

Fiscal Review

Minnesota State Senate

2018 Session



A

Fiscal Review

of the

2018 Legislative Session

**Prepared by Minnesota State Senate
Office of Senate Counsel, Research, and Fiscal Analysis
Minnesota Senate Building
95 University Ave. W., Suite 3300
Saint Paul, MN 55155-1800
Phone: 651-296-4791**

Dates of the 2018 Legislative Session

Regular Session: February 20, 2018 to May 20, 2018

This publication was developed by the staff of Senate Counsel, Research, and Fiscal Analysis, and was edited by Eric Nauman, Krista Boyd, and Dan Mueller. The Senate Counsel, Research, and Fiscal Analysis staff for the various budget and policy areas who contributed to the relevant report sections are: Dennis Albrecht, Tom Bottern, Krista Boyd, Andrew Erickson, Stephanie James, Jenna Larson, Kevin Lundeen, Dan Mueller, Casey Muhm, Eric Nauman, Jack Paulson, Alexis Stangl, Chris Turner, and Jay Willms. Preparation and layout of the manuscript and the tables within the articles were completed by Gregory Cato.

Senate Counsel, Research, and Fiscal Analysis would like to thank Susan Lenczewski and Rachel Barth with the Legislative Commission on Pensions and Retirement. Their review and advice on the pensions chapter of this report was extremely helpful.

The cover photograph was taken by David Oakes.

The *Fiscal Review* was printed by Dan Olson, Printing and Purchasing Manager, Office of the Secretary of the Senate.

The *Fiscal Review* can also be accessed at the following Web site address:

http://www.senate.leg.state.mn.us/departments/scr/freview/2018/fiscal_review.pdf

Cover Photography

Between 2012 and 2017, the Minnesota State Capitol experienced a multiphase renovation which significantly upgraded the building's interior and exterior. Over the capitol's life much of its physical infrastructure (heating, cooling, electrical, plumbing, etc.) had degraded and became outdated which required updating. The capitol restoration project repaired these systems and improved much of the physical space and operations inside the capitol. Over many years Minnesota's harsh weather had also muted and damaged the masonry and ornamentation of the exterior of the building, causing leaks in the building in several locations. Many masons and tradespeople dedicated years of work to restore the soundness of the building's exterior and its ornamental details. The cover of the *2018 Fiscal Review* displays the winged goddess of victory from Greek mythology. This small statute hides in plain sight on the exterior of the southern entrance to the Minnesota State Capitol and highlights the work of the tradespeople who spent thousands of difficult hours carving and replacing the exterior details during the renovation. The back cover of the report features additional photographs of State Capitol detail. David Oakes, Senate Photographer, has prepared the cover photography for the *Fiscal Review* document for over 30 years. The Office of Senate Counsel, Research, and Fiscal Analysis acknowledges and appreciates David Oakes's efforts to again construct the exterior walls of the *2018 Fiscal Review*.

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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 special attention given to the General Fund. Under the Minnesota State Constitution, the General Fund 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. 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 complete 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: <http://www.senate.mn/tracking>

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 other 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 in 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 2018-19) reflect

Eric Nauman, Overall Budget and Finance; Pensions
Eric.nauman@senate.mn

Jenna Larson, E-12 Education
Jenna.larson@senate.mn

Andrew Erickson, Higher Education
Andrew.erickson@senate.mn

Jay Willms, Taxes; Property Tax; Aids and Credits
Jay.willms@senate.mn

Dennis Albrecht, Health and Human Services
Dennis.albrecht@senate.mn

Daniel Mueller, Environment and Natural Resources; Agriculture and Rural Development; Constitutionally Dedicated Funds
Daniel.mueller@senate.mn

Casey Muhm, Jobs and Economic Growth; Energy and Utilities; Commerce and Consumer Protection; Capital Investment
Casey.muhm@senate.mn

Chris Turner, Judiciary and Public Safety
Chris.turner@senate.mn

Kevin Lundeen, State Government; Veterans and Military Affairs; Pensions
Kevin.lundeen@senate.mn

Krista Boyd, Transportation and Public Safety
Krista.boyd@senate.mn

appropriation levels enacted in the 2017 and 2018 sessions. Amounts shown for the next biennium, often referred to as appropriation “tails,” reflect estimates of future biennial spending, assuming current law programs are carried forward for another two years. The *2018 Fiscal Review* compares current biennial appropriations to budgeted spending in the previous biennium (FY 2016-17), as well as to the February 2018 forecast.

Questions

For general or specific questions about the content of this report, please contact the fiscal analyst for the appropriate budget area.

CHAPTER 1

STATE BUDGET OVERVIEW

An important focus of the 2018 legislative session was supplementing the FY 2018-19 biennial budget that was enacted during the 2017 legislative session. The February 2018 forecast projected a positive General Fund balance in FY 2018-19 of \$329.9 million. The 2018 session ended with a General Fund budget that left \$288 million of the projected FY 2018-19 balance unallocated, and that was structurally balanced for the planning years of FY 2020-21 with a positive budgetary balance of \$419.3 million.

Fourteen separate chapters were enacted to supplement the FY 2018-19 budget during the 2018 session, including significant fiscal acts related to capital investment and pensions. (A complete list of fiscal bills enacted during the 2018 session is included in Appendix F on page 72.) The Legislature passed an Omnibus Supplemental Finance bill and an Omnibus Tax bill, and both were vetoed by the Governor. (See breakout section on page 16.)

In the *2018 Fiscal Review*, session laws enacted during the 2018 regular session are referenced simply with the appropriate chapter number. Throughout this document, “fiscal year” will be abbreviated as “FY.” A fiscal year begins July 1 and ends June 30. Minnesota enacts a two-year biennial budget in odd-numbered calendar years for the biennium beginning on July 1. Tables and narratives in this document are organized by

Senate budget jurisdictions, which mirror the Senate’s committee structure.

Chapter 214, the Omnibus Capital Investment Act, appropriated \$825 million in net General Fund-supported debt for statewide public infrastructure improvements (\$1.6 billion from all funds), including higher education building improvements, general asset preservation, road and bridge construction and improvement, and new veterans’ homes construction. It also contained \$41.5 million in General Fund appropriations, including \$25 million for school infrastructure improvements. The capital investment appropriations are discussed in Chapter 2 of this document.

Chapter 211, the Omnibus Pensions Act, appropriated \$27.1 million from the General Fund and \$3.7 million in nongeneral funds in FY 2018-19 to pay for the employer costs of the pensions changes. These appropriations will increase in the future as the pensions costs phase in over six years. Chapter 3 of this report describes the pensions changes in Chapter 211 in detail.

In addition to these acts, a series of important fiscal policy changes occurred during the past year, some of which occurred as a result of legislation enacted in prior years. Several specific sections in this report discuss these items.

STATE BUDGET OVERVIEW

- Chapter 100 appropriated \$129.2 million from the General Fund to the Minnesota House of Representatives and the Minnesota State Senate for the operations of the legislative branch of government in FY 2018-19. This appropriation concluded the litigation between the Governor and the Legislature that resulted from the Governor's line-item veto of the legislative appropriations following the 2017 session. The *2017 Fiscal Review* examined the development of the court case, which was ongoing at the time that document was published. The breakout section on page 11 describes the conclusion of the court case and the resulting appropriation in Chapter 100.
- Chapter 101 appropriated \$9.7 million in FY 2018 from the Special Revenue Fund to the Department of Public Safety for costs related to the development of the Minnesota Licensing and Registration System (MNLARS). Chapter 101 also established several MNLARS implementation requirements and a MNLARS Steering Committee. The development of MNLARS became a significant issue during the 2018 session and the breakout section on page 13 examines Chapter 101.
- Chapter 131 appropriated \$262,000 from the General Fund in FY 2019 for claims against the state. The breakout section on page 14 discusses the details of this chapter.
- Laws 2017, First Special Session Chapter 4, established a nonpartisan Legislative Budget Office (LBO) to analyze the fiscal effect of proposed legislation and to prepare fiscal notes. Chapter 4 also established a Transition Planning Task Force to develop an orderly transfer of fiscal note duties from the Department of Management and Budget to the LBO. (See *2017 Fiscal Review*, page 94 for additional discussion.) In 2018, Chapter 214 enacted a series of changes, including an extension of the effective date of the LBO's responsibility for coordinating fiscal notes, clarification of the role of the LBO, repeal of the LBO task force, and establishment of a Legislative Budget Office Oversight Commission. The breakout section on page 15 describes the changes to the LBO that were enacted in 2018.
- The breakout section on page 16 examines the General Fund effect of two bills that were passed by the Legislature but not enacted: Chapter 201, the Omnibus Supplemental Finance Bill, and Chapter 205, the Omnibus Tax Bill.
- Chapter 214 also enacted appropriations from the constitutionally-dedicated Environment and Natural Resources Trust Fund. It appropriated \$42.9 million in FY 2018-19 for projects for the preservation, conservation, and enhancement of the state's air, water, land, wildlife, and other natural resources. Chapter 214 also enacted the authorization of \$98 million of appropriation bonds supported by the Environment and Natural Resources Trust Fund. The resources from the appropriation bonds will be used to pay for the costs of environment and natural resources projects. For the

first time in state law, Chapter 214 authorized the use of future resources in the Environment and Natural Resources Trust Fund to be used to pay for debt service on bonds. The fiscal implications of this new policy are discussed in the breakout section on page 23, and a list of projects funded with the appropriation bonds is displayed in Appendix C.

This report also includes several appendices that show different aspects of the supplemental changes to the FY 2018-19 budget that were enacted in 2018.

- Appendix A presents a detailed display of the all funds budget and compares the enacted FY 2018-19 budget to the FY 2016-17 biennium and to the FY 2018-19 budget as forecasted in February 2018.
- Appendix B presents a General Fund budgetary balance analysis from FY 2016 to FY 2021 as of the end of the 2018 session.
- Appendix C presents the detail of the 2018 capital investment appropriations by agency and fund.
- Appendix D presents the detail of the constitutionally dedicated funds for FY 2018-19, as enacted in 2018. This appendix also details the appropriations from the Environment and Natural Resources Trust Fund.
- Appendix E itemizes nongeneral fund appropriations changes that were enacted in 2018.
- Appendix F lists all session laws enacted in 2018 that have fiscal implications.

STATE BUDGET OVERVIEW

Appropriations

When all funding sources are taken into account, the enacted FY 2018-19 supplemental budget totaled \$81.8 billion, as shown in Table 1. This represents the two-year budget for the General Fund and all other state funds from which operating budget appropriations are made. Total appropriations were \$9.1 billion (12.4 percent) greater than the appropriations in FY 2016-17, and \$240.7 million (0.3 percent) greater than the February 2018 forecast for FY 2018-19.

Total General Fund appropriations in FY 2018-19 were \$45.9 billion and represented 56.1 percent of the state's operating budget. Federal funds (the largest category of nongeneral funds resources) were budgeted at \$23.6 billion for FY 2018-19. This total is the same as the February 2018 forecast, but is \$3.1 billion higher than the FY 2016-17 biennium.

The Health Care Access Fund (HCAF) is particularly important in the Health and Human Services budget. Appropriations from the HCAF in the enacted budget totaled \$1.1 billion, \$104,000 higher than the February 2018 forecast, but \$75.9 million less than the previous biennium.

Table 2 displays the state's all funds budget by major budget area. Appropriations in most budget areas were greater in FY 2018-19 than in the previous biennium. The enacted FY 2018-19 appropriations were greater than in the February 2018 forecast due primarily to Chapter 214, the Omnibus Capital Investment Act, and Chapter 211, the Omnibus Pensions Act. Chapter 214 increased capital projects

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and debt service appropriations by \$42.3 million (62.2 percent) compared to forecast, and Chapter 211 increased appropriations in most other budget areas. Compared to FY 2016-17, the noteworthy increases were in Health and Human Services (\$3.9 billion, or

12.2 percent); E-12 Education (\$1.8 billion, or 9.6 percent), and Transportation and Public Safety (\$1.4 billion, or 21.2 percent). Most of these increases, as compared to FY 2016-17, were a result of the budget enacted in the 2017 session.

Table 1 - All Funds Biennial Budget -- FY 2018-19, By Fund					
Comparison of Enacted FY 2018-19 Budget to FY 2016-17 and to Forecast					
<i>(dollars in millions)</i>					
	FY 2016-17	FY 2018-19 Forecast Base	FY 2018-19 Enacted Budget	Change: Enacted - FY 2016-17	Change: Enacted - Fcst. Base
General Fund	41,254.7	45,788.8	45,855.3	4,600.5	66.4
General Fund Transfer Out	(3,664.6)	(3,597.1)	(3,597.1)	67.5	0.0
Health Care Access Fund	1,167.3	1,091.3	1,091.4	(75.9)	0.1
Federal Fund	20,530.8	23,599.6	23,599.6	3,068.8	0.0
Other Funds	13,458.3	14,678.3	14,852.5	1,394.2	174.2
All Funds Total	72,746.5	81,561.0	81,801.7	9,055.1	240.7

Table 2 - All Funds Biennial Budget -- FY 2018-19, By Budget Area					
Comparison of Enacted FY 2018-19 Budget to FY 2016-17 and to Forecast					
<i>(dollars in millions)</i>					
	FY 2016-17	FY 2018-19 Forecast Base	FY 2018-19 Enacted Budget	Change: Enacted - FY 2016-17	Change: Enacted - Fcst. Base
E-12 Education	18,834.3	20,640.1	20,651.1	1,816.8	11.0
Higher Education	3,180.0	3,356.9	3,372.1	192.2	15.2
Property Tax Aids and Credits	3,336.2	3,657.4	3,657.4	321.2	0.0
Health and Human Services	31,900.7	35,800.9	35,803.9	3,903.2	3.0
Agriculture, Rural Dev. and Housing	350.5	374.8	375.6	25.1	0.7
Environment and Natural Resources	1,938.8	1,959.3	2,100.0	161.1	140.7
Energy and Utilities	282.7	670.6	670.7	387.9	0.015
Commerce and Consumer Protection	108.1	766.4	766.7	658.6	0.279
Jobs and Economic Growth	1,307.7	1,294.7	1,294.8	(12.9)	0.136
Judiciary and Public Safety	2,561.7	2,731.7	2,735.8	174.1	4.1
Transportation and Public Safety	6,740.7	8,165.5	8,177.5	1,436.7	12.0
State Government	1,234.5	1,468.4	1,479.5	245.0	11.1
Veterans and Military Affairs	566.8	606.2	606.4	39.6	0.1
Debt Service, Cap. Projects and Other	403.9	68.1	110.4	(293.5)	42.3
Total for Budget Area	72,746.5	81,561.0	81,801.7	9,055.1	240.7

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**Table 3 - All Funds Biennial Revenues -- FY 2018-19, By Fund
Comparison of Enacted FY 2018-19 Budget to FY 2016-17 and to Forecast**
(dollars in millions)

	FY 2016-17	FY 2018-19 Forecast Base	FY 2018-19 Enacted Budget	Change: Enacted - FY 2016-17	Change: Enacted - Fcst. Base
General Fund	41,942.7	44,440.1	44,440.3	2,497.6	0.2
Nongeneral Funds					
Health Care Access Fund	1,480.0	1,602.9	1,602.9	122.9	0.0
Federal Fund	20,424.0	23,490.7	23,490.7	3,066.7	0.0
Other (Incl. Transfers and Prior Year Adjustments)	<u>28,652.8</u>	<u>31,394.4</u>	<u>31,386.2</u>	<u>2,733.5</u>	<u>(8.2)</u>
Subtotal, Nongeneral Funds	50,556.7	56,488.1	56,479.8	5,923.1	(8.2)
Total Revenues	92,499.4	100,928.2	100,920.1	8,420.7	(8.1)

Revenues

Total enacted FY 2018-19 revenues were \$100.9 billion for the all funds budget, a decrease of \$8.1 million compared to the February 2018 forecast. FY 2018-19 General Fund revenue was \$159,000 higher than the February 2018 forecast. This change resulted primarily from Chapter 214. Total FY 2018-19 revenue in the enacted budget totaled \$8.4 billion more than in FY 2016-17. Most of this difference resulted from changes enacted in the 2017 session. Table 3 shows total state revenues by fund.

GENERAL FUND SUMMARY

At the conclusion of the 2018 session, the state's General Fund was balanced for FY 2018-19 with a projected \$2.3 billion balance before reserves. Total revenues were \$48.1 billion for the biennium and the appropriations were \$45.8 billion. Of the \$2.3 billion balance, \$2 billion was included in the state's General Fund reserves (\$350 million in the cash flow account, \$1.6 billion in the

budget reserve, and \$57.6 million in the stadium reserve). Compared to the February 2018 forecast, the budget reserve was reduced by \$25 million in FY 2019 for a one-time school facility appropriation in Chapter 211. After the reserves, a projected budgetary balance of \$288 million was left unallocated at the end of the FY 2018-19 biennium. Table 4 summarizes how the FY 2018-19 General Fund balance projected in the February 2018 forecast was allocated in the 2018 session.

FY 2018-19 General Fund Supplemental Budget

The February 2018 forecast projected a positive General Fund balance of \$329.3 million in FY 2018-19. This included a FY 2016-17 positive balance of \$995 million, which carried forward to FY 2018-19 and increased projected FY 2018-19 revenues. Total General Fund revenues in FY 2018-19 were \$48.1 billion, including carryforward balances from FY 2016-17. Excluding carryforward balances, the current FY 2018-19 General Fund revenues totaled \$44.8

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billion. The enacted FY 2018-19 budget increased net revenues by \$159,000 compared to forecast.

The February 2018 forecast projected General Fund spending in FY 2018-19 to be \$45.8 billion. The enacted budget increased General Fund appropriations by \$66.4 million compared to forecast and totaled \$45.9 billion in FY 2018-19.

Table 4 groups the FY 2018-19 General Fund budget into broad categories. Of the FY 2018-19 \$329.3 million positive General Fund balance projected in the February 2018 forecast, 8.4 percent (\$27.6 million) was allocated to general spending increases and 11.8 percent (\$38.8 million) was allocated to capital investments. Some minor revenue increases (\$159,000) and a transfer from the budget reserve (\$25 million) added to the available resources by 7.6 percent. The balance of \$288 million, or 87.5 percent, was unallocated and remained part of the projected budgetary balance.

