MN HOUSE
FISCAL ANALYSIS

A Glossary of Fiscal Terms & Acronyms

Updated December 2024

This glossary is a resource document containing terms and acronyms commonly used in legislative finance committees, and in the discussion of state budget and tax issues. The first section contains terms and abbreviations used broadly in all finance committees. The remaining sections contain terms for specific subject areas.

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The House Fiscal Analysis Department website has fiscal staff publications from recent years as well as spreadsheets for the major finance bills for past years.

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GLOSSARY OF FISCAL TERMS AND ACRONYMS
General Budget

Term	Description/Definition
Appropriation	Authorization by the legislature to spend money from the state treasury for purposes established in law. Appropriation language typically states: "$XXX in fiscal year 2025 is appropriated from the general fund to a state agency for a certain purpose." The Minnesota Constitution prohibits payment of money out of the treasury unless authorized by an appropriation. (Minn. Const. art. XI, § 1)
Allotment	Administrative limits on the amount to be spent or encumbered for a legislatively authorized purpose. Agencies develop a spending plan based on appropriations; then money is allotted for each expenditure. In the accounting system, allotments act as a control, prohibiting spending beyond the established limits.
Annualization	The practice of adjusting spending totals to determine the annual costs of programs that were funded for only a portion of the previous year. For example, the annualized cost of a program that cost $500,000 for six months of operation is $1,000,000.
Annual Comprehensive Financial Report (ACFR)	A report, issued by Minnesota Management and Budget, that includes all the state's financial statements and disclosures consistent with generally accepted government accounting principles. The ACFR is required by Minnesota Statutes, section 16A.50.
Balanced Budget	The constitution authorizes borrowing for cash flow purposes within a biennium only (Minn. Const. art. XI, § 6). The effect of this limit is that in any given biennium, the state's general fund biennial budget must be balanced—revenues and any balance carried forward from a previous biennium must be greater than or equal to expenditures and transfers out.
Base	The base level of an appropriation for a budget period is defined in law (M.S. § 16A.11, subd. 3, para. (b)) as the amount appropriated for the program in the second year of the previous biennium. (For example, the base for FY 2026 is the amount appropriated for FY 2025.) A different base amount may be specified in law.
Base Adjustment	Adjustments to the base budget allowed by statute (M.S. § 16A.11, subd. 3). Base adjustments may remove onetime appropriations, implement changes directed in law, or adjust for other technical items such as the transfer of a program from one agency to another. (See also *Forecast Changes*.)
Biennial Budget Documents	Budget documents contain narrative and fiscal information at the budget activity level for each state agency. Minnesota Statutes, section 16A.11 requires the governor to submit a budget message and detailed operating

Term	Description/Definition
	budget recommendations by the fourth Tuesday in January in odd-numbered years. (However, in the year following the election of a new governor, the budget recommendations must be submitted by the third Tuesday in February.) Minnesota Management and Budget (MMB) is required to submit the final budget format, agency plans, and budget estimates to the legislature by November 30 of the year prior to release of the governor's budget. MMB is also required to seek the involvement of the legislature in developing budget forms and instructions, and in designing the budget document format. (M.S. § 16A.10)
Biennium	Minnesota has a two-year (biennial) budget period. For example, the FY 2026-27 biennium begins on July 1, 2025, and ends at midnight June 30, 2027. The legislature appropriates the major portion of the biennial budget in the odd–numbered year session, and makes adjustments as needed during the even–numbered years.
Budget	The plan or authorization for revenues and expenditures in a fixed period of time. State law (M.S. § 16A.11, subd. 2) requires the governor to present a balanced budget to the legislature for consideration in January of each odd-numbered year.
Budget Planning and Analysis System (BPAS)	The information system managed by Minnesota Management and Budget to prepare budget documents and provide budget information.
Budget Reserve or Rainy Day Fund	The budget reserve is like a savings account and serves as a hedge against an economic downturn. Amounts in the budget reserve must be spent prior to any unallotment, but only after consultation with the Legislative Advisory Commission. MMB is required to make a recommendation of an adequate budget reserve level on September 30 of each year. In 2024, MMB recommended a reserve equal to 5.2 percent of General Fund revenue. (M.S. § 16A.152)
Budget Resolution	The *Permanent Rules of the House* (4.03) require the House Ways and Means Committee to adopt a resolution which sets maximum limits on general fund expenditures and establishes the amount of the budget reserve and cash flow accounts. This must occur within the 25 days following the last release of a general fund budget forecast during the legislative session in an odd-numbered year. The Ways and Means Committee uses the resolution to reconcile finance and revenue bills to ensure that the budget limits are not exceeded. The resolution may be amended.
Budgetary Balance	The amount of money left on the bottom line of the general fund balance for a biennium considering projected revenue and expenditures and money set aside for reserves.
Cancellations	Money appropriated but unspent and unencumbered at the end of a biennium or end of the period of time for which the appropriation was made.

Term	Description/Definition
	Such amounts, in most instances, are canceled to or added back to the fund from which they were appropriated.
Carryforward	Unspent money from one year available for use in the following year. Upon approval from MMB, agencies may carry forward unspent and unencumbered non-grant operating balances from the first year of the biennium to the second. (M.S. § 16A.28) The legislature may spend its appropriation for all or part of a biennium in either year of the biennium. The courts and constitutional officers may spend appropriations in either year of the biennium if funds are insufficient in the other year.
Cash Flow	A measure of the timing of incoming revenue and outgoing spending. A budget may be balanced but cash flow may be negative if spending occurs before revenue comes in.
Cash Flow Account	State spending is not constant across the fiscal year, but rather has peaks and valleys based on patterns of receipts and expenditures. A cash flow account (separate from the budget reserve) is established, as an amount specified by law, to avoid short–term borrowing during cash low points. (M.S. § 16A.152, subd. 1)
Change Request or Change Item	The term used for executive branch agency requests for budget changes from base levels.
Claims	The disposition of certain claims against state agencies or employees are determined by the legislature. These claims are reviewed by a joint House-Senate subcommittee and then considered as a bill by the House and Senate.
Complement	Total number of employees. Information on full-time equivalent (FTE) positions in agencies must be included in the biennial budget documents.
Consolidated Fund Statement (CFS)	A summary of revenues, expenditures, reserves, and year–end balances for all of the state's operating funds including the general fund. Consolidated fund statements are issued by MMB at the time of a budget forecast and following a legislative session.
Contingency Funds	Appropriation(s) that may be spent by the governor to meet emergency needs of the state when the legislature is not in session. Prior to the use of contingency funds, the governor must solicit feedback from the Legislative Advisory Committee. In a typical biennium, about $1 to 2 million in total is available for the contingency accounts from the general fund, the state government special revenue fund, and the workers compensation fund.
Coronavirus Relief Fund (CRF)	Federal funds received by the state to pay for certain otherwise unbudgeted expenses related to the COVID-19 pandemic. Expenses must have occurred between March 1, 2020, and December 30, 2020, and funds must have been spent by December 31, 2021. Expenditures are made under both the

Term	Description/Definition
	statutory appropriation of federal funds (M.S. § 4.07, subd. 3) and legislatively enacted appropriations.
Consumer Price Index (CPI)	A measure of inflation intended to capture the increased prices facing consumers for a fixed market basket of services and goods, including food, housing, transportation, clothing, medical care, and entertainment. CPI figures are released by the U.S. Department of Labor, Bureau of Labor Statistics (http://www.bls.gov/cpi/).
COVID-19 Minnesota Fund	A fund established in March 2020 appropriated to the commissioner of MMB to pay for costs related to the COVID-19 pandemic. The fund expired December 31, 2020. (Laws 2020, chapter 71, article 1, §§ 7, 8, and 9, as amended by Laws 2020, chapter 81)
Debt Service Fund	The fund used to make principal and interest payments on the state's general obligation bonds.
Debt Capacity Forecast	Each year in February and November, the commissioner of Management and Budget must prepare a forecast on the state's indebtedness (M.S. § 16A.105). The forecast must include information on long–term general obligation debt including the actual debt service paid from the general fund for the past two fiscal years and estimated debt service for the current fiscal year and the next six fiscal years. In addition, the report must note the amount of debt authorized and unissued and the borrowing capacity for the next six fiscal years. The borrowing capacity is based on the state's debt management guidelines, which are outlined in the debt capacity forecast.
Dedicated Revenues or Expenditures	Money raised and earmarked to be spent for specific purposes.
Departmental Earnings	Money collected by state agencies through service user fees, occupational license charges, regulatory charges, and other charges. In general, these fees are to be set at a level that "neither significantly over recovers nor under recovers costs, including overhead costs, involved in providing the services." (M.S. § 16A.1285, subd. 2)
Direct Appropriation	An appropriation for a specific amount of money, for use only during a specific time period. Most appropriations in omnibus bills are direct appropriations. Appropriations are usually for each year of the biennium; however, legislation occasionally makes single-year appropriations available in either year of the biennium.
Earmark	To dedicate in law a revenue stream for a specific purpose or expenditure; a dedicated revenue.
Encumbrance	Commitment of money to meet an obligation that is expected to be incurred to pay for goods or services received by the state, or to pay a grant. Encumbrance is the accounting control device that agencies use to reserve portions of their allotments for expenditures that will soon be incurred.

Term	Description/Definition
	Agencies must encumber money before they can spend it, providing a system to keep track of outstanding obligations.
Enterprise Funds	Funds that provide money for services to the general public through programs that are expected to recover their full costs, primarily through user charges. Examples include the higher education services office student loan fund, the state lottery fund, the chemical dependency treatment fund, and the private employers Insurance fund.
Executive Budget Officer (EBO)	MMB staff who are assigned to specific budget areas and who are responsible for developing the governor's budget and tracking legislative actions.
Expenditure	The spending or disbursement of money from an appropriation.
Federal Funds	Revenues received by the state from federal government appropriations. Federal funds are deposited in the state treasury and must be appropriated to be spent. A process for legislative review of federal funds is established in Minnesota Statutes, section 3.3005.
Federal Matching Requirements	A requirement that the state commit a specific amount of state funds for a particular purpose to obtain federal funds for the same purpose. In general, percentages vary from 0 to 50 percent. For example, a federal grant that requires a ten percent match would involve $1 million (state funds) and $10 million (federal funds) for a total of $11 million. The amount of funding the state must commit is often referred to as the "state match."
Fiduciary Funds	Account for assets held by the state in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or funds. These include pension trusts funds, nonexpendable trust funds (where the principal may not be expended, e.g., the Permanent School Fund, Environmental and Natural Resources Nonexpendable Trust Fund), expendable trust funds (e.g., the Municipal State–aid Street Fund, County State-aid Highway Fund, Environment and Natural Resources Expendable Trust Fund, Reemployment Compensation Fund), and agency funds, such as the Deferred Compensation Fund.
Minnesota Management and Budget (MMB)	The agency with broad powers to administer the financial affairs of the state, among them the responsibility to develop and present the governor's budget, produce forecasts of state revenues, expenditures, and debt capacity, and to manage the state's capital indebtedness and capital bonding. The commissioner of MMB is designated in statute as the state's chief accounting officer, principal financial officer, and the state controller.
Fiscal Note	Official estimate of expenditures or nontax revenues resulting from proposed legislation, prepared by agencies or fiscal staff. State statute (M.S. § 3.98) requires that fiscal notes be prepared at the request of the chair of the standing committee to which a bill has been referred, or by the chair of the Ways and Means Committee of the House or Finance

Term	Description/Definition
	Committee of the Senate. State law defines the required components of a fiscal note. The Legislative Budget Office is responsible for oversight of the processing, preparation, delivery, and updating of fiscal notes, and for assuring their accuracy and completeness.
Fiscal Note Tracking System (FNTS)	The system used to request, prepare, and deliver fiscal notes.
Fiscal Year	The 12–month period on which the state's budget is based; for the state of Minnesota the fiscal year runs from July 1 to June 30. (State fiscal year 2025 began on July 1, 2024.) School district fiscal years are the same as the state fiscal year. Minnesota county and city fiscal years are the same as the calendar year. The federal fiscal year runs from October 1 to September 30. (Federal fiscal year 2025 began on October 1, 2024.)
Forecast	Each year in November and February, MMB is required to project state revenues and expenditures based on current law (M.S. § 16A.103). This estimate is the "forecast" upon which the governor and the legislature base their budget proposals. The state economist uses both national economic forecasting data and Minnesota–specific data. Within the forecast process, the Department of Revenue is required to forecast revenues to be received by school districts, counties, and towns. MMB is also required to submit a debt capacity forecast at the same time as the revenue and expenditure forecast.
Forecast Changes	Adjustments to the base budget in a forecasted program as a result of a new budget forecast that predicts expenditure difference from the base.
Forecasted Programs	Programs where funding levels are adjusted in a budget forecast based on changes in caseloads, enrollments, or average costs. Funding formulas for these programs are like entitlements.
Fund Balance or Fund Statement	Summary of revenues, expenditures, reserves, and year–end balances for a fund or funds. This term is most often used with the general fund. Fund balance documents are updated with the release of a budget forecast, after a session ends, and for the release of a governor's budget.
Generally Accepted Accounting Principles (GAAP)	Uniform standards for government accounts. Most state funds are accounted for using the modified accrual basis of accounting which recognizes the unique revenue and expenditure issues for some state payments. If a state law requires different accounting than a GAAP standard, the difference will be noted as an audit exception. GAAP is administered by the Governmental Accounting Standards Board (GASB).
Gross Domestic Product (GDP)	The total value of all goods and services provided in a country by residents and non–residents of that country.
GDP Implicit Price Deflator	An inflationary measure intended to capture changes in the average price of goods and services in the U.S. Unlike the CPI, which measures changes in a

Term	Description/Definition
	fixed group of goods and services, the price deflator measures a changing mix of goods and services and includes consumer expenditures, private investment, government spending, and exports net of imports. The GDP implicit price deflator is available from the U.S. Department of Commerce, Bureau of Economic Statistics.
General Fund	The largest fund in the state treasury, into which receipts from most major taxes are deposited (e.g., individual and corporate income, sales, cigarette and liquor, etc.). Most of the money in the general fund is not earmarked for specific purposes. The general fund is the major source of funding for education, health care and human services, and other major functions of state government. (M.S. § 16A.54)
Gross State Product (GSP)	A measure of state economic output.
Internal Service Funds	Funds internal to the operation of state government that provide a variety of services to state agencies, such as telecommunications and computer services, plant management, office supplies, and surplus services. The full costs of services provided must be covered by billing back state agencies.
K-12	Kindergarten through grade twelve education.
Legacy Funds	Four funds established by a 2008 amendment to the Minnesota Constitution and funded with an increase of 0.375 percentage points in the state sales tax. The four funds are: (1) the Outdoor Heritage Fund; (2) the Arts & Cultural Heritage Fund; (3) the Clean Water Fund; and (4) the Parks & Trails Fund. Spending from these funds must be appropriated by the legislature each biennium or year.
Legislative Advisory Commission (LAC)	Joint House–Senate legislative commission assigned responsibility for reviewing the acceptance of federal grants when the legislature is not in session and the allocation of emergency contingent funds. The LAC also advises the governor on issues such as spending from the budget reserve when receipts are lower than projected expenditures and on spending of certain contingent appropriations. (M.S. §§ 3.30, 3.3005)
Legislative Budget Office (LBO)	A nonpartisan office with responsibility for oversight of fiscal notes and local impact notes. The LBO took over responsibility for fiscal notes September 1, 2019, and supports the Tax Expenditure Review Commission. The Legislative Budget Office Commission oversees the LBO.
Legislative Commission on Planning and Fiscal Policy (LCPFP)	Joint House-Senate legislative commission that examines and reviews state budget and fiscal issues.
Local Impact Notes	An estimate of the local government cost of certain legislation or administrative rules proposing state mandates that have fiscal impacts on political subdivisions including school districts. Notes are prepared by the

Term	Description/Definition
	LBO at the request of the chair or ranking minority member of the House or Senate Tax, Finance, or Ways & Means Committees. (M.S. §§ 3.986 to 3.988)
Mandates	Requirements imposed by one level of government on another. A mandate may refer to requirements imposed by the funding level of government that must be met by the recipient governments in order to receive funds.
Non-Dedicated Revenue	Revenue not dedicated to a specific spending purpose; for example, most general fund revenue.
Omnibus Bill or Act	A collection of separate bills or appropriations in a single, large bill or act.
Open Appropriations	A form of statutory appropriation where the level of funding necessary to fulfill the obligation is made available in the fiscal year. The state fund balance shows an estimate of the amount expected to be spent. Some programs funded by formula (e.g., general education aid), and programs funded through fees, are open appropriations.
Performance-Based Budgeting	Setting appropriations based on expected agency performance levels or with the intent of encouraging certain performance. Performance-based budgeting focuses on agency or program outcomes rather than inputs. Also called Results Budgeting.
Performance-Based Reporting	A system that identifies specific goals and objectives and attempts to measure progress toward those goals. The system is intended to focus on the outcomes, or effects, of government activities, rather than on inputs, such as the number of employees performing an operation. Performance data must be included in the biennial budget documents.
Personal Income	In national economic accounting, personal income is the income received by persons: individuals, owners of unincorporated businesses (including partnerships), nonprofit institutions, private trust funds, and private non-insured welfare funds. Personal income is the sum of wage and salary disbursements, other labor income, proprietors' income, rental income of persons, dividends, and personal interest income and transfer payments, less personal contributions for social insurance. – (Source: U.S. Department of Commerce, Bureau of Economic Analysis) Minnesota personal income is used in the price of government calculation.
Planning Estimates	Expenditure estimates for the biennium after the one for which appropriations are being made (FY 2028-29 during the 2025 and 2026 sessions).
Price of Government (POG)	A comparison of revenue raised by state and local government in Minnesota to personal income in Minnesota. The measure is expressed as a percentage, comparing state and local government tax and non–tax revenues to aggregate Minnesota personal income. The price of government

Term	Description/Definition
	percentage is reported when budget forecasts are released and after a legislative session is completed. (M.S. § 16A.102)
Real (Constant) Dollars	The value of money after adjusting for inflation (vs. nominal, or current, value—the value without adjusting for inflationary effects).
Reciprocity	A mutual action, exchange, or agreement, usually between two states, such as mutual recognition of residency for purposes of income tax liability, eligibility for resident tuition, and the like.
Request for Proposal (RFP)	A process used to solicit proposals from interested parties for specific agency initiatives. The RFP contains detailed information about the proposals being sought including potential funding available and required time lines. The process involves the submittal of detailed applications by interested parties.
Results Budgeting	See *Performance-Based Budgeting*.
Revenue	Money Received by the state mainly from taxes, and non-tax revenues such as fees, interest and earnings.
Revenue Estimate	Official fiscal analysis prepared by the Department of Revenue, forecasting the revenue loss or gain from the enactment of proposed tax legislation. (See M.S. § 270C.11, subds. 4 to 5.) The revenue estimate does not identify the costs a state agency or local government may incur to implement the proposed change; a fiscal note is required to obtain any state agency cost. Revenue estimates are available on the Department of Revenue website at Department of Revenue.
Revolving Fund	A fund established in law in which revenue (including loan payments) is credited back to the fund for the same use as the original appropriation.
Sequestration	A process for reductions in federal spending mandated by the Budget Control Act of 2011. Beginning in federal fiscal year 2013, and continuing for 10 years with reductions increasing in later years, programs not specifically exempt from sequestration will receive across-the-board budget reductions.
Special Funds	A grouping of revenues from certain sources from which certain expenditures are made. The state of Minnesota has a general fund and a variety of special funds. Revenues for these special funds are usually dedicated, and expenditures from the special funds are usually restricted for certain purposes. Examples of special funds include the Highway User Tax Distribution Fund, Trunk Highway Fund, Environmental Fund, Natural Resources Fund, Game and Fish Fund, Health Care Access Fund, State Government Special Revenue Fund, and Special Revenue Fund.

Term	Description/Definition
Special Revenue Fund	A specific special fund that includes many miscellaneous accounts. See *Special Funds*, above.
Spending Plan	Developed by state agencies after the legislative appropriation process is completed, the plans must specify the purpose and amount required for each activity and must be "within the amount and purpose of the appropriation." State law (M.S. § 16A.14, subd. 3) requires that agency spending plans must be approved by MMB before any money is spent.
Statutory (or Standing) Appropriation	An appropriation made in statute (instead of session law) authorizing the ongoing payment out of the treasury for a program. In contrast to direct appropriations, statutory appropriations need not be renewed every biennium for funding to continue.
State Aids	Programs by which the government provides financial assistance to political subdivisions to assist them in delivering public services, financing public facilities, or reducing property taxes in connection with state mandates, programs, and procedures.
Structural Balance	The measure of whether or not projected revenues are greater than or equal to projected expenditures in a certain time period.
Supplemental Budget	Refers to either (1) adjustments to the biennial budget considered in even–numbered years; or (2) changes to the original budget documents submitted by the governor (usually based on revised estimates of forecasted revenues and expenditures).
Statewide Integrated Financial Tool (SWIFT)	The state's financial accounting, procurement, human resources, and payroll system. See the "State Government Finance" section.
Tails	The future budget effects of any appropriation or revenue provision; or an appropriation, funding formula, or tax expenditure that takes effect in, or carries forward to, a future biennium.
Targets	In the legislative process, these are specific limits on spending that are assigned by the House Ways and Means Committee via the Budget Resolution. The individual committee targets add up to the total limit on expenditures established in the Budget Resolution.
Transfers	Minnesota Statutes, section 16A.285 allows agencies to transfer operations money between programs within the same fund. Agencies must notify the commissioner of MMB of the transfer. A transfer must be consistent with legislative intent and must be reported by MMB to the chairs of the House Ways and Means Committee and the Senate Finance Committee. Agencies may transfer funds within programs without notifying the legislature, unless language in statute or law prohibits a specific transfer. A transfer may also refer to the legislatively directed movement of money from one fund or account to another.

Term	Description/Definition
Unallotment	Statute directs the commissioner of MMB (with the approval of the governor and after consulting with the Legislative Advisory Commission) to reduce unspent allotments if a deficit would otherwise occur (M.S. § 16A.152, subd. 4). The commissioner may only unallot general fund appropriations after the budget reserve is used to balance expenditures and revenues.
Veto	The Minnesota State Constitution allows the governor to veto a bill or to veto one or more items of appropriation in a bill while approving the rest of the bill (line-item veto). If the governor signs a bill that contains vetoed provisions, a statement of the items vetoed must be attached to the signed bill. If the legislature is in session, the governor must transmit the bill to the house where it originated, and repassage of the vetoed items may be considered separately.
Zero Based Budgeting	A budget building process that starts from the assumption that an appropriation is zero rather than a base amount that is the same as a previous appropriation.

