

**Twelfth Edition
January 2017**



Research Department
Minnesota House of Representatives
600 State Office Building, St. Paul, MN 55155
651-296-6753

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January 2017**

**Minnesota
Government
in
Brief**

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The Research Department is the research and legal services office of the Minnesota House of Representatives. It is a nonpartisan office serving the entire membership of the House and its committees. The department conducts legal and policy research, collects and publishes information for use by House members, and assists members and committees in developing, analyzing, drafting, and amending legislation.

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Introduction

Welcome to the twelfth edition of the Minnesota Government in Brief. This book is a collective effort by House Research to provide legislators with important factual information about Minnesota.

Using the most recent data available, Minnesota Government in Brief provides details about such items as the state's population, the number of people the state employs, and how state revenues are allocated. Designed as an easy reference to state information, the publication is divided into four major sections: demographic and economic data; government organization and employment; government finance; and major government functions and services. Please refer to the table of contents on the following page for a more detailed list of what's covered in each section. Also refer to the index at the end of the book.

Minnesota Government in Brief is also available with supplementary information on our website (www.house.mn/hrd/).

We hope you find the 2017 edition of Minnesota Government in Brief to be a valuable resource.

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Demographic and Economic Data

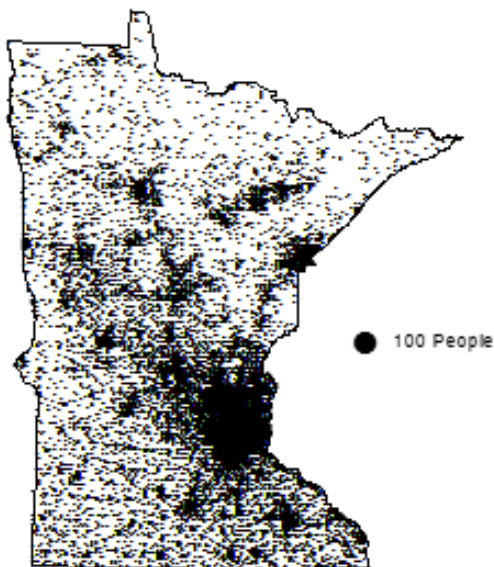
**Minnesotan
2015 Population Profile (estimates)**

Age	Under 18	18-64	65+
Total	1,360,354	3,461,474	809,397
White	1,063,566	2,973,720	769,139
African American	152,003	224,729	16,663
American Indian & Alaska Native	42,655	67,595	7,314
Asian	99,265	190,485	15,906
Native Hawaiian & Pacific Islander	2,865	4,945	375
Hispanic	120,015	171,595	9,359

Note: Hispanic-origin persons can be of any race.

Source: U.S. Census Bureau

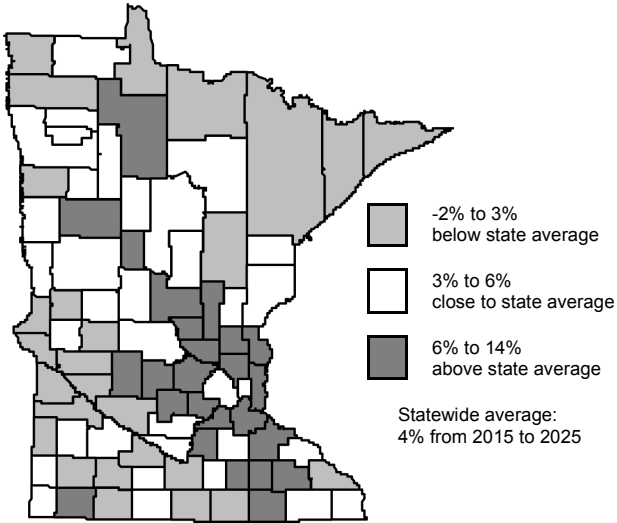
**Minnesota Population
(5.5 million in 2015)**



Ten Most Populous Cities in 2015

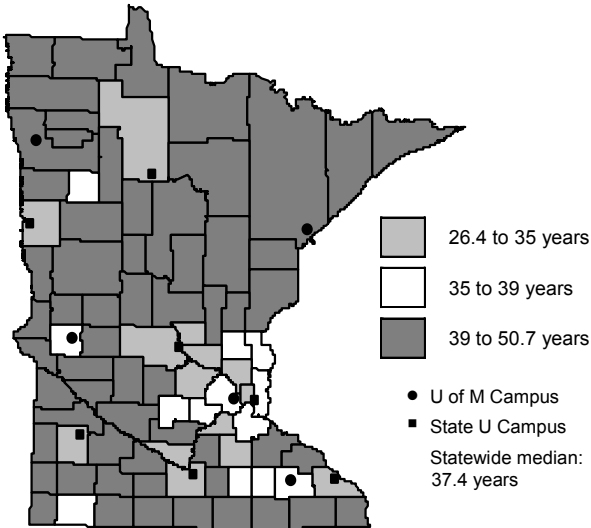
Minneapolis	412,517	Brooklyn Park	80,215
St. Paul	300,353	Plymouth	74,592
Rochester	111,907	Eagan	67,509
Bloomington	87,224	St. Cloud	67,010
Duluth	86,597	Woodbury	66,974

Estimated County Population Change 2015-2025



Source: Minnesota State Demographic Center

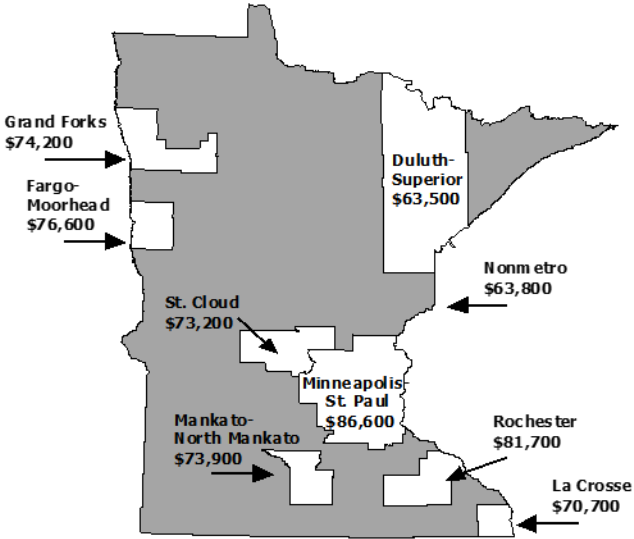
Median Age by County, 2010, and Public 4-year Universities



Source: U.S. Census, 2010

Median age is typically lower in counties with a public four-year university. Median age for counties is only calculated every ten years, as part of the decennial census.

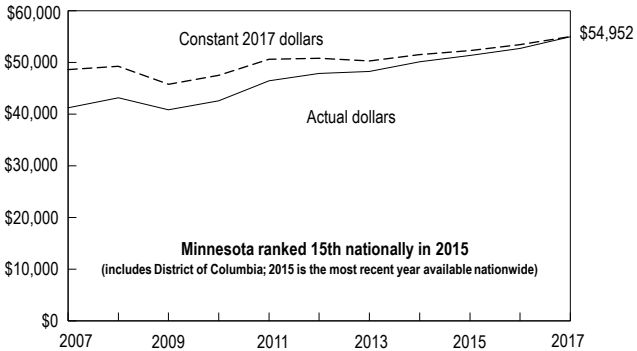
Median Family Income for Metropolitan Areas, 2015



Source: U.S. Department of Housing and Urban Development

“Family income” is defined as the total income from all sources of a family of four as reported in the 2008-2012 American Community Survey (ACS) by the U.S. Census Bureau and adjusted to 2015 levels based on the average annual change in incomes from 2012 to 2015.

Minnesota Per Capita Personal Income (\$54,952 in CY 2017)



Source: Minnesota Management and Budget, Price of Government, July 2016

Annual Average Employment by Industry, 2013-2015

Industry Type	Number of Jobs		
	2013	2014	2015
Total Employment	2,692,170	2,729,613	2,774,765
Natural Resources and Mining	26,828	27,041	27,554
Construction	107,364	114,180	121,741
Manufacturing	307,224	311,826	317,226
Trade, Transportation, and Utilities	525,239	531,583	539,156
Information	57,033	56,353	55,381
Financial Activities	179,665	176,010	179,030
Professional and Business Services	348,399	356,009	360,001
Education and Health Services	665,168	673,446	684,594
Leisure and Hospitality	265,991	269,441	273,422
Other Services	85,433	87,387	88,539
Public Administration	123,822	126,335	128,120

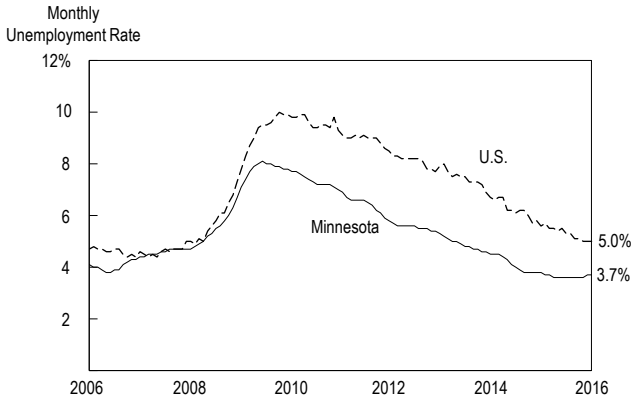
Source: Department of Employment and Economic Development Labor Market Information data based on Quarterly Census of Employment and Wages

Gross State Product by Industry, 2013-2015

Industry Type	Gross State Product (millions)		
	2013	2014	2015
Total Gross State Product	\$307,216	\$320,381	\$333,267
Agriculture, Forestry, Fishing, and Hunting	9,389	8,032	7,047
Mining	3,564	3,627	2,565
Utilities	5,504	5,543	5,640
Construction	11,403	12,383	13,800
Manufacturing	42,803	45,921	48,213
Wholesale Trade	21,494	21,989	22,597
Retail Trade	17,177	17,609	18,549
Transportation and Warehousing	8,619	8,937	9,316
Information	12,932	13,125	13,431
Finance, Insurance, Real Estate, Rental, and Leasing	59,569	63,404	66,439
Professional and Business Services	36,929	38,928	40,968
Educational Services, Health Care, and Social Assistance	30,215	31,434	33,472
Arts, Entertainment, Recreation, Accommodation, and Food Services	10,186	10,538	11,348
Other Services (Except Government)	6,332	6,684	6,996
Government	31,099	32,226	32,888

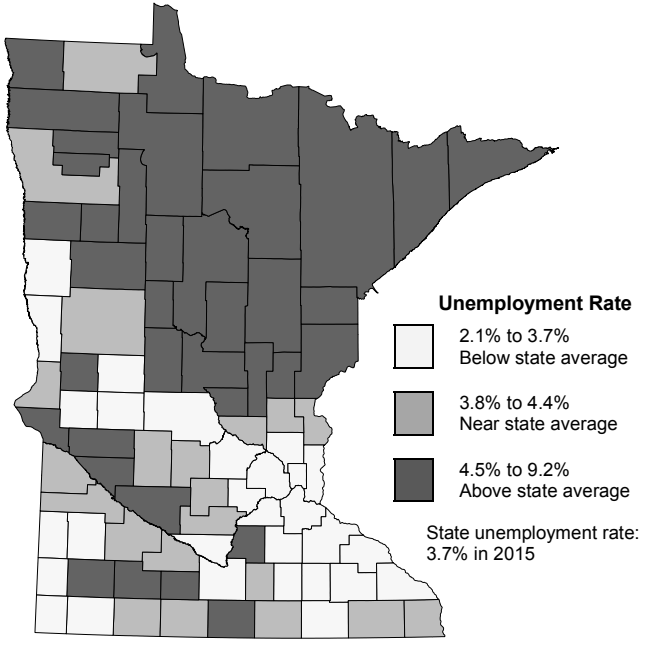
Industry data based on North American Industry Classification System (NAICS)
 Source: U.S. Department of Commerce, Bureau of Economic Analysis (BEA)
 Data based on BEA update to all data, including historical, as of June 14, 2016

Monthly Unemployment Rate (MN: 3.7% in 2015;* U.S.: 5% in 2015)



* Figures are as of December 2015
 Source: U.S. Bureau of Labor Statistics

Unemployment by County, 2015



Source: U.S. Bureau of Labor Statistics

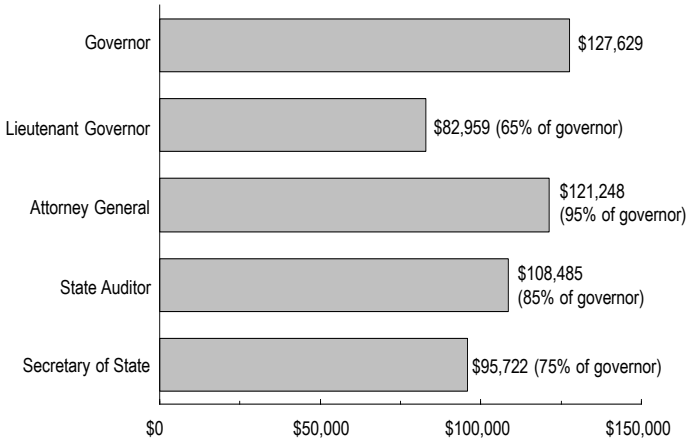
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State Executive Branch

Salary of Elected Constitutional Officers, January 2017

Salaries of constitutional officers are set in law as a percentage of the governor's salary.



