

FISCAL REVIEW

Minnesota State Senate

2025



Fiscal Review of the 2025 Legislative Sessions

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FIFTY YEARS OF THE *FISCAL REVIEW*

The *Fiscal Review* was first published in 1975 by the staff of the Minnesota Senate Finance Committee. According to the Foreword of [that first edition](#), the intention was “to provide the public with accurate and current information about government spending and to explain the major state programs funded by the Legislature.” This report was published annually through 1980.

After an absence of several years, the *Fiscal Review* appeared again in 1984, when the nonpartisan Office of Senate Counsel and Research (SCR) produced the [Fiscal Review of the 1981-1984 Legislative Sessions](#).

Since then, SCR and its successor, the Office of Senate Counsel, Research, and Fiscal Analysis (SCRFA), have annually published the *Fiscal Review*, summarizing enacted fiscal provisions from the year’s legislative session(s). While the *Fiscal Review* is not a comprehensive accounting of all legislative activity, over the past fifty years it has served as an essential resource for understanding the financial implications of key policy decisions in Minnesota.

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PREFACE

The *Fiscal Review* is an annual report of enacted budget and fiscal policy actions. The report covers all budgetary funds, with particular attention given to the General Fund. Budgetary funds reflect the operating budget for the state and exclude some state funds not budgeted for operations, such as pension funds, trust funds, and enterprise funds. Under the Minnesota Constitution, General Fund revenues and expenditures must be in balance at the close of each biennium.

Minnesota operates on a biennial budget enacted in odd-year legislative sessions. A fiscal year begins on July 1 and ends on June 30 and is numbered by the calendar year in which it ends. While most revenue and expenditure amounts are presented as biennial amounts, in some cases annual amounts may provide a more thorough understanding of the timing of revenue and appropriations. Additional detail is available by consulting legislative budget tracking spreadsheets or by contacting the relevant Senate fiscal staff. Detailed budget tracking spreadsheets can be found here: <https://www.senate.mn/tracking/2025>

Appropriations Defined

Appropriations are authorizations made by the Legislature to spend money from the state treasury for the purposes established by law. The Minnesota Constitution prohibits the payment of money out of the treasury

unless appropriated by the Legislature. The Governor may veto appropriations but cannot create appropriations.

Direct appropriations are authorizations to spend a specific dollar amount, usually for a limited period, such as one year or one biennium. Open appropriations, which are less common, authorize an open-ended spending level, such as a “sum sufficient” to meet a defined need or formula. The amounts shown in the *Fiscal Review* for open appropriations reflect estimates of expected spending.

Most direct appropriations are established in session law and expire at the end of the biennium, or another specified time, and must be reenacted upon expiration to continue spending authority. Statutory appropriations, on the other hand, are set in state statutes and provide ongoing authority to spend money from the treasury even if a biennial budget is not adopted. Statutory appropriations may authorize either a specific dollar amount or an open-ended amount and may provide a specific period of time for the appropriation.

Certain direct and statutory appropriations are funded by revenue sources that are dedicated for specific purposes. Amounts shown in the *Fiscal Review* for authorized spending from dedicated revenues reflect estimates of the revenues to be generated

and the allocation of those revenues established in law.

Further, significant portions of some state agency operations, such as those of the Department of Administration and the Department of Management and Budget, are funded through charges to other state agencies. In other words, money appropriated to an agency may be used to purchase services from another state agency whose mission is, in part, to provide centralized operating functions. To fully describe budget activity while avoiding double-counting, budget totals are reported based on the agency that received an appropriation. Please note that some *Fiscal Review* chapters also discuss agency activities that are supported through charges to other state agencies.

Appropriations and Spending Comparisons

The *Fiscal Review* reports on the fiscal activity enacted in the most recent regular legislative session and any associated special sessions, but the document also places the recently enacted biennial fiscal activity in the context of the biennial spending and revenues that preceded it. Amounts shown in the *2025 Fiscal Review* for the current biennium (FY 2026-27) reflect appropriation levels enacted in the 2025 regular session and the 2025 first special session. Amounts shown for the next biennium (FY 2028-29), often referred to as “planning estimates,” reflect estimates of future biennial spending, assuming that current law program funding not explicitly identified as one-time is carried forward for another two years. The *2025*

Fiscal Review compares current biennial appropriations to actual spending in the previous biennium (FY 2024-25), as well as to the February 2025 budget forecast prepared by the Department of Management and Budget.

References to Session Law and Fiscal Years

In the *2025 Fiscal Review*, session laws enacted during the 2025 regular session are initially referred to as “Laws 2025” and the appropriate chapter number. Laws enacted during the 2025 first special session are initially referred to as “Laws 2025, First Special Session” and a chapter number. Subsequent references to enactments will be made with only the chapter number unless an additional reference is needed to avoid confusion. Unless specifically noted, this report collectively refers to the 2025 regular session and the 2025 first special session together as “the 2025 sessions.” Finally, throughout this document, “fiscal year” is abbreviated as “FY.”

Specific Reporting Details

The *Fiscal Review* is organized based on a standard list of budget jurisdictions. Executive branch agencies, the Judiciary, and the Legislature are each allocated to a budget jurisdiction that is topically similar.

Each chapter of the *2025 Fiscal Review* begins with a discussion and a bar chart that compares net FY 2026-27 appropriations for the General Fund and non-general funds to the spending in the four previous biennia for that jurisdiction. The State Revenues chapter

provides a similar comparison for General Fund taxes over the same period.

Chapters 3 through 11 of this report contain a standardized set of tables to display budget detail in each jurisdiction:

- Table 1 displays a summary of all funds appropriations for the past five biennia, split between General Fund and non-general funds, along with percentage changes per biennium;
- Table 2a displays all funds spending and appropriations by agency and fund;
- Table 2b displays all funds spending and appropriations by fund, along with percentage changes compared to forecast and the previous biennium;
- Tables 3 and 4 display line-item appropriation changes compared to the forecast for the General Fund and non-general funds, respectively; and
- Table 5 displays line-item all funds revenue changes compared to the forecast. (Table 5 may not appear in all budget area chapters.)

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CHAPTER 1

STATE BUDGET OVERVIEW

The primary focus of the 2025 regular session and first special session was the adoption of the FY 2026-27 biennial budget. The enactment of a balanced General Fund biennial budget is the focus during the legislative session in an odd-numbered year. Twenty-eight separate chapters of law were enacted to complete the FY 2026-27 budget during these sessions, including supplementary changes to the FY 2024-25 budget. The enacted FY 2026-27 all funds budget totaled \$131.9 billion, of which \$66.9

billion, or 50.7 percent, was from the General Fund.

Chart 1 displays total appropriations since FY 2018-19 and divides each biennium between the General Fund and non-general funds. The enacted FY 2026-27 all funds budget increased \$3.1 billion (2.5 percent) more than the February 2025 forecast and increased \$6.5 billion (5.2 percent) compared to FY 2024-25 appropriations. The increases were concentrated in the non-general funds. Total all funds appropriations increased in each of the last four biennia.

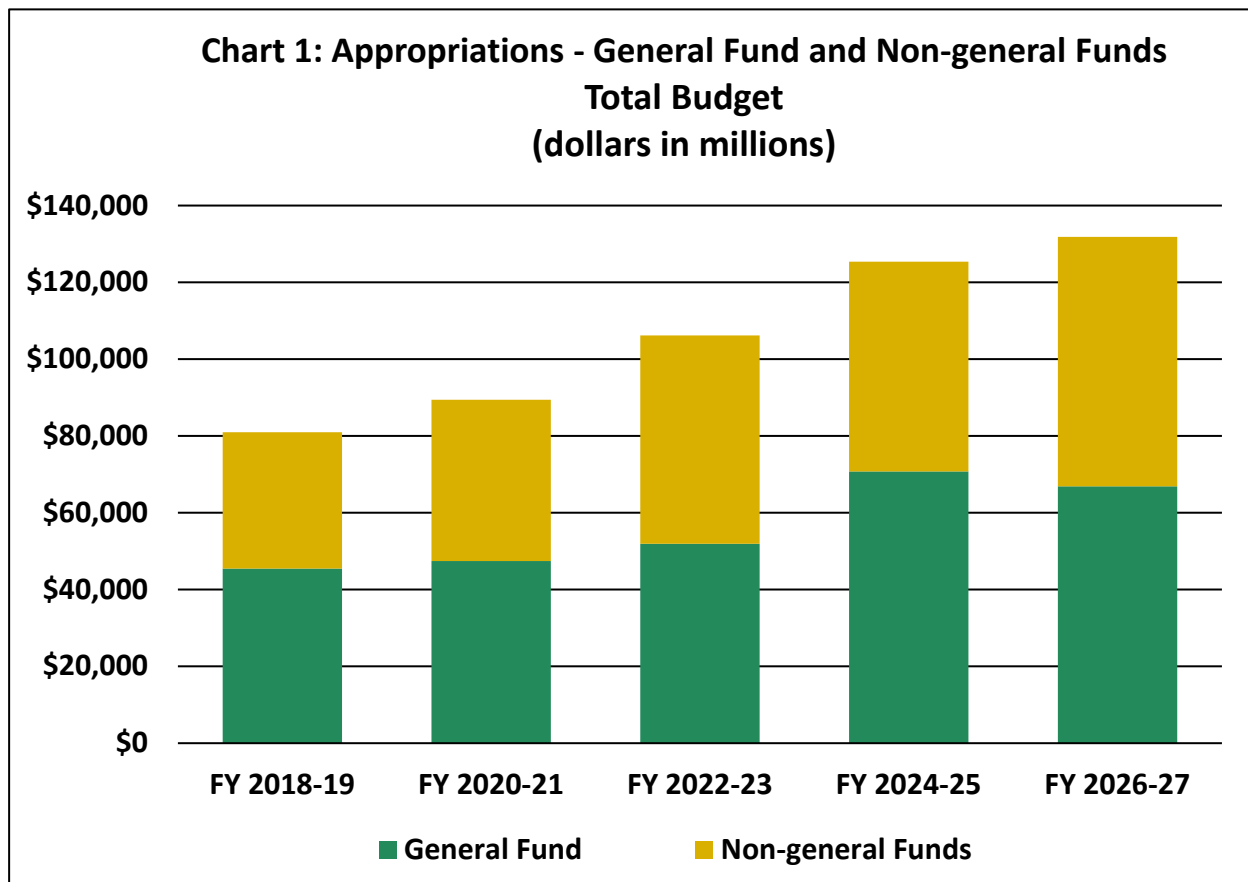


Table 1 - General Fund Revenue and Appropriations Net Changes Compared to Forecast FY 2024-25 through FY 2028-29 <i>(dollars in thousands)</i>					
	FY 2024-25	FY 2026-27	FY 2028-29	Total	% of Total
Revenue	1,000	329,087	474,483	804,570	38.5%
Appropriations	(194,481)	239,805	(1,330,672)	(1,285,348)	61.5%
General Fund Net Changes	195,481	89,282	1,805,155	2,089,918	100.0%

The February 2025 forecast projected a positive General Fund balance of \$1.6 billion for FY 2026-27, or 2.4 percent of forecasted spending, but a negative balance of \$2.4 billion for FY 2028-29. The enacted FY 2026-27 General Fund budget improved the budgetary balance in both biennia, leaving a positive balance of \$1.9 billion in FY 2026-27 and a negative balance of \$289.2 million in FY 2028-29. As shown in Table 1, this was achieved through a combination of net revenue increases (38.5 percent) and spending reductions (61.5 percent) between FY 2024-25 and FY 2028-29.

In each budget forecast, the Department of Management and Budget (MMB) includes estimates of spending inflation and establishes two separate estimates of the General Fund budgetary balance, one with inflation included and one without. (For more information, see page 6 of the *2023 Fiscal Review*). By including inflation, the February 2025 forecast projected a second General Fund budgetary balance of positive \$455.8 million for FY 2026-27, but negative \$6 billion for FY 2028-29. (Inflation estimates are included in several charts and tables in

this chapter to improve understanding of the overall budget, but are excluded from the narrative in subsequent chapters of this report.)

FY 2026-27 BUDGET HIGHLIGHTS

Subsequent chapters of this report discuss significant policy and fiscal changes, most of which were enacted in the omnibus finance acts that compose the majority of the FY 2026-27 budget. (See Appendix E for a complete list of 2025 session laws relating to the FY 2026-27 enacted budget.)

Noteworthy FY 2026-27 budget changes in the 2025 sessions included:

- [Laws 2025, Chapter 33](#) appropriated \$100 million one-time in FY 2026 from the General Fund to the Department of Education for unemployment costs for hourly workers over the summer term. Providing this additional school unemployment aid reduced the unemployment costs that are eligible for special education aid reimbursement, resulting in a \$22.8 million General Fund reduction to special education aid in FY 2026-27. The net total FY 2026-27

General Fund appropriation increase for this provision was \$77.2 million above the February 2025 forecast. (See chapter 3 of this report.)

- [Laws 2025, Chapter 35](#) authorized the Department of Corrections to conduct a phased closure of the Minnesota Correctional Facility at Stillwater. The closure is projected to reduce FY 2026-27 General Fund spending by \$61.5 million. Full closure of the facility is scheduled for June 30, 2029. (See chapter 9 of this report.)
- [Laws 2025, Chapter 37](#), the Omnibus Pensions Act, appropriated \$78 million from the General Fund in FY 2026-27 for three public pensions changes. \$40 million was appropriated in direct pensions aid to police and fire employees' pension plans, \$37.4 million for increased pension adjustment revenue aid and direct aid for Teachers Retirement Association (TRA) employer costs, and \$45,000 for the costs of certain Minnesota State Retirement System post-retirement adjustments (See chapter 10 of this report.)
- [Laws 2025, Chapter 39](#), the Omnibus State Government Act, enacted a statute that prohibits the Commissioner of Management and Budget from including in future budget forecasts any expenditures for debt service on state general obligation bonds that are not yet enacted. Previously, budget forecasts

included estimates of General Fund debt service spending for previously authorized bonds and for estimated future enactments of bond authorizations. The new statute permits forecasts to only include the debt service associated with previously enacted general obligation bond authorizations. This change reduced General Fund spending by \$17.4 million in FY 2026-27 and \$168.1 million in FY 2028-29 on estimated future enactments of bond authorizations that were included in the February 2025 forecast. (See chapter 12 of this report.)

- Chapter 39 also provided temporary authority for state agencies to carry forward unspent operating balances from one biennium into the next. This authority exists for three biennia, ending after FY 2029. This change generated General Fund costs of \$15 million each biennium, resulting from reduced cancellations that were previously assumed in the forecast for FY 2024-25, FY 2026-27, and FY 2028-29. (See chapter 10 of this report.)
- [Laws 2025, First Special Session, Chapter 2](#) eliminated MinnesotaCare eligibility for undocumented adults, which reduced projected Health Care Access Fund expenditures by \$56.9 million in FY 2026-27. This proposal immediately prohibited any new enrollments and terminated current enrollees from

continued coverage on and after January 1, 2026. (See chapter 6 of this report.)

- [Laws 2025, First Special Session, Chapter 5](#) appropriated \$494.6 million from the General Fund, an increase of \$44.5 million above the February forecast, to the Office of Higher Education for the Minnesota State Grant Program and enacted numerous changes to the statutes governing how state grant awards are calculated, in order to address a projected FY 2026-27 program deficit of \$210.5 million. (See chapter 4 of this report.)
- [Laws 2025, First Special Session, Chapter 8](#) reallocated the tax revenues collected on the sale of motor vehicle repair and replacement parts. This change increased General Fund revenues by \$11.3 million in FY 2026-27 and \$83.5 million in FY 2028-29 and reduced revenues to the Highway User Tax Distribution Fund by the same amounts, as compared to the forecast. (See chapter 2 of this report.)
- [Laws 2025, First Special Session, Chapter 9](#) enacted changes to disability waivers under Medical Assistance that reduced General Fund appropriations by \$298 million in FY 2026-27 and \$675 million in the FY 2028-29 planning estimates. The disability waiver changes included limiting future statutory increases to

payment rates, modifying authorized services, limiting rate exceptions, and modifying disability waiver authorizations. (See chapter 6 of this report.)

- [Laws 2025, First Special Session, Chapter 13](#), the Omnibus Tax Act, increased the gross receipts tax rate on cannabis products from ten to 15 percent and repealed the local government cannabis aid program. Combined, these two changes will increase General Fund revenues by \$79.7 million in FY 2026-27 and \$132.6 million in FY 2028-29. (See chapters 2 and 5 of this report.)
- Chapter 13 also repealed an exemption from the state sales and use tax for electricity purchased by data centers, increasing General Fund revenues by \$56.3 million in FY 2026-27 and \$82.7 million in FY 2028-29. (See chapter 2 of this report.)
- Chapter 13 changed the research and development income tax credit for individuals and corporations from nonrefundable to refundable, allowing taxpayers a refund if the amount of the credit exceeds their total tax liability. This modification increased General Fund appropriations by \$40.8 million in FY 2026-27 and \$39.6 million in FY 2028-29 planning estimates. (See chapter 2 of this report.)

Table 2 - All Funds Biennial Budget - FY 2026-27, by Fund Comparison of Enacted FY 2026-27 Budget to FY 2024-25 and to Forecast <i>(dollars in millions)</i>					
	FY 2024-25	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst Base
General Fund	70,780.3	67,779.6	66,874.1	(3,906.2)	(905.5)
General Fund Transfer Out	(10,205.4)	(4,733.5)	(4,930.7)	5,274.7	(197.2)
Health Care Access Fund	2,313.0	2,362.3	2,459.2	146.2	96.8
Federal Funds	40,322.6	44,025.2	44,192.6	3,869.9	167.4
Federal COVID-Related Funds*	30.8	0.6	0.6	(30.3)	-
Other Funds	22,130.5	19,253.4	23,263.9	1,133.4	4,010.6
All Funds Total	125,371.9	128,687.5	131,859.6	6,487.7	3,172.0

* Includes all expenditures and appropriations from the Coronavirus Relief Fund and the American Rescue Plan State Fiscal Recovery Fund.

ALL FUNDS BUDGET, FY 2026-27

Appropriations

As shown in Table 2, the enacted FY 2026-27 all funds biennial budget totaled \$131.9 billion, which was \$6.5 billion, or 5.2 percent, greater than the appropriations in FY 2024-25 and \$3.2 billion, or 2.5 percent, greater than the February 2025 forecast. Total FY 2026-27 General Fund appropriations were \$66.9 billion and represented 50.7 percent of the total operating budget.

Federal funds appropriations (the largest category of non-general fund resources) were \$44.2 billion for FY 2026-27. This total was \$167.4 million (0.4 percent) greater than the February 2025 forecast for FY 2026-27 and \$3.9 billion (9.6 percent) more than in FY 2024-25.

The Health Care Access Fund (HCAF) is particularly important in the Health and Human Services (HHS) budget. FY 2026-27 HCAF appropriations totaled \$2.5 billion, which was \$96.8 million, or 4.1 percent, more than the February 2025 forecast and \$146.2 million, or 6.3 percent, higher than FY 2024-25. (See chapter 6 of this report for additional detail on the HCAF.)

Table 3a displays the enacted FY 2026-27 all funds budget by major budget jurisdiction. Noteworthy increases from FY 2024-25 were in HHS (\$7 billion, or 12 percent) and Transportation and Public Safety (\$1.7 billion, or 13 percent) and significant decreases from FY 2024-25 occurred in Jobs,

Table 3a - All Funds Biennial Budget - FY 2026-27, by Budget Jurisdiction Comparison of Enacted FY 2026-27 Budget to FY 2024-25 and to Forecast <i>(dollars in millions)</i>					
	FY 2024-25	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst Base
E-12 Education	28,054.6	27,812.8	28,073.5	18.9	260.7
Higher Education	4,486.3	4,146.5	4,224.8	(261.5)	78.3
Property Tax Aids and Credits	5,691.6	5,167.7	5,156.6	(535.0)	(11.1)
Health and Human Services	58,443.5	64,287.9	65,482.7	7,039.2	1,194.8
Ag, Environment, Natural Resources	4,281.9	2,588.3	3,318.3	(963.6)	730.1
Jobs, Commerce, and Energy	6,910.7	3,217.3	3,639.6	(3,271.1)	422.3
Judiciary and Public Safety	4,755.0	4,354.9	4,533.7	(221.3)	178.8
Transportation and Public Safety	13,155.5	13,669.8	14,864.8	1,709.3	1,195.0
State Government and Veterans	5,006.0	3,602.6	4,081.8	(924.2)	479.2
Capital Investment and Debt Service	4,841.1	3,514.8	3,486.5	(1,354.6)	(28.3)
Cancellations and Other	(10,254.4)	(4,820.5)	(5,002.7)	5,251.7	(182.2)
Total for Budget Jurisdictions	125,371.9	127,542.2	131,859.6	6,487.7	4,317.3
General Fund Inflation Adjustment	-	1,145.3	-	-	(1,145.3)
Total Including Inflation	125,371.9	128,687.5	131,859.6	6,487.7	3,172.0

Commerce, and Energy (\$3.3 billion, or 47.3 percent); Capital Investment and Debt Service (\$1.4 billion, or 28 percent); State Government and Veterans (\$924.2 million, or 18.5 percent); and Property Tax Aids and Credits (\$535 million, or 9.4 percent).

Table 3b displays the enacted FY 2026-27 all funds budget by budget jurisdiction and sorts the jurisdictions based on each area's share of the total budget. The three largest budget jurisdictions (HHS, E-12 Education, and Transportation and Public Safety) represented 82.2 percent of the total FY 2026-27 budget. The enacted budget

appropriated \$65.5 billion for HHS, which was 49.7 percent of the all funds budget. E-12 Education was the next largest budget area with appropriations of \$28.1 billion (21.3 percent of the all funds budget). Transportation and Public Safety received appropriations of \$14.9 billion (11.3 percent of the all funds budget). The remaining budget areas totaled less than 20 percent of the all funds budget.

Table 3b also displays General Fund and non-general funds as a percentage of each budget jurisdiction's total appropriations.

Table 3b - FY 2026-27, All Funds by Budget Jurisdiction Appropriations by General Fund and Non-general Funds <i>(dollars in millions)</i>						
	General Fund FY 2026- 27	General Fund, Percent of All Funds	Non- general Funds FY 2026- 27	Non- general Funds, Percent of All Funds	All Funds FY 2026- 27	Budget Area Percent of All Funds Total
Health and Human Services	23,999	36.6%	41,484	63.4%	65,483	49.7%
E-12 Education	25,696	91.5%	2,378	8.5%	28,074	21.3%
Transportation and Public Safety	375	2.5%	14,490	97.5%	14,865	11.3%
Property Tax Aids and Credits	4,755	92.2%	402	7.8%	5,157	3.9%
Judiciary and Public Safety	4,014	95.0%	211	5.0%	4,225	3.2%
Higher Education	1,499	43.0%	1,987	57.0%	3,486	2.6%
State Government and Veterans	1,784	43.7%	2,298	56.3%	4,082	3.1%
Jobs, Commerce, and Energy	3,519	77.6%	1,015	22.4%	4,534	3.4%
Capital Investment and Debt Service	655	18.0%	2,984	82.0%	3,640	2.8%
Agriculture, Environment, and Natural Resources	651	19.6%	2,668	80.4%	3,318	2.5%
Cancellations and Other	(72)	1.4%	(4,931)	98.6%	(5,003)	-3.8%
Total	66,874	50.7%	64,986	49.3%	131,860	100.0%

For example, FY 2026-27 HHS appropriations were \$24 billion from the General Fund (36.6 percent of total HHS appropriations) and \$41.5 billion from non-general funds (63.4 percent of total HHS appropriations). E-12 Education is predominantly funded from the General Fund, with 91.5 percent of its FY

2026-27 appropriations from this source. Conversely, the Transportation and Public Safety budget is primarily funded from non-general funds, with 97.5 percent of its FY 2026-27 appropriations funded from these sources.

Table 4 - All Funds Biennial Revenues - FY 2026-27, by Fund Comparison of Enacted FY 2026-27 Budget to FY 2024-25 and to Forecast <i>(dollars in millions)</i>					
	FY 2024-25	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst Base
General Fund	61,379.4	64,105.8	64,365.7	2,986.3	259.9
<u>Non-general Funds</u>					
Health Care Access Fund	1,927.8	2,137.2	2,161.1	233.3	23.90
Highway User Tax					
Distribution Fund	5,620.1	6,434.7	6,447.0	826.9	12.35
Federal Fund	40,412.9	44,009.3	44,171.0	3,758.0	161.6
Other Funds	11,884.8	11,099.3	13,475.3	1,590.5	2,376.0
Subtotal, Non-general Funds	59,845.6	63,680.5	66,254.4	6,408.7	2,573.9
Total All Funds Revenues	121,225.0	127,786.3	130,620.1	9,395.1	2,833.7

Revenues

The enacted FY 2026-27 all funds revenues were \$130.6 billion, an increase of \$2.8 billion compared to the February 2025 forecast. Table 4 shows total state revenues by fund, highlighting the General Fund and other non-general funds with noteworthy changes in the 2025 sessions. (The General Fund revenues discussion in chapter 2 of this report excludes non-tax revenues, transfers from other funds, and prior year adjustments. As a result, the totals and comparisons in that chapter are slightly lower than in Table 4.)

GENERAL FUND BUDGET, FY 2026-27

Appropriations

Enacted FY 2026-27 General Fund appropriations totaled \$66.9 billion, an increase of \$239.8 million, or 0.4 percent, above the February 2025 forecast, and a decrease of \$3.9 billion, or 5.5 percent, below FY 2024-25.

Table 5 summarizes the FY 2026-27 General Fund budget by budget jurisdiction. Compared to the forecast, the largest FY 2026-27 General Fund increases were in State Government and Veterans (\$154.1 million, or 9.5 percent); Judiciary and Public Safety (\$134.6 million, or 4 percent); E-12 Education (\$133.1 million, or 0.5 percent);

Table 5 - General Fund Biennial Budget by Budget Jurisdiction Comparison of Enacted FY 2026-27 Budget to FY 2024-25 and to Forecast <i>(dollars in millions)</i>					
	FY 2024-25	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted Fcst Base
E-12 Education	24,544.4	25,562.4	25,695.5	1,151.1	133.1
Higher Education	4,183.8	3,970.1	4,014.2	(169.7)	44.1
Property Tax Aids and Credits	5,556.2	4,753.2	4,754.8	(801.4)	1.6
Health and Human Services	21,209.1	24,146.6	23,999.0	2,789.8	(147.7)
Agriculture, Environment, and Natural Resources	1,285.0	621.4	650.6	(634.4)	29.2
Jobs, Commerce, and Energy	3,905.5	666.8	655.1	(3,250.4)	(11.7)
Judiciary and Public Safety	3,646.1	3,384.1	3,518.7	(127.4)	134.6
Transportation and Public Safety	1,311.7	476.6	375.0	(936.7)	(101.5)
State Government and Veterans	2,774.3	1,629.6	1,783.7	(990.6)	154.1
Capital Investment and Debt Service	2,413.0	1,510.3	1,499.4	(913.6)	(10.9)
Cancellations and Other	(49.0)	(87.0)	(72.0)	(23.0)	15.0
Total Spending	70,780.3	66,634.2	66,874.1	(3,906.2)	239.8
Estimated Inflation	-	1,145.3	-	-	(1,145.3)
Total Spending Including Inflation	70,780.3	67,779.6	66,874.1	(3,906.2)	(905.5)

Higher Education (\$44.1 million, or 1.1 percent); and Agriculture, Environment, and Natural Resources (\$29.2 million, or 4.7 percent). FY 2026-27 General Fund appropriations decreased in other budget areas compared to the February 2025 forecast, including Health and Human Services (\$147.7 million, or 0.6 percent) and

Transportation and Public Safety (\$101.5 million, or 21.3 percent).

Revenues

Table 6 shows that General Fund resources in FY 2026-27 increased by a net \$524.6 million in the enacted budget compared to the February 2025 forecast. This net total combined the \$195.5 million in increased

Table 6 - General Fund Budget Comparison of Enacted FY 2026-27 Budget to FY 2024-25 and to Forecast <i>(dollars in millions)</i>					
	FY 2024-25	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted – FY 2024-25	Change: Enacted - Fcst Base
Balance Forward (including Reserves)	16,516.2	7,269.0	7,464.5	(9,051.7)	195.5
Current Revenues	61,728.6	64,493.7	64,822.8	3,094.2	329.1
Total Resources	78,244.8	71,762.7	72,287.3	(5,957.5)	524.6
Spending	70,780.3	66,634.2	66,874.1	(3,906.2)	239.8
Estimated Inflation	-	1,145.3	-	-	(1,145.3)
Reserves	3,527.4	3,527.4	3,527.4	-	-
Budgetary Balance with Inflation	3,937.1	455.8	1,885.8	(2,051.3)	1,430.1
Budgetary Balance excluding Inflation	3,937.1	1,601.1	1,885.8	(2,051.3)	284.8

carryforward revenue from FY 2024-25 with \$329.1 million in increased FY 2026-27 revenue. General Fund tax revenue changes in FY 2026-27 totaled \$208.8 million and resulted primarily from changes to the cannabis gross receipts tax (\$52.8 million), the repeal of the data center electricity sales tax exemption (\$56.3 million), one-time changes to the June accelerated sales tax remittance percentage (\$22.8 million), changes to the dedication of the sales tax on vehicle repair and replacement parts (\$11.3

million), and an increase in nursing facilities surcharges (\$83.2 million).

Other General Fund non-tax revenues increased by \$120.3 million in FY 2026-27, compared to the February 2025 forecast.

Budget Reserve Changes, FY 2024-25

Table 7 displays all changes to the General Fund budget reserve since the end of the 2024 legislative session. Initially, the reserve was \$2.9 billion for FY 2024. After the changes detailed below, the FY 2024-25

Table 7 - General Fund Budget Reserve Changes Since End of 2024 Regular Session <i>(dollars in thousands)</i>		
	FY 2024	FY 2025
Budget Reserve Initial Balance	2,913,422	2,925,308
Assigned Risk Plan, Excess Surplus Allocation	11,886	-
Nov 2025 Forecast, MS 16A.152 Allocation	-	252,062
Budget Reserve Balance	2,925,308	3,177,370

biennium closed with a General Fund budget reserve of \$3.2 billion.

- Under Minnesota Statutes, section [79.251](#), the Commissioner of Commerce must review and certify whether the reserve in the workers' compensation assigned risk plan contains an excess surplus. Any excess surplus must be transferred to the budget reserve account. Following the audit of the FY 2023 assigned risk plan, the commissioner certified an excess surplus equal to \$11.9 million. This amount was transferred to the budget reserve account and recognized in the November 2024 forecast for FY 2024.
- Under Minnesota Statutes, section [16A.152](#), a projected surplus in a November forecast is required to be transferred to the budget reserve account until the reserve reaches a specified level. That level is determined by an annual analysis prepared by MMB

each September. The November 2024 forecast transferred an additional \$252.1 million from the General Fund to the budget reserve account.

FY 2026-27 AND FY 2028-29 GENERAL FUND BALANCE ANALYSIS

The February 2025 forecast projected a positive General Fund budgetary balance of \$1.6 billion in FY 2026-27. This included a forecasted FY 2024-25 positive budgetary balance of \$7.3 billion, which carried forward into FY 2026-27 and increased projected FY 2026-27 resources. (See Table 6.)

Compared to the forecast, the enacted budget increased FY 2026-27 General Fund appropriations by \$239.8 million. However, it also reduced FY 2024-25 General Fund appropriations by \$195.5 million, resulting in a net spending increase of \$44.3 million over the two biennia. This increase in appropriations, combined with an enacted FY 2026-27 General Fund revenue increase

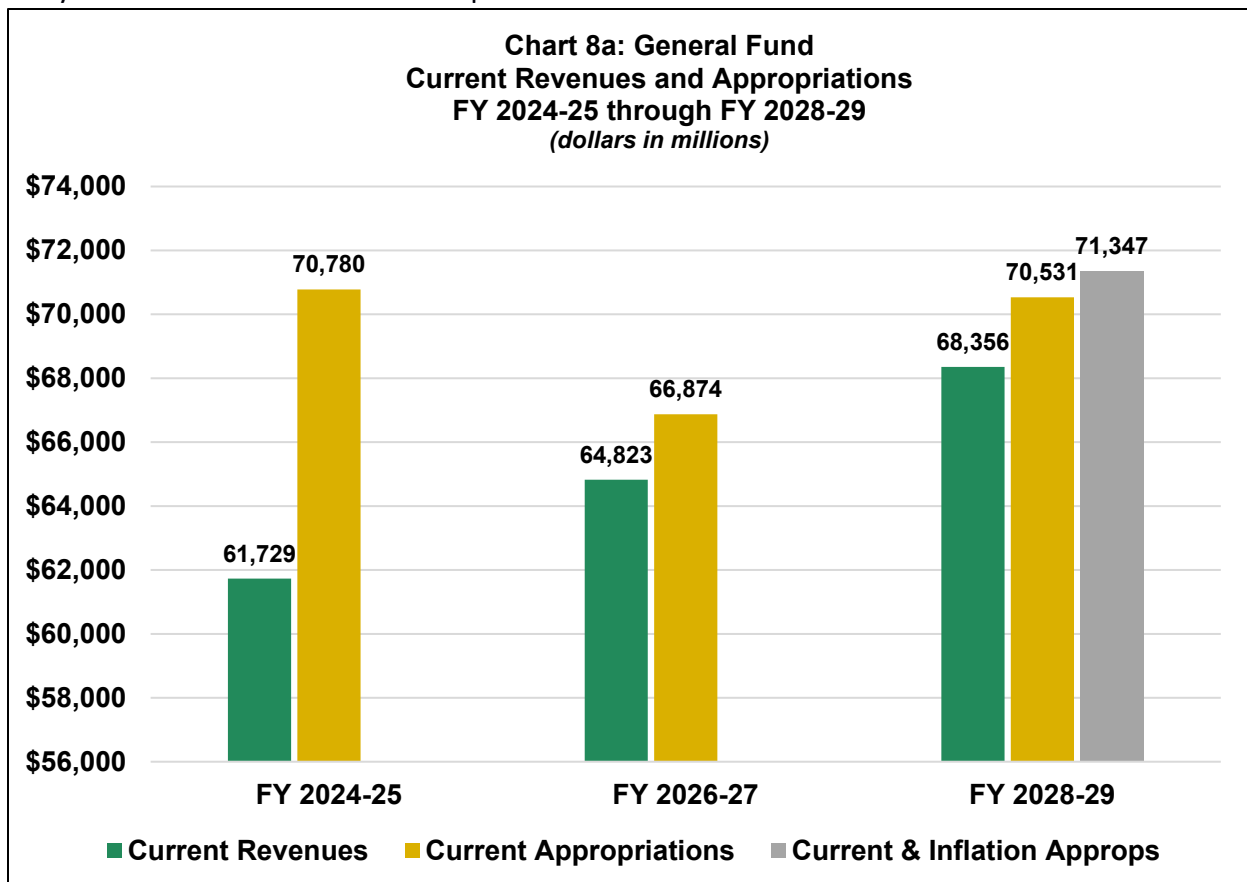
of \$329.1 million, resulted in a positive budgetary balance of \$1.9 billion at the end of the FY 2026-27 biennium.

Combined with General Fund reserves, this unallocated amount will be carried forward into the FY 2028-29 planning biennium. While this balance improved the planning estimate budget as compared to forecast, the FY 2028-29 biennium is still estimated to have a negative balance of \$289.2 million.

In addition to budgetary balance, another measurement of fiscal health is structural balance, which compares a single biennium's revenue collections with its appropriations. The structural balance calculation does not include money carried forward from one biennium to the next. By eliminating carryforward resources from a previous

biennium, the structural balance measurement can provide an indication of the state's overall budget position within a specific biennium. Carryforward resources are one-time and can mute the overall estimates of the budget picture, inflating a budget's closing balance.

Chart 8a displays current General Fund revenues and appropriations in the enacted budget for FY 2024-25 through FY 2028-29. FY 2024-25 current revenues totaled \$61.7 billion and appropriations totaled \$70.8 billion, creating a negative structural balance of \$9.1 billion. FY 2026-27 current revenues are projected to total \$64.8 billion and appropriations are \$66.9 billion, resulting in a negative structural balance of \$2.1 billion, or 3.1 percent of FY 2026-27 General Fund



appropriations. FY 2028-29 projected revenues total \$68.4 billion and projected appropriations total \$70.5 billion, leaving a negative structural balance of \$2.2 billion.

Chart 8b displays the General Fund's budgetary balance and structural balance for each of the three biennia. The enacted FY 2026-27 General Fund budget was balanced on a budgetary basis with resources carried forward from FY 2024-25. Similarly, the \$1.9 billion budgetary balance in FY 2026-27 will carry forward to FY 2028-29 and provide resources that help improve the budgetary balance in the planning years.

Table 9 displays the change in current General Fund revenues and appropriations over the two biennia. Between FY 2026-27 and FY 2028-29, current revenues in the

enacted budget increase by \$3.5 billion and projected appropriations increase by \$3.7 billion. Table 9 also includes inflation estimates for FY 2028-29, showing that the projected inflation-adjusted appropriations in the enacted budget will increase by \$4.5 billion over the two biennia. In summary, over the four years of the projection period, appropriations in the enacted budget are growing faster than its revenues.

INFLATION

Inflation is a measurement of the change in cost of goods and services over time and reflects the growth in prices in the economy. [Laws 2023, Chapter 10](#) removed a statutory restriction that had prevented MMB from including estimated inflationary growth of enacted appropriations in each budget

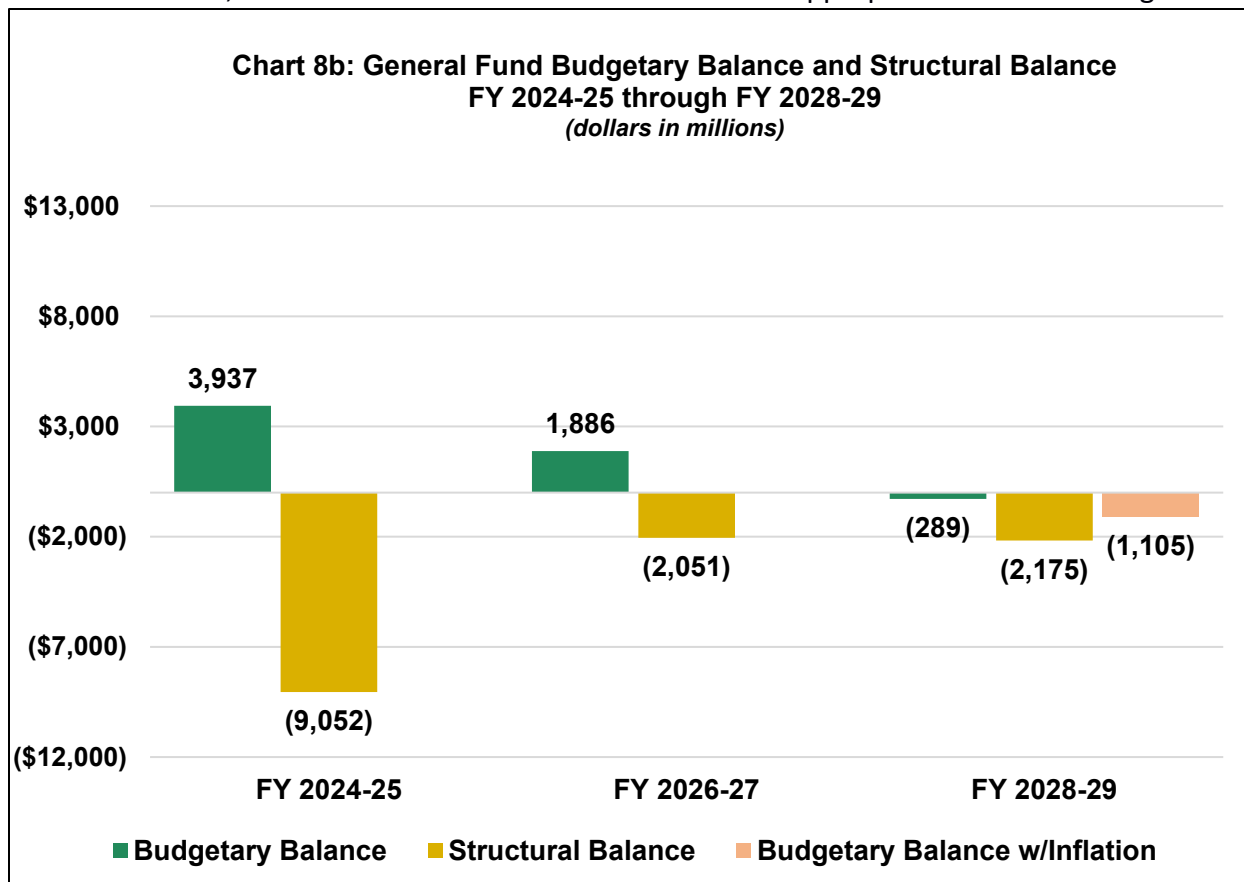


Table 9 - General Fund Biennial Budget Comparison of Enacted FY 2026-27 Budget to FY 2028-29 Planning Estimates <i>(dollars in millions)</i>			
	FY 2026-27 Enacted Budget	FY 2028-29 Planning Estimates	Change: FY 2028-29 - FY 2026-27
Current Revenues (excluding carryforward)	64,822.8	68,356.2	3,533.4
Total Projected Appropriations	66,874.1	70,531.2	3,657.1
Projected Structural Balance Without Inflation	(2,051.3)	(2,175.0)	(123.8)
Inflation Estimates	-	815.9	815.9
Total Projected Appropriations Including Inflation Estimates	66,874.1	71,347.1	4,473.1
Projected Structural Balance Including Inflation Estimates	(2,051.3)	(2,991.0)	(939.7)

forecast. Following this legislative change, MMB included inflation estimates in its total projection of biennial General Fund spending and established two separate estimates of the General Fund budgetary balance, one with inflation included and one without.

MMB estimates inflation in a forecast by calculating the future cost of existing appropriation authority for the next two biennia, using the value of the consumer price index (CPI) in each year of those biennia. Before the calculation, MMB first excludes any appropriations that contain statutory inflation factors by law, including appropriations for the state share of managed care, long term care, cash assistance programs, the Minnesota family investment program, the childcare assistance program, and certain general and

special education programs, including school breakfast and lunch programs. Property tax refunds, debt service, and capital projects are also removed because they are static and not influenced by inflation. After making these adjustments, MMB inflates the remaining spending by the appropriate CPI value and adds it to the General Fund forecast in the next two biennia as future spending. This calculation is made only for the General Fund.

In the February 2025 forecast, inflation estimates provided information about the cost of the FY 2024-25 General Fund budget if the Legislature were to appropriate the same level of spending after adjusting those appropriations for increased prices in FY 2026-27 and FY 2028-29. This measurement provided policymakers with information

about the budgetary pressure of the existing FY 2024-25 General Fund budget.

Table 10 displays the inflation calculations in the February 2025 forecast. In the February 2025 forecast, MMB estimated additional General Fund inflationary spending of \$1.1 billion in FY 2026-27 and \$2.5 billion in FY 2028-29. The addition of inflation estimates reduced the forecasted General Fund biennial budgetary balance from a positive \$1.6 billion to a positive \$455.8 million in FY 2026-27, and from a negative \$2.4 billion to a negative \$6 billion in FY 2028-29.

Inflation estimates in the General Fund forecast do not include legal authority to

spend any money. In the absence of appropriation authority, the estimates remain an informative statistic in the forecast. In the 2025 sessions, the forecasted General Fund inflationary spending was not appropriated in law.

