



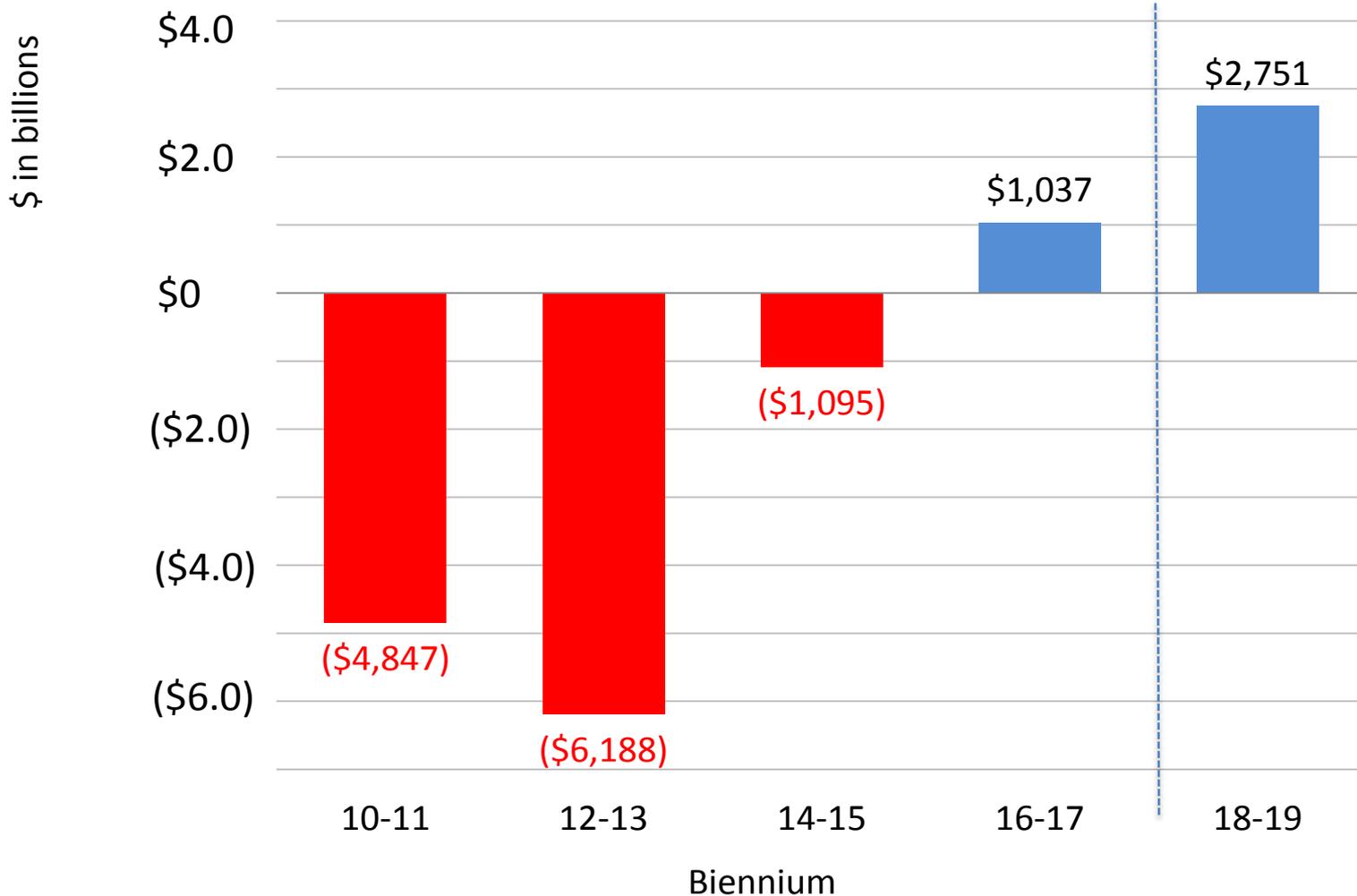
Budget for a Better Minnesota

Governor Mark Dayton's FY 2016-17 Budget Recommendations



Stabilized the Budget

Projected General Fund Balances – November Forecast Comparisons





State's Financial Health Continues to Improve

- ✓ Fair and sustainable revenues
- ✓ Put an end to chronic deficits and finally stabilized the state budget into the future
- ✓ Increased our budget reserves to the highest levels ever to help protect Minnesota from future economic downturns