GLOSSARY OF FISCAL TERMS AND ACRONYMS
Agriculture

Term	Description/Definition
Agricultural Chemical Response and Reimbursement Account (ACRRA)	An account within the Agricultural Fund for agricultural chemical spill remediation.
Agricultural Research, Education, and Extension Tech Transfer Program (AGREETT)	The purpose of the program is to provide state investment in the areas of agricultural research, extension, and teaching at the University of Minnesota. An advisory panel of agriculture industry representatives, University leaders, and the Minnesota Department of Agriculture determines the use of the funds.
Agricultural Growth, Research, and Innovation (AGRI)	The purpose of the program is to promote the advancement of the state's agricultural and renewable energy industries.
Agricultural Best Management Practices Program	This is a revolving loan program that is supported by MDA and PFA funds. Program goals include decreasing pollution from agriculture operation thru improvements in facilities and practices in the agriculture industry.
Agricultural Fund or Ag Fund	A fund in the state treasury that includes many of the Agriculture Department's fee based programs.
Agriculture State Special Appropriation	The appropriation from the General Fund is to the University of Minnesota to be used for the MN Extension Service and the Agricultural Experiment Stations.
Agricultural Water Quality Certification Program (MAWQCP)	Created in 2013, the program is voluntary for farmers to implement water conservation practices and in return receive regulatory certainty for 10 years.
Agricultural Utilization Research Institute (AURI)	AURI's mission is to identify and expand existing markets and develop new uses for the state's agricultural commodities.
Avian Influenza	Animal disease addressed by the 2015 Legislature in partnership with the USDA and several state agencies. Appropriations related to this disease began in 2015.
Board of Animal Health (BAH)	The board's mission is to protect, maintain, and improve the health of the state's domestic animals.
Clean Water Legacy	The name given to Minnesota Statutes, chapter 114D. It governs the state efforts to protect, restore and preserve the quality of surface waters of the state in accordance with the federal Clean Water Act.

Term	Description/Definition
Ethanol Producer Payments	Payments made to ethanol producers in the state based on a per gallon produced amount. Final payments were made in FY 2013.
Integrated Pest Management Program (IPM)	The IPM Program develops and implements statewide strategies for the increased use of IPM on private and state managed lands.
Minnesota Department of Agriculture (MDA)	The department's mission includes working toward profitable and environmental sound agricultural industry, safe food, and orderly commerce in agricultural products.
Rural Finance Authority (RFA)	The Department of Agriculture's division that manages a variety of agriculture related loan programs.
United States Department of Agriculture (USDA)	Acronym for the United States Department of Agriculture. USDA is the federal executive branch department responsible for developing and executing federal laws related to farming, forestry, rural economic development, and food.

GLOSSARY OF FISCAL TERMS AND ACRONYMS
Capital Investment

Term	Description/Definition
Appropriation Bonds	Bonds that may be issued by the state of Minnesota or by an entity other than the state of Minnesota. The distinguishing characteristics of these bonds are: (1) the legislature makes an annual appropriation to pay the debt service on the bonds; (2) the state does not stand behind the bonds with its full faith, credit, and taxing powers; (3) the bonds are not considered public debt as defined by the Minnesota Constitution; and (4) the state does not have a contractual obligation to pay bondholders the debt service owed on the bonds. However, if the state would not make an appropriation for the debt service, the state's credit rating would likely be affected. Appropriation bonds have typically been backed by a general fund statutory appropriation but can also be backed by other state funds.
Arbitrage	The financial gain that can be garnered by selling tax-exempt bonds and reinvesting the bond proceeds at a higher, taxable, interest rate. For example, if the principal of an eight percent bond is invested at 10 percent, the two percent profit that results is the arbitrage gain. Arbitrage is regulated and limited by federal tax law.
Bond	A written promise to pay a specific sum of money (the principal) at a date or dates in the future (the maturity) together with periodic interest at a specified rate.
Bond Counsel	Attorneys for the state (currently Kutak Rock LLP) who provide assistance with bond sales and other bond-related matters, including offering an unqualified legal opinion approving the issuance of bonds and with respect to the tax status of the bonds being issued. To ensure projects are "bondable," the legislature and governor often consult with bond counsel when they are writing a law containing bond-financed projects.
Bond Rating	Rating for bonds to be issued that primarily reflects the ability of the issuer to repay the bonds, in essence, the bond issuer's credit rating. Better bond ratings result in lower interest rates for the bonds issued. Current bond rates for the state are AAA by Fitch and Standard and Poor's and Aa1 by Moody's.
Bond Sale Expenses	Funds appropriated to Minnesota Management and Budget for expenses associated with selling general obligation bonds (including bond counsel fees); approximately one-tenth of one percent of the total general obligation bonds authorized less any cancellations.
Call Option	A stipulation in a bond contract that allows the issuer the option to buy back the bonds at a specified date. A call option gives the issuer flexibility to lower

Term	Description/Definition
	costs if interest rates drop. Call options typically are set at 10 years on Minnesota's 20 year bonds.
Cancellation Report	Required notification from the commissioner of Minnesota Management and Budget to the chairs of the Senate Finance Committee, House Ways and Means Committee, and House and Senate Capital Investment Committees by January 1 of each odd numbered year highlighting general fund and bond financed projects authorized more than four years before January 1; these projects will cancel on July 1 unless action is taken by the legislature.
Capital Budget	Includes funding for tangible, public assets rather than programmatic-related activities. Funding for this budget comes from a variety of sources, including general obligation bonds, user-financed bonds, revenue bonds, and general fund cash. Typically, the capital budget is larger in the even-numbered years and smaller in the odd-numbered years.
Capital Asset Preservation and Renewal Account (CAPRA)	Bond funds appropriated to the Department of Administration for the purpose of restoring or maintaining state agency buildings and other items of a capital nature. (See also, *HEAPR*.)
Certificates of Participation (COP)	Are financial products in which an investor buys a share of lease revenue rather than buying bonds for projects. For example, in 2014 the state sold Certificates of Participation for a new legislative office facility in which the Department of Administration is leasing the building from Minnesota Management and Budget, who in turn pays certificate holders, in this case Wells Fargo Bank. The debt service for a certificate of participation is paid though agency rent. These agreements are not general obligation debt and are not backed by the full faith and credit of the state, but still count toward the state's debt capacity.
Construction	The phase of a building project following predesign and design. It usually accounts for more than 91 percent of the spending on a project, and is the implementation of the predesign and design stage decisions.
Debt Capacity Forecast	Each year in February and November, the commissioner of Management and Budget must prepare a forecast on the state's indebtedness (M.S. § 16A.105). The forecast must include information on long-term general obligation debt, including the actual debt service paid from the general fund for the past two fiscal years and estimated debt service for the current fiscal year and the next six fiscal years. In addition, the report must note the amount of debt authorized and unissued and the borrowing capacity for the next six fiscal years. The borrowing capacity is based on the state's debt management guidelines, which are typically discussed briefly in the forecast.
Debt Capacity	The estimated maximum amount of additional principal the state can issue in tax-supported debt and/or other obligations while upholding the principals outlined in the state's debt management guidelines.

Term	Description/Definition
Debt Management Guidelines	Guidelines that the state imposes on itself to control its capital investment. Following the guidelines will generally result in a better bond rating for the state, and thus, lower interest rates for state borrowing. The guidelines include: (1) total tax-supported principal outstanding shall be 3.25 percent or less of total state personal income; (2) total amount of principal (both issued and authorized but unissued) for state general obligations, state moral obligations, equipment capital leases and real estate capital leases are not to exceed six percent of state personal income; and (3) 40 percent of general obligation debt shall be due within five years and 70 percent within 10 years, if consistent with the useful life of the financed assets and/or market conditions
Debt Service	Dollars required to pay the interest and principal on the money borrowed by the state for its capital projects.
Defeasance	To set aside money in an escrow account that is sufficient to retire outstanding bonds. By setting aside funds to retire debt before the call date on the bonds, the bonds are in effect taken off the books.
Deferred Maintenance	Backlog or catch-up maintenance of state buildings.
Design	The second phase of a project, before construction, after predesign. Design usually is less than eight percent of the total budget of a project, and consists of three phases: schematic design, design development and construction documents. The bulk of the spending during a project during the design phase is for architectural and engineering programming.
Design-Build	A way to build capital projects that may offer cost and/or time savings over traditional design-bid-build methods on some projects. This method allows simultaneous design and construction to take place and potential cost and/or time savings over the traditional method in certain cases.
General Obligation Bonds (GO Bonds)	Bonds that the state stands behind with its full taxing powers, including general fund-supported bonds, trunk highway bonds, and user-financed bonds. Differs from revenue bonds where a particular revenue stream is dedicated to repayment of bonds. GO bonds also differ from appropriation bonds where the state makes an appropriation for the debt service but does not stand behind the bonds with its full faith, credit, and taxing powers. (GO bonding authorization is outlined in the Minnesota Constitution, article XI, section 5; authority also subject to Minnesota Statutes, sections 16A.11, 16A.86, and 16A.502).
Higher Education Asset Preservation and Renewal Account (HEAPR)	Bond funds allocated to the higher education systems for the purpose of restoring or maintaining buildings and other items of a capital nature.
Planned Maintenance	Preventative maintenance of a corrective and planned nature to repair and prevent building problems.

Term	Description/Definition
Lease Purchase Agreements	Are financial products in which the buyer of a new facility enters into an agreement with the builder, landlord, or developer to pay the cost of the new facility as part of rent for the space. The developer is responsible for selling bonds and is at risk for non-payment of rent. In addition to using general obligation bonds, the state entered into a Lease Purchase Agreement with the St. Paul Port Authority in 2002 to build the Department of Human Services, Health, and Agriculture buildings, completed in 2005. These agreements are not general obligation debt and are not backed by the full faith and credit of the state, but still count toward the state's debt capacity.
Predesign	First stage of a building project. Usually accounts for less than one percent of total project spending. This stage is intended to determine a project's feasibility, define the essential aspects of the project and prepare instructions for the design phase. The predesign documents should include the rationale for the project, its use components, costs, and scheduled cash flow. In addition, predesign should address possible operating budget implications of the project.
Public Debt	Obligations for which the state makes payments by using the revenues generated by a tax of statewide application (ex: statewide income and sales tax) and for which the state stands behind with its full faith, credit, and taxing powers. If revenues other than statewide taxes are pledged to pay the debt, such as fees, the obligations are not considered public debt. Public debt is most oftentimes issued to acquire or make capital improvements to public land or buildings. However, the constitution provides for additional uses as well (Minnesota Constitution, Art. XI, § 5). To issue public debt, the state constitution also requires a vote of at least three-fifths of the members of both the House and Senate.
Revenue Bonds	Bonds for which the debt service is paid by a specific revenue stream and not out of the general fund. The most common example of how these bonds are used is by the state's higher education institutions; they use revenue bonds for the purpose of building a parking lot or dorm and pay the debt service of those bonds with revenue from parking fees or dormitory rents.
Tobacco Bonds	Bonds issued in 2011 to pay for a portion of general obligation debt service costs in FY 2012 and FY 2013, that would otherwise have been paid for from the state's general fund (2011 Laws, First Special Session chapter 7, article 11). The tobacco bonds were refinanced and replaced with appropriation bonds in 2012.
Trunk Highway Bonds	General obligation (GO) bonds issued to pay for construction projects on the trunk highway system. Trunk highway projects may not be funded by GO bonds backed by the general fund as required by the Minnesota Constitution, article XIV, section 11. Trunk highway bonds must be repaid from highway related revenues.
User–Financed Bonds	General obligation bonds issued by the state of Minnesota, but the debt service is paid by another entity. As an example, the state issues bonds for

Term	Description/Definition
	Minnesota State Colleges and Universities System projects, and the system pays the debt service on approximately one-third of those bonds (excludes HEAPR projects).

GLOSSARY OF FISCAL TERMS AND ACRONYMS
Economic Development, Energy, Labor, and Commerce

Term	Description/Definition
Bureau of Mediation Services (BMS)	Acronym for Minnesota Bureau of Mediation Services.
Brownfields	Parcels of land that were used for industrial or manufacturing purposes in the past, but now are underutilized or have been abandoned. In many cases, soils under brownfields have been contaminated with pollutants. Redevelopment of brownfields is often difficult because of the costs associated with cleaning up the pollutants, although brownfields are not all necessarily contaminated.
Claims Access and Management User System (CAMPUS)	CAMPUS is an online workers' compensation claims portal launched by the Department of Labor and Industry in November 2020.
CanStartup/CanTrain/CanNavigate	Cannabis industry training, navigation, and startup financing grants created chapter 63 of the 2023 legislative session.
Commerce Fraud Bureau (CFB)	Acronym for Commerce Fraud Bureau.
Creating Helpful Incentives to Produce Semiconductors (CHIPS)	Part of the CHIPS and Science Act, a U.S. federal statute enacted by the 117th United State Congress and signed into law in August of 2022. CHIPS stands for Creating Helpful Incentives to Produce Semiconductors
Center for Independent Living (CILs)	Acronym for Centers for Independent Living.
Comunidades Latinas Unidas En Servico (CLUES)	Acronym for Comunidades Latinas Unidas En Servicio (Latino Communities United in Service).
Commerce	Often-used short reference for the Department of Commerce.
Construction Codes Fund	The construction codes fund receives licensing fees from those in the construction area (examples include plumbers, brick layers, electricians). Expenditures are related to the licensing of those in the construction professions.
Department of Employment and Economic Development (DEED)	DEED is the state's principal economic and workforce development agency, with programs promoting business recruitment, expansion and retention, workforce development, international trade, and community development. DEED also administers Minnesota's unemployment insurance program. DEED is the successor agency to the former Departments of Trade and Economic Development and Economic Security.

Term	Description/Definition
Dislocated Worker Program	The federal and state dislocated worker programs serve those dislocated from long held jobs because of factors such as technological changes, investment decisions, and changes in consumption and competition. Services provided to clients fit into three broad categories: readjustment, retraining, and supportive services. Administered by the Department of Employment and Economic Development, this program is funded by an assessment on unemployment insurance plans that is deposited into the workforce development fund.
Department of Labor and Industry (DLI)	DLI (commonly referred to as "Dolly") oversees the state's programs for apprenticeship, construction codes and licensing, dual-training pipeline, occupational safety and health, wage and hour standards, workers' compensation, and youth skills training programs.
Destination Medical Center (DMC)	An economic development initiative located in Rochester, MN. The state has committed $585 million over 20 years to match private investments.
Economic Development Authority (EDA)	Acronym for Economic Development Authority.
Earned Sick and Safe Time (ESST)	Law passed in the 2023 session requires employers to provide paid ESST leave to workers in Minnesota.
Explore Minnesota Film	Established in chapter 120 of 2024 session laws (M.S. § 116U.255) as an office in Explore Minnesota to replace the Minnesota Film and TV Board formerly housed in DEED.
Explore Minnesota Tourism	The lead state agency in promoting the tourism sector of the state's economy. Explore Minnesota Tourism markets Minnesota as a travel destination and leads tourism policy and product development. In addition to its main Saint Paul office, Explore Minnesota Tourism serves the tourism industry through its regional offices.
Family and Medical Benefit Insurance Account (FMBI)	Family and medical benefit insurance account; created in chapter 59 of 2023 session laws to pay benefits under and to administer the paid family medical leave program and chapter.
Forward Fund	Account created in chapter 53 of the 2023 legislative session to increase the state's competitiveness by providing the state authority and flexibility to facilitate private investment.
Initiative Foundations	Six nationally recognized foundations in greater Minnesota that aim to strengthen their regions' communities and economies.
Iron Range Resources and Rehabilitation (IRRR)	Acronym for the Department of Iron Range Resources and Rehabilitation. The IRRR (commonly called the "I-triple-R") is charged with strengthening and diversifying the economy of northeastern Minnesota. The IRRR is funded predominately from taconite production taxes that are levied against mining companies in lieu of property taxes.

Term	Description/Definition
Launch Minnesota	A DEED program established in 2019 to encourage and support the development of new private sector technologies and support science and technology policies.
Labor Education Advancement Program (LEAP)	DLI administers the LEAP grant program. LEAP grants provide funding to community-based organizations to facilitate the participation of people of color, Indigenous people, and women in registered apprenticeship programs.
Metropolitan Economic Development Association (MEDA)	Acronym for Metropolitan Economic Development Association.
Minnesota CareerForce (previously the Workforce Center System)	A career development and talent matching resource that provides a full array of employment and training services in one location or online. The system is a state and local partnership comprised of DEED and sixteen Workforce Development Area Boards, which together operate 50 CareerForce locations throughout the state. Primary partners include federal workforce programs (WIA, WIOA), Vocational Rehabilitation Services, Veterans programs, State Services for the Blind, local Workforce Councils/Private Industry Councils, and local elected officials. This multi-partnered system also includes county governments, post-secondary and secondary institutions, county social service agencies, community action agencies, the Minnesota Family Resiliency Partnership (previously the Displaced Homemaker Program), and other community partners.
Minnesota Investment Fund (MIF)	The purpose of the Minnesota Investment Fund is to create and retain jobs with a focus on industrial manufacturing and technology related industries. DEED awards grants to local units of government that, in turn, make loans to assist new or expanding businesses. Loans to businesses can be for land, buildings, equipment, and training. Funds may also be used for infrastructure improvements necessary to support businesses located in or intending to locate in Minnesota.
Minnesota Job Creation Fund (JCF)	The job creation fund provides financial incentives to new and expanding businesses that meet certain job creation and capital investment targets. The JCF is administered by the Department of Employment and Economic Development.
Minnesota Jobs Skills Partnership Program (JSP)	A training program operated by the Department of Employment and Economic Development. JSP provides training for new jobs and/or skills training that supports employee retention.
Minnesota Climate Innovation Finance Authority (MNCIFA)	A publicly accountable financing authority commonly known in other states as a “green bank.” Created and funded in the 2023 legislative session, MNCIFA works to remove financial barriers, and creates financial tools for, the adoption of qualified clean energy and greenhouse gas emissions reduction projects.

Term	Description/Definition
Minnesota Occupational Safety and Health (MNOSHA)	Acronym for the Minnesota Occupational Safety and Health Administration housed in the Department of Labor and Industry.
Neighborhood Development Center (NDC)	Acronym for Neighborhood Development Center.
Nursing Home Workforce Standards Board	The Nursing Home Workforce Standards Board was created in the 2023 legislative session to conduct investigations into working conditions in the nursing home industry and adopt rules establishing minimum employment standards to protect the health and welfare of nursing home workers.
Office of Cannabis Management (OCM)	Acronym for Office of Cannabis Management.
Office of Combative Sports (OCS)	OCS licenses combative sports promotions, combatants, officials, and coaches of events held within Minnesota. OCS is housed in the Department of Labor and Industry.
Opportunities Industrialization Center (OIC)	Acronym for Opportunities Industrialization Center.
Pathways to Prosperity	A DEED competitive grant program (sometimes referred to as "P2P") for programs and services designed to provide workforce development and training opportunities to economically disadvantaged adults to help them develop increased career awareness; acquire basic skills education; participate in skills training programs; and find jobs in high growth, high demand industries with long-term employment opportunities.
Public Employment Relations Board (PERB)	Acronym for the Public Employment Relations Board.
Paid Family Medical Leave (PFML)	A program passed in the 2023 Legislature to provide statewide paid time off to employees for qualifying life events, beginning January 1, 2026.
Premium Security Plan Account	Created by the 2017 Legislature to provide reinsurance payments to health insurers, to help cover the cost of high-cost claims in the individual market. Payments are intended to reduce premiums and to promote affordable health insurance for Minnesotans. The Minnesota Comprehensive Health Association (MCHA) administers the program, and the Department of Commerce serves as the fiscal agent for the state appropriations to the program.
Providing Resources and Opportunity and Maximizing Investments in Striving Entrepreneurs (PROMISE Act)	Grant program established in chapter 53 of 2023 session laws to make grants to partner organizations to make grants to businesses in communities that have been adversely affects by structural racial discrimination, civil unrest, lack of access to capital, loss of population or an aging population, or lack of regional economic diversification.

Term	Description/Definition
Public Utilities Commission (PUC)	The PUC creates and maintains a regulatory environment that ensures safe, reliable and efficient electric, natural gas, and telephone services as a quasi-judicial/quasi-legislative board.
Regional Development Commission (RDC)	Acronym for a Regional Development Commission.
Renewable Development Fund (RDF)	Acronym for the Renewable Development Fund, also known as the Renewable Development Account (RDA). A state fund that, prior to 2017, was managed by Xcel Energy.
State Services for the Blind (SSB)	Acronym for State Services for the Blind.
State Competitiveness Fund	An account in the special revenue fund created by the Minnesota state legislature in 2023 with the purpose of increasing the success of MN applicants in the pursuit of federal funds for energy projects available through the Infrastructure Investment and Jobs Act (IIJA) and the Inflation Reduction Act (IRA). $100 million was appropriated in FY 2023.
State Trade and Export Promotion Grants (STEP Grants)	State Trade and Export Promotion Grants, under the Minnesota Trade Office.
Unemployment Insurance (UI)	Acronym for Unemployment Insurance. UI is a short–term program administered by DEED that provides temporary income to individuals looking for new jobs or awaiting recall to their regular jobs. The benefits for this program come from taxes employers pay in to the Minnesota Unemployment Insurance Trust Fund. No deductions are taken from any worker's wages to pay for these benefits. (See Taxes, FUTA.)
Workers' Compensation Reinsurance Association (WCRA)	A nonprofit association of all insurance carriers that carry workers' compensation insurance. WCRA is responsible for: establishing procedures under which claims are made and for reviewing claims; collecting data regarding liabilities against the insurers; and calculating and charging members premiums sufficient to cover expected liabilities that members will incur.
Women's Economic Security Act (WESA)	Acronym for the Women's Economic Security Act. DLI enforces WESA provisions related to wage disclosure protection, lactating employees and pregnancy accommodations, pregnancy and parenting leave, and sick leave benefits related to care of relatives.
Workforce Development Fund (WDF)	Fund that is used to finance employment and training programs, with the largest portion of funding dedicated for the Dislocated Worker Program. The WDF is funded with a special assessment paid by employers. The assessment is levied against each employer's taxable wages subject to the unemployment insurance tax.
Workers' Compensation Fund (WCF)	Fund that is used to finance Minnesota's workers' compensation system, including administrative costs for the Department of Labor and Industry, the Office of Administrative Hearings and the Workers' Compensation

Term	Description/Definition
	Court of Appeals. The fund also provides benefits to injured workers whose employers do not have mandatory workers' compensation coverage and enforces mandatory workers' compensation insurance coverage. The fund consists of assessments made on workers' compensation insurers and self-insured employers on the basis of their payments to injured workers for wages lost as a result of injuries.

GLOSSARY OF FISCAL TERMS AND ACRONYMS
Education and Early Childhood

Term	Description/Definition
Achievement and Integration Revenue	A revenue program intended to close Minnesota's academic achievement and opportunity gap.
Adjusted Net Tax Capacity (ANTC)	The property value used for assessing most school taxes. ANTC adjusts for differences in assessment practices and reflects the application of property tax classification rates to the market value of property.
Adjusted Pupil Units (APU)	The most commonly used measure of pupils in education funding formulas. APU is calculated based on a weighted count of pupils. See Pupil Weighting.
Advanced Placement/ International Baccalaureate (AP/IB)	Programs that require more rigorous student achievement than regular programs and often will count towards college credit.
Alternative Compensation Revenue (also called "Q-Comp Revenue")	Revenue provided to school districts that adopt alternative pay structures and implement professional development programs for teachers. Eligible districts receive $260 per unweighted pupil unit. Alternative compensation revenue is a combination of aid and equalized levy.
Average Daily Membership (ADM)	The unweighted headcount of pupils being served in a school district.
Categorical Revenue	Any revenue type outside of the General Education Program that is designated for a specific purpose, such as Special Education Revenue, Free School Meals Aid, or Debt Service Equalization Aid.
Compensatory Revenue	A portion of general education revenue based on the concentration of students in a school building who qualify for free and reduced-price lunches.
Debt Service Revenue	A categorical revenue stream for districts to pay the debt service on their general obligation bonds from capital improvements. Debt service revenue is levied against ANTC over two tiers.
Educational Excess & Deficiency Transfer	At the end of a fiscal year, any excess general fund appropriations to the Department of Education for an aid or grant program specified in Minnesota Statutes, section 127A.41 may be transferred to programs for which the appropriation is insufficient to fully fund the formula for the program. Excesses in K-12 programs (subd. 8) can only be applied to deficiencies in K-12 programs, and excesses in Early Childhood and Family Education Programs (subd. 9) can only be applied to deficiencies in Early Childhood and Family Education programs.

