changes Compared to Forecast <i>(dollars in thousands)</i>						
Appropriation Changes by Agency	FY 2022	FY 2023	FY 2022-23	FY 2024	FY 2025	FY 2024-25
Department of Agriculture						
Industrial Hemp Development Program	50	-	50	-	-	-
Capital Equipment Replacement	600	600	1,200	600	600	1,200
Meat Inspection Program	110	110	220	110	110	220
Noxious Weed and Invasive Plant Program	225	225	450	225	225	450
Farm and Agriculture Mental Health Outreach	50	50	100	-	-	-
International Trade	50	-	50	-	-	-
Farm Safety Grants	100	100	200	-	-	-
Agricultural Growth, Research and Innovation (AGRI) Program Adjustment	585	585	1,170	1,360	1,360	2,720
Livestock Processing: AGRI	750	750	1,500	-	-	-
Farm Advocates	120	70	190	70	70	140
Second Harvest Heartland	50	50	100	50	50	100
Center for Rural Policy & Development	150	150	300	-	-	-
Ag Best Management Practices Loan Program	1,437	1,437	2,874	1,425	1,425	2,850
Northern Crops Institute	47	47	94	-	-	-
Healthy Eating Grant	(325)	(325)	(650)	(325)	(325)	(650)
Minnesota Turf Seed Council	75	75	150	-	-	-
Minnesota Poultry Association	2	-	2	-	-	-
Minnesota Horticultural Society	17	17	34	-	-	-
Minnesota Livestock Breeders Association	18	18	36	-	-	-
Greater Mankato Growth: Green Seam	75	75	150	-	-	-
Meat Cutting: Central Lakes College	150	-	150	-	-	-
Farmer Outreach Position and Translation Services	150	150	300	150	150	300
Operating Increase	565	974	1,539	974	974	1,948
Oriented Strand Board Production Incentive	-	-	-	-	1,500	1,500
FY 2021 Administrative Holdback Cancellation*	-	(1,330)	(1,330)	-	-	-
Total Department of Agriculture	5,051	3,828	8,879	4,639	6,139	10,778

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Appropriation Changes by Agency	FY 2022	FY 2023	FY 2022-23	FY 2024	FY 2025	FY 2024-25
Board of Animal Health						
Operating Increase	103	204	307	204	204	408
Agriculture Utilization Research Institute						
Meat Scientist	150	150	300	150	150	300
Meat Cutting: Mobile Unit	500	-	500	-	-	-
Total AURI	650	150	800	150	150	300
Pollution Control Agency						
Operating Increase	64	88	152	88	88	176
St. Louis River Mercury TMDL	350	-	350	-	-	-
PFAS Substance Source Evaluation	600	-	600	-	-	-
Green Tier Report	128	-	128	-	-	-
Local Water Infrastructure Grants	999	999	1,998	250	250	500
Total Pollution Control Agency	2,141	1,087	3,228	338	338	676
Department of Natural Resources						
Operating Increase	1,357	2,627	3,984	2,627	2,627	5,254
Aquatic Invasive Species Grants	850	-	850	-	-	-
Aquatic Invasive Species Grant; Red Lake	300	-	300	-	-	-
Aquatic Invasive Species Center; U of MN	500	500	1,000	500	500	1,000
Restoring Hoffman Apiaries	225	-	225	-	-	-
Lanesboro Dam Renovation	300	-	300	-	-	-
Blue Earth County Stormwater Study	14	-	14	-	-	-
City of Madelia Floodplain Study	105	-	105	-	-	-
City of Waterville Cannon River Studies	513	-	513	-	-	-
Accelerated Tree Planting on State Lands	1,250	1,250	2,500	-	-	-
Timber Permit Refunds	75	-	75	-	-	-
Ash Tree Management	1,200	1,200	2,400	400	400	800
State Parks Operating Increase	1,000	1,000	2,000	-	-	-
Bruce Mine Park Renovations	400	-	400	-	-	-
Increase Chronic Wasting Disease Monitoring	1,250	2,250	3,500	-	-	-

AGRICULTURE, ENVIRONMENT, AND NATURAL RESOURCES

Appropriation Changes by Agency	FY 2022	FY 2023	FY 2022-23	FY 2024	FY 2025	FY 2024-25
Deer Farm Inspections	1,250	2,250	3,500	2,250	2,250	4,500
No Child Left Inside Grants	200	200	400	-	-	-
One-time Public Safety Costs	300	-	300	-	-	-
Information Technology Security	400	-	400	-	-	-
Conservation Officer Salary Increase	831	555	1,386	555	555	1,110
Body Cameras for Conservation Officers	489	387	876	387	387	774
Legal Support Costs	3,000	-	3,000	-	-	-
FY 2021 Conservation Officer Salary Increase	-	205	205	-	-	-
FY 2021 Administrative Holdback Cancellation*	-	(2,008)	(2,008)	-	-	-
Total Department of Natural Resources	15,809	10,416	26,225	6,719	6,719	13,438
Board of Water and Soil Resources						
Operating Increase	98	193	291	193	193	386
Soil Health Program	675	675	1,350	203	203	406
Water Quality and Storage Program	1,000	1,000	2,000	-	-	-
Septic System Replacement Grants	1,400	-	1,400	-	-	-
Total BWSR	3,173	1,868	5,041	396	396	792
Minnesota Zoo						
Operating Increase	-	-	-	458	458	916
Minnesota Board of Tourism						
Operating Increase	90	179	269	179	179	358
COVID Recovery Grants	1,000	-	1,000	-	-	-
Total MN Board of Tourism	1,090	179	1,269	179	179	358
Transfer to Metro Landfill Cont. Account	100	100	200	100	100	200
Total General Fund Changes	28,117	17,832	45,949	13,183	14,683	27,866

* Amounts reflect cancellations of FY 2021 appropriations.

AGRICULTURE, ENVIRONMENT, AND NATURAL RESOURCES

Table 3 - Agriculture, Environment, and Natural Resources Revenue Changes Compared to Forecast <i>(dollars in thousands)</i>							
Revenue Changes by Agency	Fund	FY 2022	FY 2023	FY 2022-23	FY 2024	FY 2025	FY 2024-25
Department of Agriculture							
Custom Meat Exemption	General	(7)	(7)	(14)	(7)	(7)	(14)
Cottage Food Law Changes	Agricultural	1	1	2	1	1	2
State Meat Inspection Fed. Match	Federal	110	110	220	110	110	220
Total Department of Agriculture		104	104	208	104	104	208
Pollution Control Agency							
Increase Fee for Air Monitoring	Environmental	318	636	954	636	636	1,272
Department of Natural Resources							
Free State Park Entry for Tribal Members	General	(2)	(2)	(4)	(2)	(2)	(4)
Free State Park Entry for Tribal Members	Natural Resources	(25)	(25)	(50)	(25)	(25)	(50)
State Park Permit Violation Fee	Natural Resources	20	20	40	20	20	40
Authorized Sales of State Lands	Natural Resources	34	-	34	-	-	-
DUI Uniformity	Natural Resources	(15)	(30)	(45)	(30)	(30)	(60)
DUI Uniformity	Game and Fish	(1)	(2)	(3)	(2)	(2)	(4)
Permit for Youth Fishing Tournaments	Game and Fish	2	2	4	2	2	4
Bowfishing Tournament Permit	Game and Fish	2	2	4	2	2	4
Timber Permit Refunds	Game and Fish	(9)	(9)	(18)	(9)	-	(9)
Timber Permit Refunds	Special Revenue	(341)	(341)	(682)	(341)	-	(341)
Timber Permit Refunds	Natural Resources	(93)	(93)	(186)	(93)	-	(93)
Timber Permit Refunds	Permanent School	(1,260)	(1,260)	(2,520)	(1,260)	-	(1,260)
Total DNR		(1,688)	(1,738)	(3,426)	(1,738)	(35)	(1,773)

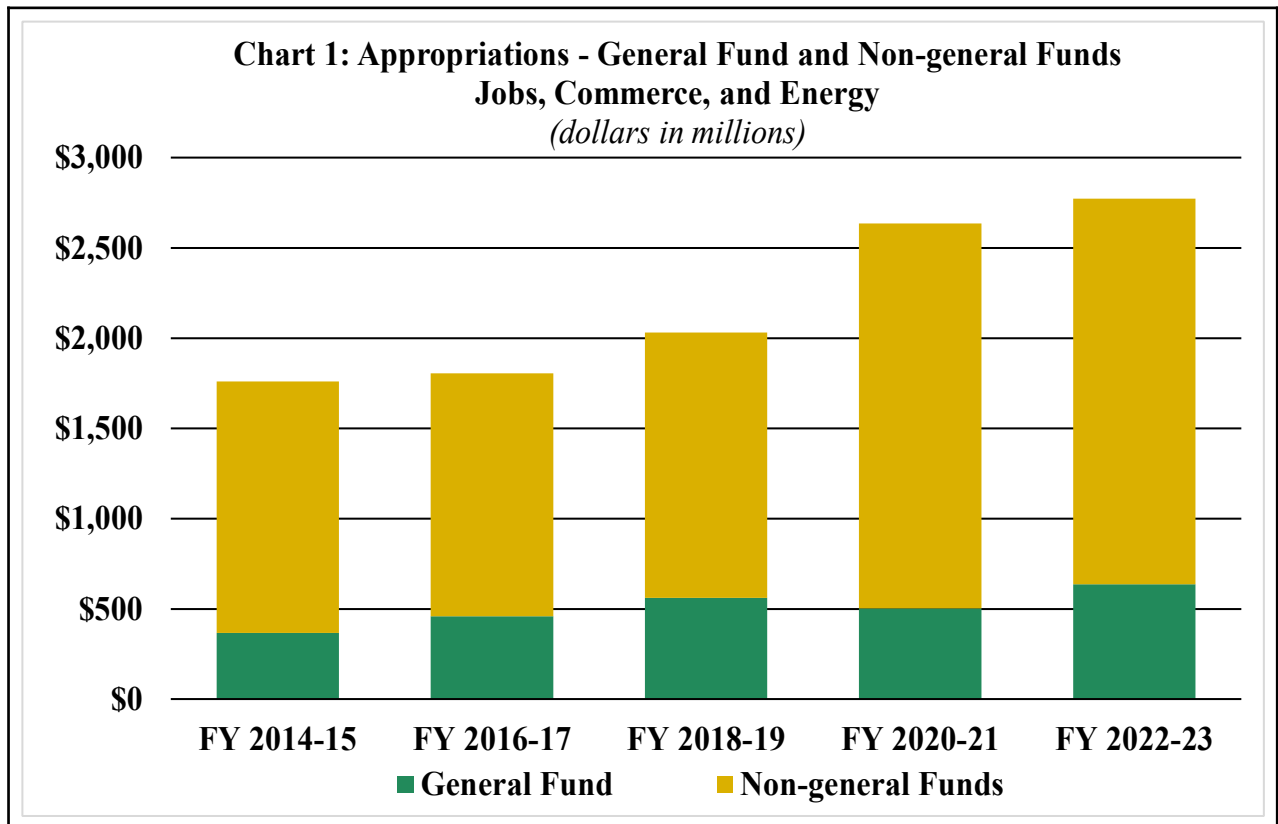
AGRICULTURE, ENVIRONMENT, AND NATURAL RESOURCES

Revenue Changes by Agency	Fund	FY 2022	FY 2023	FY 2022-23	FY 2024	FY 2025	FY 2024-25
Total Revenue Changes by Fund							
General Fund		(9)	(9)	(18)	(9)	(9)	(18)
Agricultural Fund		1	1	2	1	1	2
Environmental Fund		318	636	954	636	636	1,272
Natural Resources Fund		(79)	(128)	(207)	(128)	(35)	(163)
Game and Fish Fund		(6)	(7)	(13)	(7)	2	(5)
Special Revenue Fund		(341)	(341)	(682)	(341)	-	(341)
Permanent School Fund		(1,260)	(1,260)	(2,520)	(1,260)	-	(1,260)
Federal Fund		110	110	220	110	110	220
Total Revenue Changes for Budget Area							
		(1,266)	(998)	(2,264)	(998)	705	(293)

CHAPTER 8 JOBS, COMMERCE, AND ENERGY

2021 First Special Session, Chapters 3, 4, 5, 7, 8, 10, and 11 enacted appropriations for the Jobs, Commerce, and Energy budget area. [Chapter 3](#) appropriated funds for the office of broadband development within the Department of Employment and Economic Development (DEED). [Chapter 4](#) funded the Department of Commerce and the Public Utilities Commission (PUC). [Chapter 5](#) appropriated funds to DEED for staff support of the procurement of a statewide freight optimization tool for the Department of Transportation. [Chapter 7](#) appropriated money to the Department of Commerce to prepare an application for an innovation

waiver to administer Minnesota’s reinsurance program. [Chapter 8](#) appropriated funds to the Minnesota Housing Finance Agency (MHFA). [Chapter 10](#) funded DEED, the Department of Labor and Industry (DLI), and several other state agencies, as well as the border-to-border broadband grant program. [Chapter 11](#) adjusted Department of Commerce insurance fraud specialist salary increases that were enacted in Chapter 4. Chapter 7 also extended the premium security plan, sometimes called “reinsurance,” for one additional year. (This change is discussed in the Health and Human Services chapter, on page 49.)



The Jobs, Commerce, and Energy all funds appropriations increased in each of the past four biennia. Chart 1 displays Jobs, Commerce, and Energy appropriations since FY 2014-15 and divides each biennium between the General Fund and the non-general funds. The enacted all funds budget in FY 2022-23 totaled \$2.8 billion, an increase of \$490.4 million, or 21.5 percent, more than the February 2021 forecast, and an increase of \$137.5 million, or 5.2 percent, more than FY 2020-21 appropriations. The FY 2020-21 all funds appropriations totaled \$2.6 billion, an increase of \$603 million, or 29.7 percent, more than FY 2018-19. The FY 2018-19 all funds appropriations totaled \$2 billion, an increase of \$225.6 million, or 12.5 percent, above FY 2016-17. The 2016-17 all funds appropriations totaled \$1.8 billion, an increase of \$45.4 million, or 2.6 percent, above FY 2014-15.

In FY 2022-23, Jobs, Commerce, and Energy General Fund appropriations were 23 percent of its all funds budget. The General Fund budget in FY 2022-23 totaled \$637.3 million, an increase of \$206.3 million, or 47.9 percent, more than the February 2021 forecast and an increase of \$134.3 million, or 26.7 percent, from FY 2020-21 appropriations. FY 2020-21 General Fund appropriations totaled \$502.9 million, a decrease of \$58.9 million, or 10.5 percent, less than FY 2018-19. FY 2018-19 General Fund appropriations totaled \$561.8 million, an increase of \$102.8 million, or 22.4 percent, above FY 2016-17. FY 2016-17 General Fund appropriations totaled \$459 million, an increase of \$91.6 million, or 24.9 percent, above FY 2014-15.

Department of Employment and Economic Development

The enacted budget for DEED in FY 2022-23 was \$1.4 billion, an increase of \$258.6 million compared to the February 2021 forecast. General Fund appropriations in FY 2022-23 totaled \$404.6 million, an increase of \$175.6 million compared to the forecast. Chapter 10 increased direct appropriations from the Workforce Development Fund in FY 2022-23 by \$24 million compared to the forecast.

Budget highlights enacted in Chapter 10 included:

- \$150 million in FY 2022 from the General Fund to establish the main street economic revitalization program to provide loan guarantees and grants to small businesses for capital improvements;
- \$8 million in FY 2022-23 from the General Fund for two grant programs designed to increase the supply of child care providers; and
- \$5 million in FY 2022 from the General Fund for a grant to Lake of the Woods County to establish a forgivable loan program for resorts and other businesses in the Northwest Angle.

Department of Labor and Industry

The enacted budget appropriated a total of \$215.4 million in FY 2022-23 to DLI, an increase of \$5 million compared to the February 2021 forecast, and a decrease of \$14 million compared to FY 2020-21. The department is funded primarily by direct and statutory appropriations from the Workers' Compensation Fund and other special revenue funds. General Fund appropriations in FY 2022-23 totaled \$9.8 million (4.5 percent of all funds), an increase of \$1.3 million compared to the forecast.

JOBS, COMMERCE, AND ENERGY

Table 1 - Jobs, Commerce, and Energy All Funds Biennial Spending/Appropriations, by Agency and Fund <i>(dollars in thousands)</i>					
Agency/Fund	FY 2020-21 Spending*	FY 2022-23 Forecast Base	FY 2022-23 Enacted Budget	Change: Enacted - FY 2020-21	Change: Enacted - Fcst. Base
Department of Employment and Economic Development					
General Fund	297,368	229,030	404,645	107,277	175,615
Workforce Development Fund	150,143	124,479	123,253	(26,890)	(1,226)
Special Revenue Fund	154,693	73,684	73,684	(81,009)	-
Gift Fund	684	769	769	85	-
Remediation Fund	2,201	1,400	1,400	(801)	-
Renewable Development Account	1,000	1,000	9,000	8,000	8,000
Petroleum Tank Release Cleanup Fund	16,752	6,200	12,400	(4,352)	6,200
Expenses in Multiple Funds	(37,939)	(38,660)	(38,660)	(721)	-
Coronavirus Relief Federal Fund	70,146	-	-	(70,146)	-
Federal Fund	560,157	732,584	802,584	242,427	70,000
Total DEED	1,215,206	1,130,486	1,389,075	173,869	258,589
Department of Labor and Industry					
General Fund	8,034	8,488	9,758	1,724	1,270
Special Revenue Fund	15,511	18,363	18,363	2,852	-
Workers' Compensation Fund	132,089	110,006	112,512	(19,577)	2,506
Workforce Development Fund	5,975	5,568	6,794	819	1,226
Construction Codes Fund	64,974	67,451	67,451	2,477	-
Expenses in Multiple Funds	(10,661)	(12,290)	(12,290)	(1,629)	-
Federal Fund	13,423	12,792	12,792	(631)	-
Total DLI	229,345	210,378	215,380	(13,965)	5,002
Bureau of Mediation Services					
General Fund	4,504	4,580	4,785	281	205
Special Revenue Fund	10	20	20	10	-
Total Bureau of Mediation Services	4,514	4,600	4,805	291	205
Iron Range Resources and Rehabilitation					
General Fund	5,504	5,168	5,168	(336)	-
Economic Protection Trust Fund	33,050	12,904	12,904	(20,146)	-

JOBS, COMMERCE, AND ENERGY

Agency/Fund	FY 2020-21 Spending*	FY 2022-23 Forecast Base	FY 2022-23 Enacted Budget	Change: Enacted - FY 2020-21	Change: Enacted - Fcst. Base
Iron Range Resources and Rehabilitation Fund	94,249	79,676	79,676	(14,573)	-
Total IRRR	132,803	97,748	97,748	(35,055)	-
Workers' Compensation Court of Appeals					
Workers' Compensation Fund	4,505	4,566	4,566	61	-
Total WCCA	4,505	4,566	4,566	61	-
Public Facilities Authority					
Special Revenue Fund	1,254	764	764	(490)	-
<i>Environment Trust/Legacy Funds</i>					
Clean Water Fund	26,390	-	16,136	(10,254)	16,136
<u>Environment & Natural Resources Trust Fund</u>	<u>1,095</u>	=	=	<u>(1,095)</u>	=
<i>Subtotal Env Trust/Legacy Funds</i>	<i>27,485</i>	<i>-</i>	<i>16,136</i>	<i>(11,349)</i>	<i>16,136</i>
Total Public Facilities Authority	28,739	764	16,900	(11,839)	16,136
Department of Commerce					
General Fund	51,327	52,484	70,799	19,472	18,315
Special Revenue Fund	222,522	192,078	299,024	76,502	106,946
Petroleum Tank Release Cleanup Fund	15,693	10,541	21,082	5,389	10,541
Workers' Compensation Fund	1,517	1,522	1,522	5	-
Renewable Development Account	27,453	40,280	45,705	18,252	5,425
Expenses in Multiple Funds	(4,173)	(4,000)	(4,000)	173	-
Federal Fund	565,713	405,062	463,380	(102,333)	58,318
Total Department of Commerce	880,052	697,967	897,512	17,460	199,545
Public Utilities Commission					
General Fund	15,586	15,586	16,499	913	913
Special Revenue Fund	2,890	3,696	3,696	806	-
Total Public Utilities Commission	18,476	19,282	20,195	1,719	913

JOBS, COMMERCE, AND ENERGY

Agency/Fund	FY 2020-21 Spending*	FY 2022-23 Forecast Base	FY 2022-23 Enacted Budget	Change: Enacted - FY 2020-21	Change: Enacted - Fcst. Base
Minnesota Housing Finance Agency					
General Fund	120,596	115,596	125,596	5,000	10,000
Total MHFA	120,596	115,596	125,596	5,000	10,000
Totals by Fund					
General Fund	502,919	430,932	637,250	134,331	206,318
Special Revenue Fund	396,879	288,605	395,551	(1,328)	106,946
Workforce Development Fund	156,118	130,047	130,047	(26,071)	-
Workers' Compensation Fund	138,111	116,094	118,600	(19,511)	2,506
Renewable Development Account	28,453	41,280	54,705	26,252	13,425
Construction Codes Fund	64,974	67,451	67,451	2,477	-
Gift Fund	684	769	769	85	-
Remediation Fund	2,201	1,400	1,400	(801)	-
Petroleum Tank Release Cleanup Fund	32,445	16,741	33,482	1,037	16,741
Economic Protection Trust Fund	33,050	12,904	12,904	(20,146)	-
Iron Range Resources and Rehabilitation Fund	94,249	79,676	79,676	(14,573)	-
Expenses in Multiple Funds	(52,774)	(54,950)	(54,950)	(2,176)	-
Coronavirus Relief Federal Fund	70,146	-	-	(70,146)	-
<u>Federal Fund</u>	<u>1,139,294</u>	<u>1,150,438</u>	<u>1,278,756</u>	<u>139,462</u>	<u>128,318</u>
Subtotal for Non-Dedicated Funds	2,606,750	2,281,387	2,755,641	148,891	474,254
<i>Environment Trust/Legacy Funds</i>					
Clean Water Fund	26,390	-	16,136	(10,254)	16,136
<u>Environment & Natural Resources Trust Fund</u>	<u>1,095</u>	<u>=</u>	<u>=</u>	<u>(1,095)</u>	<u>=</u>
<i>Subtotal Env Trust/Legacy Funds</i>	<i>27,485</i>	<i>-</i>	<i>16,136</i>	<i>(11,349)</i>	<i>16,136</i>
Total for Budget Area	2,634,235	2,281,387	2,771,777	137,542	490,390

* As adjusted by FY 2021 changes enacted during the 2021 sessions.