Governor Dayton's FY 2016-17 Budget

- **Focus on Students (0-18)** The Governor would dedicate over half of the state's budget surplus to improve the lives and educations of children across Minnesota, including Voluntary Pre-K and School Breakfasts.
- **Investing in Higher Education** – The Governor's budget would invest in higher education to provide additional financial aid and improve the quality of higher education institutions.
- **Helping Families and Children**– The Governor's budget would increase funding for child care assistance and child protection, improve mental health services, and community services for people with disabilities. It also would tax relief to hundreds of thousands of middle-class Minnesotans, including Child and Dependent Care Credits for 130,000.



Governor Dayton's FY 2016-17 Budget

General Fund (\$ in millions)	November Forecast <u>FY 2016-17</u>	Governor's Changes <u></u>	Governor's Budget <u>FY 2016-17</u>
Beginning Balance	\$1,745	\$(54)	\$1,691
Revenues	41,880	(16)	41,864
Expenditures	41,243	932	42,175
Reserves	<u>1,345</u>	<u>-0-</u>	<u>1,345</u>
Budget Balance	\$1,037	\$(1,002)	\$35

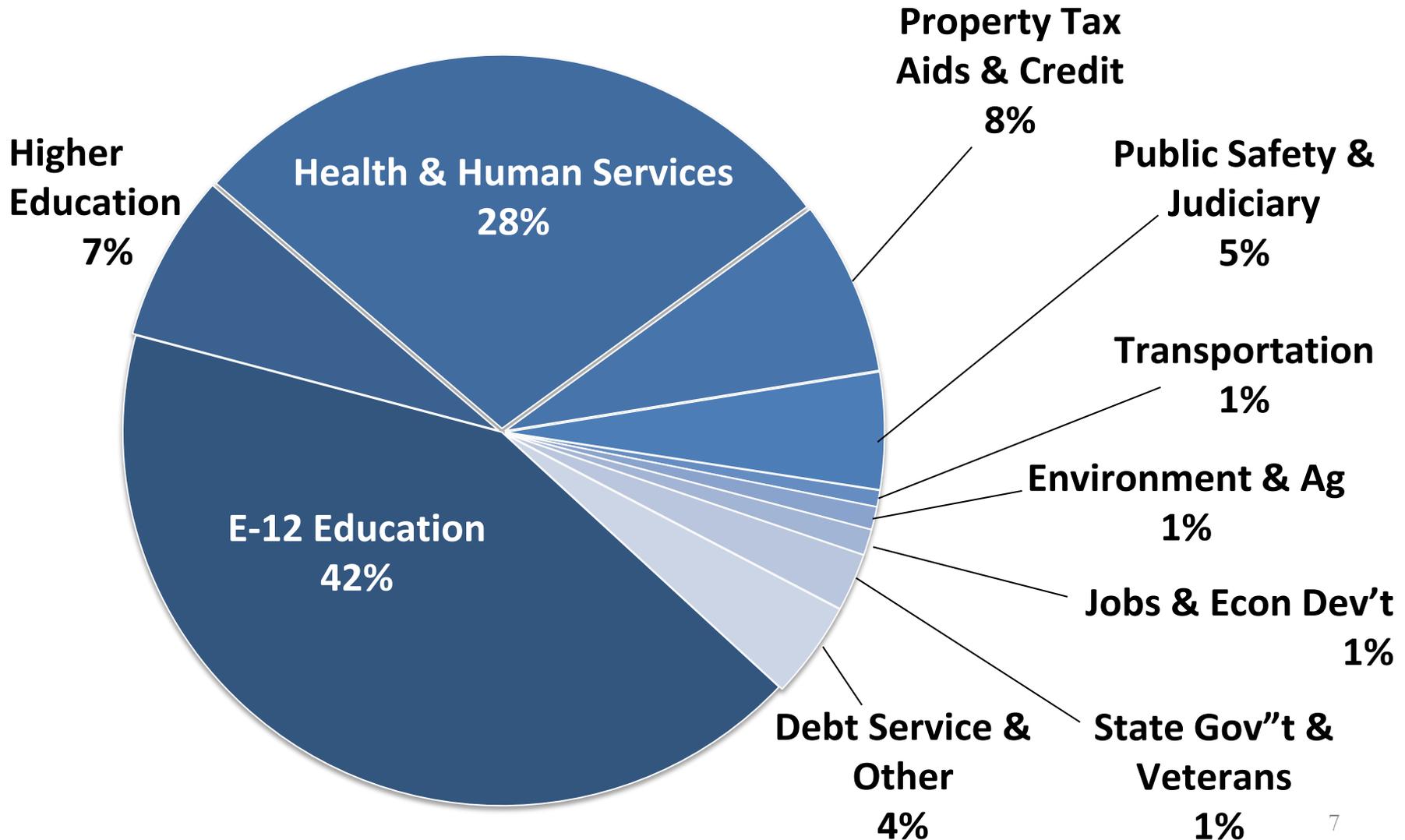


Allocation of Investments

General Fund (\$ in millions)	Governor's <u>Changes</u>	% of <u>Change</u>
E-12 Education	\$373	37%
Higher Education	93	9%
Health and Human Services	185	18%
Child and Dependent Care Credit	100	10%
Public Safety, Courts and Corrections	137	14%
All Other Areas	<u>114</u>	11%
Total Changes	\$1,002	