After the enactment of the FY 2026-27 biennial budget in the 2025 sessions, MMB will calculate inflation in the next several forecasts as growth in FY 2028-29 compared to the enacted FY 2026-27 General Fund budget. Inflation will no longer be calculated for FY 2024-25 and instead will be based on enacted FY 2026-27 appropriations.

Table 10 - Calculating Inflation, February 2025 Forecast FY 2026-27 and FY 2028-29 <i>(dollars in millions)</i>				
	FY 2026	FY 2027	FY 2028	FY 2029
Projected Spending	32,591.2	34,043.0	35,337.0	36,524.9
Subtracted Appropriations	20,068.5	21,184.4	22,127.0	23,043.8
Projected Spending for Inflation	12,522.7	12,858.6	13,210.0	13,481.1
CPI Growth Estimates	3.0%	2.9%	1.9%	2.3%
Inflation Estimate	375.7	769.6	1,058.8	1,411.8
Biennial Inflation	1,145.3		2,470.6	

Table 11 displays the end-of-session estimates of inflation in FY 2028-29 based on the CPI from the February 2025 forecast. In the November 2026 forecast, MMB will

calculate estimates of inflationary spending for the FY 2030-31 planning biennium and examine the effect on the budgetary balance.

Table 11 - Calculating Inflation, FY 2026-27 Enacted Budget FY 2026-27 and FY 2028-29 <i>(dollars in millions)</i>				
	FY 2026	FY 2027	FY 2028	FY 2029
Projected Spending	32,990.5	33,883.5	34,698.3	35,832.9
Subtracted Appropriations	20,343.4	21,005.9	21,651.8	22,463.7
Projected Spending for Inflation	12,647.1	12,877.6	13,046.5	13,369.2
CPI Growth Estimates			1.9%	2.3%
Inflation Estimate			249.9	566.0
Biennial Inflation		-		815.9

CHAPTER 2 STATE REVENUES

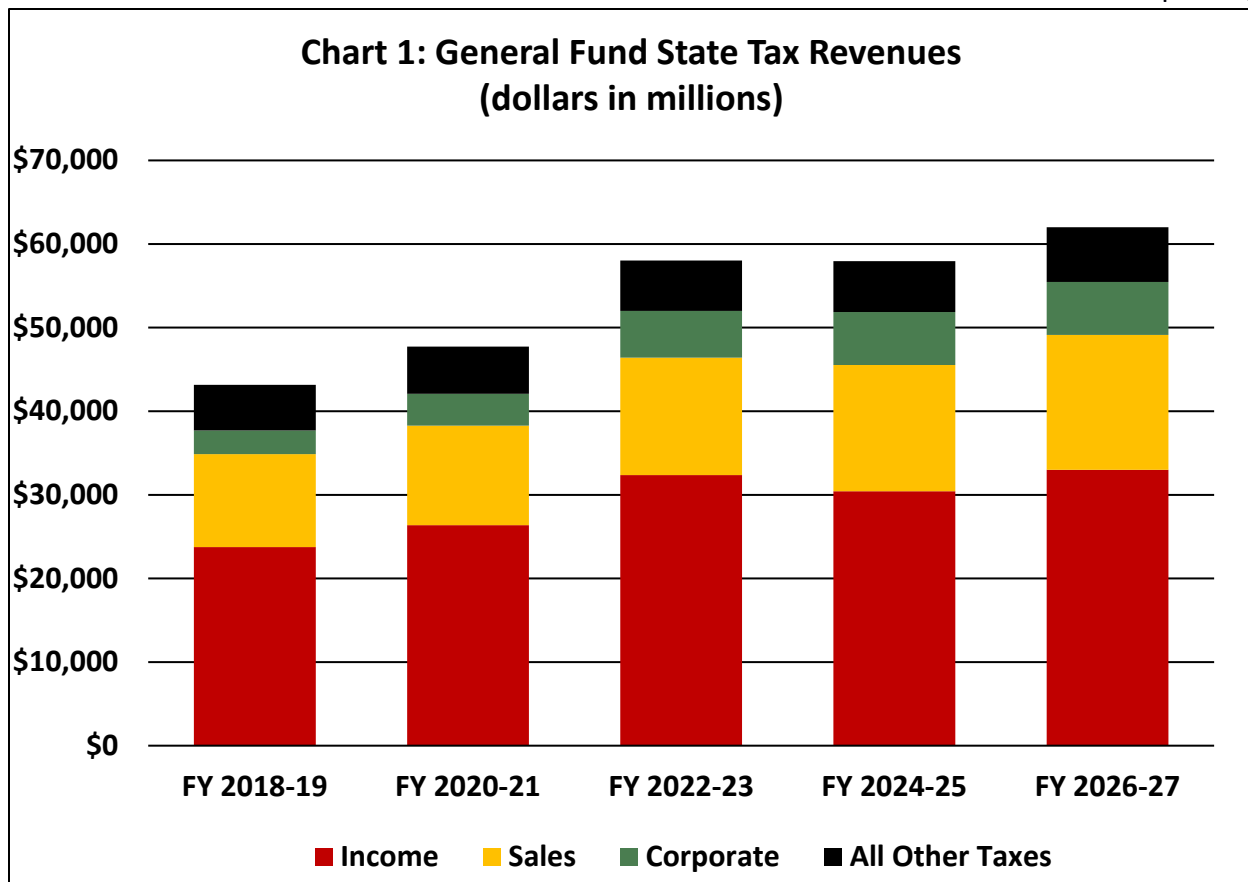
[Laws 2025, First Special Session, Chapter 13](#), the Omnibus Tax Act, enacted changes to individual income and corporate franchise taxes, the general sales and use tax, and the gross receipts tax on cannabis products. In addition, [Laws 2025, First Special Session, Chapter 8](#), the Omnibus Transportation and Public Safety Act, enacted tax policy changes affecting sales tax revenue, individual income tax revenue, and statewide property tax revenue.

Compared to the February 2025 forecast, the enacted budget increased General Fund tax

revenues by \$209 million in FY 2026-27 and \$4.3 billion in FY 2028-29. As seen in Chart 1, total FY 2026-27 General Fund revenues were \$62 billion, which was \$3.9 billion, or 6.7 percent, more than FY 2024-25.

Research and Development Credit

Minnesota provides a credit against individual income and corporate franchise tax liability for companies engaged in research and development activities within the state. The credit equals a percentage of a company's qualifying expenses used to conduct research and development,



including wages, supplies, and contracted research. Prior to the enactment of Chapter 13, the credit was nonrefundable; it could only be used to reduce an entity's tax liability without resulting in a refund.

Chapter 13 amended the credit to be refundable and appropriated money to issue refunds to qualified recipients. If a taxpayer's research and development credit exceeds their total tax liability, the difference will be multiplied by a refundability rate and issued as a refund. For tax year 2025 only, the refundability rate is 19.2 percent. For tax years 2026 and 2027, the refundability rate is 25 percent. Beginning in tax year 2028, the refundability rate is equal to the lesser of 25 percent or a rate forecasted to yield refunds for which the total cost does not exceed \$25 million in that tax year.

In all, the modification of the research and development credit increased its cost to the General Fund by \$40.8 million in FY 2026-27 and \$39.6 million in FY 2028-29.

Cannabis Gross Receipts Tax

Chapter 13 increased the gross receipts tax on cannabis products from 10 percent to 15 percent, effective July 1, 2025, increasing General Fund revenue by \$52.8 million in FY 2026-27 and \$94.9 million in FY 2028-29, compared to the forecast. Chapter 13 also repealed local government cannabis aid, which increased from 80 percent to 100 percent the amount of cannabis gross receipts tax revenue deposited into the General Fund.

In addition to the gross receipts tax, cannabis is subject to the state general sales and use tax. Because cannabis is subject to the price elasticity of demand (i.e., price increases result in decreased sales) and because the gross receipts tax is a component of cannabis prices, Chapter 13 decreased taxable cannabis sales relative to the forecast, resulting in a projected \$1.8 million decrease in sales tax revenue in FY 2026-27 and a \$3.2 million decrease in FY 2028-29.

Data Centers Electricity Sales Tax

Chapter 13 repealed a sales tax exemption for electricity usage by qualified data centers in Minnesota, effective July 1, 2025, increasing General Fund revenues by \$56.3 million in FY 2026-27 and \$82.7 million in FY 2028-29, compared to the forecast. The exemption, enacted in 2011, was for data centers that met specified investment thresholds and facility size requirements.

Other types of purchases used to construct or operate data centers, such as materials, equipment, and software, remain exempt from sales and use taxes. [Laws 2025, First Special Session, Chapter 12](#) made numerous modifications to these exemptions, including an extension to the availability of the exemptions, which had been scheduled to expire in FY 2043.

June Accelerated Sales Tax Remittance

Chapter 13 modified the dates by which certain vendors must remit state sales taxes, increasing General Fund revenues by \$22.8 million in FY 2026-27 and \$1.2 million in FY 2028-29, compared to the forecast.

For all months other than June, vendors responsible for remitting sales tax to the state are required to do so on or before the twentieth day of the month following the month in which the taxes were collected. Beginning in calendar year 2027, Chapter 13 requires vendors with an annual sales tax liability greater than \$250,000 to remit 5.6 percent of their estimated June liability two days prior to the end of that month. This practice, frequently referred to as a June accelerated payment, has been implemented periodically in recent decades using various percentages, and effectively shifts the receipt of revenue across fiscal years and biennia.

Omnibus Transportation Act Provisions

Chapter 8 enacted three provisions affecting individual income tax and the state general sales and use tax.

Sales tax revenue collected on the sale of certain motor vehicle repair and replacement parts is deposited into the General Fund, the Highway User Tax Distribution Fund (HUTDF), and the transportation advancement account in the Special Revenue Fund according to statutorily prescribed percentages. Chapter 8 decreased the percentage deposited into the HUTDF, resulting in an \$11.3 million increase to General Fund revenues in FY 2026-27 and an \$83.5 million increase in FY 2028-29, with equivalent decreases to revenues deposited into the HUTDF. Beginning in FY 2030, Chapter 8 increased the percentage of sales tax revenue on motor vehicle repair and replacement parts

deposited in the HUTDF relative to the FY 2029 percentage until reaching 43.5 percent in FY 2037 and thereafter.

Chapter 8 also delayed by two years the commencement of a transfer from the General Fund to the passenger rail account in the Special Revenue Fund. [Laws 2023, Chapter 68](#) enacted an annual transfer from the General Fund to the passenger rail account equal to 50 percent of the statewide property tax levied on railroad operating property, effective in FY 2028. Chapter 8 amended the first year of the transfer to FY 2030, resulting in a \$16.4 million increase to General Fund revenues in FY 2028-29.

Finally, Chapter 8 authorized the Metropolitan Council to issue up to \$110.8 million of bonds, certificates of indebtedness, or other obligations for capital expenditures outlined in the Metropolitan Council's transit capital improvement program, resulting in increases to debt service property tax levies within the seven-county metropolitan area. Increased property taxes on homesteads in this area will increase General Fund expenditures on homestead property tax refunds by \$1.4 million in FY 2026-27 and \$3 million in FY 2028-29, and increased income tax deductions will decrease General Fund revenues by \$450,000 in FY 2026-27 and \$980,000 in FY 2028-29. Chapter 8 authorized the Commissioner of Revenue to annually retain these amounts from the seven-county regional transportation sales and use tax revenues and deposit them into the General Fund, beginning in FY 2027.

Table 1 - State Revenues
All Funds Biennial Revenue, by Type and Fund
(dollars in thousands)

Total Revenues by Type	FY 2024-25 Revenues*	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
General Fund					
Individual Income Taxes	30,425,986	32,998,674	32,997,704	2,571,718	(970)
Sales and Use Taxes	15,108,098	16,049,239	16,139,623	1,031,525	90,384
Corporate Franchise Taxes	6,475,628	6,375,445	6,335,145	(140,483)	(40,300)
Statewide Property Tax	1,462,255	1,491,633	1,491,633	29,378	-
Tobacco Products Taxes	1,023,405	992,600	992,600	(30,805)	-
Gross Earnings Taxes	1,154,228	1,226,709	1,226,709	72,481	-
Estate Taxes	629,985	551,100	551,100	(78,885)	-
Alcoholic Beverage Taxes	222,658	230,830	230,830	8,172	-
Cannabis Gross Receipts Tax	22,202	94,600	171,100	148,898	76,500
Gambling Taxes	386,458	374,000	374,000	(12,458)	-
Medical Assistance Surcharges	663,375	763,952	847,137	183,762	83,185
All Other Taxes	513,459	645,729	645,729	132,270	-
All Non-Tax Revenues	3,287,695	2,308,116	2,359,177	(928,518)	51,061
Subtotal for General Fund	61,375,432	64,102,627	64,362,487	2,987,055	259,860

Total Revenues by Type	FY 2024-25 Revenues*	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
Other Funds					
Federal Fund	38,891,176	43,487,295	43,648,907	4,757,731	161,612
Highway User Tax Distribution Fund	5,620,117	6,447,034	6,434,679	814,562	(12,355)
Special Revenue Fund	4,832,269	4,638,332	5,795,716	963,447	1,157,384
Health Care Access Fund	1,927,791	2,137,197	2,161,097	233,306	23,900
Trunk Highway Fund	1,747,482	1,578,402	2,682,490	935,008	1,104,088
Transit Assistance Fund	970,769	1,094,290	1,094,350	123,581	60
Federal TANF Fund	521,760	522,052	522,052	292	-
All Other Funds	5,338,207	3,779,120	3,917,961	(1,420,246)	138,841
Subtotal for Other Funds	59,849,571	63,683,722	66,257,252	6,407,681	2,573,530
Total State Revenues, All Funds	121,225,003	127,786,349	130,619,739	9,394,736	2,833,390
Percent Change				7.7%	2.2%

* As adjusted by FY 2025 changes made by the 2025 Legislature, if any.

Table 2 - State Revenues
General Fund Changes Compared to Forecast
(dollars in thousands)

Revenue Changes	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Individual Income and Corporate Franchise Tax Changes						
Research and Development Credit Modifications	(21,000)	(19,800)	(40,800)	(19,800)	(19,800)	(39,600)
Certificate of Rent Paid Landlord Penalty	-	-	-	60	60	120
Subtraction for Foreign Service Worker Pay	(10)	(10)	(20)	(10)	(10)	(20)
Interactions with Other Tax Policy Changes	-	(450)	(450)	(530)	(550)	(1,080)
Subtotal for Individual Income and Corporate Franchise Tax Changes	(21,010)	(20,260)	(41,270)	(20,280)	(20,300)	(40,580)
Sales Tax Changes						
Repeal Exemption for Data Centers Electricity Consumption	23,930	32,320	56,250	38,130	44,570	82,700
June Accelerated Sales Tax Remittance	-	22,820	22,820	570	580	1,150
Interaction with Cannabis Gross Receipts Tax Modifications	(700)	(1,100)	(1,800)	(1,400)	(1,800)	(3,200)
Metropolitan Council Bonding Authority Retention	-	1,830	1,830	1,920	2,010	3,930
Auto Parts Sales Tax Distribution Modifications	1,822	9,462	11,284	29,306	54,208	83,514
Subtotal for Sales Tax Changes	25,052	65,332	90,384	68,526	99,568	168,094

Revenue Changes	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Cannabis Gross Receipts Tax						
Cannabis Gross Receipts Tax Rate Increase	18,500	34,300	52,800	43,400	51,500	94,900
Repeal Local Government Cannabis Aid	8,900	14,800	23,700	18,700	22,200	40,900
Subtotal for Cannabis Gross Receipts Tax	27,400	49,100	76,500	62,100	73,700	135,800
Non-Tax Revenue Changes	23,278	27,783	51,061	27,536	39,370	66,906
Total General Fund Changes	54,720	121,955	176,675	137,882	192,338	330,220

CHAPTER 3 E-12 EDUCATION

[Laws 2025, First Special Session, Chapter 10](#) (the Omnibus E-12 Education Act) contained appropriations for the Department of Education (MDE), the Minnesota State Academies for the Deaf and Blind, the Perpich Center for Arts Education, and the Professional Educator Licensing and Standards Board (PELSB), and was the primary act that established the FY 2026-27 budget in the E-12 Education jurisdiction. In addition, [Laws 2025, Chapters 33](#) and [37](#) and [Laws 2025, First Special Session, Chapter 3](#) contained appropriations for entities in the

E-12 Education budget area. The enacted all funds biennial budget appropriated \$28.1 billion, of which \$25.7 billion, or 91.5 percent, was from the General Fund.

Chart 1 and Table 1 display E-12 Education appropriations since FY 2018-19 and divide each biennium between the General Fund and non-general funds. As shown in Table 2b, the enacted all funds budget in FY 2026-27 increased \$260.7 million, or 0.9 percent, more than the February 2025 forecast, and increased \$18.9 million, or 0.1 percent, more than FY 2024-25.

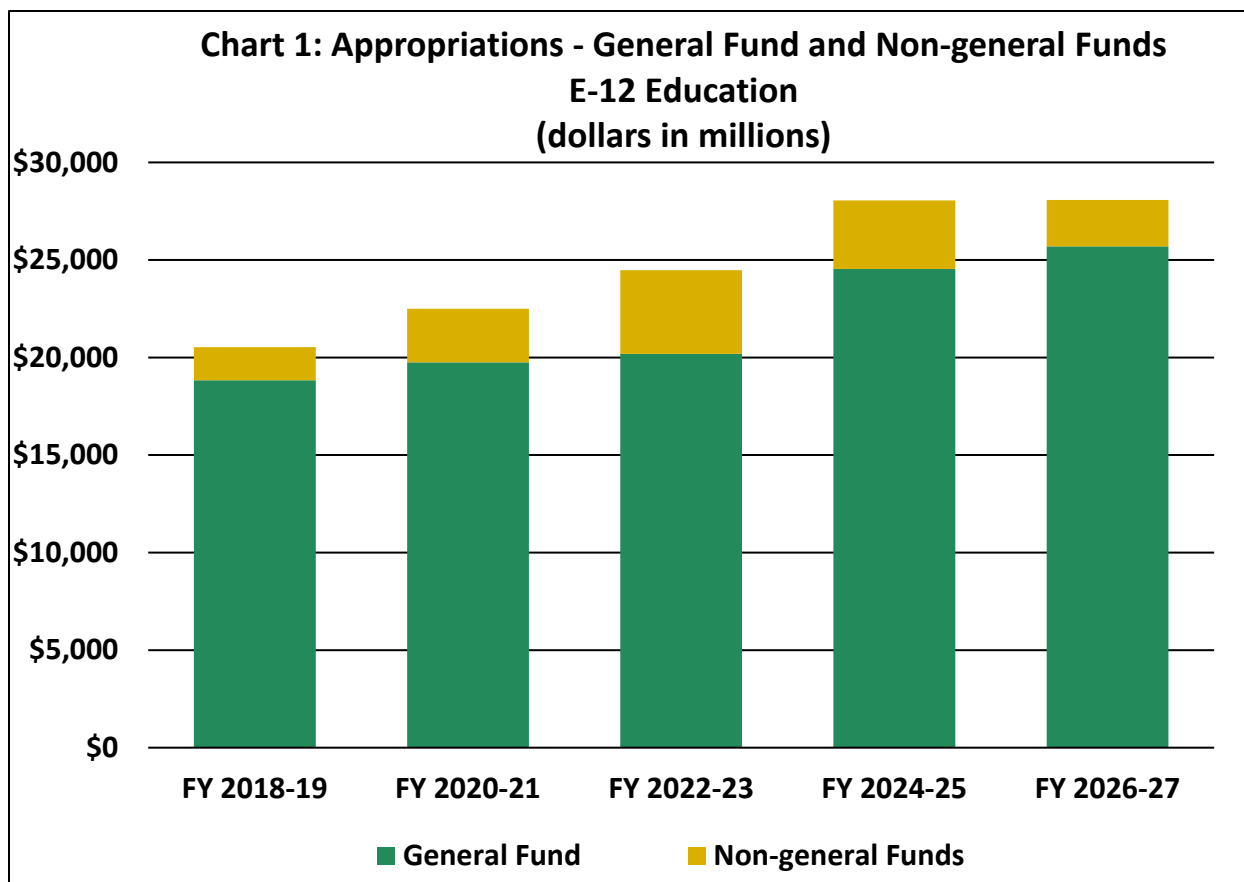


Table 1 - E-12 Education Appropriations - General Fund and Non-general Funds <i>(dollars in thousands)</i>					
Fund	FY 2018-19	FY 2020-21	FY 2022-23	FY 2024-25	FY 2026-27
General Fund	18,831,943	19,754,874	20,182,712	24,544,415	25,695,531
Non-general Funds	1,699,565	2,745,883	4,290,285	3,510,203	2,377,986
Total	20,531,508	22,500,757	24,472,997	28,054,618	28,073,517
<u>Change vs Previous</u>					
<u>Biennium</u>					
General Fund	NA	922,931	427,838	4,361,703	1,151,116
Percent Change	NA	4.9%	2.2%	21.6%	4.7%
All Funds	NA	1,969,249	1,972,240	3,581,621	18,899
Percent Change	NA	9.6%	8.8%	14.6%	0.1%

General Fund appropriations in FY 2026-27 totaled \$25.7 billion, an increase of \$133.1 million, or 0.5 percent, more than the February 2025 forecast, and an increase of \$1.2 billion, or 4.7 percent, above FY 2024-25.

Compensatory Revenue

Chapter 10 delayed the implementation of the compensatory revenue changes under [Laws 2023, Chapter 55](#) from FY 2026 until FY 2027 and appropriated \$55.6 million in FY 2026-27 from the General Fund for one additional transition year before the new formula takes effect. Under Chapter 10, the FY 2026 compensatory revenue calculation provided that the pupil units used to calculate FY 2026 compensatory aid for each building in a district equals the greater of the building's FY 2026 (Fall 2024) pupil unit

count or its FY 2024 (Fall 2022) pupil unit count. Students identified by direct certification or by an application for educational benefits are included in the FY 2026 calculation.

Chapter 10 also authorized that a school district, upon board approval, may allocate up to 40 percent of the district's compensatory revenue on a districtwide basis, for FY 2026-27 only.

Finally, Chapter 10 appropriated \$110,000 one-time in FY 2026 from the General Fund for a task force to study the compensatory revenue formula, including the program's purpose, revenue levels, distribution, uses, and methods for evaluating outcomes from compensatory revenue spending.

Blue Ribbon Commission on Special Education

Chapter 10 established a Blue Ribbon Commission on Special Education and appropriated \$125,000 one-time from the General Fund in FY 2026 for administrative support and commission member compensation. The commission must develop an action plan for transforming special education services and make recommendations that increase administrative efficiencies, reduce special education expenditures and paperwork, reform special education funding formulas to increase efficiency and flexibility, and slow service cost growth.

Chapter 10 also attributed a reduction of \$250 million in FY 2028-29 General Fund planning estimates to the recommendations that are to be developed by the commission and enacted by the 2027 Legislature. However, if the 2027 Legislature does not enact commission recommendations that reduce appropriations in FY 2028-29 and each biennium thereafter by \$250 million, the special education cross-subsidy reduction factor will be adjusted to result in up to \$250 million of biennial reductions in special education aid. The amount of savings attributable to the special education cross-subsidy reduction factor will be the difference between \$250 million and the appropriation reductions recommended by the commission and enacted by the Legislature.

Special Education Pupil Transportation Aid

Chapter 10 reduced the special education aid General Fund appropriation by \$43.2 million for FY 2026-27, compared to the February 2025 forecast. It also lowered the initial reimbursement rate of special education pupil transportation aid expenditures from 100 percent of eligible costs to 95 percent for FY 2026 and to 90 percent for FY 2027 and later. The reimbursement rate for the transportation of homeless and highly mobile students remains at 100 percent of eligible costs.

School Unemployment Aid

Chapter 33 appropriated \$100 million one-time in FY 2026 from the General Fund for unemployment costs for hourly workers over the summer term. This amount was for transfer to the school unemployment aid account in the Special Revenue Fund and is available until June 30, 2028.

School unemployment costs that are reimbursed from the school unemployment aid account must be excluded from other school revenue formulas, such as special education aid. Increasing school unemployment aid account funding means that certain unemployment costs will not be billed to special education, resulting in decreased special education aid reimbursements of \$22.8 million for FY 2026-27. The net total FY 2026-27 General Fund increase to E-12 Education under Chapter 33 was \$77.2 million above the February 2025 forecast.

Student Support Personnel Aid

Compared to the forecast, Chapter 10 reduced the General Fund appropriation for student support personnel aid by \$28.7 million in FY 2026-27, by reducing the student support allowance and the cooperative student support allowance. Additionally, Chapter 10 expanded the allowable uses of student support personnel aid to include up to \$5,000 per year for employee training, job-embedded coaching, and qualifying travel expenses among school buildings. Chapter 10 also authorized a school district with declining enrollment to use student support personnel aid to maintain an existing staff position that would otherwise be eliminated due to budgetary concerns.

Grant Administration Transfers

Chapter 10 transferred the Collaborative Urban and Greater Minnesota Educators of Color grant program (CUGMEC) from PELSB to MDE by reducing FY 2026-27 General Fund appropriations to PELSB by \$10.9 million, compared to the February 2025 forecast, and increasing FY 2026-27 General Fund appropriations to MDE by \$8.9 million, a net biennial reduction to the program of \$2 million. Additionally, Chapter 10 renamed CUGMEC as the Educator Tuition Assistance Program (ETAP).

Chapter 10 transferred the Mentoring, Induction, and Retention Incentive program grants from PELSB to MDE by reducing FY 2026-27 General Fund appropriations to PELSB by \$9 million, compared to the

February 2025 forecast, and increasing FY 2026-27 General Fund appropriations to MDE by \$7 million, a net biennial reduction to the program of \$2 million.

Additional Appropriations

Chapter 10 enacted several other noteworthy General Fund changes to E-12 Education in FY 2026-27, compared to the February 2025 forecast, including:

- \$23 million for transfer to the Grow Your Own program account in the Special Revenue Fund, and a reduction of \$40.9 million in FY 2028-29 planning estimates for the program;
- elimination of \$20 million of long-term facilities maintenance revenue for charter schools and reappropriation of the same amount as general education aid for charter schools, resulting in a net-zero change for charter schools;
- a \$19.6 million reduction for school library aid;
- \$6 million for legal costs at MDE;
- \$4 million for the special education apprenticeship program; and
- \$3 million for long-term facilities maintenance equalization aid for roof repair and replacement costs.

Finally, Chapter 37 appropriated \$36.8 million from the General Fund for general education pension adjustment revenue in FY 2026-27. (For more information, see the discussion on pensions in chapter 10 of this report.)

Table 2a - E-12 Education
All Funds Biennial Spending/Appropriations by Agency and Fund
(dollars in thousands)

Agency/Fund	FY 2024-25 Spending*	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
Department of Education					
General Fund	24,455,585	25,480,768	25,631,470	1,175,885	150,702
Special Revenue Fund	520,152	137,808	259,967	(260,185)	122,159
ARP-State Fiscal Recovery Fund	402	-	-	(402)	-
Gift Fund	332	252	252	(80)	-
Endowment and Permanent School Fund	108,900	118,631	118,631	9,731	-
Expenses in Multiple Funds	(14,910)	(14,124)	(14,124)	786	-
<u>Federal Fund</u>	<u>2,872,309</u>	<u>1,997,408</u>	<u>1,997,408</u>	<u>(874,901)</u>	<u>-</u>
Subtotal for Department of Education	27,942,771	27,720,743	27,993,604	50,833	272,861
<i>Environment Trust/Legacy Funds</i>					
<u>Arts and Cultural Heritage Fund</u>	<u>5,750</u>	<u>-</u>	<u>5,400</u>	<u>(350)</u>	<u>5,400</u>
<i>Subtotal Environment Trust/Legacy Funds</i>	<i>5,750</i>	<i>-</i>	<i>5,400</i>	<i>(350)</i>	<i>5,400</i>
Total Department of Education	27,948,521	27,720,743	27,999,004	50,483	278,261
Minnesota State Academies					
General Fund	34,955	34,765	35,809	854	1,044
Special Revenue Fund	14,209	8,310	8,310	(5,899)	-
Gift Fund	690	90	90	(600)	-
Endowment Fund	7	-	-	(7)	-
Federal Fund	734	448	448	(286)	-
Total Minnesota State Academies	50,595	43,613	44,657	(5,938)	1,044

Agency/Fund	FY 2024-25 Spending*	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
Perpich Center for Arts Education					
General Fund	17,678	16,920	17,465	(213)	545
Special Revenue Fund	930	928	928	(2)	-
Gift Fund	10	10	10	-	-
Federal Fund	60	56	56	(4)	-
Total Perpich Center for Arts Education	18,678	17,914	18,459	(219)	545
Professional Educator Licensing and Standards Board					
General Fund	36,197	29,962	10,787	(25,410)	(19,175)
Special Revenue Fund	628	610	610	(18)	-
Total Professional Educator Licensing and Standards Board	36,825	30,572	11,397	(25,428)	(19,175)

* As adjusted by FY 2025 changes made by the 2025 Legislature, if any.

Table 2b - E-12 Education
All Funds Biennial Spending/Appropriations by Budget Area and Fund
(dollars in thousands)

Fund Totals	FY 2024-25 Spending*	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
E-12 Education Budget Area - All Agencies					
General Fund	24,544,415	25,562,415	25,695,531	1,151,116	133,116
Special Revenue Fund	535,919	147,656	269,815	(266,104)	122,159
ARP-State Fiscal Recovery Fund	402	-	-	(402)	-
Gift Fund	1,031	352	352	(679)	-
Endowment and Permanent School Fund	108,900	118,631	118,631	9,731	-
Endowment Fund	7	-	-	(7)	-
Expenses in Multiple Funds	(14,910)	(14,124)	(14,124)	786	-
<u>Federal Fund</u>	<u>2,873,104</u>	<u>1,997,912</u>	<u>1,997,912</u>	<u>(875,192)</u>	<u>-</u>
Subtotal for Non-Dedicated Funds	28,048,868	27,812,842	28,068,117	19,249	255,275
<i>Environment Trust/Legacy Funds</i>					
<u>Arts and Cultural Heritage Fund</u>	<u>5,750</u>	<u>-</u>	<u>5,400</u>	<u>(350)</u>	<u>5,400</u>
<i>Subtotal Environment Trust/Legacy Funds</i>	<i>5,750</i>	<i>-</i>	<i>5,400</i>	<i>(350)</i>	<i>5,400</i>
Total for Budget Area	28,054,618	27,812,842	28,073,517	18,899	260,675
Percent Change				0.1%	0.9%
General Fund Percent of All Funds	87.5%	91.9%	91.5%		

* As adjusted by FY 2025 changes made by the 2025 Legislature, if any.

Table 3 - E-12 Education
General Fund Changes Compared to Forecast
(dollars in thousands)

Appropriation Changes by Agency	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Department of Education						
Additional General Education Revenue for Charter Schools	9,347	10,647	19,994	10,944	11,250	22,194
Compensatory Revenue Modification	50,073	5,564	55,637	-	-	-
Compensatory Revenue Task Force	110	-	110	-	-	-
Pension Adjustment Revenue	17,098	19,711	36,809	19,650	19,660	39,310
Consolidation Transition Aid	302	185	487	319	185	504
School Unemployment Aid	100,000	-	100,000	-	-	-
Alternative Programs (MAAP STARS)	55	55	110	-	-	-
COMPASS and MTSS Implementation Support	(500)	(500)	(1,000)	(500)	(500)	(1,000)
Early Childhood Literacy Programs (Reading Corps) (Moved from DCYF)	7,950	7,950	15,900	7,950	7,950	15,900
Full Service Community Schools	-	-	-	(1,000)	(1,000)	(2,000)
Minnesota Alliance with Youth - Youth Council	375	375	750	-	-	-
Minnesota Center for the Book	-	-	-	(200)	(200)	(400)
Minnesota Independence College and Community	-	-	-	(625)	(625)	(1,250)
Minnesota Math Corps	1,000	-	1,000	-	-	-
Minnesota Principals Academy	-	-	-	(200)	(200)	(400)
Read Act Professional Development	250	-	250	-	-	-
Read Act Implementation	700	175	875	175	175	350
Read Act Dual Language Immersion Advisory Council	110	-	110	-	-	-
Sanneh Foundation	-	(1,050)	(1,050)	(1,500)	(1,500)	(3,000)

Appropriation Changes by Agency	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Starbase Minnesota	-	-	-	(500)	(500)	(1,000)
Black Men Teach Twin Cities	-	-	-	(500)	(500)	(1,000)
Coalition to Increase Teachers of Color and American Indian Teachers	-	-	-	(100)	(100)	(200)
Come Teach in Minnesota Hiring Bonuses	(400)	(400)	(800)	(400)	(400)	(800)
Educator Tuition Assistance Program (formerly CUGMEC)	4,440	4,440	8,880	4,440	4,440	8,880
Grow Your Own	-	22,959	22,959	(20,467)	(20,467)	(40,934)
Mentoring and Retention Incentive Grants	3,500	3,500	7,000	3,500	3,500	7,000
Special Education Apprenticeship Program	2,000	2,000	4,000	-	-	-
Student Support Personnel Aid	(13,646)	(15,080)	(28,726)	(12,050)	(11,661)	(23,711)
Student Support Personnel Workforce Pathway	-	-	-	(1,000)	(1,000)	(2,000)
Teacher Residency Program	-	-	-	(1,875)	(1,875)	(3,750)
Permanent School Fund Supplemental Aid	40	40	80	40	40	80
Blue Ribbon Commission on Special Education	125	-	125	(125,000)	(125,000)	(250,000)
Developmental Delay Working Group	30	-	30	-	-	-
Special Education Charter School Tuition Adjustment Aid	-	-	-	(4,389)	(5,320)	(9,709)
Special Education Transportation Reimbursement	(15,071)	(28,128)	(43,199)	(23,830)	(24,412)	(48,242)
Special Education School Unemployment Aid Interaction	(683)	(22,085)	(22,768)	(41,926)	(5,466)	(47,392)
Telecommunications Access Aid	-	-	-	(3,750)	(3,750)	(7,500)
Long Term Facilities Maintenance (LTFM) for Charter Schools	(9,347)	(10,647)	(19,994)	(10,944)	(11,250)	(22,194)
LTFM Roof Repair and Replacement	-	2,970	2,970	4,920	5,010	9,930
Cardiac Emergency Response Plan Assistance	880	-	880	-	-	-
Supplemental School Lunch Aid	-	-	-	(6,743)	(6,712)	(13,455)
Summer Electronic Benefit Transfer Program	150	150	300	150	150	300
Summer School Food Service Replacement Aid	(150)	(150)	(300)	(150)	(150)	(300)
Electronic Library for Minnesota	1,000	-	1,000	-	-	-

Appropriation Changes by Agency	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
School Library Aid	(9,304)	(10,323)	(19,627)	(11,004)	(11,055)	(22,059)
Early Childhood Teacher Shortage (Moved to Office of Higher Education)	(500)	(500)	(1,000)	(500)	(500)	(1,000)
Pension Benefit Improvement	4	4	8	4	4	8
Adult-Use Cannabis Education	(120)	(120)	(240)	(120)	(120)	(240)
General Counsel and Inspector General Staff and Technology	550	550	1,100	550	550	1,100
Legal Costs	6,000	-	6,000	-	-	-
Operating Adjustment	677	1,365	2,042	1,365	1,365	2,730
State School Librarian	-	-	-	130	130	260
Read Act CAREI (FY 2025)	(1,618)	-	(1,618)	-	-	-
Read Act CAREI Paraprofessional and Volunteer Training (FY 2025)	(375)	-	(375)	-	-	-
Read Act Curriculum and Materials (FY 2025)	(250)	-	(250)	-	-	-
Office of the Inspector General (FY 2025)	(1,500)	-	(1,500)	-	-	-
Specific Learning Disability Rulemaking (FY 2025)	(500)	-	(500)	-	-	-
Total Department of Education	152,802	(6,343)	146,459	(215,136)	(179,854)	(394,990)
Professional Educator Licensing and Standards Board						
Collaborative Urban and Greater Minnesota Educators of Color	(5,440)	(5,440)	(10,880)	(5,440)	(5,440)	(10,880)
Licensure via Portfolio Online Platform	321	171	492	171	171	342
Mentoring and Retention Incentive Grants	(4,500)	(4,500)	(9,000)	(4,500)	(4,500)	(9,000)
Operating Adjustment	70	143	213	143	143	286
Teacher Recruitment Marketing Campaign	-	-	-	(500)	(500)	(1,000)
Total Professional Educator Licensing and Standards Board	(9,549)	(9,626)	(19,175)	(10,126)	(10,126)	(20,252)

Appropriation Changes by Agency	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Minnesota State Academies for the Deaf and the Blind						
Operating Adjustment	334	676	1,010	676	676	1,352
Pension Benefit Improvement	17	17	34	17	17	34
Total Minnesota State Academies for the Deaf and the Blind	351	693	1,044	693	693	1,386
Perpich Center for Arts Education						
Operating Adjustment	177	358	535	358	358	716
Pension Benefit Improvement	5	5	10	5	5	10
Total Perpich Center for Arts Education	182	363	545	363	363	726
Total General Fund Changes	143,604	(15,276)	128,328	(224,569)	(189,287)	(413,856)

Table 4 - E-12 Education
Non-general Fund Changes Compared to Forecast
(dollars in thousands)

Appropriation Changes by Agency	Fund	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Department of Education							
Come Teach in Minnesota Hiring Bonuses	Special Revenue	(400)	(400)	(800)	(400)	(400)	(800)
Grow Your Own	Special Revenue	-	22,959	22,959	(20,467)	(20,467)	(40,934)
School Unemployment Aid	Special Revenue	100,000	-	100,000	-	-	-
Total Department of Education		99,600	22,559	122,159	(20,867)	(20,867)	(41,734)
Total Non-general Fund Changes		99,600	22,559	122,159	(20,867)	(20,867)	(41,734)

CHAPTER 4 HIGHER EDUCATION

[Laws 2025, First Special Session, Chapter 5](#), the Omnibus Higher Education Act, contained FY 2026-27 appropriations for the Office of Higher Education (OHE), the Minnesota State Colleges and Universities (Minnesota State), and the University of Minnesota, and was the primary act that established the FY 2026-27 budget in this jurisdiction. In addition, [Laws 2025, Chapters 35 and 37](#) and [Laws 2025, First Special Session, Chapters 8 and 10](#) also contained appropriations for entities in the Higher Education budget area. The enacted all funds

biennial budget appropriated \$4.2 billion, of which \$4 billion, or 95 percent, was from the General Fund.

Chart 1 and Table 1 display Higher Education appropriations since FY 2018-19 and divide each biennium between the General Fund and non-general funds. As shown in Table 2b, the enacted all funds budget in FY 2026-27 increased \$78.3 million, or 1.9 percent, above the February 2025 forecast, and decreased \$261.5 million, or 5.8 percent, below FY 2024-25.

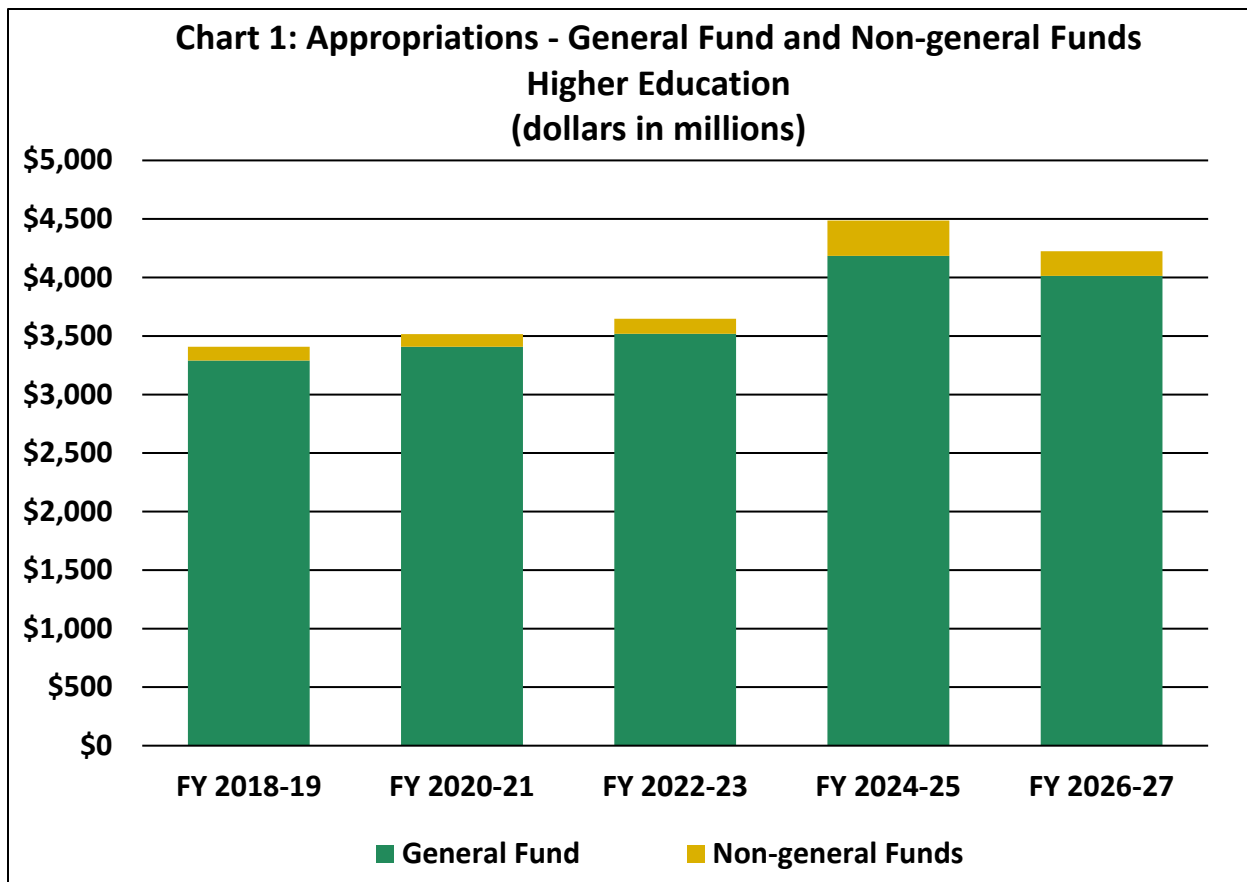


Table 1 - Higher Education Appropriations - General Fund and Non-general Funds <i>(dollars in thousands)</i>					
Fund	FY 2018-19	FY 2020-21	FY 2022-23	FY 2024-25	FY 2026-27
General Fund	3,290,092	3,407,717	3,518,166	4,183,845	4,014,190
Non-general Funds	117,985	108,584	129,728	302,496	210,605
Total	3,408,077	3,516,301	3,647,894	4,486,341	4,224,795
<u>Change vs Previous</u>					
<u>Biennium</u>					
General Fund	NA	117,625	110,449	665,679	(169,655)
Percent Change	NA	3.6%	3.2%	18.9%	-4.1%
All Funds	NA	108,224	131,593	838,447	(261,546)
Percent Change	NA	3.2%	3.7%	23.0%	-5.8%

General Fund appropriations in FY 2026-27 totaled \$4 billion, an increase of \$44.1 million, or 1.1 percent, above the February 2025 forecast, and a decrease of \$169.7 million, or 4.1 percent, below FY 2024-25.

State Grant Program

The Minnesota State Grant Program is the largest financial aid program administered by the Office of Higher Education. In 2024, OHE awarded \$243.6 million in need-based grants to a total of 71,530 Minnesota residents enrolled in undergraduate programs at eligible colleges, universities, and career schools in the state.

In November 2024, OHE projected a program deficit of \$210.5 million in FY 2026-27 based on the award criteria established in statute.