Major State Departments

- Each department is headed by a commissioner appointed by the governor.

Administration and Finance

Administration
Management and Budget
Revenue

Environment

Natural Resources
Pollution Control

Public Safety and Transportation

Corrections
Military Affairs
Public Safety
Transportation

Business and Employment

Agriculture
Commerce
Employment and Economic
Development
Labor and Industry
Mediation Services

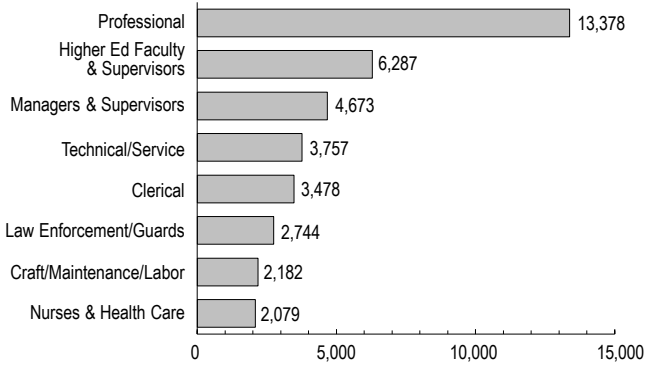
Education, Health, and Human Services

Education
Health
Higher Education
Human Rights
Human Services
Housing Finance
Veterans Affairs

Other Executive Branch Agencies

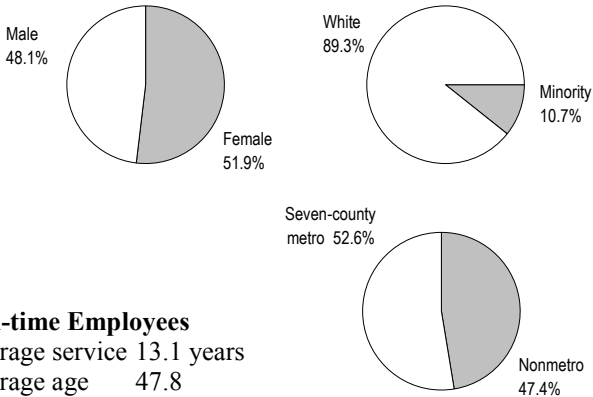
- There are dozens of boards, councils, commissions, and task forces, including about two dozen occupational licensing boards.
- Most of these groups are advisory to a major state agency.

**Full-time Executive Branch Employees
(39,763 in July 2016)**



(Does not include approximately 13,000 part-time or temporary employees or 1,185 employees who cannot be allocated to any of the occupational categories)

**Characteristics of Executive Branch Employees
(includes part-time and temporary employees
as of July 2016)**



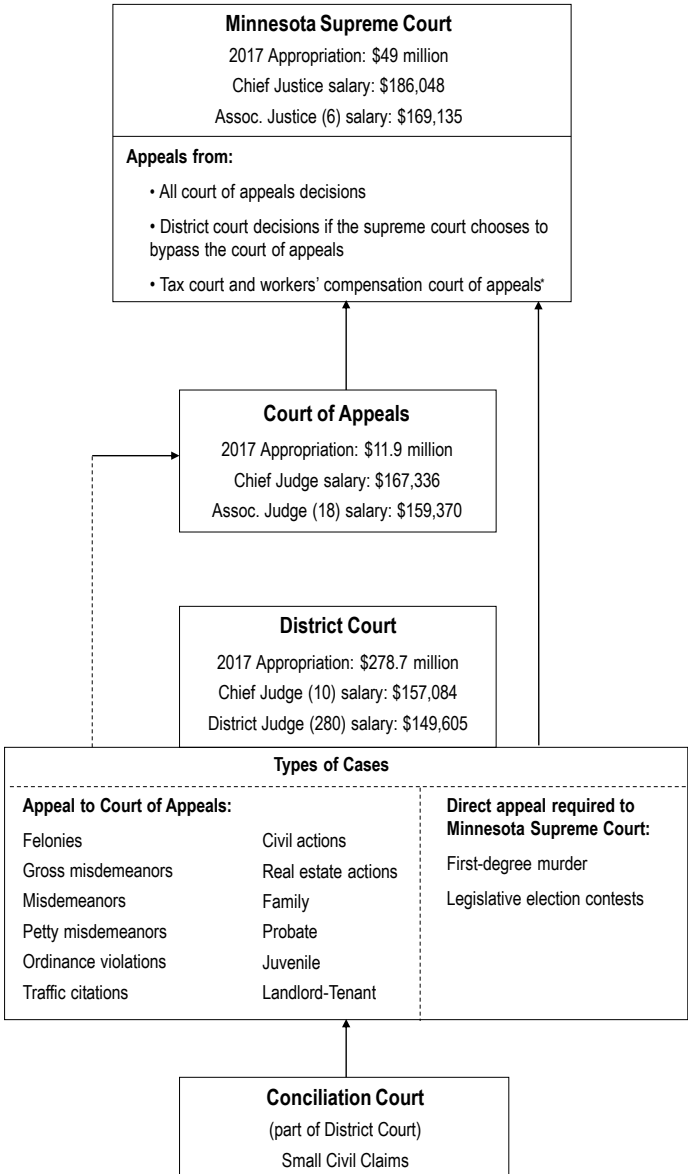
Full-time Employees

Average service 13.1 years
 Average age 47.8
 Average pay* \$30.64/hour

* Does not include MnSCU Faculty
 Source: Department of Management and Budget

State Judicial Branch

State and Local Funding, Employees, Jurisdiction (\$339.6 million in state funding, FY 2017)



* Tax court and workers' compensation court are executive agencies outside the state court system.

Judicial Branch Employees

There are over 2,800 state employees of the appellate courts, district courts, and judicial agencies, including judges.

The state has taken over funding of all ten judicial districts. Counties are required by statute to continue to provide and maintain facilities for the trial courts.

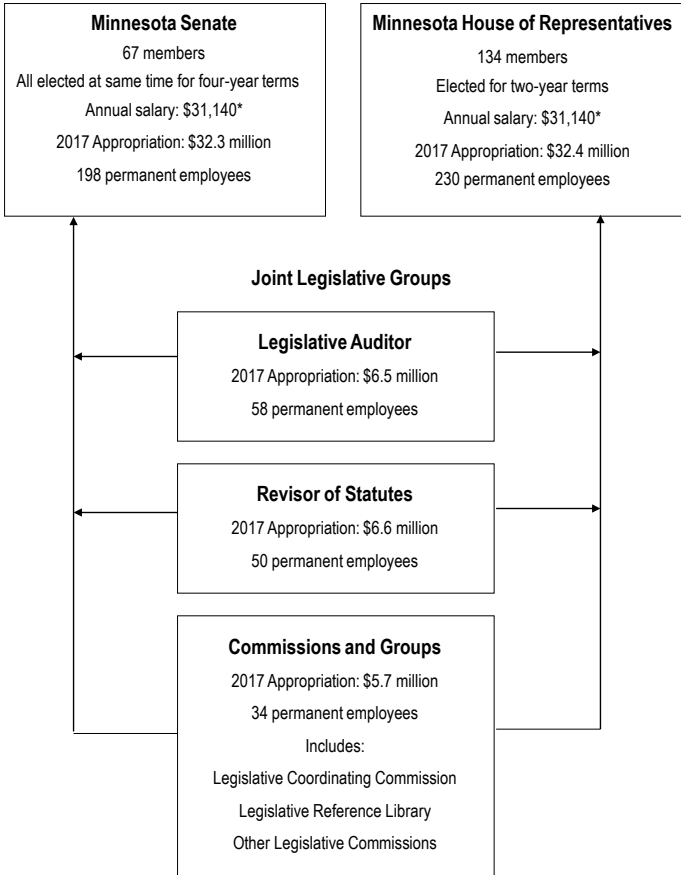
Public Defense System

Total state appropriations FY 2017: \$82.662 million

- The Board of Public Defense is located in the judicial branch but is not under the authority of the Minnesota Supreme Court. It appoints the state public defender (who oversees the public defender system), the chief appellate public defender (who oversees appellate services), and the chief district public defender for each judicial district (who oversee trial work).
- There are approximately 583 full-time equivalent state employees in the district and appellate offices, of which 477 are attorneys. Approximately 188 of the attorneys are part-time. In Hennepin and Ramsey Counties, there are additional public defenders and staff who are county employees (if hired prior to January 1, 1999).

State Legislative Branch

201 Legislators
\$83.5 million Appropriation in FY 2017
570 Permanent Employees



* Beginning in fiscal year 2018, the salary of legislators will be set by a new Legislative Salary Commission. This commission will implement the requirements of a state constitutional amendment related to legislator salaries; the amendment was ratified at the 2016 state general election.

The average House district has almost 41,000 people, and the average Senate district almost 82,000.

Metropolitan Government

In the seven-county Twin Cities metropolitan area, the legislature created regional agencies to fulfill specific functions.

Metropolitan Council

- 16 members from districts and a chair from the metropolitan area at large, all appointed by and serving at the pleasure of the governor
- Plans and coordinates development of region; provides transit and wastewater collection and treatment services

Metropolitan Parks and Open Space Commission (MPOSC)

- Eight members from districts and a chair, all appointed by Metropolitan Council
- Advises and assists council in planning the regional parks and open space system

Transportation Advisory Board (TAB)

- 34 members, including local elected officials, citizens, and representatives of agencies and modes of transportation, with a chair appointed by the council from among the members
- Lead in the federal Metropolitan Planning Organization (MPO) transportation planning process that governs use of federal transportation funds in the metro area

Metropolitan Airports Commission (MAC)

- Eight members from Twin Cities metropolitan area districts and four members from Greater Minnesota, serving staggered four-year terms, and a chair, all appointed by the governor; plus one member each from Minneapolis and St. Paul, appointed by the city's mayor
- Owns and operates Minneapolis-St. Paul International Airport and six other airports in region

Metropolitan Mosquito Control Commission (MMCC)

- 18 members; all metropolitan area county commissioners appointed by their respective counties
- Monitors and controls mosquitoes, black flies, and ticks in the Metropolitan Mosquito Control District to protect the public from disease and annoyance

Metropolitan Agency Budgets

Metropolitan Council

The proposed CY 2017 operating budget total is \$1.02 billion, composed of:

- 8% from property taxes
- 37% from user fees
- 38% from state sources
- 9% from federal sources
- 8% from other sources

The proposed budget allocates:

- 71% for its operations (transportation, wastewater collection and treatment, community development)
- 12% for passthrough grants and loans for housing, parks, suburban transit providers, right-of-way acquisition loans, and the Metropolitan Livable Communities Act programs
- 17% for debt service for the wastewater system, transit, and parks

Metropolitan Airports Commission

The proposed CY 2017 budget total is \$353.2 million, of which all but a small amount is from user fees. The proposed budget allocates:

- \$180.8 million for operating expenses
- \$102.1 million for nonoperating expenses
- \$70.3 million net revenue available for designation

Metropolitan Mosquito Control Commission

The CY 2017 budget is \$18.8 million, of which 98% is from property taxes and 2% is from other sources, such as earnings.

Local Government

Counties, cities, and towns represent the three kinds of general purpose local units of government in Minnesota. School districts are the most significant kind of special purpose government unit. Minnesota has about 3,287 local government units.

87 Counties

- Governed by a five- or seven-member elected board of county commissioners
- Structures, powers, and duties are in law, except that Ramsey County is also governed by its county home rule charter

853 Cities

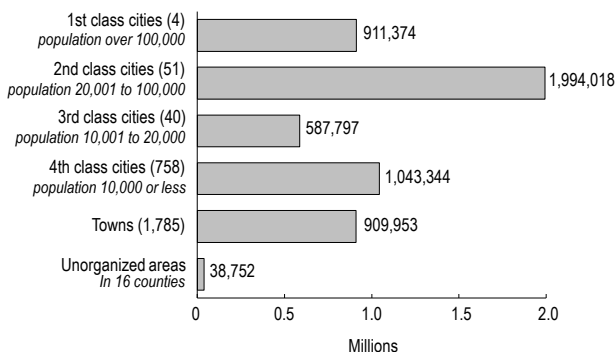
Statutory Cities (746) are organized and operate under the options provided in the statutory city code and other laws.

Home Rule Charter Cities (107) are organized and operate under their individual charters and other laws.