Department of Commerce

The enacted budget for the Department of Commerce in FY 2022-23 was \$897.5 million, an increase of \$199.5 million

compared to the February 2021 forecast. General Fund appropriations in FY 2022-23 totaled \$70.8 million, an increase of \$18.3 million compared to the forecast. Chapter 4 increased direct appropriations from the

JOBS, COMMERCE, AND ENERGY

renewable development account in FY 2022-23 by \$5.4 million compared to the forecast.

Budget highlights enacted in Chapter 4 included:

- \$1.7 million in FY 2022-23 from the General Fund for department-wide operating budget increases;
- \$3 million in FY 2022-23 from the General Fund for the department’s weights and measures division to compensate for reduced petroleum inspection fee revenue;
- \$9.2 million in FY 2022 from the General Fund and \$9.2 million from the renewable development account to install solar panels on K-12 public schools and state college campuses; and
- \$3.6 million in FY 2022-23 from the renewable development account to enhance and expand the University of Saint Thomas microgrid.

Housing Finance Agency

Chapter 8 appropriated \$125.6 million in FY 2022-23 from the General Fund to the Housing Finance Agency, an increase of \$10 million compared to the February 2021 forecast.

Budget highlights for FY 2022-23 included:

- \$2.8 million from the General Fund to the economic development and housing challenge program for workforce housing;
- \$3.3 million from the General Fund for the workforce homeownership program; and
- \$1.8 million from the General Fund for manufactured home park infrastructure grants.

Border-to-Border Broadband Grants

The federal American Rescue Plan Act of 2021 (ARPA) provided funding for states, territories, and tribal governments to carry out critical capital projects, including high-quality broadband and other connectivity infrastructure. Minnesota’s total allocation under ARPA for these purposes was \$180.7 million. Chapter 10 directed the Commissioner of Employment and Economic Development to submit an application to the United States Department of the Treasury requesting to spend \$70 million from this allocation for the Minnesota border-to-border broadband development grant program. The amount awarded pursuant to the application required under Chapter 10 is appropriated to DEED in equal amounts in FY 2022 and FY 2023 for this program.

Table 2 - Jobs, Commerce, and Energy General Fund Changes Compared to Forecast <i>(dollars in thousands)</i>						
Appropriation Changes by Agency	FY 2022	FY 2023	FY 2022-23	FY 2024	FY 2025	FY 2024-25
Department of Employment and Economic Development						
Business Development Competitive Grants	7,000	-	7,000	-	-	-
Child Care Provider Grants	2,500	2,500	5,000	1,500	1,500	3,000

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Appropriation Changes by Agency	FY 2022	FY 2023	FY 2022-23	FY 2024	FY 2025	FY 2024-25
Rural MN Child Care Development Grants	1,500	1,500	3,000	1,000	1,000	2,000
Minnesota Investment Fund	(2,341)	(2,342)	(4,683)	-	-	-
Redevelopment Grant Program	-	-	-	2,246	2,246	4,492
Launch Minnesota	2,500	2,500	5,000	2,500	2,500	5,000
Northeast Entrepreneur Fund Grant	1,148	-	1,148	-	-	-
Main Street Economic Revitalization Program	80,000	-	80,000	-	-	-
Main Street COVID Relief Grant Program	70,000	-	70,000	-	-	-
Airport Infrastructure Renewal Grants	500	500	1,000	-	-	-
Hmong Chamber of Commerce	125	-	125	-	-	-
NW Angle Economic Relief Grants	5,000	-	5,000	-	-	-
Higher Ed. Career Advising Program	(250)	(250)	(500)	(250)	(250)	(500)
MN Technology Association SciTech	875	875	1,750	-	-	-
Operating Budget Adjustment	606	919	1,525	919	919	1,838
State Trade and Export Program Grants	(100)	(100)	(200)	-	-	-
Trade Policy Advisory Council	(50)	(50)	(100)	(50)	(50)	(100)
Statewide Freight Optimization Tool	15	15	30	-	-	-
Community Planning Energy Transition Office	170	350	520	350	350	700
FY 2021 Hmong Chamber Cancellation*	(125)	-	(125)	-	-	-
FY 2021 STEP Grants Cancellation*	(205)	-	(205)	-	-	-
FY 2021 Trade Policy Advisory Group Cancellation*	(50)	-	(50)	-	-	-
FY 2021 Grants to Large Venues Cancellation*	(901)	-	(901)	-	-	-
FY 2021 Administrative Holdback Cancellation*	(1,022)	-	(1,022)	-	-	-
Total DEED	166,895	6,417	173,312	8,215	8,215	16,430
Department of Labor and Industry						
Operating Budget Adjustment	51	101	152	101	101	202
Nursing and Lactating Mothers Accommodation	84	34	118	34	34	68
Loggers Safety Grant Program	1,000	-	1,000	-	-	-
FY 2021 Administrative Holdback Cancellation*	(203)	-	(203)	-	-	-
Total Dept of Labor and Industry	932	135	1,067	135	135	270

JOBS, COMMERCE, AND ENERGY

Appropriation Changes by Agency	FY 2022	FY 2023	FY 2022-23	FY 2024	FY 2025	FY 2024-25
Bureau of Mediation Services						
Operating Budget Adjustment	80	125	205	125	125	250
Public Employee Relations Board	-	-	-	(250)	(250)	(500)
FY 2021 Administrative Holdback Cancellation*	(102)	-	(102)	-	-	-
Total Bureau of Mediation Services	(22)	125	103	(125)	(125)	(250)
Department of Commerce						
Operating Budget Adjustment	662	1,056	1,718	1,056	1,056	2,112
Additional Securities Unit Staff	260	260	520	260	260	520
Student Loan Borrower Bill of Rights	254	254	508	254	254	508
Closed Captioning - Transfer to LCC	310	-	310	-	-	-
Catalytic Converter Theft Prevention	200	-	200	-	-	-
Insurance Division Operating Adjustment	704	704	1,408	200	200	400
Mandated Health Benefit Proposals Evaluation	105	105	210	105	105	210
Additional Weights and Measures Funding	1,500	1,500	3,000	1,500	1,500	3,000
Solar on Schools	8,000	-	8,000	-	-	-
Solar on State College and University Campuses	1,242	-	1,242	1,138	-	1,138
Natural Gas Innovation Act Implementation	189	189	378	189	189	378
Bond Defeasance for Solar on Landfill (Transfer to MMB)	100	-	100	-	-	-
Insurance Fraud Specialist Salary Increases**	555	283	838	283	283	566
Reinsurance Innovation Waiver Application	155	-	155	-	-	-
FY 2021 Administrative Holdback Cancellation*	(1,220)	-	(1,220)	-	-	-
Total Department of Commerce	13,016	4,351	17,367	4,985	3,847	8,832
Public Utilities Commission						
Operating Budget Adjustment	280	409	689	409	409	818
Natural Gas Innovation Act Implementation	112	112	224	112	112	224
Total Public Utilities Commission	392	521	913	521	521	1,042

JOBS, COMMERCE, AND ENERGY

Appropriation Changes by Agency	FY 2022	FY 2023	FY 2022-23	FY 2024	FY 2025	FY 2024-25
Minnesota Housing Finance Agency						
Economic Development & Housing Challenge Program	2,800	-	2,800	-	-	-
Manufactured Home Park Infrastructure Grants	1,750	-	1,750	-	-	-
Workforce Homeownership Program	3,250	-	3,250	-	-	-
Rental Housing Rehabilitation	1,000	-	1,000	-	-	-
Local Housing Trust Fund Grants	1,000	-	1,000	-	-	-
Lead-Safe Homes	200	-	200	-	-	-
Total MHFA	10,000	-	10,000	-	-	-
Other Changes						
FY 2021 Unemployment Insurance Transfer Cancellation*	(25,000)	-	(25,000)	-	-	-
Total Other Changes	(25,000)	-	(25,000)	-	-	-
Total General Fund Changes	166,213	11,549	177,762	13,731	12,593	26,324

* Amounts reflect cancellations of FY 2021 appropriations.

** Of the amount shown for FY 2022, \$272,000 was appropriated in FY 2021.

Table 3 - Jobs, Commerce, and Energy Revenue Changes Compared to Forecast (dollars in thousands)							
Revenue Changes by Agency	Fund	FY 2022	FY 2023	FY 2022-23	FY 2024	FY 2025	FY 2024-25
Employment and Economic Development							
Minnesota Investment Fund One-time Exception	General	595	-	595	-	-	-
Department of Commerce							
Debt Buyer Regulation	General	38	38	76	38	38	76
Student Loan Borrower Bill of Rights	General	130	112	242	112	112	224
Transfer from Consumer Education Account	General	300	-	300	-	-	-
Natural Gas Innovation Act Assessment Authority	General	189	189	378	189	189	378

JOBS, COMMERCE, AND ENERGY

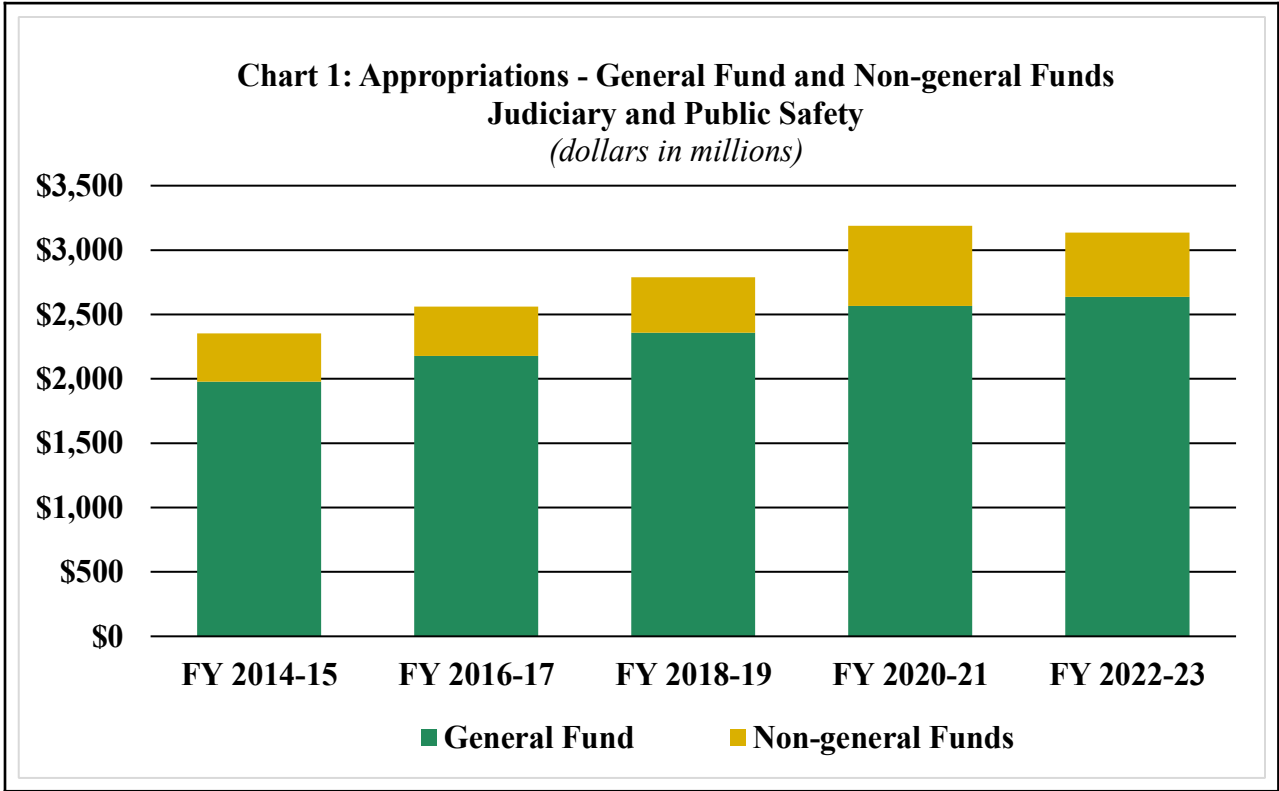
Revenue Changes by Agency	Fund	FY 2022	FY 2023	FY 2022-23	FY 2024	FY 2025	FY 2024-25
Operating Adjustment Assessment Authority	General	140	230	370	230	230	460
Utility Grid Assessment Extension	Special Revenue	500	500	1,000	-	-	-
MN Efficient Technology Accelerator (META)	Special Revenue	3,440	6,880	10,320	6,020	6,020	12,040
Petroleum Tank Release Compensation Fund Sunset Repeal	Petroleum Tank Release Cleanup	-	28,405	28,405	28,405	28,405	56,810
Solar Rewards Extension	Renewable Development Account	-	-	-	(5,000)	(5,000)	(10,000)
Solar on Schools	Renewable Development Account	(8,000)	-	(8,000)	-	-	-
Total Dept of Commerce		(3,263)	36,354	33,091	29,994	29,994	59,988
Public Utilities Commission							
Natural Gas Innovation Act Assessment Authority	General	112	112	224	112	112	224
Operating Adjustment Assessment Authority	General	280	409	689	409	409	818
Total Public Utilities Commission		392	521	913	521	521	1,042
Total Revenue Changes by Fund							
General Fund		1,784	1,090	2,874	1,090	1,090	2,180
Special Revenue Fund		3,940	7,380	11,320	6,020	6,020	12,040
Petroleum Tank Release Cleanup Fund		-	28,405	28,405	28,405	28,405	56,810
Renewable Development Account		(8,000)	-	(8,000)	(5,000)	(5,000)	(10,000)
Total Revenue Changes for Budget Area		(2,276)	36,875	34,599	30,515	30,515	61,030

**CHAPTER 9
JUDICIARY AND PUBLIC SAFETY**

Two chapters enacted the Judiciary and Public Safety budget for FY 2022-23. [2021 First Special Session, Chapter 11](#), the Omnibus Judiciary and Public Safety Act, provided funding for the Judiciary, the Department of Corrections (DOC), and the Department of Public Safety (DPS). [Chapter 26](#) appropriated money to the DOC for payment of a claim against the state.

The Judiciary and Public Safety all funds appropriations for FY 2022-23 were relatively unchanged from FY 2020-21, following increases in the previous three biennia. Chart 1 displays Judiciary and Public Safety appropriations since FY 2014-15 and

divides each biennium between the General Fund and the non-general funds. The enacted all funds budget in FY 2022-23 totaled \$3.1 billion, an increase of \$104.2 million, or 3.5 percent, more than the February 2021 forecast, and a decrease of \$53 million, or 1.7 percent, from FY 2020-21. The FY 2020-21 all funds appropriations totaled \$3.2 billion, an increase of \$400.6 million, or 14.4 percent, from FY 2018-19. The FY 2018-19 all funds appropriations totaled \$2.8 billion, an increase of \$227.7 million, or 8.9 percent, more than FY 2016-17. The FY 2016-17 all funds appropriations totaled \$2.6 billion, an increase of \$209.6 million, or 8.9 percent, above FY 2014-15.



In FY 2022-23, the Judiciary and Public Safety General Fund appropriations were 84 percent of its all funds budget. The General Fund budget in FY 2022-23 totaled \$2.6 billion, an increase of \$99.8 million, or four percent, more than the February 2021 forecast, and an increase of \$72.7 million, or 2.9 percent, more than FY 2020-21. FY 2020-21 General Fund appropriations totaled \$2.6 billion, an increase of \$207.9 million, or 8.9 percent, more than FY 2018-19. FY 2018-19 General Fund appropriations totaled \$2.4 billion, an increase of \$178.2 million, or 8.2 percent, more than FY 2016-17. FY 2016-17 General Fund appropriations totaled \$2.2 billion, an increase of \$200.5 million, or 10.1 percent, above FY 2014-15.

Supreme Court

Chapter 11 appropriated a total of \$122.1 million to the Supreme Court in FY 2022-23 from the General Fund, an increase of \$9.1 million, or 8.1 percent, above forecast. Of the total appropriation, \$86.9 million was for the Supreme Court for operations and \$35.1 million was for civil legal services, which provides legal representation in civil matters to low-income people who cannot otherwise afford an attorney. The Supreme Court appropriation increase included \$1.9 million for 2.5 percent salary increases for Supreme Court justices and court staff, \$967,000 for judge and employee health insurance increases, and \$500,000 for courthouse security grants. The civil legal services appropriation increased by \$5.7 million, or 19.4 percent, compared to the forecast.

Court of Appeals

Chapter 11 appropriated \$27.1 million to the Court of Appeals in FY 2022-23 from the General Fund, an increase of \$728,000, or 2.8 percent, above the forecast. The appropriation included funding to provide salary increases of 2.5 percent for judges and court staff, as well as \$226,000 for increased health insurance coverage.

District Courts

Chapter 11 appropriated \$655.5 million to the district courts in FY 2022-23 from the General Fund, an increase of \$21.1 million, or 3.4 percent, more than forecast. This appropriation included funding to provide judge and staff salary increases of 2.5 percent, as well as \$7.7 million for health insurance increases, \$400,000 for increased interpreter pay, and \$931,000 for a new judgeship in the Fifth Judicial District. The Fifth Judicial District includes the southwestern Minnesota counties of Blue Earth, Watonwan, Lyon, Redwood, Brown, Nicollet, Lincoln, Cottonwood, Murray, Nobles, Pipestone, Rock, Faribault, Martin, and Jackson.

Guardian ad Litem Board

Chapter 11 appropriated \$45.4 million to the Guardian ad Litem Board in FY 2022-23 from the General Fund, an increase of \$1.4 million, or 3.2 percent, over forecast. Of this amount, \$740,000 was for salary increases and \$651,000 was for health insurance increases.

JUDICIARY AND PUBLIC SAFETY

Table 1 - Judiciary and Public Safety All Funds Biennial Spending/Appropriations, by Agency and Fund <i>(dollars in thousands)</i>					
Agency/Fund	FY 2020-21 Spending*	FY 2022-23 Forecast Base	FY 2022-23 Enacted Budget	Change: Enacted - FY 2020-21	Change: Enacted - Fcst. Base
Supreme Court					
General Fund	113,862	113,004	122,099	8,237	9,095
Special Revenue Fund	8,474	8,624	8,624	150	-
Gift Fund	2,253	297	297	(1,956)	-
Federal Fund	10,561	9,642	9,642	(919)	-
Coronavirus Relief Federal Fund	3,500	-	-	(3,500)	-
Total Supreme Court	138,650	131,567	140,662	2,012	9,095
Court of Appeals					
General Fund	25,994	26,326	27,064	1,070	738
District Courts					
General Fund	626,205	634,404	655,518	29,313	21,114
Special Revenue Fund	5,312	3,602	3,602	(1,710)	-
Gift Fund	460	328	328	(132)	-
Federal Fund	34,830	28,640	28,640	(6,190)	-
Coronavirus Relief Federal Fund	6,418	-	-	(6,418)	-
Total District Courts	673,225	666,974	688,088	14,863	21,114
Guardian ad Litem Board					
General Fund	43,385	44,000	45,391	2,006	1,391
Special Revenue Fund	2,831	1,620	1,620	(1,211)	-
Coronavirus Relief Federal Fund	13	-	-	(13)	-
Total Guardian ad Litem Board	46,229	45,620	47,011	782	1,391
Tax Court					
General Fund	3,615	3,616	3,668	53	52
Uniform Laws Commission					
General Fund	196	196	200	4	4
Board on Judicial Standards					
General Fund	1,267	1,018	1,166	(101)	148

JUDICIARY AND PUBLIC SAFETY

Agency/Fund	FY 2020-21 Spending*	FY 2022-23 Forecast Base	FY 2022-23 Enacted Budget	Change: Enacted - FY 2020-21	Change: Enacted - Fcst. Base
Legal Professions Board					
Special Revenue Fund	16,397	17,424	17,424	1,027	-
Public Defense Board					
General Fund	197,552	202,356	217,790	20,238	15,434
Special Revenue Fund	1,223	754	754	(469)	-
Gift Fund	185	102	102	(83)	-
Total Public Defense Board	198,960	203,212	218,646	19,686	15,434
Peace Officer Standards and Training Board					
General Fund	24,457	22,262	23,117	(1,340)	855
Private Detective Board					
General Fund	554	554	570	16	16
Department of Human Rights					
General Fund	10,042	10,262	10,963	921	701
Special Revenue Fund	551	342	488	(63)	146
Gift Fund	26	-	-	(26)	-
Federal Fund	632	396	396	(236)	-
Total Dept of Human Rights	11,251	11,000	11,847	596	847
Department of Public Safety					
General Fund	224,368	220,594	256,385	32,017	35,791
State Gov Special Revenue Fund	206	206	206	-	-
Special Revenue Fund	121,394	68,678	72,926	(48,468)	4,248
Environmental Fund	146	146	146	-	-
Trunk Highway Fund	4,858	4,858	4,858	-	-
911 Emergency Fund	88,369	88,298	88,307	(62)	9
Gift Fund	540	350	350	(190)	-
Opiate Epidemic Fund	672	1,344	1,344	672	-
Federal Fund	250,162	215,823	215,823	(34,339)	-
Coronavirus Relief Federal Fund	8,903	-	-	(8,903)	-
Total Dept of Public Safety	699,618	600,297	640,345	(59,273)	40,048

JUDICIARY AND PUBLIC SAFETY

Agency/Fund	FY 2020-21 Spending*	FY 2022-23 Forecast Base	FY 2022-23 Enacted Budget	Change: Enacted - FY 2020-21	Change: Enacted - Fcst. Base
MMB Non-Operations - Public Safety **					
General Fund	50,922	922	922	(50,000)	-
Sentencing Guidelines Commission					
General Fund	1,366	1,374	1,505	139	131
Ombudsman for Corrections					
General Fund	-	-	1,322	1,322	1,322
Department of Corrections					
General Fund	1,241,474	1,257,259	1,270,256	28,782	12,997
Special Revenue Fund	32,720	37,216	37,216	4,496	-
Gift Fund	14	22	22	8	-
COVID-19 Minnesota Fund	2,235	-	-	(2,235)	-
Federal Fund	7,402	9,703	9,703	2,301	-
Coronavirus Relief Federal Fund	16,998	-	-	(16,998)	-
Expenses in Multiple Funds	(3,496)	(3,690)	(3,690)	(194)	-
Total Department of Corrections	1,297,347	1,300,510	1,313,507	16,160	12,997
Totals by Fund					
General Fund	2,565,259	2,538,147	2,637,936	72,677	99,789
State Govt Special Revenue Fund	206	206	206	-	-
Special Revenue Fund	188,902	138,260	142,654	(46,248)	4,394
Environmental Fund	146	146	146	-	-
Trunk Highway Fund	4,858	4,858	4,858	-	-
911 Emergency Fund	88,369	88,298	88,307	(62)	9
Opiate Epidemic Response Fund	672	1,344	1,344	672	-
Gift Fund	3,478	1,099	1,099	(2,379)	-
COVID-19 Minnesota Fund	2,235	-	-	-	-
Federal Fund	303,587	264,204	264,204	(39,383)	-
Coronavirus Relief Federal Fund	35,832	-	-	(35,832)	-
Expenses in Multiple Funds	(3,496)	(3,690)	(3,690)	(194)	-
Total for Budget Area	3,190,048	3,032,872	3,137,064	(52,984)	104,192

* As adjusted by FY 2021 changes enacted during the 2021 sessions.