Table 4 - FY 2018-19 <i>(dollars in millions)</i>	
Revenue Changes	(0.2)
Spending Changes	27.6
Capital Inv. (Direct & Debt Service)	38.8
Budget Reserve Reduction	(25.0)
Unallocated Budgetary Balance	288.0
Feb 2018 Forecast Budgetary Balance	329.3

Net Appropriation Changes

As shown in Table 5, the FY 2018-19 budget increased General Fund appropriations by \$4.6 billion compared to FY 2016-17, and \$66.4 million compared to the February 2018 forecast. The increase in FY 2018-19 appropriations compared to the previous biennium are mostly attributable to changes enacted during the 2017 session. FY 2018-19

General Fund appropriations enacted in 2018 increased in most budget jurisdictions. Compared to the forecast, the increases were noteworthy in Debt Service and Capital Projects (\$38.8 million, or 2.8 percent), E-12 Education (\$10.9 million, or 0.1 percent), and State Government (\$10.3 million, or 0.9 percent). The Debt Service and Capital Projects changes were attributable to Chapter 214, the Omnibus Capital Investment Act, which is discussed in Chapter 2 of this report. Most other budget area changes are attributable to Chapter 211, the Omnibus Pensions Act. See Chapter 3 of this report for a discussion of the pensions changes. See Table 6 for a detailed display of the General Fund appropriations by budget area.

Net Revenue Changes

Table 5 also shows that General Fund resources available in FY 2018-19 increased by \$159,000 in the enacted budget compared to the February 2018 forecast. This change is due to revenues generated as a result of Chapter 211, the Omnibus Pensions Act.

STRUCTURAL BALANCE FY 2018-19 AND FY 2020-21

Looking ahead at the effect of the FY 2018-19 enacted supplemental budget on the next biennium shows that the state’s FY 2020-21 General Fund budget is projected to be balanced, with \$419.5 million unallocated. This unallocated number represents the “budgetary balance” and includes unallocated money (\$288 million) carried forward from FY 2018-19. Another measurement of fiscal health is structural balance, which compares a single biennium’s revenue collections with its appropriations. The structural balance calculation does not include money carried forward from one biennium to the next.

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Table 5 - FY 2018-19 General Fund Budget Comparison of Enacted FY 2018-19 Budget to FY 2016-17 and to Forecast (dollars in millions)					
	FY 2016-17	FY 2018-19 Forecast Base	FY 2018-19 Enacted Budget	Change: Enacted - FY 2016-17	Change: Enacted - Fcst. Base
Balance Forward (Including Reserves)	2,103.0	3,333.3	3,333.3	1,230.2	0.0
Current Revenues	42,485.0	44,800.9	44,801.0	2,316.0	0.2
Total Resources	44,588.0	48,134.1	48,134.3	3,546.3	0.2
Spending	41,254.7	45,788.8	45,855.3	4,600.5	66.4
Reserves	2,338.2	2,016.0	1,991.0	(347.2)	(25.0)
Budgetary Balance	995.0	329.3	288.0		

Table 6 - General Fund Biennial Budget by Budget Area Comparison of Enacted FY 2018-19 Budget to 2016-17 and to Forecast (dollars in millions)					
	FY 2016-17	FY 2018-19 Forecast Base	FY 2018-19 Enacted Budget	Change: Enacted - FY 2016-17	Change: Enacted - Fcst. Base
E-12 Education	17,408.7	18,835.2	18,846.2	1,437.5	11.0
Higher Education	3,084.9	3,282.3	3,282.3	197.4	0.0
Property Tax Aids and Credits	3,321.2	3,655.7	3,655.7	334.5	0.0
Health and Human Services	11,545.2	13,617.6	13,619.4	2,074.2	1.8
Agriculture, Rural Dev. and Housing	222.5	233.2	233.2	10.8	0.1
Environment and Natural Resources	385.9	355.3	355.5	(30.4)	0.2
Energy and Utilities	22.5	25.4	25.5	3.0	0.0
Commerce and Consumer Protection	41.4	178.3	178.3	136.9	0.1
Jobs and Economic Growth	288.0	241.2	241.2	(46.8)	0.0
Judiciary and Public Safety	2,179.1	2,344.5	2,348.5	169.3	4.0
Transportation and Public Safety	274.7	340.8	340.8	66.1	0.0
State Government *	851.4	1,091.6	1,101.8	250.4	10.3
Veterans and Military Affairs	202.4	209.8	210.0	7.5	0.1
Debt Service, Cap. Projects and Other	1,426.6	1,377.9	1,416.7	(9.9)	38.8
Total Spending	41,254.7	45,788.8	45,855.3	4,600.5	66.4

* FY 2018-19 Forecast Base includes \$129.2 million appropriation to the House of Representatives and Senate enacted in Chapter 100.

The FY 2018-19 enacted budget is not structurally balanced between current revenues and current spending. The appropriations in FY 2018-19 exceed the revenues generated in that biennium by \$1 billion. However, the FY 2018-19 enacted budget is balanced with \$995 million carried

forward from the balance in FY 2016-17. Current revenues for FY 2018-19 are projected to total \$44.8 billion, while projected appropriations are estimated to total \$45.8 billion. Table 8 shows the relationship between FY 2018-19 current resources and appropriations.

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The February 2018 forecast projected that the FY 2020-21 budget would have a structural balance of \$313.1 million between current revenues and current spending. The enactment of the FY 2018-19 supplemental budget reduced the structural balance in FY 2020-21 to \$193.7 million. Table 7 shows that projected revenues in FY 2020-21 will be \$710,000 higher than the February 2018 forecast and projected appropriations will increase by \$120.1 million. These changes in the enacted budget reduce the estimated structural balance in FY 2020-21 by \$119.4 million.

Although the FY 2018-19 enacted budget is not structurally balanced in FY 2018-19, structural balance improves in the FY 2020-21 planning years. As shown in Table 8, General Fund revenue is projected to grow by \$3.3 billion in FY 2020-21, when compared

to FY 2018-19, and appropriations are projected to grow by \$2.1 billion over the same period. Overall, this indicates that appropriations are growing at a slower pace than revenues over the four years of the projection period. Current General Fund revenues are projected to be \$48.1 billion in FY 2020-21 and projected appropriations are \$47.9 billion. This indicates that the General Fund in FY 2020-21 is structurally balanced between current resources and current spending, at \$193.7 million.

MISCELLANEOUS FISCAL POLICY CHANGES

The 2018 session also included a series of important fiscal policy changes. The remaining breakout sections in this chapter discuss those changes.

Table 7 - General Fund Biennial Budget -- FY 2020-21 Planning Estimates			
<i>(dollars in thousands)</i>			
	FY 2018 Forecast Base	Enacted Budget	Change: Enacted - Fcst. Base
Current Resources (excluding carryforward)	48,135.6	48,136.3	0.7
Total Projected Appropriations	47,822.5	47,942.6	120.1
Projected Structural Balance	313.1	193.7	(119.4)

Table 8 - General Fund Biennial Budget -- FY 2018-19 Comparison of Enacted FY 2018-19 Budget to FY 2020-21 Planning Estimates			
<i>(dollars in thousands)</i>			
	FY 2018-19 Enacted Budget	FY 2020-21 Enacted Budget	Change: FY 2020-21 - FY 2018-19
Current Resources (excluding carryforward)	44,801.0	48,136.3	3,335.3
Total Projected Appropriations	45,855.3	47,942.6	2,087.3
Projected Structural Balance	(1,054.2)	193.7	1,248.0

Governor's Line-Item Veto of FY 2018-19 Legislative Appropriation

At the time of publication of the *2017 Fiscal Review*, the outcome of litigation resulting from the Governor's line-item veto of the FY 2018-19 appropriations for the House of Representatives and the Senate contained in Laws 2017, First Special Session Chapter 4, was pending on appeal before the Minnesota Supreme Court. On September 8, 2017, the Supreme Court issued an order directing the parties to the lawsuit to enter into mediation to resolve the dispute, and to provide the Supreme Court with a joint statement regarding the status of the carryforward accounts for the House of Representatives and Senate. On September 22, 2017, the parties to the lawsuit advised the court that mediation had reached an impasse.

After receiving information regarding the sources of funding for the Legislature from the individual parties, the Supreme Court issued a supplemental order on September 28, 2017, that more specifically directed the parties to provide information regarding the amount of funds available to the House of Representatives and the Senate from the appropriation and carryforward accounts for the Legislative Coordinating Commission (LCC), and the legal authority that would permit the Legislature to use those funds.

On November 16, 2017, the Supreme Court issued its final opinion in the litigation. The court's ruling did not provide any relief for the Legislature. In essence, the court ruled that:

- (1) the Judiciary may not order funding for the Legislature in the absence of an appropriation;
- (2) the Legislature's authority to access appropriations for the LCC was sufficient to allow it to continue as an independent branch of government until the 2018 regular legislative session convened; and
- (3) because the court determined that the Legislature would be able to continue functioning until the 2018 session, the Supreme Court declined to decide in this case whether the Governor's veto of the appropriations for the Legislature violated Article III of the Minnesota Constitution by unconstitutionally coercing the Legislature.

The LCC met on the same day the final opinion was issued, and adopted resolution LCC-3, which authorized the chair and the vice-chair of the LCC (at that time, the Speaker of the House of Representatives and the President of the Senate, respectively) to direct the transfer of funds appropriated to or held by the LCC to the House of Representatives or the Senate, "in order for the legislature to continue to fulfill its constitutional obligations as an independent branch of government despite the Governor's veto of the fiscal year 2018 and 2019 appropriations for the [legislative] operating budgets."

(continued)

Governor's Line-Item Veto (continued)

Ultimately, on February 26, 2018, the Governor signed Chapter 100, which appropriated \$129.2 million in FY 2018-19 from the General Fund for the House of Representatives (\$64.8 million) and the Senate (\$64.4 million). These appropriations were the same amounts that were line-item vetoed by the Governor on May 30, 2017. Chapter 100 also required the Senate and House of Representatives to transfer back to the LCC any money transferred to either legislative body under resolution LCC-3. Chapter 100 further clarified that the funding provided by Chapter 100 superseded and replaced any funding authorized by the Ramsey County District Court during the earlier stages of the case. Because Chapter 100 was enacted before the February 2018 forecast, the appropriations in the act were included in the forecast's spending estimates. As a result, the tables throughout this report do not display a difference between the final 2018 enactments and the February 2018 forecast for these appropriations.

MNLARS

The Minnesota Licensing and Registration System (MNLARS) is the Department of Public Safety's (DPS) new information system for driver and vehicle services operations. The system is a joint development project of DPS and Minnesota Information Technology Services (MN.IT), and is designed as a replacement of DPS's decades-old mainframe information system.

The new system was funded primarily by a \$1.75 technology surcharge, first collected in FY 2009, on most vehicle and driver's license transactions processed by DPS. The surcharge was reduced to \$1.00 per transaction in FY 2013, and was effective through FY 2016. It generated total cumulative revenue of \$96.7 million, which was deposited in the driver and vehicle services technology account in the Special Revenue Fund. This account also receives revenue from a portion of the filing fee collected by DPS for vehicle transactions, such as registration renewals and title transfers. This revenue dedication began in FY 2012, generates \$1.9 million annually, and is solely for the administration, development, and deployment of MNLARS.

MNLARS launched in July 2017. In the months following the launch, the system exhibited defects in planned functionality and required extensive additional programming. The funding necessary for the additional work was outside the scope of the original project budget.

Chapter 101 appropriated an additional \$9.7 million in FY 2018 from the Special Revenue Fund to DPS for continued development, improvement, operations, and deployment of MNLARS. The act also appropriated \$350,000 in FY 2018-19 from the Special Revenue Fund to the Office of the Legislative Auditor (OLA) for a new information technology (IT) auditor position. The IT auditor will monitor and assess the further development and implementation of MNLARS and report findings to the Legislature.

Chapter 101 also:

- established a legislative MNLARS Steering Committee that meets quarterly to review progress and funding;
- required DPS and MN.IT to submit quarterly progress reports on MNLARS development and implementation to the Steering Committee and OLA for review;
- encouraged interested parties, including the Minnesota Deputy Registrars Association and the Minnesota Automobile Dealers Association, to report to the Steering Committee regarding MNLARS development progress; and
- required DPS to issue a Request for Information on the feasibility of hiring a private vendor to design a replacement system for MNLARS.

In addition, Chapter 101 authorized the Steering Committee to review and make recommendations on any FY 2019 MNLARS appropriations on a quarterly basis. The committee, by majority vote, could defer, reduce, or condition each quarter's allocation. Chapter 201, the Omnibus Supplemental Finance Bill, appropriated \$13.7 million in FY 2019 for MNLARS development. This appropriation would have been subject to the funding review process; however, Chapter 201 was vetoed by the Governor (see page 16 for discussion).

STATE BUDGET OVERVIEW

Claims Against the State

Chapter 131 appropriated \$262,000 from the General Fund in FY 2019 for individual claims against the state. Of this amount, \$235,000 was appropriated to the Department of Management and Budget (MMB) for exonerations and claims, \$12,000 was appropriated to the Department of Revenue for a tax claim, and \$15,000 was appropriated to the Department of Corrections (DOC) for claims made against the DOC for inmate injuries sustained while performing assigned duties.

In the 2014 session, Chapter 269, the Imprisonment and Exoneration Remedies Act, was enacted. This law permits a person to obtain a determination by the court that the person is eligible for compensation, based on exoneration from a crime for which he or she served a prison sentence. A compensation panel established by the Supreme Court determines monetary awards for eligible individuals based on statutory guidelines and forwards its recommendation to MMB, which submits the amount of the award to the Legislature. Chapter 131 appropriated a total of \$235,000 in FY 2019 for three separate exoneration recommendations from the Supreme Court.

Legislative Budget Office

Laws 2017, First Special Session Chapter 4, established a nonpartisan Legislative Budget Office (LBO) to analyze the fiscal effects of legislation and to coordinate fiscal notes and local impact notes, beginning in January of 2019. (See page 94 of the *2017 Fiscal Review*.) Chapter 214, the Omnibus Capital Investment Act, changed those enabling laws in two significant ways and made other technical and refining changes.

Chapter 214 delayed the transfer of responsibility for coordinating fiscal notes from the Department of Management and Budget (MMB) to the LBO until September 1, 2019. This change established the 2020 session, instead of the 2019 session, as the first in which the LBO will coordinate the production of fiscal notes.

Chapter 214 also shifted responsibility for oversight of the LBO from the Legislative Coordinating Commission to a newly established Legislative Budget Office Oversight Commission (LBOOC). The LBOOC has eight members who are legislators, divided evenly between the Senate and the House of Representatives and between the majority and minority parties. In addition, the chief nonpartisan fiscal analyst of the House of Representatives, the lead nonpartisan fiscal analyst of the Senate, the Commissioner of Management and Budget or a designee, and the Legislative Auditor serve as ex-officio, nonvoting members.

The LBOOC has the following responsibilities: hire an executive director for the LBO, establish the director's duties, approve the standards and procedures governing the preparation of fiscal notes and local impact notes, approve a contract between the LBO and MMB for the transfer of operational control of the fiscal note tracking system, and review the work of the LBO and make recommendations to improve the LBO.

In addition to these two major changes, Chapter 214 made technical and refining changes to the LBO statutes. Chapter 214:

- specified that the executive director of the LBO is a public official for purposes of Minnesota Statutes, Chapter 10A, which imposes a ban on gifts from certain entities and requires financial disclosures;
- specified that the director of the LBO may only be removed before the end of a six-year term for cause after a public hearing;
- clarified that state agencies must prepare fiscal notes according to standards and procedures established by the LBO;
- repealed the Legislative Budget Office Transition Planning Task Force that had been responsible for developing a plan for the transition of fiscal note and local impact note responsibilities from MMB to the LBO; and
- established consequences for any misuse of non-public data.

Laws 2017, First Special Session Chapter 4, appropriated \$864,000 in FY 2019 from the General Fund to the Legislative Coordinating Commission to support the work of the LBO. Appropriations for the LBO were unchanged in the 2018 session.

Chapters 201 and 205, the Omnibus Supplemental Finance and Omnibus Tax Bills

In the 2018 session, the Legislature passed Chapter 201, the Omnibus Supplemental Finance Bill, and Chapter 205, the Omnibus Tax Bill. Both bills were vetoed by the Governor and no additional legislation was passed. Typically, the *Fiscal Review* addresses only enacted legislation, but to provide a more complete historical record of the 2018 legislative session, this breakout section provides a broad discussion of those bills.

Had Chapters 201 and 205 been enacted, the FY 2018-19 General Fund budget would have been balanced with \$15.7 million unallocated. Total General Fund revenues in FY 2018-19 were projected to be \$48 billion, including carryforward, and total spending was estimated to have been \$46.1 billion. In the subsequent biennium, the FY 2020-21 General Fund revenues would have been \$50.1 billion and the total spending would have been \$48 billion. Had these bills been enacted, the subsequent biennial budget was projected to be balanced with \$28.9 million unallocated at the end of FY 2020-21.

Chapter 201 supplemented the FY 2018-19 appropriations across state agencies, the legislative branch, and the judicial branch. Chapter 205 increased FY 2018-19 appropriations by \$151.3 million and increased revenues by \$18.7 million. Most of the appropriations in Chapter 201 were concentrated in the E-12, Health and Human Services, and Transportation and Public Safety budget areas. Had Chapter 205 been enacted, it would have reduced the General Fund balance by \$132.6 million in FY 2018-19 and \$74.4 million in FY 2020-21, compared to the February 2018 forecast.

Chapter 205 passed in response to federal tax reform enacted in Public Law 115-97, the Tax Cuts and Jobs Act (TCJA). Minnesota, like most states with an income tax, links, or “conforms,” its income tax to a version of the federal tax code in order to ease the burden of administration and compliance. In many other states, this conformity is automatic. However, Minnesota conforms to the federal law through a fixed date in statute. Therefore, in order to conform to the TCJA, Minnesota was required to proactively link to the new federal law. Without any legislative changes, the state code would remain linked to prior federal law, which would create significant tax consequences.

Chapter 205 would have linked Minnesota’s tax code to federal adjusted gross income instead of federal taxable income, adopted many of the measures to broaden the tax base enacted at the federal level, and offset much of the tax increases through individual income tax rate cuts, corporate income tax rate cuts, and higher expensing allowances for businesses. Chapter 205 would have reduced the General Fund budgetary balance by \$139.7 million in FY 2018-19 and \$42.6 million in FY 2020-21.