City boundaries may cross county lines. There are presently 46 cities whose boundaries extend into more than one county.

Cities are also classified based on population as a way for the legislature to provide powers or impose duties as appropriate to cities of a certain size.

Population by Type of Municipality, 2015 estimate



Note: Under statute, cities are classified based on the federal decennial census data, not estimates.

1,785 Towns

- Hold annual town meetings at which the electors exercise powers granted in law, such as setting the levy
- Governed by a three- or five-member elected board of supervisors
- May exercise “urban” town powers if population is at least 1,000 or the town is within 20 miles of Minneapolis or St. Paul city hall

332 School Districts

- Consolidation has eliminated 103 districts since 1990
- Most governed by six- or seven-member elected boards
- Most districts elect at-large board members for four-year terms

Other Special Districts

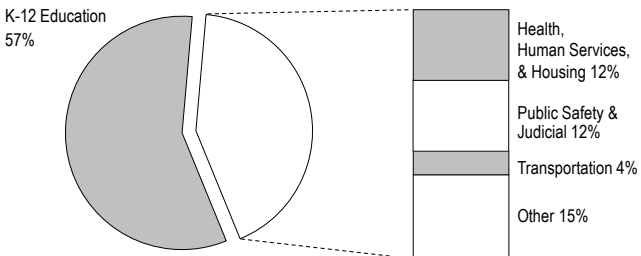
- Enabling law may be special or general, and determines financing
- Perform a single function (or several functions) as distinguished from general purpose governments
- Governance depends on the enabling law
- Examples are hospital, sanitary, and watershed districts, and housing redevelopment authorities (HRAs)

230 special taxing districts levied for taxes payable in 2014.

There are other special taxing districts that do not levy.

Examples of other special purpose districts that do not levy include subordinate service districts, special service districts, and districts established by joint powers agreements.

Local Government Employees by Function (185,060 full-time equivalent employees, March 2012)



Source: U.S. Census Bureau, August 2014

Minnesota Public Pension Plans

Pension Plan	Active Members	Assets (millions)	Liabilities (millions)
State Employee Plans (as of June 30, 2016)			
Minnesota State Retirement System (state employees)	49,472	\$11,676	\$14,316
State Patrol	892	655	834
State Correctional Employees	4,521	937	1,314
Local Government Plans (as of June 30, 2016)			
Public Employees Retirement Association (local gov't employees, other than police, fire, and corrections employees)	148,745	\$18,768	\$24,848
Public Employees Retirement Association (police and fire)	11,398	7,386	8,418
Local Government Correctional Employees	3,827	530	554
Teacher Plans (as of June 30, 2016)			
Teachers Retirement Association (teachers and administrators outside of St. Paul)	80,530	\$20,194	\$26,716
St. Paul Teachers Retirement Association	3,534	1,007	1,593

Other public pension plans:

- Separate plan for judges
- Individual retirement account plans for higher education faculty
- Approximately 700 volunteer firefighter plans

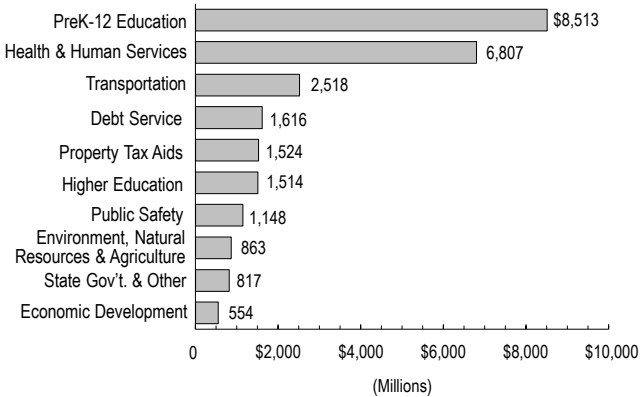
Government Finance

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Government Debt.....	44

Note: The FY 2017 data are from the Minnesota Management and Budget end of session 2016 fund balance statement. Other data are from the Department of Revenue, unless otherwise noted.

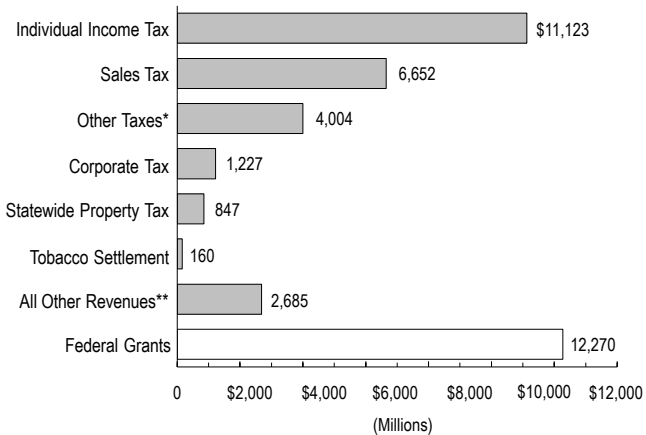
Total State Spending and Revenues, All Funds

Spending, Excluding Federal Funds* (\$25,874 million in FY 2017)



*Amounts are after reduction for \$1.7 billion in intrafund transfers allocated across spending areas.

Revenues (\$26,699 million, state sources in FY 2017; \$12,270 million, federal grants in FY 2017)

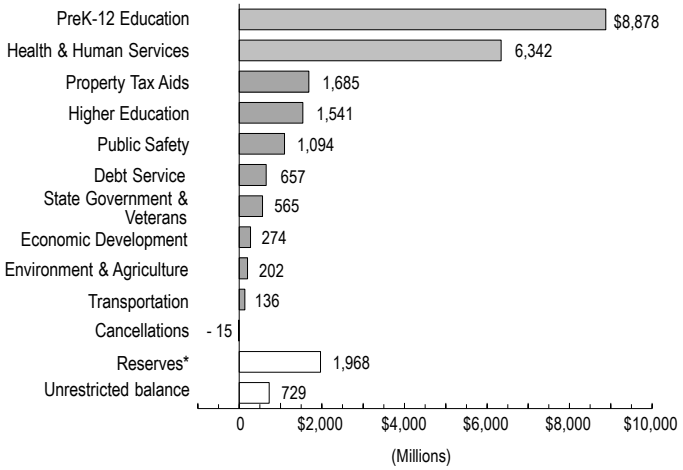


* “Other Taxes” includes taxes on motor vehicle fuels and licenses, cigarettes and tobacco, insurance premiums, health care providers, mortgage and deed registration, and a variety of smaller taxes.

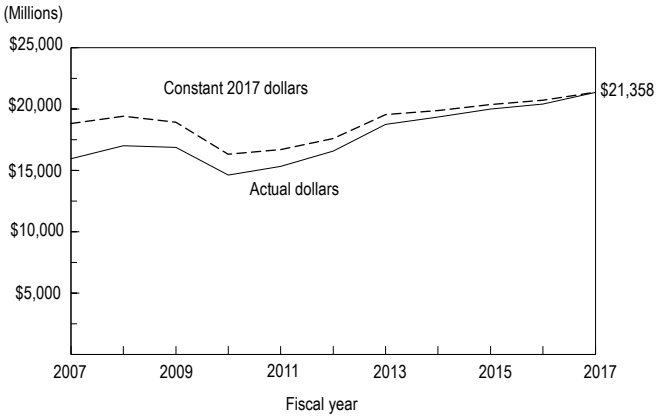
** “All Other Revenues” includes investment income, MinnesotaCare premiums, and user fees such as hunting and fishing licenses. In addition to the \$26,699 million in state revenues, the state was projected to carry forward a balance of \$7,108 million to FY 2017.

Source: Consolidated Fund Statement and Fund Balance Analysis, Minnesota Management and Budget

**State Spending, General Fund Only
(\$21,358 million in FY 2017,
excluding \$1,968 million in reserves)**

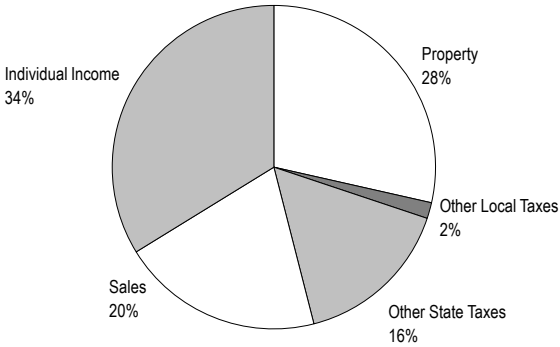


* Includes budget reserve, cash flow account, and stadium reserve
Source: Fund Balance Analysis, Minnesota Management and Budget



Taxes

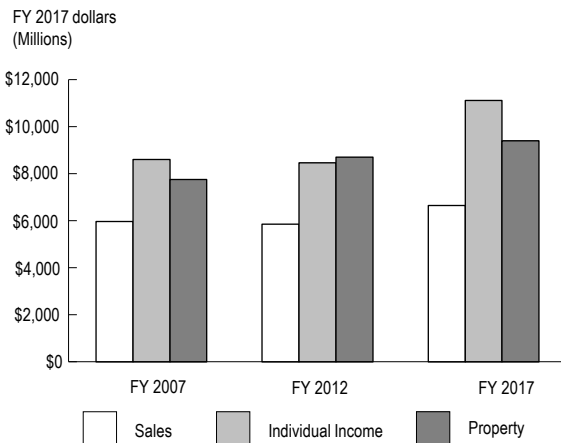
State and Local Taxes (\$32,930 million in FY 2017)



Minnesota State Tax Collections (\$23,853 million in FY 2017)

Individual Income	\$11,123	MNCare Taxes	\$615
Sales	6,652	Insurance Premiums	468
Corporate Franchise	1,227	Mortgage and Deed	229
Motor Vehicle Fuels	896	Estate	161
State Property	847	Alcoholic Beverages	88
Motor Vehicle License	756	Gambling	58
Cigarette & Tobacco	662	Other	71

Income, Sales, and Property Taxes



Individual Income Tax

The Minnesota individual income tax uses federal taxable income (income after federal deductions and exemptions) as its starting point.

2017 Tax Rates and Brackets

Rate	Income		
	Married Joint	Single	Head of Household
5.35%	\$0 to 37,110	\$0 to 25,390	\$0 to 31,260
7.05%	37,711 to 147,450	25,391 to 83,400	31,261 to 125,600
7.85%	147,451 to 261,510	83,401 to 156,910	125,601 to 209,210
9.85%	Over 261,510	Over 156,910	Over 209,210

Note: Head of household filers are single parents with dependents. Income brackets for each rate are adjusted annually for inflation.

Nonrefundable credits:

Marriage Credit **\$87.3 million in FY 2017**
Long-term Care Credit **\$9.0 million in FY 2017**

Refundable credits (over \$1 million):

Dependent Care Expenses **\$13.7 million in FY 2017**

- Up to \$720 per dependent for up to two dependents available for filers with income up to \$39,720 in tax year 2017

Working Family Credit **\$265.5 million in FY 2017**

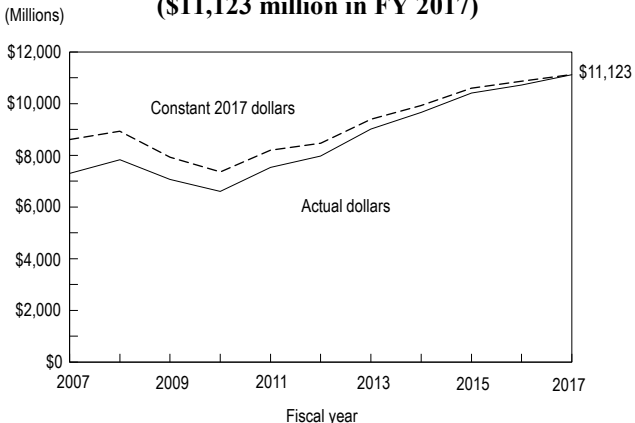
- Equals a percentage of earned income
- Maximum credit of \$2,064 in tax year 2017

K-12 Education Credit **\$13.1 million in FY 2017**

Angel Investment Credit **\$15.0 million in FY 2017**

Individual Income Tax Revenues

(\$11,123 million in FY 2017)



Sales Tax

The sales tax is an ad valorem tax imposed on the retail (final) sales of most goods, including digital goods, and some services.