** Does not include FY 2022 \$30 million transfer to the disaster assistance contingency account.

JUDICIARY AND PUBLIC SAFETY

Board of Public Defense

Chapter 11 appropriated \$217.8 million to the Board of Public Defense in FY 2022-23 from the General Fund, an increase of \$15.4 million, or 7.7 percent, compared to the forecast. The appropriation included \$15.2 million for employee compensation, health insurance, and new support staff, and \$226,000 for public defense corporations.

Department of Human Rights

Chapter 11 appropriated \$11 million to the Department of Human Rights in FY 2022-23 from the General Fund, an increase of \$701,000, or 6.9 percent, over forecast. This increase included funding for salary and health insurance increases, as well as for a new investigator to improve caseload processing.

Peace Officer Standards and Training Board

Chapter 11 appropriated \$23.1 million to the Peace Officer Standards and Training (POST) Board in FY 2022-23 from the General Fund, which was an increase of \$855,000, or 3.9 percent, over forecast. Of this amount, \$68,000 was for board operations, \$293,000 was for an additional compliance and enforcement officer, and \$494,000 was for electronic licensing software and the purchase of administrative services from the small agency resource team in the Department of Administration.

DEPARTMENT OF PUBLIC SAFETY

Chapter 11 appropriated \$427.2 million to the Department of Public Safety criminal justice divisions in FY 2022-23, an increase of \$27 million, or 6.8 percent, over forecast. General Fund appropriations to DPS for these divisions totaled \$256.4 million in FY 2022-23, which was \$36.1 million, or 16.4 percent, above the forecast. The agency divisions of

homeland security and emergency management, bureau of criminal apprehension, alcohol and gambling enforcement, and office of justice programs received General Fund increases, and the state fire marshal, the Board of Firefighter Training and Education, and the driver and vehicle services division received Special Revenue Fund increases. Chapter 11 also included a reduction to the Special Revenue Fund appropriation for emergency communication networks, compared to the forecast.

DPS received appropriations in the Transportation and Public Safety budget as well as in the Judiciary and Public Safety budget. The Transportation and Public Safety divisions of DPS received appropriations in [2021 First Special Session, Chapter 5](#), the Omnibus Transportation and Public Safety Act. (See the Transportation and Public Safety chapter for further discussion about DPS appropriations.)

Homeland Security and Emergency Management

Chapter 11 appropriated \$6 million from the General Fund to the office of homeland security and emergency management in FY 2022-23, an increase of \$1.1 million, or 21.8 percent, over forecast. The increase included \$576,000 for increased operating costs and \$500,000 for the Minnesota school safety center.

Similar to the approach taken in the FY 2020-21 budget, Chapter 11 established a General Fund transfer of up to \$30 million to the disaster assistance contingency account in the Special Revenue Fund, contingent upon the FY 2020-21 General Fund closing balance. If the FY 2020-21 General Fund closing balance exceeds the balance projected at the end of the 2021 legislative sessions, the

increase (up to \$30 million) will be transferred from the General Fund to the disaster assistance contingency account. Money in the disaster assistance contingency account is used to pay for the immediate public costs incurred after a disaster occurs. (See page 51 of the [2014 Fiscal Review](#) for a detailed discussion of the account.)

Bureau of Criminal Apprehension

Chapter 11 appropriated \$150.4 million from the General Fund to the bureau of criminal apprehension (BCA) in FY 2022-23, an increase of \$18.9 million, or 14.4 percent, compared to the forecast. Of the increase, \$7.6 million was for increased operating costs, \$4.2 million was for cybersecurity upgrades, \$3.7 million was for additional salary increases for BCA special agents, and \$1.6 million was for drugged driving lab personnel and equipment. In addition, \$602,000 was for body cameras for BCA agents, \$570,000 was for the rapid DNA program, \$200,000 was for an additional sex crimes special agent, and \$200,000 was for the creation of a dementia category in the BCA’s crime alert network.

State Fire Marshal

Chapter 11 appropriated \$17.2 million to the state fire marshal in FY 2022-23 from the Special Revenue Fund, an increase of \$920,000, or 5.7 percent, over forecast. The

increase included \$820,000 for operating increases and \$100,000 to offset costs incurred by hazardous material response teams for incidents where a responsible party cannot be identified or invoiced.

Board of Firefighter Training and Education

Chapter 11 appropriated \$11.6 million to the Board of Firefighter Training and Education in FY 2022-23 from the Special Revenue Fund, an increase of \$1.6 million, or 15.5 percent, over forecast. The increase included \$950,000 for training grants, \$470,000 for the Minnesota task force 1 emergency response team, and \$134,000 for the Minnesota air rescue team.

Alcohol and Gambling Enforcement

Chapter 11 appropriated \$5.3 million to the alcohol and gambling enforcement division in FY 2022-23 from the General Fund, an increase of \$947,000, or 22.1 percent, compared to forecast. The increase included \$422,000 for increased operating costs, \$296,000 for additional salary increases for gambling enforcement special agents, \$93,000 for one-time legal costs, and \$32,000 for body cameras for gambling enforcement special agents. In addition, Chapter 11 appropriated \$104,000 in FY 2022-23 from the General Fund to pay for the enforcement costs relating to 2:00 a.m. bar closures.

JUDICIARY AND PUBLIC SAFETY

Table 2 - Judiciary and Public Safety General Fund Changes Compared to Forecast <i>(dollars in thousands)</i>						
Appropriation Changes by Agency	FY 2022	FY 2023	FY 2022-23	FY 2024	FY 2025	FY 2024-25
Supreme Court						
Judge and Employee Compensation	941	941	1,882	941	941	1,882
Judge and Employee Health Insurance	306	661	967	661	661	1,322
Courthouse Security Grants	500	-	500	-	-	-
Traumatic Brain Injury Exam Report	30	-	30	-	-	-
Child Support Policy Modifications*	30	-	30	-	-	-
Total Supreme Court	1,807	1,602	3,409	1,602	1,602	3,204
Civil Legal Services						
Increased Operations	2,208	3,478	5,686	3,478	3,478	6,956
Court of Appeals						
Judge and Employee Compensation	256	256	512	256	256	512
Judge and Employee Health Insurance	71	155	226	155	155	310
Total Court of Appeals	327	411	738	411	411	822
District Courts						
Judge and Employee Compensation	6,063	6,063	12,126	6,063	6,063	12,126
Judge and Employee Health Insurance	2,425	5,232	7,657	5,232	5,232	10,464
Interpreter Pay	200	200	400	-	-	-
One New Judgeship	482	449	931	449	449	898
Total District Courts	9,170	11,944	21,114	11,744	11,744	23,488
Guardian ad Litem Board						
Employee Compensation	370	370	740	370	370	740
Employee Health Insurance	206	445	651	445	445	890
Total Guardian ad Litem Board	576	815	1,391	815	815	1,630
Tax Court						
Operating Increase	19	33	52	33	33	66
Uniform Laws Commission						
Operating Increase	2	2	4	2	2	4

JUDICIARY AND PUBLIC SAFETY

Appropriation Changes by Agency	FY 2022	FY 2023	FY 2022-23	FY 2024	FY 2025	FY 2024-25
Board of Judicial Standards						
Operating Increase	71	77	148	77	77	154
Public Defense Board						
Operating Increase	5,129	10,079	15,208	10,079	10,079	20,158
Public Defense Corporations	74	152	226	152	152	304
Total Public Defense Board	5,203	10,231	15,434	10,231	10,231	20,462
Sentencing Guidelines						
Operating Increase	53	78	131	78	78	156
Department of Public Safety						
Homeland Security and Emergency Management						
Operating Increase	210	366	576	366	366	732
School Safety Center	250	250	500	250	250	500
Subtotal HSEM	460	616	1,076	616	616	1,232
Bureau of Criminal Apprehension						
Operating Increase	3,704	3,933	7,637	3,933	3,933	7,866
Body Cameras	397	205	602	205	205	410
Cybersecurity - FBI Compliance	2,611	1,558	4,169	1,050	1,050	2,100
Rapid DNA Program	285	285	570	285	285	570
Forfeiture Reform	24	-	24	-	-	-
Criminal Alert Network - Dementia	200	-	200	-	-	-
New BCA Agent - Sex Crimes	160	160	320	-	-	-
Additional Salary Increase BCA Agents	1,846	1,846	3,692	1,846	1,846	3,692
Drugged Driving Lab Testing	825	825	1,650	825	825	1,650
Subtotal BCA	10,052	8,812	18,864	8,144	8,144	16,288
Alcohol and Gambling Enforcement						
Operating Increase	154	268	422	268	268	536
One-Time Legal Costs	93	-	93	-	-	-
Body Cameras	16	16	32	16	16	32
Additional Salary Increase AGE Agents	148	148	296	148	148	296

JUDICIARY AND PUBLIC SAFETY

Appropriation Changes by Agency	FY 2022	FY 2023	FY 2022-23	FY 2024	FY 2025	FY 2024-25
2 a.m. Bar Close Fee Expenditure	(90)	194	104	194	194	388
Subtotal AGE	321	626	947	626	626	1,252
Office of Justice Programs						
Operating Increase	161	281	442	281	281	562
Survivor Support and Prevention Grants	400	400	800	-	-	-
Expansion of Juvenile Justice Unit	200	200	400	200	200	400
Innovation in Community Safety Grants	400	400	800	-	-	-
Youth Intervention Programs	286	286	572	286	286	572
Missing and Murdered Indigenous Women	500	500	1,000	500	500	1,000
Combatting Sex Trafficking Grants	250	250	500	250	250	500
Racially Diverse Youth Group Grants	45	45	90	-	-	-
Task Force on African American Women	100	50	150	-	-	-
Firefighter Critical Illness Grants	4,000	4,000	8,000	4,000	4,000	8,000
Domestic Violence Pilot Program Anoka Co.	150	-	150	-	-	-
Violent Crime Enforcement Teams	1,000	1,000	2,000	1,000	1,000	2,000
Subtotal Office of Justice Programs	7,492	7,412	14,904	6,517	6,517	13,034
FY 2021 Changes						
FY 2021 Additional Salary Increase	-	1,439	1,439	-	-	-
FY 2021 Administrative Holdback Cancellation*	-	(345)	(345)	-	-	-
FY 2021 Civil Unrest Response	-	1,500	1,500	-	-	-
Subtotal FY 2021 Changes	-	2,594	2,594	-	-	-
Total Department of Public Safety	18,325	20,060	38,385	15,903	15,903	31,806
Peace Officer Standards and Training Board						
Operating Increase	23	45	68	45	45	90
E-Licensing Software	137	137	274	137	137	274
Administrative Services SmART	110	110	220	110	110	220
Extend Police Training Reimbursements	-	-	-	6,000	6,000	12,000
Compliance and Enforcement Officer	162	131	293	131	131	262
Total POST Board	432	423	855	6,423	6,423	12,846

JUDICIARY AND PUBLIC SAFETY

Appropriation Changes by Agency	FY 2022	FY 2023	FY 2022-23	FY 2024	FY 2025	FY 2024-25
Private Detective Board						
Operating Increase	5	11	16	11	11	22
Human Rights Department						
Operating Increase	192	287	479	287	287	574
Additional Investigator	110	112	222	116	116	232
Total Human Rights Department	302	399	701	403	403	806
<u>Department of Corrections</u>						
Incarceration and Pre-Release Services						
Operating Increase	6,604	13,231	19,835	13,231	13,231	26,462
Healthy Start Act	100	100	200	100	100	200
Ombudsman for Corrections (transfer out)	(659)	(663)	(1,322)	(663)	(663)	(1,326)
Operating Reduction - Inmate Health Services	(1,550)	(1,550)	(3,100)	(1,550)	(1,550)	(3,100)
Adjustment for Lower Inmate Population	(9,001)	(7,793)	(16,794)	(7,793)	(7,793)	(15,586)
Bed Savings Veteran Sentencing Policy Changes	-	(228)	(228)	(489)	(700)	(1,189)
Additional Salary Increase - Fugitive Specialists	209	209	418	209	209	418
30-Day Med Supply Upon Inmate Release	17	20	37	20	20	40
Bed Impact Various Sentencing Enhancements	158	591	749	1,157	1,816	2,973
Subtotal Incarceration and Pre-Release Services	(4,122)	3,917	(205)	4,222	4,670	8,892
Community Supervision and Post-Release Services						
Operating Increase	823	1,650	2,473	1,650	1,650	3,300
Operating Reduction - Leasehold Savings	(200)	(200)	(400)	(200)	(200)	(400)
CCA and CPO One-Time Grants	1,321	1,321	2,642	-	-	-
DOC Probation Meeker/Renville/Mille Lacs	1,170	1,170	2,340	1,170	1,170	2,340

JUDICIARY AND PUBLIC SAFETY

Appropriation Changes by Agency	FY 2022	FY 2023	FY 2022-23	FY 2024	FY 2025	FY 2024-25
Aiding and Abetting Task Force	25	-	25	-	-	-
Post-Release Inmate Employment Grants	300	-	300	-	-	-
State ID for Inmates Upon Release	35	28	63	28	28	56
Juvenile Justice Report EJJ Stats and Tracking	55	9	64	9	9	18
Predatory Offender Working Group Alternative to Incarceration Grants	25	-	25	-	-	-
	320	320	640	320	320	640
Subtotal Community Services and Post-Release Services	3,874	4,298	8,172	2,977	2,977	5,954
Organizational, Regulatory, and Administrative Services						
Operating Increase	342	685	1,027	685	685	1,370
Operating Reduction - Leasehold Savings	(400)	(400)	(800)	(400)	(400)	(800)
Expanded Oversight of DOC Licensed Facilities	992	492	1,484	492	492	984
Information Technology - MNIT	1,566	1,621	3,187	1,621	1,621	3,242
DOC Facilities Security Audit	42	69	111	69	69	138
Jailhouse Witness Data	20	-	20	-	-	-
Subtotal Organizational, Regulatory, and Administrative Services	2,562	2,467	5,029	2,467	2,467	4,934
Corrections Claims, Chapter 26	1	-	1	-	-	-
FY 2021 Additional Salary Increase	183	-	183	-	-	-
Total Department of Corrections	2,498	10,682	13,180	9,666	10,114	19,780
Ombudsman for Corrections						
Establish as Independent Agency	659	663	1,322	663	663	1,326
Total General Fund Changes	41,657	60,909	102,566	61,540	61,988	123,528

* Amounts reflect cancellations of FY 2021 appropriations.

Office of Justice Programs

Chapter 11 appropriated \$94.4 million to the office of justice programs in FY 2022-23 from the General Fund, which was an increase of \$14.9 million, or 18.8 percent, above forecast. The increase included funding for the following initiatives:

- \$8 million for firefighter critical illness monetary support grants (hometown heroes);
- \$2 million for violent crime enforcement teams;
- \$1 million for a missing and murdered indigenous relatives office;
- \$800,000 for survivor support and prevention grants;
- \$800,000 for innovation in community safety grants;
- \$572,000 for youth intervention programs;
- \$500,000 for combating sex trafficking grants;
- \$400,000 for the expansion of the DPS juvenile justice unit;
- \$150,000 for a missing and murdered African American women study;
- \$150,000 for a domestic violence pilot program and evaluation in Anoka County; and
- \$90,000 for racially diverse youth group grants.

Emergency Communication Networks

Chapter 11 appropriated \$135.8 million to the emergency communication networks division in FY 2022-23 from the 911 Emergency Fund, a decrease of \$19.8 million, or 12.7 percent, compared to forecast. The reduction represents the net decrease of 15 cents of the monthly surcharge on individual phone lines,

from 95 cents to 80 cents, effective in FY 2022. The surcharge was reduced by 33 cents due to the retirement of the debt on the build-out of the public safety radio system and was simultaneously increased by 18 cents to pay for analog-to-digital next generation 911 upgrades.

DEPARTMENT OF CORRECTIONS

The enacted budget appropriated \$1.3 billion to the Department of Corrections (DOC) in FY 2022-23 from the General Fund, an increase of \$13 million, or 1.1 percent, above forecast.

Incarceration and Pre-release Services

Chapter 11 decreased the FY 2022-23 incarceration and pre-release services division appropriation by \$205,000 compared to forecast. The forecast base was reduced by \$16.8 million to account for average annual prison population reductions of 1,800 inmates in FY 2022 and 1,560 inmates in FY 2023. The inmate reductions were due to the closure of the court system due to COVID-19 protocols and changes made to supervised release procedures by the Commissioner of Corrections. The DOC saved an additional \$3.1 million by renegotiating the department’s inmate health care contract for FY 2022-23. Finally, the enacted budget established an independent office of the ombudsman for corrections and transferred the ombudsman’s \$1.3 million budget from the division of incarceration and pre-release services to the freestanding office. These savings were offset by a \$19.8 million appropriation for staff healthcare and salary step increases, a \$418,000 appropriation for additional salary increases for DOC fugitive specialists, a \$521,000 appropriation to fund the additional bed costs created by Chapter 11 changes to the criminal code, and a

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\$200,000 appropriation for alternative placement of pregnant inmates.

Community Supervision and Post-release Services

Chapter 11 increased the FY 2022-23 community supervision and post-release services division appropriation by \$8.2 million, or 3.1 percent, compared to the forecast. An operating savings of \$400,000, realized through reduced leaseholds, was offset by appropriations of \$2.5 million for staff health care and salary step increases, \$5 million for county community inmate supervision, \$640,000 for the alternatives to

incarceration program, and \$300,000 for post-release inmate employment grants.

Organizational, Regulatory, and Administrative Services

Chapter 11 increased the FY 2022-23 organizational, regulatory, and administrative services division appropriation by \$5 million, or 8.7 percent, above forecast. An operating savings of \$800,000 was offset by appropriations of \$1 million for staff health care and salary step increases, \$3.2 million for information technology upgrades, and \$1.5 million for expanded oversight of DOC-licensed city and county jails and workhouses.