CHAPTER 2 CAPITAL INVESTMENT

Chapter 214, the Omnibus Capital Investment Act, appropriated \$1.6 billion for capital investment projects and authorized the issuance of debt. Slightly more than half of the total appropriations (\$830.8 million) were financed through general obligation bond proceeds. Debt service on general obligation bonds is paid from the General Fund. Chapter 214 also appropriated \$417 million in trunk highway bonds, for which debt service payments are made from the Trunk Highway Fund. Other funding sources in the act included appropriation bonds (\$178 million), user-financed bonds (\$63 million), General Fund direct appropriations (\$44.1 million), and Environment and Natural Resources Trust Fund direct appropriations (\$42.9 million). A full summary of the

appropriations by funding source can be found in Table 1.

Chapter 214 authorized the sale of \$98 million in appropriation bonds and established an annual statutory appropriation to pay the debt service on those bonds from the Environmental and Natural Resources Trust Fund. This fund contains money collected from the sale of lottery tickets and is constitutionally dedicated to the public purpose of protection, conservation, preservation, and enhancement of the state's air, water, land, fish, wildlife, and other natural resources. Chapter 214 appropriates the proceeds from the sale of the appropriation bonds for specified projects.

Funding Source	Appropriation
General Obligation (GO) Bond Proceeds	713,634
GO Bond Proceeds Cancellations	(5,754)
State Transportation Fund Bond Proceeds (Sold as GO Bonds)	103,060
Maximum Effort School Loan Fund Bond Proceeds (Sold as GO Bonds)	14,000
User-Financed Bonds	63,005
General Fund	41,250
General Fund Cancellations	(2,800)
Trunk Highway Fund Bond Proceeds	416,608
Trunk Highway Fund	150
Minnesota Rail Service Improvement Account	1,550
Environment and Natural Resources Trust Fund	42,888
Appropriation Bonds - Minnesota Housing Finance Authority	80,000
Appropriation Bonds - Environment and Natural Resources Trust Fund	98,000
Total Net Appropriations (including cancellations)	1,565,591

Appendix C details these appropriations, and Appendix D displays the \$42.9 million in direct appropriations from the fund.

SUMMARY OF APPROPRIATIONS

This section includes a summary of the major areas of capital investment appropriations. A complete list of projects for each area is in Appendix C.

Higher Education

Chapter 214 appropriated \$208.4 million in general obligation bond proceeds for capital improvements in higher education, of which \$79.4 million was for the University of Minnesota and \$129 million was for Minnesota State Colleges and Universities (Minnesota State). The University of Minnesota and Minnesota State received a combined \$90 million for higher education asset preservation and replacement (HEAPR), with \$45 million appropriated to each system. The remaining appropriations (\$34.4 million for the University of Minnesota and \$84 million for Minnesota State) were for campus-specific projects. For the University of Minnesota, the non-HEAPR appropriations represent two-thirds of the funded projects' total cost. The University of Minnesota finances the remaining one-third through nonstate sources. For Minnesota State, the non-HEAPR appropriations cover the full cost of each project. However, Minnesota State makes a transfer to the state's Debt Service Fund equal to one-third of a non-HEAPR project's debt service to pay for a portion of its costs.

E-12 Education

Chapter 214 appropriated \$45.6 million to the Department of Education (MDE) for capital improvements to E-12 schools and libraries. Of this amount, \$25 million was appropriated from the General Fund for one-time school safety grants for violence prevention and facility security. School districts are eligible to apply for grants of no more than \$500,000 each. MDE must award at least half of the grants to school districts outside of the Twin Cities metropolitan area. Chapter 214 transferred \$25 million from the state's General Fund budget reserve in FY 2019 to pay for this appropriation. Chapter 214 also appropriated \$14 million from the Maximum Effort School Loan Fund for a capital loan to Independent School District No. 38, Red Lake.

Natural Resources

Chapter 214 appropriated \$84.3 million to the Department of Natural Resources (DNR) for recreation and environmental protection purposes. Of this amount, \$78.7 million consisted of general obligation bond proceeds and \$5.7 million was from appropriation bonds to be repaid from the Environment and Natural Resources Trust Fund.

Of the \$78.7 million financed through general obligation bonds, \$26.6 million was for asset preservation, \$20 million was for flood hazard mitigation grants, and \$10 million was for conservation easements through the reinvest in Minnesota conservation reserve enhancement program. The remaining appropriations for the DNR for local conservation and recreation projects from

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general obligation bonds totaled \$22.1 million.

Of the \$5.7 million appropriated to DNR from appropriation bonds supported by the Environment and Natural Resources Trust Fund, \$3.4 million was for asset preservation and \$2.3 million was for two local government grants for water quality and enhancement projects. (The appropriation bonds supported by the Environment and Natural Resources Trust Fund are discussed in greater detail on page 23, and in Appendix C.)

Transportation

Chapter 214 appropriated \$544 million to the Department of Transportation (MNDOT) for transportation infrastructure projects. These appropriations were financed with a mixture of general obligation bonds, trunk highway bonds, and direct appropriations from the Minnesota rail service improvement account. The appropriations included \$63.6 million for local road improvement grants, \$5 million for local bridge replacement and rehabilitation, and \$5.2 million for the port development assistance program. The corridors of commerce program received an additional \$400 million appropriation of trunk highway fund bond proceeds; this level of funding ensures that a stretch of Highway 14 between Owatonna and Dodge Center will be widened. The remainder of MNDOT's appropriation was for specific highway projects in locations across the state. Appendix C lists all transportation projects.

Human Services

Chapter 214 appropriated \$74.7 million to the Department of Human Services (DHS), primarily from general obligation bonds, for capital improvements to several state, tribal, and local government health and medical treatment facilities. Of this amount, \$28.1 million is for a new grant program established in this chapter to fund construction of behavioral mental health crisis facilities. The grant program, administered by DHS, provides up to \$5 million for each recipient to construct a facility that provides mental health or substance abuse treatment services. Cities, counties, public hospitals, housing and redevelopment authorities, and other entities are eligible to apply for facility grants under this program.

Veterans

Chapter 214 appropriated \$41 million to the Department of Veterans Affairs (DVA), which included \$9 million for asset preservation at existing veterans' homes. The remaining \$32 million is to construct three new veterans' homes in Bemidji, Montevideo, and Preston. These new facilities will each contain 72 beds and the DVA is authorized to apply for federal funding to finance portions of their construction. These appropriations are from general obligation bonds.

Economic Development

Chapter 214 appropriated \$109.3 million to the Department of Employment and Economic Development (DEED), primarily from general obligation bonds. Of this amount, \$5 million was for the greater Minnesota business development public infrastructure program, \$1 million was for the

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transportation economic development infrastructure program, and \$2 million was for the innovative business development public infrastructure program. These programs provide grants to local governments for infrastructure that furthers business expansion and retention efforts, such as industrial park improvements. DEED commonly serves as the fiscal agent for grants to local units of government and nonprofits, and the remaining \$101.3 million of its appropriation was for grants of this type, including \$18 million for a food bank in Brooklyn Park, \$514,000 for a radio antenna in Itasca County, \$6.9 million for a steam plant in Duluth, and \$2.5 million for the Minnesota Museum of Modern Art in Saint Paul. A complete list of grants is included in Appendix C.

Public Facilities

The Public Facilities Authority (PFA) received appropriations totaling \$123.4 million, supported by general obligation bonds, for water and wastewater infrastructure projects. This total includes \$39.7 million for the water infrastructure funding grant program, which provides funding to municipalities across the state for improvement and construction of municipal wastewater systems. The total appropriation is funded with \$25 million in general obligation bonds and \$14.7 million in appropriation bonds supported by the Environment and Natural Resources Trust Fund. In addition to funding for PFA's grant programs, Chapter 214 appropriated \$25.4 million for grants to local governments for

specific drinking and wastewater projects across the state. For a complete list of PFA projects, see Appendix C.

Housing

Chapter 214 authorized the Minnesota Housing Finance Authority (MHFA) to issue \$80 million in appropriation bonds for housing infrastructure. Of this amount, \$30 million is specifically designated to finance housing for persons with behavioral health needs. Additionally, \$10 million in general obligation bond proceeds was appropriated to MHFA for rehabilitation of public housing throughout the state.

Chapter 214 also changed the manner in which the MHFA allocates federal low-income housing tax credits. For credits issued after calendar year 2019, Chapter 214 requires the MHFA to make residential rental housing projects financed with tax-exempt bonds the highest priority for awarding tax credits. Previously, MHFA had the authority to make other types of housing projects the highest priority for tax credits.

Chapter 214 also directs the MHFA to use 20 percent of its annual tax-exempt bonding allocation in 2019 or 2020 on the redevelopment of the Fort Snelling Upper Post into residential housing with a preference for veterans. This allocation will create 176 housing units.

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Table 2 - Biennial Budget Balance - Debt Service Fund					
Comparison of Enacted FY 2018-19 Budget to 2016-17 and to Forecast					
<i>(dollars in thousands)</i>					
Transfer in by Source	FY 2016-17	FY 2018-19 Forecast Base	FY 2018-19 Enacted Budget	Change: Enacted - FY 2016-17	Change: Enacted - Fcst. Base
General Fund	1,138,499	1,138,131	1,138,524	25	393
Maximum Effort School Loan Fund	64,707	335	335	(64,372)	-
MN State Colleges and Universities Fund	63,489	68,604	68,604	5,115	-
Rural Finance Administration Fund	19,821	14,438	14,438	(5,383)	-
Special Revenue Fund	2,427	2,411	2,411	(16)	-
Trunk Highway Fund	374,263	427,134	427,288	53,025	154
Environment and Natural Resources Trust Fund	-	-	2,940	2,940	2,940
Building Construction	96	100	100	4	-
Investment Receipts & Other Revenue	33,644	28,847	28,847	(4,797)	-
Balance Forward	1,741,831	1,724,651	1,724,651	(17,180)	-
Total Transfers In:	3,438,777	3,404,651	3,408,138	(30,639)	3,487
Total Spending:	2,582,211	2,227,742	2,231,229	(350,982)	3,487
Budgetary Balance:	856,566	1,176,909	1,176,909	320,343	-

Table 3 - General Fund Debt Service Changes Compared to Forecast				
<i>(dollars in thousands)</i>				
	FY 2019	FY 2020	FY 2021	FY 2020-21
General Fund Supported General Obligation	393	1,115	1,837	2,952
Bonding				
Minnesota Housing Finance Agency Appropriation Bonds - 2017 Authorization	(2,800)	-	-	-
Minnesota Housing Finance Agency Appropriation Bonds - 2018 Authorization	-	-	3,200	3,200
Total Debt Service Changes	(2,407)	1,115	5,037	6,152

Other Provisions

Chapter 214 cancelled \$5.8 million that was unspent from two previous capital investment acts. Chapter 214 cancelled \$4.1 million for improvements to the Lindau Lane corridor in Bloomington that was enacted in 2011 and \$1.7 million for the Arrowhead Economic Opportunity Agency and Range Mental Health Center that was enacted in 2014.

These cancellations reduce the net debt authorized in Chapter 214.

Chapter 214 eliminated a \$2.8 million debt service payment on MHFA appropriation bonds in FY 2019. This amount was appropriated in Laws 2017, First Special Session Chapter 8, for the first year of debt service on appropriation bonds authorized in the act. Due to MHFA's grant award

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schedule, however, this appropriation was deemed unnecessary for FY 2019.

DEBT SERVICE

In the February 2018 forecast, MMB assumed that a capital investment act authorizing an additional \$800 million in General Fund supported debt would be enacted during the 2018 legislative session. The forecast included a corresponding debt service appropriation of \$12.6 million in FY 2018-19 and \$94.5 million in FY 2020-21 from the General Fund associated with that assumption. Chapter 214 authorized the sale of a net total of \$825 million in general obligation bonds, including the \$5.8 million cancellation of previous general obligation authorizations, which was \$25 million more than the amount assumed in the February 2018 forecast. The additional amount needed for debt service payments, above the amount assumed in the February forecast, was \$393,000 in FY 2019 and \$2.9 million in FY 2020-21. For future years, MMB estimates that \$230 million of General Fund supported debt will be authorized in odd-numbered

years and \$800 million of General Fund supported debt will be authorized in even-numbered years. The estimated amounts required for debt service payments on that anticipated debt are also included in the forecast as projected General Fund expenditures.

Table 2 on page 21 displays debt service payments for all funds. The General Fund also supports debt service payments on the MHFA Housing Infrastructure Bonds that were authorized in Chapter 214. The debt service for these bonds is \$3.2 million annually, beginning in FY 2021. Table 3 on page 21 displays changes in debt service payments from the General Fund compared to the forecast. Chapter 214 also appropriated debt service payments for appropriation bonds supported by the Environment and Natural Resources Trust Fund. The debt service on these authorizations is \$2.9 million in FY 2019 and \$15.7 million in FY 2020-21. The detail of these appropriation bonds is discussed in more detail on page 23 and in Appendix C.

Appropriation Bonds

Chapter 214 authorized the sale of \$178 million in appropriation bonds. Of that total, \$98 million will be state authorized debt for capital improvements to the state's natural resources, and \$80 million is housing infrastructure bonds sold by the MHFA.

Of the \$98 million, \$59 million was for various water infrastructure grants for Minnesota cities through programs operated by the Public Facilities Authority, \$10 million was for conservation easements through the Board of Water and Soil Resources, \$13.3 million was for cleanup projects through the Pollution Control Agency, and \$5.7 million was for natural resources asset preservation and grants to cities through the DNR. (See Appendix C for additional detail on these projects.) For the first time in state law, Chapter 214 authorized the sale of state appropriation bonds in which the state's General Fund will not be the source of debt service payments. Instead, the debt service for these bonds will be paid by the Environment and Natural Resources Trust Fund. The debt service on these bonds will be \$2.9 million in FY 2019 and \$7.8 million annually in FY 2020 through FY 2039. These debt service payments represent an ongoing expenditure from the Environment and Natural Resources Trust Fund, and will reduce future balances in the fund by the amount of the annual debt service payment.

Chapter 214 also authorized \$80 million of appropriation bonds that will be sold by MHFA as housing infrastructure bonds. The debt service on these bonds will be \$3.2 million annually beginning in FY 2021. These debt service payments will be made from the General Fund.

Unlike general obligation bonds, appropriation bonds are not backed by the full faith, credit, and taxing powers of the state. Due to this distinguishing factor, prospective buyers of the state's appropriation bonds generally require a higher interest rate, resulting in greater debt service costs compared to general obligation bonds.

A summary of appropriation bonds authorized to date can be found in Table 4 on page 24. Previous editions of this report have discussed appropriation bonds. See page 99 of the *2011 Fiscal Review*, page 12 of the *2012 Fiscal Review*, and page 114 of the *2013 Fiscal Review* for additional detail on this finance mechanism and its previous use.

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Table 4 - Appropriation Bond Authorization History
(dollars in thousands)

Description	Authorization	Amount
MMB-Issued Bonds		
Refunding tobacco settlement revenue bonds	Laws 2011, 1st Special Session Chapter 7	656,220
Minnesota Vikings stadium construction	Laws 2012, Chapter 299	462,065
Lewis & Clark regional water system (2015)	Laws 2015, 1st Special Session Chapter 5	11,790
Lewis & Clark regional water system (2017)	Laws 2017, 1st Special Session Chapter 8	3,500
Environment & Natural Resources Trust Fund bonds	Laws 2018, Chapter 214	98,000
Agency-Issued Bonds		
University of Minnesota football stadium construction	Laws 2006, Chapter 247	137,250
MHFA Nonprofit Housing (2008)*	Laws 2008, Chapter 179 / Laws 2010, Chapter 189	36,000
MHFA Nonprofit Housing (2010)**	Laws 2010, Chapter 189	6,000
MHFA Housing Infrastructure Bonds (2012)	Laws 2012, Chapter 293	30,000
MHFA Housing Infrastructure Bonds (2014)**	Laws 2014, Chapter 295 / Laws 2017, 1 st Special Session Chapter 8	95,000
MHFA Housing Infrastructure Bonds (2015)***	Laws 2015, 1st Special Session Chapter 5 / Laws 2017, 1st Special Session Chapter 8	15,000
MHFA Housing Infrastructure Bonds (2017)	Laws 2017, 1st Special Session Chapter 8	35,000
MHFA Housing Infrastructure Bonds (2018)	Laws 2018, Chapter 214	80,000

*Laws 2008, Chapter 179, authorized \$30 million; Laws 2010, Chapter 189, changed the amount to \$36 million.

**Laws 2014, Chapter 295, authorized \$80 million; Laws 2017, 1st Special Session Chapter 8, changed the amount to \$95 million.

***Laws 2015, 1st Special Session Chapter 5, authorized \$10 million; Laws 2017, 1st Special Session Chapter 8, changed the amount to \$15 million.

CHAPTER 3 PENSIONS

Chapter 211, the Omnibus Pensions Act, enacted several different reforms and policy adjustments to stabilize the funding of Minnesota's public employee retirement systems. The act included a mixture of changes to retiree benefits, actuarial assumptions, and contribution rates that affected the Minnesota State Retirement System (MSRS) general plan, the MSRS Unclassified plan, the MSRS Correctional plan, the MSRS State Patrol plan, the Public Employees Retirement Association (PERA) general plan, the PERA Police and Fire plan, the PERA Correctional plan, the Teachers Retirement Association (TRA) plan, and the Saint Paul Teachers Retirement Fund Association (SPTRFA) plan.

Chapter 211 appropriated a total of \$31.1 million in FY 2018-19. Of this amount, \$27.3 million was from the General Fund and \$3.8 million was from nongeneral funds. These appropriations are to pay for the increased employer share of pension contributions as a result of Chapter 211. Chapter 1 also increased General Fund revenue by \$159,000 in FY 2019 and \$710,000 in FY 2020-21.

Table 1 on page 26 presents the increased appropriations in Chapter 211 sorted by pension plans.

Table 2 on page 27 presents Chapter 211's net appropriation and revenue changes in the General Fund and nongeneral funds sorted by

budget jurisdiction. The E-12 Education and State Government budget areas received the largest increases, with over \$10 million in each area. The increases in E-12 Education include distributions to school districts and the State Government appropriations include direct payments to two pension plans.