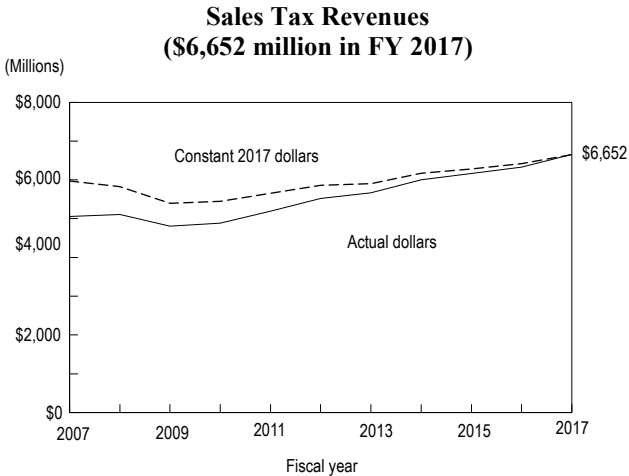
General Sales and Use Tax Rates for FY 2016

- General sales 6.875%
- Motor vehicle sales 6.5%
- Liquor, wine, and beer sales 6.875%*
- Motor vehicle rental 21.075%

*A 2.5% gross receipts tax is also imposed on these sales.

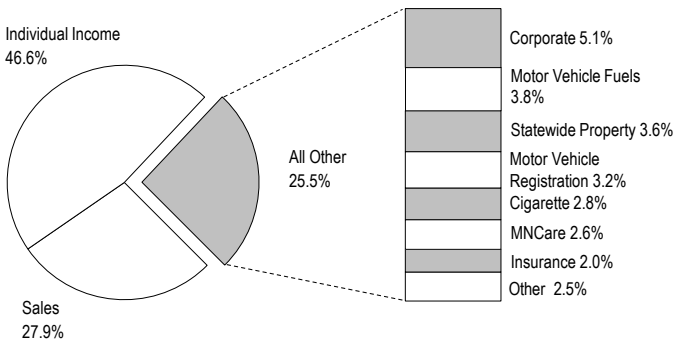
Major Exemptions

- Clothing
- Most food products
- Prescription drugs and some other medicines
- Most business and personal services
- Gasoline (subject to the motor vehicle fuels tax)
- Farm and logging machinery repair parts
- Capital equipment for manufacturing industries
- Industrial special tooling



Other State Taxes

Taxes, other than the income and sales taxes, yield over 25% of state tax revenues. Many of these taxes are minor revenue sources. Taxes that yield at least 1% of state tax revenues for



Corporate Franchise (Income) Tax

- 9.8% of federal taxable income after numerous adjustments
- Multistate corporations apportion income based on the percentage of their total sales that are made to Minnesota purchasers
- Credit applies to Minnesota research and development expenses
- Most volatile revenue source of any major state tax

Motor Vehicle Fuels Tax

- \$.25/gallon
- Variable motor fuels surcharge (set at \$.035/gallon for FY 2017) to pay debt service on highway bonds
- Dedicated by constitution to the highway user trust fund

Statewide Property Tax

- Raised \$862 million in CY 2016; adjusted annually for inflation
- Levied against commercial/industrial and seasonal recreational property only

Motor Vehicle Registration (License) Tax

- Tax on passenger vehicles is 1.25% of the value, plus a minimum fee of \$10 (total tax cannot be less than \$35)
- Value is manufacturer's base value, reduced under a depreciation schedule after the first year
- Trucks, buses, and other vehicles pay based on weight and age
- Dedicated by constitution to the highway user trust fund

Cigarette and Tobacco Products Tax

- \$3.04/pack of 20 cigarettes; \$22.25 million goes to the Academic Health Center fund, \$8.55 million to the medical education and research costs account, and the rest to the general fund
- Additional fee of \$0.50/pack on cigarettes made by companies not part of the legal settlement with the state
- Tax on tobacco products is 95% of wholesale price; moist snuff is subject to minimum tax of \$3.04/container; premium cigars are subject to a maximum tax of \$3.50/cigar

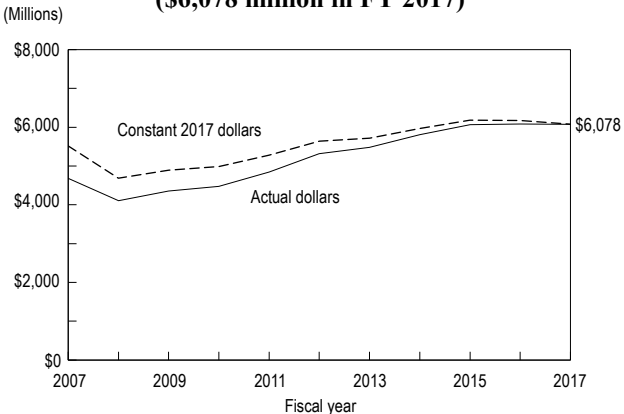
MinnesotaCare Taxes

- 2% of gross revenues tax on hospitals, surgical centers, health care providers, and wholesale drug distributors
- Exemptions for Medicare, home health care services, and federal employee and military benefit programs
- Revenues used for MinnesotaCare and Medical Assistance programs
- Tax expires on January 1, 2020

Insurance Premiums Tax

- Basic tax is 2% of insurance premiums
- Mutual property-casualty insurers with 12/31/89 assets of no more than \$5 million, 0.5% rate; \$1.6 billion, 1.26% rate
- HMOs and nonprofit health insurance companies (e.g., Blue Cross) are subject to a 1% rate
- Life insurance rate is 1.5%
- A “retaliatory tax” applies to non-Minnesota companies with higher home state taxes

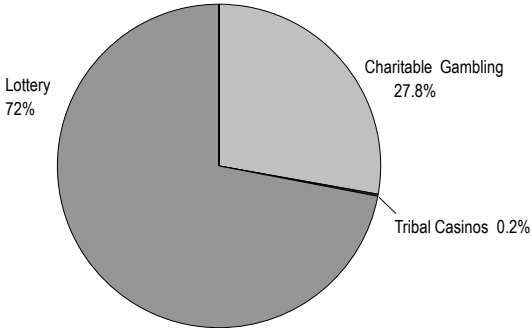
Other State Tax Revenue
(\$6,078 million in FY 2017)



Gambling Revenue

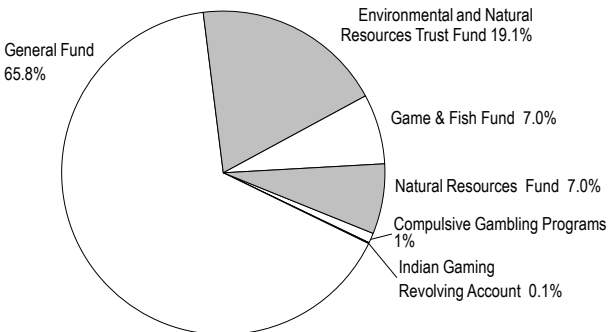
The state receives revenues from three state-authorized forms of gambling: pari-mutuel horse racing, charitable gambling, and the state lottery. The state also receives a nominal sum from Indian tribes that operate casinos; that money partly defrays state expenses in supervising state gaming compacts.

Sources of State Revenue from Gambling



The general fund is the largest beneficiary of legal gambling, but 40% of net state lottery proceeds are constitutionally dedicated to the Environmental and Natural Resources Trust Fund. Additionally, most of the revenue from the 6.5% in-lieu sales tax on lottery proceeds is dedicated to the Game and Fish and Natural Resources funds. Revenue from charitable gambling and pari-mutuel taxes and fees is nondedicated and goes to the general fund.

Disposition of State Revenue from Gambling (\$200.9 million in FY 2016)



Gambling Taxes

Lawful gambling. The 2012 Legislature replaced existing charitable gambling taxes with a net receipts tax. This tax structure was part of legislation that also legalized electronic pulltabs and bingo. It is important to note that, although these changes were part of the Vikings stadium bill, the revenues go to the general fund and are not used directly to pay for stadium bonds.

In FY 2016, the tax on lawful gambling raised \$55.8 million. In addition to these taxes, each licensed organization pays a monthly “regulatory fee” of 0.125% of gross receipts from gambling at each of its sites. This fee is paid into a lawful gambling regulation account.

Pari-mutuel betting. The state tax on pari-mutuel betting is 6% of the “takeout”—the percentage deducted by the racetrack from each pari-mutuel pool before payouts on winning tickets. At Canterbury Park in Shakopee the takeout averages 20% of total betting. The first \$12 million in takeout is exempt from tax. Less than \$1 million was raised by this tax in FY 2015; no revenue was raised in 2016.

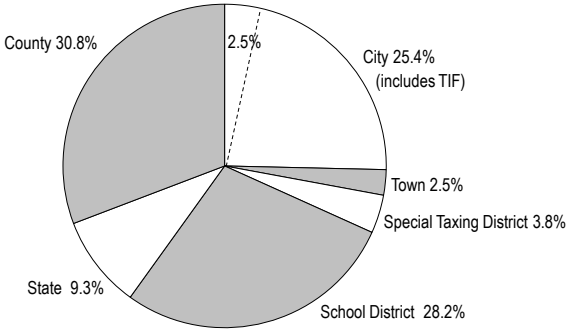
State lottery. In FY 2016, the lottery sent a total of \$144.7 million to the state, of which \$1.6 million was dedicated to problem gambling treatment and \$76.8 million was deposited into the general fund. This general fund revenue came in part from a 40% share of net proceeds from the lottery, paid out after prizes and administration, and in part from a portion of the 6.5% in-lieu sales tax, taken out before other deductions. The lottery also funds game and fish (\$14 million), natural resources (\$14 million), and the Environmental and Natural Resources Trust Fund (\$38.3 million), in part from the in-lieu of sales tax and in part from a dedication of net proceeds after prizes and administration.

Indian gaming. Federal law prohibits states from taxing the proceeds of gaming on Indian land.

Property Tax

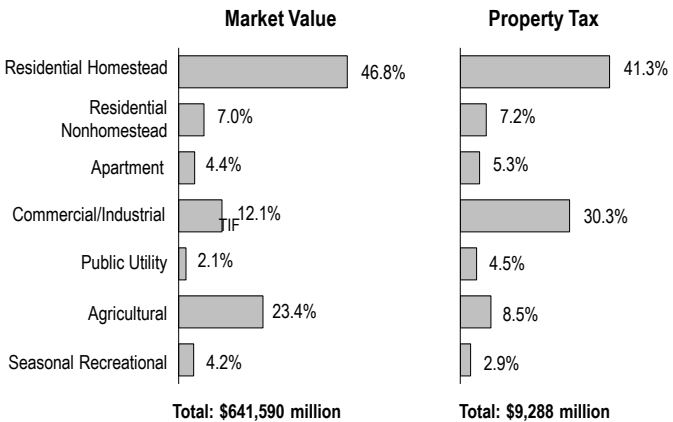
The property tax is a major source of revenue for local governments in Minnesota. The state also receives a portion of property tax revenues (from commercial-industrial and seasonal recreational properties only). Property taxes are levied annually and payable in two installments (May 15 and October/November 15).

Property Tax Levy by Type of Government* (\$9,288 million for taxes payable in 2016)



* Amounts shown are after allocation of property tax credits.

Shares of Market Value and Property Tax by Property Type (Taxes payable 2016)



Class Rates for Taxes Payable in 2017

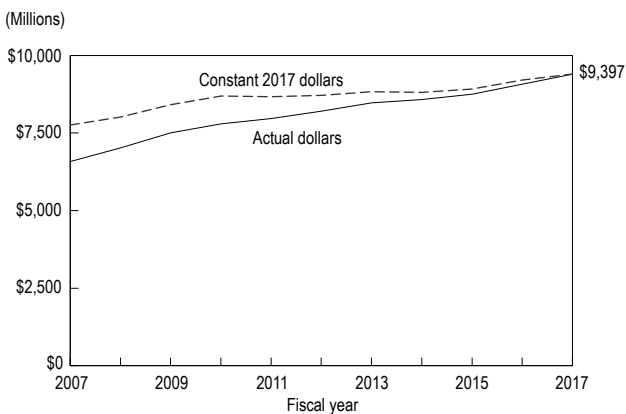
Property Type	Class Rate	Tax Code ¹
Residential Homestead		
Up to \$500,000 ²	1.0%	R
Over \$500,000	1.25	R
Residential Nonhomestead		
Single-unit		
Up to \$500,000	1.0	R
Over \$500,000	1.25	R
Two- and three-unit	1.25	R
Apartments (4 or more units)	1.25	R
Agricultural		
Homestead		
House, garage, and one acre	1.0/1.25 ³	R
Ag land and buildings		
Up to \$2,050,000 ⁴	0.5	
Over \$2,050,000	1.0	
Nonhomestead		
Ag land and buildings	1.0	
Rural vacant land	1.0	
Noncommercial Seasonal Recreational		
Up to \$500,000	1.0	S2
Over \$500,000	1.25	S2
Commercial/Industrial/Public Utility		
Electric generation machinery	2.0	R
All other		
Up to \$150,000	1.5	S1, R
Over \$150,000	2.0	S1, R

¹ Tax Codes: R = Subject to school operating referenda (all property is subject to school bond referenda); S1 = Subject to state commercial-industrial tax rate; S2 = Subject to state seasonal-recreational tax rate.

² After subtraction of market value homestead exclusion.

³ Class rates are the same as residential homestead.