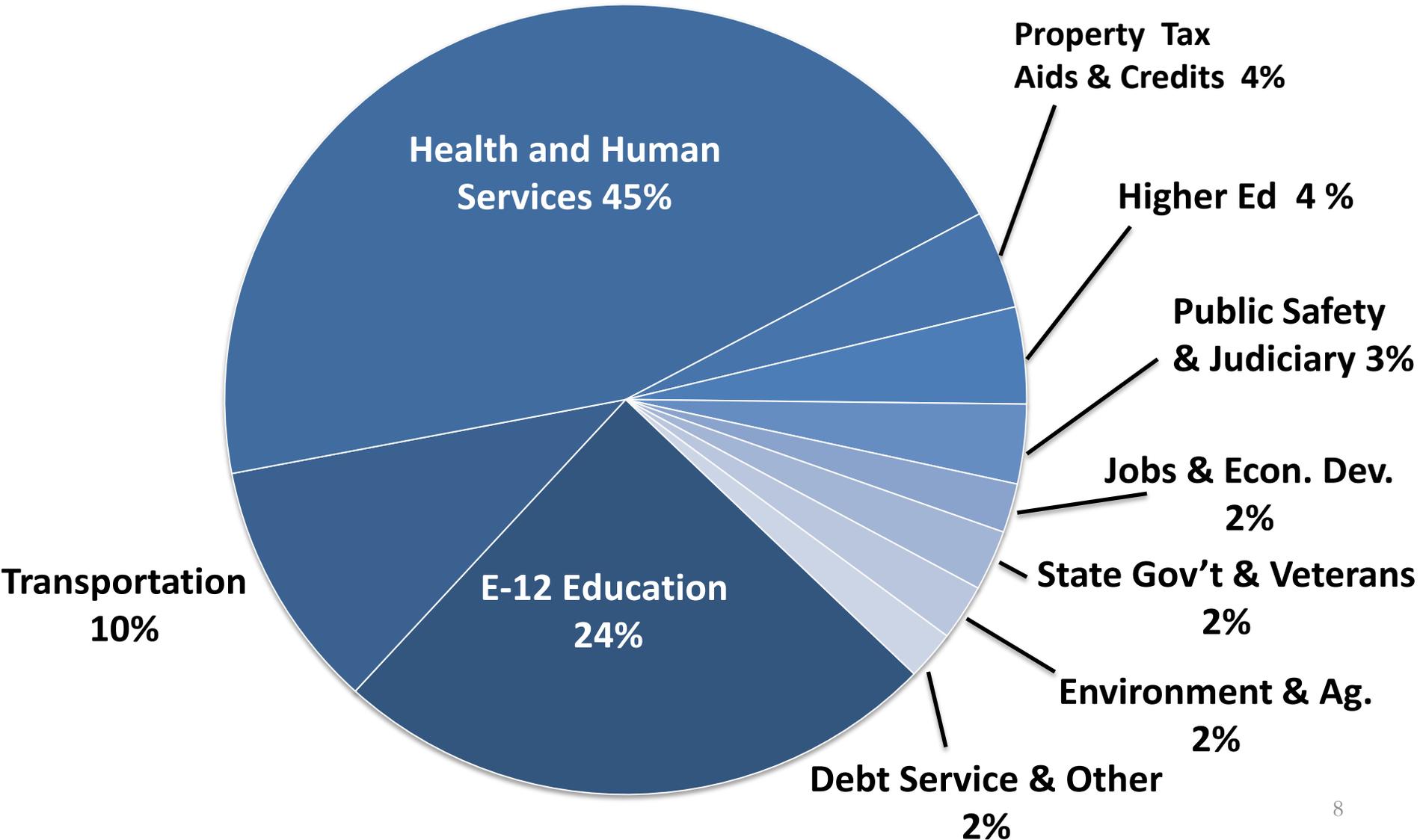


Governor Dayton's FY 2016-17 Budget





Governor Dayton's FY 2016-17 Budget





Proposed General Fund Revenue

General Fund \$in millions	Forecast FY 2016-17	Governor Changes	Proposed FY 2016-17	% Change
Individual Income Tax	\$21,664	\$(81)	\$21,583	(0.4%)
Corporate Income Tax	2,607	29	2,636	1.1%
Sales and Use Tax	10,796	1	10,797	0.0%
Cigarette & Tobacco Taxes	1,183	3	1,186	0.3%
Statewide Property Tax	1,709	32	1,741	1.9%
All Other Taxes	2,294	4	2,298	0.2%
Total Taxes	\$40,253	\$(12)	\$40,241	(0.03%)
Non-tax revenues, other	1,627	(4)	1,623	(0.3%)
Total Revenues	\$41,880	\$(16)	\$41,864	(0.04%)

Proposed FY2016–17 GF Expenditures

General Fund \$in millions	Forecast FY 2016-17	Governor Changes	Proposed FY 2016-17
E-12 Education	\$16,819	\$373	\$17,192
Higher Education	2,893	93	\$2,986
Local Aids and Credits	3,375	(2)	\$3,373
Health & Human Service	12,757	185	\$12,943
Public Safety	2,007	137	\$2,143
Economic Development	359	39	\$397
State Gov. & Veterans	\$957	\$51	\$1,008
Transportation	213	28	\$241
Environment and Ag.	\$338	\$21	\$359
Debt Service	1,277	0	\$1,277
All Other	248	\$8	\$256
Total Revenues	\$41,243	\$932	\$42,175

Investing In Our Classrooms and Early Learning

- 1% & 1% on the General Education formula (\$174 M)
- Voluntary PreK for four year olds statewide (\$109 M)
- Eliminate current waiting list for Head Start (\$19 M)
- Regional Centers of Excellence (\$6 M)
- Free school breakfast PreK - 3rd grade (\$28 M)
- Reading Corps (\$10 M)
- English Language Learners from 6 to 7 years (\$8 M)