PENSION POLICY CHANGES

Chapter 211 enacted pension reform in four broad categories: retiree and former employee benefit adjustments, changes to the calculation of the cost of living adjustments (COLAs) for the plans, changes to the actuarial assumptions, and increases in the contributions from employees and employers. Chapter 211 also appropriated funds to offset the cost of the contribution increases to public employers and to increase the plan assets in certain cases.

Benefit Adjustments

Chapter 211 enacted three primary benefit changes. The act eliminated deferred augmentation, removed early retirement subsidies, and reduced the rate of interest on employee refunds. These changes are prospective and, in some cases, will be phased in over a series of years.

PENSIONS

Table 1 - Chapter 211, Omnibus Pensions Act
All Funds Changes Compared to Forecast, By Pension Plan
(dollars in thousands)

	Fund	FY 2018	FY 2019	FY 2018-19	FY 2020	FY 2021	FY 2020-21
Appropriation Changes							
MSRS General	GF	-	2,799	2,799	5,606	5,467	11,073
MSRS General *	NGF		2,334	2,334	4,642	4,692	9,334
MSRS State Patrol	GF	-	312	312	562	812	1,374
MSRS State Patrol *	NGF		1,409	1,409	2,536	3,663	6,199
MSRS Corrections	GF	-	3,809	3,809	7,372	11,058	18,430
MSRS Fire Marshal *	NGF		4	4	8	8	16
MSRS Unclassified	GF		-	-	95	95	190
MSRS Unclassified *	NGF		-	-	35	36	71
Total MSRS		-	10,667	10,667	20,856	25,831	46,687
TRA Employer Contributions							
Pension Adjustment Formula	GF	-	8,797	8,797	19,289	29,965	49,254
Department of Education	GF	-	20	20	40	60	100
MN State Academies	GF		7	7	14	20	34
Perpich Center for the Arts	GF	-	6	6	11	17	28
Total TRA		-	8,830	8,830	19,354	30,062	49,416
SPTRFA Employer Contrib. & Direct Aid							
Pension Adjustment Formula	GF	-	2,066	2,066	4,529	5,400	9,929
Direct Aid	GF	-	5,000	5,000	5,000	5,000	10,000
Total SPTRFA		-	7,066	7,066	9,529	10,400	19,929
PERA Direct Aid							
PERA Police and Fire Direct Aid	GF	-	4,500	4,500	4,500	9,000	13,500
Total PERA		-	4,500	4,500	4,500	9,000	13,500
All Funds Appropriations Changes		-	31,063	31,063	54,239	75,293	129,532
Revenue Changes							
MSRS Employer Contributions							
MSRS General, DHS Offset, DCT	GF	-	32	32	63	60	123
MSRS Corrections, DHS Offset, DCT	GF	-	100	100	195	280	475
MSRS General, Dept of Commerce	GF	-	14	14	28	28	56
MSRS General, Public Utilities Commission	GF	-	13	13	28	28	56
Total MSRS		-	159	159	314	396	710
Net General Fund	GF	0	27,157	27,157	46,704	66,498	113,202
Net Nongeneral Fund	NGF	0	3,747	3,747	7,221	8,399	15,620
GRAND TOTAL ALL FUNDS		0	30,904	30,904	53,925	74,897	128,822

* MSRS nongeneral fund allocations by plan are estimated based on an analysis from the Office of Senate Counsel, Research, and Fiscal Analysis of the Commissioner's August 14, 2018, pension allocation memorandum.

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Table 2 - Chapter 211, Omnibus Pensions Act
All Fund Changes Compared to Forecast, By Budget Area
(dollars in thousands)

Expenditures	FY 2018	FY 2019	FY 2018-19	FY 2020	FY 2021	FY 2020-21
E-12 Education						
General Fund	0	10,962	10,962	24,020	35,599	59,619
Total E-12	0	10,962	10,962	24,020	35,599	59,619
Higher Education						
General Fund	0	6	6	13	13	26
Total Higher Education	0	6	6	13	13	26
Health and Human Services						
General Fund	0	1,770	1,770	3,478	4,474	7,952
Nongeneral Funds	0	228	228	462	462	924
Total Health and Human Services	0	1,998	1,998	3,940	4,936	8,876
Agriculture, Rural Dev. and Housing						
General Fund	0	58	58	115	115	230
Nongeneral Funds	0	1	1	2	2	4
Total Agriculture Rural Dev. and Housing	0	59	59	117	117	234
Environment and Natural Resources						
General Fund	0	231	231	456	499	955
Nongeneral Funds	0	947	947	1,824	2,116	3,940
Total Environment and Natural Resources	0	1,178	1,178	2,280	2,615	4,895
Energy and Utilities						
General Fund	0	13	13	28	28	56
Nongeneral Funds	0	2	2	4	4	8
Total Energy and Utilities	0	15	15	32	32	64
Commerce and Consumer Protection						
General Fund	0	65	65	132	132	264
Nongeneral Funds	0	4	4	7	8	15
Total Commerce and Consumer Protection	0	69	69	139	140	279
Jobs and Economic Growth						
General Fund	0	39	39	80	80	160
Nongeneral Funds	0	64	64	133	133	266
Total Jobs and Economic Growth	0	103	103	213	213	426
Judiciary and Public Safety						
General Fund	0	3,994	3,994	7,777	10,535	18,312
Nongeneral Funds	0	139	139	272	291	563
Total Judiciary and Public Safety	0	4,133	4,133	8,049	10,826	18,875

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Expenditures	FY 2018	FY 2019	FY 2018-19	FY 2020	FY 2021	FY 2020-21
Transportation and Public Safety						
General Fund	0	10	10	21	21	42
Nongeneral Funds	0	2,323	2,323	4,433	5,299	9,732
Total Transportation and Public Safety	0	2,333	2,333	4,454	5,320	9,774
State Government						
General Fund	0	10,022	10,022	10,603	15,103	25,706
Nongeneral Funds	0	39	39	84	84	168
Total State Government	0	10,061	10,061	10,687	15,187	25,874
Veterans and Military Affairs						
General Fund	0	146	146	295	295	590
Total Veterans and Military Affairs	0	146	146	295	295	590
Total General Fund	0	27,316	27,316	47,018	66,894	113,912
Total Nongeneral Funds	0	3,747	3,747	7,221	8,399	15,620
Total Net Spending	0	31,063	31,063	54,239	75,293	129,532
Revenues						
Health and Human Services						
General Fund	0	132	132	258	340	598
Total Health and Human Services	0	132	132	258	340	598
Energy and Utilities						
General Fund	0	13	13	28	28	56
Total Energy and Utilities	0	13	13	28	28	56
Commerce and Consumer Protection						
General Fund	0	14	14	28	28	56
Total Commerce and Consumer Protection	0	14	14	28	28	56
Total General Fund	0	159	159	314	396	710
Total Net Revenues	0	159	159	314	396	710
GRAND TOTAL (Spending - Revenues)	0	30,904	30,904	53,925	74,897	128,822

- Chapter 211 eliminated “deferred augmentation,” which is the term given to increases that were made each year to the pension benefit of a member of a pension plan who was no

longer in public service, but not yet eligible to begin drawing a pension. Under previous law, former employees’ pension benefits accrued an additional one to two percent each

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year before eligibility depending on the plan. Chapter 211 eliminated this increase beginning on January 1, 2019, for all plans except the teacher plans, which have an effective date for this change of July 1, 2019.

- Public pension plans permit employees who retire within a few years before normal retirement age to begin drawing a pension. Previously, the pension benefit paid to early retirees was subsidized by providing a benefit at an earlier age that had an actuarial value which was greater than the normal retirement age benefit. This occurred because the early retirement benefit incorporated an increase of 2.5 or 3 percent for each year that the retirement age preceded normal retirement age. Chapter 211 phases this early retirement percentage increase out over five years.
- Employees who leave public employment have the right to take a refund of their contributions paid to the pension plan, but must forfeit the right to a pension in the future. Interest is paid when the contributions are refunded, based on the number of years that the employee's contributions were part of the public pension fund. Chapter 211 reduced the rate of interest on refunds from four percent to three percent.

COLA Calculations

Chapter 211 reduced or suspended cost of living adjustments (COLAs) in the various public pension plans. The act contains three basic types of COLA changes: reducing the percentage of annual automatic increases in

the various plans, tying certain plans to COLA changes made by the federal Social Security Administration, and delaying the start of COLAs for pension plan members who retire early until the member reaches normal retirement age.

- Previously, Minnesota law included automatic COLA increases for all plans, which Chapter 211 reduced as follows:
 - MSRS General Plan: from 2 percent annually to 1 percent for five years, then 1.5 percent thereafter;
 - MSRS Correctional Plan: from 2 percent annually to 1.5 percent;
 - TRA: from 2 percent to 1 percent for five years, after which the rate will increase annually by 0.1 percent each year until it reaches 1.5 percent; and
 - SPTRFA: from 1 percent to 0 percent for two years, after which the 1 percent increase resumes on January 1, 2021.
- Prior to the enactment of Chapter 211, Minnesota law provided annual COLA increases for the PERA General and PERA Correctional plans. The act implemented a new method for annually determining the COLA increases for both plans that is tied to the federal Social Security COLA increases. Under the previous law, the PERA General plan COLA was 1 percent annually. Chapter 211 changed the PERA General plan COLA to one-half of the federal Social Security COLA, but the percentage cannot be lower than 1 percent and cannot exceed 1.5 percent. Similarly, the PERA Correctional plan was reduced from a

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2.5 percent COLA to a percentage equal to the federal Social Security COLA. However, the PERA Correctional plan COLA percentage cannot be lower than 1 percent or greater than 2.5 percent unless the plan's funding status decreases. If the PERA Correctional plan's funding status decreases, the maximum allowable COLA percentage decreases from 2.5 percent to 1.5 percent.

- Chapter 211 postponed COLA increases for employees who retire before the normal retirement age for certain plans. Once a retiree reaches the normal retirement age, COLA increases will be applied. This change will affect retirees after January 1, 2024, who are members of MSRS General, PERA General, TRA, and SPTRFA.
- Chapter 211 also eliminated the COLA triggers for all pension plans, except the Judges plan. The triggers automatically increased the COLA rate if the respective plan's funding ratio increased to a certain percentage for a period of time.

Actuarial Assumption Changes

Chapter 211 reduced the assumed investment rate of return for all public pension plans to 7.5 percent. The assumed rate of return is used for computing the actuarial valuation of each plan to project the growth in plan assets and the present value of benefit liabilities. Previously, state law included a higher growth rate assumption of 8 percent for all

pension plans except TRA, which was 8.5 percent. The previous rates were viewed as too optimistic by actuarial experts, and these lower rates are more consistent with the actuaries' expectations of future investment returns.

Another actuarial change in Chapter 211 is to re-set the amortization period for all the plans to a new 30-year period, which will end in 2048. This permits each plan's unfunded liability to be amortized over a longer period of time and improves the funded status of the plans.

Contribution Increases

Chapter 211 increased required contributions from both public employers and public employees beginning in FY 2019. The increased contributions provide additional resources to all the retirement plans to ensure the ongoing fiscal stability of each public plan. Because the funded status and cost of benefits is different for each plan, Chapter 211 enacted differing contribution rates for different plans and for employers and employees. Chapter 211 also phased in the effect of the increased contributions over different schedules.

Tables 3 through 8 on page 31 display the employer and employee increases, expressed as a percentage of an employee's pay. It also displays the total contribution percentages from employers and employees after adding current law contribution percentages to the increases in Chapter 211. Because each plan has a different phase-in schedule, the chart for each plan differs and displays only the years of the phase-in for that plan under Chapter 211.

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Table 3 - MSRS General Contribution Increases								
	General Plan Contribution Increases						Unclassified Plan	
	Employee			Employer			Employer	
	FY 2019	FY 2020	TOTAL	FY 2019	FY 2020	TOTAL	FY 2020	TOTAL
% Increase	0.25%	0.25%	0.5%	0.375%	0.375%	0.75%	0.25%	0.25%
% of Pay	5.75%	6%		5.875%	6.25%		6.25%	

Table 4 - MSRS Correctional Plan Contribution Increases								
	Employee			Employer				
	FY 2019	FY 2020	TOTAL	FY 2019	FY 2020	FY 2021	FY 2022	TOTAL
% Increase:	0.5%	-	0.5%	1.55%	-	-	-	1.55%
Regular Contrib.								
Supplemental Contrib.	NA	NA		-	1.45%	1.5%	1.5%	4.45%*
% of Pay	9.6%	9.6%		14.4%	15.85%	17.35%	18.85%	

* The 4.45% annual supplemental contribution remains in effect until the plan is 100% funded.

Table 5 - MSRS State Patrol Plan Contribution Increases								
	Employee			Employer				
	FY 2019	FY 2020	TOTAL	FY 2019	FY 2020	FY 2021	FY 2022	TOTAL
% Increase:	0.5%	0.5%	1%	0.75%	0.75%	-	-	1.5%
Regular Contrib.								
Supplemental Contrib.	NA	NA		1.75%	1.25%	2%	2%	7%*
% of Pay	14.9%	15.4%	15.4%	24.1%	26.1%	28.1%	30.1%	

* The 7% annual supplemental contribution remains in effect until the plan is 100% funded.

Table 6 - PERA Police and Fire Contribution Increases						
	Employee			Employer		
	FY 2019	FY 2020	TOTAL	FY 2019	FY 2020	TOTAL
% Increase	0.5%	0.5%	1%	0.75%	0.75%	1.5%
% of Pay	11.3%	11.8%		16.95%	17.7%	

Table 7 - TRA Contribution Increases									
	Employee		Employer						
	FY 2024	TOTAL	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	TOTAL
% Increase	0.25%	0.25%	0.21%	0.21%	0.21%	0.21%	0.21%	0.2%	1.25%
% of Pay	7.75%		7.71%	7.92%	8.13%	8.34%	8.55%	8.75%	

Table 8 - St. Paul Teachers Retirement Fund Association Contribution Increases									
	Employee		Employer						
	FY 2023	TOTAL	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	TOTAL
% Increase	0.25%	0.25%	0.835%	0.835%	0.21%	0.21%	0.21%	0.2%	2.5%
% of Pay	7.75%		7.335%	8.17%	8.38%	8.59%	8.8%	9%	

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In addition to the contribution changes displayed in Tables 3 through 8, Chapter 214 increased pension contributions for three small groups of employees in the MSRS General plan. These groups include employees of the Department of Military Affairs who have been ordered into active service with the department, employees of the Department of Transportation who are classified in civil service employment as aircraft pilots or chief pilots, and employees of the Department of Public Safety who are deputy state fire marshals or fire and arson investigators. Employees in these groups may select a retirement benefit package that includes a higher rate of accrual or unreduced early retirement benefits, but also requires a higher level of employee and employer contributions. Employee and employer contribution rates for employees who have selected these benefits increased by the same percentages as other members of the MSRS General plan.

APPROPRIATIONS

Chapter 211 provided three types of appropriations to address the increased costs of the pension changes to public employers in the state. First, Chapter 211 made direct appropriations to many public employers to pay for increased contributions resulting from the act. These direct appropriations include scheduled increases in future years to match the increased employer costs. Secondly, Chapter 211 also established a formula to distribute funding to the state's school districts to offset the higher school district employer contributions. Finally, Chapter 211 made direct appropriations to two retirement plans to reduce the actuarial accrued liabilities in those plans. The details of each of these types of appropriations are as follows:

- State agency public employers (excluding the legislative branch, Minnesota State Colleges and Universities, the University of Minnesota, the Metropolitan Council, and the Historical Society) received a direct General Fund appropriation in FY 2019 of \$7.1 million for the increased MSRS employer costs.

Chapter 211 also provided an open appropriation in FY 2019 for the amounts necessary to fund employer contribution increases for state agencies from any nongeneral fund. The nongeneral fund appropriation totaled \$3.7 million in FY 2019 and also excludes the legislative branch, Minnesota State Colleges and Universities, the University of Minnesota, the Metropolitan Council, and the Historical Society. The appropriation required the Department of Management and Budget (MMB) to determine the appropriate fund and amount and to allocate the appropriation to the judicial branch and to executive branch agencies, boards, and commissions. (MMB announced these appropriation allocations on August 14, 2018, and they are included in Tables 1 and 2 of this chapter and Appendix A.) The nongeneral fund appropriations are added to the ongoing base for the judicial branch and for each agency, board, and commission in future years.

Minnesota State Colleges and Universities, the University of Minnesota, the Metropolitan Council, the Historical Society, and the legislative branch, which were excluded from eligibility for the

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appropriation, are expected to pay for the cost of their increased contributions to MSRS from existing resources.

The increased employer contribution costs for the state employees that are members of the TRA plan are paid from a direct appropriation. Chapter 211 provided a direct appropriation to the Department of Education, the Minnesota State Academies, and the Perpich Center for Arts Education to pay for the cost of increased employer contribution to TRA for employees at those agencies. These three entities received a total of \$32,000 from the General Fund in FY 2019. This appropriation is projected to grow to \$192,000 by FY 2024.

- Chapter 211 provided a \$10.9 million appropriation in FY 2019 to the Department of Education from the General Fund for distribution to school districts to pay for their increased employer contribution costs. The appropriation funds a general education pension adjustment formula that allocates additional funds to school districts based on the salaries of school district employees in the prior fiscal year multiplied by a pension adjustment rate. The pension adjustment rate for Independent School District No. 625, Saint Paul, increases each year between FY 2019 and FY 2024 based on the SPTFA employer contribution increases. The TRA pension adjustment rate for all other school districts also increases each year between FY 2019 and FY 2024, but at lower rates that conform to the TRA employer contribution increases. In FY 2024, when fully

phased-in, the pension adjustment formula is projected to total \$69.2 million.

- Chapter 211 provided direct payments to two separate retirement plans. First, beginning in FY 2019, Chapter 211 appropriated \$5 million from the General Fund to the SPTFA. This annual appropriation continues until the earlier of the fiscal year following the year in which the SPTFA's assets equal or exceed 100 percent of its actuarial liability, or July 1, 2048.

Chapter 211 also appropriated \$4.5 million from the General Fund in FY 2019 to the PERA Police and Fire Retirement plan. The annual appropriation increases to \$9 million in FY 2020 and continues at that amount until the earlier of the fiscal year following the year in which the PERA Policy and Fire Retirement plan's assets equal or exceed 100 percent of its actuarial accrued liability, or July 1, 2048.