⁴ The valuation limit is annually indexed based on the statewide growth in agricultural valuation.



Property Tax Terminology

- The assessor determines each property’s **estimated market value**.
- For many properties, **taxable market value** equals estimated market value; for some types of properties, there are exclusions (such as the homestead market value exclusion) or alternative calculations that lead to taxable market value.
- Each property’s **net tax capacity** is a percentage of its taxable market value; the percentage varies by type of property.
- Each local taxing jurisdiction certifies a **levy**, which is the amount of property tax revenue it intends to collect.
- Each local taxing jurisdiction’s **local tax rate** is determined by dividing its levy by the net tax capacity of all properties within the jurisdiction.
- A property’s **gross property tax** is determined by multiplying its net tax capacity by the local tax rates of all jurisdictions in which the property is located (called the total local tax rate).
- A property’s **net property tax** is the gross property tax minus any **property tax credits** (such as the agricultural market value credit) that the property is eligible to receive.

Major Property Tax Relief Programs

CY 17/ FY 18 Approp. (millions)	Program	Recipients
\$519	Local government aid	Cities
435	Homestead credit state refund	Individuals
230	Property tax refund—renters	Individuals
209	County program aid	Counties
153	Referendum equalization aid	School districts
122	Operating capital aid	School districts
54	Local optional revenue aid	School districts
39	Agricultural market value credit	All taxing jurisdictions
38	Payments in lieu of taxes (PILT)	Counties and towns
24	Debt service equalization aid	School districts

Homestead Credit Refund and Property Tax Refund for Renters

The homestead credit refund (HCSR) and property tax refund (PTR) for renters provide property tax relief to homeowners and renters whose property taxes are high relative to their incomes. If property tax exceeds a threshold percentage of income, the refund equals a percentage of the tax over the threshold, up to a maximum. The maximum refund amount and the income brackets for both homeowners and renters are adjusted annually for inflation.

HCSR and PTR for Renters (\$582 million, refunds filed 2015)

	Number of Filers	Refund Amount (millions)	Average Refund
Homeowners	440,840	\$373	\$847
Renters	335,679	209	623
Total, All Filers	776,519	\$582	\$750

Program Limits, Refunds Filed 2017

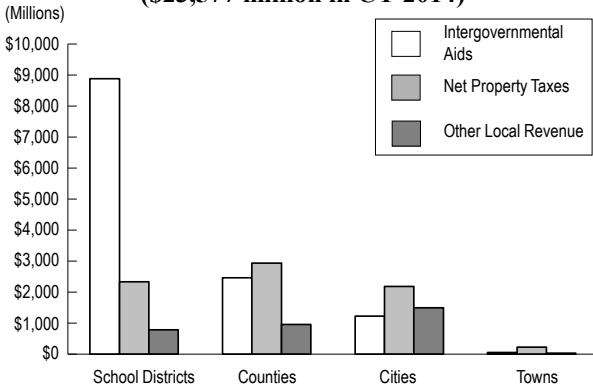
	Maximum Qualifying Income	Maximum Refund
Homeowners	\$108,659	\$2,660
Renters	\$58,879	\$2,060

Special Property Tax Refund (Targeting) (\$3.9 million, refunds filed 2015)

Targeting provides property tax relief to homeowners whose property taxes increase by more than 12% over the previous year.

- Household income of taxpayer not considered
- For returns filed in 2015:
 - 47,529 returns
 - \$3.9 million total amount
 - \$82 average refund

Local Government Revenues (\$23,577 million in CY 2014)



Major Sources of Local Government Revenues, CY 2014

\$ in millions	School Districts*	Counties**	Cities**	Towns**
Intergovt. Aid (federal, state, and local)	\$8,880.8	\$2,460.3	\$1,229.3	\$56.6
Net Property Taxes (including TIF)	2,338.5	2,938.5	2,181.1	223.1
Other Local Revenue				
User Fees***	517.5	593.6	537.3	8.4
Interest Earnings	8.2	81.9	97.9	2.7
Special Assessments	--	50.2	289.7	7.1
All Other	263.5	233.6	568.2	8.9
Subtotal Other	789.2	959.3	1,493.1	27.1
Total	\$12,008.5	\$6,358.1	\$4,903.5	\$306.8

* School district data for school fiscal year 2015

** Excludes public service enterprise funds, which are discussed below.

*** User fees consist of direct charges for government services, including tuition and payments received by a local government for services it provides to another local government.

Public Service Enterprise Revenues (\$5,856.6 million in CY 2014)

	Counties	Cities	Towns
Operating Revenue (Charges)	\$1,630.1	\$3,684.6	\$5.3
Other Revenue	172.6	362.7	1.3
Total	\$1,802.7	\$4,047.3	\$6.6

Local governments use public service enterprises to provide a variety of goods and services that are funded almost entirely from revenues derived from the sales of those goods and services. The majority of enterprise funds are public utilities, liquor stores, and economic development and housing redevelopment programs.

Local Sales and Use Taxes

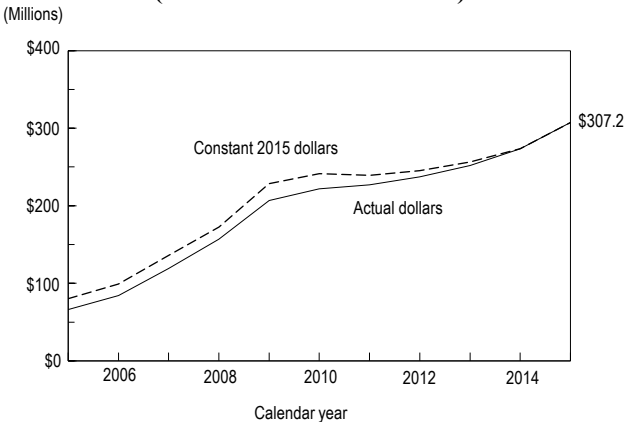
As of April 1, 2016, 27 counties impose a local sales and use tax for transportation and transit purposes as follows:

- 0.5%:** One metro county (Scott) and 21 counties in Greater Minnesota
- 0.25%:** Five counties (Anoka, Dakota, Hennepin, Ramsey, and Washington counties) as part of the Metropolitan Transit Improvement area

As of January 1, 2016, the following 28 general local sales and use taxes are imposed to fund other specified projects in these areas:

- 1.0%:** Duluth, Hermantown, Cook County
- 0.75%:** Rochester
- 0.5%:** Albert Lea, Austin, Baxter, Bemidji, Brainerd, Clearwater, Cloquet, Central Minnesota (Sartell, Sauk Rapids, St. Augusta, St. Cloud, St. Joseph, Waite Park), Fergus Falls, Hutchinson, Lanesboro, Mankato, Marshall, Medford, Minneapolis, New Ulm, North Mankato, Owatonna, Proctor, St. Paul, Two Harbors, Willmar, Worthington
- 0.15%:** Hennepin County (for ballpark)

General Local Sales and Use Tax Revenues (\$307.2 million in CY 2015)



Other major nonproperty tax revenues (CY 2014):

- Franchise taxes (mainly cities): \$137.4 million
- Lodging taxes (mainly cities and towns): \$43.9 million
- Local share of taconite taxes: \$50.8 million

Government Debt

State Debt

State Obligations Outstanding (October 19, 2016, dollars in millions)

General Obligation (G.O.) Bonds	\$6,970
Equipment Leases	35
Real Estate Financing	98
Certificates of Participation – equipment, software	24
Certificates of Participation – real estate	79
G.F. Appropriation bonds	1,012
G.F. Appropriation debt by agencies	396
Agency Obligations	
Housing Finance Agency	2,325
University of Minnesota	1,046
Office of Higher Education	471
State Colleges and Universities Board	305
Higher Education Facilities Authority	855
State Armory Commission	1
Rural Finance Authority	35
Public Facilities Authority	974
Agricultural and Economic Development Board	365
Minnesota Management and Budget	117
Total Agency Obligations	6,494
Total, All Obligations	\$15,108
G.O. Debt authorized but not yet issued	644
G.F. Appropriation debt by agency authorized but not issued	10

Source: Minnesota Management and Budget

Capital Investment Guidelines

- Total tax-supported principal outstanding shall be 3.25% or less of total state personal income.
- Total amount of principal (both issued and authorized but unissued) for state general obligations, state moral obligations, equipment capital leases, and real estate capital leases are not to exceed 6% of state personal income.
- 40% of general obligation debt shall be due within five years and 70% within ten years, if consistent with the useful life of the financed assets and market conditions.

These percentages are point-in-time figures, calculated for the February and November debt capacity forecasts.

State Bond Ratings

For the August 2, 2016, general obligation bond sale, Fitch Ratings raised the state's bond rating to AAA, the highest rating. Standard & Poors Ratings Group rated the state's bonds at "AA+" (one grade lower than the highest rating of AAA), indicating the state's capacity to pay interest and repay principal is strong. Similarly, Moody's Investors Services, Inc., rates the state's bonds as Aa1. As the bond sale statement says, these ratings are subject to change or withdrawal by the rating agencies at any time. In general, the higher the rating the less interest the state has to pay.

Local Government Debt

Bonded Debt of Local Governments (\$19,567 million in CY 2014/FY 2015)

	General Obligation	Revenue	Total Bonded Indebtedness
Cities	\$6,392	\$1,098	\$7,490
Counties	2,748	524	3,272
Towns	41	0	41
School Districts	8,764	0	8,764
Total	\$17,945	\$1,622	\$19,567

Special district debt data is not available. School district data is for school fiscal year 2015.

Source: State Auditor's reports; Department of Education; Minneapolis School District

General obligation bonds are secured by the full faith and credit of the issuing governmental unit; the issuing governmental unit agrees to levy whatever property taxes are needed to pay the bonds.

Revenue bonds are backed by the revenues from a project or facility. They may also be secured by a general obligation pledge (**general obligation revenue bonds**).

Amounts in the local government table do not include long-term debt not backed by bonds, such as long-term leases, or **conduit bonds**, such as IDB (industrial development bonds) or mortgage revenue bonds. These bonds are paid by private individuals, businesses, and other organizations. The governmental unit issues the bonds to confer its federal and state tax exemptions on the private borrowers but is not legally responsible to repay the bonds. Most analysts consider conduit bonds to be obligations of the private individuals or entities who pay them.

**Twin Cities Metropolitan Regional Government Debt
(\$3,076.2 million net outstanding)**

**Metropolitan Council
(\$1,521 million net outstanding general
obligation bonds estimated as of December 31, 2016)**

Wastewater	\$1,306
Transit	204
Parks	11
Total	\$1,521

**Metropolitan Airports Commission (MAC)
(\$1,555.2 million net outstanding as of January 1, 2017)**

General Airports Revenue Bonds	\$1,493.6
Notes Payable	61.6
Total	\$1,555.2

The Metropolitan Council and the MAC are authorized to issue debt. Both agencies have top ratings for their debt. The MAC may issue general obligation revenue bonds (GORB) as well as general airports revenue bonds and short-term debt, but at this time the MAC does not have any outstanding GORBs. The MAC has not levied property taxes to pay general obligation revenue bonds since 1969.

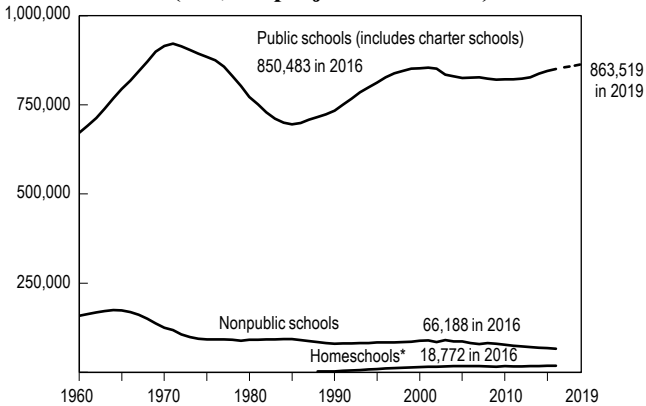
The Metropolitan Council may issue an unlimited amount of debt for the wastewater collection and treatment system. As of December 31, 2016, the Metropolitan Council could issue \$90.2 million more for transit fleet and facilities and \$29.6 million for regional parks.

Major Government Functions & Services

K-12 Education	49
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Family Assistance	63
Corrections	74
Transportation	78
Agriculture	82
Natural Resources	85
Pollution Control	88
Public Facilities Authority.....	90

K-12 Education

Student Enrollment (863,519 projected for 2019)



Enrollment projections for nonpublic schools and homeschools only available through 2016.

* Homeschool counts are not available prior to 1988.