Chapter 5 appropriated \$494.6 million from the General Fund for the program in FY 2026-27, an increase of \$44.5 million above the February 2025 forecast, and enacted numerous changes to the statutes governing how state grant awards are calculated to address the deficit. These changes included:

- limiting increases in tuition and fee maximums at four-year institutions in FY 2026 and FY 2027 to two percent per fiscal year above the highest tuition and fees charged at a public university in the 2024-2025 academic year;
- decreasing the living and miscellaneous expense allowance from 115 to 106 percent of the federal poverty guidelines for a one-person household in Minnesota for nine months;

- changing the grant application deadline from the last day of the state fiscal year to the 30th day of a given academic term;
- increasing assigned family responsibility for dependent students from 79 to 95 percent of the parental contribution;
- decreasing maximum lifetime credits of state grant receipt from 180 to 120 credits; and
- recognizing minimum student and parental contribution values of negative \$1,500 and calculating assigned family responsibility for students with negative student or parental contribution values at 50 percent of the value.

These appropriations and statutory changes are projected to balance the Minnesota State Grant Program in FY 2026-27 and minimize the need for OHE to ration awards.

Additional Appropriations

Other notable changes to FY 2026-27 Higher Education appropriations in Chapter 5, compared to the February 2025 forecast, included:

- \$16.8 million, an increase of \$8 million, for the Fostering Independence Higher Education Grant Program;
- \$500,000 one-time in FY 2026 for Minnesota State to address contamination of PFAS associated with prior use of firefighting foam at the Lake Superior College Emergency Response Training Center;
- a one-time dedication in FY 2027 of \$500,000 of the existing \$9 million appropriation for the Minnesota State

Workforce Development Scholarship Program to a new law enforcement grant pilot program for students who are dependent children of peace officers or are enrolled in law enforcement-related programs;

- \$3 million for a partnership between the University of Minnesota Medical School and CentraCare to establish, operate, and maintain residency programs in St. Cloud and Willmar;
- elimination of an ongoing \$15 million biennial appropriation to the University of Minnesota for biotechnology and medical genomics research in partnership with the Mayo Foundation;
- cancellation of \$15.3 million of a prior year appropriation to OHE for competitive grants for amyotrophic lateral sclerosis (ALS) research and reappropriation to the University of Minnesota for ALS research in partnership with the Mayo Clinic;
- reallocation of \$6.1 million from the Emergency Assistance for Postsecondary Students Grant Program and \$1.6 million from the Hunger-Free Campus Grant Program so that portions previously distributed to public institutions of higher education through OHE are directly appropriated to Minnesota State and the University of Minnesota; and
- elimination of all ongoing direct appropriations to the Mayo Clinic, a decrease of \$1.3 million for the Mayo Clinic Alix School of Medicine and \$2.3 million for family medicine residency programs.

Table 2a - Higher Education
All Funds Biennial Spending/Appropriations by Agency and Fund
(dollars in thousands)

Agency/Fund	FY 2024-25 Spending*	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
Office of Higher Education					
General Fund	778,809	725,141	761,551	(17,258)	36,410
Special Revenue Fund	153,347	118,767	115,889	(37,458)	(2,878)
Expenses in Multiple Funds	(679)	(700)	(700)	(21)	-
Gift Fund	3	-	-	(3)	-
Federal Fund	12,890	9,138	9,138	(3,752)	-
Total Office of Higher Education	944,370	852,346	885,878	(58,492)	33,532
Minnesota State Colleges and Universities					
General Fund	1,873,128	1,751,389	1,758,675	(114,453)	7,286
<i>Environment Trust/Legacy Funds</i>					
- <u>Environment and Natural Resources Trust Fund</u>	<u>1,324</u>	<u>-</u>	<u>2,021</u>	<u>697</u>	<u>2,021</u>
<i>Subtotal Environment Trust/Legacy Funds</i>	<i>1,324</i>	<i>-</i>	<i>2,021</i>	<i>697</i>	<i>2,021</i>
Total Minnesota State Colleges and Universities	1,874,452	1,751,389	1,760,696	(113,756)	9,307
University of Minnesota					
General Fund	1,528,310	1,489,964	1,493,964	(34,346)	4,000
Special Revenue Fund	44,926	44,724	44,724	(202)	-
Health Care Access Fund	4,314	4,314	4,314	-	-
Workforce Development Fund	250	-	-	(250)	-
<u>Agricultural Fund</u>	<u>875</u>	<u>200</u>	<u>200</u>	<u>(675)</u>	<u>-</u>
Subtotal for University of Minnesota	1,578,675	1,539,202	1,543,202	(35,473)	4,000

Agency/Fund	FY 2024-25 Spending*	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
<i>Environment Trust/Legacy Funds</i>					
Environment and Natural Resources Trust Fund	81,246	-	32,619	(48,627)	32,619
<u>Clean Water Fund</u>	<u>4,000</u>	<u>-</u>	<u>2,400</u>	<u>(1,600)</u>	<u>2,400</u>
<i>Subtotal Environment Trust/Legacy Funds</i>	<i>85,246</i>	<i>-</i>	<i>35,019</i>	<i>(50,227)</i>	<i>35,019</i>
Total University of Minnesota	1,663,921	1,539,202	1,578,221	(85,700)	39,019
Mayo Clinic					
General Fund	3,598	3,598	-	(3,598)	(3,598)
Total Mayo Clinic	3,598	3,598	-	(3,598)	(3,598)

* As adjusted by FY 2025 changes made by the 2025 Legislature, if any.

Table 2b - Higher Education
All Funds Biennial Spending/Appropriations by Budget Area and Fund
(dollars in thousands)

Fund Totals	FY 2024-25 Spending*	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
Higher Education Budget Area - All Agencies					
General Fund	4,183,845	3,970,092	4,014,190	(169,655)	44,098
Special Revenue Fund	198,273	163,491	160,613	(37,660)	(2,878)
Health Care Access Fund	4,314	4,314	4,314	-	-
Agriculture Fund	875	200	200	(675)	-
Workforce Development Fund	250	-	-	(250)	-
Expenses in Multiple Funds	(679)	(700)	(700)	(21)	-
Gift Fund	3	-	-	(3)	-
<u>Federal Fund</u>	<u>12,890</u>	<u>9,138</u>	<u>9,138</u>	<u>(3,752)</u>	<u>-</u>
Subtotal for Non-Dedicated Funds	4,399,771	4,146,535	4,187,755	(212,016)	41,220
<i>Environment Trust/Legacy Funds</i>					
Environment and Natural Resources Trust Fund	82,570	-	34,640	(47,930)	34,640
<u>Clean Water Fund</u>	<u>4,000</u>	<u>-</u>	<u>2,400</u>	<u>(1,600)</u>	<u>2,400</u>
<i>Subtotal Environment Trust/Legacy Funds</i>	<i>86,570</i>	<i>-</i>	<i>37,040</i>	<i>(49,530)</i>	<i>37,040</i>
Total for Budget Area	4,486,341	4,146,535	4,224,795	(261,546)	78,260
Percent Change				-5.8%	1.9%
General Fund Percent of All Funds	93.3%	95.7%	95.0%		

* As adjusted by FY 2025 changes made by the 2025 Legislature, if any.

Table 3 - Higher Education
General Fund Changes Compared to Forecast
(dollars in thousands)

Appropriation Changes by Agency	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Office of Higher Education						
State Grant Program	22,234	22,234	44,468	13,401	13,401	26,802
Postsecondary Child Care Grants	250	250	500	250	250	500
State Work Study	(2,750)	(2,750)	(5,500)	(2,750)	(2,750)	(5,500)
Emergency Assistance for Postsecondary Students Grants	(3,029)	(3,029)	(6,058)	(3,029)	(3,029)	(6,058)
Student Teachers in Shortage Areas Grants	(250)	(250)	(500)	(250)	(250)	(500)
Student Loan Debt Counseling Grants	(200)	(200)	(400)	(200)	(200)	(400)
Hunger-Free Campus Grants	(800)	(800)	(1,600)	(800)	(800)	(1,600)
Fostering Independence Higher Education Grants	4,000	4,000	8,000	4,000	4,000	8,000
Concurrent Enrollment Grants	(340)	(340)	(680)	(340)	(340)	(680)
Agency Administration	187	353	540	353	353	706
Campus Sexual Assault Reporting (consolidated in Agency Administration)	(25)	(25)	(50)	(25)	(25)	(50)
Early Childhood and Family Education Teacher Shortage Grants	500	500	1,000	500	500	1,000
Peace Officer Use of Force Training Grants	250	-	250	-	-	-
Transfer to Spinal Cord and Traumatic Brain Injury Grant Account	(500)	(500)	(1,000)	(500)	(500)	(1,000)
Transfer to Dual Training Account	(1,000)	(1,000)	(2,000)	(1,000)	(1,000)	(2,000)
Transfer to Teacher Shortage Loan Repayment Account	(200)	(200)	(400)	(200)	(200)	(400)

Appropriation Changes by Agency	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Transfer to Large Animal Veterinarian Loan Forgiveness Program Account	(50)	(50)	(100)	(50)	(50)	(100)
Transfer to Agricultural Education Loan Forgiveness Account	(5)	(5)	(10)	(5)	(5)	(10)
Transfer to Aviation Degree Loan Forgiveness Program Account	(25)	(25)	(50)	(25)	(25)	(50)
Appropriation Cancellations (FY 2025)	(15,262)	-	(15,262)	-	-	-
Total Office of Higher Education	2,985	18,163	21,148	9,330	9,330	18,660
Minnesota State Colleges and Universities						
Operations and Maintenance	37,540	37,540	75,080	37,540	37,540	75,080
Student Tuition Relief (consolidated in Operations and Maintenance)	(37,500)	(37,500)	(75,000)	(37,500)	(37,500)	(75,000)
Sexual Assault Reporting Policies (consolidated in Operations and Maintenance)	(40)	(40)	(80)	(40)	(40)	(80)
Lake Superior College PFAS Remediation	500	-	500	-	-	-
TRA Pension Contribution Increase	543	543	1,086	543	543	1,086
Emergency Assistance for Postsecondary Students Grants	2,250	2,250	4,500	2,250	2,250	4,500
Hunger-Free Campus Grants	600	600	1,200	600	600	1,200
Appropriation Cancellations (FY 2025)	(500)	-	(500)	-	-	-
Total Minnesota State Colleges and Universities	3,393	3,393	6,786	3,393	3,393	6,786
University of Minnesota						
Operations and Maintenance	500	500	1,000	500	500	1,000
UMN Morris Tuition Waivers (consolidated in Operations and Maintenance)	(500)	(500)	(1,000)	(500)	(500)	(1,000)
Research and Innovation Office	(704)	(704)	(1,408)	(704)	(704)	(1,408)

Appropriation Changes by Agency	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Biotechnology and Medical Genomics Research with Mayo	(7,491)	(7,491)	(14,982)	(7,491)	(7,491)	(14,982)
Alzheimer's Research Grants	(500)	(500)	(1,000)	(500)	(500)	(1,000)
Amyotrophic Lateral Sclerosis Research with Mayo	15,262	-	15,262	-	-	-
Cannabis Research	(1,000)	(1,000)	(2,000)	(1,000)	(1,000)	(2,000)
UMN Medical School/CentraCare Residency Programs	1,500	1,500	3,000	1,500	1,500	3,000
Economic Development Research	(29)	(29)	(58)	(29)	(29)	(58)
Humphrey Forum	(92)	(92)	(184)	(92)	(92)	(184)
Empowering Small Minnesota Communities Program	2,000	2,000	4,000	-	-	-
Talented Youth Mathematics Program	(294)	(294)	(588)	(294)	(294)	(588)
Emergency Assistance for Postsecondary Students Grants	779	779	1,558	779	779	1,558
Hunger-Free Campus Grants	200	200	400	200	200	400
Total University of Minnesota	9,631	(5,631)	4,000	(7,631)	(7,631)	(15,262)
Mayo Clinic						
Mayo Clinic Alix School of Medicine	(665)	(665)	(1,330)	(665)	(665)	(1,330)
Family Medicine Residency Programs	(1,134)	(1,134)	(2,268)	(1,134)	(1,134)	(2,268)
Total Mayo Clinic	(1,799)	(1,799)	(3,598)	(1,799)	(1,799)	(3,598)
Total General Fund Changes	14,210	14,126	28,336	3,293	3,293	6,586

Table 4 - Higher Education
Non-general Fund Changes Compared to Forecast
(dollars in thousands)

Appropriation Changes by Agency	Fund	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Office of Higher Education							
Spinal Cord Injury and Traumatic Brain Injury Research Grants	Special Revenue	(500)	(500)	(1,000)	(500)	(500)	(1,000)
Dual Training Grants for Cannabis Industry Employers	Special Revenue	(1,000)	(1,000)	(2,000)	(1,000)	(1,000)	(2,000)
Teacher Shortage Loan Repayment Program	Special Revenue	(200)	(200)	(400)	(200)	(200)	(400)
Rural Veterinarian Loan Repayment Program	Special Revenue	(50)	(50)	(100)	(50)	(50)	(100)
Agricultural Education Loan Repayment Program	Special Revenue	(5)	(5)	(10)	(5)	(5)	(10)
Aviation Degree Loan Repayment Program	Special Revenue	(25)	(25)	(50)	(25)	(25)	(50)
Institution Licensing and Registration	Special Revenue	341	341	682	341	341	682
Total Office of Higher Education		(1,439)	(1,439)	(2,878)	(1,439)	(1,439)	(2,878)
Total Non-general Fund Changes		(1,439)	(1,439)	(2,878)	(1,439)	(1,439)	(2,878)

Table 5 - Higher Education
Revenue Changes Compared to Forecast
(dollars in thousands)

Revenue Changes by Agency	Fund	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Office of Higher Education							
Institution Licensing and Registration	Special Revenue	341	341	682	341	341	682
Total Office of Higher Education		341	341	682	341	341	682
Total Revenue Changes		341	341	682	341	341	682

CHAPTER 5

PROPERTY TAX AIDS AND CREDITS

[Laws 2025, Chapters 8](#) and [13](#) appropriated a total of \$4.8 billion from the General Fund for Property Tax Aids and Credits in FY 2026-27. This was an increase of \$1.6 million, or less than 0.1 percent, more than the February 2025 forecast and a decrease of \$801.4 million, or 14.4 percent, less than FY 2024-25.

Chart 1 and Table 1 display Property Tax Aids and Credits appropriations since FY 2018-19 and divide each biennium between the General Fund and non-general funds. As shown in Table 2, the enacted all funds

budget in FY 2026-27 was \$5.2 billion, a decrease of \$12.7 million, or 0.2 percent, less than the February 2025 forecast, and a decrease of \$535 million, or 9.4 percent, less than FY 2024-25.

Local Government Aids and Other Expenditures

Chapter 13 repealed local government cannabis aid, a program enacted in 2023 to provide payments to local governments commensurate with the number of cannabis retailers within their jurisdictions. Twenty

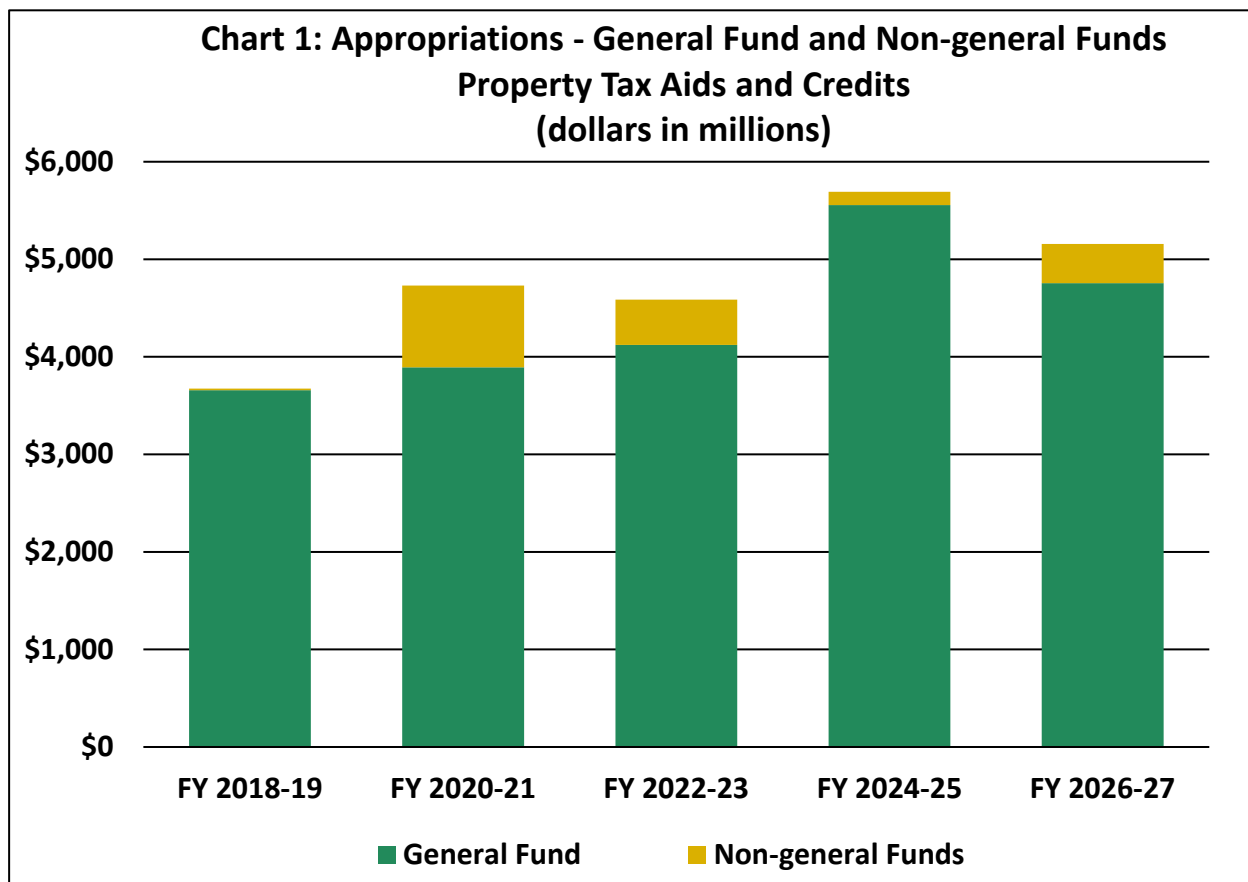


Table 1 - Property Tax Aids and Credits Appropriations - General Fund and Non-general Funds <i>(dollars in thousands)</i>					
Fund	FY 2018-19	FY 2020-21	FY 2022-23	FY 2024-25	FY 2026-27
General Fund	3,657,822	3,892,681	4,122,250	5,556,245	4,754,831
Non-general Funds	17,096	837,526	464,834	135,390	401,780
Total	3,674,918	4,730,207	4,587,084	5,691,635	5,156,611
<u>Change vs Previous</u>					
<u>Biennium</u>					
General Fund	NA	234,859	229,569	1,433,995	(801,414)
Percent Change	NA	6.4%	5.9%	34.8%	-14.4%
All Funds	NA	1,055,289	(143,123)	1,104,551	(535,024)
Percent Change	NA	28.7%	-3.0%	24.1%	-9.4%

percent of cannabis gross receipts tax revenue was allocated annually to the Special Revenue Fund for the aid program. The General Fund savings associated with repealing the program are \$28.7 million in FY 2026-27 and \$40.9 million in FY 2028-29.

Beginning in FY 2028, Chapter 13 reduced by 50 percent the projected annual appropriation for aquatic invasive species prevention aid, resulting in General Fund savings of \$10 million in FY 2028-29. The aid reduction is expected to increase local government property tax levies on homesteads, resulting in increased homestead property tax refunds and income tax deductions. Increased property tax refunds are estimated to increase General Fund expenditures by \$300,000 in FY 2028-

29, and increased income tax deductions will reduce General Fund revenues by \$100,000 in FY 2028-29. Therefore, the net General Fund savings of reducing aquatic invasive species prevention aid are \$9.6 million in FY 2028-29.

Chapter 13 also decreased payments per acre for the sustainable forest incentive program, beginning in FY 2028, resulting in General Fund savings of \$3.8 million in FY 2028-29.

Property Tax Refunds

In addition to the interaction with aquatic invasive species prevention aid noted above, several changes in Chapters 8 and 13 increased the amount appropriated for property tax refunds. Chapter 8 authorized the Metropolitan Council to issue debt for

capital expenditures, increasing property taxes on homesteads. This will increase General Fund spending on homestead property tax refunds by \$1.4 million in FY 2026-27 and \$3 million in FY 2028-29. (For more information, see chapter 2 of this report.)

Chapter 13 enacted various property tax exemptions for specific parcels and property classification changes. This shifted property tax burdens onto other properties, including homesteads, which in turn increased spending on homestead property tax refunds. In total, Chapters 8 and 13 increased General Fund expenditures on homestead property tax refunds by \$1.5 million in FY 2026-27 and \$3.5 million in FY 2028-29.

Table 2 - Property Tax Aids and Credits
All Funds Biennial Spending/Appropriations by Budget Area and Fund
(dollars in thousands)

Fund	FY 2024-25 Spending*	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
General Fund					
Property Tax Refunds	2,296,904	1,677,420	1,678,880	(618,024)	1,460
Local Government Aid	1,269,086	1,228,210	1,228,210	(40,876)	-
County Program Aid	608,528	683,372	683,372	74,844	-
Tribal Nations Aid	35,000	70,000	70,000	35,000	-
Police and Fire State Aid	290,458	335,440	335,440	44,982	-
School Building Bond Agricultural Credit	192,820	238,758	238,758	45,938	-
Payments in Lieu of Taxes	87,911	99,700	99,700	11,789	-
Agricultural Homestead Credit	74,313	71,924	71,924	(2,389)	-
Soil and Water Conservation District Aid	30,000	24,000	24,000	(6,000)	-
Statewide Local Housing Aid	45,000	20,000	20,000	(25,000)	-
Public Safety Aid	300,000	-	-	(300,000)	-
Emergency Ambulance Service Aid	23,940	-	-	(23,940)	-
Other Spending	302,285	304,425	304,547	2,262	122
Subtotal for General Fund	5,556,245	4,753,249	4,754,831	(801,414)	1,582

Fund	FY 2024-25 Spending*	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
Other Funds					
Special Revenue Fund	85,056	154,205	141,546	56,490	(12,659)
Housing Assistance Fund	48,314	258,600	258,600	210,286	-
Health Care Access Fund	1,880	1,490	1,490	(390)	-
Highway User Tax Distribution Fund	128	142	142	14	-
Environmental Fund	1	2	2	1	-
Federal Fund	11	-	-	(11)	-
Subtotal for Other Funds	135,390	414,439	401,780	266,390	(12,659)
Total for Budget Area	5,691,635	5,167,688	5,156,611	(535,024)	(11,077)
Percent Change				-9.4%	-0.2%
General Fund Percent of All Funds	97.6%	92.0%	92.2%		

* As adjusted by FY 2025 changes made by the 2025 Legislature, if any.

Table 3 - Property Tax Aids and Credits
General Fund Changes Compared to Forecast
(dollars in thousands)

Appropriation Changes	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Property Tax Aids and Credits						
Homestead Property Tax Refund Interactions	-	1,460	1,460	1,680	1,760	3,440
Aquatic Invasive Species Prevention Aid Reduction	-	-	-	(5,000)	(5,000)	(10,000)
Sustainable Forest Incentive Payments Reduction	-	-	-	(1,840)	(1,930)	(3,770)
Red Lake Nation Property Tax Exemption County Reimbursement	122	-	122	-	-	-
Property Tax Levy Redirection to Passenger Rail Account Modification	-	-	-	(8,120)	(8,240)	(16,360)
Total General Fund Changes	122	1,460	1,582	(13,280)	(13,410)	(26,690)

Table 4 - Property Tax Aids and Credits
Non-General Fund Changes Compared to Forecast
(dollars in thousands)

Appropriation Changes	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Special Revenue Fund						
Local Government Cannabis Aid Repeal	-	(12,500)	(12,500)	(13,800)	(18,000)	(31,800)
Retail Delivery Fee Exemption	(62)	(97)	(159)	(97)	(97)	(194)
Total Non-general Fund Changes	(62)	(12,597)	(12,659)	(13,897)	(18,097)	(31,994)

Table 5 - Property Tax Aids and Credits
Revenue Changes Compared to Forecast
(dollars in thousands)

Revenue Changes	Fund	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Department of Revenue							
Local Government Cannabis Aid Repeal	Special Revenue	(13,942)	(14,800)	(28,742)	(18,700)	(22,000)	(40,700)
Total Revenue Changes		(13,942)	(14,800)	(28,742)	(18,700)	(22,000)	(40,700)

CHAPTER 6 HEALTH AND HUMAN SERVICES

[Laws 2025, First Special Session, Chapters 3, 9, and 10](#) enacted the majority of the FY 2026-27 Health and Human Services (HHS) budget. Chapter 3 was the Omnibus Health and Human Services Act, containing appropriations for health care, human services, and public health. Chapter 9 was the Omnibus Human Services Act, which made appropriations for long-term services and supports. Chapter 10, the Omnibus E-12 Education Act, appropriated \$159 million for early childhood education programs

administered by the Department of Children, Youth, and Families (DCYF).

In addition, [Laws 2025, First Special Session, Chapter 2](#) eliminated MinnesotaCare eligibility for undocumented adults, immediately prohibiting any new enrollments and terminating current enrollees from continued coverage on and after January 1, 2026. This change reduced projected Health Care Access Fund (HCAF) expenditures by \$56.9 million in FY 2026-27.

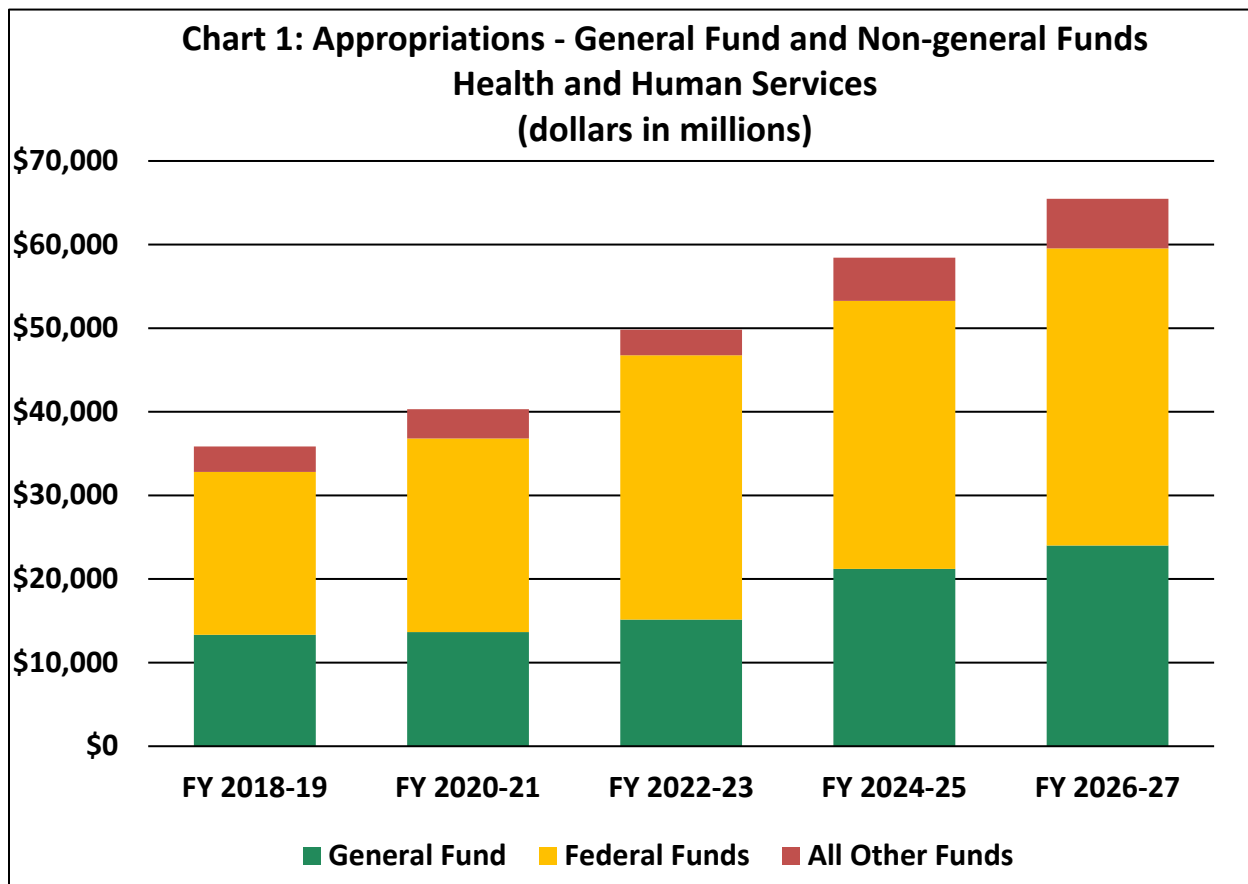


Table 1 - Health and Human Services Appropriations - General Fund and Non-general Funds <i>(dollars in thousands)</i>					
Fund	FY 2018-19	FY 2020-21	FY 2022-23	FY 2024-25	FY 2026-27
General Fund	13,322,418	13,646,402	15,137,315	21,209,125	23,998,971
Federal Funds	19,494,836	23,155,471	31,628,544	32,049,487	35,542,263
All Other Funds	3,038,615	3,516,216	3,065,688	5,184,897	5,941,472
Total	35,855,870	40,318,089	49,831,547	58,443,508	65,482,706
<u>Change vs Previous Biennium</u>					
General Fund	NA	323,984	1,490,913	6,071,810	2,789,846
Percent Change	NA	2.4%	10.9%	40.1%	13.2%
All Funds	NA	4,462,219	9,513,458	8,611,961	7,039,198
Percent Change	NA	12.4%	23.6%	17.3%	12.0%

Chart 1 and Table 1 display HHS appropriations since FY 2018-19 and divide each biennium between the General Fund and non-general funds. As shown in Table 2b, the enacted all funds budget in FY 2026-27 increased \$1.2 billion, or 1.9 percent, more than the February 2025 forecast, and increased \$7 billion, or 12 percent, more than FY 2024-25.

General Fund appropriations in FY 2026-27 totaled \$24 billion, a decrease of \$147.7 million, or 0.6 percent, less than the February 2025 forecast, and an increase of \$2.8 billion, or 13.2 percent, more than FY 2024-25.

DHS: HEALTH CARE

Chapter 3 appropriated \$11.1 million from the General Fund in FY 2026-27 for new efforts to detect and prevent fraud, waste, and abuse in programs administered by the Department of Human Services (DHS). This additional funding for enhanced staffing and policy implementation is projected to recover \$5.6 million related to fraud, waste, and abuse in DHS programs in FY 2026-27, which will be deposited in the General Fund.

Chapter 3 also centralized administrative authority for nonemergency medical transportation services in Medical Assistance (MA), which was previously a county responsibility under a contract with DHS. The single administrator is expected to improve efficiency and mitigate potential misuse of the service, reducing MA expenditures from

the General Fund by a projected \$22.3 million in FY 2026-27.

The enacted HHS budget appropriated an additional \$138.9 million in FY 2026-27 from the HCAF for MA, compared to the forecast, resulting in a corresponding reduction to biennial General Fund MA appropriations. With this change, the FY 2026-27 HCAF appropriation for MA is 10.3 percent of total MA appropriations. For comparison, the HCAF portion of total MA funding was 3.7 percent in FY 2014-15, when direct HCAF appropriations for MA began.

Chapter 3 increased pharmacy dispensing fees in MA and MinnesotaCare on a one-time basis in FY 2026-27, with \$9 million appropriated from the General Fund for MA and \$3.8 million from the HCAF for MinnesotaCare, to help provide ongoing rate stabilization for pharmacies. Chapter 3 also enacted a state pharmacy benefit manager provision to provide for increased pharmacy rates while reducing overall FY 2028-29 MA General Fund expenditures by \$6.7 million and MinnesotaCare HCAF expenditures by \$16.8 million.

Chapter 3 appropriated \$3.8 million from the General Fund in FY 2026-27 for the MA portion of changes to health insurance plan formulary requirements to ensure that in any insurance plan year an enrollee can maintain access to prescription drugs that they received at the beginning of the plan year. The formulary requirements also apply in MinnesotaCare and Chapter 3 appropriated \$1.1 million from HCAF for the costs in that program.

Chapter 3 enacted a state directed payment for MA hospital services and appropriated \$786,000 from the General Fund in FY 2026-27 for DHS administrative costs to prepare and submit required documentation for federal approval of its implementation. The program provides for inpatient and outpatient rate increases for hospitals. Chapter 3 established a related tax on hospitals that supplements Minnesota's existing hospital surcharge and is projected to generate \$947.5 million in FY 2026-27 to pay the state share of increased MA expenditures for hospital services, which is estimated to be \$946.4 million. The funding for this program is administered through a dedicated account in the Special Revenue Fund.

In addition, Chapter 3 provided for a rate increase for specified MA providers and appropriated \$382,000 from the General Fund in FY 2026-27 for DHS administrative costs to prepare and submit required information to the federal government. Upon federal approval of program implementation, MA providers would receive rate increases that have a total state cost of \$125.2 million in MA and MinnesotaCare in FY 2026-27, and managed care organizations with MA enrollees would receive higher capitation payments with a total state cost of \$81.5 million in FY 2026-27. These costs are funded by a new state assessment on managed care organizations that is projected to generate \$207.2 million in new revenue. If the program is federally approved, the funding will be administered

through a dedicated account in the Special Revenue Fund.

Other FY 2026-27 changes enacted in Chapter 3, as compared to the forecast, included:

- elimination of coverage of chiropractic services for adults in MA and MinnesotaCare, which reduced General Fund MA appropriations by \$7.8 million;
- establishment of limits on and modification of prior authorization requirements for occupational therapy and physical therapy services in MA and MinnesotaCare, reducing projected General Fund appropriations for MA by \$6.7 million and reducing HCAF appropriations for MinnesotaCare by \$291,000; and
- a \$6.5 million appropriation from the General Fund for community-based HIV/AIDS support services providers, to replace federal funding for these services.

DHS: LONG-TERM SERVICES AND SUPPORTS, STATE-OPERATED MENTAL HEALTH SERVICES, AND SUBSTANCE USE DISORDER TREATMENT

Nursing Facilities

Chapter 9 enacted a combination of nursing facility General Fund appropriation increases and reductions for DHS, compared to the February 2025 forecast, including:

- \$18 million for nursing facilities to fund the Nursing Home Workforce Standards

Board rule to implement wage minimums for nursing home employees;

- \$6.6 million to phase in a patient-driven payment model case mix classification system for nursing facilities;
- a \$44.7 million reduction in nursing facility operating payments under MA by limiting future payment growth to the Consumer Price Index for All Urban Consumers (CPI-U), up to an annual maximum increase of 4 percent; and
- a \$2.6 million reduction from repealing the automatic annual alternative payment system property rate inflation for nursing facilities.

Chapter 9 also increased the nursing facility surcharge, generating \$83.2 million in additional revenue in FY 2026-27, and appropriated \$26.6 million for increased nursing facility rates. This resulted in net General Fund savings of \$56.6 million in FY 2026-27, compared to the forecast.

Disability Waivers

Chapter 9 enacted a combination of reductions to FY 2026-27 DHS General Fund appropriations for disability waiver rate systems (DWRS) compared to the forecast, including:

- \$186 million by limiting future statutory increases in DWRS payments under MA to CPI-U, up to an annual maximum increase of 4 percent;
- \$51 million by establishing limits and conditions on DWRS rate exceptions and annual exception renewals;

- \$23 million by limiting the daily hour maximum for individualized home supports with training services to six hours;
- \$22.9 million by implementing an asleep rate for night supervision service staff; and
- \$15.5 million by various modifications to disability waiver authorizations.

Assumed Future Spending Reductions

Chapter 9 directed the Commissioner of Management and Budget to assume FY 2028-29 General Fund spending reductions for long-term services and supports (LTSS) and MnCHOICES when preparing future budget forecasts. If the enacted spending reductions are less than these assumed reductions, specified contingent spending reductions must take effect to account for the difference.

The assumed FY 2028-29 spending reduction for LTSS was \$177.5 million for LTSS provision reforms. If the 2027 Legislature does not enact reforms equal to the assumed reduction amount, DHS must reduce DWRS rates and impose a county share for disability waiver residential services in an amount equal to the difference between the assumed and actual spending reductions.

The assumed spending reduction for MnCHOICES in FY 2028-29 was \$18 million for implementation of an alternative payment methodology for MnCHOICES assessments. If the alternative methodology is not enacted, DHS must reduce state reimbursement to lead agencies in an

amount equal to the difference between assumed and actual spending reductions.

Other

Chapter 9 enacted other noteworthy increases to DHS for LTSS, state-operated mental health services, and substance use disorder treatment, including:

- \$70.2 million for changes to the personal care assistance (PCA) and community first services and supports (CFSS) programs, including funding for wage and tier benefit increases, retention and training stipends, and creation of a retirement trust;
- \$9.3 million in FY 2026-27 and an estimated \$25 million in FY 2028-29 to increase payment rates for certain substance use disorder treatment services; and
- \$45.8 million in FY 2028-29 for operating expenses related to replacement of the Miller Building on the Anoka Metro Regional Treatment Center campus.

DEPARTMENT OF CHILDREN, YOUTH, AND FAMILIES

Chapter 3 appropriated \$35 million in one-time funding to DCYF from the General Fund in FY 2026-27 for a comprehensive child welfare information system modernization project and \$4.9 million for childcare attendance tracking to support program administration and program integrity initiatives in the state's childcare assistance programs.

Food assistance programs through DCYF received an additional \$12.1 million from the General Fund in Chapter 3. The appropriations included \$5 million for regional food banks, \$5 million for food shelf programs, \$1 million for prepared meals food relief grants, and \$1 million for American Indian food sovereignty grants.

Chapter 3 reduced \$11.1 million in FY 2026-27 General Fund appropriations for DCYF programs and identified replacement funding sources to preserve benefit levels. Of this amount, \$7.9 million was allocated from federal funding in the Child Care and Development Fund for eligible activities. Similarly, the Commissioner of DCYF was directed to identify activities eligible for federal funding under the Temporary Assistance for Needy Families (TANF) program and allocate TANF funds accordingly, reducing General Fund appropriations by \$3.2 million.

DEPARTMENT OF HEALTH

Compared to the forecast, Chapter 3 appropriated to the Department of Health (MDH) an additional \$1.6 million from the General Fund and \$24 million from the HCAF for federally qualified health center grants and appropriated \$1.1 million from the HCAF for community clinic grants in FY 2026-27. These providers serve medically underserved areas and populations in the state, regardless of an individual's ability to pay for medical services. Individuals who receive care pay for services on a sliding fee scale based on their ability to pay.

As shown in Table 5, Chapter 3 enacted fee increases for a number of regulatory activities under MDH, increasing revenue to the State Government Special Revenue Fund (SGSR) by \$44.5 million in FY 2026-27. Chapter 3 also appropriated \$37.4 million from the SGSR to MDH for regulatory administration.

HEALTH-RELATED LICENSING BOARDS

Chapter 3 enacted fee increases for several health-related licensing boards, with total SGSR revenue of \$1 million in FY 2026-27. In addition, as shown in Table 4, Chapter 3 made additional appropriations totaling \$3.6 million from the SGSR in FY 2026-27 to various boards for their regulatory activities.

The enacted budget included a one-time \$23 million transfer in FY 2026 to the General Fund from the health occupations licensing account in the SGSR, along with a requirement that the health-related licensing boards determine the allocation of the transfer amount among the boards' individual balances in the account.

OFFICE OF EMERGENCY MEDICAL SERVICES

Chapter 3 appropriated \$27.4 million from the General Fund in FY 2026-27 for ambulance service provider programs, of which:

- \$16.4 million was for a new ambulance service operating deficit grant program;
- \$8.6 million was for a new rural ambulance service uncompensated care pool payment program;

- \$2 million was for a new ambulance service training and staffing grant program; and
- \$400,000 was for additional funding for reimbursement to ambulance services for certain initial and continuing education costs.