Term	Description/Definition
English Learner (EL)	The term applied to students whose primary language is one other than English.
Entitlement	The amount of school district revenue resulting from a specified formula. Entitlement differs from appropriation, which is the amount of state funding needed for a given fiscal year to fund the formula in question. The appropriation for a program is calculated as a percent of the current year entitlement, plus the remaining percentage of the prior year entitlement. This adjustment is made to account for variables such as pupil counts and tax base in funding formulas and has varied between 90/10 and 60/40 based on the financial condition of the state.
Equalization	The method by which the state tries to use state aid to prevent variations in property tax wealth among districts from influencing how much revenue a district can raise. Equalizing factors can be fixed so that the state guarantees that a certain tax rate will generate a certain amount of revenue for a school district, regardless of the district's property value.
Every Student Succeeds Act (ESSA)	A federal act signed into law in 2015 to replace the No Child Left Behind (NCLB) act. Like NCLB, ESSA is a reauthorization of the Elementary and Secondary Education Act of 1965, which bolstered the federal government's role in public education.
Formula Allowance	Usually refers to the basic general education formula allowance. For example, the basic general education formula allowance per pupil unit for fiscal year 2025 is $7,281.
General Education Program	The funding for school districts that is the primary source of revenue for their general funds. The General Education Program includes the General Education Formula Allowance, but also includes other types of formula-generated revenue: Basic Skills (Compensatory and English Learner), Extended Time, Gifted and Talented, Declining Enrollment, Small Schools, Secondary and Elementary Sparsity, Operating Capital, Transportation Sparsity, Equity, Transition, Local Optional, Pension Adjustment, and Referendum.
Individualized Education Program (IEP)	The learning plan or program that is required for each student with an identified disability.
Local Educational Agency (LEA)	This blanket term includes school districts, intermediate districts, service cooperatives, and charter schools.
Local Optional Revenue (LOR)	A general education revenue program that allows all school districts the option to access $724 per pupil unit in this revenue category. This revenue is a mix of aid and levy and is equalized over two tiers.
Market Value	The value assigned to property by an assessor. The market value is intended to reflect the sales value of the property.

Term	Description/Definition
Minnesota Automated Reporting Student System (MARSS)	An automated process for school districts to report pupil data to the state. This data is used for funding calculations and other purposes.
Minnesota Comprehensive Assessments (MCAs)	Reading, math, and science tests given in public schools every year to comply with the federal requirements that measure student performance against state academic standards specifying the knowledge and skills, by grade, that students should have. Students take MCA reading and math tests in grades 3 to 8 and high school (reading in grade 10 and math in grade 11). MCA reading and math scores are used to determine whether schools and school districts meet goals specified in federal law and a waiver from federal law approved for Minnesota. Students also take the MCA science test in grades 5 and 8 and in high school when they take a life science or biology course.
Minnesota Department of Education (MDE)	The Minnesota Department of Education.
Open Enrollment	The program that allows students to attend a school district other than the one in which they reside.
Operating Referendum	Revenue raised by a school district through a ballot measure requiring voter approval, which allows the district to raise revenue via property tax assessments on property in the district. Operating Referendum is a mix of local levy, and in some cases, state aid if equalization is necessary. Operating Referendum is capped. The operating referendum levy is one of the few school taxes that is levied against RMV instead of ANTC.
Permanent School Fund (PSF)	A constitutionally created fund, the principal of which comes from proceeds from lands designated at the time of statehood as being for the benefit of public schools. Interest from the principal in the fund is allocated twice annually to public schools across the state on a per student basis.
Postsecondary Enrollment Options (PSEO)	A program that allows high school juniors and seniors (and qualifying sophomores) to enroll in college courses at eligible postsecondary institutions with the state paying the student's tuition expenses. In addition, college courses may be taught at the high school by college instructors at the expense of the state.

Term	Description/Definition
Pupil Weighting	A weighted count of pupils used to determine revenue in many formulas: One Voluntary Pre-Kindergarten Pupil = 0.60 pupil units One 1/2 Day Kindergarten Pupil = 0.55 pupil units One Full Day Kindergarten Pupil = 1.0 pupil units One Elementary Pupil (grade 1-6) = 1.0 pupil units One Secondary Pupil (grade 7-12) = 1.2 pupil units
Q-Comp Revenue	Quality Compensation Revenue, see Alternative Compensation Revenue.
Referendum Market Value (RMV)	Similar to Market Value in that the property value is based on the value assigned by the assessor. However, referendum market value is used in the referendum, equity, and transition revenue programs, and excludes cabins, agricultural land, and some post-secondary housing from inclusion as taxable property.
Review & Comment	A process by which the commissioner of education reviews and comments on the feasibility and practicality of school district building projects.
Small Schools Revenue	A portion of the general education formula that provides funds for districts with no more than 960 adjusted pupil units.
Sparsity Revenue	A portion of the general education formula that provides additional revenue to school districts for schools that have relatively small enrollments and are relatively far from other school buildings.
Staff Development Revenue	An amount equal to two percent of the basic formula revenue in each district must be spent for staff development, unless the district's licensed teachers and school board agree to waive the requirement. Any district with statutory operating debt is exempt from this requirement.
Tax Capacity Rate	The rate of taxation for a specific program. Tax capacity rates are expressed as a percent of the adjusted net tax capacity. Many tax capacity rates are set in law.

Term	Description/Definition
Teachers of Color and American Indian Teachers (TOCAIT)	Teachers of Color and American Indian Teachers.
Uniform Financial Accounting and Reporting Standards (UFARS)	A statewide accounting procedure that must be used by school districts to record financial transactions and report financial information to the state Department of Education.
Family & Early Childhood Terms	*Note: Additional terms and acronyms relevant to family and early childhood may be found in the Health and Human Services, Housing, and Taxes sections*.
Adult Basic Education (ABE)	ABE services include workforce and literacy programs for adults over the age of 16 who are not attending elementary or secondary education. State aid and some federal aid support ABE activities. ABE state aid is distributed using the factors of basic population, contact hours, students over the age of 25 with no diploma, and English Learner (EL) status.
Basic Population Aid	A funding component of the Adult Basic Education state aid formula. For each school district, basic population aid is equal to the greater of (1) $1.73 multiplied by the population of the school district according to the most recent census estimate; or (2) $3,844.
Commissioner-Selected High School Equivalency Test Reimbursement	Provides 100 percent reimbursement to eligible individuals for completing the full battery of high school equivalency tests, on an annual basis per individual.
Community Education	Programs for learners of all ages in a school district, which are subsidized with state funds and user fees. The amount of state funding a district gets for community education programs is based on the population of the district, not the number of students in the district.
Early Learning Scholarship Program	A program that provides scholarships to high need, at-risk children under the age of five, to expand access to high-quality preschool programs.
Early Childhood Family Education (ECFE)	ECFE programs are intended for families with children from birth to kindergarten. School districts are directed to establish fees based on a sliding fee scale for those who are able to pay.
Early Childhood Family Education (ECFE) Home Visiting	This portion of the ECFE program provides educational and social services to parents in-home. The intent is to reach isolated or at-risk families, and it is funded by a mix of aid and levy.
Health and Developmental Screening	Minnesota school districts are required to offer health and developmental screening for children prior to kindergarten. The state provides $98 per child as reimbursement for health and developmental screening for children screened at age 3; $65 for children screened at age 4; $52 for children screened at age 5 or 6; and $39 for children screened within 30 days of kindergarten enrollment.

Term	Description/Definition
School Age Care	Districts with a community education program may offer a School Age Care program for children in kindergarten through grade 6 for the purposes of expanding learning opportunities. Districts are eligible for school age care revenue for the additional cost of providing services to children with disabilities or to children experiencing family or related problems of a temporary nature.
School Readiness	A program subsidized with state funding and user fees that prepares children between the ages of three to five to enter kindergarten. School Readiness Plus is targeted to children age four to kindergarten entrance, with the same goal of kindergarten preparation.
Voluntary Prekindergarten (VPK)	Starting in fiscal year 2017, funding is awarded to select school districts and charter schools to provide prekindergarten programs for four-year-old students to prepare them for kindergarten.

GLOSSARY OF FISCAL TERMS AND ACRONYMS
Environment and Natural Resources

Term	Description/Definition
Board of Water and Soil Resources (BWSR)	The board is responsible for aiding and oversight of state soil and rural water conservation efforts.
Budget Oversight Committee	This committee is comprised of 45 citizens who provide oversight and input into policy and budget activity funded by the Game and Fish Fund. Starting in 2025 this committee is replaced with the fish and wildlife advisory committee.
Clean Water Fund	One of the four sales tax dedicated funds. May be spent only to protect, enhance and restore water quality in lakes, rivers, and streams and to protect groundwater from degradation and at least five percent of the fund must be spent only to protect drinking water.
Clean Water Legacy	The name given to Minnesota Statutes, chapter 114D. It governs the state efforts to protect, restore, and preserve the quality of surface waters of the state in accordance with the federal Clean Water Act.
Closed Landfill Investment Fund (CLIF)	A fund established in the state treasury to be used for future state liability at closed landfill sites.
Con-Con or Consolidated Conservation Lands	State-owned lands that Minnesota received in exchange for paying off ditch bonds issued by seven Minnesota counties in the early 1930s. Action by the 2002 Legislature designated the remaining Con-Con lands as WMA lands to be managed by the DNR.
Minnesota Department of Natural Resources (DNR)	The agency's stated mission is to "work with Minnesotans to conserve and manage the state's natural resources, to provide outdoor recreation opportunities, and to provide commercial uses of natural resources in a way that creates a sustainable quality of life."
Ecosystem-Based Management (DNR)	The Minnesota DNR defines Ecosystem-based Management as the collaborative process of sustaining the integrity of ecosystems through partnerships and interdisciplinary teamwork. The long-term goal is sustainability of Minnesota's ecosystems, the people who live in them, and the economies founded on them.
Environmental Fund	This fund in the state treasury is used to fund activities to monitor and control environmental pollution using taxes and fees from activities and permitted industries contributing to environmental concerns.
Environment and Natural Resources Trust Fund	A constitutionally established fund in the state treasury that receives a portion of the net lottery proceeds of the investment earnings of the fund.

Term	Description/Definition
	Annually up to seven percent of the market value of the fund may be expended for natural resources purposes.
Fish and Wildlife Advisory Committee	Starting in 2025 the advisory committee will be comprised of at least 15 members appointed by the DNR commissioner. This committee will replace the citizen oversight committees that operated from 1994 to 2024 and will provide recommendations on a variety of fish and wildlife related topics.
Forest Management Investment Account (FMIA)	FMIA is an account in the Natural Resources fund into which the revenues from forest management activities are deposited.
Game and Fish Fund	Fund in the state treasury that receives revenues from license fees and fines related to hunting and fishing that are spent for related purposes. The fund also receives revenue from the federal Pittman-Robertson Act and Dingell-Johnson Act which are spent on fish and wildlife purposes.
Heritage Enhancement Account	An account in the game and fish fund, which receives a portion of the revenue collected under Minnesota Statutes, section 297A.65 (lottery-in-lieu). Money in the account may be spent only on activities that improve, enhance, or protect fish and wildlife resources.
Impaired Waters	Surface waters which do not meet water quality standards and pose risks to people and aquatic life. The Federal Clean Water Act requires that the PCA take steps to address impaired waters.
Lessard-Sams Outdoor Heritage Council	Statutorily created council in the legislative branch with the responsibility of making recommendations to the legislature on expenditures from the outdoor heritage fund.
Legislative-Citizen Commission on Minnesota Resources (LCCMR)	The commission consists of 17 members; seven appointed citizens, five senators, and five House of Representatives members. The commission recommends an annual budget plan for the expenditure of the Environment and Natural Resources Trust Fund dollars.
Lottery-In-Lieu-of Tax	The dollars from the in-lieu of sales tax collected on lottery tickets that is directed to natural resources programs. Deposit of funds is designated in Minnesota Statutes, section 297A.94. Currently there are eight accounts receiving these revenues.
Metropolitan Landfill Contingency Action Trust Account	An account within the Remediation Fund used to ensure that necessary and reasonable care would be adequately funded at mixed municipal solid waste facilities in the seven-county metro area.
Minnesota Environmental Response and Liability Act (MERLA)	Law that established the programs used by the state to cleanup polluted sites. Often referred to as the Superfund law.
Minnesota Environmental Quality Board	Comprised of nine agency heads and eight citizen members appointed by congressional district to provide coordination and leadership across

Term	Description/Definition
	agencies on priority environmental issues that are multi-jurisdictional and multi-dimensional.
Minnesota Forest Resources Council (MFRC)	MFRC is a 17 member board comprised of a spectrum of interests in MN forest activities. The primary mission of the MFRC is to advise the state and local government on forest policies and practices.
Natural Resources Fund	A fund in the state treasury that receives taxes from fuel used in recreational vehicles, permit and use fees, lottery-in-lieu taxes, and donations that are used to fund management of the related natural resource programs.
Outdoor Heritage Fund	A fund established as an account in the state treasury. At least 99 percent of the money appropriated from the fund must be expended to restore, protect, and enhance wetlands, prairies, forests, and habitat for fish, game, and wildlife.
Outdoor Recreation System	The system of parks, trails, recreation areas, and additional statutorily designated state lands established to provide for the outdoor recreational needs of Minnesota's citizens. The system is created in Minnesota Statutes, chapter 86A.
Minnesota Pollution Control Agency (PCA or MPCA)	The PCA monitors environmental quality, offers technical and financial assistance and enforces environmental regulations.
Parks and Trails Fund	A fund established as an account in the state treasury. One of the four sales tax dedicated funds. May be spent only to support parks and trails of regional or statewide significance.
Petroleum Tank Cleanup Fund	A fund in the state treasury that receives funding from a fee imposed on petroleum distributors for the purpose of reimbursing responsible parties for most of their costs to cleanup environmental contamination from petroleum tanks.
Payment in lieu of Taxes (PILT)	A statutorily provided payment by the DNR to local units of government. The payment is based upon the acreage and type of land controlled by the DNR in the county.
Remediation Fund	A fund in the state treasury consisting of money from certain revenues and fees, as well as transfers from the environmental fund. The fund is used for costs associated with the superfund and closed landfill cleanup programs or other costs as appropriated by law.
Reinvest In Minnesota Resources (RIM)	RIM is a conservation program, designed to protect, restore and improve the natural resource habitat through state held conservation easements.
Sales Tax Dedicated Funds	Also referred to as the Legacy Funds. This is the name used to describe the portion of the sales and use tax that is dedicated for special uses in article 11, section 15 of the state constitution.

Term	Description/Definition
Scientific and Natural Area (SNA)	DNR preserves natural features and rare resources of exceptional scientific and educational value through land acquisition. These areas are open to the public for nature observation and education.
Select Committee on Recycling and the Environment (SCORE)	In 1989, the Minnesota Legislature adopted comprehensive waste reduction and recycling legislation based on the recommendations of the SCORE. This set of laws, commonly referred to as SCORE, is a part of Minnesota's Waste Management Act (WMA). The SCORE legislation has provided counties with a funding source to develop effective waste reduction, recycling and solid waste management programs. The SCORE Report is an annual examination of Minnesota programs and data.
Superfund	The state program that implements the efforts to prevent land pollution, and to conduct emergency cleanup and restorations of polluted lands.
Sustainable Forest Resources Act	The state statutes, Minnesota Statutes, chapter 89A, that established the requirements and programs with the goal of maintaining the state forested areas.
Total Maximum Daily Loads (TMDL)	PCA – The federal Clean Water Act requires states to adopt water quality standards (TMDL) to protect the nation’s waters. TMDLs define how much of a pollutant can be in a surface and/or ground water while still allowing it to meet its designated uses.
Wildlife Management Area (WMA)	DNR owns and operates public wildlife areas, which provide recreation for hundreds of thousands of upland, waterfowl, and deer hunters each year. Over 1,500 locations, comprising 1.37 million acres provide habitat for most of Minnesota’s game and nongame wildlife species.

GLOSSARY OF FISCAL TERMS AND ACRONYMS
Health and Human Services

Term	Description/Definition
1115 Waiver	Section 1115 of the Social Security Act grants the U.S. Department of Health and Human Services the authority to waive certain Medicaid laws to allow states flexibility in designing their Medicaid programs; these waivers are also known as research and demonstration waivers.
1332 Waiver	Section 1332 of the Affordable Care Act (ACA) grants the U.S. Department of Health and Human Services the authority to waive core requirements of the ACA to experiment with alternative methods of achieving the requirements. An innovation waiver plan must certify that it: • is as comprehensive as the ACA. • is as affordable as the ACA. • covers as many people as would have been covered without the waiver. • does not add to the federal deficit.
1915 (c) Waivers	Section 1915 (c) of the Social Security Act refers to authority that allows the Centers for Medicare and Medicaid Services (CMS) to waive federal Medicaid requirements to allow states to experiment with providing health care services in home and community-based settings as opposed to institutional settings (e.g., hospitals, nursing homes). These waiver services, often referred to as home and community-based waivers, include day treatment, habilitation, supported employment, respite care, semi-independent living services, and adaptive equipment. Waivers may also allow reimbursement for services not usually covered by Medicaid but provided to help an individual stay out of an institution. *Home and community-based waiver categories are:* • BI – Brain Injury (formerly Traumatic Brain Injury) – The BI waiver pays for health care for persons diagnosed with brain injuries who need nursing facility or neuro-behavioral hospital level of care. • CAC – Community Alternative Care – This waiver pays for health care of individuals who require the level of care of a hospital due to chronic illness.

Term	Description/Definition
	• CADI – Community Alternatives for Disabled Individuals – CADI pays for health care of individuals who require the level of care of a nursing facility. • DD – Developmental Disabilities – The DD waiver pays for health care for individuals requiring a 24-hour plan of care and need the level of services provided in an ICF/DD. • EW – Elderly Waiver – The EW program provides a customized package of health care for individuals over 65 years of age who need the level of services provided by nursing facilities.
60-month time limit	The number of months that an individual may receive assistance from the federal TANF block grant in a lifetime. The limit is 60 total months no matter where the eligibility occurs.
Achieve a Better Life Experience Act (ABLE) Account	Tax advantaged investment account authorized under the 2014 federal Achieving a Better Life Experience Act. These accounts allow up to $14,000 per year in contributions (from anyone) for the benefit of a disabled person (diagnosed prior to age 26). Account earnings are tax-free and can be used for various qualified disability expenses. These accounts are also referred to as 529A accounts because they work the same way as a 529 college savings plan account.
Affordable Care Act (ACA)	The name for the federal health care reform legislation passed in 2010. The act contains many regulation changes to the private insurance industry, as well as an expansion of the federal Medicaid program to include childless adults.
Alternative Care (AC)	A general fund program that pays for home and community-based services for elderly individuals who qualify for nursing home placement, cannot afford 135 days of nursing home care, and choose to be served in the community, and no resources exist to pay for the community services.
Accountable Care Organization (ACO)	Groups of health care professionals (doctors, hospitals, other groups) who come together to provide high-quality, coordinated health care while controlling costs. Medicare has several ACO shared savings programs. Minnesota participates in the Medicaid ACO Demonstration project.
Activities of Daily Living (ADL)	A reference to an index measuring a patient's degree of independence in bathing, dressing, using the toilet, cooking, eating, and moving about. The index is used to determine the level of care needed in a nursing home or other residential facility. Payment rates for some services are based on ADLs.
Adolescent Parenting	Created in 1997 to help combat the high dropout rate for adolescent parents, grants are awarded to programs that seek to prevent teen pregnancy, keep teen parents in school, and link them with community

Term	Description/Definition
	resources. Beginning in FY 2002, this program is funded from within the Children's Trust Fund budget.
Adoption Assistance	This program, operated by the Department of Human Services, provides cash assistance to families who adopt children with special needs (as defined by the state) who are under state guardianship. (See: Northstar Care for Children).
Area Agencies on Aging (Triple A's)	Administer the federal Older Americans Act and state Aging Grants (through the Minnesota Board on Aging) that fund core services for elderly individuals who live at home, including meals, chore services, medication management, transportation, caregiver support, and legal services. The Triple A's also provide information and assistance to elderly individuals through the Senior LinkAge Line.
At-Home Infant Care (AHIC)	A family eligible to receive assistance under the Basic Sliding Fee child care program may also be eligible for At Home Infant Care Assistance. A family in which a parent provides care for the family's infant child may receive a subsidy in lieu of assistance if the family is eligible for, or receiving assistance under, the Basic Sliding Fee program. A family is limited to 12 months of assistance. The maximum reimbursement rate to the participating AHIC family is equal to 75 percent of the rate established in the applicant's county of residence.
Average Wholesale Price (AWP)	The cost factor used in determining reimbursement rates for pharmacy claims.
Basic Sliding Fee (BSF) Child Care	A state-subsidized child care assistance program for low-income families not enrolled in MFIP or Transition Year Child Care Assistance. Funding for this program is allocated to counties on a calendar year cycle. Counties are required to contribute a fixed minimum direct service match and in many cases choose to contribute additional county funds.
Basic Sliding Fee Transition Year (TY) Child Care	Funds designated to provide uninterrupted child care assistance for families completing their transition year from the MFIP program. These funds assure that families completing their transition year will have a slot on the Basic Sliding Fee Child Care program and will not encounter a waiting list.
Behavioral Health Fund	An account in the special revenue fund that combines revenues from MA, General Assistance (GA), Regional Treatment Centers (RTC), and state and federal grants into one account that pays for CD treatment. Counties are given an allocation from which to pay for CD treatment of their residents.
Community Action Agency (CAA)	A community action agency is a political subdivision of the state, a combination of political subdivisions, a public agency, or a private nonprofit agency that receives funds to support local programs that are designed to combat the effects of poverty.