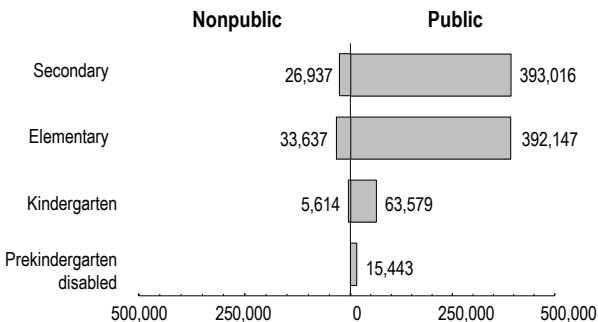
Enrollment Options Programs

- 75,166 open enrollment students - FY 2016
- 10,176 postsecondary (PSEO) students - FY 2015
- 24,731 college in high school students - FY 2014

Charter Schools 2016-2017

- 167 charter schools in operation as of September 2016
- 50,441 students as of September 2016
- 226 charters granted as of November 2016

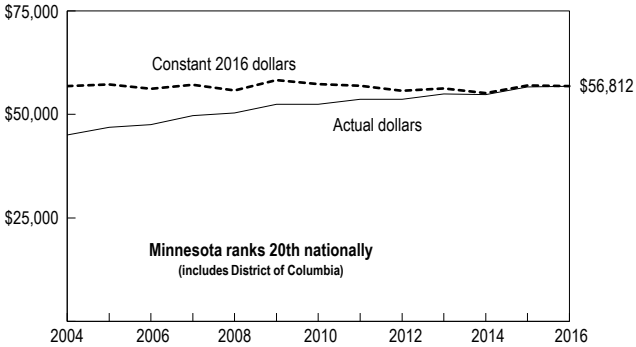
Students by Grade, 2015-2016 (66,188 nonpublic; 864,185 public)



Teacher Characteristics 2015-2016

- 53.7% have advanced degrees
- 57.2% have taught more than ten years
- 33.4% are under 35 years of age

Average Minnesota Public School Teacher Salary (\$56,812 in 2016; 56,150 FTE teachers)



Sources: National Center for Education Statistics; Minnesota Department of Education, salary data, 2007-2016

Teacher salary is negotiated by individual districts and typically is based on years of experience (steps) and educational attainment (lanes).

Teacher Licensure and Qualifications

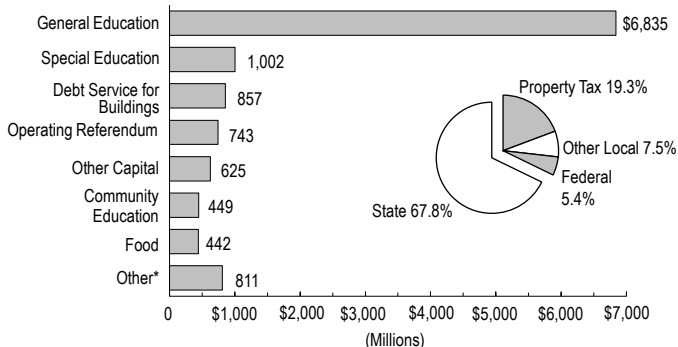
- The State Board of Teaching oversees teacher preparation requirements and licensure through a standards-based system.
- Prospective teachers must complete a Minnesota-approved teacher preparation program. Teachers from other states must show that their teacher preparation programs were “essentially equivalent” to a Minnesota-approved program.
- Teacher candidates must pass skills exams in math, reading, and writing and pass exams on general pedagogical knowledge and skills and licensure-specific content.
- Teachers with initial licenses must pay for and undergo a BCA-conducted criminal history background check.
- New teachers are considered probationary employees for the first three years of consecutive employment.
- Teachers renew continuing licenses every five years.
- Teachers must complete 125 clock hours of continuing education to renew a five-year professional license for another five-year period.

Administrator Licensure and Qualifications

- The Board of School Administrators oversees administrator preparation and licensure.

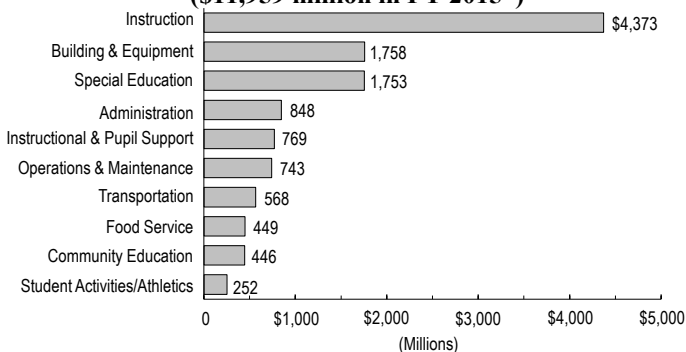
K-12 Revenue and Expenditures

School District Revenue (\$11,764 million in FY 2015)



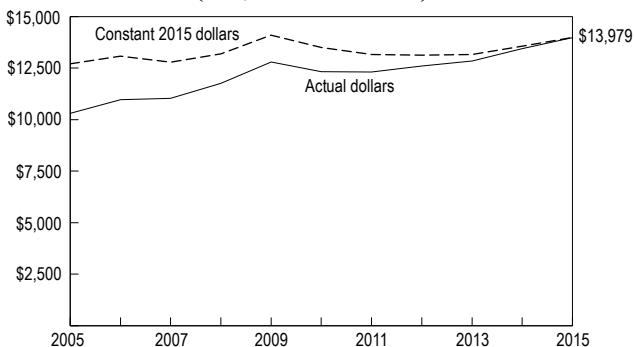
*“Other” includes federal aid (excluding special education, community education and food funds), interest, interdistrict transfers, local revenues such as fees for hot lunches, athletics, and other categorical funding programs.

Public School District Expenditures (\$11,959 million in FY 2015*)



*The difference between revenue and expenditures primarily represents bond refundings and fund balance changes carried forward to FY 2016.

Average Total Expenditures per Public School Pupil (\$13,979 in FY 2015)



Source: Department of Education, school district profiles

Minnesota's K-12 Academic Standards and Assessments

Graduation Requirements

In order to graduate from a Minnesota public high school, a student must complete at least 21.5 course credits in seven subject areas and take certain standards-based tests prescribed by the state. Local school districts may add additional requirements for graduation.

Subject	Required credits, students entering 9th grade	Assessment required?
Language arts	4	Yes
Mathematics	3	Yes
Science	3	Yes
Social studies	3.5	Yes; civics test
Arts	1	No; prohibited
Health		No; locally developed
Physical education		No; prohibited

The Commissioner of Education must build technology and information literacy standards into the state's academic standards and graduation requirements and include American Indian contributions in the required standards.

Benchmarks

The commissioner must publish grade-level benchmarks that specify the academic knowledge and skills that schools must offer and students must achieve to satisfy the standards. The commissioner must review and revise required academic standards, related benchmarks, and elective standards every ten years. Benchmarks are used to develop tests.

Assessments

Students in grades 3 through 8 take annual reading and mathematics assessments developed by the state called the Minnesota Comprehensive Assessments (MCAs). Students also take the reading MCA in 10th grade and the math MCA in 11th grade although no minimum score is necessary for graduation. The state and local districts must publicly report student, school, district, and state assessment results. The commissioner must include in the assessment results a value-added component that measures medium and high growth in student achievement over time.

Required Federal and State Tests

The federal Every Student Succeeds Act (ESSA) replaces the No Child Left Behind Act (NCLB) and requires public school students to take reading and math tests in grades 3 through 8, high school reading and math tests, and science tests in grades 5 and 8 and in high school.

Minnesota law requires students to take the Minnesota Comprehensive Assessments (MCAs). These are annual summative tests that measure student performance and growth on state academic standards.

Students with the most significant cognitive disabilities take the Minnesota Test of Academic Skills (MTAS).

English learners take the ACCESS, and English language learners (ELL) who receive special education services take the Alternate ACCESS, which measure students' progress in meeting state English language proficiency standards in reading, writing, listening, and speaking.

Minnesota Statewide Testing Program

Assessment	K	1	2	3	4	5	6	7	8	9	10	11	12
MCA and MTAs													
• Reading				◆	◆	◆	◆	◆	◆		◆		
• Math				◆	◆	◆	◆	◆	◆			◆	
• Science						◆			◆			◆	
ACCESS for ELLs (English learners only)	■	■	■	■	■	■	■	■	■	■	■	■	■
ACT, SAT (optional grade 11 or 12)												●	
◆ Required for federal and state accountability. Developed and administered by the state (includes MCAs and special education assessments). ■ Required for English Learners for federal Title III accountability. Used as exit criterion for state funding. An alternate assessments is available for ELs with significant cognitive disabilities.													

Source: Minnesota Department of Education

High School Test Results by Student Ethnicity

When students' MCA results in math and reading are categorized by student ethnicity, significant differences in performance appear. Minnesota's federal education plan included a goal of reducing the student achievement gap between all students and historically underperforming groups of students by 50% by 2017.

% of Math-Proficient Students in Grades 3 to 8 and 11 by Ethnicity

	American Indian	Asian/Pacific Islander	Hispanic	Black	White
2014	37%	59%	38%	33%	68%
2015	37	59	38	33	68
2016	36	59	37	32	68

% of Reading-Proficient Students in Grades 3 to 8 and 10 by Ethnicity

	American Indian	Asian/Pacific Islander	Hispanic	Black	White
2014	37%	51%	59%	34%	67%
2015	39	54	60	35	68
2016	40	56	60	35	68

Source: Department of Education

Some students who graduate from Minnesota high schools do not meet preparation requirements for Minnesota's public colleges and universities and enroll in one or more developmental courses in college.

Public School Graduates Taking Developmental Courses Within Two Years of Graduation

Higher Ed Public Institutions	High School Graduating Class									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014*
U of M	7%	5%	3%	3%	3%	2%	2%	3%	2%	1%
Two-year	49	49	51	52	50	55	53	52	49	43
Four-year	27	25	26	24	21	20	18	18	17	16

Source: 2016 Getting Prepared: Minnesota Statewide Longitudinal Data Systems, additional tables

*Preliminary data

Early Childhood Programs

Early Childhood Family Education (ECFE)

- School districts and tribal schools operate classes to strengthen families with children from birth to age five.

Early Learning Scholarships

- Scholarships for income-eligible children for early learning services offered by school districts, Head Start programs, and other qualifying public and private preschool programs.

School Readiness

- School districts operate developmental programs to enable children ages three-and-one-half to five to enter school with the skills and behaviors necessary for success.

Voluntary Prekindergarten

- Low-income four-year-old students in qualifying school districts may participate in prekindergarten programs to prepare the students for kindergarten.

Head Start

- Program that provides early education and health and social services to children from families at or below the federal poverty guidelines.

Interagency Early Intervention (Part C)

- Federally funded program to provide services to children with disabilities from birth to age two, and their families.

Funding for Early Childhood Programs

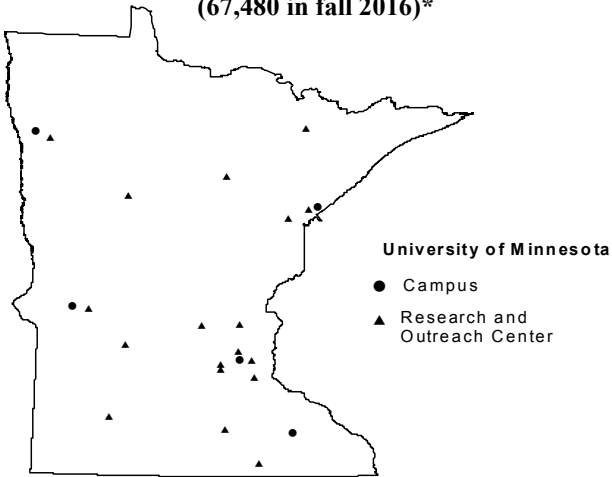
Program (ages eligible)	Funding FY 17 (in millions)	Participants FY 17
ECFE (up to kindergarten)	\$30.0 state aid 22.1 property tax	112,800 children
Early Learning Scholarships	59.9 state aid	5,800 children
School Readiness (3½ to kindergarten)	32.7 state aid	28,700 children
Voluntary PreK	25.0 state aid	3,300 children
Head Start (3 to 5)	105.4* federal aid 25.1 state aid	35 grantees, serving 17,600 children*
Part C (up to age 2)	8.2* federal aid	5,524 children served*
Total For Listed Programs	\$113.6 federal aid \$172.7 state aid \$22.1 property tax	

* FY 16

Higher Education

University of Minnesota

Enrollment by Campus (67,480 in fall 2016)*



* Includes enrollment of 6,119 nondegree students not included in the table below.