Table 2a - Health and Human Services
All Funds Biennial Spending/Appropriations by Agency and Fund
(dollars in thousands)

Agency/Fund	FY 2024-25 Spending*	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
Department of Human Services					
General Fund	20,539,369	20,221,859	19,938,489	(600,880)	(283,370)
Health Care Access Fund	2,192,666	2,248,709	2,316,159	123,493	67,450
Federal Fund	30,217,122	28,795,431	28,795,431	(1,421,691)	-
Federal TANF Fund	396,608	-	-	(396,608)	-
State Government Special Revenue Fund	9,141	8,316	8,316	(825)	-
Special Revenue Fund	2,413,547	1,265,939	2,422,386	8,839	1,156,447
Opiate Epidemic Response Fund	74,438	52,110	52,110	(22,328)	-
ARP-State Fiscal Recovery Fund	20,572	588	588	(19,984)	-
Expenditures in Multiple Funds	(20)	-	-	20	-
Gift Fund	428	30	30	(398)	-
Total Department of Human Services	55,863,870	52,592,982	53,533,509	(2,330,361)	940,527
Department of Direct Care and Treatment					
General Fund	-	1,095,297	1,180,264	1,180,264	84,967
Gift Fund	-	6	6	6	-
Special Revenue Fund	-	51,415	51,415	51,415	-
Total Department of Direct Care and Treatment	-	1,146,718	1,231,685	1,231,685	84,967
Department of Health					
General Fund	604,213	533,670	538,695	(65,518)	5,025
Health Care Access Fund	109,383	104,316	133,670	24,287	29,354

Agency/Fund	FY 2024-25 Spending*	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
Federal Fund	1,387,125	889,262	889,262	(497,863)	-
Federal TANF Fund	23,426	23,426	23,426	-	-
State Government Special Revenue Fund	165,593	161,163	198,530	32,937	37,367
Special Revenue Fund	207,384	160,723	160,723	(46,661)	-
ARP-State Fiscal Recovery Fund	3,402	-	-	(3,402)	-
Gift Fund	90	-	-	(90)	-
Medical Education Endowment Fund	92	-	-	(92)	-
Remediation Fund	624	632	632	8	-
Environmental Fund	3,844	4,030	4,030	186	-
<u>Expenditures in Multiple Funds</u>	<u>(94,936)</u>	<u>(95,902)</u>	<u>(95,902)</u>	<u>(966)</u>	<u>-</u>
Subtotal for Department of Health	2,410,240	1,781,320	1,853,066	(557,174)	71,746
<i>Environment Trust/Legacy Funds</i>					
<u>Clean Water Fund</u>	<u>31,185</u>	<u>-</u>	<u>30,140</u>	<u>(1,045)</u>	<u>30,140</u>
<i>Subtotal Environment Trust/Legacy Funds</i>	<i>31,185</i>	<i>-</i>	<i>30,140</i>	<i>(1,045)</i>	<i>30,140</i>
Total Department of Health	2,441,426	1,781,320	1,883,206	(558,220)	101,886
Office of Emergency Medical Services					
General Fund	19,214	12,356	39,861	20,647	27,505
Federal Fund	375	380	380	5	-
Special Revenue Fund	716	720	720	4	-
Total Office of Emergency Medical Services	20,305	13,456	40,961	20,656	27,505
Council on Disability					
General Fund	4,499	4,817	4,889	390	72
Special Revenue Fund	325	110	110	(215)	-
Total Council on Disability	4,824	4,927	4,999	175	72

Agency/Fund	FY 2024-25 Spending*	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
Ombudsman for Mental Health and Developmental Disabilities (MH/DD)					
General Fund	7,278	7,296	7,471	193	175
Total Ombudsman for MH/DD	7,278	7,296	7,471	193	175
Ombudsperson for Families					
General Fund	1,535	1,554	1,600	65	46
Special Revenue Fund	101	349	349	248	-
Total Ombudsperson for Families	1,636	1,903	1,949	313	46
Ombudsperson for American Indian Families					
General Fund	676	680	691	15	11
Special Revenue Fund	106	40	40	(66)	-
Total Ombudsperson for American Indian Families	782	720	731	(51)	11
Rare Disease Advisory Council					
General Fund	982	652	1,353	371	701
Total Rare Disease Advisory Council	982	652	1,353	371	701
Ombudsperson for Foster Youth					
General Fund	1,181	1,518	1,977	796	459
Total Ombudsperson for Foster Youth	1,181	1,518	1,977	796	459
MNsure					
General Fund	27,742	140	140	(27,602)	-

Agency/Fund	FY 2024-25 Spending*	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
Health Care Access Fund	1,076	-	-	(1,076)	-
Special Revenue Fund	150	300	300	150	-
Total MNsure	28,968	440	440	(28,528)	-
Department of Children, Youth, and Families					
General Fund	-	2,265,865	2,281,667	2,281,667	15,802
Special Revenue Fund	-	579,639	579,639	579,639	-
State Government Special Revenue Fund	-	1,464	1,464	1,464	-
Gift Fund	-	2	2	2	-
Opiate Epidemic Response Fund	-	6,636	6,636	6,636	-
Federal Fund	-	5,328,390	5,343,296	5,343,296	14,906
Federal TANF Fund	-	485,982	489,180	489,180	3,198
Total Department of Children, Youth, and Families	-	8,667,978	8,701,884	8,701,884	33,906
Health-Related Licensing Boards					
General Fund	2,436	936	1,874	(562)	938
Health Care Access Fund	114	-	-	(114)	-
Federal Fund	857	700	700	(157)	-
State Government Special Revenue Fund	64,659	64,284	67,855	3,196	3,571
Special Revenue Fund	3,834	1,860	1,860	(1,974)	-
Opiate Epidemic Response Fund	356	252	252	(104)	-
Total Health-Related Licensing Boards	72,256	68,032	72,541	285	4,509

** As adjusted by FY 2025 changes made by the 2025 Legislature, if any.*

Table 2b - Health and Human Services
All Funds Biennial Spending/Appropriations by Budget Area and Fund
(dollars in thousands)

Fund Totals	FY 2024-25 Spending*	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
Health and Human Services Budget Area - All Agencies					
General Fund	21,209,125	24,146,640	23,998,971	2,789,846	(147,669)
Health Care Access Fund	2,303,240	2,353,025	2,449,829	146,589	96,804
Federal Fund	31,605,479	35,014,163	35,029,069	3,423,590	14,906
Federal TANF Fund	420,034	509,408	512,606	92,572	3,198
State Government Special Revenue Fund	239,393	235,227	276,165	36,772	40,938
Special Revenue Fund	2,626,163	2,061,095	3,217,542	591,379	1,156,447
ARP-State Fiscal Recovery Fund	23,974	588	588	(23,386)	-
Opiate Epidemic Response Fund	74,794	58,998	58,998	(15,796)	-
Gift Fund	518	38	38	(480)	-
Medical Education Endowment Fund	92	-	-	(92)	-
Remediation Fund	624	632	632	8	-
Environmental Fund	3,844	4,030	4,030	186	-
<u>Expenditures in Multiple Funds</u>	<u>(94,956)</u>	<u>(95,902)</u>	<u>(95,902)</u>	<u>(946)</u>	<u>-</u>
Subtotal for Non-Dedicated Funds	58,412,323	64,287,942	65,452,566	7,040,243	1,164,624
<i>Environment Trust/Legacy Funds</i>					
<u>Clean Water Fund</u>	<u>31,185</u>	<u>-</u>	<u>30,140</u>	<u>(1,045)</u>	<u>30,140</u>
<i>Subtotal Environment Trust/Legacy Funds</i>	<i>31,185</i>	<i>-</i>	<i>30,140</i>	<i>(1,045)</i>	<i>30,140</i>
Total for Budget Area	58,443,508	64,287,942	65,482,706	7,039,198	1,194,764
Percent Change				12.0%	1.9%
General Fund Percent of All Funds	36.3%	37.6%	36.6%		

* As adjusted by FY 2025 changes made by the 2025 Legislature, if any.

Table 3 - Health and Human Services
General Fund Changes Compared to Forecast
(dollars in thousands)

Appropriation Changes by Agency	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Department of Human Services						
Operating Adjustment	3,310	6,700	10,010	6,700	6,700	13,400
Extend Access to Audio-Only Telehealth Services	7,357	9,106	16,463	1,565	-	1,565
Maintain Access to Federal Data Sources	3,382	3,834	7,216	-	-	-
Detecting and Preventing Fraud, Waste, and Abuse	5,175	5,961	11,136	5,943	5,961	11,904
New Background Study Disqualifications to Address Fraud, Waste, and Abuse	256	256	512	254	254	508
Drug Formulary Review Committee (Delay Sunset to FY 2029)	-	-	-	(8,496)	(29,394)	(37,890)
Uniform Administration of Non-Emergency Medical Transportation	15	(22,795)	(22,780)	(48,336)	(56,442)	(104,778)
Eliminate Chiropractic Services for Adults in MA	(2,202)	(5,579)	(7,781)	(6,061)	(6,239)	(12,300)
Eliminate Drug Effectiveness Review Project Contract	(95)	(95)	(190)	(95)	(95)	(190)
Background Studies Modifications - Federal Compliance	123	96	219	96	96	192
HCAF Appropriation for MA	(69,450)	(69,450)	(138,900)	(75,050)	(75,050)	(150,100)
MA Coverage for Birth Services Provided at Home	36	7	43	7	7	14
Psychiatric Residential Treatment Facility Payment Methodology and Requirements Report	196	-	196	-	-	-
Mental Health Collaboration Hub Innovation Pilot Program	785	-	785	-	-	-
Additional Funding for School-Linked Behavioral Health Grants	835	835	1,670	664	665	1,329

Appropriation Changes by Agency	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Mental Health Targeted Case Management Rate for 18 to 21 Year Old Individuals	301	316	617	367	366	733
Family Supportive Housing Grant Program	750	-	750	-	-	-
Psychiatric Residential Treatment Facility Renovation Grant for Clay County	1,234	-	1,234	-	-	-
Grant to Catholic Charities for Homeless Elders Program	1,000	-	1,000	-	-	-
Grants to Community-Based HIV/AIDS Support Services Providers	3,250	3,250	6,500	3,250	3,250	6,500
Directed Payment for Pharmacy Dispensing Fee (\$4.50 Increase)	3,709	5,295	9,004	-	-	-
State Pharmacy Benefit Manager for MA and MinnesotaCare	1,630	1,277	2,907	(3,644)	(3,069)	(6,713)
Health Insurance Plan Formulary Requirements	1,248	2,594	3,842	2,638	2,684	5,322
MA Coverage for Traditional Health Care Practices	97	562	659	877	1,262	2,139
Coverage for Long-Term Electrocardiogram Monitoring	5	16	21	17	18	35
Enhanced FMAP for Current Family Planning Expenditures	(2,881)	(7,298)	(10,179)	(7,578)	(7,856)	(15,434)
Licensing Modifications for Specified Swing Beds	(52)	(131)	(183)	(140)	(146)	(286)
Payment Rate Modification for Phototherapy Lights	9	9	18	9	9	18
Delay of Contingent Contract with Dental Administrator	(10)	94	84	69	8	77
Payment Modifications for Birth Centers	130	322	452	322	322	644
Directed MA Payments for Hospitals and Modifications to Hospital Surcharge (5.75%)	786	-	786	-	-	-
MA Mental Health Provider Rate Increases, Directed MCO Payments, and MCO Assessment	382	-	382	-	-	-
MA Coverage for Certified Midwifery	10	2	12	2	2	4
Occupational Therapy/Physical Therapy Limit with Prior Authorization	(1,854)	(4,881)	(6,735)	(5,342)	(5,563)	(10,905)

Appropriation Changes by Agency	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Hennepin County Intensive Residential Treatment Services and Crisis Stabilization Grant	665	120	785	-	-	-
Tribal Encounter Rate for Housing Stabilization	57	12	69	12	12	24
Predesign Grant for Bridge for Youth	250	-	250	-	-	-
Complex Post-Traumatic Stress Disorder County Pilot	250	-	250	-	-	-
Additional Funding for Safe Harbor Grants	931	931	1,862	931	931	1,862
Additional Funding for Homeless Youth Act Grants	250	250	500	2,884	2,884	5,768
Patient-Driven Payment Model Phase In for Nursing Facilities	2,071	4,553	6,624	8,046	11,779	19,825
Repeal Alternative Payment System Inflation for Nursing Facilities	(627)	(1,964)	(2,591)	(2,982)	(4,015)	(6,997)
Single Bed Incentive and Layaways Phase Out for Nursing Facilities	-	(484)	(484)	(1,661)	(2,855)	(4,516)
Cap Operating Payment Increases to Nursing Facilities	(11,300)	(33,369)	(44,669)	(45,556)	(56,419)	(101,975)
Nursing Facility Rate Increase	7,767	18,829	26,596	18,875	18,964	37,839
Nursing Home Workforce Standards Board Rules	4,328	13,748	18,076	17,523	16,385	33,908
Nursing Facility Property Rate Modification	32	532	564	545	557	1,102
Self-Directed Worker Bargaining Agreement	48,351	21,869	70,220	24,914	30,295	55,209
MA Reimbursement of CFSS in Acute Care Hospitals	1,129	3,275	4,404	3,432	3,583	7,015
Cap Inflation Adjustment under DWRS	(17,658)	(168,425)	(186,083)	(219,004)	(260,229)	(479,233)
Modify Housing Stabilization and Recuperative Care	928	(1,131)	(203)	(1,946)	(2,274)	(4,220)
IHS with Training Services Six Hours Daily Cap	(2,092)	(20,885)	(22,977)	(27,190)	(29,943)	(57,133)
Night Supervision Service Asleep Rate	(2,177)	(20,678)	(22,855)	(26,418)	(29,571)	(55,989)
Limit Disability Waiver Rate Exceptions	(14,025)	(36,931)	(50,956)	(39,494)	(43,169)	(82,663)
Disability Waiver Authorization Reform	212	(15,688)	(15,476)	(2,822)	-	(2,822)
Long-Term Services and Supports Advisory Task Force (LTSS)	785	123	908	-	-	-
Assumed Reductions from Future LTSS Proposals	-	-	-	(88,771)	(88,771)	(177,542)
Waiver Reimagine Advisory Task Force	136	136	272	136	136	272
Family Residential Services Rate Increase	112	2,028	2,140	3,644	3,923	7,567

Appropriation Changes by Agency	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Temporarily Extend the Customized Living DSP	537	1,383	1,920	1,504	-	1,504
Positive Supports Competency Program	695	3	698	3	3	6
Modify Out of Home Respite Care Services	204	1,117	1,321	1,219	1,342	2,561
Swimming Lessons under MA for Certain Individuals	278	2,049	2,327	2,622	2,799	5,421
Establish Provisional EIDBI Provider License	5,210	6,434	11,644	5,825	5,641	11,466
Additional Funding for Program Integrity	3,968	3,637	7,605	3,637	3,637	7,274
Chapter 245D Provider Licensing Compliance Education	-	1,009	1,009	1,185	1,185	2,370
Direct Care Staff Compensation Requirement Review	200	114	314	114	-	114
MnCHOICES Modification Study	309	123	432	-	-	-
Assumed Reductions From MnCHOICES Modifications	-	-	-	(9,000)	(9,000)	(18,000)
Abbreviated MnCHOICES Reassessments	63	-	63	-	-	-
MnCHOICES Dashboard	38	-	38	-	-	-
Behavioral Health Fund Modifications	633	(4,167)	(3,534)	(5,149)	(5,258)	(10,407)
Modify Substance Use Disorder (SUD) Treatment Billing	281	(3,797)	(3,516)	(9,153)	(9,823)	(18,976)
Supportive Recovery Housing Modifications	273	2,542	2,815	142	(401)	(259)
SUD Treatment Staff Study	68	34	102	-	-	-
Rate Increase for Certain SUD Treatment Services	2,010	7,310	9,320	10,637	14,351	24,988
Housing Support (HS) Supplemental Rate for Avivo	-	1,732	1,732	1,732	1,732	3,464
HS Supplemental Rate for Blue Earth County Provider	180	180	360	180	180	360
HS Supplemental Rate for Otter Tail County Provider	143	143	286	143	143	286
Same Day Disability Determinations	535	613	1,148	613	613	1,226
Boundary Waters Care Center Nursing Facility Funding	250	-	250	125	-	125
New Human Services Grants	1,548	689	2,237	-	-	-
Additional Senior Nutrition Program Funding	250	250	500	751	752	1,503
Eliminate Local Planning Grants	(254)	(254)	(508)	(254)	(254)	(508)
Reduce Day Training and Habilitation Grants	(811)	(811)	(1,622)			-
Grant to the Wilder Foundation for Homelessness Study	816	-	816	-	-	-

Appropriation Changes by Agency	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Additional Legislative and Budget Administration Funding	860	1,017	1,877	1,021	1,021	2,042
Appropriation Cancellations (FY 2025)	(54,348)	-	(54,348)	-	-	-
Total Department of Human Services	(56,222)	(281,496)	(337,718)	(498,967)	(581,384)	(1,080,351)
Department of Children, Youth, and Families						
Operating Adjustment	2,042	4,134	6,176	4,134	4,134	8,268
Child Care Assistance Program - Federal Compliance	161	32	193	32	32	64
Electronic Statewide Attendance Tracking	3,778	1,114	4,892	-	-	-
Child Welfare Information System Modernization	35,000	-	35,000	-	-	-
Increase Capacity of Compliance Team	223	266	489	266	266	532
Carryforward of Transition Office Funding	680	-	680	-	-	-
Cancel Funding for American Indian Child Welfare Initiative	(7,893)	(7,893)	(15,786)	(7,893)	(7,893)	(15,786)
Reduce Funding for Restorative Practices Initiatives Grants	(1,500)	(1,500)	(3,000)	(1,500)	(1,500)	(3,000)
Modifications to Licensing Information Lookup for Child Care Licenses	200	-	200	-	-	-
Additional Funding for Regional Food Banks	5,000	-	5,000	-	-	-
Additional Funding for Food Shelf Programs	5,000	-	5,000	-	-	-
Additional Funding for Prepared Meals Food Relief Grants	1,000	-	1,000	-	-	-
Additional Funding for American Indian Food Sovereignty	1,000	-	1,000	-	-	-
Staffing Support for Food Programs	98	-	98	-	-	-
Out of School and Youth Programming Assessment	273	-	273	-	-	-
Child Care Improvement Grant Program	300	-	300	-	-	-
Child Care Security Camera Requirement - Grants	174	-	174	-	-	-
Child Care Security Camera Requirement - IT	76	-	76	-	-	-
Allocation of CCDF to BSF Expenditures	(3,809)	(4,111)	(7,920)	(4,094)	(1,492)	(5,586)
Allocation of TANF-Eligible GF Expenditures	(1,475)	(1,723)	(3,198)	-	-	-

Appropriation Changes by Agency	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Transfer to Department of Education - Base Funding for Early Literacy Programs	(7,950)	(7,950)	(15,900)	(7,950)	(7,950)	(15,900)
Childcare Worker Support	500	500	1,000	-	-	-
Transit Assistance Program	55	-	55	-	-	-
Total Department of Children, Youth, and Families	32,933	(17,131)	15,802	(17,005)	(14,403)	(31,408)
Department of Health						
Operating Adjustment	1,002	2,029	3,031	2,029	2,029	4,058
Infectious Disease Prevention, Early Detection, and Outbreak Response	1,300	1,300	2,600	1,300	1,300	2,600
Reduce Cannabis Maternal/Child Health Grant for Completed One-Time Activities	-	-	-	(1,113)	(1,113)	(2,226)
Reduce Emergency Preparedness and Response Sustainability Grants	(427)	(423)	(850)	(423)	(423)	(846)
Reduce Public Health Infrastructure Pilot Projects Grant Program	(2,000)	(2,000)	(4,000)	(2,000)	(2,000)	(4,000)
Reduce Sexual and Reproductive Health Grants	(500)	(500)	(1,000)	(75)	(75)	(150)
Eliminate Funding for Alternative Health Practices	-	-	-	(10)	(10)	(20)
Reduce Funding for Environmental Health Management Administration	-	-	-	(47)	(47)	(94)
Eliminate Funding for Drug Overdose Grants	-	-	-	(172)	(172)	(344)
Reduce Collaborative Funding for State and Outside Partners	(30)	(30)	(60)	(18)	(18)	(36)
Reporting Requirements for Facility Fees	376	188	564	-	-	-
Licensing Requirements for Graduates of Foreign Medical Schools	9	9	18	9	9	18
Speech Language Pathology Assistants Fee Adjustment	95	-	95	-	-	-
Epilepsy/Seizure Disorders Data Collection and State Coordination Plan	162	216	378	216	216	432

Appropriation Changes by Agency	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Grant to MN Medical Association for Treat Yourself First Campaign	250	-	250	-	-	-
Dementia Services Program	217	217	434	217	217	434
Non-Opioid Directives Requirements	10	-	10	-	-	-
Grants for Opiate Antagonists on Tribal Campuses	75	75	150	75	75	150
Parental Education Requirement for Signs of Abuse in Infants	55	-	55	-	-	-
Grant to Change the Outcome for Opioid Education	1,000	-	1,000	-	-	-
Develop Guideline for Social Media Mental Health Warnings	45	-	45	-	-	-
Additional Funding for Safe Harbor Grants	483	483	966	2,029	2,029	4,058
Additional Funding for Federally Qualified Health Center Grants	1,631	-	1,631	-	-	-
HCLAP Advisory Council and Hospice Bill of Rights	5	3	8	3	3	6
Skin Lightening Public Awareness Campaign Grant	200	-	200	-	-	-
Reduce HCBS Employee Grant	(250)	(250)	(500)	(250)	(250)	(500)
PFAS Biomonitoring Report (FY 2025)	-	175	175	-	-	-
Total Department of Health	3,708	1,492	5,200	1,770	1,770	3,540
Department of Direct Care and Treatment						
Operating Adjustment	29,713	54,339	84,052	54,339	54,339	108,678
Miller Building Operating Expenses	-	-	-	-	45,830	45,830
Extend Free Patient and Client Communication Services	-	753	753	-	-	-
Psychiatric Residential Treatment Facility Build Out Plan	100	-	100	-	-	-
MID Commitment Reform Task Force Report	31	31	62	-	-	-
Total Department of Direct Care and Treatment	29,844	55,123	84,967	54,339	100,169	154,508

Appropriation Changes by Agency	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Board of Pharmacy						
Prescription Drug Repository Program	469	469	938	469	469	938
Total Board of Pharmacy	469	469	938	469	469	938
Office of Emergency Medical Services						
Operating Adjustment	35	70	105	70	70	140
Ambulance Operating Deficit Grant	16,418	-	16,418	-	-	-
Ambulance Service Training and Staffing Grant	2,000	-	2,000	-	-	-
Rural Uncompensated Care Pool Payment	4,291	4,291	8,582	1,070	1,070	2,140
EMR/EMT Education Reimbursement	400	-	400	-	-	-
Total Office of Emergency Medical Services	23,144	4,361	27,505	1,140	1,140	2,280
Council on Disability						
Operating Adjustment	24	48	72	48	48	96
Appropriation Cancellations (FY 2025)	(335)	-	(335)	-	-	-
Total Council on Disability	(311)	48	(263)	48	48	96
Ombudsman for Mental Health and Developmental Disabilities						
Operating Adjustment	58	117	175	117	117	234
Total Ombudsman for Mental Health and Developmental Disabilities	58	117	175	117	117	234
Ombudsperson for Families						
Operating Adjustment	15	31	46	31	31	62
Total Ombudsperson for Families	15	31	46	31	31	62
Ombudsperson for American Indian Families						
Operating Adjustment	4	7	11	7	7	14
Total Ombudsperson for American Indian Families	4	7	11	7	7	14

Appropriation Changes by Agency	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Rare Disease Advisory Council						
Operating Adjustment	6	11	17	11	11	22
Additional Funding for Operations	342	342	684	342	342	684
Appropriation Cancellations (FY 2025)	(420)	-	(420)	-	-	-
Total Rare Disease Advisory Council	(72)	353	281	353	353	706
Ombudsperson for Foster Youth						
Operating Adjustment	13	26	39	26	26	52
Carryforward of FY 2025 Appropriation	210	210	420	-	-	-
Additional Funding for Operations	-	-	-	190	190	380
Total Ombudsperson for Foster Youth	223	236	459	216	216	432
Total General Fund Changes	33,793	(236,390)	(202,597)	(457,482)	(491,467)	(948,949)

Table 4 - Health and Human Services
Non-general Fund Changes Compared to Forecast
(dollars in thousands)

Appropriation Changes by Agency	Fund	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Department of Human Services							
Operating Adjustment	HCAF	1,084	2,213	3,297	2,213	2,213	4,426
Extend Access to Audio-Only Telehealth Services	HCAF	1,072	1,326	2,398	228	-	228
Medical Assistance	HCAF	69,450	69,450	138,900	75,050	75,050	150,100
Directed Payment for Pharmacy Dispensing Fee (\$4.50 Increase)	HCAF	1,535	2,236	3,771	-	-	-
State Pharmacy Benefit Manager for MA and MinnesotaCare	HCAF	-	(3,867)	(3,867)	(8,568)	(8,235)	(16,803)
Health Insurance Plan Formulary Requirements	HCAF	329	805	1,134	822	838	1,660
Coverage for Long-Term Electrocardiogram Monitoring	HCAF	1	3	4	3	3	6
Repeal Public Option Authority and Contingent Appropriation	HCAF	(21,000)	-	(21,000)	-	-	-
Occupational Therapy/Physical Therapy Limit with Prior Authorization	HCAF	(85)	(206)	(291)	(226)	(232)	(458)
Eliminate MinnesotaCare Coverage for Undocumented Adults	HCAF	(13,248)	(43,648)	(56,896)	(45,062)	(46,520)	(91,582)
Appropriation Cancellations (FY 2025)	HCAF	(800)	-	(800)	-	-	-
Hospital Services Directed Payments	Special Revenue	189,500	758,000	947,500	758,000	758,000	1,516,000
Behavioral Health Fund Modifications	Special Revenue	-	(4,886)	(4,886)	(5,868)	(5,977)	(11,845)

Appropriation Changes by Agency	Fund	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Modify Payment Rates for SUD Services	Special Revenue	1,928	6,512	8,440	8,315	10,265	18,580
SUD Treatment Billing Modifications	Special Revenue	-	(1,843)	(1,843)	(4,175)	(4,237)	(8,412)
Retail Delivery Fee Exemptions	Special Revenue	(2)	(4)	(6)	(4)	(4)	(8)
Improving Supportive Recovery Housing Options	Special Revenue	-	-	-	(8,189)	(8,930)	(17,119)
MA Providers/MCOs Directed Payments	Special Revenue	55,352	151,890	207,242	166,317	175,880	342,197
Total Department of Human Services		285,116	937,981	1,223,097	938,856	948,114	1,886,970
Department of Health							
Food, Pools, and Lodging Fees Increase	SGSR	5,483	5,483	10,966	5,483	5,483	10,966
Assisted Living Licensure Administration	SGSR	1,555	1,555	3,110	1,555	1,555	3,110
Engineering Plan Review Fee Increase	SGSR	224	224	448	224	224	448
Public Water Supply Fee Increase	SGSR	7,827	7,827	15,654	8,148	8,148	16,296
Radioactive Materials Regulatory Activities Fee Increase	SGSR	200	200	400	200	200	400
Asbestos Abatement Projects Fee Increase	SGSR	176	176	352	176	176	352
X-Ray Radiation Inspection Fee Increase	SGSR	993	828	1,821	828	828	1,656
Health Care Licensing Activities Fee Increase	SGSR	1,707	1,707	3,414	1,707	1,707	3,414
Spoken Language Health Care Interpreter Workgroup	SGSR	186	49	235	-	-	-
Newborn Screen for Metachromatic Leukodystrophy	SGSR	532	435	967	446	458	904
Operating Adjustment	HCAF	1,411	2,857	4,268	2,857	2,857	5,714
Additional Funding for FQHC Grants	HCAF	22,986	1,000	23,986	6,250	6,250	12,500

Appropriation Changes by Agency	Fund	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Additional Funding for Community Clinic Grants	HCAF	1,100	-	1,100	550	550	1,100
Total Department of Health		44,380	22,341	66,721	28,424	28,436	56,860
Health-Related Licensing Boards							
Behavioral Health and Therapy - Additional Funding	SGSR	150	150	300	150	150	300
Chiropractic Examiners - Operating Adjustment	SGSR	100	100	200	100	100	200
Dentistry - Additional Funding	SGSR	100	100	200	100	100	200
Dietetics and Nutrition Practice - Operating Adjustment	SGSR	60	60	120	60	60	120
Medical Practice - Graduates of Foreign Medical Schools Licensing	SGSR	83	74	157	54	54	108
Pharmacy - Operating Adjustment	SGSR	905	905	1,810	905	905	1,810
Pharmacy - Funding for PMAP	SGSR	150	150	300	150	150	300
Pharmacy - Additional Funding	SGSR	142	142	284	142	142	284
Veterinary Medicine - Additional Funding	SGSR	100	100	200	100	100	200
Total Health-Related Licensing Boards		1,790	1,781	3,571	1,761	1,761	3,522
Department of Children, Youth, and Families							
Child Care Assistance Programs Changes	Federal	5,534	9,372	14,906	11,359	11,698	23,057
Child Care Assistance Programs Changes	Federal TANF	1,475	1,723	3,198	-	-	-
Total Department of Children, Youth, and Families		7,009	11,095	18,104	11,359	11,698	23,057

Appropriation Changes by Agency	Fund	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Office of Emergency Medical Services							
Rural EMS Uncompensated Care Pool Payment Program	HCAF	-	-	-	2,721	2,721	5,442
Total Office of Emergency Medical Services				-	2,721	2,721	5,442
Total Non-general Fund Changes		338,295	973,198	1,311,493	983,121	992,730	1,975,851

Table 5 - Health and Human Services
Revenue Changes Compared to Forecast
(dollars in thousands)

Revenue Changes by Agency	Fund	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Department of Human Services							
Recoveries - Fraud, Waste, and Abuse	General	2,934	2,639	5,573	2,139	2,139	4,278
Modify Provider Tax Definition for Prescription Drug Rebates	HCAF	9,900	14,000	23,900	14,700	15,400	30,100
Hospital Surcharge	Special Revenue	189,500	758,000	947,500	758,000	758,000	1,516,000
MCO Assessment	Special Revenue	55,352	151,890	207,242	166,317	175,880	342,197
Nursing Facility Surcharge	General	24,208	58,977	83,185	59,421	59,262	118,683
Supportive Recovery Housing	General	-	8	8	11	15	26
Provider Licensing Fee Increase	SGSR	6,395	12,790	19,185	12,790	12,790	25,580
EIDBI Application and License Fee	SGSR	228	456	684	456	456	912
Total Department of Human Services		288,517	998,760	1,287,277	1,013,834	1,023,942	2,037,776
Department of Health							
Food, Pools, and Lodging Fees Increase	SGSR	5,483	5,483	10,966	5,483	5,483	10,966
Assisted Living License Fee Increase	SGSR	3,609	3,609	7,218	3,609	3,609	7,218
Engineering Plan Review Fee Increase	SGSR	224	224	448	224	224	448
Public Water Supply Fee Increase	SGSR	7,975	7,975	15,950	7,975	7,975	15,950
Well Management Fee Increase	SGSR	772	772	1,544	772	772	1,544
Radioactive Materials Regulatory Activities Fee Increase	SGSR	358	358	716	358	358	716
Asbestos Abatement Projects Fee Increase	SGSR	364	364	728	364	364	728
HMO Regulatory Requirements Fee Increase	SGSR	420	422	842	443	454	897
X-Ray Radiation Inspection Fee Increase	SGSR	869	869	1,738	869	869	1,738

Revenue Changes by Agency	Fund	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Health Care Licensing Activities Fee Increase	SGSR	1,707	1,707	3,414	1,707	1,707	3,414
Newborn Screen for Metachromatic Leukodystrophy	SGSR	470	470	940	470	470	940
Total Department of Health		22,251	22,253	44,504	22,274	22,285	44,559
Department of Direct Care and Treatment							
Operating Adjustment	General	4,977	9,098	14,075	9,098	9,098	18,196
Competency Attainment Examination Cost Liability	General	8,380	8,380	16,760	8,380	8,380	16,760
Cost of Care Collections for Miller Building Operations	General	-	-	-	-	11,830	11,830
Total Department of Direct Care and Treatment		13,357	17,478	30,835	17,478	29,308	46,786
Health-Related Licensing Boards							
Behavioral Health and Therapy - Interstate Compact Fee	SGSR	20	20	40	20	20	40
Chiropractic Examiners - Fee Increase	SGSR	224	224	448	224	224	448
Medical Practice - Fee Increase	SGSR	10	21	31	21	21	42
Occupational Therapy - Revenue Loss	SGSR	(9)	(9)	(18)	(9)	(9)	(18)
Pharmacy - Revenue Loss	SGSR	(10)	(5)	(15)	-	-	-
Podiatric Medicine - Fee Increase	SGSR	44	44	88	44	44	88
Social Work - Interstate Compact Fee	SGSR	5	10	15	20	20	40
Veterinary Medicine - Fee Increase	SGSR	219	219	438	219	219	438
Total Health-Related Licensing Boards		503	524	1,027	539	539	1,078
Total Revenue Changes		324,628	1,039,015	1,363,643	1,054,125	1,076,074	2,130,199

Table 6 - Health and Human Services
Health Care Access Fund Balance and 2025 Enacted Changes
(dollars in thousands)

	FY 2026	FY 2027	FY 2028	FY 2029
February 2025 Forecast Balance	294,847	237,718	233,910	286,837
Enacted Changes				
Definition of Gross Revenue Modification	(9,900)	(14,000)	(14,700)	(15,400)
FY 2025 Unexpended Grant Cancellation	(800)	-	-	-
Extend Access to Audio-Only Telehealth	1,072	1,326	228	-
Pharmacy Dispensing Fee	1,535	2,236	-	-
Health Insurance Plan Formulary Requirements	329	805	822	839
Medical Assistance	69,450	69,450	75,050	75,050
State Pharmacy Benefit Manager	-	(3,867)	(8,568)	(8,235)
Long-Term Electrocardiogram Monitoring	1	3	3	3
OT/PT Limit with Prior Authorization	(85)	(206)	(226)	(232)
Additional Funding for FQHC Grants	24,086	1,000	6,800	6,800
Rural EMS Uncompensated Care Pool	-	-	2,721	2,721
DHS Operating Adjustment	1,084	2,213	2,213	2,213
MDH Operating Adjustment	1,411	2,857	2,857	2,857
Repeal Contingent Appropriation	(21,000)	-	-	-
Eliminate MinnesotaCare Coverage for Undocumented Individuals	(13,248)	(43,648)	(45,062)	(46,520)
Minnesota Premium Security Plan	-	145,000	-	-
End of 2025 Session Balance	240,912	20,614	(5,332)	27,499

CHAPTER 7 AGRICULTURE, ENVIRONMENT, AND NATURAL RESOURCES

[Laws 2025, Chapter 34](#) and [Laws 2025, First Special Session, Chapter 1](#) enacted the Agriculture, Environment, and Natural Resources budget for FY 2026-27. In addition, [Laws 2025, Chapter 36](#) made appropriations from the constitutionally dedicated Legacy funds (see Appendix C for more detail).

Chapter 34 contained appropriations to the Department of Agriculture (MDA), the Board of Animal Health, and the Agriculture Utilization Research Institute. Chapter 1

made appropriations to the Pollution Control Agency (PCA), the Department of Natural Resources (DNR), the Metropolitan Council, the Minnesota Conservation Corps, the Board of Water and Soil Resources, the Minnesota Zoo, and the Science Museum. Chapter 1 also appropriated money from the Environment and Natural Resources Trust Fund (see Appendix C for more detail).

Chart 1 and Table 1 display Agriculture, Environment, and Natural Resources appropriations since FY 2018-19 and divide

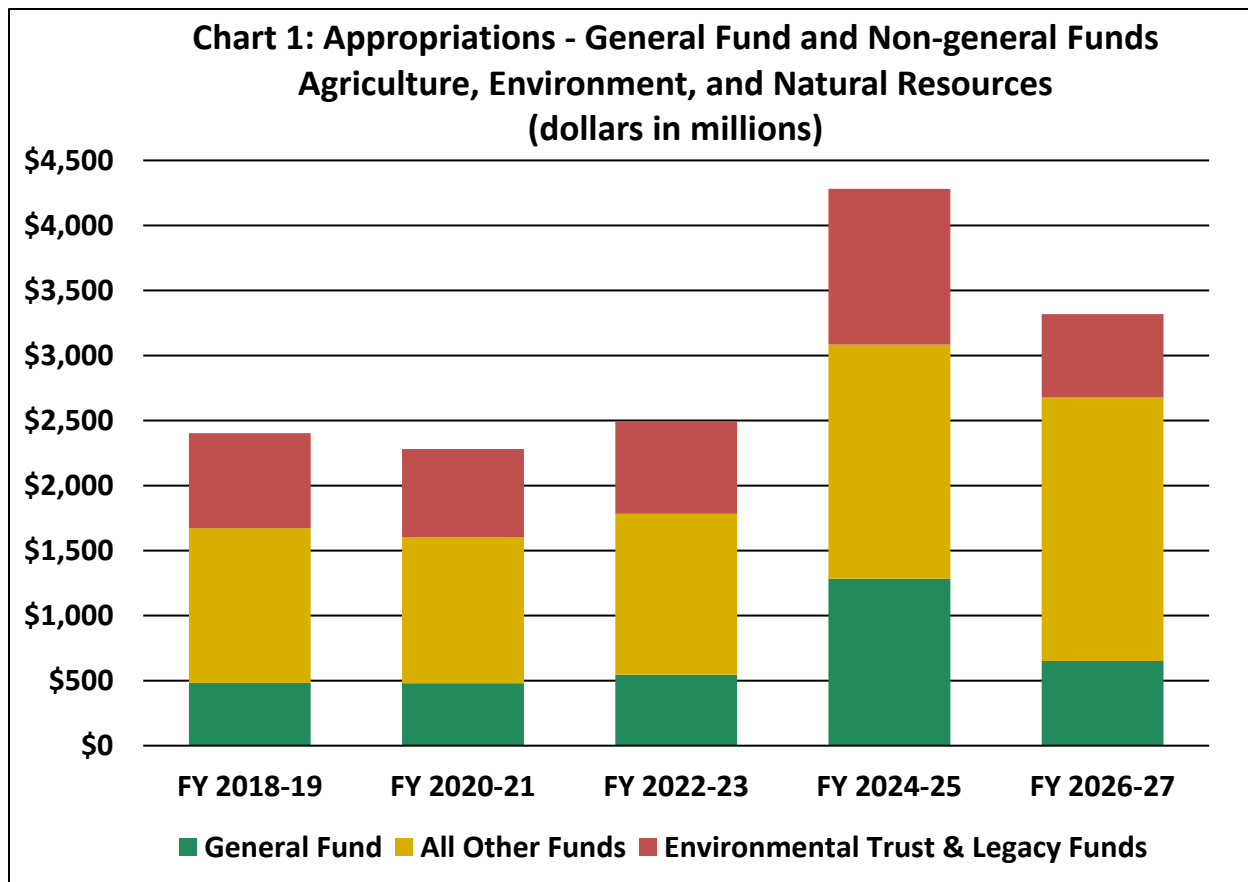


Table 1 - Agriculture, Environment, and Natural Resources Appropriations - General Fund and Non-general Funds <i>(dollars in thousands)</i>					
Fund	FY 2018-19	FY 2020-21	FY 2022-23	FY 2024-25	FY 2026-27
General Fund	482,377	479,932	546,540	1,285,018	650,600
Environmental Trust and Legacy Funds	731,354	676,089	713,904	1,196,815	641,156
All Other Funds	1,189,381	1,124,711	1,236,018	1,800,045	2,026,570
Total	2,403,113	2,280,732	2,496,462	4,281,878	3,318,326
<u>Change vs Previous</u>					
<u>Biennium</u>					
General Fund	NA	(2,445)	66,608	738,478	(634,418)
Percent Change	NA	-0.5%	13.9%	135.1%	-49.4%
All Funds	NA	(122,381)	215,730	1,785,416	(963,552)
Percent Change	NA	-5.1%	9.5%	71.5%	-22.5%

each biennium between the General Fund and non-general funds. As shown in Table 2b, the enacted all funds budget in FY 2026-27 increased \$730 million, or 28.2 percent, above the February 2025 forecast, and decreased \$963 million, or 22.5 percent, below FY 2024-25. General Fund appropriations in FY 2026-27 totaled \$651 million, an increase of \$29.2 million, or 4.7 percent, above the February 2025 forecast, and a decrease of \$634.4 million, or 49.4 percent, below FY 2024-25.

Agriculture

The majority of the FY 2026-27 Agriculture appropriations from the General Fund occurred in Chapter 34, including, compared to the forecast:

- \$1.5 million one-time to MDA for meat inspection;
- \$1 million one-time to MDA for county agricultural inspectors;
- \$1.4 million for MDA to support a local food purchasing assistance program; and
- a \$3 million one-time transfer in FY 2026 to the Public Facilities Authority for a grant to First District Association for a dairy processing wastewater treatment project.

Chapter 34 also included an estimated \$5.1 million increase in food licensing fees in FY 2026-27. This fee revenue is deposited in the Agricultural Fund and statutorily appropriated to MDA to modernize its food licensing and inspection programs.

Environment and Natural Resources

Chapter 1 contained the non-dedicated appropriations for Environment and Natural Resources. Enacted General Fund budget highlights for FY 2026-27, compared to the February 2025 forecast, included:

- a \$2 million reduction for county feedlot improvement grants through the PCA;
- \$1.2 million one-time to DNR for agency legal costs to respond to challenges to DNR's regulatory and resource management decisions;
- \$900,000 one-time to DNR and \$900,000 one-time to the Metropolitan Council for community tree replacement grants; and
- \$5 million one-time to Explore Minnesota for costs related to hosting the 2026 World Junior Hockey Championship tournament in Minnesota.

FY 2026-27 budget highlights from non-general funds, compared to the February forecast, included:

- \$1.4 million to PCA from the Environmental Fund to increase the agency's capacity to address permitting backlogs;
- \$13 million to PCA from the Closed Landfill Investment Fund for closed landfill activities, which extended a previous statutory appropriation that expired;
- an additional \$6.5 million from the Natural Resources Fund to DNR for aquatic invasive species (AIS) management programs, which offset a

\$2.4 million reduction in General Fund spending for AIS. The increased appropriation was funded by an increase to the AIS fee paid by boat owners, from a flat \$11.70 per boat to a graduated fee based on the size of the boat; and

- an additional \$3.1 million to DNR from the Natural Resources Fund, funded by increased fees for users of large amounts of groundwater for industrial or agricultural purposes. This increased appropriation partially offset a reduction of \$3.4 million in General Fund spending for groundwater management.