Table 3 - Judiciary and Public Safety Revenue Changes Compared to Forecast <i>(dollars in thousands)</i>							
Revenue Changes by Agency	Fund	FY 2022	FY 2023	FY 2022-23	FY 2024	FY 2025	FY 2024-25
Supreme Court							
Criminal/Traffic Surcharge Waivers	General	-	(889)	(889)	(1,186)	(1,186)	(2,372)
Forfeiture Reform Filing Fee Loss	General	(226)	(226)	(452)	(226)	(226)	(452)
Total Supreme Court		(226)	(1,115)	(1,341)	(1,412)	(1,412)	(2,824)
Dept of Public Safety							
Emergency Comm. Rate Change	911 Emergency	(15,350)	(15,350)	(30,700)	(15,350)	(15,350)	(30,700)
2 a.m. Permit Fee SR Revenue Loss	Special Revenue	(500)	(500)	(1,000)	(500)	(500)	(1,000)
Total DPS		(15,850)	(15,850)	(31,700)	(15,850)	(15,850)	(31,700)
Dept of Human Rights							
Certificate of Compliance Cost Increase	Special Revenue	73	73	146	73	73	146
Certificate of Compliance Violations	General	2	2	4	2	2	4
Total Dept of Human Rights		75	75	150	75	75	150

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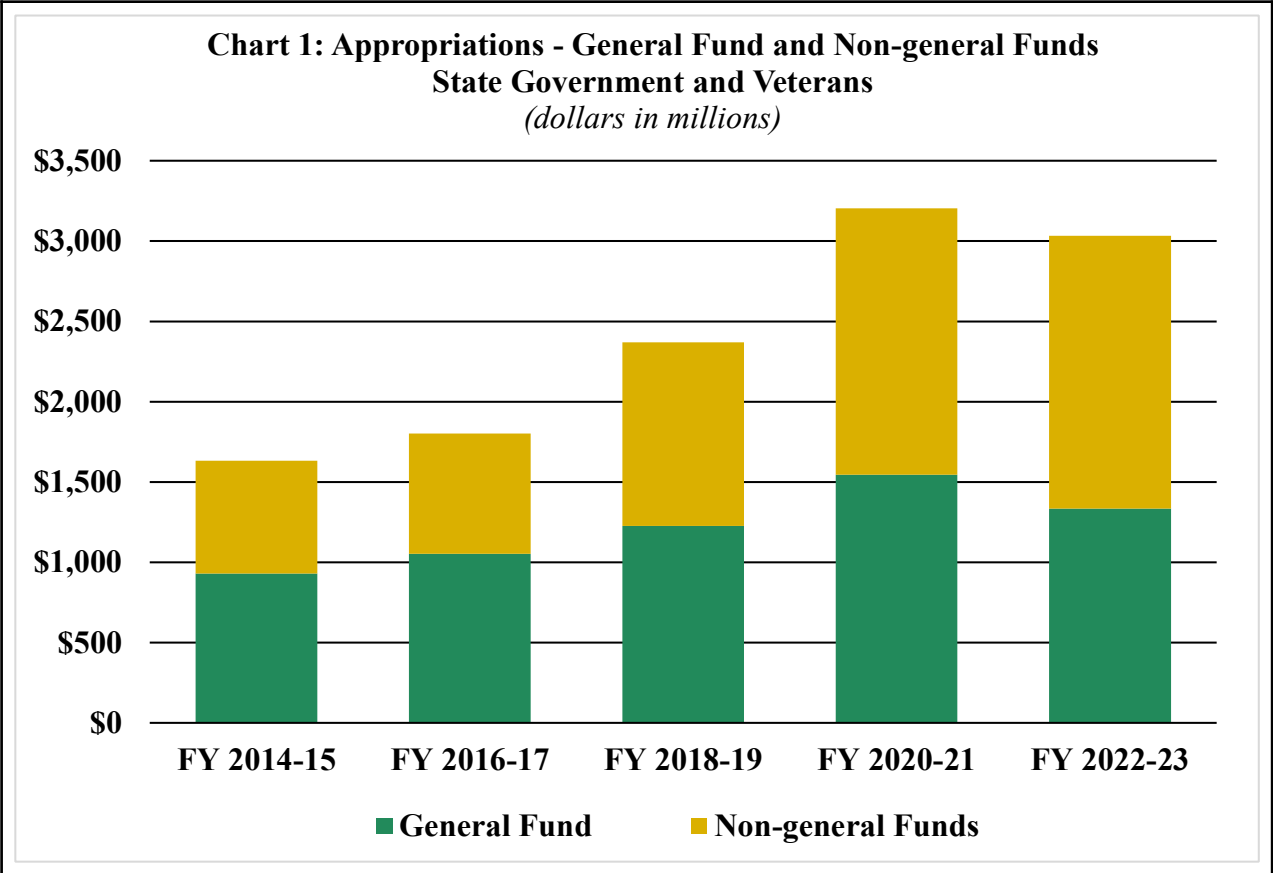
Revenue Changes by Agency	Fund	FY 2022	FY 2023	FY 2022-23	FY 2024	FY 2025	FY 2024-25
Department of Corrections							
Reimbursement for Probation Services	General	1,170	1,170	2,340	1,170	1,170	2,340
Total Revenue Changes by Fund							
General Fund		946	57	1,003	(240)	(240)	(480)
Special Revenue Fund		(427)	(427)	(854)	(427)	(427)	(854)
911 Emergency Fund		(15,350)	(15,350)	(30,700)	(15,350)	(15,350)	(30,700)
Total Revenue Changes for Budget Area							
		(14,831)	(15,720)	(30,551)	(16,017)	(16,017)	(32,034)

CHAPTER 10
STATE GOVERNMENT AND VETERANS

[2021 First Special Session, Chapter 12](#), the Omnibus State Government and Veterans Act, contained FY 2022-23 appropriations for the Legislature, constitutional officers, and administrative state agencies, and was the primary act that established the FY 2022-23 budget in this jurisdiction. In addition, [Chapter 31](#) and [2021 First Special Session, Chapters 7, 11, and 14](#), contained appropriations for entities in the State Government and Veterans budget area, including the Legislative Coordinating Commission (LCC), State Auditor,

Department of Revenue, and Department of Veterans Affairs.

The State Government and Veterans all funds appropriations increased in three of the past four biennia. Chart 1 displays State Government and Veterans appropriations since FY 2014-15 and divides each biennium between the General Fund and the non-general funds. The enacted all funds budget in FY 2022-23 totaled \$3 billion, an increase of \$406.7 million, or 15.5 percent, more than the February 2021 forecast, and a decrease of \$171.1 million, or 5.3 percent, from FY



2020-21. The FY 2020-21 all funds appropriations totaled \$3.2 billion, an increase of \$833.8 million, or 35.2 percent, more than FY 2018-19. The FY 2018-19 all funds appropriations totaled \$2.4 billion, an increase of \$568.5 million, or 31.6 percent, above FY 2016-17. The FY 2016-17 all funds appropriations were \$1.8 billion, an increase of \$167.7 million, or 10.3 percent, more than FY 2014-15.

In FY 2022-23, the State Government and Veterans General Fund appropriations were 44 percent of its all funds budget. The General Fund budget in FY 2022-23 totaled \$1.3 billion, an increase of \$163.3 million, or 14 percent, more than the February 2021 forecast, and a decrease of \$212.1 million, or 13.7 percent, from FY 2020-21. FY 2020-21 General Fund appropriations totaled \$1.5 billion, an increase of \$318.3 million, or 25.9 percent, more than FY 2018-19. FY 2018-19 General Fund appropriations totaled \$1.2 billion, an increase of \$173.1 million, or 16.4 percent, above FY 2016-17. FY 2016-17 General Fund appropriations were \$1.1 billion, an increase of \$123.8 million, or 13.3 percent, above FY 2014-15. (See Appendix D for additional information.)

Chapter 12 provided operating adjustments to maintain the current level of agency operations for most of the agencies in the State Government and Veterans budget area. See Table 2 for exact amounts for each agency. Chapter 12 also enacted several cancellations from FY 2021 agency operating budgets. These amounts were originally identified and held back by the Commissioner of Management and Budget in late 2020. Table 2 provides an itemized list of these cancellations in the FY 2022 column.

The enacted budget allocated \$2.9 billion in federal funds received under the Coronavirus Aid, Relief, and Economic Security Act

(CARES) and the American Rescue Plan Act of 2021 (ARPA). This total comprises \$117.9 million in Coronavirus Relief Fund (CRF) money from the CARES Act used to replace previously-enacted General Fund COVID-19 appropriations, \$425 million from ARPA transferred to the COVID-19 flexible response account for COVID-19 expenses, \$1.2 billion from ARPA used to provide government services in place of lost state revenue due to COVID-19, \$1.2 billion from ARPA reserved for further allocation by direct appropriation, and \$75 million from ARPA allocated by the Governor for summer learning through the Legislative Advisory Commission process prior to final enactment of the state budget. (For more discussion of this topic, see the Fiscal Issue Brief [“Legislative Allocation of State Fiscal Recovery Funds”](#) posted on the Senate Counsel, Research, and Fiscal Analysis website.)

LEGISLATURE

Chapter 12 appropriated \$198.6 million in FY 2022-23 from the General Fund for the operations of the Legislature, including the House of Representatives, the Senate, and joint legislative offices under the direction of the Legislative Coordinating Commission (LCC). Of this total, \$80.3 million was for the House of Representatives, an increase of \$2.6 million, or 3.4 percent, over the February 2021 forecast, and \$75 million was for the Senate, an increase of \$3.7 million, or 5.1 percent, over forecast.

The LCC received \$43.2 million in FY 2022-23 General Fund appropriations in Chapter 12, an increase of \$1.7 million, or four percent, over the forecast. Other General Fund appropriations for the LCC included the following:

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- \$120,000 for the Legislative Commission on Data Practices;
- \$664,000 for a new Tax Expenditure Review Commission; and
- \$208,000 one-time for a legislative task force to review statutes relating to human services background study eligibility and disqualifications.

16.7 percent, over the February 2021 forecast. The new funding supports an operating adjustment, investments in security improvements and information technology, and the hiring of new full-time equivalent (FTE) employees specializing in antitrust and wage theft enforcement.

CONSTITUTIONAL OFFICERS

State Auditor

The General Fund appropriation for FY 2022-23 to the State Auditor was \$24.1 million, an increase of \$2.9 million, or 13.7 percent, above the forecast. In addition to an operating adjustment, new funding in Chapter 12 made a one-time investment in security improvements for the office and funded a new school finance accountability team tasked with auditing local school districts. In addition, Chapter 11 provided the State Auditor with an additional \$94,000 to cover costs associated with forfeiture reporting requirements.

Attorney General

Chapter 12 appropriated \$54.9 million from the General Fund to the Attorney General in FY 2022-23, an increase of \$7.9 million, or

Secretary of State

Chapter 12 appropriated \$18.8 million from the General Fund to the Secretary of State in FY 2022-23, an increase of \$4.3 million, or 29.2 percent, over the forecast. The increase included an additional \$220,000 for the safe at home program and one-time funding for security improvements and the relocation of the office’s business services and IT infrastructure divisions. Chapter 12 also provided \$3.5 million in ongoing funding for the Secretary of State to make grants to local governments for election-related equipment, including \$1.5 million for the existing voting equipment grant account and \$2 million to comply with new requirements for absentee ballot drop boxes. The enacted budget additionally designated \$3 million of previously appropriated funds from the Help America Vote Act account for voting equipment grants to local governments and extended the availability of those funds in accordance with federal law.

Table 1 - State Government and Veterans All Funds Biennial Spending/Appropriations, by Agency and Fund <i>(dollars in thousands)</i>					
Agency/Fund	FY 2020-21 Spending*	FY 2022-23 Forecast Base	FY 2022-23 Enacted Budget	Change: Enacted - FY 2020-21	Change: Enacted - Fest. Base
Legislature					
General Fund	210,856	190,583	199,549	(11,307)	8,966
Health Care Access Fund	316	-	-	(316)	-
Special Revenue Fund	553	313	313	(240)	-
Gift Fund	23	-	-	(23)	-
<u>Coronavirus Relief Federal Fund</u>	<u>931</u>	<u>-</u>	<u>-</u>	<u>(931)</u>	<u>-</u>

STATE GOVERNMENT AND VETERANS

Agency/Fund	FY 2020-21 Spending*	FY 2022-23 Forecast Base	FY 2022-23 Enacted Budget	Change: Enacted - FY 2020-21	Change: Enacted - Fest. Base
Subtotal for Legislature	212,679	190,896	199,862	(12,817)	8,966
<i>Environment Trust/Legacy Funds</i>					
Arts and Cultural Heritage Fund	10	-	4	(6)	4
Clean Water Fund	14	-	8	(6)	8
Env & Natural Resources Trust Fund	751	-	2,036	1,285	2,036
Outdoor Heritage Fund	2,224	-	1,106	(1,118)	1,106
Parks and Trails Fund	6	-	4	(2)	4
<i>Subtotal Env Trust/Legacy Funds</i>	<i>3,005</i>	<i>-</i>	<i>3,158</i>	<i>153</i>	<i>3,158</i>
Total Legislature	215,684	190,896	203,020	(12,664)	12,124
Office of the Governor					
General Fund	7,244	7,244	7,244	-	-
Special Revenue Fund	5,013	4,294	4,294	(719)	-
Coronavirus Relief Federal Fund	575	-	-	(575)	-
Total Governor	12,832	11,538	11,538	(1,294)	-
State Auditor					
General Fund	20,941	21,208	24,104	3,163	2,896
Special Revenue Fund	1,618	1,788	1,788	170	-
Total State Auditor	22,559	22,996	25,892	3,333	2,896
Attorney General					
General Fund	46,341	47,026	54,886	8,545	7,860
Special Revenue Fund	24,415	23,416	23,416	(999)	-
Environmental Fund	145	290	290	145	-
Remediation Fund	250	500	500	250	-
Health Related Boards Fund	4,985	5,042	5,042	57	-
Federal Fund	6,078	7,859	7,859	1,781	-
Coronavirus Relief Federal Fund	2,194	-	-	(2,194)	-
Expenses in Multiple Funds	(743)	(750)	(750)	(7)	-
Total Attorney General	83,665	83,383	91,243	7,578	7,860
Secretary of State					
General Fund	31,431	14,584	18,836	(12,595)	4,252
Special Revenue Fund	30,270	16,082	16,082	(14,188)	-
Total Secretary of State	61,701	30,666	34,918	(26,783)	4,252

STATE GOVERNMENT AND VETERANS

Agency/Fund	FY 2020-21 Spending*	FY 2022-23 Forecast Base	FY 2022-23 Enacted Budget	Change: Enacted - FY 2020-21	Change: Enacted - Fest. Base
Campaign Finance and Public Disclosure Board					
General Fund	4,918	4,851	4,917	(1)	66
Special Revenue Fund	2,325	3,173	3,173	848	-
Total CFPDB	7,243	8,024	8,090	847	66
State Board of Investment					
General Fund	278	278	278	-	-
Special Revenue Fund	14,249	17,366	17,366	3,117	-
Total Board of Investment	14,527	17,644	17,644	3,117	-
Office of Administrative Hearings					
General Fund	799	800	814	15	14
Environmental Fund	100	100	100	-	-
Workers' Compensation Fund	15,662	15,662	15,662	-	-
Coronavirus Relief Federal Fund	6	-	-	(6)	-
Total OAH	16,567	16,562	16,576	9	14
Information Technology Services					
General Fund	15,012	15,358	19,737	4,725	4,379
Special Revenue Fund	733,301	706,843	706,843	(26,458)	-
Coronavirus Relief Federal Fund	7,226	-	-	(7,226)	-
Total IT Services	755,539	722,201	726,580	(28,959)	4,379
Department of Administration					
General Fund	52,564	53,769	57,163	4,599	3,394
Special Revenue Fund	98,027	98,145	98,145	118	-
Gift Fund	533	72	72	(461)	-
Endowment and Permanent School Fund	536	-	-	(536)	-
Federal Fund	7,037	7,456	7,456	419	-
Coronavirus Relief Federal Fund	3,312	-	-	(3,312)	-
COVID-19 Minnesota Fund	6,900	-	-	(6,900)	-
<u>Renewable Development Account</u>	<u>-</u>	<u>-</u>	<u>5,432</u>	<u>5,432</u>	<u>5,432</u>
Subtotal for Administration	168,909	159,442	168,268	(641)	8,826

STATE GOVERNMENT AND VETERANS

Agency/Fund	FY 2020-21 Spending*	FY 2022-23 Forecast Base	FY 2022-23 Enacted Budget	Change: Enacted - FY 2020-21	Change: Enacted - Fcst. Base
<i>Environment Trust/Legacy Funds</i>					
<i>Arts and Cultural Heritage Fund</i>	<u>22,071</u>	-	<u>22,608</u>	<u>537</u>	<u>22,608</u>
<i>Subtotal Env Trust/Legacy Funds</i>	<u>22,071</u>	-	<u>22,608</u>	<u>537</u>	<u>22,608</u>
Total Dept of Administration	190,980	159,442	190,876	(104)	31,434
Capitol Area Architectural and Planning Board					
General Fund	702	702	751	49	49
Special Revenue Fund	27	-	-	(27)	-
Total CAAP Board	729	702	751	22	49
Department of Management and Budget					
General Fund	54,011	54,442	59,059	5,048	4,617
Special Revenue Fund	34,121	26,995	26,995	(7,126)	-
Opiate Epidemic Response Fund	300	600	600	300	-
Coronavirus Relief Federal Fund	1,039	81	81	(958)	-
Total MMB	89,471	82,118	86,735	(2,736)	4,617
Department of Management and Budget - Non-Operating					
General Fund	427,872	105,986	185,196	(242,676)	79,210
Health Related Boards Fund	800	800	800	-	-
Workers' Compensation Fund	200	200	200	-	-
Debt Service Fund	45	-	-	(45)	-
Federal Fund	22,846	30,462	30,462	7,616	-
Total MMB Non-Operating	451,763	137,448	216,658	(235,105)	79,210
Department of Revenue					
General Fund	323,143	334,712	349,094	25,951	14,382
Special Revenue Fund	16,493	17,044	17,044	551	-
Health Care Access Fund	3,520	3,520	3,520	-	-
Highway User Tax Distribution Fund	4,390	4,390	4,390	-	-
Environmental Fund	610	610	610	-	-
Total Dept of Revenue	348,156	360,276	374,658	26,502	14,382

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Agency/Fund	FY 2020-21 Spending*	FY 2022-23 Forecast Base	FY 2022-23 Enacted Budget	Change: Enacted - FY 2020-21	Change: Enacted - Fest. Base
Gambling Control Board					
Special Revenue Fund	6,944	6,944	10,851	3,907	3,907
Total Gambling Control Board	6,944	6,944	10,851	3,907	3,907
Racing Commission					
Special Revenue Fund	9,212	9,388	9,388	176	-
Total Racing Commission	9,212	9,388	9,388	176	-
MN Amateur Sports Commission					
General Fund	647	612	628	(19)	16
Special Revenue Fund	324	154	154	(170)	-
Total MASC	971	766	782	(189)	16
Council for Minnesotans of African Heritage					
General Fund	1,063	1,064	1,096	33	32
Total Council for Minnesotans of African Heritage	1,063	1,064	1,096	33	32
Council on Latino Affairs					
General Fund	1,044	1,050	1,078	34	28
Total Council on Latino Affairs	1,044	1,050	1,078	34	28
Council on Asian-Pacific Minnesotans					
General Fund	1,025	1,030	1,059	34	29
Total Council on Asian-Pacific Minnesotans	1,025	1,030	1,059	34	29
Indian Affairs Council					
General Fund	1,699	1,692	1,719	20	27
Special Revenue Fund	22	-	-	(22)	-
Subtotal for Indian Affairs Council	1,721	1,692	1,719	(2)	27
<i>Environment Trust/Legacy Funds</i>					
<u>Arts and Cultural Heritage Fund</u>	<u>3,701</u>	<u>-</u>	<u>4,000</u>	<u>299</u>	<u>4,000</u>
<i>Subtotal Env Trust/Legacy Funds</i>	<i>3,701</i>	<i>-</i>	<i>4,000</i>	<i>299</i>	<i>4,000</i>
Total Indian Affairs Council	5,422	1,692	5,719	297	4,027

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Agency/Fund	FY 2020-21 Spending*	FY 2022-23 Forecast Base	FY 2022-23 Enacted Budget	Change: Enacted - FY 2020-21	Change: Enacted - Fest. Base
Minnesota Historical Society					
<u>General Fund</u>	<u>46,486</u>	<u>47,036</u>	<u>47,886</u>	<u>1,400</u>	<u>850</u>
Subtotal for MNHS	46,486	47,036	47,886	1,400	850
<i>Environment Trust/Legacy Funds</i>					
<u>Arts and Cultural Heritage Fund</u>	<u>41,973</u>	<u>-</u>	<u>33,085</u>	<u>(8,888)</u>	<u>33,085</u>
<i>Subtotal Env Trust/Legacy Funds</i>	<i>41,973</i>	<i>-</i>	<i>33,085</i>	<i>(8,888)</i>	<i>33,085</i>
Total Minnesota Historical Society	88,459	47,036	80,971	(7,488)	33,935
Board of the Arts					
General Fund	15,696	15,082	15,082	(614)	-
<u>Federal Fund</u>	<u>2,075</u>	<u>2,508</u>	<u>2,508</u>	<u>433</u>	<u>-</u>
Subtotal for Board of the Arts	17,771	17,590	17,590	(181)	-
<i>Environment Trust/Legacy Funds</i>					
<u>Arts and Cultural Heritage Fund</u>	<u>66,416</u>	<u>-</u>	<u>70,382</u>	<u>3,966</u>	<u>70,382</u>
<i>Subtotal Env Trust/Legacy Funds</i>	<i>66,416</i>	<i>-</i>	<i>70,382</i>	<i>3,966</i>	<i>70,382</i>
Total Board of the Arts	84,187	17,590	87,972	3,785	70,382
Minnesota Humanities Center					
<u>General Fund</u>	<u>1,400</u>	<u>750</u>	<u>1,400</u>	<u>-</u>	<u>650</u>
Subtotal for MN Humanities Center	1,400	750	1,400	-	650
<i>Environment Trust/Legacy Funds</i>					
<u>Arts and Cultural Heritage Fund</u>	<u>7,475</u>	<u>-</u>	<u>9,550</u>	<u>2,075</u>	<u>9,550</u>
<i>Subtotal Env Trust/Legacy Funds</i>	<i>7,475</i>	<i>-</i>	<i>9,550</i>	<i>2,075</i>	<i>9,550</i>
Total MN Humanities Center	8,875	750	10,950	2,075	10,200
Board of Accountancy					
General Fund	1,369	1,350	1,386	17	36
Total Board of Accountancy	1,369	1,350	1,386	17	36