Long-term

Although Chapter 211 appropriates a total of \$31.1 million in FY 2019, the projected cost of the act will escalate in future years. As described above, state and school district public employers receive appropriations to offset their increased contributions. Chapter 211 will require increasing annual appropriations as the employer contributions increase. Therefore, using available projections, Chapter 211 is projected to cost \$228.6 million in FY 2024-25 when the increased employer contributions are fully phased in. Of this amount, \$209 million is projected to be from the General Fund. Of course, the actual costs will adjust over time

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as the size, composition, and pay of the public workforce deviates from the projections made in 2018. Also, future policy

makers may choose to reevaluate these long-term implications in the years ahead.

APPENDICES

Appendix A				
All Budget Areas				
All Funds Biennial Spending by Agency and Fund				
<i>(dollars in thousands)</i>				
Budget Area/Agency/Fund	FY 2016-17 Spending	FY 2018-19 February Forecast	2018 Legislative Changes	Current FY 2018-19 Budget
E-12 EDUCATION				
Department of Education				
General Fund	17,368,304	18,784,579	10,921	18,795,500
Special Revenue Fund	22,825	25,568	-	25,568
Endowment & Permanent School Fund	57,722	64,942	-	64,942
Federal Fund	1,523,737	1,703,416	-	1,703,416
Gift Fund	133	157	-	157
Expenses in Multiple Funds	<u>(198,438)</u>	<u>(11,297)</u>	<u>-</u>	<u>(11,297)</u>
Subtotal Non-dedicated Funds	18,774,283	20,567,365	10,921	20,578,286
<i>Dedicated/Constitutional Funds</i>				
Arts & Cultural Heritage Fund	4,240	5,066	-	5,066
Total Department of Education	18,778,523	20,572,431	10,921	20,583,352
Professional Educator Licensing Board				
General Fund	931	6,974	4	6,978
Special Revenue Fund	<u>-</u>	<u>20</u>	<u>-</u>	<u>20</u>
Total Professional Educator Lic. Board	931	6,994	4	6,998
Faribault Academies				
General Fund	25,685	28,378	23	28,401
Special Revenue Fund	6,097	7,407	-	7,407
Federal Fund	433	453	-	453
Gift Fund	<u>69</u>	<u>20</u>	<u>-</u>	<u>20</u>
Total Faribault Academies	32,284	36,258	23	36,281

Budget Area/Agency/Fund	FY 2016-17 Spending	FY 2018-19 February Forecast	2018 Legislative Changes	Current FY 2018-19 Budget
Perpich Center for Arts Education				
General Fund	13,798	15,308	14	15,322
Special Revenue Fund	6,950	8,706	-	8,706
Gift Fund	2	10	-	10
Federal Fund	<u>498</u>	<u>395</u>	-	<u>395</u>
Subtotal Non-dedicated Funds	21,248	24,419	14	24,433
<i>Dedicated/Constitutional Funds</i>				
Arts & Cultural Heritage Fund	1,310	24	-	24
Total Perpich Center for Arts Education	22,558	24,443	14	24,457
Totals by Fund				
General Fund	17,408,718	18,835,239	10,962	18,846,201
Special Revenue Fund	35,872	41,701	-	41,701
Endowment & Permanent School Fund	57,722	64,942	-	64,942
Federal Fund	1,524,669	1,704,264	-	1,704,264
Gift Fund	205	187	-	187
Expenses in Multiple Funds	<u>(198,438)</u>	<u>(11,297)</u>	-	<u>(11,297)</u>
Subtotal Non-dedicated Funds	18,828,747	20,635,036	10,962	20,645,998
<i>Dedicated/Constitutional Funds</i>				
Arts & Cultural Heritage Fund	5,550	5,090	-	5,090
Total for Budget Area	18,834,297	20,640,126	10,962	20,651,088
HIGHER EDUCATION				
Office of Higher Education				
General Fund	481,147	519,356	6	519,362
Federal Fund	7,314	7,121	-	7,121
Special Revenue Fund	5,245	7,898	-	7,898
Gift Fund	13	-	-	-
Expenses in Multiple Funds	<u>(239)</u>	<u>(600)</u>	-	<u>(600)</u>
Total Office of Higher Education	493,480	533,775	6	533,781
University of Minnesota				
General Fund	1,254,598	1,307,322	-	1,307,322
Special Revenue Fund	44,726	44,706	-	44,706

Budget Area/Agency/Fund	FY 2016-17 Spending	FY 2018-19 February Forecast	2018 Legislative Changes	Current FY 2018-19 Budget
Health Care Access Fund	<u>4,314</u>	<u>4,314</u>	-	<u>4,314</u>
Subtotal Non-dedicated Funds	1,303,638	1,356,342	-	1,356,342
<i>Dedicated/Constitutional Funds</i>				
Clean Water Fund	-	2,015	-	2,015
Environment & Natural Resources Trust Fund	<u>33,142</u>	<u>8,660</u>	<u>14,885</u>	<u>23,545</u>
Subtotal Dedicated/Constitutional Funds	33,142	10,675	14,885	25,560
Total University of Minnesota	1,336,780	1,367,017	14,885	1,381,902
Minnesota State Colleges and Universities (MnSCU)				
General Fund	1,346,441	1,452,938	-	1,452,938
<i>Dedicated/Constitutional Funds</i>				
Environment & Natural Resources Trust Fund	590	500	325	825
Total MnSCU	1,347,031	1,453,438	325	1,453,763
Mayo Medical Foundation				
General Fund	2,702	2,702	-	2,702
Totals by Fund				
General Fund	3,084,888	3,282,318	6	3,282,324
Special Revenue Fund	49,971	52,604	-	52,604
Health Care Access Fund	4,314	4,314	-	4,314
Federal Fund	7,314	7,121	-	7,121
Gift Fund	13	-	-	-
Expenses in Multiple Funds	<u>(239)</u>	<u>(600)</u>	-	<u>(600)</u>
Subtotal Non-dedicated Funds	3,146,261	3,345,757	6	3,345,763
<i>Dedicated/Constitutional Funds</i>				
Clean Water Fund	-	2,015	-	2,015
Environment & Natural Resources Trust Fund	<u>33,733</u>	<u>9,160</u>	<u>15,210</u>	<u>24,370</u>
Subtotal Dedicated/Constitutional Funds	33,733	11,175	15,210	26,385
Total for Budget Area	3,179,994	3,356,932	15,216	3,372,148

Budget Area/Agency/Fund	FY 2016-17 Spending	FY 2018-19 February Forecast	2018 Legislative Changes	Current FY 2018-19 Budget
TAXES - AIDS & CREDITS				
<u>General Fund</u>				
- Property Tax Refunds	1,284,149	1,409,280	-	1,409,280
- City Aid	1,036,279	1,131,818	-	1,131,818
- County Program Aid	419,364	443,976	-	443,976
- Police/Fire/Insurance State Aid	200,672	214,262	-	214,262
- Other Aids and Credits	<u>380,741</u>	<u>456,366</u>	-	<u>456,366</u>
Subtotal General Fund	3,321,205	3,655,702	-	3,655,702
Highway User Tax Distribution Fund	45	40	-	40
Health Care Access Fund	1,009	693	-	693
Environmental Fund	-	2	-	2
State Airports Fund	1	-	-	-
Special Revenue Fund	13,942	926	-	926
Total for Budget Area	3,336,201	3,657,363	-	3,657,363
HEALTH & HUMAN SERVICES				
Department of Human Services				
General Fund	11,413,856	13,410,688	1,929	13,412,617
General Fund-Federal Reimbursement	(61,795)	(75,233)	(222)	(75,455)
State Government Special Revenue Fund	8,843	8,548	13	8,561
Special Revenue Fund	1,193,041	1,096,487	-	1,096,487
Health Care Access Fund	1,087,635	1,005,514	99	1,005,613
Gift Fund	45	153	-	153
Federal Fund	16,772,386	18,710,921	-	18,710,921
Federal TANF Fund	335,541	386,310	-	386,310
Expenses in Multiple Funds	<u>(6,766)</u>	<u>(25,296)</u>	-	<u>(25,296)</u>
Total Department of Human Services	30,742,786	34,518,092	1,819	34,519,911
Department of Health				
General Fund	180,708	217,110	53	217,163
Medical Education Endowment Fund	158,783	157,682	-	157,682
State Government Special Revenue Fund	98,663	107,555	83	107,638
Special Revenue Fund	106,336	142,104	-	142,104
Health Care Access Fund	70,709	76,793	-	76,793

Budget Area/Agency/Fund	FY 2016-17 Spending	FY 2018-19 February Forecast	2018 Legislative Changes	Current FY 2018-19 Budget
Gift Fund	40	-	-	-
Environmental Fund	1,516	1,487	-	1,487
Remediation Fund	511	512	-	512
Federal Fund	480,257	501,510	-	501,510
Federal TANF Fund	23,487	23,426	-	23,426
Expenses in Multiple Funds	<u>(25,410)</u>	<u>(76,375)</u>	-	<u>(76,375)</u>
Subtotal Non-dedicated Funds	1,095,599	1,151,803	136	1,151,939
<i>Dedicated/Constitutional Funds</i>				
Clean Water Fund	10,175	10,751	-	10,751
Environment & Natural Resources Trust Fund	-	-	<u>1,000</u>	<u>1,000</u>
Subtotal Dedicated/Constitutional Funds	10,175	10,751	1,000	11,751
Total Department of Health	1,105,774	1,162,554	1,136	1,163,690
Disability Council				
General Fund	1,238	1,785	1	1,786
Special Revenue Fund	329	12	-	12
Gift Fund	<u>58</u>	<u>12</u>	-	<u>12</u>
Total Disability Council	1,625	1,809	1	1,810
Ombudsperson for Mental Health				
General Fund	3,939	5,027	6	5,033
Special Revenue Fund	<u>46</u>	-	-	-
Total Ombudsperson for Mental Health	3,985	5,027	6	5,033
Ombudsperson for Families				
General Fund	845	925	1	926
Special Revenue Fund	<u>68</u>	<u>298</u>	-	<u>298</u>
Total Ombudsperson for Families	913	1,223	1	1,224
Health Related Boards				
State Government Special Revenue Fund	35,618	49,465	33	49,498
Special Revenue Fund	146	1,731	-	1,731
Federal Fund	<u>217</u>	<u>666</u>	-	<u>666</u>
Total Health Related Boards	35,981	51,862	33	51,895

Budget Area/Agency/Fund	FY 2016-17 Spending	FY 2018-19 February Forecast	2018 Legislative Changes	Current FY 2018-19 Budget
Emergency Medical Services Regulatory Brd.				
General Fund	6,375	7,341	2	7,343
Special Revenue Fund	3,022	2,712	-	2,712
Federal Fund	<u>238</u>	<u>260</u>	-	<u>260</u>
Total EMSR Brd.	9,636	10,313	2	10,315
Transfer to Health Care Access Fund				
General Fund	-	50,000	-	50,000
Totals by Fund				
General Fund	11,606,961	13,692,876	1,992	13,694,868
General Fund-Federal Reimbursement	(61,795)	(75,233)	(222)	(75,455)
Medical Education Endowment Fund	158,783	157,682	-	157,682
State Government Special Revenue Fund	143,124	165,568	129	165,697
Special Revenue Fund	1,302,988	1,243,344	-	1,243,344
Health Care Access Fund	1,158,344	1,082,307	99	1,082,406
Gift Fund	143	165	-	165
Environmental Fund	1,516	1,487	-	1,487
Remediation Fund	511	512	-	512
Federal Fund	17,253,098	19,213,357	-	19,213,357
Federal TANF Fund	359,028	409,736	-	409,736
Expenses in Multiple Funds	<u>(32,176)</u>	<u>(101,671)</u>	-	<u>(101,671)</u>
Subtotal Non-dedicated Funds	31,890,524	35,790,130	1,998	35,792,128
<i>Dedicated/Constitutional Funds</i>				
Environment & Natural Resources Trust Fund	-	-	1,000	1,000
Clean Water Fund	<u>10,175</u>	<u>10,751</u>	-	<u>10,751</u>
Subtotal Dedicated/Constitutional Funds	10,175	10,751	1,000	11,751
Total for Budget Area	31,900,699	35,800,881	2,998	35,803,879
JUDICIARY				
Supreme Court				
General Fund	95,035	105,455	80	105,535
Special Revenue Fund	8,277	8,098	-	8,098

Budget Area/Agency/Fund	FY 2016-17 Spending	FY 2018-19 February Forecast	2018 Legislative Changes	Current FY 2018-19 Budget
Gift Fund	840	2,728	-	2,728
Federal Fund	<u>6,930</u>	<u>9,438</u>	-	<u>9,438</u>
Total Supreme Court	111,082	125,719	80	125,799
Court of Appeals				
General Fund	23,497	24,940	17	24,957
District Courts				
General Fund	545,734	589,955	374	590,329
Special Revenue Fund	3,754	4,479	-	4,479
Gift Fund	321	203	-	203
Federal Fund	<u>21,412</u>	<u>23,617</u>	-	<u>23,617</u>
Total District Courts	571,221	618,254	374	618,628
Legal Professions Board				
Special Revenue Fund	14,097	14,743	-	14,743
Guardian ad litem				
General Fund	29,430	32,870	36	32,906
Special Revenue Fund	<u>1,346</u>	<u>1,608</u>	-	<u>1,608</u>
Total Guardian ad litem	30,776	34,478	36	34,514
Tax Court				
General Fund	2,907	3,355	3	3,358
Uniform Laws Commission				
General Fund	161	186	-	186
Judicial Standards Board				
General Fund	728	972	-	972
Peace Officer Standards & Training Board				
General Fund	-	12,000	-	12,000
Special Revenue Fund	<u>8,384</u>	<u>8,308</u>	-	<u>8,308</u>
Total POST Board	8,384	20,308	-	20,308
Board of Public Defense				
General Fund	160,764	174,442	161	174,603

Budget Area/Agency/Fund	FY 2016-17 Spending	FY 2018-19 February Forecast	2018 Legislative Changes	Current FY 2018-19 Budget
Special Revenue Fund	1,335	-	-	-
Federal Fund	49	-	-	-
Gift Fund	<u>125</u>	<u>120</u>	-	<u>120</u>
Total Board of Public Defense	162,272	174,562	161	174,723
Private Detective Board				
General Fund	365	383	-	383
Department of Human Rights				
General Fund	7,915	8,973	8	8,981
Gift Fund	26	-	-	-
Federal Fund	283	812	-	812
Special Revenue Fund	<u>611</u>	<u>480</u>	-	<u>480</u>
Total Department of Human Rights	8,836	10,265	8	10,273
Department of Corrections				
General Fund	1,095,873	1,170,321	2,996	1,173,317
Special Revenue Fund	26,085	27,208	-	27,208
Gift Fund	18	18	-	18
Federal Fund	6,647	8,085	-	8,085
Expenses in Multiple Funds	<u>(2,425)</u>	<u>(2,629)</u>	-	<u>(2,629)</u>
Total Department of Corrections	1,126,198	1,203,002	2,996	1,205,998
Sentencing Guidelines Commission				
General Fund	1,211	1,324	1	1,325
Department of Public Safety (Criminal)				
General Fund	193,132	208,391	318	208,709
State Government Special Revenue Fund	64,631	87,426	17	87,443
Special Revenue Fund	77,103	73,869	97	73,966
Gift Fund	336	716	-	716
Trunk Highway Fund	4,624	4,793	25	4,818
Environmental Fund	139	146	-	146
Federal Fund	<u>137,579</u>	<u>112,898</u>	-	<u>112,898</u>
Total Department of Public Safety (Criminal)	477,544	488,239	457	488,696
Transfers to Other Funds				
General Fund	22,388	10,922	-	10,922

Budget Area/Agency/Fund	FY 2016-17 Spending	FY 2018-19 February Forecast	2018 Legislative Changes	Current FY 2018-19 Budget
Totals by Fund				
General Fund	2,179,140	2,344,489	3,994	2,348,483
State Government Special Revenue Fund	64,631	87,426	17	87,443
Special Revenue Fund	140,991	138,793	97	138,890
Gift Fund	1,666	3,785	-	3,785
Trunk Highway Fund	4,624	4,793	25	4,818
Environmental Fund	139	146	-	146
Federal Fund	172,901	154,851	-	154,851
Expenses in Multiple Funds	(2,425)	(2,629)	-	(2,629)
Total for Budget Area	2,561,667	2,731,654	4,133	2,735,787
TRANSPORTATION				
Department of Transportation				
General Fund	66,330	55,588	8	55,596
County State Aid Highway Fund	1,283,969	1,569,175	(5)	1,569,170
Highway User Tax Distribution Fund	213	234	-	234
Municipal State Aid Street Fund	339,843	395,461	-	395,461
State Airports Fund	52,981	58,257	12	58,269
Transit Assistance Fund	109,419	156,567	-	156,567
Trunk Highway Fund	2,931,897	3,429,671	1,169	3,430,840
Special Revenue Fund	217,184	158,086	-	158,086
Endowment Fund	-	20	-	20
State Government Special Revenue Fund	19,365	19,300	-	19,300
Federal Fund	527,022	953,206	-	953,206
Expenses in Multiple Funds	(397)	(410)	-	(410)
Subtotal Non-dedicated Funds	5,547,825	6,795,155	1,184	6,796,339
<i>Dedicated/Constitutional Funds</i>				
Environment & Natural Resources Trust Fund	-	345	-	345
Total Department of Transportation	5,547,825	6,795,500	1,184	6,796,684
Metropolitan Council				
General Fund	182,752	250,851	-	250,851
Transit Assistance Fund	<u>528,708</u>	<u>564,840</u>	-	<u>564,840</u>
Total Metropolitan Council	711,460	815,691	-	815,691