Improving Higher Education Affordability and Outcomes

- Limit tuition increases at the University of Minnesota (\$33 M)
- Increase tuition support for students through the state grant program (\$25 M)
- Increase the research capacity of the University of Minnesota's Medical School (\$30 M)

Children and Families

- Access to quality child care (\$18 M)
- Access to dental care (\$8 M)
- Improve oversight of our child protection programs (\$3 M)
- Expand home visiting services (\$3 M)

Health Care in Greater Minnesota

- Critical Access Hospitals (\$5 M)

Mental Health Reform

- MA Benefit for high risk children (\$7 M)
- Strengthen the MH system via provider rates (\$6 M)
- Behavioral health homes (\$7 M)
- Insure adequate staffing at state facilities (\$41 M)

Housing and Services

- Increase housing choices to individuals with disabilities (\$3 M)

Invest in Core Public Safety Services

- Maintain Corrections core activities and staff safety (\$34 M)
- Community corrections supervision (\$6 M)
- Fugitive Apprehension Unit (\$1 M)
- Maintain and improve services in our Judicial systems (\$42 M)
- Board of Public Defense service levels (\$13 M)
- Bureau of Criminal Apprehension (\$11 M)

Investments in the Environment

- State Parks and Trails (\$11 M)
- Support for the state's forest products industry (\$4 M)
- Emerging contaminated superfund and petroleum sites (\$2 M)
- Online, centralized rulemaking system (\$1 M)
- Environmental Quality Board (\$1 M)

Investments in Food Safety and the Agricultural Economy

- Timely dairy and meat inspections (\$2 M)
- Alignment of food safety regulatory processes at MDH and Agriculture (\$2 M)

Investments in State Government

- Small Agency Resource Team (SmART) (\$1 M)
- Safe and effective Veterans Homes (\$6 M)
- Support for veteran-, women-, and minority-owned businesses in the state's procurement process (\$1 M)
- Maintain and enhance financial, procurement and HR IT systems (\$8 M)
- Operating funds carry forward (\$7.5 M)

Close a 10 year, \$ 6 billion Transportation Funding Gap

Proposed Revenue:

- 6.5% wholesale receipts tax on gasoline
- Registration tax rate and base fee increase (\$10 increase to base fee and rate increase of 20 percent over four years)
- Half cent sales tax in the 7 county metro area for transit

Proposed Expenditures:

- \$3.38 billion in funding for the trunk highway system
- \$ 2 billion in bonding for the trunk highway system
- \$2.4 billion for local road and bridge projects
- \$2.9 billion for transit systems

Transportation Investments FY 2016-17

- Trunk Highway Fund projects (\$700 M)
- County State Aid Highway (\$294 M)
- Municipal State Aid Streets (\$77 M)
- Greater Minnesota Transit (\$10 M, GF)
- Safe Routes to School (\$5M, GF)

Tax Changes

- Child and Dependent Care Tax Credit expansion (\$100 M)
- Corporate Tax Reform provisions (\$29 M)
- Property Tax Modernization and Assessment on Railroads (\$32 M)
- ✓ January 24th Tax Conformity Bill enacted into law (-\$1 M, FY 15-17)



Biennial Revenue Growth

General Fund \$ in millions	Governor FY 2014-15	Governor FY 2016-17	\$ Change	% Change
Individual Income Tax	\$19,596	\$21,583	\$1,987	10.1%
Corporate Income Tax	2,636	2,636	0	0.0%
Sales and Use Tax	10,198	10,797	599	5.9%
Cigarette & Tobacco Taxes	1,193	1,186	(7)	(0.1%)
Statewide Property Tax	1,675	1,741	66	3.9%
All Other Taxes	2,271	2,298	27	1.2%
Total Taxes	37,569	\$40,241	\$2,672	7.1%
Non-tax revenues, other	1,786	1,623	(163)	(9.1%)
Total Revenues	\$39,355	\$41,864	\$2,509	6.4%