STATE GOVERNMENT AND VETERANS

Agency/Fund	FY 2020-21 Spending*	FY 2022-23 Forecast Base	FY 2022-23 Enacted Budget	Change: Enacted - FY 2020-21	Change: Enacted - Fest. Base
Board of Architecture, Engineering					
General Fund	1,706	1,702	1,737	31	35
Total Board of Architecture, Engineering	1,706	1,702	1,737	31	35
Board of Cosmetologist Examiners					
General Fund	5,827	5,846	5,846	19	-
Total Board of Cosmetologist Examiners	5,827	5,846	5,846	19	-
Board of Barber Examiners					
General Fund	686	686	701	15	15
Total Board of Barber Examiners	686	686	701	15	15
Minnesota State Retirement System					
General Fund	29,545	29,764	29,764	219	-
Total MSRS	29,545	29,764	29,764	219	-
Dept of Military Affairs					
General Fund	78,160	52,814	53,402	(24,758)	588
Special Revenue Fund	7,425	4,763	4,763	(2,662)	-
<u>Federal Fund</u>	<u>180,311</u>	<u>186,294</u>	<u>186,294</u>	<u>5,983</u>	-
Subtotal for Military Affairs	265,896	243,871	244,459	(21,437)	588
<i>Environment Trust/Legacy Funds</i>					
<u>Env & Natural Resources Trust Fund</u>	<u>74</u>	-	-	(74)	-
<i>Subtotal Env Trust/Legacy Funds</i>	74	-	-	(74)	-
Total Dept of Military Affairs	265,970	243,871	244,459	(21,511)	588
Dept of Veterans Affairs					
General Fund	162,743	157,828	188,716	25,973	30,888
Special Revenue Fund	247,462	245,979	258,211	10,749	12,232
Gift Fund	1,460	1,522	1,522	62	-
Federal Fund	24	5,990	85,043	85,019	79,053
Coronavirus Relief Federal Fund	8,098	-	-	(8,098)	-
Total Dept of Veterans Affairs	419,787	411,319	533,492	113,705	122,173

STATE GOVERNMENT AND VETERANS

Agency/Fund	FY 2020-21 Spending*	FY 2022-23 Forecast Base	FY 2022-23 Enacted Budget	Change: Enacted - FY 2020-21	Change: Enacted - Fest. Base
Totals by Fund					
General Fund	1,545,208	1,169,849	1,333,128	(212,080)	163,279
Special Revenue Fund	1,231,801	1,182,687	1,198,826	(32,975)	16,139
Health Care Access Fund	3,836	3,520	3,520	(316)	-
Environmental Fund	855	1,000	1,000	145	-
Remediation Fund	250	500	500	250	-
Health Related Boards Fund	5,785	5,842	5,842	57	-
Workers' Compensation Fund	15,862	15,862	15,862	-	-
Opiate Epidemic Response Fund	300	600	600	300	-
Debt Service Fund	45	-	-	(45)	-
Gift Fund	2,016	1,594	1,594	(422)	-
Endowment and Permanent School Fund	536	-	-	(536)	-
Highway User Tax Distribution Fund	4,390	4,390	4,390	-	-
Federal Fund	218,371	240,569	319,622	101,251	79,053
Coronavirus Relief Federal Fund	23,381	81	81	(23,300)	-
COVID-19 Minnesota Fund	6,900	-	-	(6,900)	-
Renewable Development Account	-	-	5,432	5,432	5,432
<u>Expenses in Multiple Funds</u>	<u>(743)</u>	<u>(750)</u>	<u>(750)</u>	<u>(7)</u>	<u>-</u>
Subtotal for Non-Dedicated Funds	3,058,793	2,625,744	2,889,647	(169,146)	263,903
<i>Environment Trust/Legacy Funds</i>					
Arts & Cultural Heritage Fund	141,646	-	139,629	(2,017)	139,629
Clean Water Fund	14	-	8	(6)	8
Outdoor Heritage Fund	2,224	-	1,106	(1,118)	1,106
Parks & Trails Fund	6	-	4	(2)	4
<u>Env & Natural Resources Trust Fund</u>	<u>825</u>	<u>-</u>	<u>2,036</u>	<u>1,211</u>	<u>2,036</u>
Subtotal Env Trust/Legacy Funds	144,715	-	142,783	(1,932)	142,783
Total for Budget Area	3,203,508	2,625,744	3,032,430	(171,078)	406,686

* As adjusted by FY 2021 changes enacted during the 2021 sessions.

STATE AGENCIES**Department of Information Technology Services**

Chapter 12 appropriated \$19.7 million from the General Fund in FY 2022-23 to the Department of Information Technology Services. This was a \$4.4 million increase, or 28.5 percent, over the February 2021 forecast. In addition to an operating adjustment for the department, the increase provided funding to implement the recommendations of the Governor's Blue Ribbon Council on Information Technology.

Chapter 12 also cancelled \$198,000 from the information and telecommunications technology systems and services account (ITA) in FY 2021. At the end of a fiscal biennium, agencies may, with certain conditions, transfer unexpended operating balances into the ITA to fund specific information technology projects at the agency. The cancellations in Chapter 12 were for unencumbered funds no longer needed to complete their intended projects. Of the total amount, Chapter 12 cancelled \$179,000 to the General Fund, \$14,000 to the Workers' Compensation Fund, and \$5,000 to the State Government Special Revenue Fund.

Department of Administration

The enacted budget appropriated \$57.2 million from the General Fund in FY 2022-23 to the Department of Administration. This was an increase of \$3.4 million, or 6.3 percent, over the February 2021 forecast. The appropriation included an operating

adjustment for the agency, an increase to the in-lieu-of-rent amount that covers the costs of maintaining spaces for which no rent is paid, and an increase in the annual grant to the Association of Minnesota Public Educational Radio Stations (AMPERS) for which the department is the fiscal agent.

Chapter 12 established a capitol area building account to address critical health, life safety, and security needs of buildings located on the capitol complex through renovation or rehabilitation. Proceeds from the sale of authorized lease-revenue bonds or certificates of participation are deposited in the account and appropriated to the Commissioner of Administration for capital expenditures that address those identified needs and ensure the continued operations of tenants. In addition, Chapter 12 included two open appropriations from the General Fund for activities related to projects funded by the capitol area building account: one for payments on a lease-purchase agreement authorized by the legislation and one for the costs of predesign, design, rent loss, and tenant relocation. Predesign costs in FY 2022 are estimated to be \$1 million. Estimates of expenditures for lease-purchase agreement payments and from the capitol area building account are not yet available.

The Department of Administration also acts as the fiscal agent for \$22.6 million appropriated in FY 2022-23 from the constitutionally dedicated Legacy funds for activities such as public broadcasting, zoos, and museums. (See Appendix E for details on the Omnibus Legacy Funds Act.)

STATE GOVERNMENT AND VETERANS

Table 2 - State Government and Veterans General Fund Changes Compared to Forecast (dollars in thousands)						
Appropriation Changes by Agency	FY 2022	FY 2023	FY 2022-23	FY 2024	FY 2025	FY 2024-25
Legislature						
Senate Operating Adjustment	1,776	1,891	3,667	1,891	1,891	3,782
House Operating Adjustment	1,075	1,574	2,649	1,574	1,574	3,148
LCC Operating Adjustment	677	981	1,658	956	956	1,912
Data Practices Commission	60	60	120	60	60	120
Tax Expenditure Review Commission	36	628	664	607	658	1,265
Human Services Background Studies Task Force	132	76	208	-	-	-
Total Legislature	3,756	5,210	8,966	5,088	5,139	10,227
State Auditor						
Operating Adjustment	547	705	1,252	715	721	1,436
Security Improvements	63	-	63	-	-	-
School Finance Accountability Team	743	744	1,487	744	744	1,488
Forfeiture Reporting	64	30	94	30	30	60
Total State Auditor	1,417	1,479	2,896	1,489	1,495	2,984
Attorney General						
Operating Adjustment	300	300	600	300	300	600
Security Improvements	1,029	-	1,029	-	-	-
Litigation Technology Resources	3,267	1,686	4,953	1,686	1,686	3,372
Wage Theft Enforcement	300	400	700	400	400	800
Enhanced Antitrust Resources	289	289	578	289	289	578
Total Attorney General	5,185	2,675	7,860	2,675	2,675	5,350
Secretary of State						
Business Services and IT Office Relocation	500	-	500	-	-	-
Security Improvements	32	-	32	-	-	-
Safe at Home Program	110	110	220	110	110	220
Election Equipment Grants	750	750	1,500	750	750	1,500
Local Grants for Ballot Drop Boxes	1,000	1,000	2,000	1,000	1,000	2,000
Total Secretary of State	2,392	1,860	4,252	1,860	1,860	3,720

STATE GOVERNMENT AND VETERANS

Appropriation Changes by Agency	FY 2022	FY 2023	FY 2022-23	FY 2024	FY 2025	FY 2024-25
Campaign Finance and Public Disclosure Board						
Operating Adjustment	22	44	66	44	44	88
Capitol Area Architectural & Planning Board						
Operating Adjustment	35	14	49	14	14	28
Office of Administrative Hearings						
Operating Adjustment	5	9	14	9	9	18
Information Technology Services						
Operating Adjustment	76	153	229	153	153	306
Blue Ribbon Council Recommendations	2,100	2,050	4,150	1,400	1,400	2,800
FY 2021 Administrative Holdback Cancellation*	(379)	-	(379)	-	-	-
Total IT Services	1,797	2,203	4,000	1,553	1,553	3,106
Department of Administration						
Operating Adjustment	335	561	896	561	561	1,122
In Lieu of Rent Increase	624	624	1,248	624	624	1,248
AMPERS Grants	125	125	250	125	125	250
Capitol Area Building Predesign	1,000	-	1,000	-	-	-
FY 2021 Administrative Holdback Cancellation*	(300)	-	(300)	-	-	-
Total Department of Administration	1,784	1,310	3,094	1,310	1,310	2,620
Department of Management and Budget						
Operating Adjustment	598	1,019	1,617	1,019	1,019	2,038
Backfill Statutory Transfer for Local Impact Notes	207	207	414	207	207	414
Single Audit for Federal Funds	1,244	1,244	2,488	1,244	1,244	2,488
Mandated Health Benefits Consultation	49	49	98	49	49	98
FY 2021 Administrative Holdback Cancellation*	(1,367)	-	(1,367)	-	-	-
Total MMB	731	2,519	3,250	2,519	2,519	5,038

STATE GOVERNMENT AND VETERANS

Appropriation Changes by Agency	FY 2022	FY 2023	FY 2022-23	FY 2024	FY 2025	FY 2024-25
Department of Management and Budget - Non-Operating						
Claims Bill	109	-	109	-	-	-
Transfer to HCAF for Reinsurance	79,101	-	79,101	-	-	-
Total MMB Non-Operating	79,210	-	79,210	-	-	-
Department of Revenue						
Operating Adjustment	3,956	6,828	10,784	6,828	6,828	13,656
Taxpayer Assistance Grants	100	150	250	150	150	300
Tax Bill Administration	3,000	-	3,000	1,000	-	1,000
Housing Tax Credit Administration (Transfer to MHFA)	-	100	100	100	100	200
Film Tax Credit Administration (Transfer to DEED)	50	50	100	50	50	100
Tax Expenditure Review Commission	-	148	148	148	148	296
FY 2021 Administrative Holdback Cancellation*	(8,274)	-	(8,274)	-	-	-
FY 2021 County Relief Grants Cancellation*	(72)	-	(72)	-	-	-
Total Department of Revenue	(1,240)	7,276	6,036	8,276	7,276	15,552
Minnesota Amateur Sports Commission						
Operating Adjustment	5	11	16	11	11	22
Council for Minnesotans of African Heritage						
Operating Adjustment	12	20	32	20	20	40
Council on Latino Affairs						
Operating Adjustment	9	19	28	19	19	38
Council on Asian-Pacific Minnesotans						
Operating Adjustment	10	19	29	19	19	38
Indian Affairs Council						
Operating Adjustment	9	18	27	18	18	36

STATE GOVERNMENT AND VETERANS

Appropriation Changes by Agency	FY 2022	FY 2023	FY 2022-23	FY 2024	FY 2025	FY 2024-25
Minnesota Historical Society						
Operating Adjustment	200	400	600	400	400	800
FarmAmerica Grant	250	-	250	-	-	-
Total MNHS	450	400	850	400	400	800
Board of the Arts						
Operating Adjustment	-	-	-	20	20	40
FY 2021 Cancellation*	(86)	-	(86)	-	-	-
Total Board of the Arts	(86)	-	(86)	20	20	40
Minnesota Humanities Center						
Healthy Eating, Here at Home (Market Bucks)	325	325	650	325	325	650
Board of Accountancy						
Operating Adjustment	13	23	36	23	23	46
Board of Architecture, Engineering						
Operating Adjustment	12	23	35	23	23	46
Board of Barber Examiners						
Operating Adjustment	5	10	15	10	10	20
Department of Military Affairs						
Operating Adjustment	196	392	588	392	392	784
Department of Veterans Affairs						
Operating Adjustment	3,589	4,635	8,224	4,635	4,635	9,270
Preventing Veteran Suicide	1,000	650	1,650	550	550	1,100
Prevent and End Veteran Homelessness	3,165	3,165	6,330	1,311	1,311	2,622
9/11 Task Force	500	-	500	-	-	-
Veterans Resilience Project	400	400	800	200	200	400
Veterans Camps and Retreats	125	75	200	75	75	150
Redwood Falls Cemetery State Match	4,500	-	4,500	-	-	-
New Veterans Home Staffing	337	8,347	8,684	7,500	7,500	15,000
Total Department of Veterans Affairs	13,616	17,272	30,888	14,271	14,271	28,542
Total General Fund Changes	109,670	43,131	152,801	40,388	39,445	79,833

* Amounts reflect cancellations of FY 2021 appropriations.

Department of Management and Budget

The enacted budget appropriated \$59.1 million in FY 2022-23 from the General Fund to the Department of Management and Budget (MMB). This appropriation was \$4.6 million, or 8.5 percent, more than the February 2021 forecast. In addition to an operating adjustment, the increase included \$414,000 to replace a General Fund statutory appropriation for local impact notes that was redirected from MMB to the legislative budget office, which currently has responsibility for completing those notes.

Chapter 12 enacted a requirement for the Commissioner of Management and Budget to contract with an auditor to conduct the annual audit of the state's use of federal funds. This audit is required under the Single Audit Act and related federal law. Chapter 12 appropriated \$1.2 million each year for this purpose, commensurate with the amount spent in previous years by the office of the legislative auditor, which formerly had responsibility for performing the Single Audit. MMB will continue to bill agencies for their share of costs related to the audit and deposit receipts in the General Fund to offset the direct appropriation.

Chapter 12 also created the payment plus program, which will allow state vendors to receive payments more quickly from the state by means of a virtual credit card, with the state receiving a portion of the payment as a rebate. Proceeds from the rebates are deposited in the General Fund, except for the amount required to administer the program, which is deposited in the Special Revenue Fund and statutorily appropriated to the Commissioner of Management and Budget.

Department of Revenue

The enacted budget appropriated \$349.1 million from the General Fund in FY 2022-23

to the Department of Revenue (DOR), an increase of \$14.4 million, or 4.3 percent, over forecast. Chapter 12 included an operating adjustment for DOR as well as a \$300,000 increase for volunteer income tax assistance grants. Additionally, Chapter 14 appropriated \$296,000 for the new Tax Expenditure Review Commission and \$3.2 million to administer changes in the tax bill. Of the latter amount, \$100,000 was for a transfer to the Minnesota Housing Finance Agency to administer a housing tax credit, \$100,000 was for a transfer to the Department of Employment and Economic Development to administer a film production credit, and the remainder was for DOR.

Gambling Control Board

Chapter 12 appropriated \$10.9 million from the lawful gambling regulation account in the Special Revenue Fund in FY 2022-23 to the Gambling Control Board, an increase of \$3.9 million, or 56.3 percent, over forecast. The increase funded information technology upgrades at the agency and 13 new FTEs to provide regulatory oversight over the charitable gaming industry.

Minnesota Historical Society

The enacted budget appropriated \$47.9 million from the General Fund in FY 2022-23 to the Minnesota Historical Society (MNHS), an increase of \$850,000, or 1.8 percent, over forecast. This amount included an operating adjustment and a one-time increase of \$250,000 to the FarmAmerica grant for which MNHS is the fiscal agent.

Additionally, [2021 First Special Session, Chapter 1](#), the Omnibus Legacy Funds Act, appropriated \$33.1 million to MNHS in FY 2022-23 from the Arts and Cultural Heritage Fund for grants to local, county, regional, and other historical or cultural organizations. (See

Appendix E for details on the Arts and Cultural Heritage Fund.)

Department of Veterans Affairs

The enacted budget appropriated \$188.7 million in FY 2022-23 from the General Fund to the Department of Veterans Affairs (MDVA), an increase of \$30.9 million, or 19.6 percent, compared to the February 2021 forecast. The General Fund appropriation comprises 35.4 percent of MDVA's all funds budget of \$533.5 million for FY 2022-23.

During the 2021 session, the federal government awarded MDVA funds to construct, equip, and furnish new veterans homes in Bemidji, Montevideo, and Preston. The timing of the award was too late to be included for submission to the Legislature with the Governor's budget, so Chapter 31 directly appropriated these federal funds and circumvented the need to go through the usual Legislative Advisory Commission review process. Chapter 12 appropriated \$8.7 million in FY 2022-23 from the General Fund to operate the new homes.

In addition to the money for the homes and an operating adjustment, Chapter 12 included:

- \$6.3 million for ending veteran homelessness in Minnesota;
- \$1.7 million for veteran suicide prevention efforts;

- \$500,000 one-time for a 9/11 task force to produce historical materials and a remembrance program on the twentieth anniversary of the attacks;
- \$800,000 for the Veterans Resilience Project to provide eye movement desensitization and reprocessing therapy to veterans who have posttraumatic stress disorder;
- \$200,000 for grants to veterans retreats at Camp Bliss and Veterans on the Lake; and
- \$4.5 million for the required state match to construct and equip a new veterans cemetery in Redwood Falls.

Chapter 12 made two changes affecting the Special Revenue Fund account that supports the operation of the state's veterans homes. The first change aligned the amount of the personal needs allowance used to calculate maintenance fees for residents of the homes with the personal needs allowance established by the Minnesota Department of Human Services for general assistance. This change will reduce total maintenance fees collected from residents in FY 2022-23 by \$58,000. The second change temporarily suspended the rule requiring MDVA to annually recalculate residents' cost of care, which in turn affected the amount paid in maintenance fees by residents. By suspending this recalculation for one year, MDVA expects a one-time reduction in collected maintenance fees of \$447,000.

STATE GOVERNMENT AND VETERANS

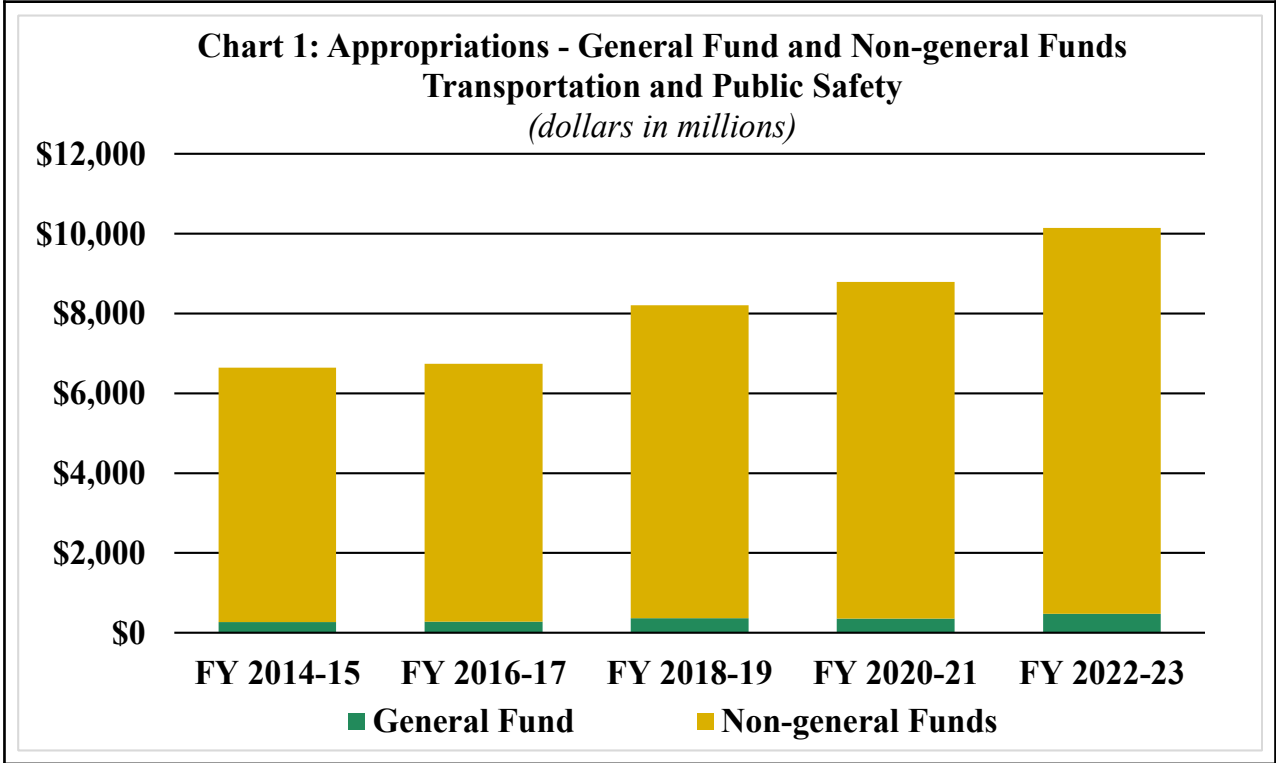
Table 3 - State Government and Veterans Revenue Changes Compared to Forecast <i>(dollars in thousands)</i>							
Revenue Changes by Agency	Fund	FY 2022	FY 2023	FY 2022-23	FY 2024	FY 2025	FY 2024-25
Department of Management and Budget							
Payment Plus - Deposit in General Fund	General	336	671	1,007	671	671	1,342
Payment Plus - Administrative Expenses	Special Revenue	36	73	109	73	73	146
FY 2021 Redirect Eligible Spending to CRF	General	59,547	-	59,547	-	-	-
Redirect Eligible Spending to CRF	General	58,633	-	58,633	-	-	-
Transfer In from SFRF - Revenue Replacement	General	-	633,100	633,100	550,000	-	550,000
Transfer In from State Data Security Acct.	General	-	-	-	1,200	-	1,200
FY 2021 Cancel Leftover ITA Balances	General	179	-	179	-	-	-
Total MMB		118,731	633,844	752,575	551,944	744	552,688
Department of Veterans Affairs							
Personal Needs Allowance Adjustment	Special Revenue	(27)	(31)	(58)	(35)	(38)	(73)
One Year Cost of Care Adjustment	Special Revenue	(447)	-	(447)	-	-	-
Total MDVA		(474)	(31)	(505)	(35)	(38)	(73)
Total Revenue Changes by Fund							
General Fund		118,695	633,771	752,466	551,871	671	552,542
Special Revenue Fund		(438)	42	(396)	38	35	73
Total Revenue Changes for Budget Area		118,257	633,813	752,070	551,909	706	552,615

**CHAPTER 11
TRANSPORTATION AND PUBLIC SAFETY**

2021 First Special Session, Chapters 5 and 14, enacted appropriations for the Transportation and Public Safety budget area. [Chapter 5](#) appropriated funds for the Department of Transportation (MnDOT), the Metropolitan Council, and the Department of Public Safety (DPS). [Chapter 14](#) contained a one-time General Fund appropriation for a MnDOT construction project. The enacted budget appropriated a total of \$10.2 billion from all funds for FY 2022-23, of which \$476.4 million, or 4.7 percent, was from the General Fund.

