At the beginning of the 2015 legislative session, the February Economic and Budget Forecast projected a FY 2016-17 General Fund balance of $1.867 billion. Legislative actions during the 2015 regular and special sessions resulted in an $865 million General Fund fund balance, a change of $1.002 billion. Areas most impacted were E-12 education, higher education, health and human services, and public safety. The enacted general fund spending budget for the FY 2016-17 biennium is $41.834 billion, a 1.7 percent increase over the 2015 February forecast. Changes include $1.134 billion in spending ($429 million in FY 2015 and $705 million in FY 2016-17), offset by $132 million of increased revenues. These changes also impact the next budget period, leaving a projected balance of $2.170 billion for the 2018-19 biennium.

### 2015 Legislative Session Summary

#### FY 2016-17 Budget Forecast

<table>
<thead>
<tr>
<th>Change from February 2015 Forecast</th>
<th>2016-17</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beginning Balance</strong></td>
<td>$1,421</td>
<td>$(429)</td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td>$40,803</td>
<td>$30</td>
</tr>
<tr>
<td>Non-Tax Revenues</td>
<td>1,426</td>
<td>23</td>
</tr>
<tr>
<td>Transfers, Other Resources</td>
<td>400</td>
<td>79</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>42,629</td>
<td>132</td>
</tr>
<tr>
<td><strong>Expenditures</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-12 Education</td>
<td>$17,236</td>
<td>$526</td>
</tr>
<tr>
<td>Higher Education</td>
<td>3,066</td>
<td>174</td>
</tr>
<tr>
<td>Health and Human Services</td>
<td>12,481</td>
<td>(291)</td>
</tr>
<tr>
<td>Public Safety</td>
<td>2,122</td>
<td>115</td>
</tr>
<tr>
<td>All Other Bill Areas</td>
<td>6,929</td>
<td>182</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>41,834</td>
<td>705</td>
</tr>
<tr>
<td><strong>Reserves</strong></td>
<td>1,351</td>
<td>-</td>
</tr>
<tr>
<td><strong>Budgetary Balance</strong></td>
<td>865</td>
<td>(1,002)</td>
</tr>
</tbody>
</table>

#### E-12. $526 million general fund spending increase in FY 2016-17; $881 million general fund spending increase in FY 2018-19.

- **General Education Funding:** The basic education formula allowance that funds our K-12 schools was increased by 2% in each year of the biennium. ($346 million)
- **Early Childhood Education:** Increased investments in early childhood education programs, including Early Learning Scholarships ($48 million), School Readiness ($31 million), and Head Start ($10 million).
- **School Facilities:** Replaced various facilities aids with long-term facilities maintenance aid to provide more equitable and sustainable facilities funding to all districts statewide. ($32 million)

#### Higher Education. $174 million general fund spending increase in FY 2016-17; $173 million general fund spending increase in FY 2018-19.

- **Operations:** Increased operations funding for the University of Minnesota ($22 million) and MnSCU ($100 million) to limit tuition increases over the next two school years.
- **State Grant:** Increased the grant allowance for all eligible students and the number of students eligible for the Office of Higher Education’s State Grant program. ($7 million)
- **Medical School:** Increased the University of Minnesota Medical School’s research capacity to ensure its national prominence by attracting and retaining world-class faculty, staff, and students. ($30 million)

#### Health & Human Services. $291 million general fund spending reduction in FY 2016-17; $553 million general fund spending increase in FY 2018-19.

- **Nursing Facilities:** Increased payments to nursing facilities to better reflect the cost of providing care and promote provider quality. ($138 million)
Public Health: Advanced varied public health initiatives to reduce disparities, improve population health, and promote access to care. ($25 million)

Health Care: Increased payments to public health care providers, including rural hospitals and dentists and nonemergency medical transportation providers. ($22 million)

Child Protection: Increased spending for child protection to support grants to counties for child protection staffing costs and activities, enhanced state oversight, and the establishment of a new grant program to address racial disparities in child welfare. ($52 million)

Chemical and Mental Health: Provided increased funding for mental health and chemical dependency programs, including children’s mental health initiatives, care coordination for those with serious mental illness, a rate increase for chemical dependency providers and increased funding for state-operated services. ($73 million)

Savings: Captured savings in public health care programs through lowering managed care administrative expenditures and establishing more frequent eligibility verification. ($34 million in savings)

Medical Assistance Costs: Shifted Medical Assistance spending from the General Fund to Health Care Access Fund to lower General Fund spending in FY 2016-17. ($538 million) Transferred funds from the General Fund to the Health Care Access Fund in FY 2015 to pay for Medical Assistance spending shifted in FY 2016. ($455 million)

Transportation. $62 million general fund spending increase in FY 2016-17; $30 million general fund spending increase in FY 2018-19.