Term	Description/Definition
Community Alternative Care (CAC)	A federally matched, community-based MA waiver program that covers health care of individuals who require the level of care of a hospital due to chronic illness.
Community Alternative for Disabled Individuals (CADI)	A federally matched, community-based MA waiver program that covers non-institutional services for people with disabilities who are at risk of placement in a nursing facility.
Community Action Program (CAP)	A community action program is a community-based and operated program that provides a range of services and activities having a major impact on the causes of poverty in the community. Operated by community action agencies, community action programs are also designed to achieve increased self-sufficiency and greater participation in the affairs of the community.
Capitation	A method of payment for health services in which an individual or institutional provider is paid a fixed amount for each person served, without regard to the actual number or nature of services provided in a set period of time. HMOs characteristically use this payment method.
Carve Out	An arrangement whereby specific services are eliminated from health insurance coverage under a capped rate. The carved-out services may then be obtained on a fee-for-service basis.
Case Management	The planning, referral, monitoring, and coordination of services provided to clients with complex needs and services.
Community Behavioral Health Hospitals (CBHH)	16-bed inpatient acute psychiatric facilities. A part of State Operated Services.
Child Care Assistance Program (CCAP)	A program to make quality child care available to income-eligible families. Qualifying families include those participating in the MFIP program; families who had an MFIP case close in the past 12 months; or families eligible for the BSF program.
Child Care Development Fund (CCDF)	Federal block grant for child care. The CCDF has three components: discretionary, mandatory, and matching funds. Each component has separate requirements, and Minnesota must comply with each component annually in order to leverage available federal block grant funding.
Chemical Dependency (CD)	A condition related to frequent or repetitive use of alcohol or other drugs which adversely affects the health, interpersonal relationships, employment, or safety of the user or others.
Consumer-Directed Community Services (CDCS)	An option for persons eligible for home and community-based waivers (1915 (c) waivers) that allow the waiver recipient to have more direct control over the supports they receive and how those services are secured and purchased.

Term	Description/Definition
Community First Services and Supports (CFSS)	Self-directed home and community-based service being developed for disabled persons living in community settings who need help with daily activities. When fully implemented, this program will replace the current PCA and Consumer Support Grant programs. See: PCA.
Community Health Board (CHB)	A local board of health established for better coordination of local health needs. CHBs must have jurisdiction over a minimum population and geographical area.
Child Care Resource & Referral (CCR&R) Network	Regional organizations that work with existing community-based committees such as the interagency early intervention committees or neighborhood groups to advocate for child care needs in the community.
Child Care Fund	Funds designated to help low-income families pay for child care so that parents may pursue employment or education and training leading to employment. The Child Care Fund is composed of appropriations from the State General Fund, the Child Support Special Revenue fund, and two federal funding sources—the Child Care and Development Fund (CCDF) and Temporary Assistance for Needy Families (TANF) block grant.
Children's Trust Fund	A resource for community-based child abuse and neglect prevention programs. The trust fund receives both state and federal appropriations, which are then granted to nonprofit and public agencies.
Children in Need of Protection Services (CHIPS)	A minor child whom a court has found to be in need of protection or services because the child has been abandoned, abused, or neglected, or who meets one of the other criteria specified in Minnesota Statutes, section 260.015, subdivision 2a.
Community Health Services (CHS) Act	Legislation passed in 1976 to provide state subsidies to local government to perform core public health functions.
Community Integrated Service Network (CISN)	A formal arrangement of physicians, hospitals, and other health care providers that provide a continuum of prepaid health services to a defined population of no more than 50,000 enrollees, including residents of other states.
Centers for Medicare and Medicaid Services (CMS)	The agency within the U.S. Department of Health and Human Services that administers the federal Medicaid and Medicare programs.
Community Rating	A method of calculating health plan premiums using the average cost of actual or anticipated health services for all enrollees within a specific area. Variances for different group characteristics such as age or sex are not allowed.
Community Services Block Grant (CSBG)	A federal block grant, under Public Law 97-35, that supports the infrastructure of community action agencies. Community action agency programs were established to help fight poverty by providing low-income Minnesota citizens with self-sufficiency skills and training.

Term	Description/Definition
County-Based Purchasing	An administrative option of the Prepaid Medical Assistance Program (PMAP) that allows counties to assume the responsibility for purchasing health services for eligible PMAP recipients.
Child Support Enforcement (CSE)	acronym for Child Support Enforcement.
Community Social Services Act (CSSA)	M.S. § 256E specifies a planning process for the provision of social services administered by the boards of county commissioners under the supervision of the commissioner of human services. The legislature also provides a block grant to counties to assist in carrying out these services; this block grant is combined with the federal social services block grant (Title XX) to provide an important source of funding for counties.
Child and Teen Check-ups (CTC)	Minnesota's version of the Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) program, which is mandated by federal Medicaid laws. CTC is a comprehensive health program for infants and children under age 21. The program is designed to identify potentially handicapping conditions, diagnose and treat specific medical conditions, and encourage the development of good health habits.
Developmentally Disabled Individuals (DD)	People diagnosed with mental retardation or a related condition (MR/RC) who have substantial functional limitations or deficits in adaptive behavior and who manifest these conditions before their twenty-second birthday.
Minnesota Department of Human Services (DHS)	acronym for the Minnesota Department of Human Services.
Disease Management	A general term used for a range of medical case management services that assist clients with chronic conditions to make choices regarding their health care.
Durable Medical Equipment (DME)	Prescribed medical equipment (e.g., wheelchair, hospital bed, respirator) that can be used for an extended period of time.
Diagnosis-Related Group (DRG)	A classification of procedures used to sort hospital patients by discharge diagnosis into categories that are medically similar and have approximately equivalent lengths of stay. DRGs are used in determining MA payment levels.
Day Training and Habilitation (DT&H)	Out-of-home, non-residential program services provided for six or more developmentally disabled individuals for part of a 24-hour day.
Dual Eligibles	Persons who are eligible to receive benefits from both Medicare and Medicaid.
Disability Waiver Rate Setting (DWRS)	Statewide system for setting payment rates for various services provided to individuals enrolled in the state's Medicaid disability waivers. This replaced the previous county-based rate system. There is a six-year transition period to the new system during which most providers are

Term	Description/Definition
	"banded" to the historical rate structure and do not have their rates vary more than +/- one percent annually. A request for a seventh-year of banding was enacted in 2017 and is currently waiting for federal approval/disapproval.
Emergency Assistance (EA)	A program that provides cash assistance to help families respond to a crisis that could result in risking the health and safety of the children if immediate aid is not provided. This assistance is available once a year. This program was formerly known as AFDC-EA.
Earned Income Disregard	The percentage of an MFIP recipient's monthly income that is excluded for purposes of calculating the recipient's grant amount.
Electronic Benefits Transfer (EBT)	An automated system that permits public assistance recipients to access cash and SNAP benefits through the use of a card similar to an ATM or debit card.
Emergency General Assistance (EGA)	Money provided to eligible persons with a crisis situation that could result in severe hardship except for the provision of Emergency Assistance. Applicants must be eligible for GA.
Emergency Medical Assistance (EMA)	State program for people who have an emergency medical condition, have an MA basis of eligibility, and meet all other MA eligibility requirements including state residence, but who do not qualify for MA because of immigration status.
Education Now and Babies Later (ENABL)	A program designed to reduce adolescent pregnancy (targeted to teens aged 12 to 14) through prevention, community health promotion approach to educating, and supporting adolescents in the decision to postpone sexual involvement. State funding for this program was eliminated in the 2008 legislative session.
Enhanced Prepaid Medical Assistance Program (PMAP)	A term used to describe the greater or enhanced role of county boards in the transition to Prepaid Medical Assistance Program (PMAP) in their respective counties.
Early and Periodic Screening, Diagnosis, and Treatment (EPSDT)	See *CTC, Child and Teen Checkups.*
Employee Retirement Income Security Act (ERISA)	A 1974 federal law that preempts state regulation of self-funded health benefit plans.
English as a Second Language (ESL)	Training services to help non-English speaking persons communicate in English.
Elderly Waiver (EW)	A federally matched, community-based MA waiver program that provides a customized package of health care for individuals over 65 years of age who need the level of services provided by nursing facilities.

Term	Description/Definition
Experience Rating	A method of adjusting health plan premiums based on their historical utilization data and the distinguishing characteristics of a specific subscriber group.
Fetal Alcohol Effect (FAE)	A controversial term used to describe a child who has been affected by alcohol but may not have all of the characteristics of FAS.
Family Assets for Independence (FAIM)	A subsidized savings program designed to help working individuals with incomes at or below 200 percent of the federal poverty level to build assets and to develop positive financial management habits and skills in order to achieve long-term economic self-sufficiency.
Fetal Alcohol Syndrome (FAS)	A medical diagnosis describing children who have been exposed to alcohol during fetal growth, characterized by (1) decreased height and weight; (2) unique facial features; and (3) damage to the brain and nervous system.
Fee-For-Service (FFS)	A method of purchasing health care services by which a physician or other practitioner charges separately for each patient encounter or service rendered, as opposed to the capitated method of payment.
Federal Financial Participation (FFP)	Federal monies, matched by state and sometimes local monies, that are used to provide services to eligible individuals in federally authorized programs (e.g., Medical Assistance).
Federal Medical Assistance Participation (FMAP)	The federal share of payments for eligible MA services. The share is also applied to MFIP and foster care maintenance reimbursements. The FMAP rate is based on a formula driven by each state's per capita income. Minnesota's FMAP share is generally around 50 percent.
Federal Poverty Guidelines (FPG)	Federal Poverty Guidelines, or **FPL**, Federal Poverty Limit are an index of poverty in the United States that is updated annually; the measure forms the basis of eligibility for a number of means-tested programs.
Food Stamps	See SNAP.
Food Stamp Employment and Training (FSET) Program	A federally mandated program that provides employment and training services for able-bodied food stamp recipients between the ages of 18 and 55.
Federally Qualified Health Centers (FQHCs)	Federally Qualified Health Centers are private area clinics that are qualified to receive special subsidies due to a high proportion of underserved populations such as in poor, migrant, or Tribal areas.
General Assistance (GA)	A state-funded program providing financial assistance to eligible people who are unable to provide for themselves.
Health Care Access Fund (HCAF)	A special revenue fund that receives provider taxes, premium taxes, enrollee premiums, and other revenue. This fund is the source of payments

Term	Description/Definition
	to providers of MinnesotaCare services, administration of the MinnesotaCare programs, and activities related to health care access.
Home and Community-Based Waivers (HCBW)	Home and Community-Based Waivers – See 1915 (c) waivers.
U.S. Health and Human Services (HHS)	the U.S. Department of Health and Human Services.
Health Insurance Flexibility and Accountability (HIFA)	A 1115 Medicaid waiver that uses a tiered strategy to allow Medicaid coverage for ineligible populations, provided that states increase their cost sharing and cap their enrollment.
Health Maintenance Organization (HMO)	An organization that provides an agreed-upon set of basic and supplemental health maintenance and treatment services to enrolled group members in a geographic area for a predetermined fixed price.
Health Savings Account (HSA)	A tax-advantaged savings account that can be used to pay for medical and retiree health expenses incurred by individuals under age 65 and their families. Medicare beneficiaries (persons age 65 or older) are eligible to enroll in a similar product, known as a Medical Savings Account, through the Medicare program.
Housing Support	An income assistance program (formerly Group Residential Housing) that pays the room and board expenses for low-income people who are aged, blind, or otherwise categorically eligible for GA, and who reside in a congregate residential housing setting.
U.S. Department of Housing and Urban Development (HUD)	the U.S. Department of Housing and Urban Development.
Housing with Services (HWS)	A facility that provides sleeping accommodations for one or more adult residents (primarily over 55 years of age), and that offers regularly scheduled health-related or supportive services for a fee. This designation does not include nursing facilities, hospitals, boarding care homes, supervised living facilities, battered women's shelters, family foster homes, and settings licensed under DHS rules 34, 35, 36, or 18.
Intermediate Care Facility for the Developmentally Disabled (ICF/DD)	(Formerly called ICF/MR) – A facility licensed by the Department of Human Services to provide health or rehabilitative services for developmentally disabled individuals or persons with related conditions who require active treatment but not the level of services provided in a hospital or nursing home.

Term	Description/Definition
Individual Development Accounts (IDA)	A federal initiative that enables low-income families to build assets and save money for economic self-sufficiency. Use of savings accrued in IDAs is limited to postsecondary education-related expenses and training, business development, and home ownership. In Minnesota, the Family Assets for Independence program (FAIM) is modeled after the federal IDA initiative.
Individual Habitation Plan (IHP)	A detailed plan developed at the county level for persons receiving services for mental retardation or a related condition. Using the information from the client's Individual Program Plan (IPP), an IHP identifies short-term objectives related to a client's long-term goals and the methods for achieving the objectives.
Institution for Mental Diseases (IMD)	A hospital, nursing facility, or other institution of more than 16 beds, that is primarily engaged in providing diagnosis, treatment, or care of persons aged 18 to 65 years with mental diseases, including medical attention, nursing care, and other services. IMDs are not eligible for MA funding.
Insurance Exchange	States are required by federal law to establish a health insurance exchange or use the federal exchange as a marketplace for health insurance. The exchange will provide access to many private products as well as a federally subsidized low-cost plan for persons with limited income. See: MNsure.
Individual Treatment Plan (ITP)	A plan of intervention, treatment, and services for a person with mental illness developed by a service provider under the clinical supervision of mental health professional on the basis of a diagnostic assessment. The plan identifies goals and objectives of treatment, treatment strategy, a schedule for accomplishing the goals, and the individual responsible for providing treatment to the person.
Long Term Care (LTC)	A term that generally refers to facilities for persons who are elderly, physically handicapped, or developmentally disabled and expected to need care for an extensive period of time. The facilities provide a range of medical and supportive services, most of which are paid for by MA.
Medical Assistance (MA)	MA is a federal/state-funded, state-operated and administered program that provides medical benefits for certain low-income individuals. MA is Minnesota's version of the federal Medicaid program.
MAXIS	A computer system that tracks and makes payments for public assistance benefits for the Minnesota Family Investment Program (MFIP), Medical Assistance (MA), General Assistance (GA), SNAP, and Minnesota Supplemental Aid (MSA).
Minnesota Comprehensive Health Association (MCHA)	Entity that previously operated the state high-risk insurance pool. Currently, MCHA operates the Minnesota Premium Security Plan.

Term	Description/Definition
Minnesota Department of Health (MDH)	Acronym for Minnesota Department of Health.
Minnesota Economic Opportunity Grants (MEOG)	A program serving economically disadvantaged households with a variety of services provided locally and designed to combat the effects of poverty. MEOG funds plus federal Community Services Block Grant (CSBG) funds support Minnesota's network of 40 Community Action Agencies (CAAs).
Minnesota Education and Research Costs (MERC)	A pool of funds used to supplement medical education and research activities supported by diminishing patient care revenues in an increasingly competitive health care market.
Minnesota Family Investment Program (MFIP)	A program that redesigned public assistance by consolidating benefits (former AFDC, former Family General Assistance, and former food stamps) by streamlining requirements and providing incentives for recipients to work, remain employed, and move off public assistance. The program took effect on January 1, 1998.
Minnesota Accountable Health Model	Name for Minnesota's State Innovation Model (SIM) program. The program tests service delivery and payment reforms to improve the cost and quality of health care programs.
Minnesota Premium Security Plan	Also known as reinsurance. This program provides secondary insurance to health plans to help stabilize rates by paying a portion of the cost for individuals with significant health care costs.
Mental Illness (MI)	All forms of illness in which psychological, emotional, or behavioral disturbances are the dominating feature. MI often seriously limits a person's capacity to function in primary aspects of daily living such as relationships, living arrangements, work, and recreation. The term is relative and variable in different cultures, schools of thought, and definitions.
Medical Management Information System (MMIS II)	The information system used by the medical assistance program that processes provider invoices, edits for recipient and service eligibility, pays allowed charges, and provides recipient's payment history.
MinnesotaCare (MNCare)	A state program that provides subsidized health care coverage to low- and moderate-income families and individuals.
MNsure	Minnesota's state-operated health insurance exchange.
Maintenance of Effort (MOE)	A specified amount of money the state (or county) is required to spend to continue receiving funding from the federal (or state) government. It is designed to assure that the state (or county) does not reduce its level of commitment to a program when additional funds become available from other sources.

Term	Description/Definition
Minnesota Supplemental Aid (MSA)	A state program that provides financial assistance to elderly, blind, and disabled recipients of SSI. In some cases, the assistance is a supplemental cash grant; in others, it is in the form of payment to a provider of residential services where the recipient lives.
Minnesota Senior Health Options (MSHO)	A demonstration project within PMAP that integrates the purchase of health care for seniors aged 65 or older who are eligible for Medicare and MA. Enrollees are eligible to receive services under PMAP and Parts A and B of the Medicare program.
Minnesota Sex Offenders Program (MSOP)	A series of forensic treatment services provided to people who have been committed by the Minnesota court system as sexually dangerous persons (SDPs) or sexual psychopathic personalities (SPPs). These services are the responsibility of Direct Care and Treatment (DCT), currently a division of the Department of Human Services, which will become a separate agency in 2025.
Nursing Facility or Skilled Nursing Facility (NF/SNF)	A nursing home, certified by the state Department of Health, which must meet MA and Medicare provider requirements related to service, staffing, and safety.
Northstar Care for Children	State program that includes adoption assistance, kinship assistance, and child foster care programs
Olmstead Decision	Decision by the U.S. Supreme Court concerning rights of persons with disabilities. Olmstead requires that public entities must administer programs "in the most integrated setting appropriate to the needs of qualified persons with disabilities." States are required to have an "Olmstead Plan" covering the provision of services to disabled persons.
Prior Authorization (PA)	The review and authorization of MA and payments for certain restricted health care services, prior to the services being provided.
Pre-admission Screening (PAS)	A program that screens all applicants to Medicaid-certified nursing facilities and boarding care facilities prior to admission. The program is designed to reduce or delay nursing facility placements by assessing the health care needs of applicants and residents of nursing facilities and offering cost-effective, community-based alternatives appropriate for the person's needs.
Personal Care Assistant (PCA)	A person who assists sick or disabled individuals in their homes with tasks of daily living including cooking, bathing, and shopping. This program is transitioning to Community First Services and Supports.
Prepaid Medical Assistance Program (PMAP)	An alternative to the fee-for-service (see *FFS*) method of purchasing health care for public assistance clients (families and children, elderly public assistance); prepayment to the health plans contracting with the state to provide all the health care services required by law for eligible persons.

Term	Description/Definition
Preferred Provider Organization (PPO)	A formally organized entity usually consisting of hospitals and physician providers. PPOs provide health care services to purchasers, usually based on discounted rates in return for expedited claims processing and a predictable volume of the health care market.
Prospective Payment System (PPS)	A payment system, usually associated with Medicare, in which payments are paid under a fixed fee schedule and are not retroactively settled based on actual costs incurred.
Premium Tax	A one percent tax is imposed on the gross premium receipts of nonprofit health plan companies, and a two percent tax is imposed on for-profit insurance companies. The revenue generated from the one percent tax on nonprofit companies is deposited into the Health Care Access Fund (HCAF), and the revenue generated from the two percent tax on for-profit companies is deposited into the general fund.
Prescription Drug Program (PDP)	A state-funded program that provides prescription drug coverage for low-income seniors age 65 or older with limited assets. Changes in this program are anticipated with the advent of the federal Medicare discount drug card (June 2004 to December 2005) and the federal Medicare Part D prescription drug benefit (beginning January 2006).
Providing Resources to Improve Support in Minnesota (PRISM)	The automated statewide child support system.
Provider Tax	A 1.8 percent tax imposed on the providers of health care services for payments received for such services. All revenue generated by the provider tax is deposited into the Health Care Access Fund (HCAF).
Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA)	The federal *Welfare Reform Act of 1996*, Public Law 104-193. This law replaced the old Aid to Families with Dependent Children program (AFDC) with the current Temporary Assistance for Needy Families program (TANF).
Qualified Individual (QI)	An elderly person entitled to Medicare Part A (Hospital Insurance), whose income is greater than 120 percent of FPG but less than 175 percent of FPG, and whose assets are below two times the SSI asset limit. Subject to available funding, this new eligibility category will pay all of the Part B (Medical Insurance) premiums for Medicare recipients whose income is greater than 120 percent of FPG but less than 135 percent of FPG and/or part of the Part B premiums if income is greater than 135 percent of FPG but less than 175 percent of FPG.
Qualified Medicare Beneficiary (QMB)	An elderly person entitled to Medicare Part A, whose income is at or below 100 percent of FPG, and whose assets are below two times the SSI asset limit. This category of eligibility allows MA to pay the out-of-pocket Medicare costs of a recipient (e.g., coinsurance, deductibles) and the monthly Part B premiums for Medicare recipients. QMBs, SLMBs, and QIs

Term	Description/Definition
	are often referred to as dual-eligibles since they are eligible for both MA and Medicare.
Regional Treatment Center (RTC)	State residential institutions that provide 24-hour care and treatment for people with mental illnesses, chemical dependencies, traumatic brain injuries, sexual psychopathic personalities, and behavioral problems who are elderly. Formerly known as *state hospitals*.
Rule 25	Also called a chemical use assessment. A process that assesses an individual's chemical use and places them in one of four categories of dependency. All counties and Tribal governments, as well as health plans serving Medical Assistance or MinnesotaCare clients, must provide assessments.
Safety Net	Term used to describe the nation's system of providing health care to low-income and other vulnerable populations, including the uninsured and Medicaid recipients. Many providers have either a legal mandate or an explicit policy to provide services regardless of a patient's ability to pay. See also uncompensated care.
State Children's Health Insurance Program (SCHIP)	See Social Security Act, Title XXI.
Senior Drug Program	See Prescription Drug Program.
Senior LinkAge Line	A toll free number (1-800 333-2433) that seniors may call to find all the services available to them in Minnesota.
Statewide Health Improvement Program (SHIP)	Statewide program providing grants to community health boards to help improve citizen's long-term health. Strategies focus on issues such as tobacco use, exercise, nutrition, and weight management.
Semi-Independent Living Services (SILS)	Services provided to adults with developmental disabilities that are designed to allow the individuals served to maintain and improve their capability to live in the community. Services include training and assistance in managing money, preparing meals, shopping, and maintaining personal care.
State Innovation Model (SIM)	Program run through the Centers for Medicare and Medicaid Services Innovation Center. This program provides grants for states to test new approaches for service delivery and payment models. Minnesota received a $45.2 million grant in 2013. See Minnesota Accountable Health Model.
Sliding Fee Scale	A family's monthly parent fee for basic sliding fee child care services. Parent fees are established in rule and must provide for graduated movement to full payment.
Specified Low-Income Medicare Beneficiary (SLMB)	An elderly person entitled to Medicare Part A, whose income is greater than 100 percent of FPG but less than 120 percent of FPG, and whose assets are

Term	Description/Definition
	below two times the SSI asset limit. This category of eligibility allows MA to pay the monthly Part B premiums for Medicare recipients.
Supplemental Nutrition Assistance Program (SNAP)	Benefits (formerly known as food stamps) issued through paper coupons or electronic means that are used to purchase food and food products in approved stores. The program is administered by the U.S. Department of Agriculture (USDA) at the federal level and by county social services agencies at the local level.
Social Security Act	The federal act that provides a variety of funding and program titles that affect human services: • **Title I**: Grants to States for Old-Age Assistance for the Aged. • **Title IV-A** : Temporary Assistance for Needy Families (TANF) block grant. • **Title IV-B:** Child welfare services and funding in the form of a block grant. • **Title IV-D:** Child Support. • **Title IV-E:** Foster care, training, and related case management requirements and funding. Also pays for out-of-home placement costs for eligible children. • **Title V:** Maternal and Child Health Services Block Grant. • **Title X:** Grants to States for Aid to the Blind. • **Title XI:** Demonstration Grants - used to fund demonstration projects to prove the feasibility of a social services program or service before it is fully funded. • **Title XIV:** Grants to States for Aid to the Permanently and Totally Disabled. • **Title XVI-A:** Grants to States for to the Aged, Blind, or Disabled. • **Title XVI-B:** Supplemental Security Income for the Aged, Blind, and Disabled. • **Title XVIII:** Medicare – provides payment of needed medical care for persons age 65 and older. • **Title XIX:** Medicaid Program (Medical Assistance in Minnesota). • **Title XX:** Grants to States for Social Services. Also referred to as the Social Services Block Grant or SSBG.