The Transportation and Public Safety all funds appropriations increased in each of the past four biennia. Chart 1 displays

Transportation and Public Safety appropriations since FY 2014-15 and divides each biennium between the General Fund and the non-general funds. The enacted all funds budget in FY 2022-23 totaled \$10.2 billion, an increase of \$596.2 million, or 6.2 percent, more than the February 2021 forecast, and an increase of \$1.4 billion, or 15.4 percent, more than FY 2020-21. The FY 2020-21 all funds appropriations totaled \$8.8 billion, an increase of \$592.2 million, or 7.2 percent, more than FY 2018-19. The FY 2018-19 all funds appropriations totaled \$8.2 billion, an increase of \$1.5 billion, or 21.7 percent, above FY 2016-17. The FY 2016-17 all funds appropriations totaled \$6.7 billion, an



TRANSPORTATION AND PUBLIC SAFETY

increase of \$94 million, or 1.4 percent, compared to FY 2014-15.

General Fund appropriations in FY 2022-23 totaled \$476.4 million, an increase of \$226.8 million, or 90.9 percent, more than the February 2021 forecast, and an increase of \$117.9 million, or 32.9 percent, above FY 2020-21 appropriations. FY 2020-21 General Fund appropriations totaled \$358.4 million, a decrease of \$9.5 million, or 2.6 percent, less than FY 2018-19. FY 2018-19 General Fund appropriations totaled \$367.9 million, an increase of \$93.1 million, or 33.9 percent, above FY 2016-17. FY 2016-17 General Fund appropriations totaled \$274.7 million, an increase of \$4.4 million, or 1.6 percent, compared to FY 2014-15.

As shown in Table 1, \$8.6 billion of the all funds total in FY 2022-23 was appropriated to MnDOT, \$909.3 million was appropriated to the Metropolitan Council for metropolitan-area transit operations, and \$655.8 million was appropriated to DPS for transportation-related programs.

DPS receives appropriations in the Transportation and Public Safety budget as well as in the Judiciary and Public Safety budget. The Judiciary and Public Safety divisions of DPS received appropriations in [2021 First Special Session, Chapter 11](#), the Omnibus Judiciary and Public Safety Act. (See the Judiciary and Public Safety chapter for further discussion of DPS appropriations.)

Table 1 - Transportation and Public Safety All Funds Biennial Spending/Appropriations, by Agency and Fund <i>(dollars in thousands)</i>					
Agency/Fund	FY 2020-21 Spending*	FY 2022-23 Forecast Base	FY 2022-23 Enacted Budget	Change: Enacted - FY 2020-21	Change: Enacted - Fcst. Base
Department of Transportation					
General Fund	41,885	38,750	173,117	131,232	134,367
Trunk Highway Fund	3,514,522	3,466,995	3,756,230	241,708	289,235
State Airports Fund	62,989	54,799	54,863	(8,126)	64
County State Aid Highway Fund	1,578,419	1,751,742	1,756,807	178,388	5,065
Municipal State Aid Street Fund	435,540	440,302	441,632	6,092	1,330
Special Revenue Fund	218,375	161,076	174,076	(44,299)	13,000
Highway User Tax Distribution Fund	247	264	264	17	-
Transit Assistance Fund	143,184	150,984	150,984	7,800	-
Federal Fund	1,318,183	2,056,713	2,056,713	738,530	-
911 Emergency Fund	19,350	19,350	19,350	-	-
Coronavirus Relief Fund	600	-	-	(600)	-
<u>Expenses in Multiple Funds</u>	<u>(1,217)</u>	<u>(920)</u>	<u>(920)</u>	<u>297</u>	<u>-</u>
Subtotal for MnDOT	7,332,077	8,140,055	8,583,116	1,251,039	443,061

TRANSPORTATION AND PUBLIC SAFETY

Agency/Fund	FY 2020-21 Spending*	FY 2022-23 Forecast Base	FY 2022-23 Enacted Budget	Change: Enacted - FY 2020-21	Change: Enacted - Fcst. Base
<i>Environment Trust/Legacy Funds</i>					
Env & Natural Resources Trust Fund	65	-	2,017	1,952	2,017
Total Dept of Transportation	7,332,142	8,140,055	8,585,133	1,252,991	445,078
Metropolitan Council					
General Fund	216,010	177,700	235,700	19,690	58,000
Transit Assistance Fund	604,362	673,596	673,596	69,234	-
Coronavirus Relief Fund	361	-	-	(361)	-
Total Metropolitan Council	820,733	851,296	909,296	88,563	58,000
Department of Public Safety					
General Fund	100,514	33,102	67,535	(32,979)	34,433
Trunk Highway Fund	250,109	244,966	287,997	37,888	43,031
Highway User Tax Distribution Fund	18,723	18,426	2,866	(15,857)	(15,560)
Special Revenue Fund	205,640	197,471	228,680	23,040	31,209
Gift Fund	343	336	336	(7)	-
Federal Fund	67,565	68,316	68,316	751	-
Natural Resources Fund	14	12	12	(2)	-
911 Emergency Fund	2,546	2,812	2,812	266	-
COVID-19 Minnesota Fund	52	-	-	(52)	-
Coronavirus Relief Fund	682	-	-	(682)	-
Expenses in Multiple Funds	(2,857)	(2,768)	(2,768)	89	-
Total Dept of Public Safety	643,331	562,673	655,786	12,455	93,113
Totals by Fund					
General Fund	358,409	249,552	476,352	117,943	226,800
Trunk Highway Fund	3,764,631	3,711,961	4,044,227	279,596	332,266
State Airports Fund	62,989	54,799	54,863	(8,126)	64
County State Aid Highway Fund	1,578,419	1,751,742	1,756,807	178,388	5,065
Municipal State Aid Street Fund	435,540	440,302	441,632	6,092	1,330
Special Revenue Fund	424,015	358,547	402,756	(21,259)	44,209
Highway User Tax Distribution Fund	18,970	18,690	3,130	(15,840)	(15,560)
Transit Assistance Fund	747,546	824,580	824,580	77,034	-
Federal Fund	1,385,748	2,125,029	2,125,029	739,281	-
Gift Fund	343	336	336	(7)	-

TRANSPORTATION AND PUBLIC SAFETY

Agency/Fund	FY 2020-21 Spending*	FY 2022-23 Forecast Base	FY 2022-23 Enacted Budget	Change: Enacted - FY 2020-21	Change: Enacted - Fcst. Base
911 Emergency Fund	21,896	22,162	22,162	266	-
Natural Resources Fund	14	12	12	(2)	-
COVID-19 Minnesota Fund	52	-	-	(52)	-
Coronavirus Relief Fund	1,643	-	-	(1,643)	-
<u>Expenses in Multiple Funds</u>	<u>(4,074)</u>	<u>(3,688)</u>	<u>(3,688)</u>	<u>386</u>	<u>-</u>
Subtotal for Non-Dedicated Funds	8,796,141	9,554,024	10,148,198	1,352,057	594,174
<i>Environment Trust/Legacy Funds</i>					
<u>Env & Natural Resources Trust Fund</u>	<u>65</u>	<u>-</u>	<u>2,017</u>	<u>1,952</u>	<u>2,017</u>
<i>Subtotal Env Trust/Legacy Funds</i>	<i>65</i>	<i>-</i>	<i>2,017</i>	<i>1,952</i>	<i>2,017</i>
Total for Budget Area	8,796,206	9,554,024	10,150,215	1,354,009	596,191

* As adjusted by FY 2021 changes enacted during the 2021 sessions.

DEPARTMENT OF TRANSPORTATION

The enacted budget appropriated a total of \$8.6 billion to MnDOT in FY 2022-23, an increase of \$1.3 billion, or 17.1 percent, over FY 2020-21, and an increase of \$445.1 million, or 5.5 percent, over forecast. Of MnDOT’s total appropriations, \$3.8 billion, or 43.8 percent, was from the Trunk Highway Fund (THF), which receives revenues from the motor fuels tax, the vehicle registration tax, and the motor vehicle sales tax (MVST), as well as from sales taxes on motor vehicle repair parts, motor vehicle rentals, and motor vehicle leases (MVLST).

The THF also receives federal highway aid for state road construction. In FY 2022-23, federal highway aid was \$1.2 billion, or 33.2 percent of MnDOT’s total THF appropriation.

Chapter 5 appropriated \$6.8 million to MnDOT from the General Fund in FY 2022-23 to replace an equal amount of base funding from the THF. Of this amount, \$3.3 million was for aeronautics, \$1.9 million was for transit, and \$1.7 million was for agency

services. Chapter 5 also prohibited the use of THF funding for the operation and maintenance of MnDOT’s central office building and created an open appropriation from the General Fund for this purpose, effective in FY 2026.

Aeronautics

Chapter 5 appropriated \$59.6 million in FY 2022-23 for aeronautics, of which \$37.2 million was from the State Airports Fund (SAF) for airport development and assistance grants, \$13.4 million was from the SAF for aeronautics operations, and \$5.6 million was a one-time appropriation from the General Fund for a grant to the city of Karlstad to construct a primary airport runway. The SAF appropriations included an increase of \$64,000, compared to forecast, for drone regulation and enforcement.

Transit and Active Transportation

The enacted budget appropriated \$192.7 million in FY 2022-23 to provide grants, planning support, and technical assistance for statewide bicycle and pedestrian programs and for public transit services outside of the

seven-county metropolitan area. This was an increase of \$12.5 million, or 6.9 percent, compared to FY 2020-21, and an increase of \$5.3 million, or 2.9 percent, compared to the forecast. This increase consisted of one-time General Fund appropriations of \$300,000 for a grant to the 494 Corridor Commission and \$5 million for bicycle, pedestrian, and trail projects under the active transportation program.

The majority of the greater Minnesota transit appropriations, 78.4 percent, were statutorily appropriated from the Transit Assistance Fund, which receives portions of MVST and MVLST revenues. The remainder was directly appropriated from the General Fund.

Passenger Rail

Chapter 5 appropriated \$11 million from the General Fund in FY 2022-23 for MnDOT's passenger rail office, of which \$10 million was a one-time appropriation for a second daily Amtrak train to Chicago.

Freight

Chapter 5 appropriated \$11.8 million from the THF and \$3.9 million from the General Fund for freight operations in FY 2022-23. Of the General Fund appropriations, \$637,000 was for additional rail safety inspectors and \$1 million was one-time for procurement of a statewide freight network optimization tool.

In addition, the enacted budget made a one-time transfer of \$13 million in FY 2022-23 from the General Fund to the rail service improvement account in the Special Revenue Fund. Funds in this account are statutorily appropriated to MnDOT for purposes of the rail service improvement program.

Safe Routes to School

Chapter 5 appropriated \$6 million in FY 2022-23 from the General Fund for grants to local jurisdictions for safe routes to school projects that encourage walking and bicycling to school. Of this appropriation, \$5 million was a one-time increase.

State Roads

Of the \$3.8 billion in biennial THF appropriations for MnDOT, \$2.1 billion, or 56.1 percent, was appropriated for state road construction, engineering, and design. This was an increase of \$257.6 million compared to the February 2021 forecast. Chapter 5 also contained THF appropriations of \$740.5 million for state road operations and maintenance (\$13.3 million over forecast), \$462.1 million for state road program delivery (\$6.9 million over forecast), and \$62.9 million for state road planning and research (\$980,000 over forecast).

Chapter 5 also made a one-time General Fund appropriation of \$30.9 million to MnDOT in FY 2022 for state and local road projects, which may include studies, design, engineering, environmental analysis, and construction. This appropriation is available through FY 2025. MnDOT also received a one-time General Fund appropriation of \$6.2 million in Chapter 14 to develop a land bridge over Interstate Highway 94 in Saint Paul.

Chapter 5 appropriated \$516.9 million in FY 2022-23 from the THF for transfer to the Debt Service Fund. This amount was for debt service payments on trunk highway bonds for state road construction and included \$23.3 million for debt service on \$413 million in new trunk highway bond authorizations enacted in Chapter 5. The remainder of the appropriation was for debt service payments on trunk highway bonds authorized in prior

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legislative sessions. This appropriation for trunk highway debt service is reflected in Table 1 in the Capital Investment chapter.

Local Roads

The enacted budget appropriated \$1.8 billion in FY 2022-23 from the County State-Aid Highway Fund (CSAH) for construction and maintenance of county state-aid roads, an 11.3 percent increase over FY 2020-21. The budget also contained \$441.6 million from the Municipal State-Aid Street Fund (MSAS) for construction and maintenance of municipal state-aid roads, an increase of 1.4 percent from FY 2020-21. Using statutory distribution formulas, MnDOT allocates CSAH funds to all 87 counties and MSAS funds to cities with a population of 5,000 or greater.

Chapter 5 also made one-time appropriations in FY 2022 from the General Fund for other local road systems: \$18 million for the small cities assistance program, \$14 million for local bridges, \$12 million for town roads, and \$5.5 million for the local road improvement program.

Agency Management

Chapter 5 appropriated \$203.9 million in FY 2022-23 for MnDOT operations, including administration, financial services, building management, and tort claims. This amount included \$201.9 million from the THF and \$2 million from the General Fund. This appropriation was an increase of \$17.1 million, or 8.4 percent, over the February 2021 forecast, and included \$14.8 million from the THF for information technology improvements.

Appropriation Changes by Agency	FY 2022	FY 2023	FY 2022-23	FY 2024	FY 2025	FY 2024-25
Department of Transportation						
Change THF to General Fund	3,412	3,412	6,824	3,412	3,412	6,824
Operating Adjustments	166	210	376	210	210	420
Karlstad Airport Runway	5,600	-	5,600	-	-	-
Active Transportation Grants	5,000	-	5,000	-	-	-
I-494 Travel Demand Mgmt Org	300	-	300	-	-	-
Safe Routes to School Grants	5,000	-	5,000	-	-	-
Second Daily Amtrak Train to Chicago	10,000	-	10,000	-	-	-
Freight Optimization Tool Procurement	1,000	-	1,000	-	-	-
Additional Rail Safety Inspectors	350	287	637	287	287	574
TH Corridor Studies & Local Road Grants	30,930	-	30,930	-	-	-
Township Roads	12,000	-	12,000	-	-	-
Small Cities Assistance	18,000	-	18,000	-	-	-

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Appropriation Changes by Agency	FY 2022	FY 2023	FY 2022-23	FY 2024	FY 2025	FY 2024-25
Local Bridges	14,000	-	14,000	-	-	-
Local Road Improvement	5,500	-	5,500	-	-	-
Rail Service Improvement (transfer to SRF)	6,500	6,500	13,000	-	-	-
I-94 Rondo Land Bridge	6,200	-	6,200	-	-	-
FY 2021 Passenger Rail Cancellation*	(271)	-	(271)	-	-	-
Total Dept of Transportation	123,687	10,409	134,096	3,909	3,909	7,818
Metropolitan Council						
Arterial Bus Rapid Transit	57,500	-	57,500	-	-	-
Highway 55 Corridor Transit Study	250	-	250	-	-	-
Zero Emissions Vehicle Transition	250	-	250	-	-	-
Total Metropolitan Council	58,000	-	58,000	-	-	-
Department of Public Safety						
Change THF to General Fund	568	568	1,136	568	568	1,136
Operating Adjustments	824	1,418	2,242	1,418	1,418	2,836
Capitol Security Enhancements	8,863	4,420	13,283	4,420	4,420	8,840
Capitol Security Salary Increase	464	464	928	464	464	928
Capitol Security Body Worn Cameras	449	395	844	395	395	790
School Bus Stop-Arm Camera Grants	7,398	7,398	14,796	-	-	-
School Bus Grants - Administration	110	94	204	-	-	-
Hazardous Substances Incident Prep	1,000	-	1,000	-	-	-
FY 2021 Public Safety Support Cancellation*	(220)	-	(220)	-	-	-
FY 2021 State Trooper Salary Increase	6,300	-	6,300	-	-	-
FY 2021 Capitol Security Salary Increase	230	-	230	-	-	-
Total Dept of Public Safety	25,986	14,757	40,743	7,265	7,265	14,530
Total General Fund Changes	207,673	25,166	232,839	11,174	11,174	22,348

*Amounts reflect cancellations of FY 2021 appropriations.

METROPOLITAN COUNCIL

The Metropolitan Council received direct appropriations of \$235.7 million from the General Fund in FY 2022-23 for metropolitan transit system operations, transportation planning, and Metro Mobility operations. This was an increase of \$19.7 million, or 9.1 percent, from FY 2020-21 spending, and an increase of \$58 million, or 32.6 percent, compared to the forecast. Most of the increase, \$57.5 million, was a one-time appropriation for arterial bus rapid transit projects. The Metropolitan Council also received one-time appropriations in FY 2022 of \$250,000 for the development of a zero-emission and electric transit vehicle transition plan and \$250,000 for an analysis of transit service improvements along Trunk Highway 55.

The Metropolitan Council also receives 36 percent of total MVST revenues as a statutory appropriation from the metropolitan area transit account in the Transit Assistance Fund (TAF). In FY 2022-23, the projected TAF appropriation to the Metropolitan Council was \$673.6 million, an increase of \$69.2 million, or 11.5 percent, from FY 2020-21.

Effective in FY 2026, Metro Mobility funding from the General Fund will change from a direct appropriation to an open appropriation. Chapter 5 required the Commissioner of Management and Budget to include in future economic forecasts, beginning with the November 2024 forecast, a state obligation from the General Fund for the program’s annual net costs. Metro Mobility is the council’s federally-mandated shared-ride public transportation service for riders with disabilities who cannot use regular fixed-route transit.

DEPARTMENT OF PUBLIC SAFETY

The enacted budget appropriated a total of \$655.8 million in FY 2022-23 for the Department of Public Safety’s (DPS) transportation-related activities. The appropriation was an increase of \$12.5 million, or 1.9 percent, from FY 2020-21, and an increase of \$93.1 million, or 16.5 percent, over forecast.

Administration and Related Services

Chapter 5 appropriated \$18.6 million from the THF and \$12.3 million from the General Fund in FY 2022-23 for administration, support, and technical services. Of the General Fund appropriations, \$1.1 million was for replacement of an equal amount of base funding from the THF.

State Patrol

Chapter 5 appropriated \$266.7 million from the THF, \$38.3 million from the General Fund, and \$2.2 million from the Highway User Tax Distribution Fund (HUTDF) for biennial State Patrol operations, for a total FY 2022-23 increase of \$59.8 million, or 19.5 percent, compared to forecast. The increase included:

- \$20.7 million from the THF, \$928,000 from the General Fund, and \$220,000 from the HUTDF for trooper salary increases;
- \$14.5 million from the THF and \$13.3 million from the General Fund for additional troopers;
- \$7.2 million from the THF, \$844,000 from the General Fund, and \$40,000 from the HUTDF for purchase, deployment, and management of body-worn cameras; and
- \$2.1 million from the General Fund for an operating adjustment to Capitol Security.

The budget also extended the availability of the FY 2021 appropriation from the THF for a state patrol trooper academy, allowing DPS to use up to \$1.7 million for that purpose in FY 2022.

Driver and Vehicle Services

Chapter 5 appropriated \$156.8 million from the Special Revenue Fund and \$686,000 from the HUTDF for FY 2022-23 operations of the driver and vehicle services division (DVS). This was a funding increase of \$15.4 million, or 9.8 percent, compared to forecast. The increased funding included:

- \$7.4 million one-time for staffing and operations;
- \$5.2 million one-time for reopening driver's license exam stations that were closed in 2020 due to the COVID-19 pandemic;
- \$2.4 million for a pilot project for same-day issuance of driver's licenses;
- \$250,000 one-time for programming costs related to self-service kiosks for vehicle registration renewal; and
- \$250,000 one-time for an independent expert review of MnDRIVE, the state's vehicle title and registration system.

The enacted budget replaced a \$15.8 million base HUTDF appropriation for license plate manufacturing with an equal amount appropriated from the vehicle services operating account in the Special Revenue Fund. This funding increase from the Special Revenue Fund was supported by revenue from the license plate fee increases enacted in Chapter 5.