Budget Area/Agency/Fund	FY 2016-17 Spending	FY 2018-19 February Forecast	2018 Legislative Changes	Current FY 2018-19 Budget
Dept. of Public Safety (Transportation)				
General Fund	25,660	34,352	2	34,354
Highway User Tax Distribution Fund	1,735	20,960	11	20,971
Trunk Highway Fund	199,653	214,901	1,125	216,026
Special Revenue Fund	179,114	177,797	9,656	187,453
State Government Special Revenue Fund	3,513	2,820	-	2,820
Gift Fund	178	132	-	132
Federal Fund	72,874	106,488	-	106,488
Expenses in Multiple Funds	<u>(1,277)</u>	<u>(3,149)</u>	-	<u>(3,149)</u>
Total Dept. of Public Safety (Transportation)	481,450	554,300	10,794	565,094
Totals by Fund				
General Fund	274,742	340,791	10	340,801
County State Aid Highway Fund	1,283,969	1,569,175	(5)	1,569,170
Highway User Tax Distribution Fund	1,948	21,194	11	21,205
Municipal State Aid Street Fund	339,843	395,461	-	395,461
State Airports Fund	52,981	58,257	12	58,269
Transit Assistance Fund	638,127	721,407	-	721,407
Trunk Highway Fund	3,131,550	3,644,572	2,294	3,646,866
Special Revenue Fund	396,298	335,883	9,656	345,539
State Government Special Revenue Fund	22,878	22,120	-	22,120
Endowment Fund	-	20	-	20
Gift Fund	178	132	-	132
Federal Fund	599,896	1,059,694	-	1,059,694
Expenses in Multiple Funds	<u>(1,674)</u>	<u>(3,559)</u>	-	<u>(3,559)</u>
Subtotal Non-dedicated Funds	6,740,735	8,165,146	11,978	8,177,124
<i>Dedicated/Constitutional Funds</i>				
Environment & Natural Resources Trust Fund	-	345	-	345
Total for Budget Area	6,740,735	8,165,491	11,978	8,177,469
ENVIRONMENT & NATURAL RESOURCES				
Pollution Control Agency				
General Fund	18,151	13,986	6	13,992
State Govt Special Revenue Fund	156	158	-	158
Special Revenue Fund	70,376	67,988	-	67,988

Budget Area/Agency/Fund	FY 2016-17 Spending	FY 2018-19 February Forecast	2018 Legislative Changes	Current FY 2018-19 Budget
Environmental Fund	152,658	158,295	159	158,454
Remediation Fund	59,588	198,224	34	198,258
Closed Landfill Investment Fund	-	3,000	-	3,000
Federal Fund	41,764	44,672	-	44,672
Expenses in Multiple Funds	<u>(28,149)</u>	<u>(56,811)</u>	-	<u>(56,811)</u>
Subtotal Non-dedicated Funds	314,544	429,512	199	429,711
<i>Dedicated/Constitutional Funds</i>				
Environment & Natural Resources Trust Fund	313	1,100	700	1,800
Clean Water Fund	<u>55,442</u>	<u>52,080</u>	-	<u>52,080</u>
Subtotal Dedicated/Constitutional Funds	55,755	53,180	700	53,880
Total Pollution Control Agency	370,299	482,692	899	483,591
Department of Natural Resources				
General Fund	211,943	230,715	182	230,897
Natural Resources Fund	178,296	207,334	206	207,540
Game & Fish Fund	221,874	231,024	546	231,570
Special Revenue Fund	253,453	253,107	-	253,107
Remediation Fund	1,821	5,816	1	5,817
Gift Fund	2,841	2,759	-	2,759
Permanent School Fund	415	426	-	426
Federal Fund	34,165	48,702	-	48,702
Expenses in Multiple Funds	<u>(512)</u>	<u>(166,124)</u>	-	<u>(166,124)</u>
Subtotal Non-dedicated Funds	904,295	813,759	935	814,694
<i>Dedicated/Constitutional Funds</i>				
Environment & Natural Resources Trust Fund	39,972	22,585	23,608	46,193
Outdoor Heritage Fund	170,755	134,665	96,769	231,434
Parks & Trails Fund	52,471	65,033	-	65,033
Clean Water Fund	<u>21,701</u>	<u>21,063</u>	-	<u>21,063</u>
Subtotal Dedicated/Constitutional Funds	284,899	243,346	120,377	363,723
Total Department of Natural Resources	1,189,194	1,057,105	121,312	1,178,417
Board of Water and Soil Resources				
General Fund	29,258	32,227	12	32,239
Special Revenue Fund	9,454	7,790	1	7,791

Budget Area/Agency/Fund	FY 2016-17 Spending	FY 2018-19 February Forecast	2018 Legislative Changes	Current FY 2018-19 Budget
Federal Fund	<u>6,460</u>	<u>6,100</u>	-	<u>6,100</u>
Subtotal Non-dedicated Funds	45,172	46,117	13	46,130
<i>Dedicated/Constitutional Funds</i>				
Environment & Natural Resources Trust Fund	2,600	17,311	600	17,911
Outdoor Heritage Fund	28,768	49,400	17,154	66,554
Clean Water Fund	<u>85,070</u>	<u>134,752</u>	-	<u>134,752</u>
Subtotal Dedicated/Constitutional Funds	116,438	201,463	17,754	219,217
Total Board of Water and Soil Resources	161,610	247,580	17,767	265,347
Minnesota Conservation Corps				
General Fund	910	910	-	910
Natural Resources Fund	<u>980</u>	<u>980</u>	-	<u>980</u>
Total MN Conservation Corps	1,890	1,890	-	1,890
Metropolitan Council Parks				
General Fund	6,140	5,080	-	5,080
Natural Resources Fund	<u>11,340</u>	<u>12,000</u>	-	<u>12,000</u>
Subtotal Non-dedicated Funds	17,480	17,080	-	17,080
<i>Dedicated/Constitutional Funds</i>				
Environment & Natural Resources Trust Fund	1,299	1,500	-	1,500
Parks & Trails Fund	35,304	35,475	-	35,475
Clean Water Fund	<u>2,450</u>	<u>1,900</u>	-	<u>1,900</u>
Subtotal Dedicated/Constitutional Funds	39,053	38,875	-	38,875
Total Metropolitan Council Parks	56,533	55,955	-	55,955
Minnesota Zoological Board				
General Fund	16,500	18,210	20	18,230
Natural Resources Fund	320	320	-	320
Special Revenue Fund	27,509	31,523	-	31,523
Gift Fund	4,565	3,640	-	3,640
Federal Fund	73	91	-	91
Expenses in Multiple Funds	-	<u>(900)</u>	-	<u>(900)</u>
Subtotal Non-dedicated Funds	48,966	52,883	20	52,903

Budget Area/Agency/Fund	FY 2016-17 Spending	FY 2018-19 February Forecast	2018 Legislative Changes	Current FY 2018-19 Budget
<i>Dedicated/Constitutional Funds</i>				
Environment & Natural Resources Trust Fund	280	591	300	891
Arts & Cultural Heritage Fund	<u>3,581</u>	<u>3,703</u>	-	<u>3,703</u>
Subtotal Dedicated/Constitutional Funds	3,861	4,294	300	4,594
Total Minnesota Zoological Board	52,827	57,177	320	57,497
Science Museum of Minnesota				
General Fund	2,158	2,158	-	2,158
<i>Dedicated/Constitutional Funds</i>				
Environment & Natural Resources Trust Fund	<u>840</u>	-	<u>350</u>	<u>350</u>
Total Science Museum of Minnesota	2,998	2,158	350	2,508
Explore Minnesota Tourism				
General Fund	29,561	30,005	11	30,016
Special Revenue Fund	<u>2,616</u>	<u>2,744</u>	-	<u>2,744</u>
Total Explore Minnesota Tourism	32,177	32,749	11	32,760
Transfer to Closed Landfill Investment Fund				
General Fund	71,315	-	-	-
Transfer to Clean Water Fund				
General Fund	-	22,000	-	22,000
Totals by Fund				
General Fund	385,936	355,291	231	355,522
State Government Special Revenue Fund	156	158	-	158
Special Revenue Fund	363,408	363,152	1	363,153
Environmental Fund	152,658	158,295	159	158,454
Remediation Fund	61,409	204,040	35	204,075
Natural Resources Fund	190,936	220,634	206	220,840
Game & Fish Fund	221,874	231,024	546	231,570
Closed Landfill Investment Fund	-	3,000	-	3,000
Permanent School Fund	415	426	-	426
Gift Fund	7,406	6,398	-	6,398
Federal Fund	82,461	99,564	-	99,564

Budget Area/Agency/Fund	FY 2016-17 Spending	FY 2018-19 February Forecast	2018 Legislative Changes	Current FY 2018-19 Budget
Expenses in Multiple Funds	<u>(28,661)</u>	<u>(223,835)</u>	-	<u>(223,835)</u>
Subtotal Non-dedicated Funds	1,437,997	1,418,148	1,178	1,419,326
<i>Dedicated/Constitutional Funds</i>				
Environment & Natural Resources Trust Fund	45,304	43,087	25,558	68,645
Outdoor Heritage Fund	199,523	184,065	113,923	297,988
Clean Water Fund	164,662	209,795	-	209,795
Parks & Trails Fund	87,775	100,508	-	100,508
Arts & Cultural Heritage Fund	<u>3,581</u>	<u>3,703</u>	-	<u>3,703</u>
Subtotal Dedicated/Constitutional Funds	500,846	541,158		680,639
Total for Budget Area	1,938,843	1,959,306	1,178	2,099,965
AGRICULTURE, RURAL DEVELOPMENT & HOUSING				
Department of Agriculture				
General Fund	97,084	105,816	47	105,863
Agricultural Fund	68,271	82,910	-	82,910
Special Revenue Fund	11,889	15,109	-	15,109
Remediation Fund	3,151	3,907	1	3,908
Gift Fund	18	90	-	90
Federal Fund	20,739	28,487	-	28,487
Expenses in Multiple Funds	<u>(5,296)</u>	<u>(10,470)</u>	-	<u>(10,470)</u>
Subtotal Non-dedicated Funds	195,857	225,849	48	225,897
<i>Dedicated/Constitutional Funds</i>				
Environment & Natural Resources Trust Fund	778	1,338	681	2,019
Arts & Cultural Heritage Fund	-	300	-	300
Clean Water Fund	<u>26,834</u>	<u>18,598</u>	-	<u>18,598</u>
Subtotal Dedicated/Constitutional Funds	27,611	20,236	681	20,917
Total Dept. of Agriculture	223,468	246,084	729	246,813
Board of Animal Health				
General Fund	11,000	12,173	11	12,184
Special Revenue Fund	119	182	-	182

Budget Area/Agency/Fund	FY 2016-17 Spending	FY 2018-19 February Forecast	2018 Legislative Changes	Current FY 2018-19 Budget
Federal Fund	<u>1,482</u>	<u>1,225</u>	-	<u>1,225</u>
Total Board of Animal Health	12,601	13,580	11	13,591
Agriculture Utilization Research Inst.				
General Fund	7,286	7,586	-	7,586
Housing Finance Agency				
General Fund	107,096	107,596	-	107,596
Totals by Fund				
General Fund	222,466	233,171	58	233,229
Agricultural Fund	68,271	82,910	-	82,910
Special Revenue Fund	12,008	15,291	-	15,291
Remediation Fund	3,151	3,907	1	3,908
Gift Fund	18	90	-	90
Federal Fund	22,221	29,712	-	29,712
Expenses in Multiple Funds	<u>(5,296)</u>	<u>(10,470)</u>	-	<u>(10,470)</u>
Subtotal Non-dedicated Funds	322,840	354,610	59	354,669
<i>Dedicated/Constitutional Funds</i>				
Environment & Natural Resources Trust Fund	778	1,338	681	2,019
Arts & Cultural Heritage Fund	-	300	-	300
Clean Water Fund	<u>26,834</u>	<u>18,598</u>	-	<u>18,598</u>
Subtotal Dedicated/Constitutional Funds	27,611	20,236	681	20,917
Total for Budget Area	350,451	374,846	740	375,586
JOBS & ECONOMIC GROWTH				
ENERGY & UTILITIES				
COMMERCE & CONSUMER				
PROTECTION				
Dept. of Employment and Economic Dev.				
General Fund	275,369	225,870	32	225,902
Workforce Development Fund	120,205	131,819	3	131,822
Special Revenue Fund	90,621	77,798	-	77,798
Petroleum Tank Release Cleanup Fund	17,007	16,051	-	16,051

Budget Area/Agency/Fund	FY 2016-17 Spending	FY 2018-19 February Forecast	2018 Legislative Changes	Current FY 2018-19 Budget
Renewable Development Fund	-	15,150	-	15,150
Remediation Fund	2,137	1,400	-	1,400
Gift Fund	401	456	-	456
Federal Fund	440,269	516,032	-	516,032
Expenses in Multiple Funds	<u>(14,192)</u>	<u>(37,300)</u>	-	<u>(37,300)</u>
Total DEED	931,817	947,276	35	947,311
Department of Labor and Industry				
General Fund	2,914	3,566	4	3,570
Workforce Development Fund	2,225	4,457	3	4,460
Workers' Compensation Fund	143,496	162,505	56	162,561
State Government Special Revenue Fund	56,597	64,820	-	64,820
Special Revenue Fund	9,975	12,150	-	12,150
Federal Fund	10,619	10,490	-	10,490
Expenses in Multiple Funds	<u>(3,924)</u>	<u>(8,000)</u>	-	<u>(8,000)</u>
Total Department of Labor and Industry	221,901	249,988	63	250,051
Bureau of Mediation Services				
General Fund	4,391	4,968	3	4,971
Special Revenue Fund	<u>20</u>	<u>88</u>	-	<u>88</u>
Total Bureau of Mediation Services	4,411	5,056	3	5,059
Workers' Compensation Court of Appeals				
Workers' Compensation Fund	3,609	3,826	35	3,861
Public Facilities Authority				
General Fund	-	1,800	-	1,800
Special Revenue Fund	<u>161</u>	<u>271</u>	-	<u>271</u>
Subtotal Non-dedicated Funds	161	2,071	-	2,071
<i>Dedicated/Constitutional Funds</i>				
Clean Water Fund	40,635	28,452	-	28,452
Total Public Facilities Authority	40,796	30,523	-	30,523
Iron Range Resources & Rehabilitation Brd.				
General Fund	5,329	4,995	-	4,995
Iron Range Resources and Rehab. Fund	75,225	48,352	-	48,352

Budget Area/Agency/Fund	FY 2016-17 Spending	FY 2018-19 February Forecast	2018 Legislative Changes	Current FY 2018-19 Budget
Economic Protection Trust Fund	<u>24,609</u>	<u>4,646</u>	-	<u>4,646</u>
Total Iron Range Resources & Rehab. Brd.	105,163	57,993	-	57,993
Subtotal Jobs & Economic Growth (all Funds)	1,307,697	1,294,662	136	1,294,798
Public Utilities Commission				
General Fund	13,517	14,930	13	14,943
Special Revenue Fund	<u>2,539</u>	<u>2,556</u>	-	<u>2,556</u>
Total Public Utilities Commission	16,056	17,486	13	17,499
Dept. of Commerce (Energy & Telecom.)				
General Fund	15,525	10,512	-	10,512
Renewable Development Fund	-	8,810	-	8,810
Petroleum Tank Release Cleanup Fund	11,169	21,074	2	21,076
Special Revenue Fund	2,480	3,220	-	3,220
Federal Fund	<u>237,491</u>	<u>609,536</u>	-	<u>609,536</u>
Total Department of Commerce (Energy)	266,665	653,152	2	653,154
Subtotal Energy & Utilities (all Funds)	282,721	670,638	15	670,653
Dept. of Commerce (Consumer Protection)				
General Fund	34,899	178,267	65	178,332
Workers' Compensation Fund	1,440	1,502	4	1,506
Special Revenue Fund	71,526	587,935	210	588,145
Federal Fund	1,707	1,200	-	1,200
Expenses in Multiple Funds	<u>(1,459)</u>	<u>(2,500)</u>	-	<u>(2,500)</u>
Subtotal Department of Commerce (Consumer Protection) (all Funds)	108,113	766,404	279	766,683
Totals by Fund, Combined Budget Jurisdictions				
General Fund	351,944	444,908	117	445,025
Workforce Development Fund	122,430	136,276	6	136,282
Special Revenue Fund	177,322	684,018	210	684,228
Petroleum Tank Release Cleanup Fund	28,176	37,125	2	37,127

Budget Area/Agency/Fund	FY 2016-17 Spending	FY 2018-19 February Forecast	2018 Legislative Changes	Current FY 2018-19 Budget
Renewable Development Fund	-	23,960	-	23,960
Remediation Fund	2,137	1,400	-	1,400
Gift Fund	401	456	-	456
Workers' Compensation Fund	148,545	167,833	95	167,928
State Government Special Revenue Fund	56,597	64,820	-	64,820
Iron Range Resources and Rehab Fund	75,225	48,352	-	48,352
Economic Protection Trust Fund	24,609	4,646	-	4,646
Federal Fund	690,086	1,137,258	-	1,137,258
Expenses in Multiple Funds	<u>(19,575)</u>	<u>(47,800)</u>	<u>-</u>	<u>(47,800)</u>
Subtotal Non-dedicated Funds	1,657,895	2,703,252	430	2,703,682
<i>Dedicated/Constitutional Funds</i>				
Clean Water Fund	40,635	28,452	-	28,452
Total for Combined Budget Area	1,698,530	2,731,704	430	2,732,134
STATE DEPARTMENTS				
MILITARY & VETERANS AFFAIRS				
Legislature				
General Fund*	153,038	185,396	-	185,396
Health Care Access Fund	135	441	-	441
Special Revenue Fund	392	338	350	688
Gift Fund	-	22	-	22
Minnesota Future Resources Fund	4	20	-	20
Federal Fund	<u>83</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal Non-dedicated Funds	153,652	186,217	350	186,567
<i>Dedicated/Constitutional Funds</i>				
Environment & Natural Resources Trust Fund	1,107	1,240	439	1,679
Outdoor Heritage Fund	990	1,897	-	1,897
Arts & Cultural Heritage Fund	8	12	-	12
Clean Water Fund	5	20	-	20
Parks & Trails Fund	<u>2</u>	<u>9</u>	<u>-</u>	<u>9</u>
Subtotal Dedicated/Constitutional Funds	2,112	3,178	439	3,617
Total Legislature	155,764	189,395	789	190,184