Term	Description/Definition
	• **Title XXI:** State Children's Health Insurance Program (SCHIP) – provides enhanced federal funding to states that expand health insurance coverage for children.
State Operated Community-based Services (SOCS)	Program services to persons with developmental disabilities who reside in ICF/DD facilities with fewer than six beds. These services include but are not limited to community group homes, foster care, supportive living services, day training and habilitation, respite care, and crisis services.
Social Services Information System (SSIS)	A personal computer-based information system that provides uniform access to data and social services information for many state social services programs.
Spend down	A process by which individuals with high levels of out-of-pocket medical expenses and income that exceeds the Medical Assistance income standard can qualify for medical benefits. In essence, individuals "spend down" their income to the MA eligibility standard. An individual's spend down amount is the difference between the individual's income and the income level for the program.
Temporary Assistance for Needy Families (TANF)	The federal welfare program (formerly known as AFDC) that provides assistance for eligible low-income families and individuals. Minnesota's TANF program is known as MFIP. It is funded jointly with federal TANF block grant monies and state general fund monies. County dollars are also used to fund the TANF program.
TANF/ Minnesota Family Investment Program (MFIP) Child Care	TANF/MFIP Child Care helps cash assistance families and families moving off of cash assistance (transition year families) pay for child care while participating in authorized activities. Families who are employed or pursuing employment – or are participating in employment and training activities authorized in an approved employment service plan – or employed families who are in their transition year are eligible to receive cash assistance. MFIP Child Care is available as a forecasted program without an allocation ceiling. Counties are reimbursed, from state and federal funds, for 100 percent of their expenditures.
TANF Reserve Account	An account in the U.S. Treasury that contains unobligated federal funds that are to be used for MFIP-S or related initiatives.
Tax Equity and Fiscal Responsibility Act (TEFRA)	The 1982 federal law that authorized MA eligibility for children with disabilities, regardless of their parents' income, to enable them to receive services in their own homes, instead of having to be institutionalized.
Termination of Parental Rights (TPR)	The process under Minnesota Statutes, section 260.221 by which a parent's rights to his or her child are legally ended. Parental rights must be terminated, before a child is available for adoption.

Term	Description/Definition
Transitional standard	The basic level of assistance for a family on MFIP-S with no earned income. The amount of assistance, which is made up of cash and food assistance, varies by family size.
Uncompensated Care	Health care provided without payment from a patient or third-party payer. Includes charity care and care for people who are unwilling or unable to pay their bills.
Upper Payment Limit (UPL)	The maximum amount of Medicaid paid to a nursing home for services, which is governed by the rate charged by Medicare.
U.S. Department of Agriculture (USDA)	The federal agency responsible for the SNAP and WIC programs.
Women, Infants, Children (WIC)	A program that provides supplemental foods, nutritional counseling, and health screening for low-income, high-risk pregnant, breast-feeding, and post-partum women, infants, and children under the age of five.

GLOSSARY OF FISCAL TERMS AND ACRONYMS
Higher Education

Term	Description/Definition
Achieve	Grant program which paid college students up to $1,200 for having taken a "rigorous" program of courses in high school. To qualify students must be from families with income of $75,000 or less, take courses outlined by a similar federal program (basically the state high school graduation requirements plus a language) and have a C average or better. Funding for this program was eliminated at the beginning of the 2011-12 award year.
Allocation Model	MnSCU system methodology for distribution of state appropriations to campuses.
Board of Trustees of Minnesota State Colleges and Universities	Board that has governance authority over the State Universities, Community Colleges and Technical Colleges after the formal merging of these three systems on July 1, 1995. Members of the Board of Trustees are appointed by the governor.
Board of Regents	Board that has governance authority over the University of Minnesota. Both houses of the legislature meeting in joint convention elect the members of the Board of Regents. Candidates are screened and interviewed by the Regent Candidate Advisory Council (RCAC) prior to the joint convention.
Campus Compact	Organization that promotes service-learning opportunities for college students.
College in the Schools	K-12 students taking college courses in secondary settings. Typically, K-12 instructors teach the classes and are given curriculum training under contract from a college or university.
Concurrent Enrollment	Umbrella term for programs where secondary students take courses for both secondary and post-secondary credit. (See College in the Schools and PSEO.)
Design for Shared Responsibility	Defines how state financial aid is allocated to Minnesota undergraduate students. This policy distributes the responsibility for paying the cost of attending college among the student, the student's family, and the state and federal governments. Shared Responsibility expects the student to finance a specific percentage of the cost; the family is expected to pay the other portion. In general, grant aid from the federal and/or state government applies to the family share and loans or work study applies to the student share.

Term	Description/Definition
Expected Family Contribution (EFC)	Amount which students and their families are expected to be able to contribute to the cost of higher education as calculated by the Federal Needs Analysis. The "neediest" students in the analysis have zero EFC.
Free Application for Federal Financial Aid (FAFSA)	Federal form that provides financial information to complete the federal needs analysis (see below) when applying for financial aid. Submitting this completed form with a copy of current tax information is a prerequisite for all state and federal need-based aid.
Federal Needs Analysis	Federal methodology used to assess a student's eligibility for both state and federal need-based financial aid programs. Financial information about the student and/or family and the student cost of attendance are used to determine the student's financial need.
Full Year Equivalents (FYE)	A measure of enrollment equating total credit-based enrollment (including full and part time students) to the equivalent number of full-time students. Calculated by taking total credit hours generated and dividing by 45.
Higher Education Facilities Authority (HEFA)	Statutory entity that assists (primarily private) colleges with financing of capitol projects. The Authority is empowered to issue revenue bonds and has a limit of $1.3 billion in total outstanding principal. The Authority does not receive any funding from the state.
Intervention for College Attendance Grants (ICAP)	Program that educates students and families in grades 6 through 12 and historically underrepresented college students about the importance of the academic preparation and financial planning needed for college attendance.
Living and Miscellaneous Expense Allowance (LME)	Figure set in law which is added to tuition to determine the maximum amount a student can receive from the state grant program. As the name implies, this figure is meant to represent the non-tuition related costs of a college education.
Minnesota College Savings Plan	Also known as the 529 plan, it was created and authorized by the Internal Revenue Code but is administered and sponsored by each participating state. The Minnesota Office of Higher Education administers the plan and helps families set up state managed, tax deferred savings accounts for educational expenses. Until June 2011, contributions were matched by the state up to a maximum $300 annual benefit. Families with incomes under $50,000 received a 15 percent match; families with incomes between $50,000 and $80,000 received a five percent match. Minnesota continues to participate in the 529 plan, but without the matching grant portion.
North Star Promise	College scholarship program that provides free tuition to students attending a Minnesota public higher education institution or Tribal college. Eligible students must have a family adjusted gross income (AGI) as reported on the FAFSA or Minnesota Dream Act application below $80,000. Awards are calculated on a "last dollar" basis and do not cover items such as housing, food, transportation, books, and supplies.

Term	Description/Definition
Office of Higher Education (OHE)	State agency that is responsible for administering state financial aid programs and collecting statewide data on enrollments and aid distribution.
PELL Grant Program	Main federal need-based financial aid program. Grants range from $555 to $5,550 annually for each student and apply to undergraduate studies only.
Perkins Loan	Major supplemental federal loan program. Provides long term, low interest loans to undergraduate and graduate students. Students must show need (see Federal Needs Analysis). Undergraduates may borrow $5,500 annually up to $27,500 in total; graduates may borrow $8,000 annually up to $60,000 in total.
Postsecondary Enrollment Options (PSEO)	State program that allows high school juniors and seniors to enroll in postsecondary courses. These students are accepted on a space available basis.
Reciprocity	Agreements that Minnesota has with other states and provinces that allow students to attend colleges in those areas at lower than nonresident cost and vice versa. The agreements vary by state as to scope and cost, but most include a provision for equalization payments between states based on enrollment volume.
Student Educational Loan Fund (SELF)	State run revolving loan fund. Loans are not need-based but require a credit worthy co-signer (usually a parent). Interest on SELF-loans is not deferred but must be paid quarterly while the student is in school. Undergraduates may borrow $10,000 annually up to $50,000 in total. Graduate-level students may borrow $10,000 annually up to $70,000 total in cumulative undergraduate and graduate loans. Students in other programs may borrow $7,500 each year with a maximum loan amount of $37,500.
Series EE U.S. Savings Bonds	Federally issued savings bonds. Bonds are available in small denominations and purchase methods such as payroll deduction are available. Interest on EE bonds is state and federal tax exempt when used for educational purposes.
Stafford Loan Program	Federal loan program that includes both need-based, subsidized loans and non-need-based, unsubsidized loans for undergraduate, graduate and professional students. Both programs are traditional college loan programs handled through private lenders since 1994. However, both programs are also available at some schools as Federal Direct Student Loans where the U.S. Department of Education is the lender. Annual loan amounts and aggregate limits vary by year in school and dependency status.
State Higher Education Spending	Equals appropriations plus tuition. Tuition money is not directly appropriated. Higher education systems set tuition rates and collect and retain the revenue based on either statutory or constitutional authority.

Term	Description/Definition
State Grant Program	Main state need-based financial aid program. This program works in conjunction with the federal PELL program to provide grants to students with assessed need (see Federal Needs Analysis and Design for Shared Responsibility). After the amount of total grant aid that a student is eligible for is determined any PELL grant which a student will receive is deducted and the remainder is the amount of the State Grant. Funding for the state grant program is appropriated as part of the biennial budget process. The program is not a forecasted entitlement.
Tuition Maximum	Limit established in law to set the maximum amount of tuition which can be recognized in the state grant program. There are separate maximums established for two-year programs and four-year programs.
Work-study	Need-based financial aid program which subsidizes the wages of student workers.

GLOSSARY OF FISCAL TERMS AND ACRONYMS
Housing

Term	Description/Definition
Affordable Housing	Generally, housing in which the occupant is paying no more than 30 percent of their gross income for housing costs, including utilities.
Amortization	(1) The spreading out of costs for the use of a long-term asset over the expected period of the asset's value. (2) Repayment of a mortgage loan by installments, spreading out payments over time to include both principal and interest, with the amount of interest decreasing with each payment.
Area Median Income (AMI)	The median household income in a geographical area. AMI is calculated on an annual basis by HUD and is based on a four-person household. Eligibility for many housing programs is based on this value, usually set at a percentage of AMI. For example, HUD classifies low-income renters as at or below 80 percent AMI.
At Risk of Homelessness	Individuals and/or families that have an annual income below 30 percent AMI who do not have sufficient resources or support networks that would prevent them from moving to an emergency shelter and who exhibit one or more risk factors for homelessness, such as recent housing instability.
Bridges	This program provides temporary rental assistance for households in which at least one adult member has a serious mental illness. Households must have income below 50 percent AMI in order to qualify. This program is intended to provide stable housing for the household until public housing or a Section 8 certificate/voucher becomes available.
Building and Housing Codes	State and local ordinances that prescribe certain minimum standards for the construction, rehabilitation, or occupancy of properties.
Capacity Building Program	This program funds activities that build the capacity of organizations and communities to address the root causes of housing instability.
Challenge Program	See Economic Development and Housing Challenge Program.
Chronically Homeless	According to HUD, a homeless individual with a disability who continuously lives in a place not meant for human habitation, a safe haven, an emergency shelter, or institutional care facility for at least 12 months, or on at least four separate occasions in the last three years, where these combined occasions total at least 12 months.
Community Land Trust	A nonprofit land trust that shares ownership with individuals and families. They may own the land, while individuals purchase the home. When homes

Term	Description/Definition
	are sold, the owner receives a share of the price appreciation, which reduces the cost for the next owner. In Minnesota statute, community land trusts must have as a purpose to hold and/or lease land for the purpose of preserving the affordability of housing for persons and families of low and moderate income.
Community Homeownership Impact Fund	Resources available through a competitive RFP for developers and administrators of single-family, owner-occupied affordable, and workforce housing.
Community Stabilization Program	A program that provides loans or grants to preserve naturally occurring affordable housing through acquisition, rehabilitation, interest rate reduction, or gap financing.
Common Interest Communities (CICs)	A group of homes in which owners are members of an association that manages the community. Examples include condominiums, townhomes, or cooperatives.
Coordinated Entry	A centralized process to coordinate the intake, assessment, and housing service for people experiencing homelessness.
Cost-Burdened	When a household spends more than 30 percent of its income on housing expenses, either rent or homeownership.
Credit Rating	A score or grade given to a potential borrower which indicates their likelihood of repaying an obligation.
Deeply Affordable Housing	Housing which is deemed to be affordable for those at incomes at or below 30 percent of AMI.
Deferred Loans	Loans which do not require borrowers to repay any of the original principal until the end of the loan term.
Disaster Relief Funding	MHFA serves as a lender of last resort after insurance and the Federal Emergency Management Agency (FEMA) provide loan resources to homeowners in the wake of a natural disaster. This program is only available if there has been a federal disaster declaration.
Economic Development and Housing Challenge Program	A program that funds development and redevelopment activities, including construction, acquisition, and rehabilitation of both rental housing and homes for ownership. Assistance is provided in the form of no-interest deferred loans and grants to local governments and for-profit and nonprofit developers.
Emergency Assistance Program	A cash grant program administered through the Department of Health and Minnesota counties to provide assistance to low-income families experiencing household emergencies, such as evictions, foreclosures, and utility shutoffs.

Term	Description/Definition
Energy Loan Plus Program	MHFA and the federal Department of Commerce manage this program which helps eligible homeowners make energy conservation improvements to homes by providing below market interest rate loans.
Equity	The difference between the fair market value of the property and the amount still owed on its mortgage.
Family Homeless Prevention and Assistance Program (FHPAP)	A program that assists families at risk of or directly experiencing homelessness by providing grants to counties and nonprofit organizations. Grantees can use funds for a broad range of activities aimed at homelessness prevention, such as security deposits, utility assistance, short-term rental assistance, or mortgage payment assistance. Historically, 50 percent of funds have been used for direct cash assistance.
Fix-Up Home Improvement Loan Program	MHFA uses agency resources to provide moderate-income families with home improvement loans, which have an amortizing interest rate.
Fair Market Rent (FMR)	An amount equal to the 40th percentile of gross rents, which is determined by HUD to be a fair amount on which to base payment standard amounts for its different subsidy programs. The FMR is derived from a survey of standard quality units and is used in the calculation of reimbursements for private property owners who rent to individuals or families receiving assistance through different federal programs.
Federal Housing Administration (FHA)	Part of HUD, the Federal Housing Administration provides mortgage insurance on loans made by FHA-approved lenders. FHA primarily operates from self-generated income.
First Generation Downpayment Assistance	This program provides downpayment assistance through the use of deferred, interest-free, and forgivable loans to buyers whose parents did not own a home or lost a home to foreclosure.
Federal Housing Opportunities for Persons with AIDS (HOPWA)	This program provides grants to meet the housing needs of people who are HIV positive or living with AIDS and their family members. MHFA uses these federal funds for short-term housing assistance and rental subsidies.
Fee-Based Home Purchasing	This program is managed by a nonprofit, NeighborWorks, which is charged with developing a fee-based financing program for homebuyers who are averse to paying interest.
Greater Minnesota	The 80 counties in Minnesota that do not form part of the seven-county metro area.
Greater Minnesota Workforce Housing Development Program	This program aims to finance new construction of rental workforce housing in small to mid-sized cities in greater Minnesota. Communities are required to secure matching funds, at the rate of one dollar for every two dollars in program funding.

Term	Description/Definition
Homebuyer Education, Counseling, and Training Program	A statewide delivery network for homebuyer training and education and foreclosure prevention counseling for low- and moderate-income first-time homebuyers. This program receives support from state and federal appropriations, as well as other institutions.
Homeless	A person or household lacking a fixed, adequate nighttime residence.
Homeowner Associations (HOAs)	The governing body of many common-interest communities.
Homeownership Assistance Fund	Assistance, in the form of a second no-interest mortgage, for first-time homebuyers for downpayment and closing costs. Repayment of these loans is deferred, and in some cases, forgiven. In the event of a sale or refinancing of a home, the loan must be repaid to MHFA.
Homeownership Investment Grants	These grants are to support initiatives that encourage affordable homeownership across the state, such as development to increase the supply of affordable owner-occupied homes and financing affordable new construction, acquisition, rehabilitation, and resale of existing homes.
Homework Starts with Home	This program funds housing assistance and services for homeless and highly mobile students and their families, with the goal that stable housing leads to better school attendance.
Housing Authority	Public corporations with boards appointed by local government, whose mission is to provide affordable housing to low- and moderate-income people. These authorities may provide subsidized and public housing. MHFA is an example of a Minnesota housing authority.
Housing Infrastructure Bonds (HIBs)	Bonds that the agency can authorize to fund loans to finance the costs of acquisition, construction, development, and rehabilitation of housing and property. These are appropriation bonds, which means the full faith, credit, and taxing powers of the state are not pledged to the repayment of the bonds; rather the state must appropriate money for debt service for payments on the bonds.
Housing Trust Fund Program	The largest of MHFA's supportive housing programs, this program provides zero percent interest deferred loans for financing affordable permanent and supportive rental housing and limited equity cooperative housing for very low-income households. The program also provides grants and loans to cover supportive housing operating costs.
Housing and Urban Development (HUD)	The federal Department of Housing and Urban Development administers federal programs that provide housing and community development assistance, as well as equal housing opportunities.
Housing Trust Fund Program	This program funds rental assistance for households, with the majority of those served previously experiencing long-term homelessness. Renters only pay 30 percent of their income towards rent.

Term	Description/Definition
Income/Rent Restrictions	The requirement that property managers restrict the incomes of people who reside in specific housing as well as the rents they can charge in exchange for state and federal government funding and subsidies.
Land Trust	A legal entity or organization that manages, owns, or has partial ownership over real estate.
Local Affordable Housing Aid (LAHA)	This state-paid formula-based aid, funded through a 0.25 percent metropolitan sales tax, is designed to help counties and cities in the seven-county metro area develop and preserve affordable housing, as well as prevent homelessness and help those experiencing it. Qualifying projects include emergency rental assistance, financial support to nonprofit affordable housing providers, and affordable homeownership and rental construction and rehabilitation projects.
Local Housing Trust Funds	These funds are established by local governments through the dedication of local public revenue for housing purposes and are designed to be flexible and respond to local community housing needs.
Local Housing Trust Fund Grants	These grants provide funds to local communities equal to 100 percent of the new public revenue committed to the local housing trust fund, so long as this revenue is from a source other than the state or federal government. Funds must be used for specific housing-related initiatives.
Long-Term Homelessness	Persons who lack a permanent place to live continuously for a year or more, at least four times in the past three years.
Low-Income Housing Tax Credit (LIHTC)	A federal income tax credit to owners/investors for the acquisition, construction, development, and/or rehabilitation of eligible rental housing. MHFA administers this program, which is awarded on a competitive basis to nonprofit and for-profit entities.
Manufactured Homes	A structure that can be transported to a site for installation over a temporary or permanent foundation and where it can be connected to utilities.
Manufactured Home Community Redevelopment Program	This program funds infrastructure improvements to, or the acquisition of, private, public, or cooperatively owned manufactured home parks. Funds are available through a competitive RFP process.
Manufactured Home Lending Program	This program provides funds to be used for new manufactured home financing programs and downpayment assistance, or repair, renovation, removal, and site preparation for manufactured homes.
Manufactured Home Relocation Trust Fund	This fund provides compensation to participating homeowners in manufactured home parks in the event that all or part of their park closes.
Market Rate Rent	The prevailing monthly cost for rental housing, set by the housing provider/landlord without restrictions.

Term	Description/Definition
Median Household Income (MHI)	An indicator of income level, where half the households earn more and half earn less.
Minnesota Housing Finance Agency (MHFA)	Minnesota Housing Finance Agency is the state's housing finance agency. MHFA finances housing for low- and moderate-income Minnesotans through state and federal appropriations and self-generated income. MHFA is managed by a board of directors, which makes decisions for the agency and maintains the agency's financial assets.
Mortgage	A type of loan used to finance the purchase of real estate.
Mortgage Insurance	Mortgage Insurance protects lenders against losses; if a property owner defaults on their mortgage, mortgage insurance pays claims to the lender for the unpaid principal balance.
National Housing Trust Fund	A federal HUD program which targets the building, operation, preservation, and rehabilitation of deeply affordable rental housing. These funds are distributed using a formula and must be matched by state contributions.
Naturally Occurring Affordable Housing (NOAH)	Housing that is affordable without government subsidies or income/rent restrictions. Includes multifamily rental housing that is at least 20 years old in which a majority of the units are affordable to households at or below 115 percent AMI, as well as owner-occupied housing in areas of high displacement that is affordable to households at or below 115 percent AMI.
Prevailing Wage	The minimum hourly wage employers must pay workers employed in construction projects financed with state dollars.
Preservation Affordable Rental Investment Fund (PARIF) Program	This program finances loans for the improvement and preservation of federally assisted affordable housing stock that is in danger of being lost.
Publicly Owned Housing Program (POHP)	This program uses the proceeds of general obligation bonds to provide financing to rehabilitate and preserve public housing throughout Minnesota. This financing comes in the form of a 20-year deferred, forgivable loan.
Rehabilitation Loan Program	This program provides no-interest, forgivable loans for low-income households to make health, safety, and energy conservation improvements. Loans are forgiven after 15 years if the home continues to be the primary residence.
Rent Assistance	A form of housing assistance where renters generally pay 30 percent of their income towards rent, while the program covers the remaining portion.
Rent Controls	State and/or local government actions that restrict rent increases or service fee charges to tenants.

Term	Description/Definition
Rental Rehabilitation Deferred Loan (RRDL) Program	This program helps owners of small to medium rental properties outside the five-county metro area finance rehabilitation of rental units.
Rural Housing Service	A federal agency within the U.S. Department of Agriculture, which offers a variety of programs to build and/or improve housing in rural areas through the use of loans and grants.
Request for Proposals (RFP)	A process for soliciting proposals and bids for work, such as housing development or housing-related services.
Section 8	A federal rental assistance program that allows participants with low income to pay 30 percent of their income for rent, with the program subsidizing the remaining rent.
Section 811	A federal program that provides funding for project-based rental assistance for people living with disabilities. These funds are awarded through a competitive RFP process. MHFA partners with the Department of Human Services in the administration of these funds.
State Tax Credit Contribution Program	Individual taxpayers can contribute funds to this program by selecting specific qualifying projects or to a general pool. Contributions are eligible for a tax credit. The monies from these contributions are available for grants and loans for certain affordable housing projects.
Stable Housing Organizational Relief Program (SHORP)	This program provides financial assistance to support rental housing owners that have experienced significant financial impacts due to economic and social conditions.
Statewide Local Housing Aid (SAHA)	A state-paid formula-based aid to counties, Tribal Nations, and local governments in greater Minnesota that aims to develop and preserve affordable housing within these jurisdictions, as well as prevent homelessness and help those experiencing it. Qualifying projects include emergency rental assistance, financial support to nonprofit affordable housing providers, affordable homeownership and rental projects, and market value projects outside the seven-county metro area.
Subsidized Housing	A generic term covering all federal, state, or local government programs that reduce the cost of housing for low- and moderate-income residents. Some examples of housing subsidies include vouchers, downpayment assistance, mortgage interest rate reductions, deferred loans, and tax credits, among others.
Supportive Housing	Housing that is not time-limited and provides and/or coordinates with necessary services so that residents maintain housing stability and maximize their opportunities for education and employment.
Supportive Housing Program	A program designed to strengthen supportive housing for those who have experienced homelessness. Funds for this program may cover the effective operation of supportive housing, including building operating expenses,

Term	Description/Definition
	existing or new units of housing, and the creation of partnerships with health care and other sectors.
Workforce and Affordable Homeownership Program	This program aims to increase the supply of workforce and affordable owner-occupied multi- or single-family housing. It is financed through grants to cities, Tribal governments, nonprofit organizations, cooperatives, and community land trusts.
Zoning Regulations	Rules and regulations that impact the designated use of lands.