As shown in Table 3, the driver and vehicle services operating accounts in the Special Revenue Fund received a net increase of \$2.3 million in FY 2022-23 as a result of several

DVS fee changes, including: providing lifetime issuance for certain special license plates for veterans, changing temporary permit fees for out-of-state commercial vehicles, establishing a new “no-show” fee for missing a driver's knowledge or road test, setting a fee structure for bulk access to motor vehicle records, and allowing a greater number of people to pay revoked license reinstatement fees in installments. This total also reflects decreased revenue of \$331,000 from a provision that limits reinstatement fees for suspended or revoked licenses to a single fee, regardless of the number of violations that led to a suspension or revocation. This provision also resulted in reduced General Fund revenue of \$54,000.

Chapter 5 also contained one-time transfers of \$5 million in both FY 2021 and FY 2022 from the vehicle services operating account to the driver services operating account.

Traffic Safety

Chapter 5 appropriated \$16 million from the General Fund and \$988,000 from the THF in FY 2022-23 for traffic safety programs. The General Fund appropriation includes \$15 million in one-time grant funding for schools and school bus companies to purchase and install school bus stop-signal arm camera systems.

Pipeline Safety

DPS received the forecasted base appropriation of \$2.9 million for FY 2022-23 from the Special Revenue Fund for pipeline safety programs. This appropriation is funded with revenue from pipeline safety inspection fees. Chapter 5 also contained a one-time \$1 million appropriation from the General Fund for railroad and pipeline safety training and response preparedness related to the discharge of hazardous substances.

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Table 3 - Transportation and Public Safety Revenue Changes Compared to Forecast (dollars in thousands)							
Revenue Changes by Agency	Fund	FY 2022	FY 2023	FY 2022-23	FY 2024	FY 2025	FY 2024-25
Department of Transportation							
Drone Fee Changes	State Airports	28	36	64	45	57	102
Federal Highway Aid Increase	Trunk Highway	122,000	-	122,000	-	-	-
Soybean Meal Hauling Permit Fees	Trunk Highway	17	34	51	34	34	68
Rail Improvement (txfr from GF)	Special Revenue	6,500	6,500	13,000	-	-	-
Total MnDOT		128,545	6,570	135,115	79	91	170
Department of Public Safety							
State Patrol Abandoned Money	General	70	15	85	15	15	30
DL Reinstatement Fee Changes	General	(18)	(36)	(54)	(36)	(36)	(72)
DL Reinstatement Fee Changes	Special Revenue	(83)	(248)	(331)	(248)	(248)	(496)
License Plate Fee Restructure	Special Revenue	7,550	8,236	15,786	8,236	8,236	16,472
Expand Lifetime Veteran Plates	Special Revenue	(13)	(13)	(26)	(13)	(13)	(26)
Temporary Trip Permit Fees	Special Revenue	168	168	336	168	168	336
DVS Data Subscriptions Fee	Special Revenue	88	88	176	88	88	176
Partial Payments for DL Reinstatements	Special Revenue	497	497	994	497	497	994
Motorcycle Endorsement Fee Increase	Special Revenue	499	544	1,043	544	544	1,088
New Special Plate Revenue	Special Revenue	3	3	6	3	3	6
Drivers Exam No-Show Fee	Special Revenue	445	667	1,112	667	667	1,334
Total DPS		9,206	9,921	19,127	9,921	9,921	19,842

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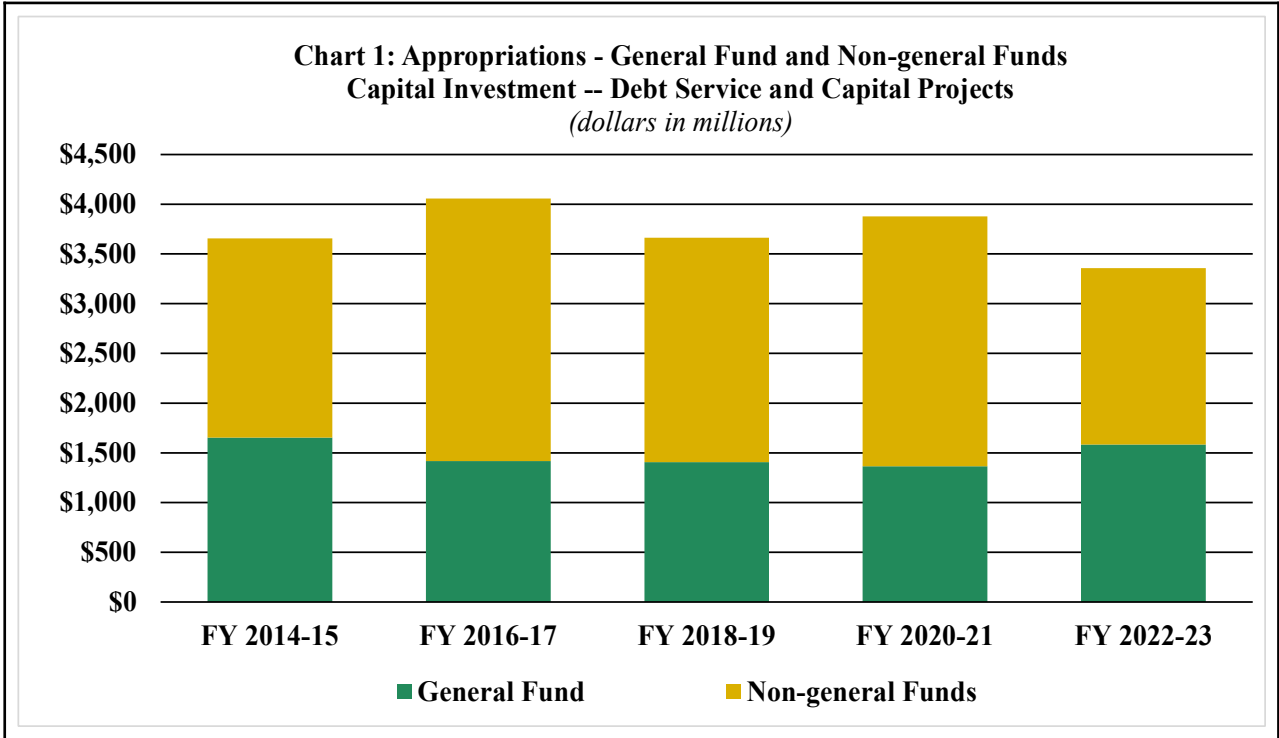
Revenue Changes by Agency	Fund	FY 2022	FY 2023	FY 2022-23	FY 2024	FY 2025	FY 2024-25
Total Revenue Changes by Fund							
General Fund		52	(21)	31	(21)	(21)	(42)
State Airports Fund		28	36	64	45	57	102
Trunk Highway Fund		122,017	34	122,051	34	34	68
Special Revenue Fund		15,654	16,442	32,096	9,942	9,942	19,884
Total Revenue Changes for Budget Area							
		137,751	16,491	154,242	10,000	10,012	20,012

CHAPTER 12 CAPITAL INVESTMENT

2021 First Special Session, Chapters 8 and 14, enacted appropriations for the Capital Investment budget area. This budget area includes appropriations to support ongoing debt service and appropriations for individual, often one-time, capital projects. [Chapter 8](#) authorized \$100 million in bonding authority for Minnesota Housing Finance Agency (MHFA) housing infrastructure appropriation bonds. [Chapter 14](#) appropriated \$24 million to the Department of Employment and Economic Development (DEED) for a new capital grant program.

The debt service and capital projects all funds appropriations declined in two of the past four biennia. Chart 1 displays debt service and capital projects appropriations since FY

2014-15 and divides each biennium between the General Fund and the non-general funds. The enacted all funds budget in FY 2022-23 totaled \$3.4 billion, a decrease of \$17.8 million, or 0.5 percent, from the February 2021 forecast, and a decrease of \$520.2 million, or 13.4 percent, from FY 2020-21. The FY 2020-21 all funds appropriations totaled \$3.9 billion, an increase of \$216.2 million, or 5.9 percent, from FY 2018-19. The FY 2018-19 all funds appropriations totaled \$3.7 billion, a decrease of \$396.8 million, or 9.8 percent, from FY 2016-17. The FY 2016-17 all funds appropriations totaled \$4.1 billion, an increase of \$401.2 million, or 11 percent, compared to FY 2014-15.



CAPITAL INVESTMENT

In FY 2022-23, the debt service and capital projects General Fund appropriations were 47.2 percent of its all funds budget. The General Fund budget in FY 2022-23 totaled \$1.6 billion, a decrease of \$3.1 million, or 0.2 percent, from the February 2021 forecast, and an increase of \$218.9 million, or 16 percent, more than FY 2020-21 appropriations. FY 2020-21 General Fund appropriations totaled \$1.3 billion, a decrease of \$43.1 million, or 3.1 percent, from FY 2018-19. FY 2018-19 General Fund appropriations totaled \$1.4 billion, a decrease of \$9.1 million, or 0.6 percent, from FY 2016-17. FY 2016-17 General Fund appropriations totaled \$1.4 billion, a decrease of \$237.6 million, or 14.4 percent, from FY 2014-15.

Chapter 8 authorized the MHFA to issue an additional \$100 million in housing infrastructure bonds. Housing infrastructure bonds are appropriation bonds supported by a

statutory annual debt service payment from the General Fund. Of the proceeds from the sale of housing infrastructure bonds authorized in Chapter 8, \$18.3 million must be used to finance the costs of acquisition, rehabilitation, adaptive reuse, or new construction of single-family housing, and \$15 million must be used to finance the acquisition, improvement, and infrastructure of manufactured home parks. Annual debt service payments for these bonds will begin in calendar year 2023 and conclude in calendar year 2044. The estimated debt service cost is \$4 million in FY 2024 and \$8 million in FY 2025. Chapter 8 also contained a provision prospectively subtracting from the \$100 million authorization the amount of federal money allocated to Minnesota between June 1 and December 31, 2021, that is eligible to be used for the same purposes as housing infrastructure bond proceeds.

Transfer in by Fund	FY 2020-21 Spending	FY 2022-23 Forecast Base	FY 2022-23 Enacted Budget	Change: Enacted - FY 2020-21	Change: Enacted - Fcst. Base
General Fund	1,055,625	1,263,777	1,242,865	187,240	(20,912)
Max Effort School Loan Fund	1,246	66	66	(1,180)	-
Capital Building Fund	329	-	-	(329)	-
MN State Colleges and Universities Fund	57,600	60,000	60,000	2,400	-
Rural Finance Admin Fund	25,190	24,718	24,718	(472)	-
Special Revenue Fund	4,522	2,376	2,376	(2,146)	-
Trunk Highway Fund	387,392	487,613	510,913	123,521	23,300
Investment Receipts & Other Revenue	844,485	21,388	21,388	(823,097)	-
Balance Forward	875,606	798,834	798,834	(76,772)	-
Total Transfers In	3,251,995	2,658,772	2,661,160	(590,835)	2,388
Spending	2,453,161	1,734,974	1,714,062	(739,099)	(20,912)
Budgetary Balance	798,834	923,798	947,098	148,264	23,300

CAPITAL INVESTMENT

Chapter 14 established a targeted community capital project grant program and appropriated \$24 million in FY 2022 from the General Fund to DEED for the program. The program makes individual grants not to exceed \$1.5 million to eligible nonprofit organizations and government entities to provide, increase, or expand services to underserved communities or economically disadvantaged persons or groups. Grant recipients must use the funds for the acquisition or betterment of buildings or other fixed assets and other improvements of a capital nature. Of this \$24 million appropriation, \$6 million must be used for one or more grants to any meat processing business operating in a pre-1947 building located in the city of South Saint Paul.

Chapter 12 provided authority for the sale of lease-revenue bonds or certificates of participation for the renovation and rehabilitation of buildings located on the Minnesota state capitol complex. The language includes open appropriations to pay for the ongoing costs of the debt issuance. At this juncture, the exact cost of the lease-

revenue bonds or certificates of participation is not known. The cost will be known as the scope of the project is refined in future months. (For additional information, see page 99 of this document.)

The Department of Management and Budget (MMB) forecasts annual General Fund-supported debt service payments based on the presumption that the enactment of capital investment bills follows a biennial cycle, in which the bulk of capital improvement appropriations are enacted in even-numbered session years and relatively smaller appropriations are enacted in odd-numbered session years. These amounts are based on ten-year averages of the approximate sizes of capital investment bills enacted into law. The February 2021 forecast assumed that \$240 million of general obligation debt would be authorized during the 2021 session. Compared to the forecast, the general obligation debt service payments attributable to the 2021 sessions are \$20.9 million lower for FY 2022-23 and \$36.9 million lower for FY 2024-25.

Table 2 - Debt Service, Capital Projects, Other All Funds Biennial Spending/Appropriations, by Agency and Fund <i>(dollars in thousands)</i>					
Expenditure by Purpose	FY 2020-21 Spending	FY 2022-23 Forecast Base	FY 2022-23 Enacted Budget	Change: Enacted - FY 2020-21	Change: Enacted - Fcst. Base
General Fund Capital Projects	248,544	256,164	280,164	31,620	24,000
Debt Service - General Fund Transfer	1,055,625	1,263,777	1,242,865	187,240	(20,912)
Debt Service - Stadium Debt Service Fund	60,313	60,309	60,309	(4)	-
Debt Service	2,453,115	1,734,974	1,714,062	(739,053)	(20,912)
Total Expenditures	3,817,597	3,315,224	3,297,400	(520,197)	(17,824)

APPENDICES

Appendix A General Fund Summary Fund Balance Analysis, FY 2020-2025 (dollars in thousands)

	FY 2020-21	FY 2022	FY 2023	FY 2022-23	FY 2024	FY 2025	FY 2024-25
February Forecast							
<u>Actual & Estimated Resources</u>							
Balance Forward	3,971,359	3,829,503	3,877,878	3,829,503	4,109,016	4,452,729	4,109,016
Current Resources	47,644,405	24,968,196	25,968,541	50,936,737	26,814,517	27,492,421	54,306,938
Total Resources	51,615,764	28,797,699	29,846,419	54,766,240	30,923,533	31,945,150	58,415,954
<u>Actual & Estimated Expenditures</u>							
Total Net Spending	47,786,261	24,919,821	25,737,403	50,657,224	26,470,804	26,971,086	53,441,890
Balance Before Reserves	3,829,503	3,877,878	4,109,016	4,109,016	4,452,729	4,974,064	4,974,064
Total Reserves	2,808,057	2,371,791	2,436,650	2,436,650	2,511,174	2,595,353	2,595,353
Budgetary Balance	1,021,446	1,506,087	1,672,366	1,672,366	1,941,555	2,378,711	2,378,711
<u>Enacted Budget</u>							
<u>Actual & Estimated Resources</u>							
Balance Forward	3,971,359	3,919,644	2,872,598	3,919,644	2,463,941	2,741,989	2,463,941
Current Resources	47,704,131	24,362,399	26,545,014	50,907,413	27,300,503	27,498,094	54,798,597
Total Resources	51,675,490	28,282,043	29,417,612	54,827,057	29,764,444	30,240,083	57,262,538
<u>Actual & Estimated Expenditures</u>							
Total Net Spending	47,755,846	25,409,445	26,953,671	52,363,116	27,022,455	27,685,155	54,707,610
Balance Before Reserves	3,919,644	2,872,598	2,463,941	2,463,941	2,741,989	2,554,928	2,554,928
Total Reserves	2,808,057	2,271,791	2,336,650	2,336,650	2,411,174	2,495,353	2,495,353
Budgetary Balance	1,111,587	600,807	127,291	127,291	330,815	59,575	59,575

	FY 2020-21	FY 2022	FY 2023	FY 2022-23	FY 2024	FY 2025	FY 2024-25
<u>Difference</u>							
<u>Actual & Estimated Resources</u>							
Balance Forward	-	90,141	(1,005,280)	90,141	(1,645,075)	(1,710,740)	(1,645,075)
Current Resources	59,726	(605,797)	576,473	(29,324)	485,986	5,673	491,659
Total Resources	59,726	(515,656)	(428,807)	60,817	(1,159,089)	(1,705,067)	(1,153,416)
<u>Actual & Estimated Expenditures</u>							
Total Net Spending	(30,415)	489,624	1,216,268	1,705,892	551,651	714,069	1,265,720
Balance Before Reserves	90,141	(1,005,280)	(1,645,075)	(1,645,075)	(1,710,740)	(2,419,136)	(2,419,136)
<u>Reserves</u>							
Total Reserves	-	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Budgetary Balance	90,141	(905,280)	(1,545,075)	(1,545,075)	(1,610,740)	(2,319,136)	(2,319,136)

Appendix B

FY 2022-23 General Fund Budgetary Balance and Revenue Change Detail
(dollars in thousands)

Projected Budgetary Balance, February 2021 Forecast	1,672,366
Revenue Change Items	
<u>Tax Revenue Changes</u>	
Individual Income Tax	(490,800)
Corporate Income Tax	(222,000)
Sales Tax	(22,864)
Statewide Property Tax	(10,670)
Subtotal: Tax Revenue Changes	(746,334)
<u>Other Revenue Changes</u>	
1st Spec Sess, Ch. 3, Custom Meat Exemption (Fees) Ag	(14)
1st Spec Sess, Ch. 4, Commerce - Natural Gas Innovation Act	378
1st Spec Sess, Ch. 4, Public Utilities Commission - Natural Gas Innovation Act	224
1st Spec Sess, Ch. 4, Public Utilities Commission Assessment	689
1st Spec Sess, Ch. 4, Department of Commerce Assessment	244
1st Spec Sess, Ch. 4, Commerce - Energy Regulation & Planning Division Assessment	57
1st Spec Sess, Ch. 4, Commerce - Telecommunications Division Assessment	69
1st Spec Sess, Ch. 4, Debt Buyer Regulation	76
1st Spec Sess, Ch. 4, Student Loan Borrower Bill of Rights	242
1st Spec Sess, Ch. 11, Probation Services Reimbursement, Meeker, Renville, & Mille Lacs	2,340
1st Spec Sess, Ch. 11, Public Contracting Compliance Violations	4
1st Spec Sess, Ch. 5, Driver's License Reinstatement Fee Changes	(54)
1st Spec Sess, Ch. 7, Direct Care and Treatment Operating Adjustments (DHS MSOP)	1,137
1st Spec Sess, Ch. 7, County Share for Child and Adolescent Behavioral Health Hospital	2,458
1st Spec Sess, Ch. 7, Direct Care and Treatment Operating Adjustments (DHS SOS)	14,457
1st Spec Sess, Ch. 11, Criminal Traffic Surcharge Waiver	(889)
1st Spec Sess, Ch. 11, Forfeiture Reform	(452)
1st Spec Sess, Ch. 7, DHS Program Integrity Strategies	2,478
1st Spec Sess, Ch. 5, State Patrol Deposits of Lost or Abandoned Money	85
1st Spec Sess, Ch. 12, Payment Plus	1,007
1st Spec Sess, Ch. 10, DEED MIF One-time Exception	595
Subtotal: Other Revenue Changes	25,131
Total: Revenue Changes	(721,203)

Transfers and Prior Year Adjustments	
1st Spec Sess, Ch. 12, FY 2021 Transfer In from Information and Telecommunications Acct.	179
1st Spec Sess, Ch. 7, FY 2021, Refinance General Fund Appropriations to CRF	59,547
Ch. 30, Eliminate Transfer In from State Government Special Revenue Fund	(154)
Ch. 21, ARPA SFRF Revenue Replacement	633,100
1st Spec Sess, Ch. 9, Transfer In from Consumer Education Acct.	300
Ch. 12, Refinance General Fund Appropriations to CRF	58,633
Subtotal: Transfers and Prior Year Adjustments	751,605
Total: Revenue Changes, Transfers and Prior Year Adjustments	30,402
Spending Change Items	
FY 2020-21 Appropriation Changes	(30,415)
FY 2022-23 Appropriation Changes	1,705,892
Total: Spending Changes	1,675,477
Net General Fund Changes (Revenue Minus Spending)	(1,645,075)
Budget Reserve Changes	
1st Spec Sess, Ch. 7, Reduction in Budget Reserve	(100,000)
Net General Fund Changes (After Changes to Reserves)	(1,545,075)
Revised Balance, FY 2022-23, End of Session (Forecast Balance Plus Net GF Changes)	127,291

Appendix C
Health Care Access Fund, FY 2020-2025
(dollars in thousands)

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
February Forecast						
<u>Actual & Estimated Resources</u>						
Carryforward	636,717	632,779	558,535	343,106	183,848	30,463
Revenue	840,092	816,773	854,735	886,267	925,167	966,820
Transfers In	7,200	-	-	-	-	-
Total Resources	1,484,009	1,449,552	1,413,270	1,229,373	1,109,015	997,283
<u>Actual & Estimated Uses</u>						
Expenditures	720,042	758,269	938,027	914,015	947,042	929,930
Transfers Out	133,198	132,748	132,137	131,510	131,510	67,353
Total Uses	853,240	891,017	1,070,164	1,045,525	1,078,552	997,283
Balance	630,769	558,535	343,106	183,848	30,463	-
<u>Enacted Budget</u>						
<u>Actual & Estimated Resources</u>						
Carryforward	636,717	632,779	560,573	486,068	566,563	142,227
Revenue (Feb 2021 Fcst)	840,092	816,773	854,735	886,267	925,167	966,820
Transfers In (Feb 2021 Fcst)	7,200	-	-	-	-	-
<i>Enacted Changes:</i>						
Transfer from General Fund-BHP Revenue	-	-	79,101	-	-	-
Transfer from Premium Security Account- BHP Revenue	-	-	5,948	-	-	-
Total Resources	1,484,009	1,449,552	1,500,357	1,372,335	1,491,730	1,109,047
<u>Actual & Estimated Uses</u>						
Expenditures (Feb 2021 Fcst)	720,042	758,269	938,027	914,015	947,042	929,930
<i>Enacted Changes:</i>						
ARPA MinnesotaCare Premium Conformity	-	44	(91,963)	(28,632)	4,194	-
MinnesotaCare/ACA Discrepancy for Dependent Coverage	-	-	-	1,709	5,351	7,441
Coverage for Adult Periodontal Disease Treatment	-	-	64	419	565	574