	Undergraduate	Graduate	Professional	Total
Twin Cities	30,975	12,728	3,661	47,364
Duluth	9,051	664	357	10,072
Crookston	1,821			1,821
Morris	1,680			1,680
Rochester	424			424
Total	43,951	13,392	4,018	61,361

Other facilities

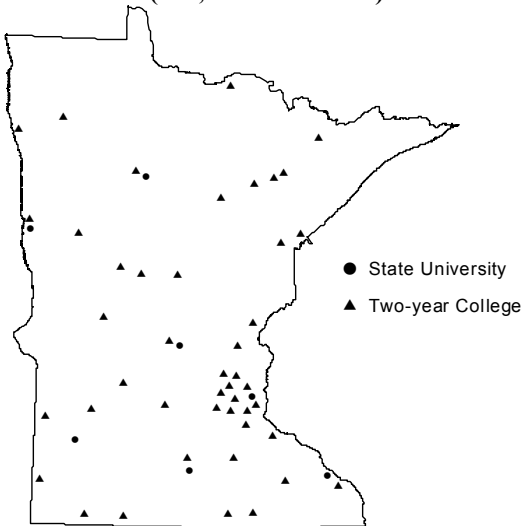
The university conducts agricultural, biological, forestry, and other types of research and education programs through its regional extension offices in Andover, Brainerd, Cloquet, Crookston, Farmington, Grand Rapids, Mankato, Marshall, Moorhead, Morris, Rochester, Roseau, St. Cloud, Willmar, and Worthington.

Governance

- The university is governed by a 12-member Board of Regents elected by the state legislature.
- Eight members of the Board of Regents must represent the state's congressional districts, each representing one district.
- Four members are elected from the state at-large, including a university student.
- The university president is the ex officio president of the Board of Regents.

Minnesota State Colleges and Universities

Enrollment by Institution Type (376,176 in FY 2016)*



Note: Enrollment based on Minnesota State data

* Includes enrollment of 121,970 nondegree students not included in the table below.

FY 2016 Enrollment by Level*

	Total Enrollment
2-year state colleges (24)	174,134
4-year state universities (7)	80,072
Total Enrollment	254,206

* These numbers include both undergraduate and graduate students enrolled at state universities.

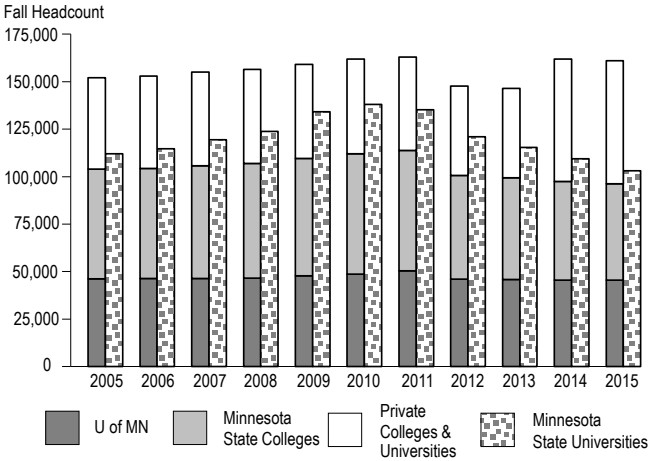
Campuses

Minnesota State's 31 institutions operate 54 campuses in 47 communities. An institution is one or more campuses with a single president.

Governance

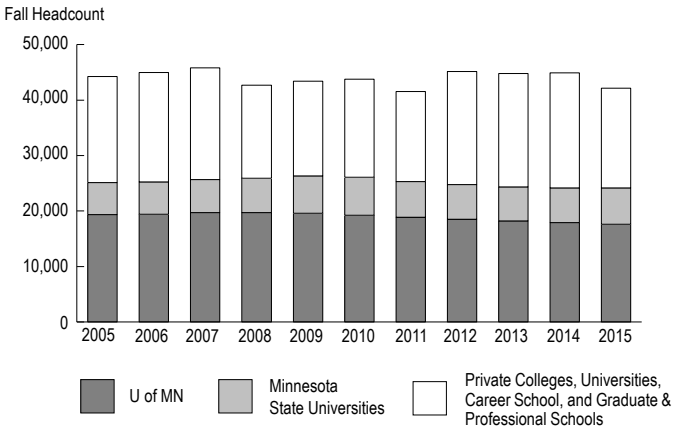
- Minnesota State consolidated the operation of public two-year colleges and four-year universities in 1995.
- Minnesota State is governed by a 15-member Board of Trustees appointed by the governor with the advice and consent of the Senate, and a chancellor appointed by the board. Trustees serve staggered six-year terms.
- Eight members of the Board of Trustees must represent the state's congressional districts, each representing one district.
- Three members must be Minnesota State students or recent graduates.

Undergraduate Enrollment (264,083 in 2015*)



* Excludes private career school enrollment of 15,684 and private online school enrollment of 16,074. Online enrollment includes students from other states.

Graduate & Professional Enrollment (113,220 in 2015*)



* Includes 71,087 graduate students at private online career schools, including institutions with national enrollments, not included in the graph.

Minnesota Office of Higher Education (OHE)

Governance and Responsibilities

- Commissioner appointed by governor
- Administers student aid programs and agreements
- Registers and licenses private institutions
- Collects and maintains enrollment and aid data
- Provides information to students and families
- Provides support for technology and library programs

Private Postsecondary Institutions

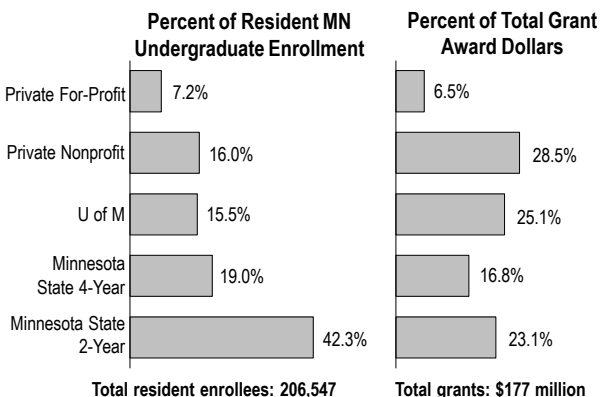
Registration: A postsecondary school operating in Minnesota must register annually with OHE if it is a private institution that grants baccalaureate or higher degrees, or an institution with academy, college, institute, or university in its name. Out-of-state public institutions must register if they offer courses or programs in Minnesota.

Licensing: Most private career schools must be licensed by OHE to offer in-state programs below the baccalaureate level.

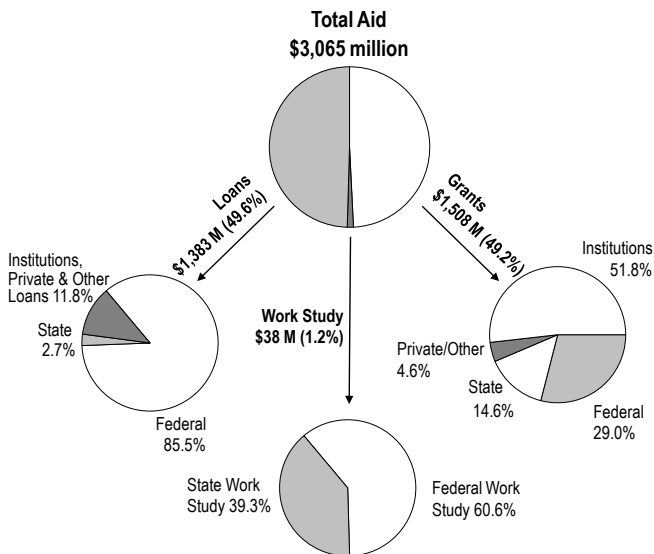
Minnesota State Grant Program

Grants are awarded to eligible undergraduate Minnesota residents based on financial need, the price of postsecondary education, and available appropriations. In the grant program, parents, students, and taxpayers share responsibility for the cost of postsecondary education. The state grant covers all or a portion of the price of postsecondary education after deducting the federal Pell grant and the student and family share.

Participation in State Grant Program FY 2015 (206,547 resident undergraduate enrollees; 99,324 with grants; \$177 million in grants)



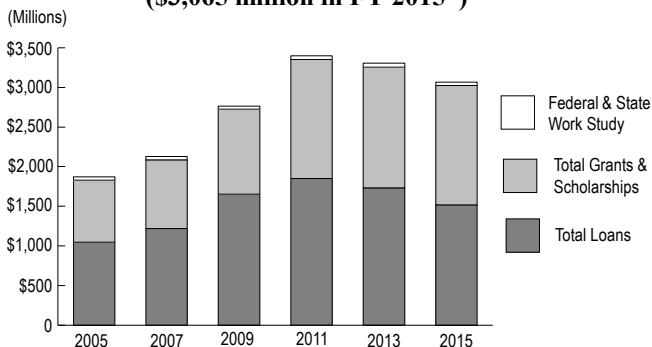
Type and Source of Financial Aid Received by Minnesota Students (\$3,065 million in FY 2015)



2015 Student Aid Awards

	Number of MN Undergraduates	Average Award
Federal Pell Grant (\$5,730 maximum)	122,841	\$3,342
State Grant Program	99,324	\$1,782

Student Financing for Higher Education (\$3,065 million in FY 2015*)



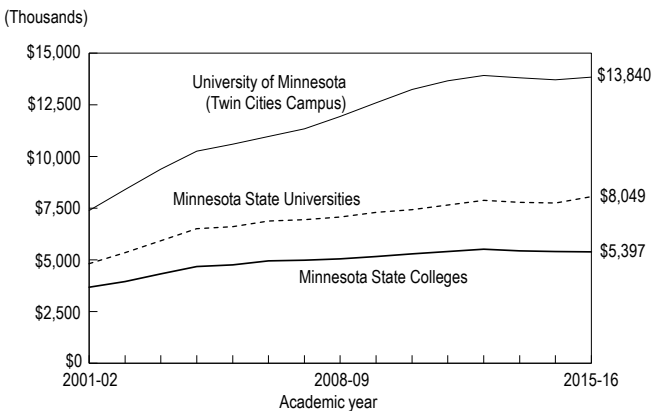
* These numbers include loans made to parents of students, which totaled \$135 million in 2015.

Annual Undergraduate Resident Tuition and Fees Range 2016-2017

Institution	Lowest	Highest
Public		
Minnesota State Colleges	\$4,946 (Lake Superior College)	\$5,714 (Normandale College)
Minnesota State Universities	\$7,566 (Metropolitan State)	\$9,074 (Winona State)
University of Minnesota	\$11,700 (Crookston)	\$14,224 (Twin Cities)
Private		
Colleges and Universities	\$10,500 (Rockford Career College)	\$50,874 (Carleton College)
Career Schools	\$5,076 (LA Beauty School)	\$22,500 (Transportation Center for Excellence)

Source: Office of Higher Education data, reflecting institutions participating in the Minnesota State Grant Program.

Average Annual Full-time Undergraduate Resident Tuition and Fees at Public Institutions in Minnesota*



* 2015 Inflation-adjusted dollars

Tuition Reciprocity Programs

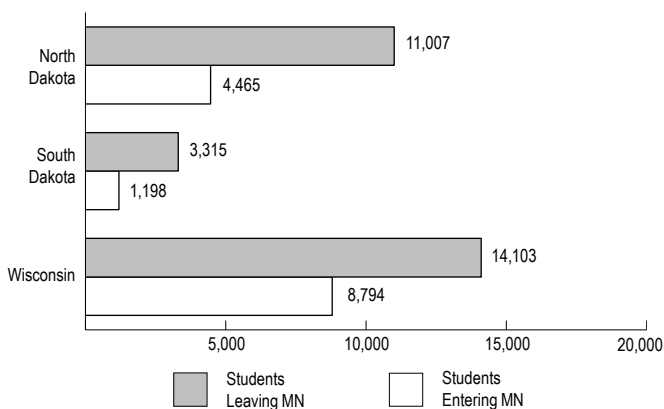
OHE administers the reciprocity agreements that provide reduced tuition for nonresident students.

Minnesota, North Dakota, South Dakota, and Wisconsin have tuition reciprocity agreements for all public postsecondary institutions.

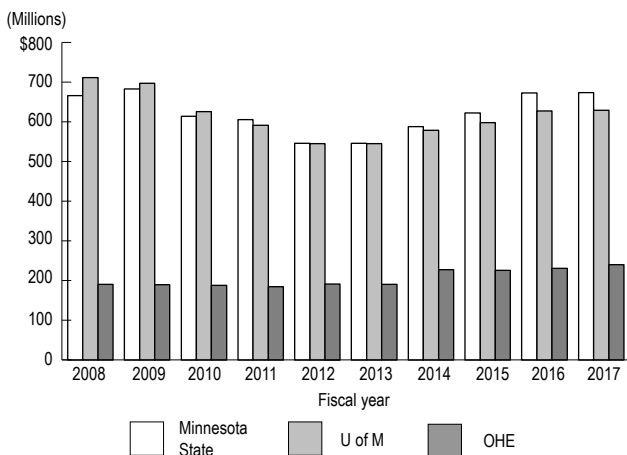
The North Dakota and Wisconsin agreements require interstate payments based, in part, on relative enrollments.