Table 2a - Agriculture, Environment, and Natural Resources
All Funds Biennial Spending/Appropriations by Agency and Fund
(dollars in thousands)

Agency/Fund	FY 2024-25 Spending*	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
Department of Agriculture					
General Fund	174,948	128,278	140,487	(34,461)	12,209
Agriculture Fund	107,919	111,269	119,127	11,208	7,858
Special Revenue Fund	19,026	18,545	18,545	(481)	-
Gift Fund	393	12	12	(381)	-
Remediation Fund	4,605	4,798	4,798	193	-
Expenses in Multiple Funds	(13,756)	(13,769)	(13,769)	(13)	-
ARP-State Fiscal Recovery Fund	5,500	-	-	(5,500)	-
<u>Federal Fund</u>	<u>43,535</u>	<u>39,418</u>	<u>39,418</u>	<u>(4,117)</u>	<u>-</u>
Subtotal for Department of Agriculture	342,170	288,551	308,618	(33,552)	20,067
<i>Environment Trust/Legacy Funds</i>					
Environment and Natural Resources Trust Fund	1,243	-	450	(793)	450
Arts and Cultural Heritage Fund	850	-	1,500	650	1,500
<u>Clean Water Fund</u>	<u>44,282</u>	<u>-</u>	<u>33,350</u>	<u>(10,932)</u>	<u>33,350</u>
Subtotal Environment Trust/Legacy Funds	46,374	-	35,300	(11,074)	35,300
Total Department of Agriculture	388,544	288,551	343,918	(44,626)	55,367
Board of Animal Health					
General Fund	12,678	12,820	13,475	797	655
Special Revenue Fund	213	130	130	(83)	-
Federal Fund	4,207	1,242	1,242	(2,965)	-

Agency/Fund	FY 2024-25 Spending*	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
Total Board of Animal Health	17,097	14,192	14,847	(2,250)	655
Agricultural Utilization Research Institute					
General Fund	10,711	8,686	8,822	(1,889)	136
Total Agricultural Utilization Research Institute	10,711	8,686	8,822	(1,889)	136
Pollution Control Agency					
General Fund	286,518	17,458	14,514	(272,004)	(2,944)
Environmental Fund	223,550	236,124	250,523	26,973	14,399
Gift Fund	27,716	13,200	13,200	(14,516)	-
Remediation Fund	325,515	304,243	307,940	(17,575)	3,697
Closed Landfill Investment Fund	8,222	-	13,000	4,778	13,000
Special Revenue Fund	95,081	94,674	94,674	(407)	-
State Government Special Revenue Fund	180	184	184	4	-
Renewable Development Account	1,000	-	-	(1,000)	-
Expenses in Multiple Funds	(90,784)	(78,544)	(78,544)	12,240	-
<u>Federal Fund</u>	<u>96,132</u>	<u>210,214</u>	<u>210,214</u>	<u>114,082</u>	<u>-</u>
Subtotal for Pollution Control Agency	973,130	797,553	825,705	(147,425)	28,152
<i>Environment Trust/Legacy Funds</i>					
Environment and Natural Resources Trust Fund	5,696	-	550	(5,146)	550
<u>Clean Water Fund</u>	<u>61,320</u>	<u>-</u>	<u>49,203</u>	<u>(12,117)</u>	<u>49,203</u>
<i>Subtotal Environment Trust/Legacy Funds</i>	<i>67,016</i>	<i>-</i>	<i>49,753</i>	<i>(17,263)</i>	<i>49,753</i>
Total Pollution Control Agency	1,040,145	797,553	875,458	(164,687)	77,905
Department of Natural Resources					
General Fund	517,039	350,741	357,483	(159,556)	6,742
Game and Fish Fund	285,220	279,406	280,726	(4,494)	1,320

Agency/Fund	FY 2024-25 Spending*	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
Natural Resources Fund	287,359	280,396	299,184	11,825	18,788
Remediation Fund	1,378	23,187	23,187	21,809	-
Special Revenue Fund	382,127	370,136	370,236	(11,891)	100
Endowment and Permanent School Fund	1,914	1,412	1,460	(454)	48
Gift Fund	4,884	5,644	5,644	760	-
Expenses in Multiple Funds	(254,685)	(210,650)	(210,650)	44,035	-
<u>Federal Fund</u>	<u>104,352</u>	<u>173,538</u>	<u>173,538</u>	<u>69,186</u>	<u>-</u>
Subtotal for Department of Natural Resources	1,329,587	1,273,810	1,300,808	(28,779)	26,998
<i>Environment Trust/Legacy Funds</i>					
Environment and Natural Resources Trust Fund	153,527	-	85,737	(67,790)	85,737
Clean Water Fund	28,653	-	28,800	147	28,800
Outdoor Heritage Fund	393,287	-	143,835	(249,452)	143,835
<u>Parks and Trails Fund</u>	<u>122,740</u>	<u>-</u>	<u>78,631</u>	<u>(44,109)</u>	<u>78,631</u>
<i>Subtotal Environment Trust/Legacy Funds</i>	<i>698,206</i>	<i>-</i>	<i>337,003</i>	<i>(361,203)</i>	<i>337,003</i>
Total Department of Natural Resources	2,027,793	1,273,810	1,637,811	(389,982)	364,001
Board of Water and Soil Resources					
General Fund	120,181	31,584	35,247	(84,934)	3,663
Special Revenue Fund	30,103	25,009	25,009	(5,094)	-
Gift Fund	6	-	-	(6)	-
Expenses in Multiple Funds	(252)	(200)	(200)	52	-
<u>Federal Fund</u>	<u>7,308</u>	<u>6,396</u>	<u>6,396</u>	<u>(912)</u>	<u>-</u>
Subtotal for Board of Water and Soil Resources	157,346	62,789	66,452	(90,894)	3,663
<i>Environment Trust/Legacy Funds</i>					
Environment and Natural Resources Trust Fund	2,660	-	-	(2,660)	-
Clean Water Fund	227,262	-	139,336	(87,926)	139,336

Agency/Fund	FY 2024-25 Spending*	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
<u>Outdoor Heritage Fund</u>	<u>79,243</u>	-	<u>17,540</u>	<u>(61,703)</u>	<u>17,540</u>
<i>Subtotal Environment Trust/Legacy Funds</i>	<i>309,165</i>	<i>-</i>	<i>156,876</i>	<i>(152,289)</i>	<i>156,876</i>
Total Board of Water and Soil Resources	466,511	62,789	223,328	(243,183)	160,539
Minnesota Conservation Corps					
General Fund	1,160	1,160	1,160	-	-
Natural Resources Fund	979	980	980	1	-
Total Minnesota Conservation Corps	2,139	2,140	2,140	1	-
Metropolitan Council					
General Fund	29,455	5,080	6,730	(22,725)	1,650
<u>Natural Resources Fund</u>	<u>19,800</u>	<u>17,900</u>	<u>18,400</u>	<u>(1,400)</u>	<u>500</u>
Subtotal for Metropolitan Council	49,255	22,980	25,130	(24,125)	2,150
<i>Environment Trust/Legacy Funds</i>					
Environment and Natural Resources Trust Fund	5,721	-	-	(5,721)	-
Clean Water Fund	3,750	-	4,150	400	4,150
<u>Parks and Trails Fund</u>	<u>57,739</u>	-	<u>51,532</u>	<u>(6,207)</u>	<u>51,532</u>
<i>Subtotal Environment Trust/Legacy Funds</i>	<i>67,210</i>	<i>-</i>	<i>55,682</i>	<i>(11,528)</i>	<i>55,682</i>
Total Metropolitan Council	116,465	22,980	80,812	(35,653)	57,832
Minnesota Zoo					
General Fund	27,546	27,164	28,202	656	1,038
Special Revenue Fund	56,064	47,822	47,822	(8,242)	-
Gift Fund	13,222	2,810	2,810	(10,412)	-
Natural Resources Fund	660	510	510	(150)	-
Expenses in Multiple Funds	(260)	(250)	(250)	10	-
<u>Federal Fund</u>	<u>381</u>	<u>220</u>	<u>220</u>	<u>(161)</u>	-

Agency/Fund	FY 2024-25 Spending*	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
Subtotal for Minnesota Zoo	97,613	78,276	79,314	(18,299)	1,038
<i>Environment Trust/Legacy Funds</i>					
Environment and Natural Resources Trust Fund	993	-	476	(517)	476
<u>Arts and Cultural Heritage Fund</u>	<u>4,002</u>	<u>-</u>	<u>3,400</u>	<u>(602)</u>	<u>3,400</u>
<i>Subtotal Environment Trust/Legacy Funds</i>	<i>4,995</i>	<i>-</i>	<i>3,876</i>	<i>(1,119)</i>	<i>3,876</i>
Total Minnesota Zoo	102,608	78,276	83,190	(19,418)	4,914
Science Museum					
General Fund	10,210	2,520	2,720	(7,490)	200
<i>Environment Trust/Legacy Funds</i>					
<u>Environment and Natural Resources Trust Fund</u>	<u>3,848</u>	<u>-</u>	<u>2,666</u>	<u>(1,182)</u>	<u>2,666</u>
<i>Subtotal Environment Trust/Legacy Funds</i>	<i>3,848</i>	<i>-</i>	<i>2,666</i>	<i>(1,182)</i>	<i>2,666</i>
Total Science Museum	14,058	2,520	5,386	(8,672)	2,866
Explore Minnesota					
General Fund	66,975	35,714	41,760	(25,215)	6,046
Special Revenue Fund	902	854	854	(48)	-
Federal Fund	332	-	-	(332)	-
Total Explore Minnesota	68,209	36,568	42,614	(25,595)	6,046
Transfer to Metropolitan Landfill Contingency Action Trust Account					
General Fund	27,597	200	-	(27,597)	(200)
Total Transfer to Metropolitan Landfill Contingency Action Trust Account	27,597	200	-	(27,597)	(200)

* As adjusted by FY 2025 changes made by the 2025 Legislature, if any.

Table 2b - Agriculture, Environment, and Natural Resources
All Funds Biennial Spending/Appropriations by Budget Area and Fund
(dollars in thousands)

Fund Totals	FY 2024-25 Spending*	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
Agriculture, Environment, and Natural Resources					
Budget Area - All Agencies					
General Fund	1,285,018	621,405	650,600	(634,418)	29,195
Agriculture Fund	107,919	111,269	119,127	11,208	7,858
Special Revenue Fund	583,515	557,170	557,270	(26,245)	100
Gift Fund	46,220	21,666	21,666	(24,554)	-
Remediation Fund	331,498	332,228	335,925	4,427	3,697
Environmental Fund	223,550	236,124	250,523	26,973	14,399
Closed Landfill Investment Fund	8,222	-	13,000	4,778	13,000
State Government Special Revenue Fund	180	184	184	4	-
Game and Fish Fund	285,220	279,406	280,726	(4,494)	1,320
Natural Resources Fund	308,797	299,786	319,074	10,277	19,288
Endowment and Permanent School Fund	1,914	1,412	1,460	(454)	48
Renewable Development Account	1,000	-	-	(1,000)	-
ARP-State Fiscal Recovery Fund	5,500	-	-	(5,500)	-
Expenses in Multiple Funds	(359,736)	(303,413)	(303,413)	56,323	-
<u>Federal Fund</u>	<u>256,247</u>	<u>431,028</u>	<u>431,028</u>	<u>174,781</u>	<u>-</u>
Subtotal for Non-Dedicated Funds	3,085,063	2,588,265	2,677,170	(407,893)	88,905
<i>Environment Trust/Legacy Funds</i>					
Environment and Natural Resources Trust Fund	173,687	-	89,879	(83,808)	89,879
Outdoor Heritage Fund	472,530	-	161,375	(311,155)	161,375
Clean Water Fund	365,267	-	254,839	(110,428)	254,839
Parks and Trails Fund	180,479	-	130,163	(50,316)	130,163

Fund Totals	FY 2024-25 Spending*	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
<u>Arts and Cultural Heritage Fund</u>	<u>4,852</u>	<u>-</u>	<u>4,900</u>	<u>48</u>	<u>4,900</u>
<i>Subtotal Environment Trust/Legacy Funds</i>	<i>1,196,815</i>	<i>-</i>	<i>641,156</i>	<i>(555,659)</i>	<i>641,156</i>
Total for Budget Area	4,281,878	2,588,265	3,318,326	(963,552)	730,061
Percent Change				-22.5%	28.2%
General Fund Percent of All Funds	30.0%	24.0%	19.6%		

* As adjusted by FY 2025 changes made by the 2025 Legislature, if any.

Table 3 - Agriculture, Environment, and Natural Resources
General Fund Changes Compared to Forecast
(dollars in thousands)

Appropriation Changes by Agency	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Department of Agriculture						
Operating Increase	557	1,127	1,684	1,127	1,127	2,254
Wolf Compensation	100	75	175	-	-	-
Elk Crop Damage Compensation	100	75	175	-	-	-
Meat Inspection	750	750	1,500	-	-	-
County Agricultural Inspectors	500	500	1,000	-	-	-
Biofertilizer Innovation and Efficiency Pilot Program	250	250	500	-	-	-
Olmsted County Soil Health Program Study	75	-	75	-	-	-
Farm Safety Health and Wellness	100	100	200	50	50	100
AGRI: Biofuels Infrastructure Grant Reduction	(250)	(250)	(500)	(250)	(250)	(500)
AGRI: Livestock Processing	100	-	100	-	-	-
AGRI: Farm to School and Early Care	300	250	550	342	342	684
AGRI: Urban Agriculture Grant Reduction	(250)	(250)	(500)	(250)	(250)	(500)
AGRI: Protect Grant (Specified for Avian Influenza)	250	150	400	-	-	-
AGRI Works Program	525	525	1,050	-	-	-
AGRI Undesignated Increase	-	-	-	25	25	50
AGREETT: Farm Business Management						
Minnesota Agricultural Education Leadership Council (MAELC)	250	250	500	-	-	-

Appropriation Changes by Agency	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
AGREETT: Minnesota Agriculture and Rural Leadership Program	75	75	150			
MAELC Grants	50	50	100	-	-	-
Farm Down Payment Assistance Grants	250	250	500	-	-	-
Milk Grant Program	1,000	1,000	2,000	1,000	1,000	2,000
Second Harvest Heartland	(1,700)	(1,700)	(3,400)	(1,700)	(1,700)	(3,400)
Southern Minnesota Initiative Foundation	(25)	(25)	(50)	(25)	(25)	(50)
Dairy Processing Wastewater Assistance: First District Association	3,000	-	3,000	-	-	-
Local Food Purchasing Assistance Program	700	700	1,400	700	700	1,400
Broadband Installation Study	50	-	50	-	-	-
Fertilizer Management Report	50	-	50	-	-	-
Agricultural Emergency Account Transfer	1,500	-	1,500	-	-	-
AGRI: DAIRI Grant Reduction (FY 2025)	(1,000)	-	(1,000)	-	-	-
Green Fertilizer Grant Reduction (FY 2025)	(3,000)	-	(3,000)	-	-	-
Total Department of Agriculture	4,307	3,902	8,209	1,019	1,019	2,038
Board of Animal Health						
Operating Increase	265	390	655	390	390	780
Total Board of Animal Health	265	390	655	390	390	780
Agricultural Utilization Research Institute						
Operating Increase	45	91	136	91	91	182
Total Agricultural Utilization Research Institute	45	91	136	91	91	182

Appropriation Changes by Agency	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Pollution Control Agency						
Operating Adjustment	148	298	446	298	298	596
County Feedlot Grant Program	(1,000)	(1,000)	(2,000)	(1,000)	(1,000)	(2,000)
Municipal Liaison	(348)	(348)	(696)	(348)	(348)	(696)
Water Program Operations	(140)	(140)	(280)	(140)	(140)	(280)
Eliminate Funding for Report on Fish Kills	(7)	(7)	(14)	(7)	(7)	(14)
Recycling and Composting Grants	(300)	(300)	(600)	(146)	(146)	(292)
Outreach Activities	200	-	200	-	-	-
Transfer PFAS Report to Department of Health (FY 2025)	(175)	-	(175)	-	-	-
Resilient Communities Grant Reduction (FY 2025)	(3,000)	-	(3,000)	-	-	-
Total Pollution Control Agency	(4,622)	(1,497)	(6,119)	(1,343)	(1,343)	(2,686)
Department of Natural Resources						
Operating Adjustment	4,541	4,199	8,740	4,199	4,199	8,398
Groundwater Management	(1,680)	(1,680)	(3,360)	(1,680)	(1,680)	(3,360)
Aquatic Invasive Species Program	(1,200)	(1,200)	(2,400)	(1,200)	(1,200)	(2,400)
Complete Land Transfer Mille Lacs County	160	-	160	-	-	-
Sustainable Foraging Task Force	129	-	129	-	-	-
Outdoor Schools For All	848	-	848	-	-	-
Outreach Activities	225	-	225	-	-	-
Community Tree Grants	900	-	900	-	-	-
Legal Expenses	1,200	-	1,200	-	-	-
Anoka River Dam Project	300	-	300	-	-	-
Drought Relief Tree Seedling Reduction (FY 2025)	(2,805)	-	(2,805)	-	-	-

Appropriation Changes by Agency	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Enhancing Grasslands Program Reduction (FY 2025)	(5,500)	-	(5,500)	-	-	-
Total Department of Natural Resources	(2,882)	1,319	(1,563)	1,319	1,319	2,638
Board of Water and Soil Resources						
Operating Adjustment	153	310	463	310	310	620
Keep It Clean Grants - Ice Fishing	200	-	200	-	-	-
Local Road Wetland Replacement Credits	3,000	-	3,000	-	-	-
Soil and Water Conservation Grant Reduction (FY 2025)	(582)	-	(582)	-	-	-
Private and Working Lands Grant Reduction (FY 2025)	(2,848)	-	(2,848)	-	-	-
Total Board of Water and Soil Resources	(77)	310	233	310	310	620
Metropolitan Council						
Community Tree Grants	900	-	900	-	-	-
White Bear Lake Group Water Plan Management	750	-	750	-	-	-
Total Metropolitan Council	1,650	-	1,650	-	-	-
Minnesota Zoo						
Operating Adjustment	343	695	1,038	695	695	1,390
Total Minnesota Zoo	343	695	1,038	695	695	1,390
Science Museum						
Operating Support	200	-	200	-	-	-
Total Science Museum	200	-	200	-	-	-

Appropriation Changes by Agency	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Explore Minnesota						
Operating Adjustment	124	251	375	251	251	502
2026 Special Olympics	671	-	671	-	-	-
World Junior Hockey Championship	5,000	-	5,000	-	-	-
Total Explore Minnesota	5,795	251	6,046	251	251	502
Metropolitan Landfill Contingency Account Transfer						
Repeal Annual Transfer	(100)	(100)	(200)	(100)	(100)	(200)
Total Metropolitan Landfill Contingency Account Transfer	(100)	(100)	(200)	(100)	(100)	(200)
Total General Fund Changes	4,924	5,361	10,285	2,632	2,632	5,264

Table 4 - Agriculture, Environment, and Natural Resources
Non-general Fund Changes Compared to Forecast
(dollars in thousands)

Appropriation Changes by Agency	Fund	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Department of Agriculture							
Grain License Fee Update	Agriculture	-	133	133	311	444	755
Milk Marketing Modernization	Agriculture	5	5	10	5	5	10
Food Licensing Modernization	Agriculture	2,495	2,570	5,065	2,570	2,570	5,140
Cottage Food Licensing Updates	Agriculture	-	-	-	16	4	20
AGREETT: Farm Business Management MAELC	Agriculture	250	250	500	-	-	-
AGREETT: Minnesota Agriculture and Rural Leadership Program	Agriculture	75	75	150	-	-	-
Grain Indemnity Account Transfer	Agriculture	500	-	500	-	-	-
Agricultural Emergency Account Transfer	Agriculture	1,500	-	1,500	-	-	-
Total Department of Agriculture		4,825	3,033	7,858	2,902	3,023	5,925
Pollution Control Agency							
Operating Adjustment	Environmental	3,751	4,965	8,716	4,965	4,965	9,930
Permitting Efficiency	Environmental	700	700	1,400	700	700	1,400
Air Monitoring	Environmental	649	1,298	1,947	1,298	1,298	2,596
Mercury Skin Lightening Cream Prevention	Environmental	405	355	760	355	355	710
Municipal Liaison	Environmental	348	348	696	348	348	696
Water Program Operations	Environmental	140	140	280	140	140	280
Recycling and Composting Grants	Environmental	300	300	600	146	146	292

Appropriation Changes by Agency	Fund	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Operating Adjustment	Remediation	1,365	1,632	2,997	1,632	1,632	3,264
Site Assessment Backlog	Remediation	350	350	700	350	350	700
Closed Landfill Operations	Closed Landfill Investment	6,500	6,500	13,000	6,500	6,500	13,000
Total Pollution Control Agency		14,508	16,588	31,096	16,434	16,434	32,868
Department of Natural Resources							
Operating Adjustment	Natural Resources	1,863	4,909	6,772	4,909	4,909	9,818
Groundwater Management	Natural Resources	1,680	2,670	4,350	2,670	2,670	5,340
Aquatic Invasive Species Program	Natural Resources	2,520	2,520	5,040	2,520	2,520	5,040
Land and Water Conservation Fund Increase	Natural Resources	500	500	1,000	500	500	1,000
All-Terrain Vehicle Trail Grants	Natural Resources	952	-	952	-	-	-
Off-Highway Motorcycle Trail Grants	Natural Resources	75	75	150	75	75	150
Abandoned Watercraft Enforcement	Natural Resources	262	262	524	262	262	524
Operating Adjustment	Game and Fish Permanent	283	1,037	1,320	1,037	1,037	2,074
Operating Adjustment	School Special	18	30	48	30	30	60
Abandoned Watercraft Enforcement	Revenue	50	50	100	50	50	100
Total Department of Natural Resources		8,203	12,053	20,256	12,053	12,053	24,106

Appropriation Changes by Agency	Fund	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Metropolitan Council							
Operating Adjustment	Natural Resources	250	250	500	250	250	500
Total Metropolitan Council		250	250	500	250	250	500
Total Non-general Fund Changes		27,786	31,924	59,710	31,639	31,760	63,399

Table 5 - Agriculture, Environment, and Natural Resources
Revenue Changes Compared to Forecast
(dollars in thousands)

Revenue Changes by Agency	Fund	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Department of Agriculture							
Grain License Fee Update	Agriculture	-	133	133	311	444	755
Milk Marketing Modernization	Agriculture	5	5	10	5	5	10
Food Licensing Modernization	Agriculture	2,495	2,570	5,065	2,570	2,570	5,140
Cottage Food License Updates	Agriculture	-	-	-	358	358	716
Total Department of Agriculture		2,500	2,708	5,208	3,244	3,377	6,621
Pollution Control Agency							
Air Monitoring	Environmental	649	1,298	1,947	1,298	1,298	2,596
Total Pollution Control Agency		649	1,298	1,947	1,298	1,298	2,596
Department of Natural Resources							
Aquatic Invasive Species Boat Fee	Natural Resources	2,150	4,300	6,450	4,300	4,300	8,600
Groundwater Use Fee	Natural Resources	157	2,935	3,092	2,935	2,935	5,870
Disabled Veterans Fishing and Hunting License Fee Reduction	Game and Fish	-	(66)	(66)	(66)	(66)	(132)
Abandoned Watercraft Recovery Fines	Special Revenue	50	50	100	50	50	100
Total Department of Natural Resources		2,357	7,219	9,576	7,219	7,219	14,438
Total Revenue Changes		5,506	11,225	16,731	11,761	11,894	23,655

CHAPTER 8

JOBS, COMMERCE, AND ENERGY

[Laws 2025, Chapter 32](#) (the Omnibus Housing and Homelessness Prevention Act) and [Laws 2025, First Special Session, Chapters 4](#) (the Omnibus Commerce and Consumer Protection Act), [6](#) (the Omnibus Workforce, Labor, and Economic Development Act), and [7](#) (the Omnibus Energy, Utilities, Environment, and Climate Act) enacted the majority of FY 2026-27 appropriations for the Jobs, Commerce, and Energy budget area.

Chart 1 and Table 1 display Jobs, Commerce, and Energy appropriations since FY 2018-19

and divide each biennium between the General Fund and non-general funds. As shown in Table 2b, the enacted all funds budget in FY 2026-27 increased \$422.3 million, or 13.1 percent, above the February 2025 forecast, and decreased \$3.3 billion, or 47.3 percent, below FY 2024-25. General Fund appropriations in FY 2026-27 totaled \$655.1 million, a decrease of \$11.7 million, or 1.8 percent, below the February 2025 forecast, and a decrease of \$3.3 billion, or 83.2 percent, below FY 2024-25.

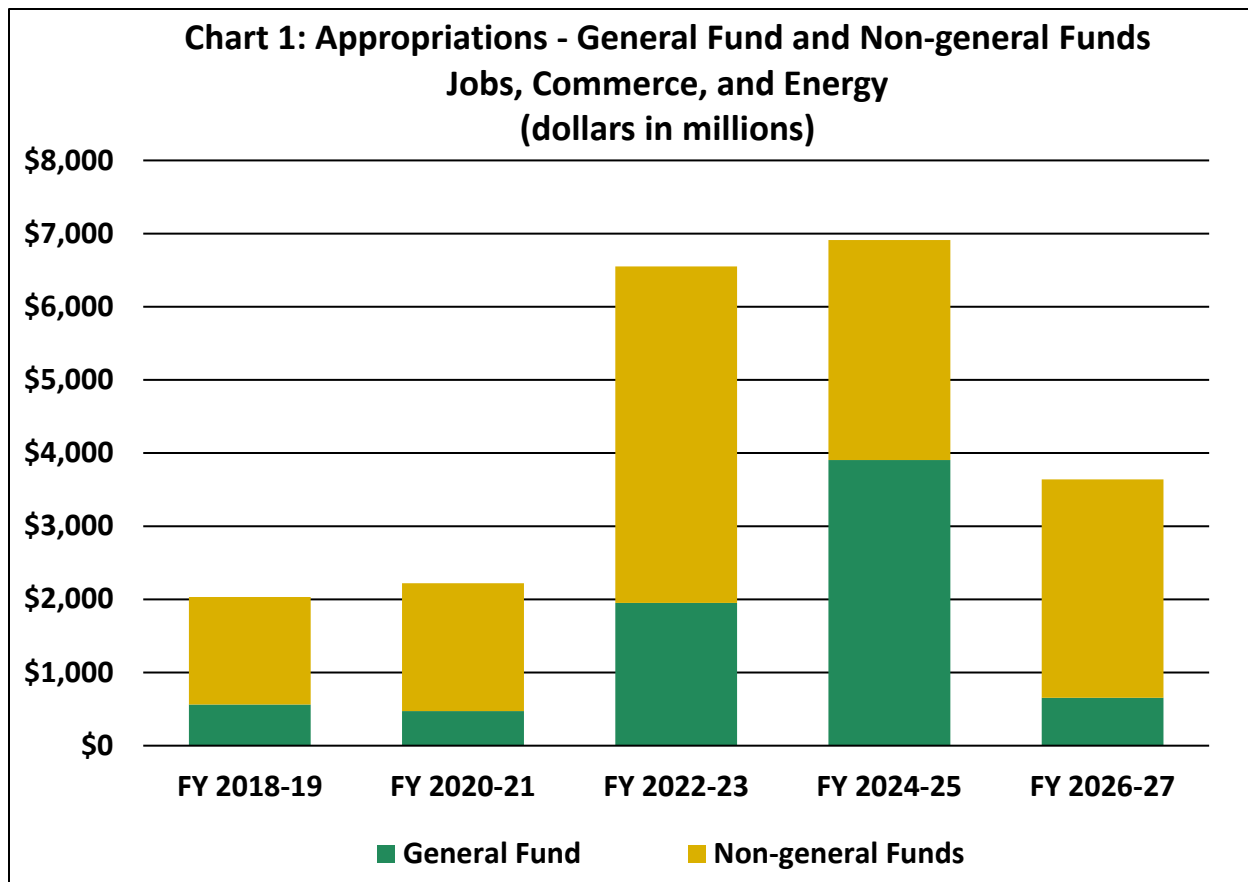


Table 1 - Jobs, Commerce, and Energy Appropriations - General Fund and Non-general Funds <i>(dollars in thousands)</i>					
Fund	FY 2018-19	FY 2020-21	FY 2022-23	FY 2024-25	FY 2026-27
General Fund	561,789	473,404	1,950,543	3,905,493	655,108
Non-general Funds	1,469,476	1,747,786	4,599,439	3,005,176	2,984,494
Total	2,031,265	2,221,190	6,549,982	6,910,669	3,639,602
<u>Change vs Previous Biennium</u>					
General Fund	NA	(88,385)	1,477,139	1,954,950	(3,250,385)
Percent Change	NA	-15.7%	312.0%	100.2%	-83.2%
All Funds	NA	189,925	4,328,792	360,687	(3,271,067)
Percent Change	NA	9.4%	194.9%	5.5%	-47.3%

Jobs and Economic Development

Chapter 6 established the FY 2026-27 Jobs and Economic Development budget, making appropriations to the Department of Employment and Economic Development (DEED), the Iron Range Resources and Rehabilitation Board, and the Public Facilities Authority (PFA). Budget highlights enacted in Chapter 6 for FY 2026-27 included:

- \$32 million from the Workforce Development Fund for the Vocational Rehabilitation Program at DEED, partially offset by a \$22 million reduction from the General Fund for the same purpose;
- \$12 million one-time from the Workforce Development Fund for the Drive for Five Initiative at DEED;
- \$5.5 million from the General Fund for Providing Resources and Opportunity

and Maximizing Investments in Striving Entrepreneurs (PROMISE) Act Grants at DEED;

- \$3 million one-time from the General Fund for lead service line replacement grants through the PFA;
- a \$6 million reduction from the General Fund for the job creation fund program at DEED; and
- a \$4 million reduction from the General Fund for CanStartup grants at DEED for cannabis microbusinesses.

Additionally, Chapter 6 changed the annual premium rate cap for the Minnesota Paid Leave Program from 1.2 percent to 1.1 percent of taxable wages. The program will begin on January 1, 2026, with a rate of 0.88 percent. The premium rate may be adjusted by DEED annually by July 31 of each year based on program experience and sound

actuarial principles. (See the Fiscal Issue Brief [“Minnesota Paid Leave Program”](#) for additional information.)

Labor and Industry

Chapter 6 established the FY 2026-27 Labor budget, making appropriations to the Department of Labor and Industry (DLI), the Bureau of Mediation Services, and the Workers’ Compensation Court of Appeals. Notable changes from the February 2025 forecast included:

- \$620,000 one-time from the General Fund for a new misclassification fraud impact report summarizing the prevalence of worker misclassification in Minnesota and the associated financial effects on misclassified workers, government programs, and tax collections;
- a \$567,000 increase from the General Fund to expand outreach, investigation, and enforcement efforts related to worker misclassification laws, which are projected to generate an additional \$90,000 in General Fund penalty revenue;
- \$7 million one-time from the Workforce Development Fund for a new registered teacher apprenticeship competitive grant program to establish and operate apprenticeship programs that create pathways to teacher licensure;
- \$1 million one-time from the Workforce Development Fund for new initiatives to promote mental health and prevent suicide in the construction industry; and

- a \$4.2 million increase in statutory appropriations from the Construction Code Fund to support the work of DLI’s Construction Codes and Licensing Division. This appropriation is offset by an estimated \$25.5 million increase in Construction Code Fund revenue from increases in fees for service in the electrical inspection, elevator inspection, boiler inspection, plumbing plan review, plumbing inspection, and manufactured structures units.

Commerce and Consumer Protection

Chapter 4 enacted the majority of the Department of Commerce’s FY 2026-27 budget, including the following biennial appropriations, as compared to the forecast:

- \$694,000 from the General Fund to establish a common interest community ombudsperson position, which will facilitate the resolution of disputes between homeowners and associations;
- \$1.1 million from the General Fund for additional staffing in the Division of Financial Institutions to support the regulation of securities activities, which was offset by General Fund revenue from increases to investment advisor and broker-dealer licensing fees; and
- a projected statutory appropriation of \$188,000 for the Division of Weights and Measures to conduct annual inspections of retail electric vehicle supply equipment (EVSE). This appropriation is from the retail EVSE program account in the Special Revenue Fund and is funded

by dedicated revenues from a new \$100 inspection fee per EVSE charging port.

Chapter 4 also contained funding for a two-year extension of Minnesota's premium security plan through FY 2028. The premium security plan, also called the reinsurance program, reduces health insurance premiums by reimbursing health plan companies for claims that meet criteria specified in law. To support the program extension, Chapter 4:

- transferred \$145 million one-time in FY 2026 from the Health Care Access Fund (HCAF) to the premium security plan account in the Special Revenue Fund;
- enacted assessments on group health carriers, payable in FY 2029, that are estimated to generate \$266.8 million in revenues to the premium security plan account; and
- authorized \$266.8 million in tax credits for group health carriers, payable from the General Fund in FY 2030 as reimbursement for the FY 2029 assessments.

As a result of this state funding enacted in Chapter 4, Minnesota is projected to receive federal funding for the premium security plan of \$99.8 million in each of FY 2027 and FY 2028. (For more information on the operations of the premium security plan, see page 78 of the *2017 Fiscal Review*.)

Chapter 4 also contained FY 2026-27 appropriations for the Office of Cannabis Management (OCM), the primary regulatory body for legalized adult-use cannabis.

Chapter 4 reduced OCM's FY 2026-27 General Fund appropriations for CanRenew community renewal grants by \$7.5 million and reduced the FY 2028-29 planning estimates for the grants by \$17 million, compared to the forecast.

Additionally, [Laws 2025, Chapter 31](#) enacted an annual licensing fee of \$10,000 for lower-potency hemp edible wholesalers, with projected General Fund revenue of \$246,000 in FY 2026-27.

Housing Finance Agency

Chapter 32 appropriated \$183.9 million in FY 2026-27 from the General Fund to the Housing Finance Agency. Notable enacted budget changes, compared to the forecast, included:

- \$8.4 million for a one-time increase in the family homeless prevention and assistance program;
- \$2 million for a one-time increase in the economic development and housing challenge program;
- \$2 million for a one-time increase in the workforce homeownership program;
- \$2 million one-time for greater Minnesota housing infrastructure grants to cities and counties of up to 50 percent of the capital costs of public infrastructure necessary for eligible workforce housing development projects; and
- \$4 million one-time for two down payment assistance programs for first-generation homebuyers.

Energy and Utilities

Chapter 7 contained appropriations for the Public Utilities Commission (PUC) and the Department of Commerce's Division of Energy Resources. Highlights of enacted FY 2026-27 appropriations in Chapter 7, compared to the forecast, included:

- a \$4 million General Fund reduction to the Department of Commerce for grants for weatherization measures in residential buildings;
- \$608,000 to the Department of Commerce and \$428,000 to the PUC from the Special Revenue Fund to allow public gas utilities to use bonding for the costs of infrastructure replacement in the event of extraordinary weather events;
- \$1.6 million to the PUC from the General Fund for technology maintenance and improvements; and
- \$1.1 million to the PUC from the General Fund for additional staffing for natural gas utility planning and coordination.

Table 2a - Jobs, Commerce, and Energy
All Funds Biennial Spending/Appropriations by Agency and Fund
(dollars in thousands)

Agency/Fund	FY 2024-25 Spending*	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
Department of Employment and Economic Development					
General Fund	881,246	270,739	240,731	(640,515)	(30,008)
Petroleum Tank Release Cleanup Fund	12,490	9,315	9,315	(3,175)	-
Workforce Development Fund	73,820	46,554	130,046	56,226	83,492
Gift Fund	880	842	842	(38)	-
Remediation Fund	2,607	1,400	1,400	(1,207)	-
Special Revenue Fund	411,197	137,573	132,573	(278,624)	(5,000)
ARP-State Fiscal Recovery Fund	622	-	-	(622)	-
Climate and Economic Development Fund	210,000	177,500	177,500	(32,500)	-
Expenses in Multiple Funds	(54,177)	(60,000)	(60,000)	(5,823)	-
Federal Fund	736,669	675,778	675,778	(60,891)	-
Total Department of Employment and Economic Development	2,275,354	1,259,701	1,308,185	(967,169)	48,484
Department of Labor and Industry					
General Fund	17,666	14,443	16,398	(1,268)	1,955
Construction Code Fund	82,977	84,075	88,239	5,262	4,164
Special Revenue Fund	22,011	22,530	22,530	519	-
Workers' Compensation Fund	110,936	110,343	114,421	3,485	4,078
Workforce Development Fund	15,726	13,652	22,978	7,252	9,326
ARP-State Fiscal Recovery Fund	125	-	-	(125)	-

Agency/Fund	FY 2024-25 Spending*	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
Expenses in Multiple Funds	(13,534)	(12,283)	(12,283)	1,251	-
Federal Fund	15,559	16,369	16,369	810	-
Total Department of Labor and Industry	251,466	249,129	268,652	17,186	19,523
Bureau of Mediation Services					
General Fund	7,455	7,550	7,710	255	160
Total Bureau of Mediation Services	7,455	7,550	7,710	255	160
Workers' Compensation Court of Appeals					
Workers' Compensation Fund	5,146	5,126	5,857	711	731
Total Workers' Compensation Court of Appeals	5,146	5,126	5,857	711	731
Public Facilities Authority					
General Fund	-	-	3,000	3,000	3,000
Special Revenue Fund	<u>2,797</u>	<u>1,231</u>	<u>1,231</u>	<u>(1,566)</u>	-
Subtotal for Non-Dedicated Funds	2,797	1,231	4,231	1,434	3,000
<i>Environment Trust/Legacy Funds</i>					
<u>Clean Water Fund</u>	28,761	-	16,540	(12,221)	16,540
<i>Subtotal Environment Trust/Legacy Funds</i>	28,761	-	16,540	(12,221)	16,540
Total Public Facilities Authority	31,558	1,231	20,771	(10,787)	19,540
Board of Iron Range Resources and Rehabilitation					
General Fund	5,188	5,178	5,178	(10)	-
Iron Range Resources Fund	199,336	143,523	143,523	(55,813)	-
Federal Fund	2,200	5,785	5,785	3,585	-
Douglas J Johnson Economic Protection Trust Fund	32,857	17,952	17,952	(14,905)	-

Agency/Fund	FY 2024-25 Spending*	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
Total Board of Iron Range Resources and Rehabilitation	239,580	172,438	172,438	(67,142)	-
Department of Commerce					
General Fund	190,896	103,053	101,605	(89,291)	(1,448)
Renewable Development Account	55,591	9,600	9,600	(45,991)	-
Petroleum Tank Release Cleanup Fund	12,649	15,764	16,764	4,115	1,000
Workers' Compensation Fund	1,582	1,630	1,200	(382)	(430)
Special Revenue Fund	366,815	317,216	487,118	120,303	169,902
Climate and Economic Development Fund	9,563	30,325	30,325	20,762	-
Expenses in Multiple Funds	(5,468)	(5,250)	(5,250)	218	-
Federal Fund	605,112	697,841	847,102	241,990	149,261
Total Department of Commerce	1,236,739	1,170,179	1,488,464	251,725	318,285
Public Utilities Commission					
General Fund	22,165	22,947	26,747	4,582	3,800
Renewable Development Account	1,000	-	-	(1,000)	-
Special Revenue Fund	3,309	14,284	15,234	11,925	950
Total Public Utilities Commission	26,474	37,231	41,981	15,507	4,750
Climate Innovation Finance Authority					
General Fund	951	2,016	2,016	1,065	-
Climate and Economic Development Fund	20,000	-	-	(20,000)	-
Total Climate Innovation Finance Authority	20,951	2,016	2,016	(18,935)	-
Office of Cannabis Management					
General Fund	43,812	76,443	69,793	25,981	(6,650)
State Government Special Revenue Fund	2,526	-	-	(2,526)	-

Agency/Fund	FY 2024-25 Spending*	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
Gift Fund	1	-	-	(1)	-
Special Revenue Fund	2,061	2,110	2,110	49	-
Total Office of Cannabis Management	48,400	78,553	71,903	23,503	(6,650)
Housing Finance Agency					
General Fund	1,112,076	166,496	183,946	(928,130)	17,450
Total Housing Finance Agency	1,112,076	166,496	183,946	(928,130)	17,450
MMB Non-Operating					
General Fund	1,375,524	-	-	(1,375,524)	-
Total MMB Non-Operating	1,375,524	-	-	(1,375,524)	-
Transfer to Premium Security Account					
General Fund	229,465	-	-	(229,465)	-
Total Transfer to Premium Security Account	229,465	-	-	(229,465)	-
Dislocated Worker Program					
Workforce Development Fund	50,479	67,679	67,679	17,200	-
Total Dislocated Worker Program	50,479	67,679	67,679	17,200	-

* As adjusted by FY 2025 changes made by the 2025 Legislature, if any.

Table 2b - Jobs, Commerce, and Energy
All Funds Biennial Spending/Appropriations by Budget Area and Fund
(dollars in thousands)

Fund Totals	FY 2024-25 Spending*	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
Jobs, Commerce, and Energy Budget Area - All Agencies					
General Fund	3,905,493	666,849	655,108	(3,250,385)	(11,741)
Renewable Development Account	56,591	9,600	9,600	(46,991)	-
Petroleum Tank Release Cleanup Fund	25,139	25,079	26,079	940	1,000
Workforce Development Fund	140,026	127,885	220,703	80,677	92,818
Gift Fund	881	842	842	(39)	-
Construction Code Fund	82,977	84,075	88,239	5,262	4,164
Remediation Fund	2,607	1,400	1,400	(1,207)	-
Special Revenue Fund	808,190	494,944	660,796	(147,394)	165,852
State Government Special Revenue Fund	2,526	-	-	(2,526)	-
Workers' Compensation Fund	117,664	117,099	121,478	3,814	4,379
ARP-State Fiscal Recovery Fund	747	-	-	(747)	-
Climate and Economic Development Fund	220,514	209,841	209,841	(10,673)	-
Iron Range Resources Fund	199,336	143,523	143,523	(55,813)	-
Douglas J Johnson Economic Protection Trust Fund	32,857	17,952	17,952	(14,905)	-
Expenses in Multiple Funds	(73,179)	(77,533)	(77,533)	(4,354)	-
<u>Federal Fund</u>	<u>1,359,540</u>	<u>1,395,773</u>	<u>1,545,034</u>	<u>185,494</u>	<u>149,261</u>
Subtotal for Non-Dedicated Funds	6,881,908	3,217,329	3,623,062	(3,258,846)	405,733

Fund Totals	FY 2024-25 Spending*	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
<i>Environment Trust/Legacy Funds</i>					
<u>Clean Water Fund</u>	<u>28,761</u>	-	<u>16,540</u>	<u>(12,221)</u>	<u>16,540</u>
<i>Subtotal Environment Trust/Legacy Funds</i>	<i>28,761</i>	-	<i>16,540</i>	<i>(12,221)</i>	<i>16,540</i>
Total for Budget Area	6,910,669	3,217,329	3,639,602	(3,271,067)	422,273
Percent Change				-47.3%	13.1%
General Fund Percent of All Funds	56.5%	20.7%	18.0%		

* As adjusted by FY 2025 changes made by the 2025 Legislature, if any.