Maintaining State Infrastructure: Added funding for road and bridge projects in small cities with a population less than 5,000 ($13 million), and increased spending from the Airport Fund on a one time basis for increased maintenance at state airports ($11 million).

Security and Enforcement: Enhanced Capitol Security budget ($3.1 million), and funded the purchase of a new airplane for State Patrol highway enforcement ($1 million).

Railroad Safety: Provided a one-time increase for railroad safety crossings. Funding is available statewide. ($5 million)

Public Safety. $115 million general fund spending increase in FY 2016-17; $140 million general fund spending increase in FY 2018-19.

Crime Lab: Increased the Bureau of Criminal Apprehension’s (BCA) funding to ensure prompt responses and necessary lab work for solving crimes across the state. ($11 million)

Corrections: Increased funding for the Department of Corrections’ Intensive Supervised Release program to supervise high risk offenders in the community ($4 million), and for the Fugitive Apprehension Unit to apprehend felons ($2 million).

Operations: Increased support for current services in the Judicial branch and the Department of Corrections. ($64 million)

Environment & Agriculture. $39 million general fund spending increase in FY 2016-17; $60 million general fund spending increase in FY 2018-19.

MN Zoo: Increased funding to Minnesota Zoo to maintain current service levels. ($6 million)

Parks and Trails: Increased funding to the Parks and Trails division of the Department of Natural Resources to maintain current service levels in state parks. ($9 million)

Recycling: Created a new competitive recycling grant program, with a maximum award amount of $250,000, for counties outside the seven-county metropolitan area and municipalities with a population less than 40,000. ($2 million)
- **Avian Flu**: Provided funding to state agencies for the response to the highly pathogenic avian influenza outbreak. ($7 million) Additional funding is provided to the rural finance authority for loans to impacted farmers. ($10 million)

- **Closed Landfill Investment Fund**: Transferred funding from the closed landfill investment fund in both the agriculture and environment bill ($58 million) and the jobs and economic development bill ($5 million) to fund one-time spending in those bill areas. Included a statutory requirement to repay the funds.

**Jobs, Economic Development, Housing, & Commerce.** $51 million general fund spending increase in FY 2016-17; $21 million general fund spending increase in FY 2018-19.

- **Broadband**: Increased funding for the Border-to-Border Broadband Development Grant Program. ($11 million)

- **Olmstead**: Provided additional funding for Individual Placement Services, Extended Employment, and Bridges programs. These programs further the employment goals outlined in the state’s Olmstead Plan. ($5 million)

- **Workforce Housing**: Invested in workforce housing programs in both the Minnesota Housing Finance Agency and the Department of Employment and Economic Development. ($6 million)

- **Heating Assistance**: Created a propane pre-purchase program to purchase heating fuels in the off-season, when costs may be lower for consumers. The pre-purchase program is contingent upon federal approval of repurposing grant dollars for this purpose.

**State Government, Veterans & Pensions.** $24 million general fund spending increase in FY 2016-17; $56 million general fund spending increase in FY 2018-19.

- **Pensions**: Reduced state aid payments to the Public Employees Retirement Association (PERA) due to a downward revision of the estimated aid needed by the plan following the merger with the Minneapolis Employees Retirement Fund (MERF). ($36 million in FY 2016-17; $16 million in future biennia)

- **Veterans Affairs**: Increased operating funds for the Department of Veterans Affairs to cover the rising costs of providing care to elderly and disabled Minnesota veterans. ($17 million)

- **Senate Operating Budget**: Increased the Senate’s operating budget, including funding for rental payments to cover the cost of debt service and maintenance for the legislative office building and parking garage. ($15 million)

**Taxes and Local Aides & Credits.** $30 million general fund revenue increase and $9 million general fund spending reduction in FY 2016-17; $10 million general fund revenue increase in FY 2018-19.

- **Tax Revenues**: Delayed the implementation of a sales tax exemption for local special taxing districts, joint powers, and instrumentalities ($20 million tax revenue increase, FY 2016-17 only), and disallowed non-residents from claiming the working family income tax credit ongoing ($10 million tax revenue increase).

- **Political Contributions**: Enacted a two year suspension of the political contributions refund program. ($9 million spending reduction, FY 2016-17 only)

**Capital Budget.** $12 million general fund spending increase in FY 2016-17; $2 million general fund spending reduction in FY 2018-19.

- **Capital Projects**: Funding provided for $373 million in capital investment projects, including: $172 million for transportation investments, $59 million for higher education, $32 million for the capitol restoration project, and $26 million for disaster relief needed due to storms and flooding that occurred in the summer of 2014.

- **For more detail**: Additional information on the capital budget can be found on MMB’s [capital budget page](#).