



Governor Walz and Lieutenant Governor Flanagan's 2025 Budget

Commissioner Brooke Cunningham, MD, PhD

House Health Finance and Policy Committee | February 10, 2025

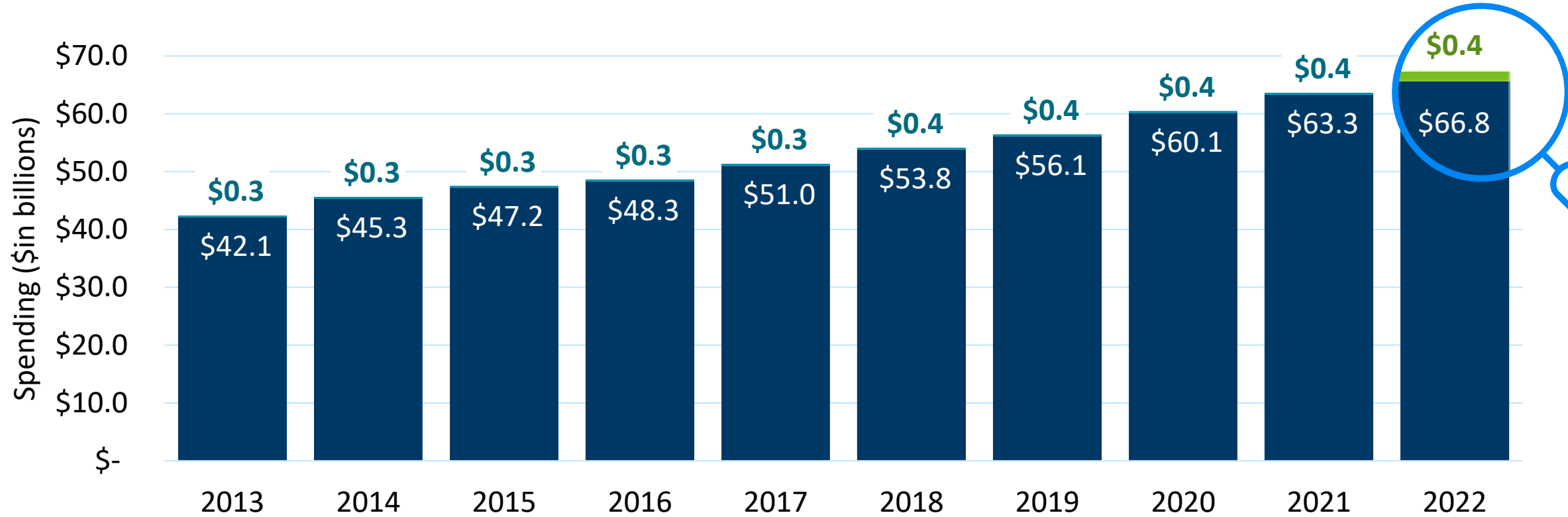


OUR MISSION

To protect, maintain, and improve the health of all Minnesotans.



■ Health care spending by and on behalf of all Minnesotans ■ Total public health expenditures



Public health and health care spending in Minnesota

ON THE GROUND

Public health and prevention are smart investments – public health saves more money than it costs.

For every \$1.00 invested in public health interventions...

Spending \$35 million to promote physical activity, healthy foods, nonsmoking meant...

Investing in health outside of hospital settings...

The median return was \$14.30.

Minnesotans saved \$365 million on obesity-related spending.

Reduces death from all causes.

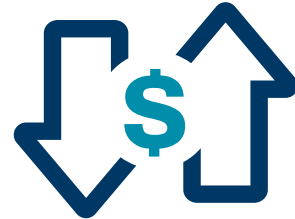
MDH 2026-27 Biennial Budget Request



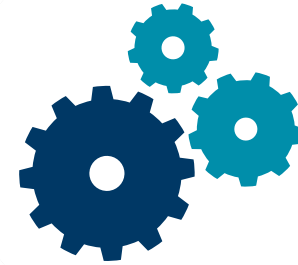
**INVESTING IN
INFECTIONS
DISEASE
PREVENTION
AND RESPONSE**



**RIGHTSIZING
USER FEES**



**BUDGET
NEUTRAL
PROPOSALS**



OPERATIONS



**CLEAN WATER
FUND**

Summary of Total MDH Budget Package

Governor's Recommendations (\$ in thousands)		
Fund	FY26-27	FY28-29
General Fund expenditures	5,631	6,658
General Fund revenues		
Net General Fund Cost (Savings)	5,631	6,658
SGSR expenditures	36,165	36,642
SGSR revenues	43,564	43,619
Net SGSR Fund Cost (Savings)	(7,399)	(6,977)
Health Care Access Fund	4,268	5,714
Clean Water Fund	30,240	
Grand Total Fiscal Impact	32,740	5,395

Investing in Infectious Disease Prevention and Response

Investments:

FY 26-27: \$1.3M

FY 27-28: \$1.3M



Infectious Disease Prevention, Early Detection, and Outbreak Response

- **Sustains Disease Prevention and Control Efforts** – Ensures MDH can continue essential activities like disease investigations, outbreak source identification, lab testing, and public health alerts.
- **Addresses Funding Gaps Amid Rising Costs** – Provides necessary resources as federal funding remains flat or declines, ensuring continued development of prevention guidelines and outbreak response.

Maintaining Safe and Healthy Drinking Water User Fees



Public Water Supply Fee, (\$296,000), SGSR

- **Supports Safe Drinking Water for Minnesotans** – Increases fees to sustain and expand regulatory oversight and technical assistance for nearly 7,000 public water systems.

Well Management Fee Increase, (\$1.54M), SGSR

- **Maintains Well Management Program** – Increases fees to sustain oversight of well construction, maintenance, and sealing.