GLOSSARY OF FISCAL TERMS AND ACRONYMS
Public Safety and Judiciary

Term	Description/Definition
American Correctional Association (ACA)	This association sets standards and accredits correctional institutions. All of the Department of Correction facilities are accredited.
Bed Impact	Change in the number of prison beds based on proposed legislation. This term is mainly found in fiscal notes.
Bureau of Criminal Apprehension (BCA)	A division of the Department of Public Safety provides investigative assistance, forensic science services, statewide criminal justice information, and training.
Challenge Incarceration Program (CIP)	A Department of Corrections program that offers an intensive, highly structured, and disciplined program for non-violent, chemically dependent offenders. The boot camp style program offers a chance at an earlier release for the offender. The DOC offers the program to both male and female inmates at different facilities across the state.
Civil Legal Aid	This program provides legal assistance to individuals with incomes that fall below the federal poverty level with respect to their most critical civil needs.
Combined DNA Index System	A DNA database that is maintained by the Bureau of Criminal Apprehension and contains over 17,000 offender DNA profiles.
Community Corrections Act (CCA)	Thirty-two counties participate in the CCA. These counties receive a subsidy from the state and are responsible for developing, implementing and evaluating both traditional and non-traditional local corrections programs. Each jurisdiction adopts an annual plan and submits it to the Department of Corrections.
County Probation Officer Counties (CPO Counties)	Twenty-seven counties are under this designation. In these counties the juvenile and misdemeanant probation officers are employees of the county. Each of these counties receives a subsidy from the state that pays up to one half of the salaries for these officers. Probation officers employed by the state handle felony probation and supervised release cases in these counties.
Court of Appeals	The state's intermediate appellate court that provides for a review of final decisions of the trial courts, state agencies and local governments.
Court Technology Fee	A $2 fee imposed on criminal and traffic penalties to fund technology upgrades for the state court system.
Crime Victims Fund	This fund was authorized by the federal Victims of Crime Act. The money comes from criminal fines, forfeited bail bonds, penalty fees, and special

Term	Description/Definition
	assessments collected by the U.S. Attorneys Offices, the U.S. Courts, and the Bureau of Prisons. The money is distributed to states to fund victim assistance and compensation programs.
District Courts	These courts are also known as trial courts. They have statewide jurisdiction in all civil and criminal actions within district boundaries (ten judicial districts).
Emergency Management and Homeland Security	A program in the Department of Public Safety that primarily aids in disaster recovery and also oversees some security grant programs.
Department of Corrections (DOC)	This agency consists of adult institutions, juvenile services, and community services.
Department of Public Safety (DPS)	Acronym for Minnesota Department of Public Safety.
Driving While Intoxicated (DWI)	Acronym for driving while intoxicated.
Drug Court	The goal of this type of court is to improve chemical health and reduce crime by changing a defendant's behavior. This court employs a coordinated approach aimed at enhancing public safety and restoring community health by reducing substance abuse and the cycle of related criminal activity.
Driving Under the Influence (DUI)	Acronym for driving under the influence (of a controlled substance).
Extended Juvenile Jurisdiction (EJJ)	The extended juvenile jurisdiction category applies to juveniles accused of committing a felony-level offense after becoming 14 years of age. The juvenile court imposes both a juvenile disposition and a stayed adult criminal sentence. If a juvenile violates the conditions of the stayed sentence or has committed a new offense, the court may revoke the stayed sentence and have the adult sentence executed.
Electronic Monitoring	A method of probation enforcement that uses electronic methods to monitor someone sentenced to home confinement.
Family Violence Prevention Services Grant	These federal grant funds are for emergency shelter and related assistance for battered women and their children.
Felony	The most serious category of criminal offenses. A sentence of imprisonment for more than one year may be imposed.
Gross Misdemeanor	A crime with penalties of imprisonment from 91 days to one year or a fine of not more than $3,000 or both. Jail sentences are served in county owned facilities.
Hazardous Materials Chemical Assessment Teams (HAZMAT)	Response teams for hazardous material emergencies. They assist local authorities when requested by providing technical advice to local incident

Term	Description/Definition
	commanders, and recommending mitigation actions necessary to protect life, property, and the environment.
Human Rights Department	This department is responsible for enforcing state human rights statutes against illegal forms of discrimination.
Intensive Supervised Release (ISR)	Special supervision for those offenders who have completed their prison terms and are on increased supervision for having been identified as most likely to re-offend.
Institution Community Work Crew (ICWC)	This program provides supervised community service work crews for select minimum-security inmates at the end of their institutional stay.
Judicial Standards Board	This board investigates and acts on complaints alleging judicial misconduct or disability for the judicial branch.
Juvenile Residential Treatment Grants	These grants are awarded to counties to help them defray residential treatment costs.
Law Library Fee	Fee on petty misdemeanor cases and criminal convictions that is set by the county law library board of trustees with the approval of the board of commissioners. This fee varies by county and is used to support the county law library.
Local Correctional Fee	This is also known as a probation fee. A person convicted of a crime and placed on supervision may be charged a correctional fee to support their own supervision costs.
Minnesota Association of Community Correction Act Counties (MACCAC)	Association of counties who operate corrections programming within communities under the provisions of the Minnesota Community Corrections Act.
Minnesota Association of County Probation Officers (MACPO)	This association exists as a nonprofit organization committed to the improvement of probation and parole practices at all levels. It includes probation and parole practitioners serving county, state, community corrections and federal agents.
Minnesota Sentencing Guidelines Commission (MSGC)	This commission develops a set of sentencing standards for the courts, evaluates sentencing policy and practices, modifies the sentencing standards, determines the impact of policy on correctional resources, and provides training, implementation, and information services to the criminal justice community and the public.
Minnesota Correctional Industries (MINNCOR)	The semi-autonomous division of the Department of Corrections that was created to manage the industry programs of the Department of Corrections.
Misdemeanor	A crime for which a sentence of not more than 90 days or a fine of not more than $1,000, or both may be imposed. Any jail sentence would be served in a county owned facility.

Term	Description/Definition
Per Diem	As the term is used in corrections, it means the daily cost of housing an inmate.
Petty Misdemeanor	An offense which is prohibited by statute, but does not constitute a crime and for which a sentence of a fine of not more than $300 may be imposed.
Peace Officer Standards and Training Board (POST Board)	This board regulates the practice of law enforcement in Minnesota.
Probation	A court-ordered sanction placing certain conditions on a convicted offender, which could include some local jail or workhouse time, but allows the offender to remain in the community under the supervision of a probation officer.
Presentence Investigation (PSI)	The procedure after conviction during which the defendant's criminal history is investigated.
Public Defense Board	Provides criminal defense services to indigent defendants through the public defender system.
Recidivism	To relapse into criminal behavior, re-offend.
Recidivism Rate	The percentage of released offenders who commit another felony within a three year period after release, as tracked by the Department of Corrections.
Restitution	Payment of compensation by the offender to the victim or victim's family that helps restore the victim to his or her condition before the crime. This also includes payment to a government entity that incurs loss as a direct result of a crime.
Restorative Justice	This program promotes the use of criminal justice practices and programs that focus on repairing the harm of crime on victims.
Sentence	The time to be served in a prison or jail; also includes fine, probation, restitution and community service.
State Contract Counties	In the 27 counties that are not CCA or CPO counties, the juvenile and misdemeanant probation officers are employees of the State Department of Corrections. The funding is just the reverse of CPO Counties in that the counties pay the state for up to one-half of the salaries of the officers.
Status Offense	Conduct which is illegal for a minor, but not for an adult; for example – truancy, curfew, etc.
Supreme Court	This is the state court of last resort and it has jurisdiction in remedial cases as prescribed by law, appellate jurisdiction over all cases and supervisory jurisdiction over all cases and supervisory jurisdiction over all courts in the state.

Term	Description/Definition
Tax Court	A specialized trial court in the executive branch. It hears and determines all matters arising out of Minnesota's tax laws.
Uniform Laws Commission	This commission works with the National Conference of Commissioners on Uniform State Laws to draft legislation that will improve state statutes and make them more uniform throughout the nation.
Victims of Crime Grant (VOCA)	A federal grant with two parts (compensation and assistance). The compensation funds are used to reimburse crime victims and their families for financial losses incurred due to a crime involving personal injury or death. The assistance funds are distributed to victim services programs for direct services such as crisis intervention, counseling, transportation and advocacy.
Violence Against Women Grant (VAWA)	A federal grant for projects to improve law enforcement and prosecution strategies and victim services, in cases involving violence against women.
Violent Offender Incarceration Truth in Sentencing Program	Federal program to help state and local governments expand their capacity to house violent offenders.
Workhouse	A correctional institution operated by a county or a group of counties for the incarceration of persons convicted for offenses to which the court has sentenced them for up to one year. The difference between a jail and a workhouse is that the workhouse holds only sentenced offenders.

GLOSSARY OF FISCAL TERMS AND ACRONYMS
State Government, Veterans Affairs, Elections, and Pensions

Term	Description/Definition
Minnesota Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience and Interior Design (AAELSLAGID)	AELSLAGID regulates these professions. The board ensures that individuals meet the education, examination, and experience standards for licensure or certification, and maintain their records in good standing.
Attorney General (AGO)	The attorney general serves as chief legal officer for the state of Minnesota. The AGO defends state law when challenged in court, and provides legal representation to state agencies, boards, commissions, and officials.
Association of Minnesota Public Educational Radio Stations (AMPERS)	AMPERS represents independently licensed, noncommercial radio stations that are not part of the Minnesota Public Radio (MPR) network. AMPERS stations receive state grant funds through the Department of Administration.
Budget Planning & Analysis System (BPAS)	The system managed by MMB that is used to collect and present current and projected budget data. BPAS is used to produce the governor's proposed biennial budget.
Capitol Area Architectural Planning Board (CAAPB)	Board responsible for architecture and comprehensive land use planning in the Capitol Area of St. Paul. CAAPB exercises zoning authority and controls redevelopment of the north Capitol Area.
Campaign Finance and Public Disclosure Board	Administers the requirements of the Ethics in Government Act (Minnesota Statutes, section 10A). The board's four major programs are campaign finance registration and disclosure, public subsidy administration, lobbyist registration and disclosure, and economic interest disclosure by public officials. The board has six members, appointed by the governor on a bipartisan basis.
Council on Asian Pacific Minnesotans (CAPM)	The council advises the governor, the legislature, and government agencies on issues affecting Asian Pacific Minnesotans.
Council for Minnesotans of African Heritage (CMAH)	The council is charged with advising the legislature and governor’s office on issues that impact the African Heritage population.
Contingent Accounts	Contingent accounts are appropriations made from several state funds to provide supplemental funding for emergencies and other legally authorized purposes. The release and expenditure of this funding requires

	the approval of the governor after consultation with the Legislative Advisory Commission (LAC).
County Veterans Service Officers (CVSO)	CVSOs assist veterans in applying for the federal and state benefits and services they have earned. State law mandates that each country appoint a CVSO.
Demographic Center	Provides demographic data and analysis, including annual population estimates, long-term projections and trend monitoring. Serves as the liaison to the US Census Bureau. Located in the Department of Administration.
Minnesota Department of Military Affairs (DMA)	Also known as the Minnesota National Guard. The Army and Air Guard members of the national guard serve three missions: federal, state and community.
Employee Assistance Program (EAP)	Provides training, diagnostic, and referral services for state employees and their dependents. EAP is part of the State Employee Group Insurance program.
Enterprise Technology Revolving Fund (ETRF)	The internal service fund managed by MN.IT. The ETRF provides the enterprise IT services for state agencies, including mainframe and server infrastructure, data center management and telecommunications.
Fleet Services	Program in Department of Administration providing long-term vehicle leases, and assistance to state agencies in meeting the federal Energy Policy Act (EPAct) requirement for alternative fuel vehicle purchasing.
Gambling Control Board	State agency that regulates lawful gambling in Minnesota through licensing, registration and permitting.
In-Lieu-of-Rent	Direct appropriation to the Department of Administration for space costs not covered by lease agreements with state agencies. The in-lieu-of-rent appropriation covers ceremonial space in the Capitol, and space occupied in the Capitol and State Office Building by the legislative branch and chartered veterans service organizations.
Information and Telecommunications Account	Special Revenue account within MN.IT, authorized in Minnesota Statutes, section 16E.21. The account is funded through state agency contributions and is used for projects and activities that create government efficiencies. Commonly referred to as the "Odyssey Fund."
Internal Service Funds	Funds internal to the operation of state government that provide a variety of services to state agencies, such as telecommunications and computer services, plant management, office supplies and surplus services. The funds must recover the full costs of services provided through billing back state agencies.

Information Policy Analysis Division (IPAD)	Unit in Department of Administration that provides education and assistance about the state's data practices act and open meeting law (Minnesota Statutes, chapters 13 and 13D).
Legislative Budget Office (LBO)	The Legislative Budget Office administers the fiscal note and local impact note processes. LBO staff also assist the Tax Expenditure Review commission.
Legislative Coordinating Commission (LCC)	The LCC serves as the umbrella organization for legislative commissions, joint agencies, and other boards. All joint agency budgets are reviewed and approved by the commission. Six House members and six Senate members sit on the LCC.
LCPR – Legislative Commission on Pensions and Retirement	Provides legislative oversight for Minnesota's system of public employee pension plans by reviewing proposed public pension legislation, conducting research on pension policy issues and assessing the sufficiency of current public pension plan funding. Seven House members and seven Senate members sit on the LCPR.
Minnesota Assistance Council for Veterans (MACV)	MACV is a nonprofit that provides housing, employment, and legal services to veterans.
Management Analysis Division (MAD)	A fee for service management consulting group within the Minnesota Management & Budget.
Minnesota Amateur Sports Commission (MASC)	MASC was created to promote the economic and social benefits of sport for Minnesota citizens and organizations.
Master Lease	A lease-purchase financing option for equipment purchases, available only through the Department of Administration.
Materials Management	Division in the Dept. of Administration responsible for purchasing, contracts, professional/technical services, and all other aspects of buying goods and services for state agencies.
Minnesota Council on Latino Affairs (MCLA)	The council advises the governor, the legislature, and government agencies on issues affecting Latino Minnesotans.
Minnesota Department of Veterans Affairs (MDVA)	MDVA serves veterans and their families by assisting them in securing state and federal benefits, and by providing programs and services relating to higher education, benefits, burial, claims, outreach, and veterans preference. MDVA also operates the state veterans homes and state veterans cemeteries.
Minnesota Indian Affairs Council (MIAC)	MIAC serves as the primary liaison between sovereign Tribal Nations and state government. MIAC also works in collaboration with the Office of the State Archaeologist to protect American Indian cemeteries, gravesites, and burial mounds statewide.

Minnesota Advantage	Name of the health insurance plan for state employees. Minnesota Advantage is the largest component of the State Employees Insurance Program (SEGIP).
Minnesota.gov	Web portal to Minnesota state government, located at mn.gov.
Minnesota Management & Budget (MMB)	The agency with broad powers to administer the financial affairs of the state, among them the responsibility to develop and present the governor's budget, produce forecasts of state revenues, expenditures, and debt capacity, and to manage the state's capital bonding. The commissioner of MMB is designated in statute as the state's chief accounting officer, principal financial officer and the state controller.
Minnesota Geospatial Information Office (MnGEO)	MnGEO is responsible for coordinating GIS data and services within the state. MnGEO is housed in MN.IT and is a successor to the Land Management Information Center (LMIC).
Minnesota Historical Society (MNHS)	MNHS serves as the repository of state archival, documentary, photographic, archaeological, and museum collections. MNHS also preserves and operates the state's historic sites network.
MN.IT (also known as the Office of MN.IT Services)	Agency charged with providing statewide leadership and direction for information and communication technology policy. MN.IT is also responsible for managing the state's information and telecommunications systems. The MN.IT director serves as the state's Chief Information Officer.
Office of Administrative Hearings (OAH)	OAH is an independent state agency charged with providing a fair, prompt and impartial hearing process for citizens who disagree with actions taken by government. OAH judges hear cases in four areas: Administrative Procedure Act state agency contested cases; rulemaking hearings; local government licensing and personnel cases; and Workers Compensation benefit hearings.
Office of Grants Management (OGM)	Provides policy direction and technical assistance on state grants management. Housed in the Department of Administration.
Office of the Legislative Auditor (OLA)	The nonpartisan audit and evaluation office within the legislative branch of Minnesota state government. The office focuses primarily on state agencies and programs, but also audits three metropolitan agencies and selectively reviews programs that are administered locally. Financial audits of local units of government are the responsibility of the state auditor.
Office of the State Archaeologist (OSA)	Office in Department of Administration that manages the state's archaeological resources. OSA's duties include identifying and preserving archaeological sites and data; identifying and protecting human burial sites; and licensing archaeological fieldwork conducted within the state.
Office of State Procurement (OSP)	Office in the Department of Administration that oversees state agency purchasing. OSP also operates the Office of Equity in Procurement that

	helps veteran-, minority-, and woman-owned small businesses become state vendors.
Office of the Secretary of State (OSS)	The OSS is the constitutional office responsible for oversight of election administration; administering Minnesota's address confidentiality services; filing of business documents, recording liens, and retrieving both on demand; and safeguarding and recording of government documents.
Pension Systems / Plans	• DTRFA – Duluth Teachers Retirement Fund Association. Effective June 30, 2015, the DTRFA was merged into TRA. • MSRS – Minnesota State Retirement System, administers various pension plans that cover state employees. Includes the MSRS General Plan for most executive branch employees, the MSRS Unclassified Plan for legislative staff and unclassified executive branch employees, the Correctional Plan for employees in state correctional institutions that have sufficient inmate contact, the State Patrol Plan for state peace officers, and legislators' and constitutional officers' plans • MTRFA – Minneapolis Teachers Retirement Fund Association. MTRFA was merged with the statewide Teachers Retirement Association on July 1, 2006. • PERA – Public Employees Retirement Association, administers pension plans that covers local, county, and school district non-teaching employees. • PERA Police and Fire – provides coverage for many local police officers and paid firefighters. • StPTRFA – St. Paul Teachers Retirement Fund Association. • TRA – Teachers Retirement Association, provides coverage for public school teachers throughout the state, except for teachers in St. Paul, and some teachers in community colleges, state universities, and technical colleges.
P/T Contracts, Professional and Technical Contracts	State contracts for professional or technical services that are intellectual in character, including consultation, analysis, evaluation, and planning, and result in the production of a report or the completion of a task.
Procurement Technical Assistance Center (PTAC)	PTAC assists Minnesota businesses in securing government contracts through counseling, education, training and certification. PTAC is part of the Department of Administration.
Racing Commission	Regulatory agency created in 1983 to supervise and regulate the pari-mutuel horse racing industry in Minnesota.

Risk Management	Program in the Department of Administration that operates the state government's insurance program, and the state workers' compensation and safety programs.
State Board of Investment (SBI)	Constitutionally established to invest all state funds. Invests pension fund assets of TRA, MSRS, and PERA. Members include the governor, the state auditor, the secretary of state, and the attorney general.
State Employees Group Insurance Program (SEGIP)	Provides Minnesota state employees (as well as people employed by some quasi-state organizations) with employee/dependent group medical, dental and life insurance. Administered by Minnesota Management & Budget.
SEMA4 – Statewide Employee Management System	The state's human resources and payroll processing system.
Subcommittee on Employee Relations (SER)	Subcommittee of the Legislative Coordinating Commission (LCC). Assists the legislature by monitoring collective bargaining agreements for state employees and compensation plans for unrepresented employees in the executive branch. It also monitors the state civil service system and can make recommendations regarding the collective bargaining process.
State Historic Preservation Office (SHPO)	SHPO oversees programs to identify, evaluate, and protect the state's historic and archaeological resources. SHPO is housed in the Department of Administration.
Small Agency Resource Team (SmART)	Unit within Department of Administration that offers human resource and financial management services to small agency clients in state government.
State Lottery Fund	Fund containing all gross revenues of the lottery, except those deposited in the State Lottery Prize Fund (see below). Lottery operating costs are paid from this fund but may not exceed nine percent of gross revenues.
State Lottery Net Proceeds	The balance in the lottery fund after transfers to the lottery prize fund and credits to the lottery operations account. Of the net proceeds, 40 percent must be credited to the Minnesota environment and natural resources trust fund, and the remaining 60 percent must be credited to the General Fund.
State Lottery Prize Fund	Separate prize account funded by lottery receipts. The lottery director must deposit an amount sufficient to pay lottery prizes. After one year, unclaimed prize funds are transferred to the general fund.
Statewide Indirect Costs	General fund expenditures made by a state agency to provide general support services to any other state agency. Agencies must allocate these costs to programs supported by non-general fund sources (usually federal or fee-based programs) and reimburse the general fund with the recoveries. Indirect cost recoveries ensure that general tax revenues do not pay a disproportionate share of administrative costs.

Surplus Services	Program in the Department of Administration responsible for the acquisition, distribution and disposal of surplus property (other than real estate).
Statewide Integrated Financial Tools (SWIFT)	The state's financial accounting, procurement, human resources and payroll system. SWIFT went live on July 1, 2011, and replaced the former accounting and procurement system (MAPS), and integrates with the human resources/payroll system (SEMA4).
Voting Operations, Technology and Elections Administration Account (VOTER)	VOTER is administered by the Office of the Secretary of State. The VOTER account was created to provide funding to local governments for certain election costs.