Budget Area/Agency/Fund	FY 2016-17 Spending	FY 2018-19 February Forecast	2018 Legislative Changes	Current FY 2018-19 Budget
Governor				
General Fund	7,209	7,232	-	7,232
Special Revenue Fund	<u>2,837</u>	<u>2,652</u>	-	<u>2,652</u>
Total Governor	10,046	9,884	-	9,884
State Auditor				
General Fund	4,100	19,789	19	19,808
Special Revenue Fund	<u>1,348</u>	<u>1,546</u>	-	<u>1,546</u>
Total State Auditor	5,448	21,335	19	21,354
Attorney General				
General Fund	44,168	44,250	15	44,265
Special Revenue Fund	19,883	20,408	-	20,408
State Government Special Revenue Fund	4,764	4,774	1	4,775
Environmental Fund	-	290	-	290
Remediation Fund	-	500	-	500
Federal Fund	3,655	4,212	-	4,212
Expenses in Multiple Funds	<u>(291)</u>	<u>(636)</u>	-	<u>(636)</u>
Total for Attorney General	72,179	73,798	16	73,814
Secretary of State				
General Fund	13,288	20,373	11	20,384
Special Revenue Fund	<u>7,144</u>	<u>10,100</u>	-	<u>10,100</u>
Total Secretary of State	20,432	30,473	11	30,484
Campaign Finance & Public Disclosure Brd.				
General Fund	5,020	4,628	2	4,630
Special Revenue Fund	<u>2,341</u>	<u>2,869</u>	-	<u>2,869</u>
Total Campaign Finance & Public Discl. Brd.	7,361	7,497	2	7,499
Investment Board				
General Fund	278	278	-	278
Special Revenue Fund	<u>9,720</u>	<u>12,285</u>	-	<u>12,285</u>
Total Investment Board	9,998	12,563	-	12,563
Administrative Hearings				
General Fund	766	796	1	797
Environmental Fund	63	100	-	100

Budget Area/Agency/Fund	FY 2016-17 Spending	FY 2018-19 February Forecast	2018 Legislative Changes	Current FY 2018-19 Budget
Workers' Compensation Special Fund	<u>14,343</u>	<u>15,574</u>	<u>17</u>	<u>15,591</u>
Total Administrative Hearings	15,172	16,470	18	16,488
MN.IT Services				
General Fund	10,287	8,178	8	8,186
Special Revenue Fund	<u>38,664</u>	<u>15,177</u>	-	<u>15,177</u>
Total MN.IT Services	48,951	23,355	8	23,363
Department of Administration				
General Fund	49,279	49,912	27	49,939
Special Revenue Fund	85,948	84,250	-	84,250
Permanent School Fund	640	1,305	-	1,305
Gift Fund	297	389	-	389
Federal Fund	<u>3,077</u>	<u>4,616</u>	-	<u>4,616</u>
Subtotal Non-dedicated Funds	139,241	140,472	27	140,499
<i>Dedicated/Constitutional Funds</i>				
Arts & Cultural Heritage Fund	21,239	20,852	-	20,852
Total Department of Administration	160,480	161,324	27	161,351
Capitol Area Architect. & Planning Board				
General Fund	610	710	-	710
Dept. of Management and Budget (MMB)				
General Fund	121,775	243,104	59	243,163
Special Revenue Fund	<u>21,322</u>	<u>23,900</u>	-	<u>23,900</u>
Total Department of Management & Budget	143,097	267,004	59	267,063
MMB Non-Operating				
General Fund	9,628	9,971	-	9,971
State Government Special Revenue Fund	-	800	-	800
Workers' Compensation Fund	-	200	-	200
Debt Service Fund	645	650	-	650
Federal Fund	<u>14,924</u>	<u>15,804</u>	-	<u>15,804</u>
Total MMB Non-Operating	25,196	27,425	-	27,425

Budget Area/Agency/Fund	FY 2016-17 Spending	FY 2018-19 February Forecast	2018 Legislative Changes	Current FY 2018-19 Budget
Department of Revenue				
General Fund	285,339	311,585	371	311,956
Special Revenue Fund	7,081	10,427	-	10,427
Health Care Access Fund	3,498	3,498	5	3,503
Highway Users Tax Distribution Fund	4,336	4,368	6	4,374
Environmental Fund	<u>606</u>	<u>606</u>	<u>1</u>	<u>607</u>
Total Department of Revenue	300,861	330,484	383	330,867
Minnesota Amateur Sports Commission				
General Fund	3,481	608	-	608
Special Revenue Fund	<u>155</u>	<u>153</u>	-	<u>153</u>
Total Minnesota Amateur Sports Commission	3,636	761	-	761
Council for Minnesotans of African Heritage				
General Fund	950	809	-	809
Minnesota Council on Latino Affairs				
General Fund	767	971	-	971
Council on Asian-Pacific Minnesotans				
General Fund	688	921	1	922
Special Revenue Fund	<u>8</u>	<u>32</u>	-	<u>32</u>
Total Council on Asian-Pacific Minnesotans	696	953	1	954
Indian Affairs Council				
General Fund	1,152	1,164	1	1,165
Special Revenue Fund	<u>54</u>	-	-	-
Subtotal Non-dedicated Funds	1,206	1,164	1	1,165
<i>Dedicated/Constitutional Funds</i>				
Arts & Cultural Heritage Fund	2,520	2,776	-	2,776
Total Indian Affairs Council	3,726	3,940	1	3,941
Gambling Control Board				
Special Revenue Fund	6,142	6,879	7	6,886

Budget Area/Agency/Fund	FY 2016-17 Spending	FY 2018-19 February Forecast	2018 Legislative Changes	Current FY 2018-19 Budget
Minnesota Racing Commission				
General Fund	381	-	-	-
Special Revenue Fund	<u>4,082</u>	<u>5,538</u>	<u>2</u>	<u>5,540</u>
Total Minnesota Racing Commission	4,463	5,538	2	5,540
Minnesota Historical Society				
General Fund	47,100	55,254	-	55,254
Special Revenue Fund	<u>422</u>	<u>400</u>	<u>-</u>	<u>400</u>
Subtotal Non-dedicated Funds	47,522	55,654	-	55,654
<i>Dedicated/Constitutional Funds</i>				
Arts & Cultural Heritage Fund	35,763	29,159	-	29,159
Total Minnesota Historical Society	83,284	84,813	-	84,813
Minnesota Humanities Center				
General Fund	1,445	1,900	-	1,900
<i>Dedicated/Constitutional Funds</i>				
Arts & Cultural Heritage Fund	4,332	5,360	-	5,360
Total Minnesota Humanities Center	5,777	7,260	-	7,260
Minnesota State Arts Board				
General Fund	15,077	15,073	1	15,074
Special Revenue Fund	22	-	-	-
Gift Fund	80	82	-	82
Federal Fund	<u>1,486</u>	<u>1,545</u>	<u>-</u>	<u>1,545</u>
Subtotal Non-dedicated Funds	16,666	16,700	1	16,701
<i>Dedicated/Constitutional Funds</i>				
Arts & Cultural Heritage Fund	57,131	59,363	-	59,363
Total Minnesota State Arts Board	73,797	76,063	1	76,064
Board of Accountancy				
General Fund	1,157	1,294	1	1,295

Budget Area/Agency/Fund	FY 2016-17 Spending	FY 2018-19 February Forecast	2018 Legislative Changes	Current FY 2018-19 Budget
Board of Architecture, Engineering				
General Fund	1,522	1,603	1	1,604
Minnesota Board of Barber Examiners				
General Fund	606	684	-	684
Minnesota Board of Cosmetology				
General Fund	5,004	5,560	4	5,564
Retirement; Judges & Legislators				
General Fund	17,113	30,392	-	30,392
Public Employee Retirement Association				
General Fund	12,000	32,000	4,500	36,500
Teacher Retirement Association				
General Fund	59,662	59,662	-	59,662
St. Paul Teacher Retirement Association				
General Fund	19,654	19,654	5,000	24,654
Contingent Accounts				
General Fund	-	500	-	500
Torts & Claims				
General Fund	1,787	322	262	584
Indirect Cost Receipts & SEGIP Opt Out				
General Fund	(42,885)	(43,019)	-	(43,019)
Subtotal State Government (all Funds)	1,234,451	1,468,356	11,112	1,479,468
Department of Military Affairs				
General Fund	57,872	52,935	9	52,944
Special Revenue Fund	2,918	3,204	-	3,204
Federal Fund	<u>120,756</u>	<u>156,400</u>	-	<u>156,400</u>
Subtotal Non-dedicated Funds	181,546	212,539	9	212,548

Budget Area/Agency/Fund	FY 2016-17 Spending	FY 2018-19 February Forecast	2018 Legislative Changes	Current FY 2018-19 Budget
<i>Dedicated/Constitutional Funds</i>				
Environment & Natural Resources Trust Fund	-	1,000	-	1,000
Total Department of Military Affairs	181,546	213,539	9	213,548
Department of Veterans Affairs				
General Fund	144,570	156,907	137	157,044
Special Revenue Fund	205,434	223,461	-	223,461
Gift Fund	1,035	1,139	-	1,139
Federal Fund	<u>34,173</u>	<u>11,187</u>	-	<u>11,187</u>
Total Department of Veterans Affairs	385,212	392,694	137	392,831
Subtotal Military & Veterans Affairs				
(all Funds)	566,758	606,233	146	606,379
Totals by Fund, Combined Budget Jurisdictions				
General Fund	1,053,888	1,301,396	10,430	1,311,826
Special Revenue Fund	415,915	423,619	359	423,978
Health Care Access Fund	3,633	3,939	5	3,944
Environmental Fund	669	996	1	997
Remediation Fund	-	500	-	500
State Government Special Revenue Fund	4,764	5,574	1	5,575
Workers' Compensation Fund	14,343	15,774	17	15,791
Highway User Tax Distribution Fund	4,336	4,368	6	4,374
Permanent School Fund	640	1,305	-	1,305
Minnesota Future Resources Fund	4	20	-	20
Debt Service Fund	645	650	-	650
Gift Fund	1,412	1,631	-	1,631
Federal Fund	178,154	193,765	-	193,765
Expenses in Multiple Funds	<u>(291)</u>	<u>(636)</u>	-	<u>(636)</u>
Subtotal Non-dedicated Funds	1,678,113	1,952,901	10,819	1,963,720
<i>Dedicated/Constitutional Funds</i>				
Environment & Natural Resources Trust Fund	1,107	2,240	439	2,679
Outdoor Heritage Fund	990	1,897	-	1,897
Clean Water Fund	5	20	-	20

Budget Area/Agency/Fund	FY 2016-17 Spending	FY 2018-19 February Forecast	2018 Legislative Changes	Current FY 2018-19 Budget
Parks & Trails Fund	2	9	-	9
Arts & Cultural Heritage Fund	<u>120,992</u>	<u>117,522</u>	-	<u>117,522</u>
Subtotal Dedicated/Constitutional Funds	123,096	121,688	439	122,127
Total for Budget Area	1,801,209	2,074,589	11,258	2,085,847
DEBT SERVICE/OTHER				
Debt Service				
General Fund	1,138,500	1,138,131	393	1,138,524
Debt Service Fund	2,581,562	2,227,092	547	2,227,639
Stadium Debt Service Fund	60,312	60,151	-	60,151
Environment & Natural Resources Trust Fund	-	-	<u>2,940</u>	<u>2,940</u>
Total Debt Service	3,780,374	3,425,374	3,880	3,429,254
Capital Projects & Grants				
General Fund	278,156	259,758	38,450	298,208
Cancellations & Other				
General Fund	9,988	(20,000)	-	(20,000)
General Fund Transfer Out	<u>(3,664,607)</u>	<u>(3,597,066)</u>	-	<u>(3,597,066)</u>
Total Cancellations & Other	(3,654,619)	(3,617,066)	-	(3,617,066)
Totals by Fund				
General Fund	1,426,644	1,377,889	38,843	1,416,732
Debt Service Fund	2,581,562	2,227,092	547	2,227,639
Stadium Debt Service Fund	60,312	60,151	-	60,151
Environment & Natural Resources Trust Fund	-	-	2,940	2,940
General Fund Transfer Out	<u>(3,664,607)</u>	<u>(3,597,066)</u>	-	<u>(3,597,066)</u>
Total for Budget Area	403,911	68,066	42,330	110,396
GRAND TOTAL ALL BUDGET AREAS	72,746,537	81,560,956	240,704	81,801,660

* The FY 2018-19 February Forecast amount for the Legislature includes the \$129.2 million appropriation from Chapter 100 that was enacted prior to the forecast. See page 11 for a breakout section describing the enactment of Chapter 100.

Appendix B
General Fund Summary Fund Balance Analysis, FY 2016-2021
(dollars in thousands)

	FY 2016-17	FY 2018	FY 2019	FY 2018-19	FY 2020	FY 2021	FY 2020-21
February Forecast							
<u>Actual & Estimated Resources</u>							
Balance Forward	2,103,017	3,333,262	2,504,824	3,333,262	2,345,282	2,211,239	2,345,282
Current Resources	<u>42,484,982</u>	<u>21,866,821</u>	<u>22,934,036</u>	<u>44,800,857</u>	<u>23,610,585</u>	<u>24,525,026</u>	<u>48,135,611</u>
Total Resources	44,587,999	25,200,083	25,438,860	48,134,119	25,955,867	26,736,265	50,480,893
<u>Actual & Estimated Expenditures</u>							
Total Net Spending	41,254,737	22,695,259	23,093,578	45,788,837	23,744,628	24,077,880	47,822,508
Balance Before Reserves	3,333,262	2,504,824	2,345,282	2,345,282	2,211,239	2,658,385	2,658,385
Total Reserves	2,338,247	1,997,972	2,016,002	2,016,002	2,037,497	2,078,541	2,078,541
Budgetary Balance	995,015	506,852	329,280	329,280	173,742	579,844	579,844
<u>Enacted Budget</u>							
<u>Actual & Estimated Resources</u>							
Balance Forward	2,103,017	3,333,262	2,504,824	3,333,262	2,279,020	2,097,158	2,279,020
Current Resources	<u>42,484,982</u>	<u>21,866,821</u>	<u>22,934,195</u>	<u>44,801,016</u>	<u>23,610,899</u>	<u>24,525,422</u>	<u>48,136,321</u>
Total Resources	44,587,999	25,200,083	25,439,019	48,134,278	25,889,919	26,622,580	50,415,341
<u>Actual & Estimated Expenditures</u>							
Total Net Spending	41,254,737	22,695,259	23,159,999	45,855,258	23,792,761	24,149,811	47,942,572
Balance Before Reserves	3,333,262	2,504,824	2,279,020	2,279,020	2,097,158	2,472,769	2,472,769
<u>Reserves</u>							
Total Reserves	2,338,247	1,997,972	1,991,002	1,991,002	2,012,497	2,053,541	2,053,541
Budgetary Balance	995,015	506,852	288,018	288,018	84,661	419,228	419,228

	FY 2016-17	FY 2018	FY 2019	FY 2018-19	FY 2020	FY 2021	FY 2020-21
<u>Difference</u>							
<u>Actual & Estimated Resources</u>							
Balance Forward	-	-	-	-	(66,262)	(114,081)	(66,262)
Current Resources	-	-	159	159	314	396	710
Total Resources	-	-	159	159	(65,948)	(113,685)	(65,552)
<u>Actual & Estimated Expenditures</u>							
Total Net Spending	-	-	66,421	66,421	48,133	71,931	120,064
Balance Before Reserves	-	-	(66,262)	(66,262)	(114,081)	(185,616)	(185,616)
<u>Reserves</u>							
Total Reserves	-	-	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)
Budgetary Balance	-	-	(41,262)	(41,262)	(89,081)	(160,616)	(160,616)

Appendix C
Capital Investment Detail*
(dollars in thousands)

TOTAL APPROPRIATION BY FUNDING SOURCE	FUND	AMOUNT
General Obligation (GO) Bond Proceeds	GO	713,634
GO Bond Proceeds Cancellations	GO/C	(5,754)
State Transportation Fund Bond Proceeds (Sold as GO Bonds)	TF	103,060
Maximum Effort School Loan Fund Bond Proceeds (Sold as GO Bonds)	ME	14,000
User-Financed Bonds	UF	63,005
General Fund	GF	41,250
General Fund Cancellations	GF/C	(2,800)
Trunk Highway Fund Bond Proceeds	THB	416,608
Trunk Highway Fund	THF	150
Minnesota Rail Service Improvement Account	MRSI	1,550
Appropriation Bonds - Minnesota Housing Finance Authority	AP-HIB	80,000
Appropriation Bonds - Environment and Natural Resources Trust Fund	AP-TF	98,000
Total Net Appropriations (includes cancellations)		1,522,703
APPROPRIATION BY AGENCY - CHAPTER 214		
University of Minnesota		79,400
Higher Education Asset Preservation and Replacement (HEAPR)	GO	45,000
Crookston Campus - Dowell Hall and Owen Hall	GO	3,200
Morris Campus - Humanities Building and Blakely Hall	GO	3,200
Pillsbury Hall Capital Renewal	GO	24,000
Glensheen Capital Renewal	GO	4,000
Minnesota State Colleges and Universities		129,015
Higher Education Asset Preservation and Replacement (HEAPR)	GO	45,000
Anoka-Ramsey Community College - Nursing and Business	GO/UF	569
Bemidji State University - Academic Learning Center	GO/UF	22,512
Century College - Applied Technology Center, East Campus	GO/UF	6,362
Fond du Lac Tribal and Community College - Maajiigi (Start to Grow)	GO/UF	1,157
Inver Hills Community College - Technology and Business Center	GO/UF	698
Minnesota State University, Mankato - Clinical Sciences Phase 2	GO/UF	6,478
Minnesota State University Moorhead - Weld Hall	GO/UF	628
Normandale Community College - Classroom and Student Services	GO/UF	12,636
Riverland Community College - Transportation, Trade and Industrial Education Center	GO/UF	10,122
Rochester Community and Technical College - Memorial and Plaza Halls	GO/UF	22,853
Department of Education		45,600
Library Construction Grants	GO	1,000