Rightsizing User Fees



Assisted Living Licensure Implementation, (\$4.1M), SGSR

- **Enhances Oversight and Compliance in Assisted Living Facilities** – Increases funding to support oversight and response, introduces a new violation level to reflect actual harm, and adjusts the per-bed fee to sustain these efforts.

Licensing and Certification Licensure Implementation, \$0 net impact, SGSR

- **Aligns Fees with Regulatory Needs** – Adjusts fees to reflect actual staff time required for enforcement, ensuring sustainable funding for quality and safety regulations.

Engineering Plan Review Fees, \$0 net impact, SGSR

- **Updates Fees to Reflect Complexity and Staff Time** – Adjusts fees to align with the actual time and effort needed for reviewing increasingly complex engineering plans for new construction and modifications in healthcare facilities.

HMO Fee Structure, (\$842,000), SGSR

- **Updates Fees to Support Modern Licensure and Regulation** – Increases initial application and annual renewal fees to align with the growing complexity of licensure and regulatory requirements.

Rightsizing User Fees



Food, Pools and Lodging License Fees and Delegated Agency Support, \$0 net impact, SGSR

- **Sustains Oversight of Hospitality and Recreational Facilities** – Increases fees to support education, licensing, plan review, and inspections for food and beverage establishments, lodging, pools, manufactured home parks, and youth camps.

Radioactive Materials, \$0 net impact, SGSR

- **Ensures Compliance with Nuclear Regulatory Standards** – Increases fees for licenses, applications, amendments, and device registrations to uphold MDH's agreement with the Nuclear Regulatory Commission.

X-ray Radiation Inspection Fee Restructure, \$83,000, SGSR

- **Enhances Radiation Safety and Compliance** – Increases funding to support program operations, compliance, and education efforts aimed at reducing unnecessary ionizing radiation exposure.

Asbestos Abatement Language Clarification, (\$376,000), SGSR

- **Strengthens Asbestos Abatement Oversight** – Increases appropriation to expand regulatory capacity and ensure effective oversight of asbestos abatement projects.

Budget Neutral Proposals



Early Hearing Detection and Intervention Sunset Clause

- **Eliminates the 2025 sunset clause for the advisory committee**—reflects the expectation that the work of the advisory committee continue.

Maternal and Child Health Advisory Task Force

- **Establishes a Permanent Advisory Committee** – Replaces the "task force" with a "committee" to align with statutory language ensuring its ongoing role.

Restoring Funding to Local Public Health Cannabis Grants

- **Restores Funding for Prevention Programs** – Reinstates partial funding for cannabis and substance misuse prevention grants.

Budget Neutral Proposals



American Indian Health Special Emphasis Grants

- **Aligns Grants with Tribal Sovereignty** – Removes the competitive grant requirement for Tribal Nations, recognizing their self-determination.

State Trauma Advisory Council

- **Extends State Trauma Advisory Council (STAC) Authorization** – Reauthorizes STAC until June 30, 2035, ensuring continued oversight of the statewide trauma system.

PFAS Biomonitoring in Firefighters

- **Extends Funding for PFAS Biomonitoring** – Continues the transfer of funds from the Minnesota Pollution Control Agency to MDH until 2027.

Operations



Agency Operating Adjustment, \$3.03M (GF) and \$4.27M (HCAF)

- **Addresses Rising Operational Costs** – Increases the agency’s operating budget to cover salary and compensation costs, rent, utilities, IT services, and legal support.
- **Prevents Service Disruptions** – Provides resources and budget flexibility to avoid staffing shortages and delays that could impact service delivery to Minnesotans.

Clean Water Legacy Fund Proposals



Statewide Beach Portal, \$600,000 (CWF)

- **Enhances Beach Water Quality Transparency** – Improves access to water quality and safety information for Minnesotans and tourists.
- **Expands Beach Monitoring Portal** – Optimizes and expands the portal to provide comprehensive beach alerts and monitoring results statewide

Drinking Water Contaminants of Emerging Concern, \$11.85M (CWF)

- **Continues Health Risk Guidance for Emerging Contaminants** – Enables MDH to assess and address contaminants of emerging concern (CECs) in drinking water.
- **Responds to Evolving Research on PFAS** – Supports MDH in evaluating new studies and information on the health effects of per- and polyfluoroalkyl substances (PFAS).

Clean Water Legacy Fund Proposals



Future of Drinking Water, \$500,000 (CWF)

- **Advances the Drinking Water Action Plan** – Establishes a structured approach for periodic review and assessment of progress.
- **Strengthens Policy and Risk Management** – Conducts cost-benefit analyses, develops policies for emerging threats, and follows up on key recommendations from the *Future of Drinking Water* report.

Groundwater and Restoration Protection Strategies, \$3.5M (CWF)

- **Develops Groundwater Restoration and Protection Strategies (GRAPS)** – Supports watersheds participating in the *One Watershed, One Plan* to enhance local water planning efforts.
- **Provides Guidance for Local Water Managers** – Delivers clear, actionable strategies to counties, soil and water conservation districts, and watershed districts for effective groundwater management.

Clean Water Legacy Fund Proposals



Private Well Initiative, \$6M (CWF)

- **Supports Private Well Owners** – Identifies private wells in Minnesota and provides well water testing information to owners.
- **Enhances Technical Assistance** – Offers support to address water quality issues and ensure safe drinking water.

Source Water Protection, \$7.79M (CWF)

- **Strengthens Protection for Public Water Supplies** – Supports wellhead protection, expands grants for public water systems, and accelerates efforts for surface water sources.
- **Enhances Statewide Water Planning and Monitoring** – Integrates drinking water protection into Minnesota's *One Watershed, One Plan* and establishes an ambient monitoring program.

Thank you!

For questions about any of these proposals, please contact:

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