GLOSSARY OF FISCAL TERMS AND ACRONYMS
Taxes

Term	Description/Definition
Ad Valorem Tax	A tax based on the assessed value of the item to be taxed. Property taxes and motor vehicle registration taxes are examples.
Adjusted Gross Income (AGI)	An intermediate figure in the computation of individual income tax between gross income and taxable income. The starting point on the federal individual tax return for computing deductions that are based on, or limited by, a percentage of income. Includes the sum of wages and salaries, tips, interest, dividends, rents, royalties, self-employment income, capital gains, unemployment compensation, alimony received and the taxable portions of pension, annuity, and social security income *minus* selected "above-the-line" deductions. (Those deductions include those for qualifying IRA contributions, self-employed retirement plans, college tuition, student loan interest, self-employed health insurance, health savings accounts, and educator expenses.) "Above-the-line" references deductions that are part of the computation of AGI. Also referred to as *FAGI*, Federal Adjusted Gross Income.
Aggregate Material Production Tax	A tax, often referred to as the gravel tax, imposed by a county or a township on mining companies for removing aggregate nonmetallic material (crushed rock, granite, gravel, limestone, sand, and silica sand). The current rate is 21.5 cents per cubic yard or 15 cents per ton, except for Rock County where the tax is either 10 cents per cubic yard or 7 cents per ton.
Agricultural Homestead Market Value Credit	A property tax credit that gives homestead status to agricultural property when the owner does not live on the farm, and which applies to agricultural land beyond the house, garage and the surrounding one acre of land. The credit is equal to 0.3 percent of the market value on the first $115,000, with an additional credit of 0.1 percent of market value above $115,000. The maximum credit is $490.
Alternative Minimum Tax (AMT)	The tax law gives special treatment to some kinds of income and allows special deductions and credits for some kinds of expenses. Taxpayers who benefit from these laws may have to pay at least a minimum amount of tax through an additional tax called the *alternative minimum tax* at the state level for Minnesota.
Apportionment of Income	A method by which individuals or businesses with income from multiple states allocate that income between or among those states. Apportionment formulas are generally based on a three-factor formula such as the in-state percentage of the corporation's sales, payroll, and property. Since 2014, Minnesota corporations have apportioned income using 100 percent "single sales" apportionment.

Term	Description/Definition
Assess	(1) Establish a value. (2) Impose a tax, charge, fee, fine, interest, or penalty.
Assessment	Appraisal or estimation of value. When referring to property taxes, specifically the estimated market value of taxable property.
Audit	Examination of tax returns, accounts, or financial records to verify compliance with state and federal law.
Basis	The amount of a taxpayer's investment or interest in a property, used to determine the capital gain or loss for tax purposes from the sale or other disposition of the property.
Bonus Depreciation	The federal Tax Cuts and Jobs Act of 2017 allows taxpayers to claim 100 percent depreciation for most qualified property placed in service after September 27, 2017, and before January 1, 2023. The amount that can be expensed at the federal level is scheduled to decline by 20 percent each year with 100 percent in 2022, 80 percent in 2023, 60 percent in 2024, 40 percent in 2025, 20 percent in 2026 and 0 percent in 2027. Minnesota partially conforms to federal bonus depreciation and requires taxpayers to add-back to taxable income 80 percent of depreciation in the year the asset is placed in service, then subtract one-fifth (16 percent) of the amount added back in each of the following five years. This treatment of expensing by Minnesota allows taxpayers to claim the full amount of bonus depreciation over a six-year period rather than all in the first year.
Border City Disparity Reduction Credit	A state-paid property tax credit in certain border cities (Breckenridge, Dilworth, East Grand Forks, Moorhead, and Ortonville) that reduces the property tax burden for commercial-industrial, public utility, and multiunit residential property by 1.6 percent of the taxable market value of the property.
Capital Equipment	For Minnesota sales and use tax, machinery and equipment used in this state by the purchaser or lessee primarily for manufacturing, fabricating, mining, or refining tangible personal property for sale at retail, if that machinery and equipment is essential to the integrated production process. (For a full statutory definition, see Minnesota Statutes, section 297A.68, subd. 5.)
Capital Gain or Loss	Net amount of income realized or lost from the sale or exchange of property defined by law as a capital asset. Capital gains are generally included in Adjusted Gross Income (AGI), and up to $3,000 per year of capital losses is excluded from AGI. The federal income tax generally taxes long-term capital gains (held over one year) at special (lower) rates. Note that capital gains from sale of a home (up to $250,000 single or $500,000 couple) are generally excluded from AGI and not taxed. Minnesota taxes capital gains at the same rate as other forms of income and imposes a tax on all net investment income, including capital gains, of individuals, estates, and trusts over $1.0 million at a rate of one percent.

Term	Description/Definition
Categorical Aid	Aid given to a local government for a designated purpose. This aid must be used solely for this purpose and may be distributed using complex formulas. Examples include Aquatic Invasive Species Prevention Aid and the Indian Family Out-of-Home Placement Aid.
Certificate of Real Estate Value (CRV)	A form that is required to be filed with the county auditor whenever real estate is sold for more than $1,000. The certificate must show the property class and full price paid, including any other information that is necessary to determine the fair market value of the property.
Charitable Contribution Deduction for Non-Itemizers (Minnesota)	For income tax, allows those not claiming itemized deductions to deduct half of all charitable deductions in excess of $500. Enacted in 1999.
Child Tax Credit Advance Payments	Starting in tax year 2025, qualified taxpayers have the option to either receive the full amount of the child tax credit in one lump sum after filing a tax return or they can receive the child tax credit in multiple advance payments. Qualifying taxpayers are protected from paying back advance payments as long as they continue to meet the income eligibility limits and the number of children in the family remains the same as in the prior tax year.
Class or Classification (Property)	Property class, or classification, is assigned to each parcel of property based on how it is used. Classifications include: agricultural, commercial-industrial, homestead, and rural vacant land, among others. Classifications are used in the process of determining the amount of tax to be assessed on each property.
Class Rate	Each property classification is taxed at a different class rate. This rate is a state-determined percent of market value that is used to establish the net tax capacity of a property.
Commercial-Industrial Property Taxes	See State General Levy.
Conservation Tax Credit	Land in an agricultural preserve outside the seven-county metro area is eligible for a property tax credit. Eligible filers receive an annual property tax credit of $1.50 per acre. Similar to the Metropolitan Agricultural Preserves Credit, this credit is funded through the County Conservation Fee.
County Conservation Fee	A $5 fee paid on mortgage registrations and deed transfers for metropolitan counties to pay for the Conservation Tax Credit and the Metropolitan Agricultural Preserves Credit. Revenues are deposited as follows: 50 percent to each county's agricultural preserve fund and 50 percent to the commissioner of revenue who then deposits half into the Minnesota conservation fund and half into the state general fund.
County Program Aid (CPA)	A state aid paid to counties, primarily to help pay for county administrative costs associated with property tax collection and to equalize tax capacity.

Term	Description/Definition
	The CPA formula consists of a need aid portion and a tax base equalization aid portion.
Debt Service Aid	Special state aid paid to local governments to help finance local bonding projects, such as the Destination Medical Center in Rochester. For School District Debt Service Aid, see equalization aid in the Education section of this glossary.
Deduction	Any sum or amount subtracted, or allowed by law to be subtracted, from otherwise taxable income. Includes amounts subtracted from adjusted gross income for documented, specific uses of money (such as itemized deductions), as well as fixed amounts varying by filing status that filers may subtract in lieu of itemized deductions (standard deduction).
Dependent	A dependent of a taxpayer's household (other than a spouse), that is a U.S. citizen, resident alien or national or a resident of Canada or Mexico during the calendar year. A dependent must be a qualifying child or qualifying relative and must not be claimed as a dependent on their own return.
Depreciation	Tax purposes: Recovery through an income tax deduction, spread over several years, of the cost of property used to produce income (such as rental property or an automobile). Different types of depreciation include: *Straight line (SL) depreciation*: Expense is assumed to be incurred in equal amounts in each business period over the life of the asset. This type of depreciation is often used in financial reporting. *Accelerated depreciation*: Expense is assumed to be incurred in decreasing amounts in each business period over the life of the asset. This type of depreciation is often used in tax reporting.
Disabled Veterans Market Value Exclusion	A property tax relief program that applies to certain veterans with a disability, their surviving spouses, certain primary caregivers, and the surviving spouses of military personnel killed in the line of duty. The program excludes $300,000 of homestead market value for veterans who are totally disabled and up to $150,000 for those who are 70 percent disabled.
Disaster Credit	A state-paid reimbursement to counties within a disaster or emergency area for property tax credits. This credit helps bridge the gap between anticipated property tax revenues and adjusted property values due to damages.
Disparity Reduction Credit	See Border City Disparity Reduction Credit.
Disparity Reduction Aid	A state aid whose purpose is to reduce property taxes in areas where rates have historically been high. This aid is distributed based on a formula which accounts for certain characteristics of unique taxing areas.
Effective Tax Rate (ETR)	Total tax payments as a percent of income. The calculation of the ETR may apply to a given tax, such as the individual income tax, or to the total tax

Term	Description/Definition
	burden for an individual, couple, family, household, income group, or economic sector.
Earned Income Tax Credit (EITC)	A *refundable* federal income tax credit for low-income persons who work. Maximum credit for tax year 2024 is $6,960 (two children), $4,213 (one child), and $632 (no children). The credit phases out at higher incomes, with married filers receiving no credit if income exceeds $62,819 (two children), $56,004 (one child) or $25,511 (no children, taxpayer ages 25 to 64). Minnesota's companion credit is called the Child and Working Family Tax Credits. See Child Tax Credit Advance Payments.
Elasticity	A measure of how responsive consumer purchases are to changes in the price of a product or to changes in income. *Price elasticity* measures the percent decline in amount purchased in response to each one percent rise in price. Products have inelastic prices if the price can be increased with little effect on the quantity purchased (e.g. cigarettes). *Income elasticity* measures the percent change in amount purchased in response to each one percent rise in income.
Elderly Subtraction (Minnesota)	A mechanism in the Minnesota income tax that allows eligible taxpayers ages 65 and older (and permanently and totally disabled taxpayers of any age) to reduce their taxable income if they have low income and that income is primarily from taxable sources (taxable pensions rather than social security). Also referred to as the senior subtraction.
Entertainment Tax	A special local tax applied to admission fees to athletic events and admissions to places where entertainment is provided such as theater, concert halls, circuses and fairs. It also applies to amusement devices and games, food, drink and merchandise sold in public places during live performances and short-term lodging within the city limits. (This tax is different from the lodging tax.) This tax is also referred to as an amusement tax. Currently, the cities of Minneapolis, Bloomington and Mankato have entertainment taxes which are imposed at various rates.
Enterprise Zone Credits	Business tax credits to qualifying businesses within a targeted zone in participating communities. The credits act as an incentive to create investment, development and job creation or retention in areas where there is a high percentage of substandard housing, at least twenty percent of the households are below the poverty level, commercial and industrial property values are falling, or the area's unemployment rate is above the statewide average. The Department of Employment and Economic Development administers this program.
Equalization	The process of reducing tax disparities across or within different tax jurisdictions.

Term	Description/Definition
	(1) Within tax jurisdictions: When two different taxing jurisdictions have similar spending needs but different tax bases, local tax rates would need to be different in order to raise the same revenue. Here, equalization is the process of providing additional state aid to the jurisdiction with the lower taxable base. (2) Across tax jurisdictions: Local property assessors are charged with determining the estimated market value; however, this system does not guarantee that values are interpreted consistently. Equalization is the process used to ensure that all taxable property is assessed at its actual market value.
Estimated Market Value (EMV)	The amount that a local assessor determines to be the value of a parcel of real estate in an open market.
Estimated Tax	The method used to calculate and pay income tax on income that is not subject to withholding.
Excise Tax	A per-unit or per-volume tax on the sale or manufacture of a good or service. Excise taxes are often collected at the wholesale level, which reduces administrative costs. Examples include gasoline, cigarette, and alcohol taxes.
Exemption	The federal exclusion from a taxpayer's taxable income of a specified amount for that person and each of his/her dependents. The personal and dependent exemption was repealed in the Tax Cuts and Jobs Act after tax year 2017. More generally, the term may apply to something that is not subject to tax.
Expensing	For income tax, immediate deduction for the full cost of property used to produce income, rather than claiming depreciation over the life of the asset. Federal "Section 179" expensing allows businesses to deduct the entire amount of the cost of the property in the tax year it is placed in service which accelerates recognition of the business expense. In tax year 2024, the IRS permits certain businesses to expense up to $1.22 million of tangible personal property. The amount allowed to be expensed phases out dollar for dollar if aggregate spending on qualified assets exceeds $3.05 million. See also Bonus Depreciation.
FAGI, Federal Adjusted Gross Income	See AGI.
Federal Update	Refers to changes in state tax provisions (income tax and corporate franchise tax) to conform to changes in federal tax law. Such conformity generally reduces complexity and may increase compliance for Minnesota taxpayers. A federal update is also commonly referred to as federal conformity.
Federal Taxable Income (FTI)	Federal Adjusted Gross Income *minus* exemptions and deductions (either itemized deductions or the standard deduction). FTI was the Minnesota tax base for calculating state income tax liability from tax year 1987 to tax year 2017.

Term	Description/Definition
Fiscal Disparities Program (FD)	This program requires every taxing jurisdiction within a geographic area to contribute 40 percent of the growth in the commercial-industrial property tax base to an area-wide pool. This tax base is distributed among all taxing jurisdictions in the geographic area.
Federal Unemployment Tax Act (FUTA)	Imposes a federal tax on employers to finance the unemployment insurance system. This federal tax is administered by the states. See Unemployment Insurance Tax.
General Purpose Aid	State dollars allocated to units of government to be used as discretionary funds. Examples include Local Government Aid (LGA), County Program Aid (CPA), and Township Aid.
Green Acres	This program is designed to preserve farmland in agricultural use within the seven-county metro area. Given that farmland's market value is often influenced by its potential use, such as residential or commercial development, the Green Acres program requires assessors to value the property based only on its agricultural value.
Head of household	Income tax filing status for unmarried persons who provide more than half the cost of keeping up a home for a qualifying dependent. Filing as a head-of household reduces tax liability compared to filing as either single or married-filing-separately.
HITS Model	The House Income Tax Simulation (HITS) model was a computer program used to estimate the tax year revenue impact of a state or federal individual income tax proposal. This program used annual data derived from a sample of federal and Minnesota income tax returns, inflated the data to the tax year being simulated, and computed estimated state and federal tax liabilities for each return in the sample. The results of each return were weighted to represent the entire population of tax filers.
Homestead	A residence occupied by the owner, or qualifying relatives, as their sole or primary residence for more than half the calendar year.
Homestead Credit Refund	This state-paid refund provides tax relief to owners of residential and farm homestead property, based on their local property tax burden relative to their household income. Also known as the Homeowner Property Tax Refund (PTR).
Homestead Market Value Exclusion	This property tax relief program excludes a portion of a homestead's market value for purposes of determining its net tax capacity.
Impact of Taxation	The person, company, or transaction on whom a tax initially is levied and who has the legal responsibility to remit the tax to the government.

Term	Description/Definition
Incidence of Taxation	The final burden of a tax or taxes. Incidence refers to the individual, company, demographic unit or group, economic sector, or income stratum that ultimately bears the burden of a tax or total taxes. The *incidence* of a tax will differ from its impact if the taxpayer legally liable to pay the tax can shift the burden to others, either in higher prices or lower wages. See the Minnesota Tax Incidence Study, published by the Minnesota Department of Revenue, for additional analyses on the distribution of the Minnesota state and local tax burden by taxpayer income.
Income Tax Reciprocity	See Reciprocity.
Indexing	A mechanism for periodic adjustment of tax thresholds, tax brackets, or tax rates to keep taxes constant in real terms (e.g., after inflation). See CPI_U_Consumer Price Index.
Individual Retirement Account (IRA)	"Regular" IRA: Contributions may be tax deductible and the return on investment is tax-deferred until proceeds are withdrawn, usually after retirement. Contributions are fully deductible if the taxpayer (and spouse if married) has no pension coverage, or if income is below a certain level. In 2024, deductibility is phased out for married couples filing jointly (and covered by a retirement plan at work) with income between $116,000 and $123,000, and for single and head of household filers with income between $73,000 and $87,000. "Back-loaded" IRA (Roth IRA): No deduction for contributions, but investment earnings are not taxed and may be withdrawn tax-free for specified purposes (usually after retirement). Total regular plus back-loaded IRA contributions are limited to $7,000 in 2024. For taxpayers ages 50 or older, back-loaded IRA contributions are limited to $8,000 for tax year 2023.
In Lieu of Property Tax	An alternative tax on personal property, such as airline property, rural electric cooperative distribution lines, and motor vehicle registration.
IRC	The Federal *Internal Revenue Code*.
IRS	*Internal Revenue Service*, U.S. Department of Treasury.
Itemized Deductions	For federal income tax, taxpayers may deduct the larger of itemized deductions or the standard deduction. Itemized deductions may include: (1) unreimbursed allowable medical expenses in excess of 7.5 percent or 10 percent of AGI (depending on the age of the taxpayer); (2) the sum of state and local tax deductions to $10,000; (3) limit the home mortgage interest deduction on up to $750,000 of mortgage interest debt; and (4) charitable contributions. Those who itemize deductions are referred to as "itemizers." These deductions carry through to the Minnesota income tax, except for the deduction of state and local income or sales taxes.

Term	Description/Definition
Joint Return	Federal and state income tax filing status that can be used by a married couple. The married couple must be married as of the last day of the tax year in order to qualify.
June Accelerated Payments	Taxpayers that remit cigarette, tobacco, alcohol excise taxes and mortgage and deed taxes and have an annual tax liability of $250,000 or more are required to make an early payment of 84.5 percent of their June liability. This payment is due two business days before June 30, rather than on July 20. This accelerated payment shifts funding into the earlier fiscal year. This "fiscal shift" was first enacted in 1983 (at 75 percent). This requirement previously applied to taxpayers that remit sales taxes until the requirement was repealed for June 2022 payments.
Local Government Aid (LGA)	Local Government Aid is the largest general purpose state aid program to cities. It is an annually distributed state property tax relief aid to 768 (about 90 percent) of Minnesota cities using a need-based formula.
Levy	(1) The imposition or collection of an assessment. (2) The total dollar amount raised in property taxes by a local unit of government. (3) The amount a local taxing jurisdiction intends to raise from property taxes after accounting for other revenues. The total levy amount is used to establish the tax share for each property within the jurisdiction.
Levy Limits	A restriction, usually by statute, on the total amount to be raised by a levy or on the tax rate. These restrictions can also be on the year-to-year growth in the tax rate, the total revenue yield of a levy, or the revenue yield plus changes to state aid amounts.
Limited Liability Company (LLC)	A state-registered business operating form that allows the firm to be taxed like a partnership or sole proprietorship (taxed only at the individual level rather than being subject to corporate-level taxes), but its owners (like corporate shareholders) are not personally responsible for the entity's debts and liabilities.
Limited Market Value	Restriction on the amount of growth in a property's estimated market value that is subject to taxation.
Local Impact Note	An analysis of the fiscal impact of certain legislation or administrative rules proposing state-mandates on local governments, including school districts. Notes are prepared by the Legislative Budget Office at the request of the chair or ranking minority member of the House or Senate Tax, Finance, or Ways & Means Committees.
Local Tax Rate	The tax rate that is determined by dividing the amount of a local government's property tax levy by the total net tax capacity of all taxable properties within that government's taxing jurisdiction.
M1	Minnesota income tax return form for individuals.

Term	Description/Definition
Marriage Penalty Credit (Minnesota)	Income tax credit for some taxpayers filing a joint tax return. Offsets the "marriage penalty" that would otherwise occur because Minnesota tax brackets for joint returns are less than twice as wide as those for single filers. Without this credit, enacted in 1999, some married couples would pay higher taxes than two single persons with the same combined income. The credit only offsets marriage penalties due to the tax brackets, not those due to other income tax provisions (such as income tax credits).
Marginal Tax Rate	The rate of tax on an incremental unit of income (e.g., the last taxable dollar or the next dollar earned).
Metropolitan Agricultural Preserves Credit	A property tax credit on land and non-residential buildings in agricultural use located in an agricultural preserve in the seven-county metro area. Eligible property owners receive a property tax credit of $1.50 per acre of land in the preserve. Similar to the Conservation Tax Credit, this credit is funded through the County Conservation Fee.
Minnesota Department of Revenue (DOR or MDOR)	The state agency that administers the state tax system and state aids to local governments, and oversees local property tax assessment practices.
Minnesota Taxable Income (MTI)	Federal adjusted gross income plus "Minnesota additions" minus "Minnesota subtractions". Major Minnesota additions include (1) state income or sales taxes claimed as an itemized deduction on the federal income tax return; (2) non-Minnesota state and municipal bond interest; and (3) fines, and penalties allowed as a deduction from federal income tax. Major Minnesota subtractions include (1) state income tax refunds received by itemizers; (2) U.S. bond interest; (3) education deduction (qualifying K-12 expenses); (4) the *charitable deduction for non-itemizers*, and (5) most military pay.
Net Income	The difference between a business' total revenues and its total expenses.
Net Operating Loss (NOL)	A net operating loss is experienced by a business when business deductions exceed business income for the tax year. For income tax purposes, a net operating loss can be "carried back" to offset income (and reduce tax) in a prior year or "carried forward" to offset income (and reduce tax) in a future year. In some years, losses may be carried back for more years at the federal level than at the state level, requiring offsetting state additions and subtractions.
Net Tax Capacity	(1) A property's estimated market value, minus exclusions and deductions, multiplied by its class rate. (2) The net tax capacity of a taxing jurisdiction is the sum of the net tax capacity of all taxable parcels of property in that jurisdiction.
Nexus	Economic connections or links to a state that result in a legal liability to pay or remit taxes to that state.