Table 3 - Jobs, Commerce, and Energy
General Fund Changes Compared to Forecast
(dollars in thousands)

Appropriation Changes by Agency	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Department of Employment and Economic Development						
Small Business Assistance Partnership Program	-	-	-	(1,000)	(1,000)	(2,000)
Contaminated Site Cleanup	-	-	-	(750)	(750)	(1,500)
Host Community Economic Development Program	(165)	(164)	(329)	-	-	-
Job Creation Fund	(3,046)	(3,045)	(6,091)	(2,400)	(2,400)	(4,800)
Redevelopment Grant Program	(1,000)	(1,000)	(2,000)	(1,000)	(1,000)	(2,000)
Emerging Entrepreneur Loan Program (Transfer out)	(500)	(500)	(1,000)	(500)	(500)	(1,000)
Cannabis Start Up Grants (Transfer out)	(2,000)	(2,000)	(4,000)	(1,750)	(1,750)	(3,500)
Cannabis Navigate Grants	(250)	(250)	(500)	(250)	(250)	(500)
MNSBIR Inc.	500	500	1,000	-	-	-
PROMISE Act Grants	5,523	-	5,523	1,402	1,402	2,804
Neighborhood Development Center	500	500	1,000	-	-	-
Community and Economic Development Associates	627	-	627	-	-	-
African Development Center	200	-	200	-	-	-
Enterprise Minnesota: Made in Minnesota	250	250	500	-	-	-
Enterprise Minnesota	250	250	500	-	-	-
Coalition of Asian American Leaders	250	250	500	-	-	-

Appropriation Changes by Agency	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Latino Economic Development Center	250	250	500	-	-	-
Isuroon	150	150	300	-	-	-
Rural Career Counseling Coordinators	(500)	(500)	(1,000)	(500)	(500)	(1,000)
Pathways to Prosperity	(1,429)	(1,429)	(2,858)	-	-	-
Targeted Population Workforce Program	(1,275)	(1,275)	(2,550)	(1,275)	(1,275)	(2,550)
Cannabis Training Grants	(1,750)	(1,750)	(3,500)	(1,250)	(1,250)	(2,500)
COPAL	250	250	500	-	-	-
Minnesota Diversified Industries	450	450	900	-	-	-
Al Maa'uun	250	250	500	-	-	-
General Support Services Operating	752	1,522	2,274	1,522	1,522	3,044
Vocational Rehabilitation Program	(11,071)	(11,071)	(22,142)	(12,500)	(12,500)	(25,000)
Extended Employment Services	(1,000)	(1,000)	(2,000)	(1,000)	(1,000)	(2,000)
Employment Support for Persons with Mental Illness	1,000	1,000	2,000	1,000	1,000	2,000
Arcade Street Construction - Business Assistance	250	-	250	-	-	-
Minnesota Business First Stop Program	444	444	888	369	369	738
Appropriation Cancellations (FY 2025)	(5,900)	-	(5,900)	-	-	-
Total Department of Employment and Economic Development	(17,990)	(17,918)	(35,908)	(19,882)	(19,882)	(39,764)
Department of Labor and Industry						
Labor Standards Division Operating Adjustment	451	599	1,050	438	438	876
Private Sector Personnel Records (consolidated in Labor Standards Operating Adjustment)	(141)	(141)	(282)	(141)	(141)	(282)
Worker Misclassification Enforcement	281	286	567	286	286	572

Appropriation Changes by Agency	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Misclassification Fraud Impact Report	460	160	620	-	-	-
Appropriation Cancellations (FY 2025)	(25)	-	(25)	-	-	-
Total Department of Labor and Industry	1,026	904	1,930	583	583	1,166
Bureau of Mediation Services						
Operating Adjustment	42	86	128	86	86	172
Public Employment Relations Board	11	21	32	21	21	42
Total Bureau of Mediation Services	53	107	160	107	107	214
Public Facilities Authority						
Lead Service Line Replacement Grants	3,000	-	3,000	-	-	-
Total Public Facilities Authority	3,000	-	3,000	-	-	-
Department of Commerce						
Common Interest Community Ombudsperson	347	347	694	347	347	694
Operating Adjustment	1,162	1,840	3,002	1,840	1,840	3,680
Securities Unit Staffing	543	543	1,086	543	543	1,086
State Fraud and Financial Crimes Section	(1,115)	(1,115)	(2,230)	(1,115)	(1,115)	(2,230)
Pre-Weatherization Grants	(2,000)	(2,000)	(4,000)	(2,000)	(2,000)	(4,000)
Total Department of Commerce	(1,063)	(385)	(1,448)	(385)	(385)	(770)
Public Utilities Commission						
Operating Adjustment	236	478	714	478	478	956
Technology and Maintenance Increase	820	820	1,640	820	820	1,640
Tribal Liaison	170	170	340	170	170	340
Natural Gas Utility Planning and Coordination	553	553	1,106	553	553	1,106

Appropriation Changes by Agency	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Total Public Utilities Commission	1,779	2,021	3,800	2,021	2,021	4,042
Office of Cannabis Management						
CanRenew Grant Reductions	(3,746)	(3,746)	(7,492)	(8,511)	(8,511)	(17,022)
Operating Adjustment	278	564	842	564	564	1,128
Total Office of Cannabis Management	(3,468)	(3,182)	(6,650)	(7,947)	(7,947)	(15,894)
Housing Finance Agency						
Economic Development and Housing Challenge	2,000	-	2,000	-	-	-
Workforce Homeownership Program	2,000	-	2,000	-	-	-
Greater Minnesota Housing Infrastructure Grants	2,000	-	2,000	-	-	-
Family Homeless Assistance and Prevention Program	8,350	-	8,350	450	450	900
Community Based First Generation Homebuyer	2,000	-	2,000	-	-	-
Home Ownership Assistance Fund	2,000	-	2,000	-	-	-
Community Stabilization - Single Family Housing Cancellation (FY 2025)	(2,000)	-	(2,000)	-	-	-
Housing Support Account Cancellation	(450)	(450)	(900)	(450)	(450)	(900)
Housing Support Account Cancellation (FY 2025)	(450)	-	(450)	-	-	-
Total Housing Finance Agency	15,450	(450)	15,000	-	-	-
Total General Fund Changes	(1,213)	(18,903)	(20,116)	(25,503)	(25,503)	(51,006)

Table 4 - Jobs, Commerce, and Energy
Non-general Fund Changes Compared to Forecast
(dollars in thousands)

Appropriation Changes by Agency	Fund	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Department of Employment and Economic Development							
Emerging Entrepreneur Loan Program (Transfer In)	Special Revenue	(500)	(500)	(1,000)	(500)	(500)	(1,000)
Cannabis Start Up Grants (Transfer In)	Special Revenue	(2,000)	(2,000)	(4,000)	(1,750)	(1,750)	(3,500)
WomenVenture - Childcare	Workforce Development	250	250	500	-	-	-
Pathways to Prosperity	Workforce Development	3,429	3,429	6,858	-	-	-
Support Services/Self-Sufficiency and Job Training Grants	Workforce Development	750	750	1,500	-	-	-
Youth-at-Work Competitive Grant Program	Workforce Development	1,000	1,000	2,000	-	-	-
All Square	Workforce Development	150	150	300	-	-	-
Ujamaa Place	Workforce Development	400	400	800	-	-	-
Hired	Workforce Development	400	400	800	-	-	-
American Indian Communities - OIC	Workforce Development	500	500	1,000	-	-	-
FATHER Project - Goodwill Easter Seals	Workforce Development	750	750	1,500	-	-	-
Big Brothers Big Sisters	Workforce Development	250	250	500	-	-	-

Appropriation Changes by Agency	Fund	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Minnesota Grocers Association - Carts to Careers	Workforce Development	250	250	500	-	-	-
Hospitality Minnesota - ProStart	Workforce Development	250	250	500	-	-	-
CLUES	Workforce Development	875	875	1,750	-	-	-
Twin Cities RISE	Workforce Development	700	700	1,400	-	-	-
Workforce Development, Inc.	Workforce Development	275	275	550	-	-	-
Project for Pride in Living	Workforce Development	375	375	750	-	-	-
Pillsbury United Communities	Workforce Development	125	125	250	-	-	-
International Institute	Workforce Development	500	500	1,000	-	-	-
Minnesota Resiliency Partnership	Workforce Development	175	175	350	-	-	-
Emerge Community Development	Workforce Development	225	225	450	-	-	-
Workforce Development, Inc. - Bridges to Healthcare	Workforce Development	375	375	750	-	-	-
Propel Nonprofits	Workforce Development	500	500	1,000	-	-	-
Summit Academy OIC	Workforce Development	750	750	1,500	-	-	-
Better Futures	Workforce Development	250	250	500	-	-	-
30,000 Feet	Workforce Development	125	125	250	-	-	-
Bolder Options Youth Mentoring Program	Workforce Development	250	250	500	-	-	-

Appropriation Changes by Agency	Fund	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
North Minneapolis Change Starts with Community	Workforce Development	1,000	-	1,000	-	-	-
InspireMSP	Workforce Development	75	75	150	-	-	-
Avivo	Workforce Development	250	-	250	-	-	-
City of Brooklyn Park - Workforce Development Programming	Workforce Development	250	250	500	-	-	-
YMCA of the North	Workforce Development	200	200	400	-	-	-
Twin Cities Urban League	Workforce Development	200	200	400	-	-	-
Abijah's on the Backside	Workforce Development	200	200	400	-	-	-
Black Women's Wealth Alliance	Workforce Development	250	250	500	-	-	-
Aspirus Lake View Hospital	Workforce Development	42	-	42	-	-	-
West Broadway Business and Area Coalition	Workforce Development	125	125	250	-	-	-
Sanneh Foundation	Workforce Development	500	500	1,000	-	-	-
Alliance of Boys and Girls Clubs	Workforce Development	500	500	1,000	-	-	-
Mind the G.A.P.P.	Workforce Development	375	375	750	-	-	-
Minnesota STEM Ecosystem	Workforce Development	1,500	-	1,500	-	-	-
Minnesota Association of Black Lawyers	Workforce Development	250	250	500	-	-	-
Rural Cancer Institute	Workforce Development	250	250	500	-	-	-

Appropriation Changes by Agency	Fund	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
CAIRO	Workforce Development	50	50	100	-	-	-
Duluth Promise	Workforce Development	25	25	50	-	-	-
Service to Success	Workforce Development	1,000	1,000	2,000	500	500	1,000
Drive for Five Initiative	Workforce Development	6,000	6,000	12,000	-	-	-
Comprehensive Review of Department Grant Processes	Workforce Development	150	-	150	-	-	-
Task Force on Workforce Development Reform	Workforce Development	150	-	150	-	-	-
Vocational Rehabilitation Program	Workforce Development	16,071	16,071	32,142	17,500	17,500	35,000
Total Department of Employment and Economic Development		40,792	37,700	78,492	15,750	15,750	31,500
Department of Labor and Industry							
Workers' Compensation Division Operating Adjustment	Workers' Compensation	1,884	2,194	4,078	2,194	2,194	4,388
Helmets to Hardhats	Workforce Development	13	13	26	13	13	26
Registered Teacher Apprenticeship Program	Workforce Development	3,500	3,500	7,000	-	-	-
Minnesota Virtual Academy Career Pathways Program	Workforce Development	500	-	500	-	-	-
Apprenticeship Readiness Programming	Workforce Development	400	400	800	-	-	-
Construction Industry Mental Health Initiatives	Workforce Development	500	500	1,000	-	-	-
Construction Codes and Licensing Fees	Construction Code	2,018	2,146	4,164	2,146	2,146	4,292

Appropriation Changes by Agency	Fund	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Appropriation Cancellations (FY 2025)	Workforce Development	(1,000)	-	(1,000)	-	-	-
Total Department of Labor and Industry		7,815	8,753	16,568	4,353	4,353	8,706
Workers' Compensation Court of Appeals							
Operating Adjustment	Workers' Compensation	399	332	731	332	332	664
Total Workers' Compensation Court of Appeals		399	332	731	332	332	664
Department of Commerce							
Extraordinary Event Bonding	Special Revenue	304	304	608	304	304	608
Electric Vehicle Supply Equipment Testing	Special Revenue	-	188	188	288	331	619
Premium Security Plan Extension	Special Revenue	-	187,078	187,078	276,833	-	276,833
State Fraud and Financial Crimes Section	Special Revenue	(9,835)	(8,137)	(17,972)	(8,637)	(8,637)	(17,274)
Operating Adjustment	Petroleum Tank Release Cleanup	500	500	1,000	500	500	1,000
State Fraud and Financial Crimes Section	Workers' Compensation	(215)	(215)	(430)	(215)	(215)	(430)
Premium Security Plan Extension	Federal	-	149,261	149,261	99,806	-	99,806
Total Department of Commerce		(9,246)	328,979	319,733	368,879	(7,717)	361,162
Public Utilities Commission							
Extraordinary Event Bonding	Special Revenue	214	214	428	214	214	428
Telecommunication Service Discontinuation	Special Revenue	261	261	522	261	261	522
Total Public Utilities Commission		475	475	950	475	475	950
Total Non-general Fund Changes		40,235	376,239	416,474	389,789	13,193	402,982

Table 5 - Jobs, Commerce, and Energy
Revenue Changes Compared to Forecast
(dollars in thousands)

Revenue Changes by Agency	Fund	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Department of Labor and Industry							
Worker Misclassification Enforcement	General	-	90	90	90	90	180
Construction Codes and Licensing Fees	Construction Code	12,692	12,801	25,493	12,801	12,801	25,602
Total Department of Labor and Industry		12,692	12,891	25,583	12,891	12,891	25,782
Department of Commerce							
Securities Unit Staffing	General	543	543	1,086	543	543	1,086
Owner Insurance Programs	General	25	25	50	25	25	50
Extraordinary Event Bonding	Special Revenue	304	304	608	304	304	608
Premium Security Plan Extension	Special Revenue	-	10,000	10,000	276,833	-	276,833
State Fraud and Financial Crimes Section	Special Revenue	(8,100)	(8,100)	(16,200)	(8,100)	(8,100)	(16,200)
Electric Vehicle Supply Equipment Testing	Special Revenue	-	188	188	288	331	619
Premium Security Plan Extension	Federal	49,455	99,806	149,261	99,806	-	99,806
Total Department of Commerce		42,227	102,766	144,993	369,699	(6,897)	362,802

Revenue Changes by Agency	Fund	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Public Utilities Commission							
Increased Assessment for New Costs	General	1,779	2,021	3,800	2,021	2,021	4,042
Extraordinary Event Bonding	Special						
Telecommunication Service	Revenue	214	214	428	214	214	428
Discontinuation	Special						
	Revenue	261	261	522	261	261	522
Total Public Utilities Commission		2,254	2,496	4,750	2,496	2,496	4,992
Office of Cannabis Management							
Lower-Potency Hemp Wholesaler Licensing Fee	General	246	-	246	240	240	480
Total Office of Cannabis Management		246	-	246	240	240	480
Total Revenue Changes		57,419	118,153	175,572	385,326	8,730	394,056

CHAPTER 9

JUDICIARY AND PUBLIC SAFETY

[Laws 2025, Chapter 35](#), the Omnibus Judiciary and Public Safety Act, enacted FY 2026-27 appropriations for the Judiciary, the Department of Corrections, and the Department of Public Safety (DPS), and was the primary act that established the FY 2026-27 budget in this jurisdiction. The enacted all funds biennial budget appropriated \$4.5 billion, of which \$3.5 billion, or 77.6 percent, was from the General Fund.

Chart 1 and Table 1 display Judiciary and Public Safety appropriations since FY 2018-

19 and divide each biennium between the General Fund and non-general funds. As shown in Table 2b, the enacted all funds budget in FY 2026-27 increased by \$178.8 million, or 4.1 percent, above the February 2025 forecast, and decreased by \$221.3 million, or 4.7 percent, below FY 2024-25.

General Fund appropriations in FY 2026-27 totaled \$3.5 billion, an increase of \$134.6 million, or 4 percent, above the February 2025 forecast, and a decrease of \$127.4 million, or 3.5 percent, below FY 2024-25.

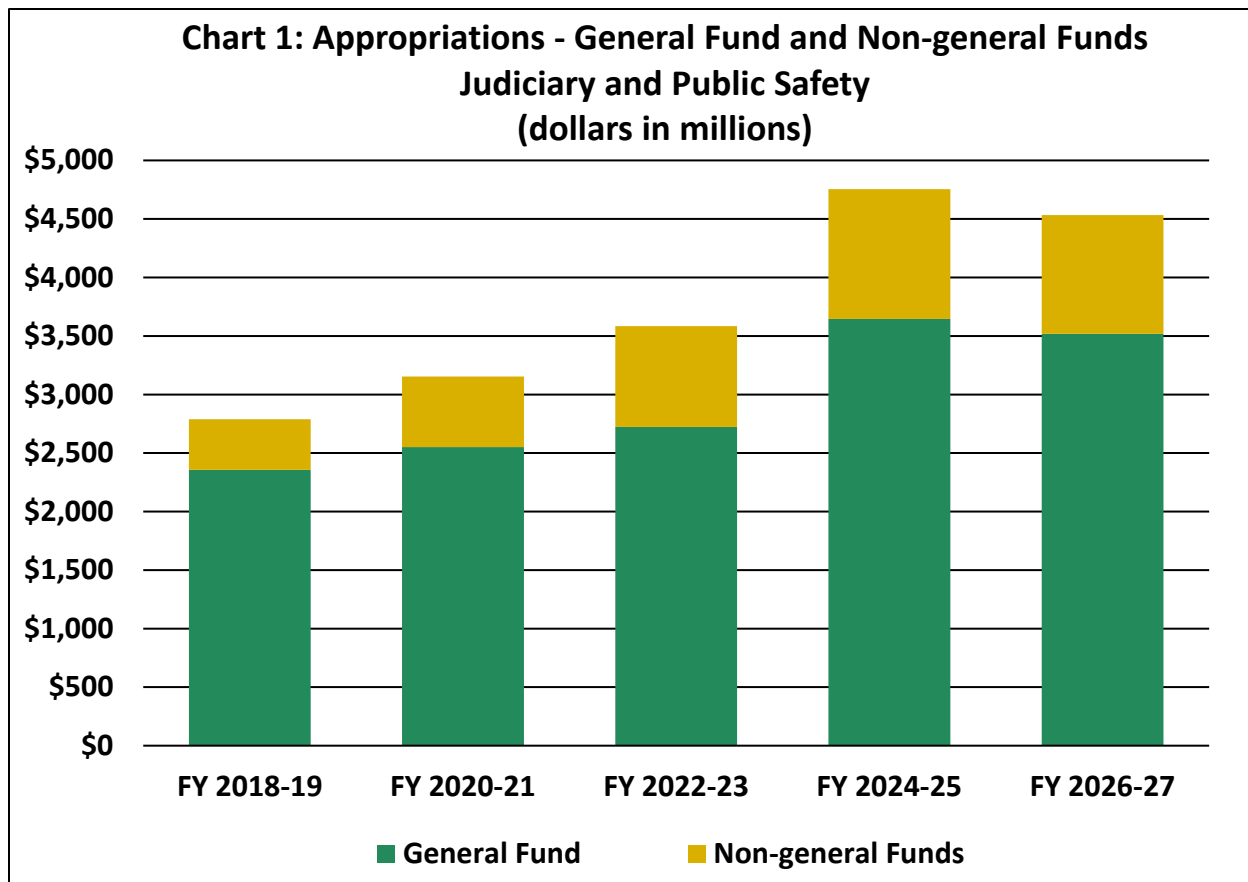


Table 1 - Judiciary and Public Safety Appropriations - General Fund and Non-general Funds <i>(dollars in thousands)</i>					
Fund	FY 2018-19	FY 2020-21	FY 2022-23	FY 2024-25	FY 2026-27
General Fund	2,357,372	2,550,656	2,722,737	3,646,132	3,518,725
Non-general Funds	432,027	603,295	861,516	1,108,902	1,014,975
Total	2,789,399	3,153,951	3,584,253	4,755,034	4,533,700
<u>Change vs Previous Biennium</u>					
General Fund	NA	193,284	172,081	923,395	(127,407)
Percent Change	NA	8.2%	6.7%	33.9%	-3.5%
All Funds	NA	364,552	430,302	1,170,781	(221,334)
Percent Change	NA	13.1%	13.6%	32.7%	-4.7%

DISTRICT COURTS

Chapter 35 increased the civil court filing fee and the motion fee by \$25. Filing fees increased for most civil actions from \$285 to \$310 and for dissolution of marriage from \$315 to \$340. Motion fees increased from \$75 to \$100. These increases are projected to generate an additional \$6.5 million in General Fund revenue each biennium.

DEPARTMENT OF CORRECTIONS

Chapter 35 authorized the Department of Corrections to conduct a phased closure of the Minnesota Correctional Facility at Stillwater, the second oldest prison in the state. In the first phase, completed in September 2025, the department transferred approximately 630 of the prison's 1,130 inmates to other state prison

facilities. The remaining living units will serve as a smaller, specialized correctional facility, which the department plans to close gradually over the next four years. General Fund savings from the partial closure are estimated at \$61.5 million in FY 2026-27 and \$91 million in FY 2028-29. Full closure of the facility is scheduled for June 30, 2029.

DEPARTMENT OF PUBLIC SAFETY

Bureau of Criminal Apprehension

Chapter 35 made FY 2026-27 appropriations of \$2.2 million from the General Fund, \$430,000 from the Workers' Compensation Fund, and \$16.3 million from the Special Revenue Fund to establish a Financial Crimes and Fraud Section in the Bureau of Criminal Apprehension at DPS. The staffing and operations of the new section were

previously located in the Commerce Fraud Bureau at the Department of Commerce, and the new appropriations were offset by corresponding reductions to the Department of Commerce in FY 2026-27.

Office of Justice Programs

Chapter 35 created the victims of crime account in the Special Revenue Fund, transferred \$7.2 million one-time in FY 2026 from the General Fund to the account, and appropriated the money in the account to DPS for grants to programs that provide services to crime victims. Chapter 35 also established an annual General Fund transfer to the account of \$878,000 in FY 2028 and \$879,000 each year beginning in FY 2029.

In addition to the General Fund transfers, Chapter 35 created three dedicated revenue sources for the victims of crime account:

- a \$10 increase in the civil marriage license fee, with only the increase deposited in the account;
- the creation of a corporate offender penalty assessment for corporations sentenced for criminal offenses; and
- the creation of a victim services assessment for persons sentenced for certain criminal offenses.

The three new sources of revenue are projected to generate an estimated \$1.6 million annually for the victims of crime account.

Table 2a - Judiciary and Public Safety
All Funds Biennial Spending/Appropriations by Agency and Fund
(dollars in thousands)

Agency/Fund	FY 2024-25 Spending*	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
Supreme Court					
General Fund	171,072	98,128	105,194	(65,878)	7,066
Special Revenue Fund	8,041	790	790	(7,251)	-
Gift Fund	136	50	50	(86)	-
Federal Fund	15,270	15,738	15,738	468	-
Total Supreme Court	194,520	114,706	121,772	(72,748)	7,066
Court of Appeals					
General Fund	29,818	30,518	31,248	1,430	730
Total Court of Appeals	29,818	30,518	31,248	1,430	730
District Courts					
General Fund	785,835	768,180	792,791	6,956	24,611
Special Revenue Fund	5,561	3,508	3,508	(2,053)	-
Gift Fund	600	26	26	(574)	-
Federal Fund	29,773	20,532	20,532	(9,241)	-
Total District Courts	821,769	792,246	816,857	(4,912)	24,611
Guardian ad Litem Board					
General Fund	49,978	51,240	53,500	3,522	2,260
Special Revenue Fund	5,436	1,500	1,500	(3,936)	-
Total Guardian ad Litem Board	55,414	52,740	55,000	(414)	2,260

Agency/Fund	FY 2024-25 Spending*	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
Tax Court					
General Fund	4,401	4,542	4,665	264	123
Total Tax Court	4,401	4,542	4,665	264	123
State Board of Civil Legal Aid					
General Fund	-	68,334	70,706	70,706	2,372
Special Revenue Fund	-	20,698	20,698	20,698	-
Total State Board of Civil Legal Aid	-	89,032	91,404	91,404	2,372
Uniform Laws Commission					
General Fund	230	230	230	-	-
Total Uniform Laws Commission	230	230	230	-	-
Board on Judicial Standards					
General Fund	1,550	1,290	1,308	(242)	18
Total Board on Judicial Standards	1,550	1,290	1,308	(242)	18
Legal Professions Board					
Special Revenue Fund	17,485	20,020	20,020	2,535	-
Total Legal Professions Board	17,485	20,020	20,020	2,535	-
Public Defense Board					
General Fund	320,237	328,720	335,244	15,007	6,524
Special Revenue Fund	755	-	-	(755)	-
Gift Fund	856	200	200	(656)	-
Total Public Defense Board	321,848	328,920	335,444	13,596	6,524

Agency/Fund	FY 2024-25 Spending*	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
State Competency Attainment Board					
General Fund	5,415	21,800	22,154	16,739	354
Total State Competency Attainment Board	5,415	21,800	22,154	16,739	354
Statewide Appellate Counsel and Training Office					
General Fund	219	3,120	2,361	2,142	(759)
Total Statewide Appellate Counsel and Training Office	219	3,120	2,361	2,142	(759)
Cannabis Expungement Board					
General Fund	4,527	10,712	10,741	6,214	29
Total Cannabis Expungement Board	4,527	10,712	10,741	6,214	29
Peace Officers Standards and Training Board					
General Fund	25,580	13,406	23,430	(2,150)	10,024
Total Peace Officer Standards and Training Board	25,580	13,406	23,430	(2,150)	10,024
Private Detective Board					
General Fund	1,446	1,378	1,403	(43)	25
Total Private Detective Board	1,446	1,378	1,403	(43)	25
Department of Human Rights					
General Fund	16,410	17,778	17,815	1,405	37
Special Revenue Fund	359	719	719	360	-
Total Department of Human Rights	16,769	18,497	18,534	1,765	37

Agency/Fund	FY 2024-25 Spending*	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
Department of Public Safety					
General Fund	451,270	344,821	353,486	(97,784)	8,665
State Government Special Revenue Fund	206	206	206	-	-
Special Revenue Fund	209,250	123,807	152,803	(56,447)	28,996
Environmental Fund	246	254	263	17	9
Trunk Highway Fund	4,858	4,858	4,858	-	-
911 Emergency Fund	130,426	116,426	130,426	-	14,000
Gift Fund	51	2	2	(49)	-
Opiate Epidemic Response Fund	1,444	1,344	1,344	(100)	-
Workers' Compensation Fund	-	-	430	430	430
Federal Fund	621,622	585,751	585,751	(35,871)	-
Total Department of Public Safety	1,419,373	1,177,469	1,229,569	(189,804)	52,100
MMB Non-Operating - Public Safety					
General Fund	131,172	922	8,154	(123,018)	7,232
Total Non-Operating - Public Safety	131,172	922	8,154	(123,018)	7,232
Sentencing Guidelines Commission					
General Fund	3,037	2,144	2,204	(833)	60
Total Sentencing Guidelines Commission	3,037	2,144	2,204	(833)	60
Ombudsman for Corrections					
General Fund	2,204	2,200	2,255	51	55
Total Ombudsman for Corrections	2,204	2,200	2,255	51	55

Agency/Fund	FY 2024-25 Spending*	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
Department of Corrections					
General Fund	1,639,969	1,612,677	1,677,836	37,867	65,159
Special Revenue Fund	57,181	55,711	56,491	(690)	780
Gift Fund	14	16	16	2	-
Renewable Development Account	39	-	-	(39)	-
Expenses in Multiple Funds	(7,369)	(7,532)	(7,532)	(163)	-
Federal Fund	6,661	6,136	6,136	(525)	-
Total Department of Corrections	1,696,495	1,667,008	1,732,947	36,452	65,939
Clemency Review Commission					
General Fund	1,762	1,972	2,000	238	28
Total Clemency Review Commission	1,762	1,972	2,000	238	28

* As adjusted by FY 2025 changes made by the 2025 Legislature, if any.

Table 2b - Judiciary and Public Safety
All Funds Biennial Spending/Appropriations by Budget Area and Fund
(dollars in thousands)

Fund Totals	FY 2024-25 Spending*	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
Judiciary and Public Safety Budget Area - All Agencies					
General Fund	3,646,132	3,384,112	3,518,725	(127,407)	134,613
State Government Special Revenue Fund	206	206	206	-	-
Special Revenue Fund	304,069	226,753	256,529	(47,540)	29,776
Environmental Fund	246	254	263	17	9
Trunk Highway Fund	4,858	4,858	4,858	-	-
911 Emergency Fund	130,426	116,426	130,426	-	14,000
Opiate Epidemic Response Fund	1,444	1,344	1,344	(100)	-
Gift Fund	1,658	294	294	(1,364)	-
Renewable Development Account	39	-	-	(39)	-
Workers' Compensation Fund	-	-	430	430	430
Expenses in Multiple Funds	(7,369)	(7,532)	(7,532)	(163)	-
Federal Fund	673,325	628,157	628,157	(45,168)	-
Total for Budget Area	4,755,034	4,354,872	4,533,700	(221,334)	178,828
Percent Change				-4.7%	4.1%
General Fund Percent of All Funds	76.7%	77.7%	77.6%		

* As adjusted by FY 2025 changes made by the 2025 Legislature, if any.

Table 3 - Judiciary and Public Safety
General Fund Changes Compared to Forecast
(dollars in thousands)

Appropriation Changes by Agency	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Supreme Court						
Compensation and Insurance	1,533	1,533	3,066	1,757	1,757	3,514
Justice Partner Access	4,000	-	4,000	-	-	-
Total Supreme Court	5,533	1,533	7,066	1,757	1,757	3,514
Court of Appeals						
Compensation and Insurance	365	365	730	535	535	1,070
Total Court of Appeals	365	365	730	535	535	1,070
District Courts						
Compensation and Insurance	9,620	9,621	19,241	17,035	17,035	34,070
Forensic Examiner Rate Increase	2,685	2,685	5,370	2,685	2,685	5,370
Total District Courts	12,305	12,306	24,611	19,720	19,720	39,440
Guardian ad Litem Board						
Compensation and Insurance	892	892	1,784	1,502	1,502	3,004
Volunteer Supervisors	229	247	476	247	247	494
Total Guardian ad Litem Board	1,121	1,139	2,260	1,749	1,749	3,498

Appropriation Changes by Agency	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Tax Court						
Compensation and Insurance	41	82	123	82	82	164
Total Tax Court	41	82	123	82	82	164
Board of Civil Legal Aid						
Compensation and Insurance	1,186	1,186	2,372	1,186	1,186	2,372
Total Board of Civil Legal Aid	1,186	1,186	2,372	1,186	1,186	2,372
Board of Judicial Standards						
Compensation and Insurance	9	9	18	15	15	30
Total Board of Judicial Standards	9	9	18	15	15	30
Public Defense Board						
Compensation and Insurance	3,262	3,262	6,524	5,469	5,469	10,938
Total Public Defense Board	3,262	3,262	6,524	5,469	5,469	10,938
Department of Human Rights						
Compensation and Insurance	155	314	469	314	314	628
Reduce Trends Reporting	(216)	(216)	(432)	(216)	(216)	(432)
Total Department of Human Rights	(61)	98	37	98	98	196
Minnesota Competency Attainment Board						
Compensation and Insurance	117	237	354	237	237	474
Total Minnesota Competency Attainment Board	117	237	354	237	237	474

Appropriation Changes by Agency	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Office of Appellate Counsel and Training						
Classification Modifications	(560)	(199)	(759)	(199)	(199)	(398)
Total Office of Appellate Counsel and Training	(560)	(199)	(759)	(199)	(199)	(398)
Cannabis Expungement Board						
Compensation and Insurance	7	22	29	22	22	44
Total Cannabis Expungement Board	7	22	29	22	22	44
Sentencing Guidelines Commission						
Compensation and Insurance	20	40	60	40	40	80
Total Sentencing Guidelines Commission	20	40	60	40	40	80
Department of Public Safety						
Compensation and Insurance	1,888	3,897	5,785	2,322	2,322	4,644
Supplemental Nonprofit Security Grant	125	125	250	-	-	-
State Fraud and Financial Crimes Section	1,115	1,115	2,230	1,115	1,115	2,230
Prosecutor Training Grant	100	100	200	-	-	-
Legal Representation of Children	100	100	200	-	-	-
Total Department of Public Safety	3,328	5,337	8,665	3,437	3,437	6,874
Peace Officer Standards and Training Board						
Compensation and Insurance	46	94	140	94	94	188
Philando Castile Training Account	4,942	4,942	9,884	878	878	1,756
Total Peace Officer Standards and Training Board	4,988	5,036	10,024	972	972	1,944

Appropriation Changes by Agency	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Private Detective Board						
Compensation and Insurance	8	17	25	17	17	34
Total Private Detective Board	8	17	25	17	17	34
Department of Corrections						
Operating Adjustment	59,026	70,033	129,059	70,033	70,033	140,066
Phased Closure of Stillwater Prison	(20,000)	(41,500)	(61,500)	(43,000)	(48,000)	(91,000)
Mandatory Minimum Task Force	133	-	133	-	-	-
Bed Costs - Fentanyl Penalty Increase	-	5	5	8	8	16
Sentencing to Service Elimination	(1,773)	(1,773)	(3,546)	(1,773)	(1,773)	(3,546)
Claims Against the State	8	-	8	-	-	-
Decommissioning Study Stillwater Prison	1,000	-	1,000	-	-	-
Operating Deficiency (FY 2025)	9,091	-	9,091	-	-	-
Total Department of Corrections	47,485	26,765	74,250	25,268	20,268	45,536
Ombudsperson for Corrections						
Compensation and Insurance	18	37	55	37	37	74
Total Ombudsperson for Corrections	18	37	55	37	37	74
Clemency Review Board						
Compensation and Insurance	9	19	28	19	19	38
Total Clemency Review Board	9	19	28	19	19	38

Appropriation Changes by Agency	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
MMB Non-Operating - Public Safety						
Transfer to Victims of Crime Account	7,232	-	7,232	878	879	1,757
Total MMB Non-Operating - Public Safety	7,232	-	7,232	878	879	1,757
Total General Fund Changes	86,413	57,291	143,704	61,339	56,340	117,679

Table 4 - Judiciary and Public Safety
Non-general Fund Changes Compared to Forecast
(dollars in thousands)

Appropriation Changes by Agency	Fund	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Department of Corrections							
Oak Park Heights Mental Health Unit Pilot	Special Revenue	566	214	780	-	-	-
Total Department of Corrections		566	214	780	-	-	-
Department of Public Safety							
Homeland Security Operating Increase	Environmental Workers'	3	6	9	6	6	12
State Fraud and Financial Crimes Section	Compensation	215	215	430	215	215	430
State Fraud and Financial Crimes Section	Special Revenue	9,024	7,326	16,350	7,826	7,826	15,652
Fire Marshal Operating Increase	Special Revenue	45	45	90	45	45	90
Urban Search and Rescue Increase	Special Revenue	550	550	1,100	550	550	1,100
Hazardous Material Response	Special Revenue	475	475	950	475	475	950
Charter School Fire Inspection	Special Revenue	37	37	74	37	37	74
Victims of Crime Account	Special Revenue	8,832	1,600	10,432	2,478	2,479	4,957
Allied Radio Matrix for Emergency Response	911 Emergency	14,000	-	14,000	-	-	-
Total Department of Public Safety		33,181	10,254	43,435	11,632	11,633	23,265
Total Non-general Fund Changes		33,747	10,468	44,215	11,632	11,633	23,265

Table 5 - Judiciary and Public Safety
Revenue Changes Compared to Forecast
(dollars in thousands)

Revenue Changes by Agency	Fund	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
District Courts							
Civil Filing Fee Increase	General	2,495	2,495	4,990	2,495	2,495	4,990
Motion Fee Increase	General	765	765	1,530	765	765	1,530
Total District Courts		3,260	3,260	6,520	3,260	3,260	6,520
Department of Public Safety							
Crime Victim Fees and Assessments	Special Revenue	1,600	1,600	3,200	1,600	1,600	3,200
Charter School Fire Inspection Fee Increase	Special Revenue	37	37	74	37	37	74
Total Department of Public Safety		1,637	1,637	3,274	1,637	1,637	3,274
Department of Corrections							
Cancellation DOC Asset Preservation (FY 2025)	General	1,000	-	1,000	-	-	-
Total Department of Corrections		1,000	-	1,000	-	-	-
Total Revenue Changes		5,897	4,897	10,794	4,897	4,897	9,794

CHAPTER 10

STATE GOVERNMENT AND VETERANS

[Laws 2025, Chapter 30](#) (the Omnibus Veterans and Military Affairs Act), [Chapter 37](#) (the Omnibus Pensions Act), and [Chapter 39](#) (the Omnibus State Government and Elections Act) enacted the majority of appropriations for the State Government and Veterans budget for FY 2026-27. This budget area includes appropriations for the Legislature, constitutional officers, administrative state agencies, pension aids, and several small boards and agencies.

Chart 1 and Table 1 display State Government and Veterans appropriations

since FY 2018-19 and divide each biennium between the General Fund and non-general funds. The total all funds budget for this area in FY 2026-27 was \$4.1 billion, of which \$1.8 billion, or 43.7 percent, was from the General Fund. As shown in Table 2b, the enacted all funds budget in FY 2026-27 increased by \$479.2 million, or 13.3 percent, above the February 2025 forecast, and decreased \$924.2 million, or 18.5 percent, below FY 2024-25.

The State Government and Veterans General Fund budget in FY 2026-27 totaled \$1.8

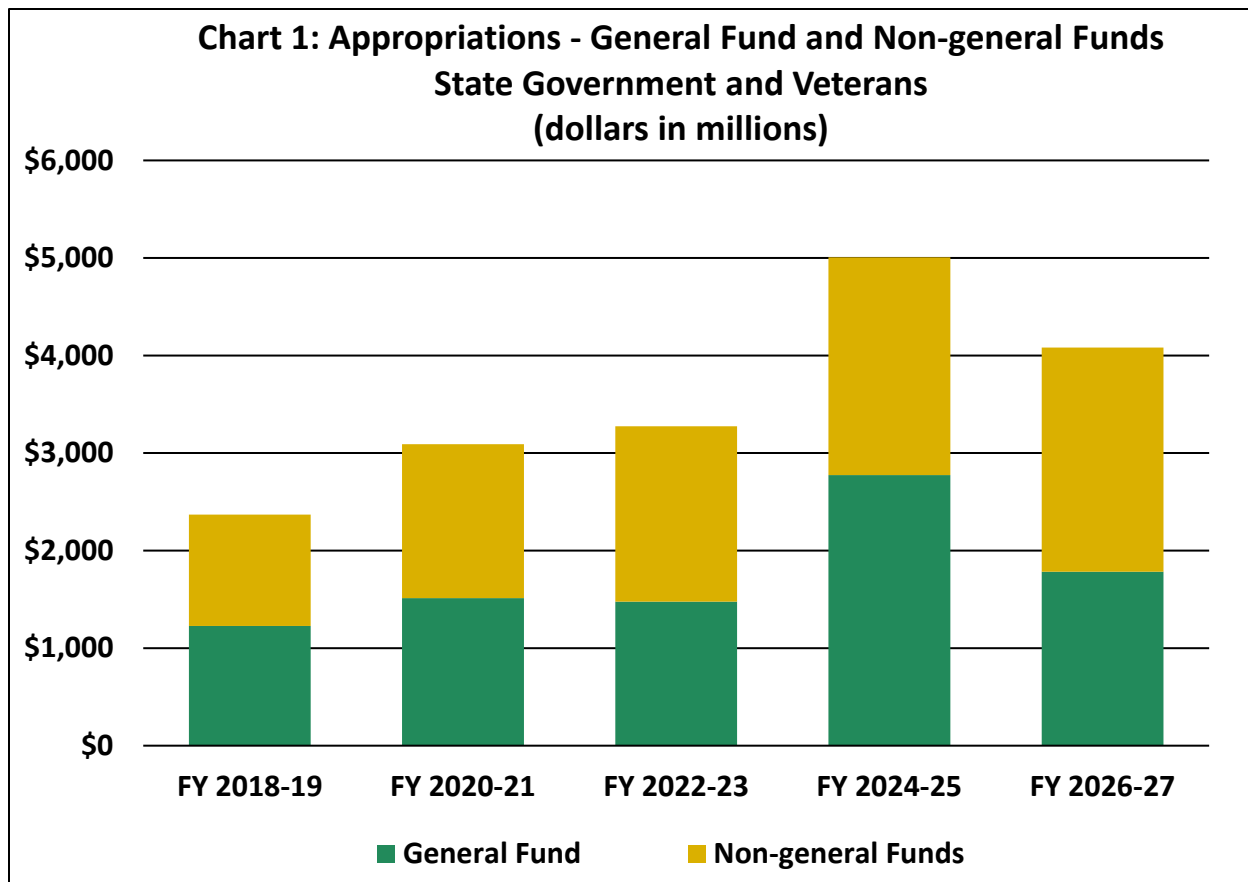


Table 1 - State Government and Veterans Appropriations - General Fund and Non-general Funds <i>(dollars in thousands)</i>					
Fund	FY 2018-19	FY 2020-21	FY 2022-23	FY 2024-25	FY 2026-27
General Fund	1,226,956	1,513,327	1,477,131	2,774,285	1,783,664
Non-general Funds	1,142,742	1,577,610	1,798,117	2,231,732	2,298,153
Total	2,369,698	3,090,937	3,275,248	5,006,017	4,081,817
<u>Change vs Previous Biennium</u>					
General Fund	NA	286,371	(36,196)	1,297,154	(990,621)
Percent Change	NA	23.3%	-2.4%	87.8%	-35.7%
All Funds	NA	721,239	184,311	1,730,769	(924,200)
Percent Change	NA	30.4%	6.0%	52.8%	-18.5%

billion, an increase of \$154.1 million, or 9.5 percent, above the February 2025 forecast, and a decrease of \$990.6 million, or 35.7 percent, below FY 2024-25.

Constitutional Offices

Chapter 39 included FY 2026-27 appropriation increases for the Attorney General's Office of \$4 million from the General Fund and \$1 million from the State Government Special Revenue Fund (SGSR), compared to the February 2025 forecast.

In addition, Chapter 39 enacted a late penalty of up to \$40 for certain business renewals and reinstatements filed with the Secretary of State (OSS), with receipts deposited in a new secretary of state fraud prevention and data security account in the Special Revenue Fund. Money in the account is statutorily appropriated to OSS to fulfill

duties related to fraud prevention and data privacy and security, ensure accuracy and completeness of documents filed with OSS, and enhance information and telecommunications technology systems and services.

Chapter 39 also authorized funding for non-incumbent constitutional officers-elect to establish transition offices as each prepares to assume official duties. In the fiscal year of an election for constitutional officers, the Commissioner of Management and Budget must transfer \$35,000 for the Attorney General-elect and \$25,000 for each of the Secretary of State-elect and State Auditor-elect from the General Fund contingent account to the Department of Management and Budget (MMB) to establish transition offices. The legislation mirrors an existing statute that authorizes \$162,000 from the

General Fund for the Governor-elect's transition expenses. All unused funds must be returned to the contingent account.

State Agencies

[Laws 2025, First Special Session, Chapter 9](#) appropriated \$10 million from the General Fund to the Department of Administration for the demolition, site preparation, and construction of a replacement facility for the Miller Building on the Anoka Metro Regional Treatment Center campus. This appropriation was part of a larger package of appropriations related to that project.

Chapter 39 reallocated a \$5 million balance in the Capitol Area community vitality account that was previously appropriated to the Department of Administration but made unavailable for expenditure without further legislative approval. The reallocation included directly appropriating \$3 million from the account to the Department of Administration for a grant to Ramsey County for the Ramsey County Sheriff to implement a public safety and livability plan for the Capitol Area and transferring the remaining \$2 million to the General Fund. Chapter 39 also repealed the requirement for legislative approval of future expenditures from the account.

Chapter 39 enacted several provisions related to combating fraud, including authorization for agency heads to administratively withhold payments to participants in programs funded by state or federal agencies under certain circumstances. The provision includes an

appeals process for affected program participants and will sunset on July 1, 2027.

Chapter 39 also granted temporary authority to state agencies to carry forward unspent and unencumbered non-grant operating appropriations from one fiscal biennium to the next at the end of FY 2025, FY 2027, and FY 2029. State agencies currently have a similar authority to carry non-grant operating appropriations from the first fiscal year of a biennium to the second year. However, unspent balances at the end of a fiscal biennium generally cancel to the fund or funds from which they were appropriated. The February 2025 forecast estimated that \$15 million in unspent appropriations would cancel to the General Fund each biennium, so this newly enacted carryforward authority represents a loss to the General Fund of \$15 million per biennium, compared to the forecast.

Pensions

Chapter 37 enacted appropriations for pension aids totaling \$78 million in FY 2026-27 for three main purposes. First, \$40 million per biennium was for direct aids to the public employees police and fire retirement plan and the State Patrol retirement plan to fund benefit improvements for plan members, including a reduction from three years to two years for the waiting period for a retiree's first postretirement adjustment, an increase in the regular postretirement adjustment from 1 percent to 1.25 percent, and a one-time postretirement adjustment of 3 percent for members of the police and fire plan for calendar year 2026.

Second, Chapter 37 enacted two changes to the subsidized early retirement benefit available to Teachers Retirement Association (TRA) members who reach age 62 with 30 years of service. Chapter 37 expanded the eligibility for that benefit to members who reach age 60 and reduced from 6 percent to 5 percent the amount by which an annuity is reduced for each year that the annuity start date precedes age 65. The cost of this benefit was partially funded by increasing employer contributions. For state employers of eligible TRA members, Chapter 37 provided direct General Fund appropriations to cover the increases. For FY 2026-27, these increases totaled \$1.1 million to Minnesota State Colleges and Universities, \$34,000 to the Minnesota State Academies, \$10,000 to the Perpich Center for the Arts, and \$8,000 to the Department of Education. For local employers of eligible members, the increased employer cost will be offset by an increase in pension adjustment revenue, with FY 2026-27 General Fund appropriations of \$36.8 million.

Finally, Chapter 37 increased postretirement adjustments for members of certain Minnesota State Retirement System (MSRS) plans from 1.5 percent to 1.75 percent. Chapter 37 did not provide funding for this change, so most MSRS plans will absorb the increased cost. However, the legislators retirement plan is partially funded by a General Fund open appropriation, which will increase spending by an additional \$45,000 in FY 2026-27, compared to the forecast.

In addition to these appropriations, Chapter 37 enacted two significant fiscal policy changes. The first change was a modification of the threshold at which direct aids and supplemental employer contributions to certain pension plans will terminate. In general, these aids and supplemental contributions were to terminate when plan assets exceeded plan liabilities (i.e., when the plan reached 100 percent funded status) or July 1, 2048, whichever occurred sooner. For most of the affected plans, Chapter 37 changed the threshold for plan funding to 110 percent for three years and eliminated the fixed date alternative. The second change was to the calculation of amortization periods of unfunded actuarial accrued liabilities when certain benefit or accounting changes are made to the pension plans. The current statutory amortization end date of June 30, 2048, still applies to each pension plan's unfunded actuarial accrued liability as of July 1, 2024, and to any unfunded actuarial accrued liabilities resulting from Chapter 37, but future changes will be amortized according to the enacted amortization schedule.

Other Agencies

Other significant FY 2026-27 General Fund appropriations for State Government and Veterans included:

- \$8 million one-time for the Department of Military Affairs to expand enlistment incentives (Chapter 30);
- \$760,000 one-time for the Campaign Finance and Public Disclosure Board to pay litigation expenses in *Minnesota*

Chamber of Commerce v. Choi, a case dealing with election spending by foreign-influenced corporations (Chapter 39);

- \$579,000 for the Legislative Auditor to report on the implementation of audit recommendations in the previous five years in a financial audit, program evaluation, or special review (Chapter 39); and
- \$118,000 one-time for the Veterans of Special Guerilla Units and Irregular Forces in Laos Advisory Task Force to establish criteria for determining which individuals served in special guerilla units or irregular forces in Laos and create a process to determine which veterans benefits should be extended to these individuals (Chapter 30).