TOTAL APPROPRIATION BY FUNDING SOURCE	FUND	AMOUNT
School Safety Grants	GF	25,000
ISD 38 (Red Lake) - Facility Projects	ME	14,000
ISD 2396 (Atwater-Cosmos-Grove City) - Elementary School Repurposing	GO	5,000
ISD 690 (Warroad) - Northwest Angle School	GF	600
Minnesota State Academies		2,000
Asset Preservation	GO	2,000
Perpich Center for Arts Education		250
Asset Preservation	GO	250
Department of Natural Resources		84,309
Natural Resources Asset Preservation (Article 1)	GO	26,581
Natural Resources Asset Preservation (Article 6)	AP-TF	3,419
Flood Hazard Mitigation Grant Assistance Program	GO	20,000
Natural Resources Betterment of Buildings	GO	6,000
State Park and Recreation Area Accessibility	GO	500
Blufflands State Trail - Harmony to Iowa	GO	1,500
Chester Woods State Trail	GO	2,500
Glendalough State Park	GO	750
Lake Vermilion/Soudan State Park	GO	4,000
Mill Towns State Trail	GO	500
Shooting Star State Trail	GO	250
Aitkin County - Northwoods ATV Trail	GO	1,500
City of Babbitt - Recreation Area	GO	1,300
City of Cohasset - Tioga Recreation Area	GO	1,000
City of Grand Marais - Water Access Project	GO	2,000
City of LaCrescent - Wagon Wheel Trail	GO	2,500
Olmsted County - Lake Zumbro Sedimentation Removal	GO	640
Saint Louis & Lake Counties Regional Railroad Authority - Mesabi Trail	GO	1,138
City of Stillwater - Saint Croix Riverbank Restoration	GO	1,650
Reforestation and Stand Improvement	GO	3,000
City of Ely - Trailhead Development	GO	1,300
City of Elk River - Lake Orono Dredging	AP-TF	1,500
City of South Saint Paul - Seidl's Lake Storm Water Improvements	AP-TF	781
Pollution Control Agency		14,050
Becker County - Solid Waste Facility	GO	750
Waste Disposal Engineering Landfill in Anoka County	AP-TF	6,000
Redwood/Cottonwood Rivers Control Area - Lake Redwood Reclamation	AP-TF	7,300
Board of Water and Soil Resources		17,400
Local Government Roads Wetland Replacement	GO	6,700

TOTAL APPROPRIATION BY FUNDING SOURCE	FUND	AMOUNT
Minnesota River Basin Area II Flood Hazard Mitigation	GO	700
Reinvest in Minnesota Program (CREP)	AP-TF	10,000
Rural Finance Authority		35,000
Rural Finance Authority Loans	UF	35,000
Minnesota Zoological Gardens		4,000
Asset Preservation	GO	6,000
Department of Administration		15,000
Capital Asset Preservation and Replacement Account	GO	5,000
Capitol Complex Security Upgrades	GO	10,000
Minnesota Amateur Sports Commission		1,000
National Sports Center Asset Preservation	GO	1,000
Department of Military Affairs		12,876
Brainerd Readiness Center	GO	4,143
Grand Rapids Readiness Center	GO	2,126
St Cloud Readiness Center	GO	4,450
Wadena Readiness Center	GO	2,157
Department of Public Safety		18,800
City of Cottage Grove - HERO Center	GO	9,500
Dakota County - Regional Public Safety Center	GO	6,200
City of Marshall - MERIT Center	GO	3,100
Department of Transportation		543,980
<u>Local Road Improvement Fund Grants (earmarked grants italicized)</u>	TF	<u>63,600</u>
--Program (non-earmarked)		35,000
-- <i>City of Dayton - Brockton Interchange</i>		<i>13,500</i>
-- <i>Carver County - Highway 101</i>		<i>9,000</i>
-- <i>City of Inver Grove Heights - Argenta Trail 70th Street Expansion</i>		<i>6,100</i>
Local Bridge Replacement Program	TF	5,000
Port Development Assistance Program	GO	5,200
Safe Routes to School	GO	1,000
Stone Arch Bridge	GO	1,000
Corridors of Commerce	THB	400,000
Brooklyn Park - Highway 169/101st Avenue Interchange	TF	4,000
Chisago County - Highway 8 Reconstruction	TF	3,000
Foley - Highway 23 Safety Improvements (GO)	GO	200
Foley - Highway 23 Safety Improvements (GF)	GF	300
Hennepin County - CSAH 9 (Rockford Road) & I-494 (GO Bonds)	TF	4,860

TOTAL APPROPRIATION BY FUNDING SOURCE	FUND	AMOUNT
Hennepin County - CSAH 9 (Rockford Road) & I-494 (Trunk Highway Bonds)	THB	4,860
City of Mankato - Highway 169 Levee Reconstruction	THB	830
Pope County (Glenwood) - TH 55 & TH 29 Interchange & Rail Grade Separation	THB	10,500
City of Wadena - Highway 10 Environmental Cleanup	TF	5,000
City of Becker - Industrial Park Improvements	GO	3,300
Town of Wakefield - Wakefield/Luxembourg 200th Street	TF	600
City of Rochester - Bus Garage	GO	2,500
City of Goodview - Goodview/Minnesota City Railroad Crossing Quiet Zone	GO	330
Cities of Loretto/Medina/Wayzata - Rail Crossing Safety Improvements	GO	1,200
Minnesota Commercial Railway Company - Rice Creek Bridge (GO)	GO	1,000
Minnesota Commercial Railway Company - Rice Creek Bridge	MRSI	550
Minnesota Valley Regional Rail Authority	MRSI	1,000
City of Moorhead - 21st Street South Rail Grade Separation	GO	6,000
City of Rosemount - Bonaire Path Railroad Quiet Zone	GO	1,000
Ramsey Boulevard Rail Grade Separation	TF	2,000
Anoka County - Thurston Boulevard	TF	15,000
Trunk Highway Fund Debt Service	THF	150
Metropolitan Council		25,900
Inflow and Infiltration Grant Program	GO	5,000
Carver County - Lake Waconia Park	GO	1,500
City of Loretto - Water Connection	GO	400
City of New Hope - Swimming Pool	GO	2,000
City of Saint Paul - Nature Sanctuary Visitor Center	GO	3,000
White Bear Lake Trail	GO	4,000
Metropolitan Parks & Trails Capital Improvements	AP-TF	10,000
Department of Human Services		74,723
Asset Preservation	GO	10,000
Anoka Roof and HVAC Replacement	GO	6,550
Regional Mental Health Crisis Center Grants	GO	28,100
St. Peter Dietary Building HVAC and Electrical Replacement	GO	2,200
Hennepin County - Regional Medical Examiner's Facility	GO	15,073
City of Minneapolis - Family Partnership	GO	10,000
Scott County - Regional Crisis Stabilization and Intensive Residential Treatment Services Facility	GO	1,900
White Earth Nation - Opiate Treatment Facility	GF	900
Department of Veterans Affairs		41,000
Asset Preservation	GO	9,000
<u>New Veterans Homes Construction</u>	<u>GO</u>	<u>32,000</u>
--Bemidji		12,400
--Montevideo		9,400
--Preston		10,200

TOTAL APPROPRIATION BY FUNDING SOURCE	FUND	AMOUNT
Department of Corrections		37,950
Asset Preservation	GO	20,000
Moose Lake Control Room	GO	1,950
Saint Cloud Correctional Facility - Plumbing and Ventilation Upgrades	GO	16,000
Department of Employment and Economic Development		109,344
Greater Minnesota Business Development Public Infrastructure (BDPI)	GO	5,000
Transportation Economic Development Infrastructure Program (TEDI)	GO	1,000
Innovative Business Development Infrastructure (IBDPI)	GO	2,000
City of Austin - Public TV Station	GO	2,500
City of Brooklyn Park - Second Harvest Food Bank	GO	18,000
CentraCare Health - Long Prairie Wellness Center	GF	700
City of Duluth - Steam System	GF	6,900
City of Fergus Falls - Regional Treatment Center Demolition	GO	3,500
Goodhue County - Historical Society Museum	GO	616
Hennepin County - Artspace	GF	1,400
Hennepin County - Children's Theater	GO	1,000
Itasca County - Radio Antenna	GO	514
City of Jackson - Memorial Park Redevelopment	GO	290
Greater Litchfield Opera House Association - Improvements	GF	100
City of Minneapolis - American Indian Center	GF	5,000
City of Minneapolis - Upper Harbor Terminal	GO	15,000
City of Perham - School Repurposing	GO	6,000
Pipestone County - Dental Center	GO	500
Polk County - North Country Food Bank	GO	3,000
Ramsey County - Landmark Center Restroom	GF	350
City of Rosemount - Family Resource Center	GO	450
City of Saint Paul - Conway Center	GO	4,500
City of Saint Paul - Humanities Center	GO	1,000
City of Saint Paul - RiverCentre Parking Ramp	GO	5,000
City of Saint Paul - Southeast Asian Language Job Training Facility	GO	5,500
Saint Paul Port Authority - Minnesota Museum of American Art	GO	2,500
City of Silver Bay - Black Beach Campground	GO	1,765
City of Wabasha - Rivertown Resurgence/National Eagle Center	GO	8,000
City of Waite Park - Quarry Redevelopment	GO	5,000
City of Duluth - Lake Superior Zoo	GO	1,900
City of Rice Lake - Water Main Replacement	GO	359
Public Facilities Authority		123,350
State Match for Federal Grants to State Revolving Loan Programs - Drinking Water Projects	GO	14,000
State Match for Federal Grants to State Revolving Loan Programs - Wastewater Projects	AP-TF	6,000
Water Infrastructure Funding Program - Drinking Water Projects	GO	25,000
Water Infrastructure Funding Program - Wastewater Projects	AP-TF	14,652

TOTAL APPROPRIATION BY FUNDING SOURCE	FUND	AMOUNT
City of Albertville - Wastewater Infrastructure	GO	2,000
City of Arden Hills - Water Main	GO	500
City of Aurora - Multicity Water Infrastructure	GO	2,500
City of Big Lake - Wastewater Treatment Facility	GO	1,000
City of Cold Spring - Water Treatment Facility	GO	4,000
City of Glencoe - Wastewater Treatment Facility	GO	3,000
Cities of Keewatin/Nashwauk - Multicity Water Infrastructure	GO	850
City of Oronoco - Wastewater Infrastructure	GO	2,500
City of Saint James - Stormwater Retention Pond	GO	3,000
City of Waldorf - Wastewater Treatment Infrastructure	GO	1,900
City of Windom - Wastewater Treatment Facility	GO	3,000
City of Winnebago - Water Infrastructure	GO	1,100
Point Source Implementation Grants	AP-TF	38,348
Minnesota Housing Finance Authority		90,000
Public Housing Rehabilitation	GO	10,000
Housing Infrastructure Bonds	AP-HIB	50,000
Housing Infrastructure Bonds - Persons with Behavioral Health Needs	AP-HIB	30,000
Minnesota Historical Society		23,000
Historic Sites Asset Preservation	GO	8,000
Historic Fort Snelling Visitor Center	GO	15,000
Department of Management and Budget		1,310
Bond Sale Expenses - General Obligation Bonds	GO	892
Bond Sale Expenses - Trunk Highway Bonds	THB	418
Cancellations		(8,554)
2019 - MHFA Debt Service Payment Adjustment	GF/C	(2,800)
2011 - City of Bloomington - Lindau Lane Corridor	GO/C	(4,035)
2014 - Arrowhead Economic Opportunity Agency & Range Mental Health Center	GO/C	(1,719)

* Appendix C excludes direct appropriations enacted in Chapter 214, article 4, from the Environment and Natural Resources Trust Fund. See Appendix D for a list of these appropriations.

Appendix D Legacy/Constitutionally Dedicated Appropriations <i>(dollars in thousands)</i>	
	FY 2018-19
Environment & Natural Resources Trust Fund (Chapter 214, Article 4)	
<u>Appropriation Summary by Area</u>	
Natural Resource Data and Information (11 projects)	4,533
Water Resources (12 projects)	5,875
Environmental Education (12 projects)	4,968
Aquatic and Terrestrial Invasive Species (6 projects)	5,760
Air Quality, Climate Change, and Renewable Energy (3 projects)	1,200
Protect, Restore, and Enhance Habitat (8 projects)	2,539
Land Acquisition for Habitat and Recreation (12 projects)	17,439
Emerging Issues Account	439
Contract Agreement Reimbursement	<u>135</u>
Total Appropriations	42,888
Outdoor Heritage Fund (Chapter 208)	
<u>Appropriation Summary by Area</u>	
Prairie Acquisition & Restoration (14 projects)	35,288
Forests Acquisition & Restoration (6 projects)	9,131
Wetlands Acquisition & Restoration (6 projects)	28,116
Fish, Game & Wildlife Habitat (17 projects)	29,389
Conservation Partners Grant Program	11,589
Administration and Contract Management	<u>410</u>
Total Appropriations	113,923

Appendix E
Nongeneral Fund Expenditure Changes
2018 Legislative Session
(dollars in thousands)

Expenditure Changes by Fund, by Chapter (Agency)	FY 2018-19
Special Revenue Fund	
Chapter 101 - MN Licensing & Registration System (Department of Public Safety)	9,650
Chapter 101 - MN Licensing & Registration System (Legislature)	350
Chapter 155 - Modifying Energy Improvement Programs (Department of Commerce)	210
Chapter 211 - Pension Act (Board of Water & Soil Resources)	1
Chapter 211 - Pension Act (Department of Public Safety)	103
Chapter 211 - Pension Act (Gambling Control Board)	7
Chapter 211 - Pension Act (Racing Commission)	<u>2</u>
Subtotal Special Revenue Fund	10,323
Health Care Access Fund	
Chapter 211 - Pension Act (Department of Human Services)	99
Chapter 211 - Pension Act (Department of Revenue)	<u>5</u>
Subtotal Health Care Access Fund	104
State Government Special Revenue Fund	
Chapter 211 - Pension Act (Department of Human Services)	13
Chapter 211 - Pension Act (Department of Health)	83
Chapter 211 - Pension Act (Health Related Boards)	33
Chapter 211 - Pension Act (Department of Public Safety)	17
Chapter 211 - Pension Act (Attorney General)	<u>1</u>
Subtotal State Government Special Revenue Fund	147
Trunk Highway Fund	
Chapter 211 - Pension Act (Department of Public Safety)	1,150
Chapter 211 - Pension Act (Department of Transportation)	<u>1,169</u>
Subtotal Trunk Highway Fund	2,319
County State Highway Aid Fund	
Chapter 211 - Pension Act (Department of Transportation)	(5)
State Airports Fund	
Chapter 211 - Pension Act (Department of Transportation)	12
Highway User Tax Distribution Fund	
Chapter 211 - Pension Act (Department of Public Safety)	11
Chapter 211 - Pension Act (Department of Revenue)	<u>6</u>
Subtotal Highway User Tax Distribution Fund	17
Natural Resources Fund	
Chapter 211 - Pension Act (Department of Natural Resources)	206

Expenditure Changes by Fund, by Chapter (Agency)	FY 2018-19
Game & Fish Fund	
Chapter 211 - Pension Act (Department of Natural Resources)	546
Environmental Fund	
Chapter 211 - Pension Act (Pollution Control Agency)	159
Chapter 211 - Pension Act (Department of Revenue)	<u>1</u>
Subtotal Environmental Fund	160
Remediation Fund	
Chapter 211 - Pension Act (Pollution Control Agency)	34
Chapter 211 - Pension Act (Department of Natural Resources)	1
Chapter 211 - Pension Act (Department of Agriculture)	<u>1</u>
Subtotal Remediation Fund	36
Petroleum Tank Release Fund	
Chapter 211 - Pension Act (Department of Commerce)	2
Workforce Development Fund	
Chapter 211 - Pension Act (Department of Employment & Economic Development)	3
Chapter 211 - Pension Act (Department of Labor & Industry)	<u>3</u>
Subtotal Workforce Development Fund	6
Workers' Compensation Fund	
Chapter 211 - Pension Act (Department of Labor & Industry)	56
Chapter 211 - Pension Act (Workers' Compensation Court of Appeals)	2
Chapter 211 - Pension Act (Department of Commerce)	4
Chapter 211 - Pension Act (Administrative Hearings)	17
Chapter 185 - Workers' Compensation Advisory Council Changes	<u>33</u>
Subtotal Workers' Compensation Fund	112
Outdoor Heritage Fund	
Chapter 208 - Legacy/Outdoor Heritage Act (Department of Natural Resources)	96,769
Chapter 208 - Legacy/Outdoor Heritage Act (Board of Water & Soil Resources)	<u>17,154</u>
Subtotal Outdoor Heritage Fund	113,923
Environment & Natural Resources Trust Fund	
Chapter 214 - Capital Investment/LCCMR Act (University of Minnesota)	14,885
Chapter 214 - Capital Investment/LCCMR Act (MN State Colleges & Universities)	325
Chapter 214 - Capital Investment/LCCMR Act (Department of Health)	1,000
Chapter 214 - Capital Investment/LCCMR Act (Pollution Control Agency)	700
Chapter 214 - Capital Investment/LCCMR Act (Department of Natural Resources)	23,608
Chapter 214 - Capital Investment/LCCMR Act (Board of Water & Soil Resources)	600
Chapter 214 - Capital Investment/LCCMR Act (Science Museum)	350
Chapter 214 - Capital Investment/LCCMR Act (Minnesota Zoo)	300
Chapter 214 - Capital Investment/LCCMR Act (Department of Agriculture)	681
Chapter 214 - Capital Investment/LCCMR Act (Legislature)	439

Expenditure Changes by Fund, by Chapter (Agency)	FY 2018-19
Chapter 214 - Capital Investment/LCCMR Act (Debt Service)	<u>2,940</u>
Subtotal Environment & Natural Resources Trust Fund	45,828
Debt Service Fund	
Chapter 214 - Capital Investment/LCCMR Act	547
Total Non-General Fund Appropriations	174,283

Appendix F
2018 Session Laws Supplementing the FY 2018-19 Budget

Chapter Number	File Number	Description
100	HF 399	Providing FY 2018-19 appropriations for the legislative branch
101	SF 3133	Providing appropriations to the Dept of Public Safety; MN Licensing and Registration System (MNLARS)
129	SF 2629	Modifying eligibility requirements for job training program grants
131	HF 4157	Exoneration claims; injury claims; other claims against the state
141	SF 2762	Modifying construction project rate for certain facilities
155	SF 3245	Permitting residential property assessed clean energy loan program; produces fee revenue
185	HF 3873	Modifying workers' compensation provisions; modifying hospital outpatient fee schedules
186	SF 3168	Authorizing the sale of state lands
198	HF 3763	Clarifying the use of taconite revenue
204	HF 3660	Implementing the terms of the legal settlement between the state of Minnesota and the 3M Company
207	SF 3062	Making technical changes to higher education loan forgiveness programs
208	HF 3423	Appropriating money from the Legacy funds
211	SF 2620	Omnibus Pensions Act
214	HF 4425	Omnibus Capital Investment Act; Legislative-Citizen Commission on Minnesota Resources Finance Act; Authorizing appropriation bonds from the Environment and Natural Resources Trust Fund

Note all chapter numbers are 2018 Regular Session unless indicated.
For detailed language of each act, please see:
<https://www.revisor.mn.gov/laws/?view=session&year=2018&type=0>