Term	Description/Definition
Payment In Lieu of Tax (PILT)	A state program that makes payments in lieu of tax to local governments for land held and managed by the Department of Natural Resources.
Personal Income	In national income accounts, personal income is the income received by individuals, owners of unincorporated businesses (including partnerships), nonprofit institutions, private trust funds, and private non-insured welfare funds. Personal income is the sum of wage and salary disbursements, other labor income, proprietors' income, rental income of persons, dividends, and personal interest income and transfer payments, less personal contributions for social insurance. It does not include capital gains income.
Pre-Tax Account	Account established by employers that allows employees to pay for certain expenses with pre-tax dollars. Eligible expenses include: (1) out-of-pocket medical expenses; (2) up to $5,000 in childcare expenses; and (3) certain parking, car-pooling, and transit expenses.
Pre-Tax Income	Income before taxes . In the *Consumer Expenditure Survey* this includes: wages and salaries; self-employment income including losses; Social Security, private, and government retirement income; interest, dividends, rental income, and other property income; unemployment and workers' compensation; veterans' benefits; public assistance, supplemental security income, and food stamps; regular contributions for support including alimony and child support, and foster care payments; cash scholarships, fellowships, and stipends; and meals and rent as pay.
Production Tax	A severance tax paid by companies that mine iron ore concentrate, iron sulfides, and taconite in lieu of property taxes on mining land and facilities. The tax rate is a dollar amount per taxable ton of production, which is based on the average of the total tons produced in the current and prior two years. The rate is established in statute and is indexed for inflation.
Property Tax	An ad valorem tax based on the assessed value of real property and tangible personal property, such as vehicles and equipment. Local property taxes help fund local programs and services, while state property taxes fund school districts, towns, cities, counties, and special taxing districts.
Real Property	Property consisting of land and permanent buildings, structures, and their improvements. Different from personal property, whose main characteristic is that it's moveable without causing damage to itself or to real estate.
Reciprocity (Income Tax)	Agreement with another state to let each state's residents file an income tax return in their home state only even though they have earned income in the other state. In 2012, Minnesota had reciprocity agreements with two states: North Dakota and Michigan. In 2010, the governor terminated the reciprocity agreement previously in effect with Wisconsin.
Refundable Credit	An income tax credit that can reduce net tax below zero (a "negative" tax liability). An eligible filer with no tax liability (before credit) can receive a full credit as a refund. A filer whose credit exceeds tax liability can receive the

Term	Description/Definition
	balance as a refund. Examples: Federal *Earned Income Tax Credit*, Minnesota *Child and Working Family Credit*, Minnesota *Child and Dependent Care Credit*, Minnesota *K-12 Education Credit*, Combat Zone Credit, *Credit for Tax Paid to Wisconsin,* Historic Structure Rehabilitation Credit, *Small Business Investment Credit,* Enterprise Zone Credit, and the Parent of Stillborn Tax Credit. In contrast, a non-refundable credit can only reduce net tax to zero.
Revenue Estimate	Official fiscal analysis prepared by the Department of Revenue, forecasting the revenue loss or gain from the enactment of proposed tax legislation based on the most recent economic forecast. The revenue estimate does not identify the costs a state agency or local government may incur to implement the proposed change; a fiscal note is required to obtain any state agency cost. Revenue estimates are available on the Department of Revenue website.
Sales Ratio	A mathematical description of the relationship between appraised values and actual sale prices. The sales ratio, also known as the uniform percentage of value, is calculated by dividing the assessor's estimated market value by a property's final sales price. A sales ratio of 100 percent indicates that the aggregate estimated market values are exactly equal to the actual sale prices of properties within a geographical boundary.
Sales Ratio Study	A Minnesota Department of Revenue analysis whose goal is to achieve greater accuracy, uniformity, and equalization in property taxation. The study uses the sales ratio, which measures the accuracy of local assessors' estimates of taxable property values. When the sales ratio exceeds 105 percent or falls below 90 percent, the State Board of Equalization is authorized to issue a State Board Order, which would increase or decrease the taxable values of all properties within a class and assessment area by a flat percentage. Sales ratios are also used to equalize property values across taxing jurisdictions for the purpose of distributing various state aids.
School Building Bond Agricultural Credit	A credit designed to provide property tax relief to owners of farmland who face high taxes due to school district capital improvements. The credit is equal to 70 percent of the qualifying net tax capacity, excluding the house, garage, and one acre of land, multiplied by the school debt tax rate.
Senior Citizen Property Tax Deferral	A property tax program for senior citizens that limits the maximum property tax payment on a homestead to three percent of total household income and allows for a deferral of the remaining tax. The remainder is paid by the state as a low-interest loan that becomes due when the homeowner terminates participation or sells the property.
Self-Employment Income	Net income received by persons from an unincorporated business, profession, or from the operation of a farm as an owner or tenant.

Term	Description/Definition
Self-Employment Tax	A tax that applies to earnings from self-employment *in lieu* of the Social Security Tax (OASDI/HI). A self-employed individual pays both the employer and employee share and it is included on the individual income tax return.
Severance Taxes	Taxes imposed on the removal of natural products from land or water and calculated by value and/or volume. These may include oil, gas, and minerals, among others.
Short-term rental property	A range of property classes that are leased for less than 30 consecutive days, but more than 14 total days in a calendar year.
Simplified (or Streamlined) Sales Tax Agreement (SSTA)	A national effort to simplify state and local sales tax collection and remove any undue burden on interstate commerce. The agreement contains numerous simplifications and uniformity requirements that states must adopt to remove any undue burden on sellers. Minnesota is a full participating member state of the streamline sales tax.
Solar Production Tax	An energy production tax of $1.20 per megawatt-hour on solar energy systems used as a power source (class 3a), excluding systems with a capacity of one megawatt alternating current or less.
Special Assessment	A means of collecting compulsory contributions from property owners benefited by a municipal improvement to real property (such as the installation or repair of a sidewalk or sewer) where the assessment is proportional to benefit.
Special Service District	An area within a city where special services, or increased levels of services, are provided and the cost of providing these services is funded through special service charges imposed upon the district. These charges may only be imposed on property classified as multiunit residential, commercial, industrial, or public utility. Examples of special services are maintenance of sidewalks, streets or special street lighting, or provision of security personnel.
Special Taxing Districts	Areas in which a levy is imposed or collected for the delivery of a specified service, such as a rural ambulance district or a fire-protection district. Special Taxing Districts are usually created by special legislation or local government initiative under general statutory authority.
Special Taxes	Taxes on cigarettes, tobacco, beer, wine, liquor, cannabis, and gambling products, hazardous and solid waste, insurance taxes, and certain compulsory fees.
Standard Deduction	For federal income tax, taxpayer may deduct the larger of *itemized deductions* or the standard deduction, which varies with filing status. In tax year 2024, the standard deduction is $29,200 for a *joint return*, $14,600 for a single filer, and $21,900 for a *head of household*.
State Board of Equalization	A board of review led by the commissioner of revenue, which oversees property assessment practices around the state. The board uses a sales ratio

Term	Description/Definition
	study to evaluate and adjust taxable market values when these are found to be inconsistent with actual sales prices for a specific class of properties within a geographic boundary. The adjustment is made through the issuance of a State Board Order, which requires assessed values for a given class to be adjusted.
State General Levy	A tax levied on seasonal-recreational, commercial-industrial, and public utility property. Each property's tax is determined by multiplying its net tax capacity by the state tax rate. Tax on commercial-industrial property excludes the first $150,000 of market value. Non-commercial seasonal-recreational property valued under $76,000 is taxed at 40 percent of the full rate. All revenues from the State General Levy are deposited into the general fund.
Sustainable Forest Incentive Act	This act incentivizes property owners to practice long-term forest management and keep woodland areas undeveloped. Participants receive a direct payment for each qualifying acre of forest land. Payments are determined based on the length of participation (total number of acres enrolled, and the length of the covenant.
Taconite Homestead Credit	A property tax credit for residential homestead property located in the taconite tax relief area. The maximum credit amount is $515.
Targeting Refund (or Special Property Tax Refund)	A state property tax relief program for residential homestead property when there is a large one-year increase (greater than 12 percent) in property taxes.
Tax Amnesty	Allows those who have underpaid taxes to avoid criminal penalties if they pay past-due tax within a specified time period. May apply to those who failed to file a tax return, underreported their tax liability, or have outstanding balances. Usually waives tax penalties and some or all interest charges as well. May apply to one tax or to all taxes. Minnesota does not currently have any tax amnesty programs in effect.
Tax Court	The three-judge court created in Minnesota Statutes, chapter 271 as a specialized court of the executive branch, with statewide jurisdiction for hearings and determinations of law arising under the tax laws of the state. Judges are appointed by the governor with the advice and consent of the Senate.
Taxing Jurisdiction	A specific authority that can levy a tax, charge, or fee. Examples include counties, cities, and school districts, among others.
The Tax Cuts and Jobs Act (TCJA) of 2017	Public Law 115-97 was enacted on December 22, 2017. The federal law significantly affected the definition of federal taxable income by repealing or changing several deductions and exclusions. Most of the individual income tax changes are effective for tax year 2018 through 2025 and most of the business tax changes are effective tax year 2018.
Tax Expenditure	A tax preference that reduces tax revenue such as exemptions, deductions, reduced rates, credits, and deferrals of liability. As a means to promote a

Term	Description/Definition
	public policy goal, a tax expenditure is an alternative to a direct expenditure or a mandate. Unlike direct appropriations, tax expenditures are not usually time-limited and need not be re-enacted. The Department of Revenue calls a provision a *tax expenditure* if it meets *all* of these criteria: (1) it has an impact on a tax that is applied statewide; (2) it confers preferential treatment; (3) it results in reduced tax revenue in the applicable fiscal years; (4) it is not an appropriation; (5) it is included in the defined tax base; (6) it is not subject to an alternative tax; and (7) it can be amended or repealed by a change in state law alone. The revenue impact of Minnesota tax expenditures can be found in the *Minnesota Tax Expenditure Report*, published by the Department of Revenue every two years). In 2021, the law was changed to require additional data for some tax expenditures in the November 2024 report. The additional data includes: the purpose/objective of the expenditure; the incidence of the expenditure; and the revenue-neutral amount if the expenditure was repealed.
Tax Expenditure Review Commission (TERC)	The Tax Expenditure Review Commission reviews Minnesota's tax expenditures and evaluates their effectiveness and fiscal impact. In the first three years after the commission is established, it must complete an initial review of the state's tax expenditures. The commission may also identify metrics for evaluating the effectiveness of an expenditure. Following the year of the initial review, the commission must review and evaluate Minnesota's tax expenditures on a regular, rotating basis and establish a review schedule that ensures each tax expenditure will be reviewed by the commission at least once every ten years.
Tax Gap	A term used to describe the difference between taxes owed compared to taxes paid on a voluntary basis and on time. The size of the tax gap may be the result of nonfilers; returns that under-report tax liability or under-pay reported taxes.
Tax Rate	The percentage rate at which a person, property, or business is taxed.
Total Local Tax Rate	The sum of the local tax rates levied on a specific property. For example, a property located in a county with a 50 percent tax rate, a city with a 25 percent tax rate, a school district with a 20 percent tax rate, and a special taxing district with a 10 percent tax rate has a total local tax rate of 105 percent.
Tax Increment	Generally, the difference between the amount of property tax revenue generated by properties located in a tax increment (TIF) district and the amount of property tax revenue that was generated prior to certification of the TIF district.
Tax Increment (TIF) District	A geographic area from which tax increment will be captured and in which the majority of increment must be spent. After a plan for the district is adopted by the local government unit using TIF, the district is certified by an auditor, who also certifies the original net tax capacity of the district. Districts must be decertified when development debts are paid off.

Term	Description/Definition
Tax Increment Financing (TIF)	A method of financing real estate development, used by local governments. TIF allows local governments to use the increase in property taxes as a result of development and improvements (also known as tax increment) to finance development costs. When a site is developed, the estimated market value of the property, and therefore its property taxes, typically rise. When a TIF district is established and used to induce the development, this additional revenue or tax increment can be captured and used to pay for development of the property. Once a TIF district has been decertified, the additional property tax revenue is distributed to all local taxing jurisdictions in the same proportion as other property tax revenues.
Township Aid	A state-paid, general purpose aid distributed annually to Minnesota's 1,783 townships using a formula that includes agricultural property valuation, town acreage, and population.
Truth-in-Taxation	A process designed to involve citizens in local government before budget and tax decisions are made. Each December, notices are sent to homeowners and published in local newspapers informing citizens of proposed property tax increases. Citizens are invited to attend local public hearings to voice their opinion about proposed levies, budgets, and other concerns.
Unemployment Insurance Tax (technically, the *reemployment insurance tax)*	A tax paid by employers that pay wages . This tax is deposited in the Minnesota unemployment insurance fund to pay temporary benefits to eligible unemployed workers. See FUTA.
Unrelated Business Income Tax (UBIT)	A federal and state tax paid by tax-exempt organizations on income attributable to activities unrelated to their exempt purposes.
Use Tax	Companion to the sales tax, this tax applies to use or consumption in Minnesota by individuals and businesses that buy or lease taxable goods and services out-of-state or from out-of-state firms. The tax is meant to prevent evasion of the sales tax, equalize the tax burden on in-state and out-of-state purchases, and provide a level playing field for competing sellers. An individual may purchase up to $770 worth of otherwise-taxable items in a calendar year exempt from the use tax, under the *de minimis* exemption. Local sales taxes also have companion use taxes.
Unique Taxing Area (UTA)	A geographical region with a unique total local tax rate, meaning that the sum of the county, city or township, school district, and any special taxing districts tax rates are the same. In other words, any two properties located in the same county, city or township, school district, and all special taxing districts pay the same tax rate.
Withholding	Taking out part of an employee's wage or salary, through payroll deduction, as a deposit for future tax liability. (Withholding also applies to some forms of non-wage income.)

GLOSSARY OF FISCAL TERMS AND ACRONYMS
Transportation

Term	Description/Definition
Advanced Construction	An obligation that is incurred based upon the anticipated receipt of future federal funds, which assists MnDOT with bidding projects in their entirety rather than bidding them as a series of contracts over several years. As an example, if the department lets a contract that will be completed over three years, federal funds from each of those three years can be committed to the project at the date of letting.
Congestion Mitigation and Air Quality (CMAQ)	Flexible federal funds that can be used for highway projects or for mass transit needs with a goal of reducing congestion and improving air quality. The funds are awarded to competing projects by the Metropolitan Council.
Congestion Pricing	A term used for describing a type of tolling in which motorists are charged a fee to use a roadway, bridge, or tunnel during certain times of the day. Fees are based on the traffic flow in the corridor and are set to decrease congestion. As an example, the MnPASS express lanes on I-394 between Minneapolis and the western suburbs use congestion pricing, as well as I-35W south of downtown Minneapolis, and I-35E north of downtown St. Paul.
COVID-19 Federal Funding Acts 2020-2021: Coronavirus Aid, Relief, and Economic Security (CARES) Act; Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSA); American Rescue Plan Act of 2021 (ARPA)	These three federal funding acts provided funding during the COVID-19 pandemic for many state transportation budget areas but especially for transit and airports. These funds were used to offset declines in fare revenue for transit systems and landing fees for airports, as well as other transportation revenue streams negatively affected by the COVID-19 pandemic.
County State Aid Highway Fund (CSAH)	A fund established by the state constitution for distribution of a portion of the highway user tax distribution fund for construction and maintenance of county roads. Further distribution to each of the counties is prescribed in state statute.
Debt Management Policy (Trunk Highway Fund)	Policy issued by MnDOT on July 1, 2010, related to trunk highway bonds. The policy states: (1) debt service payments for trunk highway bonds should not exceed 20 percent of annual state revenues to the trunk highway fund; (2) additional debt service should not reduce the adopted statewide transportation improvement program (STIP); and (3) the use of trunk highway bonds will be based on statewide policies and will only be used for capitalizable assets with the useful life exceeding the term of the bonds.

Term	Description/Definition
Driver Services Operating Account	An account within the special revenue fund in which revenues from fees related to driver services, such as licensing fees, are deposited.
Five Percent Set-Aside	The constitution mandates that five percent of the net funds within the highway user tax distribution fund be set aside for highway purposes outlined in law. These funds are currently split between three accounts: the flexible highway account (53.5 percent), town road account (30.5 percent), and town bridge account (16 percent).
Flexible Funds	Funds that are not dedicated to a specific purpose but may be used for several different uses, such as transit operation, highway construction, transit capital, etc.
Flexible Highway Account	An account created in the state treasury in which 53.5 percent of the five percent set-aside funds are deposited. Money within this account may be used for metropolitan area roads, routes of regional significance, safety improvements, and turnbacks.
Grant Anticipation Revenue Vehicle (GARVEE) Bonds	Bonds issued for transportation purposes with a portion of the state's future federal funds pledged as the repayment source.
Highway Debt Service	Debt service paid from the trunk highway fund to pay principal and interest on trunk highway bonds.
High-Occupancy Toll Lane (HOT Lane)	A road pricing strategy that gives motorists in single-occupant vehicles access to high-occupancy vehicle (HOV) lanes. In Minnesota, tolls are collected based on information generated from transponders located in the motorist's vehicle.
Highway User Tax Distribution Fund (HUTD)	A fund established by the Minnesota Constitution to distribute motor fuels tax, vehicle registration tax, and a portion of motor vehicle sales tax revenues. Five percent of the total funds are set aside for various highway purposes (see also Five Percent Set-Aside). The remaining funds are distributed as follows: 62 percent to the trunk highway fund, 29 percent to the county state-aid fund, and nine percent to the municipal state-aid fund.
The Infrastructure Investment and Jobs Act (IIJA)	This federal transportation act, passed in 2021, both reauthorized the five-year surface transportation programs (FFY 2022-2026) and established new federal funding programs for transportation. Minnesota's estimated five-year apportionment under the IIJA is $4.8 billion, assuming Congress annually appropriates at IIJA amounts. The IIJA also included funds for transit operations and capital, electric vehicle infrastructure, and aeronautics, among other things.
Metropolitan Airports Commission (MAC)	Governmental agency responsible for operation and maintenance of public airports within the seven county metro area.
Metropolitan Council Transit	The agency that supplies bus and rail service to the Twin Cities metro area. Operates both regular route service and Metro Mobility.

Term	Description/Definition
Metro Mobility	The provider of transit services for commuters with disabilities in most of the Twin Cities area.
Minnesota Department of Transportation (MnDOT)	The state agency responsible for road construction and maintenance, as well as airports, waterways, and railroad regulation.
Motor Fuels Excise Tax (Gas Tax)	Levied at a rate of 25 cents per gallon on gasoline and diesel fuels used in highway vehicles, aircraft, boats, snowmobiles, and all-terrain vehicles. In addition to the gas tax, there is a debt service surcharge. The revenue from the surcharge is earmarked for the debt service on the trunk highway bonds. The state constitution requires that the tax on highway fuels go to the highway user tax distribution fund for road construction, leaking underground storage tank clean up, and petroleum grade inspection. The tax on aviation fuels goes to the state airport fund. Estimated taxes used by boaters, snowmobiles, and all-terrain vehicles are dedicated for natural resources and trail development. (Lower tax rates apply to some alternative fuels.)
Motor Vehicle Lease Sales Tax	Applies to long-term vehicle leases and is applied at the same rate as the sales and use tax of 6.875 percent. Receipts are split among the general fund and two transportation-related funds. Under current law, 38 percent is for the County State Aid Highway Fund, 38 percent is for greater Minnesota transit assistance, 13 percent is for local bridge repair and replacement, and 11 percent is deposited in the Highway User Tax Distribution Fund. Revenues deposited into the county state-aid highway fund are only available for Anoka, Carver, Dakota, Scott, and Washington Counties' state-aid county highways.
Motor Vehicle Registration Tax (Tab Fees)	Annual tax imposed at registration of motor vehicles using the public streets and highways, evidenced by a license plate with current year tag. Administered by the Department of Public Safety, revenues are deposited in the highway user tax distribution fund.
Motor Vehicle Parts Attributed Sales Taxes	Replacement and repair parts for motor vehicles are subject to the state general sales tax rate at 6.5 percent (plus the legacy rate of 0.375 percent, and any local sales taxes). Based on a change in the 2017 legislative session, a portion of the proceeds from the general sales tax attributed to motor vehicle repair and replacement parts will be transferred to the Highway User Tax Distribution fund, and the remaining amount will be deposited into the state general fund.
Minnesota License and Registration System (MNLARS)	The computer system under development from 2008 to 2017 intended to replace an older mainframe system used to process driver's license and vehicle transactions. MNLARS was replaced with another system called **MNDRIVE** in November 2020.

Term	Description/Definition
Motor Vehicle Rental Taxes	Short-term vehicle rentals are subject to the state general sales tax rate at 6.5 percent (plus the legacy rate of 0.375 percent, and any local sales taxes), plus an additional 9.2 percent tax, the proceeds of which are statutorily dedicated to the Highway User Tax Distribution Fund.
Motor Vehicles Sales Tax (MVST)	Applies to purchases of motor vehicles required to be registered in Minnesota; applies at the same rate as the state general sales and use tax of 6.5 percent. Sixty percent of the revenues from the motor vehicles sales tax is required to be deposited into the HUTD. The remaining 40 percent is dedicated to public transit, with 36 percent going to metro transit and four percent going to greater Minnesota transit. (The tax was formerly called the motor vehicle excise tax, or *MVET*.)
Municipal State-Aid Streets Fund (MSAS)	A fund established by the state constitution for distribution of a portion of the highway user tax distribution fund for construction and maintenance of local roads. The funds flow to cities with populations over 5,000 for local street use.
Right-of-Way Acquisition Loan Fund (RALF)	A fund in which revenues from a local property tax levied by the Metropolitan Council are deposited. A cap exists on the amount the Metropolitan Council may levy, and monies within this fund may be used for loans to local units of government for purchasing right-of-way prior to beginning a highway project.
State Airports Fund	Major revenue sources for this fund include the flight property tax, aviation fuel tax, and aircraft registration tax. Appropriations are made from this fund to MnDOT to provide financial and technical assistance to Minnesota airports.
State Transportation Fund	Proceeds from state transportation bonds (in the form of general obligation bonds) are deposited in this fund for acquisition and betterment of public land, buildings, and other capital improvements related to the state's transportation system. The money within this fund cannot be comingled with money in the highway user tax distribution fund.
State Transportation Improvement Plan (STIP)	A document published annually by MNdot on the four-year schedule of funding for state and local transportation projects, including projects receiving federal highway and/or federal transit funding as well as projects funded with only state funds. Rail, port, and aeronautic projects are also included for informational purposes only. Projects are listed by state fiscal year.
Statewide Transportation Policy Plan	A document developed by MnDOT outlining a vision for Minnesota's transportation system, including challenges and opportunities for meeting that vision. This plan is developed in conjunction with the Statewide Highway Investment Plan.

Term	Description/Definition
Statewide Highway Investment Plan	A document identifying the investments necessary to meet system performance targets and priorities for available funding. This plan is developed in conjunction with the Statewide Transportation Policy Plan.
Technology Surcharge	A fee imposed on all driver's license and vehicle transactions established to fund the MNLARS system, and later the replacement for MNLARS, called MNDRIVE. The surcharge has been at varying amounts, and is currently at $2.25 per transaction.
Town Bridge Account	An account created in the state treasury in which 16 percent of the five percent set-aside funds are deposited. The funds within this account may be used for town bridge replacement and related work.
Town Road Account	An account within the county state-aid highway fund in which 30.5 percent of the five percent set-aside revenues are statutorily dedicated. Funds within this account are distributed to counties based on the number of town road miles within the county, and the funds can be used for town road construction and maintenance.
Transit Assistance Fund	A fund established during the 2007 legislative session that replaced the greater Minnesota transit fund and metropolitan area transit fund. It includes two accounts (the greater Minnesota transit account and the metropolitan area transit account). Revenues dedicated to transit from the sales tax on motor vehicles as well as the motor vehicle lease sales tax are deposited in this fund.
Transit Taxing District	A geographical region within the seven-county metropolitan area that is used by the Metropolitan Council to levy a property tax for transit capital.
Transportation Revolving Loan Fund (TRLF)	A revolving fund set up to advance road construction and transit projects. Seed money is used to leverage an issuance of bonds through the Public Facilities Authority. Proceeds are loaned to local governments, MnDOT, and the Met Council at a low rate of interest to speed up projects that do not fit within current budgets. The loan fund is generally used when it is financially beneficial, such as when inflation of a given project is greater than the available interest rate.
Trunk Highway Bonds	General obligation (GO) bonds issued to pay for construction projects on the trunk highway system. Trunk highway projects may not be funded by GO bonds backed by the general fund as required by the state constitution, article XIV, section 11. Trunk highway bonds must be repaid from highway-related revenues.
Trunk Highway Fund	A fund established by article XIV, section 6 of the state constitution to pay for the Minnesota trunk highway system. The trunk highway fund receives a portion of state transportation revenue from the highway user tax distribution fund. (See also *HUTD*.) MnDOT adopted a policy on July 1, 2010, regarding the undesignated, unreserved fund balance, which should not fall below: (1) six percent of annual projected state revenues to the

Term	Description/Definition
	fund, plus; (2) two percent of authorized but unissued debt, plus; (3) an amount estimated for the future debt service funding shortfalls for years where debt service is projected to exceed 20 percent of annual state revenues.
Vehicle Services Operating Account	An account within the special revenue fund in which revenues from fees related to vehicle services, such as license plate and titling fees, are deposited.