Table 2a - State Government and Veterans
All Funds Biennial Spending/Appropriations by Agency and Fund
(dollars in thousands)

Agency/Fund	FY 2024-25 Spending*	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
Legislature					
General Fund	304,746	246,186	269,708	(35,038)	23,522
<u>Special Revenue Fund</u>	<u>2,096</u>	<u>1,778</u>	<u>1,778</u>	<u>(318)</u>	<u>-</u>
Subtotal for Legislature	306,842	247,964	271,486	(35,356)	23,522
<i>Environment Trust/Legacy Funds</i>					
Arts and Cultural Heritage Fund	9	-	5	(4)	5
Clean Water Fund	15	-	7	(8)	7
Outdoor Heritage Fund	2,274	-	1,511	(763)	1,511
Parks and Trails Fund	7	-	4	(3)	4
<u>Environment and Natural Resources</u>					
<u>Trust Fund</u>	<u>5,226</u>	<u>-</u>	<u>6,987</u>	<u>1,761</u>	<u>6,987</u>
<i>Subtotal Environment Trust/Legacy Funds</i>	<i>7,530</i>	<i>-</i>	<i>8,514</i>	<i>984</i>	<i>8,514</i>
Total Legislature	314,372	247,964	280,000	(34,372)	32,036
Governor					
General Fund	18,497	18,462	18,462	(35)	-
Special Revenue Fund	2,131	3,065	3,065	934	-
Total Governor	20,628	21,527	21,527	899	-
State Auditor					
General Fund	29,219	28,546	31,881	2,662	3,335
Special Revenue Fund	1,961	2,208	2,208	247	-
Total State Auditor	31,180	30,754	34,089	2,909	3,335

Agency/Fund	FY 2024-25 Spending*	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
Attorney General					
General Fund	97,177	85,727	89,727	(7,450)	4,000
Environmental Fund	290	290	290	-	-
Expenses in Multiple Funds	(939)	(1,136)	(1,136)	(197)	-
State Government Special Revenue Fund	5,042	5,042	6,042	1,000	1,000
Remediation Fund	500	500	500	-	-
Special Revenue Fund	40,391	31,380	31,380	(9,011)	-
Federal Fund	7,731	8,464	8,464	733	-
Total Attorney General	150,192	130,267	135,267	(14,925)	5,000
Secretary of State					
General Fund	42,722	25,024	26,242	(16,480)	1,218
Special Revenue Fund	32,275	25,772	30,212	(2,063)	4,440
Total Secretary of State	74,997	50,796	56,454	(18,543)	5,658
Campaign Finance and Public Disclosure Board					
General Fund	8,536	7,330	8,169	(367)	839
Special Revenue Fund	226	5,741	5,741	5,515	-
Total Campaign Finance and Public Disclosure Board	8,762	13,071	13,910	5,148	839
Board of Investment					
General Fund	278	278	278	-	-
Special Revenue Fund	29,427	34,597	34,597	5,170	-
Total Board of Investment	29,705	34,875	34,875	5,170	-

Agency/Fund	FY 2024-25 Spending*	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
Office of Administrative Hearings					
General Fund	3,454	1,390	1,954	(1,500)	564
Environmental Fund	100	100	100	-	-
Workers' Compensation Fund	19,584	19,632	21,399	1,815	1,767
Total Office of Administrative Hearings	23,138	21,122	23,453	315	2,331
Department of Information Technology Services					
General Fund	146,001	21,525	22,089	(123,912)	564
Special Revenue Fund	1,030,871	1,026,314	1,026,314	(4,557)	-
Total Department of Information Technology Services	1,176,872	1,047,839	1,048,403	(128,469)	564
Department of Administration					
General Fund	198,816	158,396	170,007	(28,809)	11,611
Expenses in Multiple Funds	(8,177)	(9,528)	(9,528)	(1,351)	-
Renewable Development Account	872	184	184	(688)	-
Special Revenue Fund	147,579	120,216	122,916	(24,663)	2,700
Trunk Highway Fund	23,850	-	97,026	73,176	97,026
Gift Fund	7,622	66	66	(7,556)	-
Climate and Economic Development Fund	2,500	-	-	(2,500)	-
<u>Federal Fund</u>	<u>7,594</u>	<u>7,880</u>	<u>7,880</u>	<u>286</u>	<u>-</u>
Subtotal for Department of Administration	380,656	277,214	388,551	7,895	111,337
<i>Environment Trust/Legacy Funds</i>					
<u>Arts and Cultural Heritage Fund</u>	<u>32,563</u>	<u>-</u>	<u>19,610</u>	<u>(12,953)</u>	<u>19,610</u>
<i>Subtotal Environment Trust/Legacy Funds</i>	<i>32,563</i>	<i>-</i>	<i>19,610</i>	<i>(12,953)</i>	<i>19,610</i>
Total Department of Administration	413,219	277,214	408,161	(5,058)	130,947

Agency/Fund	FY 2024-25 Spending*	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
Capitol Area Architectural and Planning Board					
General Fund	2,730	912	936	(1,794)	24
Total Capitol Area Architectural and Planning Board	2,730	912	936	(1,794)	24
Department of Management and Budget					
General Fund	130,910	101,012	104,426	(26,484)	3,414
ARP-State Fiscal Recovery Fund	218	-	-	(218)	-
Opiate Epidemic Response Fund	600	600	600	-	-
Special Revenue Fund	28,163	31,985	31,985	3,822	-
Federal Fund	83	-	-	(83)	-
Gift Fund	49	-	-	(49)	-
Total Department of Management and Budget	160,022	133,597	137,011	(23,011)	3,414
Department of Management and Budget - Non-Operating					
General Fund	700,121	(53,933)	(13,868)	(713,989)	40,065
Debt Service Fund	590	400	400	(190)	-
State Government Special Revenue Fund	800	800	800	-	-
Special Revenue Fund	4,681	4,810	4,810	129	-
Workers' Compensation Fund	200	200	200	-	-
Federal Fund	16,088	16,074	16,074	(14)	-
Total MMB Non-Operating	722,481	(31,649)	8,416	(714,065)	40,065

Agency/Fund	FY 2024-25 Spending*	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
Department of Revenue					
General Fund	437,819	414,341	427,064	(10,755)	12,723
Environmental Fund	610	610	610	-	-
Health Care Access Fund	3,520	3,520	3,520	-	-
Highway User Tax Distribution Fund	4,390	4,390	4,390	-	-
Special Revenue Fund	27,932	25,142	25,142	(2,790)	-
Total Department of Revenue	474,271	448,003	460,726	(13,545)	12,723
Gambling Control Board					
Special Revenue Fund	12,699	12,668	12,668	(31)	-
Total Gambling Control Board	12,699	12,668	12,668	(31)	-
Racing Commission					
General Fund	1,000	-	-	(1,000)	-
Special Revenue Fund	10,799	11,108	11,983	1,184	875
Total Racing Commission	11,799	11,108	11,983	184	875
Amateur Sports Commission					
General Fund	1,620	784	812	(808)	28
Renewable Development Account	4,200	-	-	(4,200)	-
Special Revenue Fund	406	2	2	(404)	-
Total Amateur Sports Commission	6,226	786	814	(5,412)	28
Council for Minnesotans of African Heritage					
General Fund	1,611	1,634	1,668	57	34
Total Council for Minnesotans of African Heritage	1,611	1,634	1,668	57	34

Agency/Fund	FY 2024-25 Spending*	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
Council on Latino Affairs					
General Fund	1,344	1,362	1,498	154	136
Total Council on Latino Affairs	1,344	1,362	1,498	154	136
Council on Asian-Pacific Minnesotans					
General Fund	1,268	1,292	1,320	52	28
Special Revenue Fund	48	90	90	42	-
Gift Fund	41	41	41	-	-
Total Council on Asian-Pacific Minnesotans	1,357	1,423	1,451	94	28
Council on LGBTQIA2S+ Minnesotans					
General Fund	999	998	1,122	123	124
Total Council on LGBTQIA2S+ Minnesotans	999	998	1,122	123	124
Indian Affairs Council					
General Fund	2,697	2,722	2,783	86	61
<u>Special Revenue Fund</u>	<u>144</u>	<u>-</u>	<u>-</u>	<u>(144)</u>	<u>-</u>
Subtotal for Indian Affairs Council	2,841	2,722	2,783	(58)	61
<i>Environment Trust/Legacy Funds</i>					
<u>Arts and Cultural Heritage Fund</u>	<u>5,276</u>	<u>-</u>	<u>2,610</u>	<u>(2,666)</u>	<u>2,610</u>
<i>Subtotal Environment Trust/Legacy Funds</i>	<i>5,276</i>	<i>-</i>	<i>2,610</i>	<i>(2,666)</i>	<i>2,610</i>
Total Indian Affairs Council	8,117	2,722	5,393	(2,724)	2,671
Minnesota Historical Society					
General Fund	62,288	52,914	53,839	(8,449)	925

Agency/Fund	FY 2024-25 Spending*	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
<i>Environment Trust/Legacy Funds</i>					
<u>Arts and Cultural Heritage Fund</u>	<u>50,266</u>	<u>-</u>	<u>36,386</u>	<u>(13,880)</u>	<u>36,386</u>
<i>Subtotal Environment Trust/Legacy Funds</i>	<i>50,226</i>	<i>-</i>	<i>36,386</i>	<i>(13,880)</i>	<i>36,386</i>
Total Minnesota Historical Society	112,554	52,914	90,225	(22,329)	37,311
Board of the Arts					
General Fund	15,561	15,576	15,606	45	30
<u>Federal Fund</u>	<u>2,112</u>	<u>2,122</u>	<u>2,122</u>	<u>10</u>	<u>-</u>
Subtotal for Board of the Arts	17,673	17,698	17,728	55	30
<i>Environment Trust/Legacy Funds</i>					
<u>Arts and Cultural Heritage Fund</u>	<u>98,936</u>	<u>-</u>	<u>84,558</u>	<u>(14,378)</u>	<u>84,558</u>
<i>Subtotal Environment Trust/Legacy Funds</i>	<i>98,936</i>	<i>-</i>	<i>84,558</i>	<i>(14,378)</i>	<i>84,558</i>
Total Board of the Arts	116,610	17,698	102,286	(14,324)	84,588
Humanities Center					
General Fund	4,440	1,940	1,940	(2,500)	-
<i>Environment Trust/Legacy Funds</i>					
<u>Arts and Cultural Heritage Fund</u>	<u>22,029</u>	<u>-</u>	<u>26,442</u>	<u>4,413</u>	<u>26,442</u>
<i>Subtotal Environment Trust/Legacy Funds</i>	<i>22,029</i>	<i>-</i>	<i>26,442</i>	<i>4,413</i>	<i>26,442</i>
Total Humanities Center	26,469	1,940	28,382	1,913	26,442
Board of Accountancy					
General Fund	1,703	1,720	1,764	61	44
Total Board of Accountancy	1,703	1,720	1,764	61	44

Agency/Fund	FY 2024-25 Spending*	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
Board of Architecture, Engineering					
General Fund	1,806	1,828	1,871	65	43
Total Board of Architecture, Engineering	1,806	1,828	1,871	65	43
Board of Barber Examiners					
General Fund	894	904	925	31	21
Total Board of Barber Examiners	894	904	925	31	21
Board of Cosmetologist Examiners					
General Fund	7,069	7,206	7,375	306	169
Total Board of Cosmetologist Examiners	7,069	7,206	7,375	306	169
Minnesota State Retirement System					
General Fund	168,679	168,795	168,840	161	45
Total Minnesota State Retirement System	168,679	168,795	168,840	161	45
Public Employees Retirement Association					
Special Revenue Fund	333	666	666	333	-
Total Public Employees Retirement Association	333	666	666	333	-
Department of Veterans Affairs					
General Fund	282,153	257,470	298,383	16,230	40,913
Special Revenue Fund	347,945	378,231	417,401	69,456	39,170
Gift Fund	2,239	2,589	2,589	350	-
<u>Federal Fund</u>	<u>3,707</u>	<u>-</u>	<u>-</u>	<u>(3,707)</u>	<u>-</u>
Subtotal for Department of Veterans Affairs	636,044	638,290	718,373	82,329	80,083

Agency/Fund	FY 2024-25 Spending*	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
<i>Environment Trust/Legacy Funds</i>					
<u>Arts and Cultural Heritage Fund</u>	<u>250</u>	-	-	<u>(250)</u>	-
<i>Subtotal Environment Trust/Legacy Funds</i>	<i>250</i>	-	-	<i>(250)</i>	-
Total Department of Veterans Affairs	636,294	638,290	718,373	82,079	80,083
Department of Military Affairs					
General Fund	98,127	57,248	66,843	(31,284)	9,595
Special Revenue Fund	5,026	5,424	5,424	398	-
<u>Federal Fund</u>	<u>183,546</u>	<u>189,018</u>	<u>189,018</u>	<u>5,472</u>	-
Subtotal for Department of Military Affairs	286,698	251,690	261,285	(25,413)	9,595
<i>Environment Trust/Legacy Funds</i>					
<u>Environment and Natural Resources</u>					
<u>Trust Fund</u>	<u>187</u>	-	-	<u>(187)</u>	-
<i>Subtotal Environment Trust/Legacy Funds</i>	<i>187</i>	-	-	<i>(187)</i>	-
Total Department of Military Affairs	286,885	251,690	261,285	(25,600)	9,595

* As adjusted by FY 2025 changes made by the 2025 Legislature, if any.

Table 2b - State Government and Veterans
All Funds Biennial Spending/Appropriations by Budget Area and Fund
(dollars in thousands)

Fund Totals	FY 2024-25 Spending*	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
State Government and Veterans Budget Area -					
All Agencies					
General Fund	2,774,285	1,629,589	1,783,664	(990,621)	154,075
ARP-State Fiscal Recovery Fund	218	-	-	(218)	-
Expenses in Multiple Funds	(9,117)	(10,664)	(10,664)	(1,547)	-
Debt Service Fund	590	400	400	(190)	-
Environmental Fund	1,000	1,000	1,000	-	-
Health Care Access Fund	3,520	3,520	3,520	-	-
State Government Special Revenue Fund	5,842	5,842	6,842	1,000	1,000
Highway User Tax Distribution Fund	4,390	4,390	4,390	-	-
Opiate Epidemic Response Fund	600	600	600	-	-
Remediation Fund	500	500	500	-	-
Renewable Development Account	5,072	184	184	(4,888)	-
Workers' Compensation Fund	19,784	19,832	21,599	1,815	1,767
Special Revenue Fund	1,725,132	1,721,197	1,768,382	43,250	47,185
Gift Fund	9,951	2,696	2,696	(7,255)	-
Trunk Highway Fund	23,850	-	97,026	73,176	97,026
Climate and Economic Development Fund	2,500	-	-	(2,500)	-
<u>Federal Fund</u>	<u>220,861</u>	<u>223,558</u>	<u>223,558</u>	<u>2,697</u>	<u>-</u>
Subtotal for Non-Dedicated Funds	4,788,979	3,602,644	3,903,697	(885,282)	301,053

Fund Totals	FY 2024-25 Spending*	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
<i>Environment Trust/Legacy Funds</i>					
Environment and Natural Resources Trust Fund	5,413	-	6,987	1,574	6,987
Arts and Cultural Heritage Fund	209,329	-	169,611	(39,718)	169,611
Clean Water Fund	15	-	7	(8)	7
Outdoor Heritage Fund	2,274	-	1,511	(763)	1,511
<u>Parks and Trails Fund</u>	<u>7</u>	<u>-</u>	<u>4</u>	<u>(3)</u>	<u>4</u>
<i>Subtotal Environment Trust/Legacy Funds</i>	<i>217,037</i>	<i>-</i>	<i>178,120</i>	<i>(38,917)</i>	<i>178,120</i>
Total for Budget Area	5,006,017	3,602,644	4,081,817	(924,200)	479,173
Percent Change				-18.5%	13.3%
General Fund Percent of All Funds	55.4%	45.2%	43.7%		

* As adjusted by FY 2025 changes made by the 2025 Legislature, if any.

Table 3 - State Government and Veterans
General Fund Changes Compared to Forecast
(dollars in thousands)

Appropriation Changes by Agency	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Legislature						
Senate Operating Adjustment	1,585	3,037	4,622	3,037	3,037	6,074
House of Representatives Operating Adjustment	7,568	6,356	13,924	4,630	4,630	9,260
Legislative Coordinating Commission Operating Adjustment	1,329	2,627	3,956	2,627	2,627	5,254
Legislative Coordinating Commission - Dues Increase	49	74	123	74	74	148
Legislative Auditor Report Implementation and Monitoring	289	290	579	300	300	600
Foraging Task Force	198	-	198	-	-	-
Seclusion Room Working Group	120	-	120	-	-	-
Property Insurance Task Force (FY 2025)	200	-	200	-	-	-
Total Legislature	11,338	12,384	23,722	10,668	10,668	21,336
State Auditor						
Operating Adjustment	729	1,307	2,036	1,307	1,307	2,614
Data Warehouse	228	228	456	134	134	268
Internal Trainers - Audit Division	137	146	283	156	156	312
Information Technology Auditors	272	288	560	288	288	576
Total State Auditor	1,366	1,969	3,335	1,885	1,885	3,770

Appropriation Changes by Agency	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Attorney General						
Operating Adjustment	2,500	1,500	4,000	1,500	1,500	3,000
Total Attorney General	2,500	1,500	4,000	1,500	1,500	3,000
Secretary of State						
Operating Adjustment	500	500	1,000	500	500	1,000
2024 Help America Vote Act Federal Funds Match	200	-	200	-	-	-
Judicial Official Data Privacy for Real Property Records	18	-	18	-	-	-
Total Secretary of State	718	500	1,218	500	500	1,000
Campaign Finance and Public Disclosure Board						
Operating Adjustment	26	53	79	53	53	106
Litigation Expenses	760	-	760	-	-	-
Transfer to General Campaign Account	(2,103)	-	(2,103)	-	-	-
Total Campaign Finance and Public Disclosure Board	(1,317)	53	(1,264)	53	53	106
Office of Administrative Hearings						
Operating Adjustment	10	20	30	20	20	40
Modify Assisted Living Facility Service Termination Requirements	272	262	534	262	262	524
Total Office of Administrative Hearings	282	282	564	282	282	564

Appropriation Changes by Agency	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Department of Information Technology Services						
Operating Adjustment	186	378	564	378	378	756
Total Department of Information Technology Services	186	378	564	378	378	756
Department of Administration						
Operating Adjustment	301	610	911	610	610	1,220
In-Lieu-of-Rent Operating Adjustment	973	973	1,946	471	471	942
Reduce Enterprise Translations Office Transfers	(150)	(150)	(300)	(150)	(150)	(300)
Infrastructure Advisory Council	(473)	(473)	(946)	(471)	(471)	(942)
Supplemental Anoka Miller Building Funding	10,000	-	10,000	10,000	-	10,000
Total Department of Administration	10,651	960	11,611	10,460	460	10,920
Capitol Area Architectural and Planning Board						
Operating Adjustment	8	16	24	16	16	32
Total Capitol Area Architectural and Planning Board	8	16	24	16	16	32
Department of Management and Budget						
Operating Adjustment	891	1,806	2,697	1,806	1,806	3,612
Office of Strategic Planning Increase	717	-	717	-	-	-
Collaboration for Data Disaggregation (FY 2025)	(1,700)	-	(1,700)	-	-	-
Department of Children, Youth, and Families (FY 2025)	(8,500)	-	(8,500)	-	-	-
Total Department of Management and Budget	(8,592)	1,806	(6,786)	1,806	1,806	3,612

Appropriation Changes by Agency	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Department of Management and Budget - Non-Operating						
Pensions - MSRS State Patrol COLA Modifications	2,300	2,300	4,600	2,300	2,300	4,600
Pensions - PERA Police and Fire COLA Modifications	17,700	17,700	35,400	17,700	17,700	35,400
Claims Bill	65	-	65	-	-	-
Total Department of Management and Budget - Non-Operating	20,065	20,000	40,065	20,000	20,000	40,000
Department of Revenue						
Operating Adjustment	4,206	8,517	12,723	8,455	8,455	16,910
Total Department of Revenue	4,206	8,517	12,723	8,455	8,455	16,910
Amateur Sports Commission						
Operating Adjustment	9	19	28	19	19	38
Total Amateur Sports Commission	9	19	28	19	19	38
Council for Minnesotans of African Heritage						
Operating Adjustment	11	23	34	23	23	46
Total Council for Minnesotans of African Heritage	11	23	34	23	23	46
Council on Latino Affairs						
Operating Adjustment	12	24	36	24	24	48
Operating Increase	50	50	100	50	50	100
Total Council on Latino Affairs	62	74	136	74	74	148

Appropriation Changes by Agency	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Council on Asian-Pacific Minnesotans						
Operating Adjustment	9	19	28	19	19	38
Total Council on Asian-Pacific Minnesotans	9	19	28	19	19	38
Council on LGBTQIA2S+ Minnesotans						
Operating Adjustment	8	16	24	16	16	32
Operating Increase	50	50	100	50	50	100
Total Council on LGBTQIA2S+ Minnesotans	58	66	124	66	66	132
Indian Affairs Council						
Operating Adjustment	20	41	61	41	41	82
Total Indian Affairs Council	20	41	61	41	41	82
Minnesota Historical Society						
Operating Adjustment	306	619	925	619	619	1,238
Total Minnesota Historical Society	306	619	925	619	619	1,238
Board of the Arts						
Operating Adjustment	10	20	30	20	20	40
Total Board of the Arts	10	20	30	20	20	40
Board of Accountancy						
Operating Adjustment	15	29	44	29	29	58
Total Board of Accountancy	15	29	44	29	29	58

Appropriation Changes by Agency	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Board of Architecture, Engineering						
Operating Adjustment	14	29	43	29	29	58
Total Board of Architecture, Engineering	14	29	43	29	29	58
Board of Barber Examiners						
Operating Adjustment	7	14	21	14	14	28
Total Board of Barber Examiners	7	14	21	14	14	28
Board of Cosmetologist Examiners						
Operating Adjustment	56	113	169	113	113	226
Total Board of Cosmetologist Examiners	56	113	169	113	113	226
Minnesota State Retirement System						
Legislator Plan COLA Modification	11	34	45	58	82	140
Total Minnesota State Retirement System	11	34	45	58	82	140
Department of Military Affairs						
Operating Adjustment	198	401	599	401	401	802
Enlistment and Retention Bonuses	2,000	6,000	8,000	-	-	-
Holistic Health and Fitness	242	-	242	-	-	-
Cyber Coordination Cell	373	377	750	377	377	754
Pension Offset for State Active Duty	2	2	4	2	2	4
Total Department of Military Affairs	2,815	6,780	9,595	780	780	1,560

Appropriation Changes by Agency	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Department of Veterans Affairs						
Operating Adjustment - Programs and Services	393	796	1,189	796	796	1,592
Veterans Home Transfer to Special Revenue						
Fund Increase	17,925	21,245	39,170	25,675	25,675	51,350
Suicide Prevention Increase	150	150	300	150	150	300
Counseling and Case Management Outreach						
Referral and Education Grant Increase	300	-	300	-	-	-
County Veterans Service Office Grant Increase	60	60	120	60	60	120
Hometown Heroes Grant	100	-	100	-	-	-
Veteran Resilience Project Grant	(200)	(200)	(400)	(200)	(200)	(400)
Veterans of Special Guerilla Units Task Force	118	-	118	-	-	-
Education Benefits for Remarried Spouses	8	8	16	8	8	16
Total Department of Veterans Affairs	18,854	22,059	40,913	26,489	26,489	52,978
Total General Fund Changes	63,668	78,304	141,972	84,396	74,420	158,816

Table 4 - State Government and Veterans
Non-general Fund Changes Compared to Forecast
(dollars in thousands)

Appropriation Changes by Agency	Fund	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Attorney General							
Operating Increase	SGSR	500	500	1,000	500	500	1,000
Total Attorney General		500	500	1,000	500	500	1,000
Secretary of State							
Business Filing Fraud and Deceptive Mailings	Special Revenue	2,120	2,120	4,240	2,120	2,120	4,240
2024 Help America Vote Act Federal Funds Match	Special Revenue	200	-	200	-	-	-
Total Secretary of State		2,320	2,120	4,440	2,120	2,120	4,240
Office of Administrative Hearings							
Operating Adjustment	Workers' Compensation	589	1,178	1,767	1,178	1,178	2,356
Total Office of Administrative Hearings		589	1,178	1,767	1,178	1,178	2,356
Department of Administration							
Grant to Ramsey County for Capitol Area Livability Improvements	Special Revenue	3,000	-	3,000	-	-	-
Reduce Enterprise Translations Office Transfers	Special Revenue	(150)	(150)	(300)	(150)	(150)	(300)
State Patrol Headquarters Building	Trunk Highway	48,513	48,513	97,026	-	-	-
Total Department of Administration		51,363	48,363	99,726	(150)	(150)	(300)

Appropriation Changes by Agency	Fund	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Racing Commission							
Advance Deposit Wagering Regulatory Fee Increase	Special Revenue	475	400	875	375	350	725
Total Racing Commission		475	400	875	375	350	725
Department of Veterans Affairs							
Operating Adjustment - Veterans Homes	Special Revenue	17,925	21,245	39,170	25,675	25,675	51,350
Total Department of Veterans Affairs		17,925	21,245	39,170	25,675	25,675	51,350
Total Non-general Fund Changes		73,172	73,806	146,978	29,698	29,673	59,371

**Table 5 - State Government and Veterans
Revenue Changes Compared to Forecast**
(dollars in thousands)

Revenue Changes by Agency	Fund	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
State Auditor							
Operating Adjustment - Billing Revenue	General	729	1,307	2,036	1,307	1,307	2,614
Internal Trainer - Audit Division	General	137	146	283	156	156	312
Information Technology Auditors	General	272	288	560	288	288	576
Total State Auditor		1,138	1,741	2,879	1,751	1,751	3,502
Secretary of State							
Business Filing Reinstatement/Renewal Late Penalty	Special Revenue	2,120	2,120	4,240	2,120	2,120	4,240
2024 Help America Vote Act Federal Funds Match	Special Revenue	200	-	200	-	-	-
Total Secretary of State		2,320	2,120	4,440	2,120	2,120	4,240
Racing Commission							
Advance Deposit Wagering Regulatory Fee Increase	Special Revenue	475	400	875	375	350	725
Total Racing Commission		475	400	875	375	350	725
Board of Accountancy							
Certified Public Accountant Certificate Requirements	General	3	3	6	3	3	6
Total Board of Accountancy		3	3	6	3	3	6
Total Revenue Changes		3,936	4,264	8,200	4,249	4,224	8,473

CHAPTER 11

TRANSPORTATION AND PUBLIC SAFETY

[Laws 2025, First Special Session, Chapter 8](#), the Omnibus Transportation and Public Safety Act, appropriated funds for FY 2026-27 operations of the Department of Transportation (MnDOT), the Metropolitan Council, and the Department of Public Safety (DPS). The enacted budget appropriated a total of \$14.9 billion from all funds for FY 2026-27, of which \$375.5 million, or 2.5 percent, was from the General Fund.

Chart 1 and Table 1 display Transportation and Public Safety appropriations since FY

2018-19 and divide each biennium between the General Fund and non-general funds. As shown in Table 2b, the enacted all funds budget in FY 2026-27 increased \$1.2 billion, or 8.7 percent, above the February 2025 forecast, and increased \$1.7 billion, or 13 percent, above FY 2024-25.

General Fund appropriations in FY 2026-27 totaled \$375.5 million, a decrease of \$101.5 million, or 21.3 percent, below the February 2025 forecast, and a decrease of \$936.7 million, or 71.4 percent, below FY 2024-25.

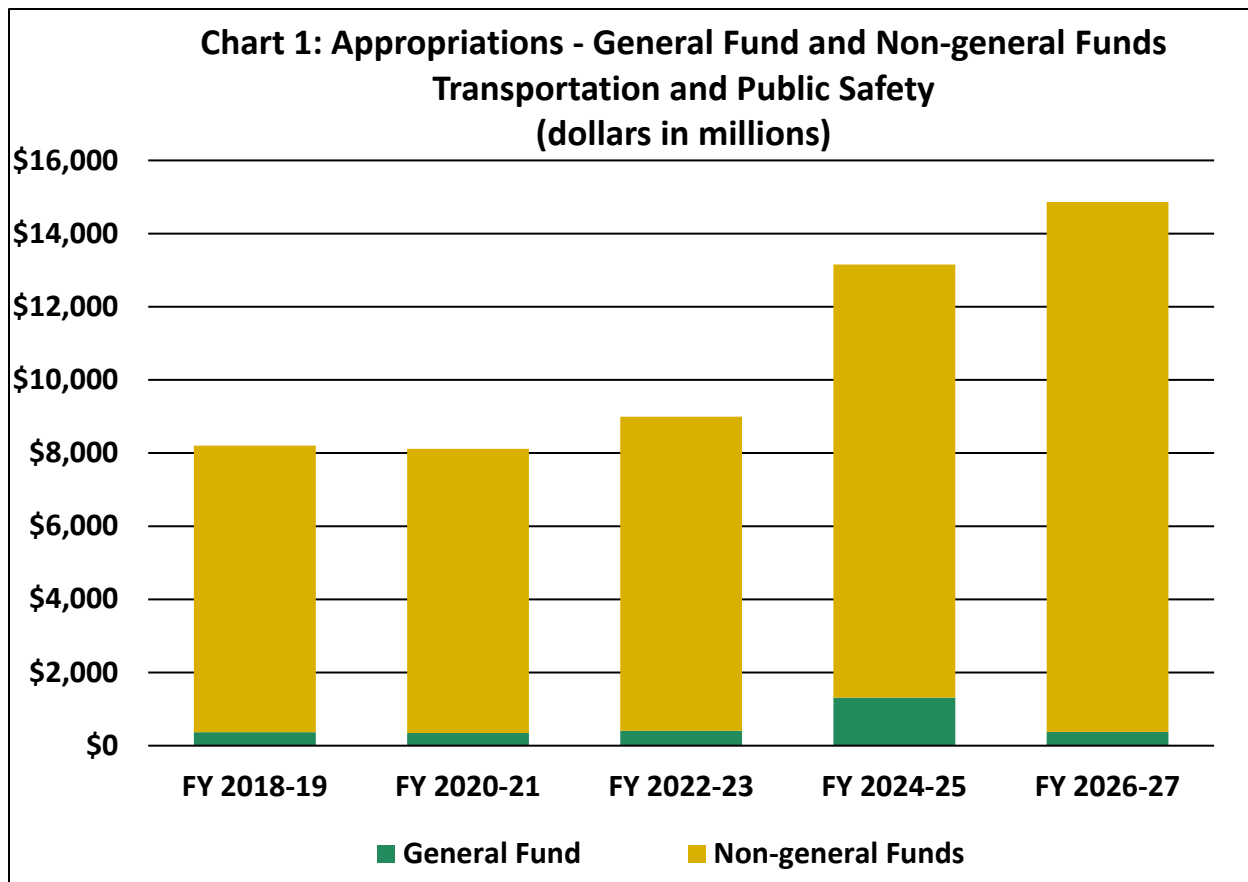


Table 1 - Transportation and Public Safety Appropriations - General Fund and Non-general Funds <i>(dollars in thousands)</i>					
Fund	FY 2018-19	FY 2020-21	FY 2022-23	FY 2024-25	FY 2026-27
General Fund	367,880	345,570	407,458	1,311,721	375,031
Non-general Funds	7,836,103	7,770,192	8,588,038	11,843,738	14,489,736
Total	8,203,983	8,115,762	8,995,496	13,155,459	14,864,767
<u>Change vs Previous Biennium</u>					
General Fund	NA	(22,310)	61,888	904,263	(936,690)
Percent Change	NA	-6.1%	17.9%	221.9%	-71.4%
All Funds	NA	(88,221)	879,734	4,159,963	1,709,308
Percent Change	NA	-1.1%	10.8%	46.2%	13.0%

Department of Transportation

As shown in Table 2a, the enacted budget appropriated \$12.9 billion to MnDOT in FY 2026-27, an increase of \$1.2 billion, or 10.7 percent, from the forecast.

Most of this increase was due to Chapter 8's appropriation of \$1.1 billion in new federal highway aid revenue deposited into the Trunk Highway Fund (THF). Of this appropriation, \$454.1 million was for state road construction and \$650 million was one-time for replacement of the Blatnik Bridge in Duluth.

Other MnDOT biennial budget highlights in Chapter 8, compared to the February 2025 forecast, included:

- \$10 million one-time from the State Airports Fund for construction of a new

air traffic control tower at the Duluth International Airport;

- \$4 million from the THF for MnDOT truck station modernization projects;
- \$1 million one-time from the General Fund for grants to cities of the first class for traffic calming infrastructure improvements;
- a one-time General Fund transfer of \$250,000 to the newly created local government road funding gap assistance account in the Special Revenue Fund, which is statutorily appropriated to provide financial assistance to eligible local units of government for road improvements;
- a one-time General Fund reduction of \$22 million for greater Minnesota transit; and

- a reduction of \$11 million from a \$16.4 million General Fund transfer to the active transportation account in the Special Revenue Fund, which funds bicycle, trail, and pedestrian infrastructure grants.

In addition, [Laws 2025, Chapter 33](#) cancelled \$77.2 million of the FY 2025 General Fund appropriation to MnDOT for the Minneapolis-Duluth Northern Lights Express intercity passenger rail project.

Metropolitan Council

Chapter 8 reduced the Metropolitan Council's FY 2026-27 General Fund appropriation for metropolitan transit system operations by \$61.4 million, compared to the forecast.

In addition, Chapter 8 authorized the Metropolitan Council to provide a loan to MnDOT of up to \$250 million from the council's portion of regional transportation sales tax revenue and set the terms for loan repayment. These funds are to advance the project timeline of certain MnDOT highway construction projects in coordination with adjacent Metropolitan Council bus rapid transit projects.

Department of Public Safety

The enacted budget appropriated a total of \$892.3 million in FY 2026-27 for the Department of Public Safety's (DPS) transportation-related activities. This was an increase of \$10.7 million, or 1.2 percent, above the February 2025 forecast.

Chapter 8 appropriated \$5 million in FY 2026-27 from the driver and vehicle services operating (DVSO) account in the Special Revenue Fund to DPS for payments to deputy registrars and driver's license agents. These payments are reimbursement for the costs of completing certain driver and vehicle services transactions for which deputy registrars and driver's license agents cannot charge a filing fee by law.

Other significant DPS budget changes in Chapter 8, as compared to the forecast, included:

- \$2.1 million from the THF in FY 2026-27 for State Patrol recruitment and hiring initiatives and \$20.7 million from the THF in FY 2028-29 planning estimates to implement an additional annual trooper academy;
- \$970,000 from the THF in FY 2026-27 for federal matching funds for planning and administration activities of the Office of Traffic Safety; and
- \$8.9 million in reductions to FY 2026-27 General Fund appropriations for agency strategy and analytics (\$1.1 million), the Advisory Council on Traffic Safety (\$1.8 million), and the drug evaluation and classification training program for peace officers (\$6 million).

Chapter 8 also increased from \$20 to \$40 the Driver and Vehicle Services fee for a road test appointment no-show or cancellation within 24 hours of the scheduled time and imposed a new fee of \$20 for test cancellations within 24 to 72 hours of the scheduled time. These changes are estimated to generate \$331,000

in additional fee revenue to the DVSO account in FY 2026-27.

Dedicated Revenues

The Highway User Tax Distribution Fund (HUTDF) is a constitutionally established fund that receives dedicated transportation tax revenues and distributes them to other highway-related funds, primarily the THF, the County State-Aid Highway Fund, and the Municipal State-Aid Street Fund. Collectively, these three funds compose 58.6 percent of the enacted FY 2026-27 Transportation and Public Safety budget.

Chapter 8 enacted several tax changes that affected HUTDF revenues, including:

- modification of the registration tax surcharge on all-electric vehicles, from a flat \$75 to a calculated amount based on the manufacturer's suggested retail price adjusted for depreciation;
- establishment of a registration tax surcharge for plug-in hybrid electric vehicles, calculated in the same manner as for all-electric vehicles;
- creation of a tax on electricity sold as vehicle fuel at public charging stations, effective in FY 2028, at a rate of 5 cents per kilowatt hour; and
- reallocation of revenues from the sales tax on vehicle repair and replacement parts from the HUTDF to the General Fund (for additional detail, see chapter 2 of this report).

Collectively, these changes increased FY 2026-27 estimated net revenue to the HUTDF by \$12 million and decreased FY

2028-29 estimated net revenue by \$26.3 million, compared to the February 2025 forecast.

Table 2a - Transportation and Public Safety
All Funds Biennial Spending/Appropriations by Agency and Fund
(dollars in thousands)

Agency/Fund	FY 2024-25 Spending*	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
Department of Transportation					
General Fund	976,377	97,853	66,390	(909,987)	(31,463)
Trunk Highway Fund	4,488,692	4,257,291	5,521,060	1,032,368	1,263,769
State Airports Fund	77,352	52,932	72,682	(4,670)	19,750
County State-Aid Highway Fund	1,850,497	2,249,899	2,253,605	403,108	3,706
Municipal State-Aid Street Fund	476,438	570,127	571,133	94,695	1,006
Special Revenue Fund	377,767	440,794	429,743	51,976	(11,051)
Highway User Tax Distribution Fund	317	524	524	207	-
Transit Assistance Fund	189,309	226,761	226,755	37,446	(6)
Federal Fund	2,797,222	3,696,073	3,696,073	898,851	-
911 Emergency Fund	20,500	20,768	20,768	268	-
<u>Expenses in Multiple Funds</u>	<u>(824)</u>	<u>-</u>	<u>-</u>	<u>824</u>	<u>-</u>
Subtotal for Agency	11,253,647	11,613,022	12,858,733	1,605,086	1,245,711
<i>Environment Trust/Legacy Funds</i>					
<u>Environment and Natural Resources Trust</u>					
<u>Fund</u>	<u>465</u>	<u>-</u>	<u>-</u>	<u>(465)</u>	<u>-</u>
<i>Subtotal Environment Trust/Legacy Funds</i>	<i>465</i>	<i>-</i>	<i>-</i>	<i>(465)</i>	<i>-</i>
Total Department of Transportation	11,254,112	11,613,022	12,858,733	1,604,621	1,245,711

Agency/Fund	FY 2024-25 Spending*	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
Metropolitan Council					
General Fund	229,860	295,755	234,349	4,489	(61,406)
Transit Assistance Fund	780,998	879,408	879,374	98,376	(34)
Total Metropolitan Council	1,010,858	1,175,163	1,113,723	102,865	(61,440)
Department of Public Safety					
General Fund	105,484	82,964	74,292	(31,192)	(8,672)
Trunk Highway Fund	360,568	346,706	357,837	(2,731)	11,131
Highway User Tax Distribution Fund	2,714	2,756	2,777	63	21
Special Revenue Fund	321,021	332,166	340,371	19,350	8,205
Gift Fund	330	304	304	(26)	-
Federal Fund	103,917	119,989	119,989	16,072	-
Natural Resources Fund	5	6	6	1	-
Expenses in Multiple Funds	(3,550)	(3,265)	(3,265)	285	-
Total Department of Public Safety	890,489	881,626	892,311	1,822	10,685

* As adjusted by FY 2025 changes made by the 2025 Legislature, if any.

Table 2b - Transportation and Public Safety
All Funds Biennial Spending/Appropriations by Budget Area and Fund
(dollars in thousands)

Fund Totals	FY 2024-25 Spending*	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
Transportation and Public Safety Budget Area - All Agencies					
General Fund	1,311,721	476,572	375,031	(936,690)	(101,541)
Trunk Highway Fund	4,849,260	4,603,997	5,878,897	1,029,637	1,274,900
State Airports Fund	77,352	52,932	72,682	(4,670)	19,750
County State-Aid Highway Fund	1,850,497	2,249,899	2,253,605	403,108	3,706
Municipal State-Aid Street Fund	476,438	570,127	571,133	94,695	1,006
Special Revenue Fund	698,788	772,960	770,114	71,326	(2,846)
Highway User Tax Distribution Fund	3,031	3,280	3,301	270	21
Transit Assistance Fund	970,308	1,106,169	1,106,129	135,821	(40)
Federal Fund	2,901,139	3,816,062	3,816,062	914,923	-
Gift Fund	330	304	304	(26)	-
911 Emergency Fund	20,500	20,768	20,768	268	-
Natural Resources Fund	5	6	6	1	-
<u>Expenses in Multiple Funds</u>	<u>(4,373)</u>	<u>(3,265)</u>	<u>(3,265)</u>	<u>1,108</u>	<u>-</u>
Subtotal for Non-Dedicated Funds	13,154,994	13,669,811	14,864,767	1,709,773	1,194,956
<i>Environment Trust/Legacy Funds</i>					
<u>Environment and Natural Resources Trust Fund</u>	<u>465</u>	<u>-</u>	<u>-</u>	<u>(465)</u>	<u>-</u>
<i>Subtotal Environment Trust/Legacy Funds</i>	<i>465</i>	<i>-</i>	<i>-</i>	<i>(465)</i>	<i>-</i>
Total for Budget Area	13,155,459	13,669,811	14,864,767	1,709,308	1,194,956
Percent Change				13.0%	8.7%
General Fund Percent of All Funds	10.0%	3.5%	2.5%		

* As adjusted by FY 2025 changes made by the 2025 Legislature, if any.