Biennial Expenditure Growth

General Fund \$ in millions	Governor FY 2014-15	Governor FY 2016-17	\$ Change	% Change
K-12 Education	\$16,629	\$17,192	\$563	3.4%
K-12 Shift	(813)	-	813	nm
Higher Education	2,843	2,985	142	5.0%
Local Aids & Credits	2,964	3,373	409	13.8%
Health & Human Services	11,219	12,943	1,724	15.4%
Public Safety	1,989	2,143	154	7.7%
State Government & Vets	979	1,008	29	3.0%
Debt Service	1,243	1,277	34	2.7%
All Other Areas	1,509	1,254	(255)	-16.9%
Total Expenditures	\$38,562	\$42,175	\$3,613	9.4%



More Information @ mn.gov/mmb

Education

<http://education.state.mn.us/mde/index.html>

AT A GLANCE

MDE Customers and Stakeholders (2013)

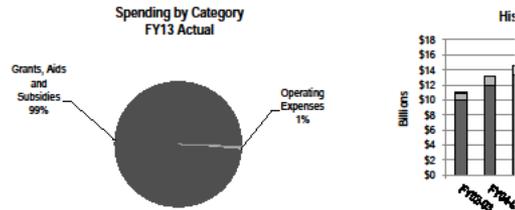
- 846,114 pre-K through 12 students
- Over 155,500 children participating in early learning programs
- 53,422 FTE licensed teachers
- 332 school districts and 148 charter schools
- Over 65,000 adult learners

The mission of the Min is: "Leading for educat for every one." The de achievement by establ performance, assisting for lifelong learning. Tr education agency, ass education providers wi academic achievem

grade 12, and adult learners. Every learner will reach his or her full potential through an outsta is a world leader in achievement and innovation.

The Minnesota Department of Education contributes to the following statewide outcome: Minne needed to achieve their goals.

BUDGET



*\$2.7 billion in general fund aid to school districts was shifted beginning in FY 2010 in order to the FY10-11 spending to decrease. Repayment of the shifts began in FY 2012, causing the FY Repayment was completed in FY 2014. See the E-12 Education Shifts (info only) narrative for

In FY12-13, 91 percent of Education funding was from the state general fund and 9 percent was spending was \$9.63 billion. \$9.54 billion was passed through the agency as grants and aids; \$ testing/assessment/other contracts, salary/fringe, and other operating costs.

STRATEGIES

To achieve its mission, MDE provides leadership and support to students, teachers and school

Direct Support

Department programs provide direct support in continuous improvement of teaching and learni Regional Centers of Excellence provide strategic instructional and leadership support and impl improve teaching and learning in the classroom. While the most intensive support is aimed at t assistance, direct support is available to all districts, as needed, through the Regional Centers.

Education

FY16-17 Biennial Budget Change Item

Change Item: Help Me Grow

Fiscal Impact (\$000s)	FY 2016	F
General Fund		
Expenditures	1,000	
Revenues	0	
Other Funds		
Expenditures	0	
Revenues	0	
Net Fiscal Impact = (Expenditures – Revenues)	1,000	
FTEs	0	

Recommendation:

The Governor recommends supporting the implementation of a comprehensive, with the National Help Me Grow Model. MDE, along with its' partners at Minnes Human Services (DHS), have identified this as a critical need for the state. The to help states organize and leverage existing resources in order to best serve fa

Rationale/Background:

MDE, along with MDH and DHS, is seeking legislation that will ratify state affilia detection of problems and obstacles for at risk children and connection to servic developmental or behavioral challenges. In Minnesota, we do not have an effect comprehensive services across the state for their at risk young children, and for

Proposal:

This proposal addresses the need for a comprehensive system that can provide

- Collaboration across sectors, including child health care, early learning
- Child Health Care Provider Outreach
- Detection tools used to identify vulnerable young children at risk for del to community-based services
- Community Outreach that provides support for, and participation in, a s information to include in a resource directory, and keeping the directory
 - Primary and specialty medical care providers
 - Early childhood education and child care programs
 - Developmental disabilities assessment and intervention progr
 - Mental health services
 - Family and social support programs
 - Child advocacy and legal services
- Building a centralized telephone access point
- Data Collection to understand all aspects of the current and ongoing sy identification of gaps, barriers and lack of resources.

After extensive research, there were no services locally or nationally that could y specifically, building and implementing a comprehensive system for at-risk young get connected to the available and appropriate services.

This proposal will be implemented January 1, 2016.

Education

Agency Expenditures Overview

(Dollars in Thousands)

Expenditures By Fund

	Actual		Estimate		Forecast Base		Governor's Recommendation	
	FY12	FY13	FY14	FY15	FY16	FY17	FY16	FY17
1000 - General	6,584,602	8,847,006	8,420,993	8,170,912	8,336,562	8,444,699	8,427,994	8,724,408
2000 - Restricted Misc Special Rev	12,288	10,796	13,937	15,571	14,155	14,168	14,155	14,168
2001 - Other Misc Special Rev	261	527	640	464	364	364	364	364
2050 - Environment & Natural Resource	146	129						
2301 - Arts & Cultural Heritage Fund	3,000	3,000	3,000	3,000	0	0	0	0
2403 - Gift	46	64	63	126	92	92	92	92
3000 - Federal	778,863	745,174	736,307	834,297	809,082	795,360	809,082	795,360
3801 - Endowment School	24,294	24,868	23,741	25,520	26,064	26,608	26,064	26,608
5000 - Miscellaneous Agency	5	11	9	18	18	18	18	18
Total	7,403,505	9,631,575	9,138,630	9,049,907	9,186,337	9,281,305	9,277,769	9,561,018

Biennial Change

Biennial Change	1,213,518	219,048	590,189
Biennial % Change	7	1	3
Governor's Change from Base			371,141
Governor's % Change from Base			2

Expenditures by Program

Program	FY12	FY13	FY14	FY15	FY16	FY17
Program: Education Leadership & Support	66,621	82,570	79,779	97,171	83,622	77,210
Program: General Education	5,368,728	7,168,725	6,855,267	6,469,758	6,564,629	6,592,301
Program: Other General Education	33,987	58,162	51,185	50,934	45,169	44,625
Program: School Choice	115,974	149,980	138,679	136,829	146,838	158,517
Program: Indian Education	3,419	4,562	4,343	4,469	4,607	4,732
Program: Innovation & Accountability	25,490	24,779	23,066	112,576	109,943	108,231
Program: Special Student & Teacher	301,488	310,204	275,909	311,169	296,557	296,589
Program: Special Education	1,047,937	1,332,380	1,251,941	1,304,347	1,368,902	1,428,183
Program: Facilities & Technology	35,756	51,557	47,856	50,365	47,300	51,166
Program: Nutrition	264,528	278,627	290,635	302,968	313,394	324,298
Program: Libraries	20,364	25,316	22,317	21,840	18,738	18,738
Program: Early Childhood & Family Supp	70,457	81,418	101,756	132,895	130,913	119,698
Program: Community Education	1,151	1,854	1,759	1,841	1,546	1,367
Program: Self Sufficient & Lifelong Lrn	47,606	61,442	54,197	52,745	54,178	55,652
Total	7,403,505	9,631,575	9,138,630	9,049,907	9,186,337	9,281,305

Expenditures by Category

Category	FY12	FY13	FY14	FY15	FY16	FY17
Compensation	33,154	37,184	39,797	40,649	38,193	37,759
Operating Expenses	49,294	49,948	43,392	67,495	59,189	56,964