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Navigator Assister Grants- Cancel and Reappropriate	-	(2,082)	2,082	-	-	-
Additional Fraud Prevention Investigation Grants	-	-	(7)	(9)	(9)	(9)
Health Professionals Loan Forgiveness	-	-	-	-	953	3,812
Dental Benefits Modifications	-	-	1,138	1,938	2,472	2,109
Extend Premium Security Plan to Benefit Year 2022	-	-	41,393	43,656	-	-
Adjust Medical Assistance Appropriation	-	-	(8,582)	(258,834)	257,425	-
Total Expenditures	720,042	756,231	882,152	674,262	1,217,993	943,857
Transfers Out (Feb 2021 Fcst)	133,198	132,748	132,137	131,510	131,510	67,353
<i>Enacted Changes:</i> General Fund: M.S.16A.724, Subd. 2(a)	-	-	-	-	-	64,157
Total Transfers Out	133,198	132,748	132,137	131,510	131,510	131,510
Total Uses	853,240	888,979	1,014,289	805,772	1,349,503	1,075,367
Balance	630,769	560,573	486,068	566,563	142,227	33,680
<u>Difference</u>						
<u>Actual & Estimated Resources</u>						
Carryforward	-	-	2,038	142,962	382,715	111,764
Revenue	-	-	-	-	-	-
Transfers In	-	-	85,049	-	-	-
Total Resources	-	-	87,087	142,962	382,715	111,764
<u>Actual & Estimated Uses</u>						
Expenditures	-	(2,038)	(55,875)	(239,753)	270,951	13,927
Transfers Out	-	-	-	-	-	64,157
Total Uses	-	(2,038)	(55,875)	(239,753)	270,951	78,084
Balance	-	2,038	142,962	382,715	111,764	33,680

Appendix D
All Funds Spending, by Budget Jurisdiction
FY 2014-15 through FY 2022-23
(dollars in millions)

	FY 2014-15	FY 2016-17	Biennial Change	FY 2018-19	Biennial Change	Enacted FY 2020-21	Biennial Change	Enacted FY 2022-23	Biennial Change
<u>E-12 Education</u>									
General	16,618.3	17,408.7	4.8%	18,831.9	8.2%	19,838.7	5.3%	20,987.0	5.8%
Non-general	1,567.1	1,420.0	(9.4%)	1,694.5	19.3%	2,572.9	51.8%	4,090.9	59.0%
Env Trust & Legacy Funds	8.3	5.6	(32.8%)	5.1	(8.7%)	5.2	2.7%	5.4	4.2%
Total	18,193.6	18,834.3	3.5%	20,531.5	9.0%	22,416.8	9.2%	25,083.3	11.9%
<u>Higher Education</u>									
General	2,833.7	3,084.9	8.9%	3,290.1	6.7%	3,401.8	3.4%	3,511.9	3.2%
Non-general	59.8	61.4	2.6%	71.5	16.4%	76.1	6.5%	86.1	13.1%
Env Trust & Legacy Funds	31.2	33.7	7.9%	46.5	37.9%	32.1	(30.9%)	22.6	(29.8%)
Total	2,924.7	3,180.0	8.7%	3,408.1	7.2%	3,510.1	3.0%	3,620.6	3.1%
<u>Property Tax Aids and Credits</u>									
General	2,933.2	3,321.2	13.2%	3,657.8	10.1%	3,973.1	8.6%	4,204.4	5.8%
Non-general	2.1	15.0	631.1%	17.1	14.0%	837.4	4798.5%	377.9	(54.9%)
Total	2,935.2	3,336.2	13.7%	3,674.9	10.2%	4,810.6	30.9%	4,582.3	(4.7%)
<u>Health and Human Services</u>									
General	11,620.9	11,545.2	(0.7%)	13,322.4	15.4%	13,748.1	3.2%	16,503.6	20.0%
Non-general	18,033.1	20,345.4	12.8%	22,521.4	10.7%	27,004.5	19.9%	31,560.2	16.9%
Env Trust & Legacy Funds	9.0	10.2	13.6%	12.0	18.0%	15.2	26.7%	11.9	(21.7%)
Total	29,663.0	31,900.7	7.5%	35,855.9	12.4%	40,767.8	13.7%	48,075.7	17.9%
<u>Agric, Env, and Nat Resources</u>									
General	423.4	501.3	18.4%	482.4	(3.8%)	472.8	(2.0%)	508.3	7.5%
Non-general	986.5	1,152.4	16.8%	1,189.4	3.2%	1,227.3	3.2%	1,403.6	14.4%
Env Trust & Legacy Funds	548.1	528.5	(3.6%)	731.4	38.4%	834.5	14.1%	515.7	(38.2%)
Total	1,958.0	2,182.2	11.5%	2,403.1	10.1%	2,534.6	5.5%	2,427.5	(4.2%)

	FY 2014-15	FY 2016-17	Biennial Change	FY 2018-19	Biennial Change	Enacted FY 2020-21	Biennial Change	Enacted FY 2022-23	Biennial Change
<u>Jobs,</u>									
<u>Commerce, and</u>									
<u>Energy</u>									
General	367.5	459.0	24.9%	561.8	22.4%	502.9	(10.5%)	637.3	26.7%
Non-general	1,377.6	1,306.0	(5.2%)	1,433.9	9.8%	2,103.8	46.7%	2,118.4	0.7%
Env Trust & Legacy Funds	15.2	40.6	167.9%	35.6	(12.5%)	27.5	(22.7%)	16.1	(41.3%)
Total	1,760.2	1,805.6	2.6%	2,031.3	12.5%	2,634.2	29.7%	2,771.8	5.2%
<u>Judiciary and</u>									
<u>Public Safety</u>									
General	1,978.6	2,179.1	10.1%	2,357.4	8.2%	2,565.3	8.8%	2,637.9	2.8%
Non-general	373.4	382.5	2.4%	432.0	12.9%	624.8	44.6%	499.1	(20.1%)
Total	2,352.0	2,561.7	8.9%	2,789.4	8.9%	3,190.0	14.4%	3,137.1	(1.7%)
<u>Transportation</u>									
<u>and Public</u>									
<u>Safety</u>									
General	270.4	274.7	1.6%	367.9	33.9%	358.4	(2.6%)	476.4	32.9%
Non-general	6,376.2	6,466.0	1.4%	7,835.8	21.2%	8,437.7	7.7%	9,671.8	14.6%
Env Trust & Legacy Funds	-	-	-	0.3	-	0.1	(81.2%)	2.0	3013.6%
Total	6,646.6	6,740.7	1.4%	8,204.0	21.7%	8,796.2	7.2%	10,150.2	15.4%
<u>State</u>									
<u>Government</u>									
<u>and Veterans</u>									
General	930.0	1,053.9	13.3%	1,227.0	16.4%	1,545.2	25.9%	1,333.1	(13.7%)
Non-general	589.1	624.2	6.0%	1,013.3	62.3%	1,513.6	49.4%	1,556.5	2.8%
Env Trust & Legacy Funds	114.3	123.1	7.7%	129.4	5.1%	144.7	11.8%	142.8	(1.3%)
Total	1,633.5	1,801.2	10.3%	2,369.7	31.6%	3,203.5	35.2%	3,032.4	(5.3%)
<u>Capital</u>									
<u>Investment</u>									
General	1,654.2	1,416.7	(14.4%)	1,407.6	(0.6%)	1,364.5	(3.1%)	1,583.3	16.0%
Non-general	2,003.2	2,641.9	31.9%	2,254.1	(14.7%)	2,513.4	11.5%	1,774.4	(29.4%)
Total	3,657.4	4,058.5	11.0%	3,661.7	(9.8%)	3,878	5.9%	3,358	(13.4%)
<u>Other</u>									
General	11.0	10.0	(9.3%)	(15.0)	(249.7%)	(15.0)	0.3%	(20.0)	33.3%
Non-general	(4,038.3)	(3,664.6)	(9.3%)	(3,946.0)	7.7%	(4,297.5)	8.9%	(3,910.9)	(9.0%)
Total	(4,027.3)	(3,654.6)	(9.3%)	(3,961.0)	8.4%	(4,312.5)	8.9%	(3,930.9)	(8.8%)

	FY 2014-15	FY 2016-17	Biennial Change	FY 2018-19	Biennial Change	Enacted FY 2020-21	Biennial Change	Enacted FY 2022-23	Biennial Change
All Budget Jurisdictions									
General	39,641.1	41,254.7	4.1%	45,491.3	10.3%	47,755.8	5.0%	52,363.1	9.6%
Non-general	27,329.7	30,750.2	12.5%	34,517.0	12.2%	42,614.1	23.5%	49,228.0	15.5%
Env Trust & Legacy Funds	726.0	741.6	2.2%	960.3	29.5%	1,059.3	10.3%	716.5	(32.4%)
Total	67,696.9	72,746.5	7.5%	80,968.5	11.3%	91,429.3	12.9%	102,307.6	11.9%

Appendix E
Legacy and Constitutionally Dedicated Funds
(dollars in thousands)

[2021 First Special Session, Chapter 1](#), contained appropriations made from constitutionally dedicated, or “Legacy,” funds. The resources in the Legacy funds are generated by a 0.375 percentage point increase to the state’s sales tax, which was passed as a constitutional amendment in 2008. The additional sales tax revenue is constitutionally distributed into four funds as follows: 33 percent to the Outdoor Heritage Fund, 33 percent to the Clean Water Fund, 14.25 percent to the Parks and Trails Fund, and 19.75 percent to the Arts and Cultural Heritage Fund.

Outdoor Heritage Fund

Chapter 1 appropriated a total of \$127.8 million in FY 2022 and \$557,000 in FY 2023 from the Outdoor Heritage Fund to finance various programs and projects to preserve and restore prairies, forests, wetlands, and aquatic habitats across the state. In keeping with past practice, appropriations from this fund are largely made for the first year of the biennium, and typically reflect the recommendations made by the Lessard-Sams Outdoor Heritage Council, a council of citizens and legislators created to oversee the fund. The council made recommendations for FY 2022 only and will make additional recommendations for FY 2023 appropriations before the 2022 legislative session.

Clean Water Fund

Chapter 1 appropriated \$136.7 million in FY 2022 and \$130.1 million in FY 2023 from the

Clean Water Fund to finance activities promoting protection, enhancement, and restoration of water quality in lakes, rivers, and streams statewide, based on recommendations by the Clean Water Council.

Parks and Trails Fund

Chapter 1 appropriated \$54.8 million in FY 2022 and \$55.9 million in FY 2023 from the Parks and Trails Fund. Consistent with previous appropriations from this fund, approximately 40 percent of the total appropriation (\$43.9 million in FY 2022-23) was directed to state parks and trails, 40 percent (\$43.9 million in FY 2022-23) was directed to metropolitan area parks and trails, and 20 percent (\$21.9 million in FY 2022-23) was directed to regional parks and trails. An additional \$1 million was appropriated for coordination work between the three parks organizations.

Arts and Cultural Heritage Fund

Chapter 1 appropriated \$68.1 million in FY 2022 and \$71.5 million in FY 2023 from the Arts and Cultural Heritage Fund to preserve Minnesota’s history and cultural heritage. Minnesota Statutes require that at least 47 percent of the money deposited in the Arts and Cultural Heritage Fund be appropriated to the Minnesota State Arts Board or regional arts councils to finance various grant and arts access programs. Accordingly, Chapter 1 appropriated \$70.4 million to the Minnesota State Arts Board for FY 2022-23.

Table 1
Legacy Funds Appropriations, by Fund, by Agency
(dollars in thousands)

Fund, Agency	FY 2022-23
Outdoor Heritage Fund*	
<u>Department of Natural Resources</u>	
Prairie Acquisition and Restoration	34,260
Forests Acquisition and Restoration	11,433
Wetlands Acquisition and Restoration	18,087
Fish, Game, and Wildlife Habitat	40,974
Administration, Other	385
Total for Department of Natural Resources	105,139
<u>Board of Water and Soil Resources</u>	
Prairie Acquisition and Restoration	8,524
Forests Acquisition and Restoration	1,043
Wetlands Acquisition and Restoration	4,302
Fish, Game, and Wildlife Habitat	8,280
Total for Board of Water and Soil Resources	22,149
<u>Legislative Coordinating Commission</u>	
Website Administration	1,106
Total Outdoor Heritage Fund	128,394
Clean Water Fund	
<u>Pollution Control Agency</u>	
Water Quality Assessment and Monitoring	14,832
TMDL and WRAP Development	13,451
Ground and Drinking Water Protection	1,900
Great Lakes Restoration/St. Louis River	1,500
Subsurface Sewage Treatment Systems (SSTS)	5,824
Wastewater/Stormwater Programs	2,200
Voyageurs National Area Sanitary Sewer Project	1,400
Chloride Reduction Activities	520
Clean Water Council Administrative Costs	550
Total for Pollution Control Agency	42,177
<u>Department of Natural Resources</u>	
Nonpoint Source Protection and Preservation	2,500
Stream Flow Monitoring	4,000
Lake Index of Biological Integrity	2,000
Watershed Restoration and Protection	3,800
Assessing Mercury Contamination in Fish	350
Ground and Drinking Water Protection	3,700
Buffer Maps and Research Development	1,115
Total for Department of Natural Resources	17,465

Fund, Agency	FY 2022-23
<u>Metropolitan Council</u>	
Metro Water Supply Sustainability	1,838
Water Demand Reduction Grant Program	1,250
Total for Metropolitan Council	3,088
<u>Board of Water and Soil Resources</u>	
Watershed Implementation Grants	43,564
Surface and Drinking Water Grants	22,266
Accelerated Implementation/Technical Assistance Grants	9,682
Soil and Water Conservation Districts Admin Grants	24,000
Watershed Management Transitions (One Watershed One Plan)	5,808
Conservation Drainage Management and Assistance	1,700
Buffer Law Implementation	3,872
Conservation Reserve Enhancement Program (CREP)	5,600
Working Lands Floodplain Easements	3,872
Critical Shoreland Protection Easements	2,468
Wellhead Protection Easements	5,000
Wetland Restoration Easements	5,660
Cover Crops and Soil Loss Assistance	4,724
Watershed Partners Legacy Grants	1,000
Measures, Results, and Accountability	2,584
Total for Board of Water and Soil Resources	141,800
<u>Department of Agriculture</u>	
Agriculture Water Quality Certification Program	6,000
Nitrate Monitoring in Groundwater	5,170
Pesticide Testing of Private Wells	870
Pesticide Monitoring Surface and Groundwater	700
Perennial and Cover Crop Research (Forever Green)	4,000
Ag Best Management Practice Loan Admin	150
Irrigation Water Quality Protection	270
Research and Tool Development	3,080
Total for Department of Agriculture	20,240
<u>Public Facilities Authority</u>	
Wastewater Point Source Grants and Loans	15,936
Small Community Wastewater Treatment Program	200
Total for Public Facilities Authority	16,136
<u>Department of Health</u>	
Source Water Protection and Preservation	7,884
Drinking Water Contaminants	2,400
Groundwater Restoration and Protection Strategies	1,126
Drinking Water Protection	500
Total for Department of Health	11,910

Fund, Agency	FY 2022-23
<u>University of Minnesota</u>	
Stormwater Best Management Practices Evaluation	1,500
Chronic Wasting Disease in Water	1,378
Quantifying Multiple Benefits of Clean Water Investments	190
County Geological Atlas Survey	900
Total for University of Minnesota	3,968
<u>Legislative Coordinating Commission</u>	
Public Information Website	8
Total Clean Water Fund	256,792
Parks and Trails Fund	
<u>Department of Natural Resources</u>	
State Parks, Recreation Areas, and Trails	43,861
Regional Parks and Trails Grants	21,931
Coordination of Parks and Trails Partners	1,024
Total for Department of Natural Resources	66,816
<u>Metropolitan Council - Regional Parks</u>	
Metro Parks and Trails Grants	43,861
<u>Legislative Coordinating Commission</u>	
Public Information Website	4
Total Parks and Trails Fund	110,681
Arts and Cultural Heritage Fund	
<u>Arts Board</u>	
Arts and Arts Access Initiatives	56,305
Arts Education Collaborations	10,557
Arts and Cultural Heritage	3,520
Total for Arts Board	70,382
<u>Historical Society</u>	
Statewide History Programs and Projects	12,982
Statewide Historic and Cultural Grants	13,203
History Partnerships	5,000
Survey of Historical Sites	1,000
Digital Library	750
Specified Local Grants	150
Total for Historical Society	33,085

Fund, Agency	FY 2022-23
<u>Department of Administration: Fiscal Agent</u>	
Public Television	8,920
Minnesota Public Radio and AMPERS	7,800
Como Zoo	3,000
Lake Superior Zoo and Aquarium	150
Veteran Memorial Grants	150
Disabled Veterans Rest Camp	128
Wilderness Inquiry	800
Midwest Outdoors Unlimited	50
Science Museum of Minnesota	1,400
Specified Local Grants	210
Total for Dept. of Administration	22,608
<u>Minnesota Zoo</u>	
Program Development	3,900
<u>Minnesota Center for the Humanities</u>	
Program Development	2,500
Minnesota Children's Museum	750
Children's Museum Startup and Expansion Grants	1,100
Community Identity and Heritage Grants	5,000
Civics Education	200
Total for MN Center for the Humanities	9,550
<u>Department of Education</u>	
Minnesota Regional Library Systems	5,000
Minnesota Center for the Book	200
Swimming Safety Grant Program	220
Total for Dept. of Education	5,420
<u>Department of Agriculture</u>	
County Ag Societies/County Fair Grants	800
<u>Indian Affairs Council</u>	
Language Preservation and Education Grants	1,400
Dakota and Ojibwe Immersion Programs	2,320
Language Working Group	100
Graves Protection	180
Total for Indian Affairs Council	4,000
<u>Legislative Coordinating Commission</u>	
Public Information Website	4
Total Arts and Cultural Heritage Fund	149,749

Fund, Agency	FY 2022-23
Summary, by Fund	
Outdoor Heritage Fund*	128,394
Clean Water Fund	256,792
Parks and Trails Fund	110,681
Arts and Cultural Heritage Fund	149,749
Grand Total for Legacy Funds	645,616

* The 2021 sessions appropriated money only for the first year for the Outdoor Heritage Funds; other funds were appropriated for two fiscal years.

Environment and Natural Resources Trust Fund

[2021 First Special Session, Chapter 6](#), enacted appropriations from the Environment and Natural Resources Trust Fund (Trust Fund). In 1988, Minnesota voters approved a constitutional amendment establishing the

Trust Fund. The Minnesota Constitution requires that 40 percent of the net proceeds from the Minnesota State Lottery are deposited in the Trust Fund each year through calendar year 2024. Chapter 6 appropriated \$3.9 million in FY 2020, \$61.4 million in FY 2021, and \$70.9 million in FY 2022 from the Trust Fund.

Category/Project	FY 2020	FY 2021	FY 2022
Foundational Natural Resources Data and Information (32 Projects)	336	8,593	11,299
Water Resources (21 Projects)	2,432	3,457	4,771
Technical Assistance, Outreach, and Environmental Education (17 Projects)	-	2,871	2,687
Aquatic and Terrestrial Invasive Species (14 Projects)	-	10,425	6,148
Air Quality and Renewable Energy (9 Projects)	-	573	6,205
Methods to Protect or Restore Land, Water, and Habitat (32 Projects)	880	4,337	6,429
Land Acquisition, Habitat, and Recreation (44 Projects)	-	29,901	32,062
Emerging Issues Account	284	1,095	235
Cancellation/Reductions of Previous Appropriations	(3,932)	-	(840)
Administration and Contract Agreement Reimbursement	-	135	1,885
Total	-	61,387	70,881

Appendix F
2021 Session Laws Enacting the FY 2022-23 Budget and
Supplementing the FY 2020-2021 Budget

Chapter Number	File Number	Description
<u>5</u>	HF91	Dry cleaner environmental response appropriations
<u>8</u>	HF1438	Medical Assistance reimbursement rate increased for COVID-19 vaccine
<u>13</u>	HF729	Funding provided for costs related to civil unrest
<u>26</u>	HF2360	Appropriating money for claims against the state
<u>28</u>	SF958	Agriculture and Rural Development Policy
<u>30</u>	HF2128	Health and Human Services Policy
<u>31</u>	HF1952	State Government Policy
<u>1 SpS, 1</u>	HF13	Outdoor heritage, clean water, parks and trails, and arts and cultural heritage funds
<u>1 SpS, 2</u>	HF7	Omnibus Higher Education budget
<u>1 SpS, 3</u>	HF8	Omnibus Agriculture budget
<u>1 SpS, 4</u>	HF6	Omnibus Commerce, Climate, and Energy budget
<u>1 SpS, 5</u>	HF10	Omnibus Transportation budget
<u>1 SpS, 6</u>	SF20	Omnibus Environment and Natural Resources budget
<u>1 SpS, 7</u>	HF33	Omnibus Health and Human Services budget
<u>1 SpS, 8</u>	HF4	Omnibus Housing Finance bill
<u>1 SpS, 9</u>	HF52	Capital improvement projects prior appropriations modified
<u>1 SpS, 10</u>	SF9	Omnibus Jobs and Economic Growth budget
<u>1 SpS, 11</u>	HF63	Omnibus Judiciary and Public Safety budget
<u>1 SpS, 12</u>	SF2	Omnibus State Government budget
<u>1 SpS, 13</u>	HF2	Omnibus Education budget
<u>1 SpS, 14</u>	HF9	Omnibus Tax bill

All chapter numbers are 2021 Regular Session unless indicated.

For detailed language of each act, please see:

<https://www.revisor.mn.gov/laws/2021/0/>

<https://www.revisor.mn.gov/laws/2021/1/>