Table 3 - Transportation and Public Safety
General Fund Changes Compared to Forecast
(dollars in thousands)

Appropriation Changes by Agency	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Department of Transportation						
Operating Adjustments	146	296	442	296	296	592
Greater Minnesota Transit Reduction	(11,000)	(11,000)	(22,000)	-	-	-
Southeast MN Transportation Management Organization	45	-	45	-	-	-
Weigh Station Appropriation Reduction	(100)	(100)	(200)	(100)	(100)	(200)
Traffic Calming Infrastructure Improvement Grants	500	500	1,000	-	-	-
Reduce Transfer to Active Transportation Account	(5,500)	(5,500)	(11,000)	-	-	-
Reduce Transfer to Passenger Rail Account	-	-	-	(8,120)	(8,240)	(16,360)
Transfer to Local Government Road Funding Account	250	-	250	-	-	-
Northern Lights Express Reduction (FY 2025)	(77,232)	-	(77,232)	-	-	-
Appropriation Cancellations (FY 2025)	(6,175)	-	(6,175)	-	-	-
Total Department of Transportation	(99,066)	(15,804)	(114,870)	(7,924)	(8,044)	(15,968)
Metropolitan Council						
Transit System Operations Reduction	(30,703)	(30,703)	(61,406)	(12,440)	(12,440)	(24,880)
Total Metropolitan Council	(30,703)	(30,703)	(61,406)	(12,440)	(12,440)	(24,880)
Department of Public Safety						
Operating Adjustments	107	141	248	141	141	282
Agency Strategy and Analytics Reduction	(560)	(560)	(1,120)	(560)	(560)	(1,120)

Appropriation Changes by Agency	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Advisory Council on Traffic Safety Reduction	(900)	(900)	(1,800)	(900)	(900)	(1,800)
Drug Recognition Evaluator Training Reduction	(3,000)	(3,000)	(6,000)	(3,000)	(3,000)	(6,000)
Appropriation Cancellations (FY 2025)	(3,250)	-	(3,250)	-	-	-
Total Department of Public Safety	(7,603)	(4,319)	(11,922)	(4,319)	(4,319)	(8,638)
Total General Fund Changes	(137,372)	(50,826)	(188,198)	(24,683)	(24,803)	(49,486)

Table 4 - Transportation and Public Safety
Non-general Fund Changes Compared to Forecast
(dollars in thousands)

Appropriation Changes by Agency	Fund	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Department of Transportation							
Aeronautics Appropriation Increase	State Airports	4,800	4,800	9,600	4,850	4,850	9,700
Automated Weather Station at McGregor Airport	State Airports	150	-	150	-	-	-
Duluth Airport Tower	State Airports	5,000	5,000	10,000	-	-	-
Operating Adjustments	Trunk Highway	22,161	32,802	54,963	32,802	32,802	65,604
State Roads Operations and Maintenance Increase	Trunk Highway	5,000	5,000	10,000	10,000	10,000	20,000
State Roads Corridor Planning	Trunk Highway	3,000	3,000	6,000	3,000	3,000	6,000
Metro Planning Organizations Grant Increase	Trunk Highway	34	34	68	34	34	68
Autonomous Mowers Research and Equipment	Trunk Highway	150	-	150	-	-	-
Federal Highway Funds Spending Authority	Trunk Highway	393,744	60,344	454,088	64,733	64,733	129,466
State Road Construction Increase	Trunk Highway	9,000	9,000	18,000	60,000	60,000	120,000
Blatnik Bridge Construction - Federal Funds	Trunk Highway	650,000	-	650,000	-	-	-
Priority Trunk Highway Projects	Trunk Highway	33,250	33,250	66,500	-	-	-
Corridors of Commerce Reduction	Trunk Highway	-	-	-	(5,000)	(5,000)	(10,000)
Facilities Modernization - Truck Stations	Trunk Highway	2,000	2,000	4,000	2,000	2,000	4,000
Changes Due to Passthrough Revenue	County State-Aid	1,427	2,403	3,830	(1,775)	(6,881)	(8,656)
Retail Delivery Fee Exemptions	County State-Aid	(48)	(76)	(124)	(76)	(76)	(152)
Changes Due to Passthrough Revenue	Municipal State-Aid	375	631	1,006	(466)	(1,808)	(2,274)

Appropriation Changes by Agency	Fund	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Motor Vehicle Dealer Plate Modifications	Transit Assistance	(3)	(3)	(6)	(3)	(3)	(6)
Retail Delivery Fee Exemptions	Special Revenue	(118)	(183)	(301)	(183)	(183)	(366)
Local Road Funding Gap Assistance	Special Revenue	250	-	250	-	-	-
Active Transportation Reduction	Special Revenue	(5,500)	(5,500)	(11,000)	-	-	-
Delay Passenger Rail General Fund Transfer	Special Revenue	-	-	-	(8,120)	(8,240)	(16,360)
Total Department of Transportation		1,124,672	152,502	1,277,174	161,796	155,228	317,024
Metropolitan Council							
Motor Vehicle Dealer Plate Modifications	Transit Assistance	(17)	(17)	(34)	(17)	(17)	(34)
Total Metropolitan Council		(17)	(17)	(34)	(17)	(17)	(34)
Department of Public Safety							
Operating Adjustments	Trunk Highway	3,037	5,034	8,071	5,034	5,034	10,068
Operating Adjustments	HUTDF	4	17	21	17	17	34
Operating Adjustments	Special Revenue	950	952	1,902	952	952	1,904
State Patrol Recruitment and Hiring	Trunk Highway	1,045	1,045	2,090	10,365	10,365	20,730
Rulemaking for Ignition Interlock Program	Special Revenue	317	-	317	-	-	-
Ignition Interlock Program Staffing	Special Revenue	382	382	764	382	382	764
Work Zone Safety Driver Education Changes	Special Revenue	218	-	218	-	-	-
Reimbursements to Deputy Registrars	Special Revenue	2,500	2,500	5,000	2,500	2,500	5,000
Office of Traffic Safety Federal Match	Trunk Highway	485	485	970	485	485	970
Rental Motor Vehicle Plates	Special Revenue	3	1	4	1	1	2
Total Department of Public Safety		8,941	10,416	19,357	19,736	19,736	39,472
Total Non-general Fund Changes		1,133,596	162,901	1,296,497	181,515	174,947	356,462

Table 5 - Transportation and Public Safety
Revenue Changes Compared to Forecast
(dollars in thousands)

Revenue Changes by Agency	Fund	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
Department of Transportation							
Auto Parts Sales Tax Distribution Modification	HUTDF	(1,822)	(9,462)	(11,284)	(29,306)	(54,208)	(83,514)
Electric Vehicle Kilowatt Hour Tax on Public Charging	HUTDF	-	-	-	1,600	2,400	4,000
Motor Vehicle Dealer Plate Modifications	HUTDF	(116)	(116)	(232)	(116)	(116)	(232)
Motor Vehicle Dealer Plate Modifications	Transit Assistance	(3)	(3)	(6)	(3)	(3)	(6)
Federal Highway Funds	Trunk Highway	393,744	60,344	454,088	64,733	64,733	129,466
Blatnik Bridge Construction - Federal Funds	Trunk Highway	650,000	-	650,000	-	-	-
Retail Delivery Fee Exemptions	Special Revenue	(230)	(360)	(590)	(360)	(360)	(720)
Local Road Funding Gap Acct Transfer In	Special Revenue	250	-	250	-	-	-
Reduce Active Transportation General Fund Transfer	Special Revenue	(5,500)	(5,500)	(11,000)	-	-	-
Delay Passenger Rail General Fund Transfer	Special Revenue	-	-	-	(8,120)	(8,240)	(16,360)
Repeal Exemption for Data Centers Electricity Consumption	Special Revenue	280	370	650	440	520	960
Interaction with Cannabis Gross Receipts Tax Modifications	Special Revenue	(10)	(10)	(20)	(20)	(20)	(40)
June Accelerated Sales Tax Interaction	Special Revenue	-	370	370	10	20	30

Revenue Changes by Agency	Fund	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
June Accelerated Sales Tax Interaction	HUTDF	-	570	570	10	20	30
June Accelerated Sales Tax Interaction	County State-Aid	-	100	100	-	-	-
June Accelerated Sales Tax Interaction	Transit Assistance	-	100	100	-	-	-
Total Department of Transportation		1,036,593	46,403	1,082,996	28,868	4,746	33,614
Metropolitan Council							
Motor Vehicle Dealer Plate Modifications	Transit Assistance	(17)	(17)	(34)	(17)	(17)	(34)
Total Metropolitan Council		(17)	(17)	(34)	(17)	(17)	(34)
Department of Public Safety							
Electric Vehicle Registration Surcharges	HUTDF	6,325	16,976	23,301	22,387	30,800	53,187
Commercial Learner's Permit Length Extension	Special Revenue	(22)	(22)	(44)	(22)	(22)	(44)
Driver's Exam No-Show Fee Increase	Special Revenue	158	173	331	173	173	346
Motor Vehicle Dealer Plate Modifications	Special Revenue	(27)	(27)	(54)	(27)	(27)	(54)
Rental Motor Vehicle Plates	Special Revenue	1	1	2	1	1	2
Total Department of Public Safety		110	125	235	125	125	250
Total Revenue Changes		1,036,686	46,511	1,083,197	28,976	4,854	33,830

CHAPTER 12

CAPITAL INVESTMENT AND DEBT SERVICE

[Laws 2025, Chapter 32](#) and [Laws 2025, First Special Session, Chapters 14 and 15](#) authorized general obligation bonds and housing infrastructure bonds and enacted one-time General Fund appropriations for capital improvements in FY 2026.

Chart 1 and Table 1 display debt service and capital project appropriations since FY 2018-19 and divide each biennium between the General Fund and non-general funds. As shown in Table 3, the enacted all funds budget in FY 2026-27 decreased \$28.3 million, or 0.8 percent, below the February

2025 forecast, and decreased \$1.4 billion, or 28 percent, below FY 2024-25.

Chapter 32 authorized \$50 million in Minnesota Housing Finance Agency (MHFA) housing infrastructure bonds, which are appropriation bonds supported by a statutory annual debt service payment from the General Fund. Annual debt service payments for these bonds will begin in calendar year 2027 and conclude in calendar year 2048. The estimated debt service cost in FY 2028-29 is \$3.8 million.

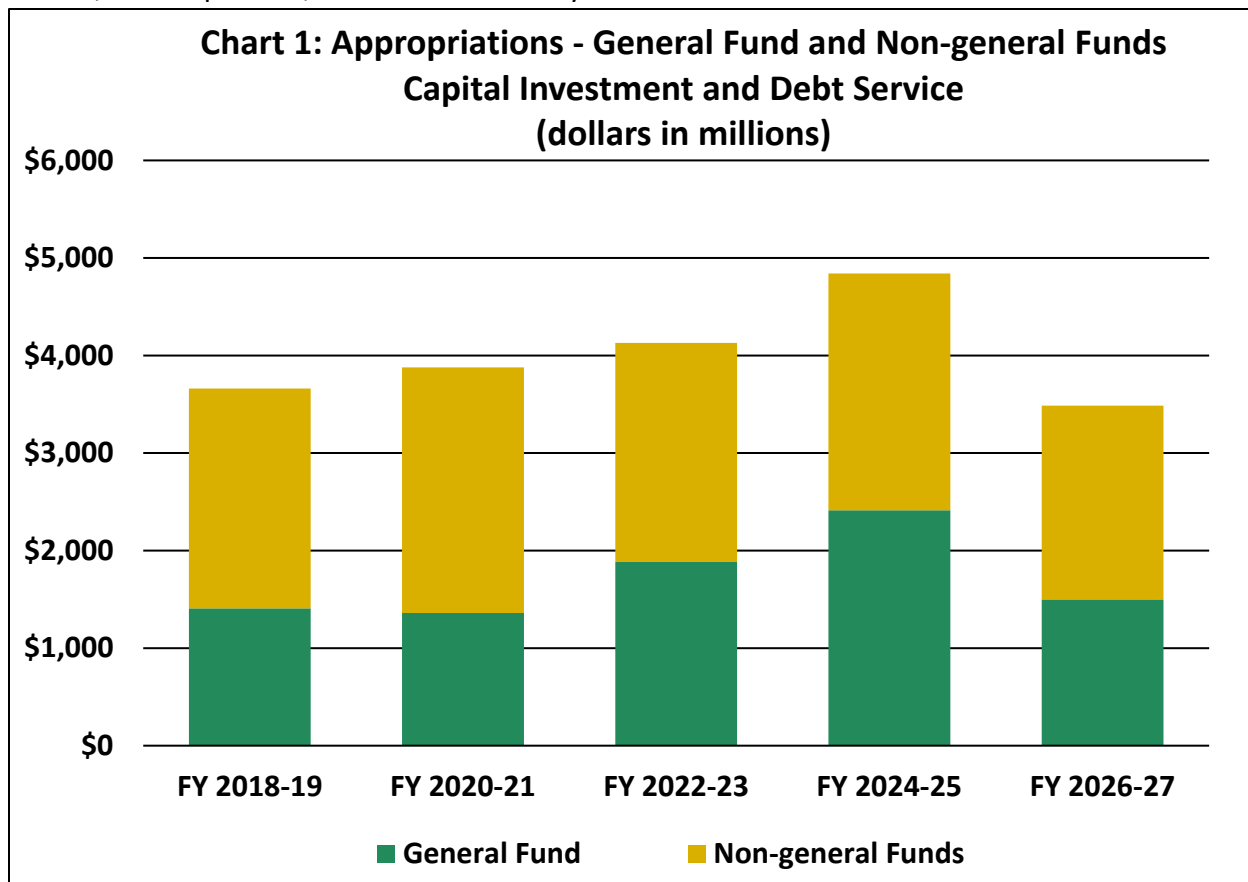


Table 1 – Capital Investment and Debt Service Appropriations - General Fund and Non-general Funds <i>(dollars in thousands)</i>					
Fund	FY 2018-19	FY 2020-21	FY 2022-23	FY 2024-25	FY 2026-27
General Fund	1,407,557	1,359,981	1,883,655	2,413,001	1,499,403
Non-general Funds	2,254,131	2,518,356	2,245,761	2,428,071	1,987,058
Total	3,661,688	3,878,337	4,129,416	4,841,072	3,486,461
<u>Change vs Previous Biennium</u>					
General Fund	NA	(47,576)	523,674	529,346	(913,598)
Percent Change	NA	-3.4%	38.5%	28.1%	-37.9%
All Funds	NA	216,649	251,079	711,656	(1,354,611)
Percent Change	NA	5.9%	6.5%	17.2%	-28.0%

Chapter 14 appropriated \$10.5 million in FY 2026 from the General Fund for capital improvement projects and canceled \$4 million in previous General Fund appropriations. Chapter 15 appropriated \$719.4 million in general obligation bonds for various state and local capital improvement projects, \$78 million of which was from the bond proceeds account in the State Transportation Fund. Chapter 15 also canceled \$19.6 million in previous general obligation bonds. (See Appendix D for additional detail.)

Debt Service Forecast Modifications

In past forecasts, the Department of Management and Budget (MMB) included estimates of annual General Fund-supported debt service payments for debt that had not yet been enacted. MMB calculated these

estimates using the ten-year average of enacted capital investment bills. [Laws 2025, Chapter 39](#) directed MMB to discontinue the practice of including estimated General Fund-supported debt service payments for yet-to-be-enacted capital investment acts in future forecasts, beginning with the November 2025 forecast. This change reduced FY 2026-27 General Fund appropriations for estimated debt service payments by \$17.4 million and reduced FY 2028-29 planning estimates by \$168.1 million, compared to the February 2025 forecast.

Table 2 – Capital Investment and Debt Service
Biennial Budget Balance - Debt Service Fund
(dollars in thousands)

Transfer in by Fund	FY 2024-25 Spending	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
General Fund	1,098,011	1,294,543	1,277,120	179,109	(17,423)
Maximum Effort School Loan Fund	52	59	59	7	-
Capital Fund	79	-	-	(79)	-
Capital Fund - Building	824	-	-	(824)	-
MN State Colleges and Universities Fund	45,250	60,000	60,000	14,750	-
Rural Finance Administration Fund	23,748	24,456	24,456	708	-
Special Revenue Fund	3,821	2,170	2,170	(1,651)	-
Trunk Highway Fund	478,723	606,855	606,855	128,132	-
Investment Receipts and Other Revenue	848,920	175,581	175,581	(673,339)	-
Balance Forward	899,995	970,762	970,762	70,767	-
Total Transfers In	3,399,423	3,134,426	3,117,003	(282,420)	(17,423)
Spending	2,428,661	2,004,881	1,987,458	(441,203)	(17,423)
Budgetary Balance	970,762	1,129,545	1,129,545	158,783	-

Table 3- Capital Investment and Debt Service
All Funds Biennial Spending/Appropriations by Agency and Fund
(dollars in thousands)

Expenditures by Purpose	FY 2024-25 Spending*	FY 2026-27 Forecast Base	FY 2026-27 Enacted Budget	Change: Enacted - FY 2024-25	Change: Enacted - Fcst. Base
General Fund Capital Projects	1,346,823	287,623	294,123	(1,052,700)	6,500
Debt Service - General Fund Transfer	1,066,178	1,222,703	1,205,280	139,102	(17,423)
Debt Service - Non-general Funds	2,428,071	2,004,481	1,987,058	(441,013)	(17,423)
Total Expenditures	4,841,072	3,514,807	3,486,461	(1,354,611)	(28,346)

**As adjusted by FY 2025 changes made by the 2025 Legislature, if any.*

APPENDICES

Appendix A
General Fund Balance Analysis Summary, FY 2024-2029
(dollars in thousands)

	FY 2024-25	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
<u>February 2025 Forecast</u>							
<u>Actual and Estimated Resources</u>							
Balance Forward	16,516,196	7,268,995	6,385,897	7,268,995	3,983,147	1,016,027	3,983,147
Current Resources	61,727,560	32,083,820	32,409,886	64,493,706	33,428,698	34,452,975	67,881,673
Total Resources	78,243,756	39,352,815	38,795,783	71,762,701	37,411,845	35,469,002	71,864,820
<u>Actual and Estimated Expenditures</u>							
Total Net Spending	70,974,761	32,591,205	34,043,044	66,634,249	35,337,014	36,524,852	71,861,866
Estimated Inflation	-	375,713	769,592	1,145,305	1,058,804	1,411,757	2,470,561
Total Expenditures with Inflation	70,974,761	32,966,918	34,812,636	67,779,554	36,395,818	37,936,609	74,332,427
Balance Before Reserves	7,268,995	6,385,897	3,983,147	3,983,147	1,016,027	(2,467,607)	(2,467,607)
Total Reserves	3,527,370	3,527,370	3,527,370	3,527,370	3,527,370	3,527,370	3,527,370
Budgetary Balance with Inflation	3,741,625	2,858,527	455,777	455,777	(2,511,343)	(5,994,977)	(5,994,977)
Budgetary Balance without Inflation	3,741,625	3,234,240	1,601,082	1,601,082	(307,234)	(2,379,111)	(2,379,111)

	FY 2024-25	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
<u>Enacted Budget, 2025 Sessions</u>							
<u>Actual and Estimated Resources</u>							
Balance Forward	16,516,196	7,464,476	6,693,125	7,464,476	5,413,215	4,103,782	5,413,215
Current Resources	61,728,560	32,219,185	32,603,608	64,822,793	33,638,791	34,717,365	68,356,156
Total Resources	78,244,756	39,683,661	39,296,733	72,287,269	39,052,006	38,821,147	73,769,371
<u>Actual and Estimated Expenditures</u>							
Total Net Spending	70,780,280	32,990,536	33,883,518	66,874,054	34,698,316	35,832,878	70,531,194
Estimated Inflation	-	-	-	-	249,908	566,016	815,924
Total Expenditures with Inflation	70,780,280	32,990,536	33,883,518	66,874,054	34,948,224	36,398,894	71,347,118
Balance Before Reserves	7,464,476	6,693,125	5,413,215	5,413,215	4,103,782	2,422,253	2,422,253
Total Reserves	3,527,370	3,527,370	3,527,370	3,527,370	3,527,370	3,527,370	3,527,370
Budgetary Balance with Inflation	3,937,106	3,165,755	1,885,845	1,885,845	576,412	(1,105,117)	(1,105,117)
Budgetary Balance without Inflation	3,937,106	3,165,755	1,885,845	1,885,845	826,320	(289,193)	(289,193)

	FY 2024-25	FY 2026	FY 2027	FY 2026-27	FY 2028	FY 2029	FY 2028-29
<u>Difference Between Forecast and Enacted Budget</u>							
<u>Actual and Estimated Resources</u>							
Balance Forward	-	195,481	307,228	195,481	1,430,068	3,087,755	1,430,068
Current Resources	1,000	135,365	193,722	329,087	210,093	264,390	474,483
Total Resources	1,000	330,846	500,950	524,568	1,640,161	3,352,145	1,904,551
<u>Actual and Estimated Expenditures</u>							
Total Net Spending	(194,481)	399,331	(159,526)	239,805	(638,698)	(691,974)	(1,330,672)
Estimated Inflation	-	(375,713)	(769,592)	(1,145,305)	(808,896)	(845,741)	(1,654,637)
Total Expenditures with Inflation	(194,481)	23,618	(929,118)	(905,500)	(1,447,594)	(1,537,715)	(2,985,309)
Balance Before Reserves	195,481	307,228	1,430,068	1,430,068	3,087,755	4,889,860	4,889,860
Total Reserves	-	-	-	-	-	-	-
Budgetary Balance with Inflation	195,481	307,228	1,430,068	1,430,068	3,087,755	4,889,860	4,889,860
Budgetary Balance without Inflation	195,481	(68,485)	284,763	284,763	1,133,554	2,089,918	2,089,918

Appendix B
FY 2026-27 General Fund Budgetary Balance
and Revenue Change Detail
(dollars in thousands)

Projected Budgetary Balance, February 2025 Forecast*	1,601,082
Non-Dedicated Revenue Change Items	
<u>Tax Revenue Changes</u>	
Individual Income Tax	(970)
Corporate Franchise Tax	(40,300)
Sales Tax	90,384
Cannabis Gross Receipts Tax	76,500
Medical Assistance Surcharges	83,185
Subtotal: Tax Revenue Changes	208,799
<u>Non-tax Revenue Changes</u>	
Chapter 31 - Lower-Potency Hemp Edible Wholesaler Licensing Fee	246
Chapter 35 - Civil Court Filing Fee Increase	4,990
Chapter 35 - Motion Fee Increase	1,530
Chapter 39 - Technology Auditors	560
Chapter 39 - Internal Audit Trainer	283
Chapter 39 - Operating Adjustment - Billing Revenue	2,036
Chapter 39 - Transit Assistance Program Integrated to MNBenefits Web Portal	18
Chapter 39 - CPA Certificate Requirements	6
1 st Special Session, Chapter 3 - Detecting, Preventing, and Addressing Waste, Fraud, and Abuse	5,573
1 st Special Session, Chapter 4 - Securities Unit Staffing	1,086
1 st Special Session, Chapter 6 - Misclassification Enforcement Funding	90
1 st Special Session, Chapter 7 - Natural Gas Utility Resource Planning and Coordination	1,106
1 st Special Session, Chapter 7 - Operating Adjustment	714
1 st Special Session, Chapter 7 - Technology Maintenance and Innovation	1,640
1 st Special Session, Chapter 7 - Tribal Liaison	340

1 st Special Session, Chapter 9 - Operating Adjustment	3,002
1 st Special Session, Chapter 9 - Inpatient Competency Attainment Exam Billing	16,760
1 st Special Session, Chapter 9 - Direct Care and Treatment State-Operated Services Operating Adjustment	11,073
1 st Special Session, Chapter 9 - Improving Supportive Recovery Housing Options	8
Subtotal: Non-tax Revenue Changes	51,061
Total: Non-dedicated Revenue Changes	259,860
<u>Transfers and Prior Year Adjustments</u>	
Chapter 39 - Capitol Area Community Vitality Task Force Account	2,000
1 st Special Session, Chapter 3 - Transfer in from SGSR	23,000
1 st Special Session, Chapter 9 - Paid Family Medical Leave Cancellation	20,000
1 st Special Session, Chapter 9 - Program Integrity and Licensing Fee Changes	19,185
1 st Special Session, Chapter 13 - Repeal Local Government Cannabis Aid	5,042
Subtotal: Transfers and Prior Year Adjustments	69,227
Total: Non-dedicated Revenue Changes, Transfers, and Prior Year Adjustments	329,087
Spending Change Items	
FY 2024-25 Appropriation Changes and Cancellations	(195,481)
FY 2026-27 Appropriation Changes	257,228
Debt Service	(17,423)
Total: Spending Changes**	44,324
Net General Fund Changes (Revenue Minus Spending)	284,763
Budget Reserve Changes	-
Net General Fund Changes (After Budget Reserve Changes)	284,763
End of Session Balance, FY 2026-27 (Forecast Balance Plus Net GF Changes)	1,885,845

**Does not include estimated inflation for FY 2026-27 forecasted expenditures.*

***As compared to the February 2025 forecast.*

Appendix C
Legacy and Constitutionally Dedicated
Appropriations

Table 1
Legacy Funds Appropriations, by Fund, by Agency
(dollars in thousands)

Fund, Agency	FY 2026-27
Outdoor Heritage Fund	
<u>Department of Natural Resources</u>	
Prairie Acquisition and Restoration	26,057
Forests Acquisition and Restoration	17,775
Wetlands Acquisition and Restoration	24,741
Fish, Game, and Wildlife Habitat	73,955
Contract Management and Administration	1,307
Total Department of Natural Resources	143,835
<u>Board of Water and Soil Resources</u>	
Prairie Acquisition and Restoration	7,375
Forests Acquisition and Restoration	2,183
Wetlands Acquisition and Restoration	4,291
Fish, Game, and Wildlife Habitat	3,691
Total Board of Water and Soil Resources	17,540
<u>Legislative Coordinating Commission</u>	
Lessard-Sams Outdoor Heritage Council Administrative Costs	1,504
Legacy Website	7
Total Legislative Coordinating Commission	1,511
Total Outdoor Heritage Fund	162,886

Fund, Agency	FY 2026-27
Clean Water Fund	
<u>Pollution Control Agency</u>	
River and Lake Monitoring and Assessment	18,900
Watershed Restoration and Protection Strategies	14,500
Groundwater Assessment	2,000
Wastewater and Stormwater Programs	3,200
Subsurface Treatment Systems	6,881
Chloride Reduction Program	1,300
Clean Water Council Administrative Costs	922
Voyageurs National Area Sanitary Sewer Project	1,500
Total Pollution Control Agency	49,203
<u>Department of Natural Resources</u>	
Stream Flow Monitoring	5,650
Lake Index Biological Integrity Assessments	3,050
Fish Contamination Assessment	1,100
Watershed Restoration and Protection Strategies	4,750
Aquifer Monitoring for Water Supply Planning	4,700
Nonpoint Source Restoration and Protection Activities	4,350
Applied Research and Tool Development	1,400
County Geologic Atlases	200
Mussel Restoration Pilot Program	700
Culvert Replacement Incentive Program	2,900
Total Department of Natural Resources	28,800
<u>Board of Water and Soil Resources</u>	
Grants to Watersheds with Approved Comprehensive Watershed Plans	88,100
Surface and Drinking Water Projects and Practices	6,000
Accelerated Implementation, Local Resource Protection, Enhancement Grants	8,700
Measures, Results, and Accountability	2,500
Local Government Grants for Complying with Riparian Protection	4,000
Working Lands Floodplain Easements	2,000
Targeted Wellhead/Drinking Water Protection	5,000
Technical Evaluation Panel	200

Fund, Agency	FY 2026-27
Water Management Transition (One Watershed, One Plan)	1,000
Conservation Drainage Management and Assistance	2,000
Conservation Reserve Enhancement Program for Shoreland	1,000
Tillage, Cover Crop, and Erosion Evaluations	850
Watershed Partners Legacy Grants Program	1,000
Wetland Restoration Conservation Easements	5,000
Enhancing Landowner Adoption of Cover Crops	9,486
Conservation Corps of Minnesota and Iowa	1,500
Great Lakes Restoration Program	1,000
Total Board of Water and Soil Resources	139,336
<u>Department of Agriculture</u>	
Monitoring for Pesticides in Surface Water and Groundwater	740
Nitrate Monitoring in Groundwater	6,200
Agriculture Best Management Practices Loan Program	4,000
Technical Assistance	3,200
Research Inventory Database	100
Minnesota Agricultural Water Quality Certification Program	7,000
Irrigation Water Quality Protection	310
Forever Green Agriculture Initiative	5,000
Pesticide Testing of Private Wells	1,000
Conservation Equipment Assistance	3,500
Expand Agriculture Weather Station Network	2,300
Total Department of Agriculture	33,350
<u>Department of Health</u>	
Drinking Water Contaminants of Emerging Concern Program	11,850
Safe Drinking Water for Private Wells	6,000
Drinking Water Sources Protection	7,690
Groundwater Restoration and Protection Strategies	3,500
Future of Drinking Water	500
Recreational Water Quality Online Portal and Inventory of Public Beaches	600
Total Department of Health	30,140

Fund, Agency	FY 2026-27
<u>Metropolitan Council</u>	
Metropolitan Area Drinking Water Supply Sustainability	2,750
Water Demand Reduction Grant Program	1,400
Total Metropolitan Council	4,150
<u>University of Minnesota</u>	
County Geologic Atlases	800
Stormwater Best Management Practices Evaluation	1,600
Total University of Minnesota	2,400
<u>Public Facilities Authority</u>	
Point Source Implementation Grants	16,440
Small Community Wastewater Treatment Program	100
Total Public Facilities Authority	16,540
<u>Legislative Coordinating Commission</u>	
Legacy Website	7
Total Legislative Coordinating Commission	7
Total Clean Water Fund	303,926
Parks and Trails Fund	
<u>Department of Natural Resources</u>	
State Parks, Recreation Areas, and Trails	51,532
Regional Parks and Trails Grants	25,807
Coordination of Parks and Trails Partners	1,292
Total Department of Natural Resources	78,631
<u>Metropolitan Council</u>	
Metro Parks and Trails Grants	51,532
Total Metropolitan Council	51,532
<u>Legislative Coordinating Commission</u>	
Legacy Website	4

Fund, Agency	FY 2026-27
Total Legislative Coordinating Commission	4
Total Parks and Trails Fund	130,167
Arts and Cultural Heritage Fund	
<u>Arts Board</u>	
Arts and Arts Access Initiatives	67,647
Arts Education Collaborations	12,683
Arts and Cultural Heritage	4,228
Total Arts Board	84,558
<u>Minnesota Historical Society</u>	
Statewide Historic and Cultural Grants	12,951
Statewide History Programs	13,935
History Partnerships	5,750
Statewide Survey of Historical and Archeological Sites	750
Digital Library	750
Memorials and Statues Grant Program	2,000
Special Guerrilla Units Veterans and Families	250
Total Minnesota Historical Society	36,386
<u>Department of Education</u>	
Regional Public Libraries Grants	5,400
Total Department of Education	5,400
<u>Department of Administration: Fiscal Agent</u>	
Minnesota Public Radio	2,000
Association of Minnesota Public Radio Stations	3,614
Minnesota Public Television	8,372
Wilderness Inquiry Canoemobile	970
Como Park Zoo and Conservatory	3,040
Science Museum of Minnesota	700
Lake Superior Zoo	264
Great Lakes Aquarium	400

Fund, Agency	FY 2026-27
Bakken Museum	150
Minnesota African American Heritage Museum	100
Total Department of Administration	19,610
<u>Minnesota Zoo</u>	
Zoo Programming	3,400
Total Minnesota Zoo	3,400
<u>Minnesota Center for the Humanities</u>	
Humanities Center Programs	5,000
Outreach for Grant Programs	25
Children's Museums Grants	2,500
Community Identity and Heritage Grants	16,167
Creative Arts, Music, and Performances	400
Youth Literary Grants	500
Youth Poet Laureate Grants	100
(Neo)Muralismos de México	100
Lundstrum Center for Performing Arts	100
United Hmong Family	300
Emergency Grants	600
Underrepresented Groups Cultural Studies Materials	400
Gordon Parks Celebration	250
Total Minnesota Center for the Humanities	26,442
<u>Indian Affairs Council</u>	
Grants to Preserve Dakota and Ojibwe Languages	1,300
Dakota and Ojibwe Indian Educational and Immersion Efforts	1,050
Protection of Indian Graves	260
Total Indian Affairs Council	2,610
<u>Department of Agriculture</u>	
County Fairs Grants	1,000
Minnesota Future Farmers of America	500
Total Department of Agriculture	1,500

Fund, Agency	FY 2026-27
<u>Legislative Coordinating Commission</u>	
Legacy Website	5
Total Legislative Coordinating Commission	5
Total Arts and Cultural Heritage Fund	179,911
<u>Summary, by Fund</u>	
Outdoor Heritage Fund	162,886
Clean Water Fund	303,926
Parks and Trails Fund	130,167
Arts and Cultural Heritage Fund	179,911
Grand Total for Legacy Funds	776,890

Table 2
Appropriations from the Environment and Natural Resources Trust Fund
(dollars in thousands)

Legislative-Citizen Commission on Minnesota Resources (LCCMR) Recommendations	FY 2026
Foundational Natural Resources Data and Information (36 Projects)	22,084
Water Resources (23 Projects)	11,812
Environmental Education (19 Projects)	11,965
Aquatic and Terrestrial Invasive Species (2 Projects)	6,713
Air Quality, Climate Change, and Renewable Energy (7 Projects)	11,744
Methods to Protect or Restore Land, Water, and Habitat (19 Projects)	12,188
Land Acquisition, Habitat, and Recreation (14 Projects)	19,553
Emerging Issues Account	2,984
Administration and Contract Agreement Reimbursement	4,283
Subtotal LCCMR Recommendations	103,326
Community Grants Program (Department of Natural Resources)	28,180
Total Environment and Natural Resources Trust Fund	131,506

Appendix D
Capital Investment Detail
(dollars in thousands)

Funding Source Abbreviations

GO = General Obligation Bonds

GF = General Fund

UF = User-Financed Bonds

TF = State Transportation Fund

C = Cancellation

AGENCY AND PROJECT	SOURCE	AMOUNT
University of Minnesota		60,000
Higher Education Asset Preservation and Replacement (HEAPR)	GO	60,000
Minnesota State		84,000
Higher Education Asset Preservation and Replacement (HEAPR)	GO	60,000
Alexandria Technical and Community College - Transportation Repositioning Design	GO/UF	24,000
Department of Education (MDE)		1,500
Library Construction Grants	GO	750
Law Enforcement Emergency Entry Devices	GF	1,000
Minnesota State Academies		1,000
Asset Preservation	GO	1,000
Perpich Center for Arts Education		1,260
Asset Preservation	GO	1,260
Department of Natural Resources (DNR)		44,000
Natural Resources Asset Preservation	GO	33,000

AGENCY AND PROJECT	SOURCE	AMOUNT
Improving Accessibility to State Parks, Recreation Areas, and Wildlife Management Areas	GO	1,000
Flood Hazard Program - Undesignated	GO	9,000
Reforestation	GO	1,000
Pollution Control Agency		12,000
Statewide Drinking Water - Contamination Mitigation	GO	6,000
Capital Assistance Program	GO	6,000
Board of Water and Soil Resources (BWSR)		5,000
Local Road Wetlands Replacement Program	GO	5,000
Minnesota Zoo		13,740
Asset Preservation	GO	2,740
Animal Hospital	GO	11,000
Department of Administration		12,825
Capital Assistance Preservation and Replacement Account (CAPRA)	GO	1,000
Capitol Complex Security Upgrades Phase 3	GO	2,000
ADA Capitol Tunnel Accessibility Upgrades	GO	8,500
Hubert H. Humphrey Statue at the U.S. Capitol	GF	325
St. Paul Port Authority - Capital Area Economic Development Grant Program	GF	1,000
Amateur Sports Commission		6,000
National Sports Center Asset Preservation	GO	5,000
Mighty Ducks Grant Program	GO	1,000
Department of Public Safety (DPS)		67,500
BCA Southern Minnesota Regional Office and Laboratory	GO	67,000
Public Safety Officer Hearing Protection Program	GF	500
Department of Transportation (MnDOT)		80,000
Local Road Improvement Fund Grants - Undesignated	GO/TF	42,000
Township Roads	GO/TF	5,000

AGENCY AND PROJECT	SOURCE	AMOUNT
Local Bridge Replacement Program - Undesignated	GO/TF	20,000
Major Local Bridge Replacement Program	GO/TF	11,000
Highway Railroad Grade Crossings - Installation and Replacement	GO	1,000
Minnesota Rail Service Improvement Program	GO	1,000
Metropolitan Council		16,000
Inflow and Infiltration Grant Program - Public Infrastructure	GO	15,000
Community Tree Planting Grants	GO	1,000
Department of Direct Care and Treatment		62,500
Asset Preservation	GO	7,500
Miller Building - Anoka Metro Regional Treatment*	GO	55,000
Department of Children, Youth, and Families		1,000
Early Childhood Facilities	GO	1,000
Department of Veterans Affairs (DVA)		7,500
Asset Preservation	GO	7,500
Department of Corrections (DOC)		40,400
Asset Preservation	GO	33,000
Lino Lakes Treatment and Programming Space Expansion	GO	7,400
Department of Employment and Economic Development (DEED)		4,000
Greater Minnesota Business Development Public Infrastructure Grant Program	GO	1,500
Transportation Economic Development Infrastructure	GO	1,500
City of Minneapolis - Center for Communication and Development	GF	1,000
Public Facilities Authority		179,500
State Match for Federal Grants to State Revolving Loan Program	GO	39,000
<u>Water Infrastructure Funding Program</u>	<u>GO</u>	<u>87,000</u>
<i>Drinking Water Grants</i>		<i>43,500</i>
<i>Clean Water Grants (Wastewater)</i>		<i>43,500</i>

AGENCY AND PROJECT	SOURCE	AMOUNT
Point Source Implementation Grants	GO	32,000
Emerging Contaminants Grant Program	GO	18,000
First District - Wastewater Facility in Litchfield	GF	3,500
Minnesota Housing Finance Authority		31,439
Public Housing Rehabilitation	GO	26,000
Greater Minnesota Housing Program Infrastructure	GO	3,000
Local Public Housing	GF	2,439
Minnesota Historical Society		5,750
Historic Sites Asset Preservation	GO	4,000
County and Local History Preservation Grants	GO	1,000
Minnesota Transportation Museum	GF	750
Department of Management and Budget		715
Bond Sale Expenses - General Obligation Bonds	GO	715
Cancellations - General Fund		(4,014)
2006 - BWSR - Local Government Wetland Road Replacement	GF/C	(10)
2017 - DEED - Eagle's Healing Nest	GF/C	(500)
2019 - MDE - 2018 School Safety Grants	GF/C	(1,811)
2021 - Administration - Agriculture Ag/Health Relocation	GF/C	(1)
2021 - Agriculture - Laboratory Relocation	GF/C	(244)
2021 - DEED - Minneapolis Baldwin Square Redevelopment	GF/C	(1,000)
2021 - BWSR - 2020 General Fund Road Replacement	GF/C	(0)
2021 - Health - Laboratory Renovation	GF/C	(448)
Cancellations - General Obligation Bonds		(19,589)
2006 - Administration - DVA Veterans Cemeteries	GO/C	(0)
2010 - DEED - Minneapolis Orchestra Hall	GO/C	(0)
2011 - BWSR - Flood Disaster Relief	GO/C	(688)
2012 - DNR - State Trail Acquisition and Development	GO/C	(0)
2012 - Metropolitan Council - Water Demand Reduction Grant	GO/C	(99)
2012 - Military Affairs - Camp Ripley Education Center A	GO/C	(16)

AGENCY AND PROJECT	SOURCE	AMOUNT
2012 - BWSR - Road Replacement 2012 Session Bonding, RIM	GO/C	(55)
2014 - Administration - DHS St. Peter	GO/C	(1)
2014 - Metropolitan Council - Gateway Corridor, Washington County Hastings Bridge	GO/C	(82)
2015 - BWSR - RIM Conservation Easements	GO/C	(2)
2017 - Administration - DOC and DVA Asset Preservation, CAPRA, Centennial Parking, St. Peter, VA Home	GO/C	(41)
2017 - DEED - Innovative BDPI	GO/C	(52)
2017 - Metropolitan Council - Township of White Bear Trails, Regional Parks and Trails	GO/C	(2)
2017 - DNR - Gitchi Gami State Trail, Norway Lake, Pelican Rapids Dam	GO/C	(505)
2017 - MnDOT - Railroad Warning Devices	GO/C	(47)
2017 - BWSR - RIM 2017 Session Bonding	GO/C	(2)
2018 - Administration - DVA and DHS Asset Preservation, DVA Vets Homes	GO/C	(79)
2018 - DHS - Regional Crisis Center Grants	GO/C	(396)
2018 - DEED - BDPI	GO/C	(74)
2018 - DNR - Blufflands State Trail, Building Better, Flood Hazard Mitigation, Asset Preservation	GO/C	(70)
2018 - MnDOT - Stone Arch Bridge Salaries	GO/C	(18)
2019 - DNR - Asset Preservation, St. Paul Grant	GO/C	(50)
2019 - BWSR - RIM 2019 Session Bonding	GO/C	(230)
2020 - Administration - DVA Fergus Falls, Ag/Health Lab, Southern MN BCA, ADA Tunnel, DHS Facility, DPS Center	GO/C	(160)
2020 - Amateur Sports Commission - Skate Parks, Mighty Ducks	GO/C	(242)
2020 - DHS - St. Louis County Crisis Facility, Perspective Family Center	GO/C	(5,865)
2020 - DEED - Pipestone County Dental Facility, Trades Facility, Wadena Access Road	GO/C	(1,355)
2020 - DNR - Forests for the Future, Dam Safety, Shade Tree Program Grants	GO/C	(1)
2020 - MnDOT - Jefferson Drive, TH55, TH13, TH65 Flood, TH316 Bike Trail, I94, Grassy Point Bridge	GO/C	(9,456)
2020 - BWSR - 2020 RIM Session Bonding	GO/C	(1)
TOTAL APPROPRIATIONS BY FUND		714,276

AGENCY AND PROJECT	SOURCE	AMOUNT
Net General Obligation Bonds Total		699,776
General Obligation Bonds	GO	641,365
State Transportation Fund Bond Proceeds (Sold as GO Bonds)	GO/TF	78,000
GO Bond Proceeds Cancellations	GO/C	(19,589)
Net General Fund Total		6,500
General Fund	GF	10,514
General Fund Cancellations, Offset, and Expenditure Savings	GF/C	(4,014)
Net Other Funds Total		8,000
User-Financed Bonds	UF	8,000

** See chapter 6 and chapter 10 of this report for additional funding for the Anoka Miller Building.*

Appendix E
2025 Session Laws Enacting the FY 2026-27
Budget and Supplementing the FY 2024-25 Budget

Chapter Number	File Number	Description
<u>19</u>	<u>SF3196</u>	Appropriating money for deficiencies in the FY 2024-25 budget of the Department of Corrections
<u>26</u>	<u>SF3446</u>	Appropriating money for claims against the state
<u>27</u>	<u>HF3228</u>	Adopting recommendations from the Workers' Compensation Advisory Council
<u>29</u>	<u>HF2130</u>	Modifying various driver's license revocation and ignition interlock provisions
<u>30</u>	<u>SF1959</u>	Omnibus Veterans and Military Affairs budget (Note: this chapter is later modified by Laws 2025, First Special Session, Chapter 11)
<u>31</u>	<u>SF2370</u>	Modifying cannabis policy provisions
<u>32</u>	<u>SF2298</u>	Omnibus Housing and Homelessness Prevention budget
<u>33</u>	<u>HF1143</u>	Modifying a previous appropriation for the Minneapolis-Duluth Northern Lights Express intercity passenger rail project; appropriating money for unemployment aid for hourly school workers over the summer term
<u>34</u>	<u>HF2446</u>	Omnibus Agriculture, Broadband, and Rural Development budget (Note: this chapter is later modified by Laws 2025, First Special Session, Chapter 11)
<u>35</u>	<u>HF2432</u>	Omnibus Judiciary and Public Safety budget
<u>36</u>	<u>HF2563</u>	Omnibus Legacy budget (Note: this chapter is later modified by Laws 2025, First Special Session, Chapter 11)
<u>37</u>	<u>SF2884</u>	Omnibus Pensions budget

Chapter Number	File Number	Description
<u>39</u>	<u>SF3045</u>	Omnibus State Government and Elections budget (Note: this chapter is later modified by Laws 2025, First Special Session, Chapters 11 and 14)
<u>1 SpS, 1</u>	<u>SF3</u>	Omnibus Environment and Natural Resources budget
<u>1 SpS, 2</u>	<u>HF1</u>	Modifying eligibility for MinnesotaCare coverage
<u>1 SpS, 3</u>	<u>HF2</u>	Omnibus Health and Human Services budget (Note: this chapter is later modified by Laws 2025, First Special Session, Chapter 11)
<u>1 SpS, 4</u>	<u>HF4</u>	Omnibus Commerce and Consumer Protection budget
<u>1 SpS, 5</u>	<u>SF1</u>	Omnibus Higher Education budget
<u>1 SpS, 6</u>	<u>SF17</u>	Omnibus Workforce, Labor, and Economic Development budget
<u>1 SpS, 7</u>	<u>SF2</u>	Omnibus Energy, Utilities, Environment, and Climate budget
<u>1 SpS, 8</u>	<u>HF14</u>	Omnibus Transportation and Public Safety budget
<u>1 SpS, 9</u>	<u>HF3</u>	Omnibus Human Services budget (Note: this chapter is later modified by Laws 2025, First Special Session, Chapter 11)
<u>1 SpS, 10</u>	<u>HF5</u>	Omnibus E-12 Education budget
<u>1 SpS, 11</u>	<u>SF9</u>	Making corrections to previous legislative enactments
<u>1 SpS, 12</u>	<u>HF16</u>	Modifying requirements governing data centers
<u>1 SpS, 13</u>	<u>HF9</u>	Omnibus Tax budget
<u>1 SpS, 14</u>	<u>HF17</u>	Capital Investment General Fund budget
<u>1 SpS, 15</u>	<u>HF18</u>	Capital Investment general obligation bonds budget

All chapter numbers are from the 2025 regular session unless indicated. For detailed language of each act, see:

<https://www.revisor.mn.gov/laws/2025/0/>

<https://www.revisor.mn.gov/laws/2025/1/>



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