Wisconsin paid Minnesota \$5.10 million in academic year 2014-15 under the reciprocity program, and Minnesota paid \$6.94 million in academic year 2014-15 to North Dakota for tuition reciprocity.

Fall 2014 Headcount Reciprocity Enrollment



State Higher Education General Fund Appropriation



* Includes reductions and additions to appropriations by the governor and the legislature for FY 2008 to 2011. FY 2010 appropriations exclude federal American Recovery and Reinvestment Act appropriations.

Family Assistance

The principal assistance programs funded by the state for low-income families are:

- Medical Assistance (MA)
- MinnesotaCare (MNCare)
- Children's Health Insurance Program (CHIP)
- Minnesota Family Investment Program (MFIP)
- Group Residential Housing (GRH)
- General Assistance (GA)
- Minnesota Supplemental Aid (MSA)
- Child Care Assistance
- State Housing Assistance

Other assistance programs are funded entirely by the federal government:

- HUD Rental Housing Assistance
- Food Support (Food Stamps) (FS)
- Supplemental Security Income (SSI)
- MNsure subsidized coverage

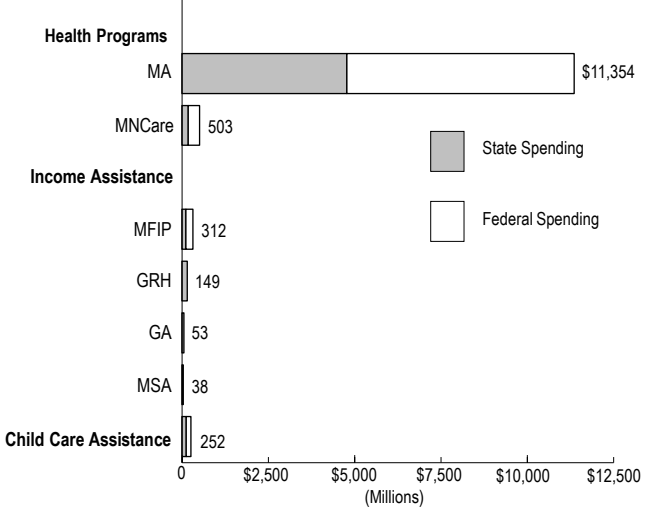
Note: The FY 2016 projections listed in this section are from the Department of Human Services, February 2016 forecasts of family self-sufficiency and medical programs. Other data are from DHS, MDE, MHFA, and other sources.

Funding and Administration

- MA, MFIP, GA, MSA, GRH, Child Care Assistance, and Food Support are administered by counties under the supervision of the state Department of Human Services (DHS).
- MA, MNCare, CHIP, MFIP, and Child Care Assistance are funded jointly by the federal and state governments.
- GA, MSA, and GRH are state-financed.
- MNCare is administered directly by DHS as a Basic Health Program under the federal Affordable Care Act.
- Food Support and SSI are federally financed.
- SSI is administered by the federal Social Security Administration.
- MNsure subsidized coverage is administered by the federal Internal Revenue Service and the MNsure board.

Family Assistance State and Federal Spending*

(\$12,661 million in FY 2016)



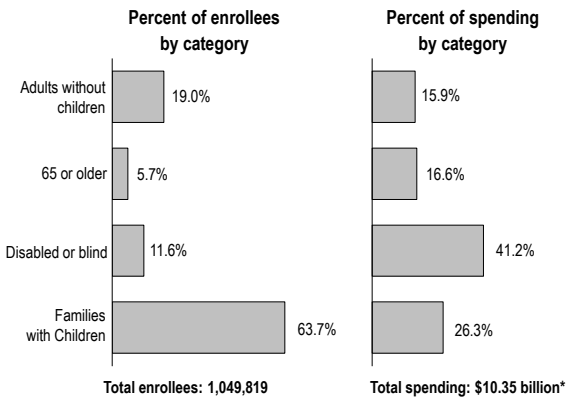
Note: MA spending total includes Children's Health Insurance Program (CHIP). State MNCare spending includes enrollee premiums.

* Excludes SSI and Food Support programs. The state spending figure includes any county share.

Medical Assistance (MA)

- A federal-state Medicaid program that pays for health care services for eligible individuals with income and assets below program limits; some eligibility groups are not subject to an asset limit.
- Eligible groups are low-income families; needy children in foster care; aged, blind, or disabled persons; pregnant women; adults without children; and certain other low-income children and adults.
- Minnesota implemented the federal option to expand program eligibility to adults without children with income not exceeding 133% of FPG, effective January 1, 2014.
- MA provides all federally mandated services and most services designated by the federal program as optional.
- As of August 2016, 813,663 enrollees received services through prepaid health plans.

Minnesota Medical Assistance Eligible - SFY 2015



* Does not include consumer support grant expenditures, pharmacy rebates, and adjustments.

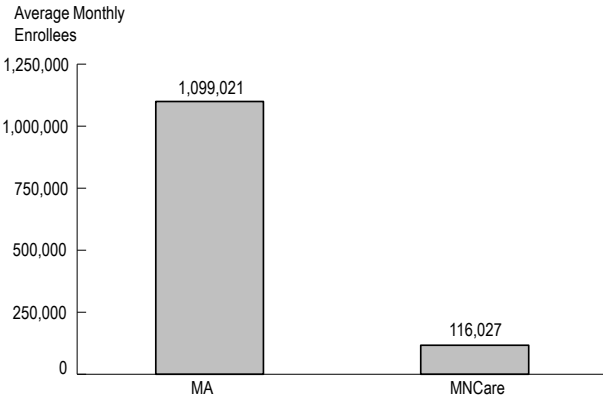
Source: Department of Human Services

Persons who are disabled, blind, or elderly, made up 17.3% of enrollees but accounted for 57.8% of expenditures in FY 2015.

MinnesotaCare (MNCare)

- A federal-state program that provides subsidized health coverage mainly for low-income parents and adults without children with incomes greater than 133% but not exceeding 200% FPG.
- Receives federal funding as the state’s Basic Health Program under the federal Affordable Care Act.
- Covered services provided through prepaid health plans.
- Enrollee premiums are based on a sliding scale.
- Current state funding comes from a 2% tax on gross revenues of health care providers and a 1% premium tax on nonprofit health plans.

**Projected Health Care Enrollees
(1,215,048 in FY 2016)**



Subsidized MNSure Coverage

- The federal government provides premium tax credits to eligible persons with incomes greater than 200% but not exceeding 400% of FPG, to subsidize the purchase of qualified health plans through MNSure, the state’s health insurance exchange.
- Persons with incomes greater than 200% but not exceeding 250% of FPG may also qualify for federal subsidies that reduce enrollee cost-sharing under a qualified health plan.

Children's Health Insurance Program (CHIP)

- A federal-state program that provides enhanced federal funding for: (1) MA services to children under age 2 with household incomes between 275% and 283% of FPG; (2) MA services to uninsured pregnant women who are nonimmigrants or undocumented, through the period of pregnancy, including labor and delivery and 60 days postpartum; and (3) MA services to children with incomes greater than or equal to 133% but not exceeding 275% of FPG.

Minnesota Family Investment Program (MFIP)

- MFIP is a state program begun in January 1998 that replaced the Aid to Families with Dependent Children (AFDC) entitlement program.
- MFIP provides cash assistance and employment and training services to eligible families with children.
- With some exceptions, MFIP is provided for no more than 60 months. In July 2002, families began reaching that 60-month limit. However, some of these families received exemptions or extensions. Exempt families may receive assistance without that month counting toward the 60-month time limit. Families with extensions may continue to receive cash assistance, but that month of assistance counts toward the 60-month time limit. Families without extensions and with more than 60 months of assistance are ineligible to receive assistance.
- Eligible families must be citizens or qualified noncitizens, have income and assets below limits set by the legislature, and include at least one minor child or pregnant woman and the child's parents or stepparents.
- MFIP caregivers are expected to meet hourly work requirements. The program provides supports to make work possible (including child care assistance) and imposes sanctions for noncompliance.
- MFIP is funded by the federal Temporary Assistance for Needy Families (TANF) block grant and by state appropriations.
- The legislature sets benefit levels, which include cash and food assistance portions. Benefits vary by family size; a family with one adult and one child receives up to \$754 per month. The food portion is adjusted as needed to reflect cost-of-living adjustments in the federal Food Support program.

Group Residential Housing (GRH)

- A state program that assists in housing certain MSA-eligible and GA recipients who live in group residences such as adult foster homes and housing with services establishments.

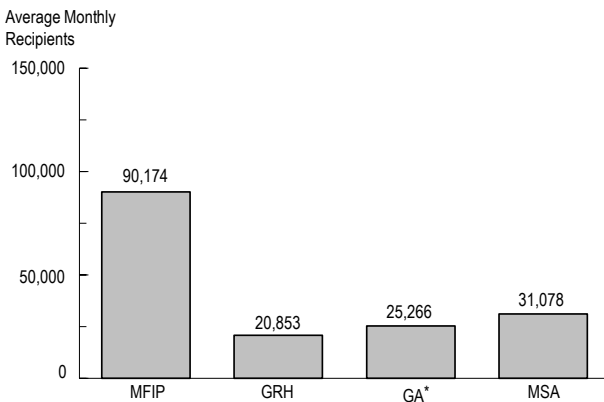
General Assistance (GA)

- A state program that provides cash assistance to disabled or unemployable persons ineligible for MSA or SSI.
- GA recipients are single adults or childless couples. A single GA recipient receives up to \$203 per month. GA-eligible persons living in group residential housing facilities receive a small monthly personal needs allowance.

Minnesota Supplemental Aid (MSA)

- A state program that provides supplemental cash assistance to needy aged, blind, and disabled persons who are SSI recipients or who would qualify for SSI except for excess income.
- Amount of monthly benefit varies with housing arrangement. A nursing home resident receives a small monthly personal needs allowance; a recipient living at home receives a larger grant for shelter and basic needs.
- MSA recipients automatically receive MA.

FY 2017 Income Assistance Projections for MFIP, GRH, GA, MSA



*Data for GA is available by cases only, not by number of individual recipients.
Source: February 2016 Forecast

Child Care Assistance Programs

Federal, state, and county funds subsidize child care costs for eligible families with:

- incomes at or below 47% of state median income at program entry, up to 67% of state median income at program exit; and
- children under 13 years old (age 15 for children with disabilities).

Families with incomes above 75% of the federal poverty guidelines must pay a copayment.

Basic Sliding Fee (BSF) Program for Working Families

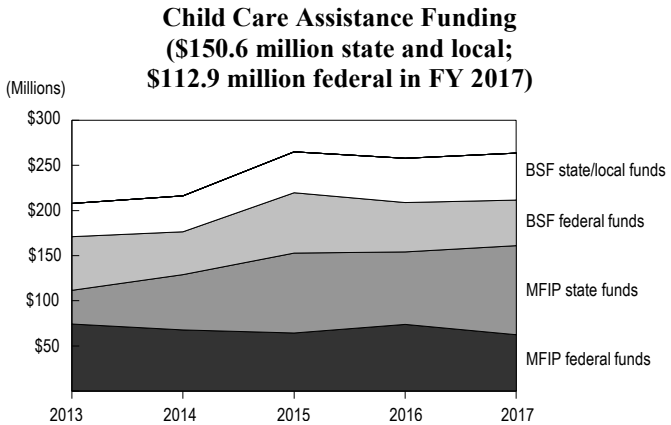
- Assistance is limited by funding
- Waiting lists exist in some counties
- Priority is given to non-MFIP parents without a GED or diploma, families completing the MFIP transition year, families receiving assistance from the portability pool, and families in which at least one parent is a veteran

MFIP Child Care

- Eligible MFIP families, including families that forego the cash portion of the MFIP grant
- Assistance provided for activities in an approved individual plan (job search support or employment plan) and for employment
- Assistance is fully funded; no waiting lists for assistance

Transition Year Child Care

- Provides 12 months of child care assistance for former MFIP families who received assistance for three of the previous six months



Child Care Assistance

The monthly average number of families receiving child care assistance in FY 2015 was 15,709.

Assistance may be provided for care by:

- Licensed family child care providers
- Licensed child care centers
- Legal nonlicensed caregivers including school district programs and registered caregivers who are related or unrelated adults

Child Care Assistance Profile, FY 2015

Type of Care (% of children)*	BSF & MFIP	
Legal nonlicensed	3.9%	
License-exempt center	9.0%	
Licensed family day care home	23.3%	
Licensed child care center	63.8%	
Type of Parental Activity (% of families)	BSF	MFIP
Students	3.6%	6.2%
Employment	86.5%	42.6%
Education and Training	10.0%	NA
Employment and Training	NA	9.2%
Other MFIP Activity	NA	6.6%
Transition Year	NA	35.4%
Average families/month	8,121	7,588
Average cost per family	\$12,360	\$17,832

Note: MFIP includes transition year and transition year extension child care

* Percentages do not add to 100% due to the use of more than one type of care per child.

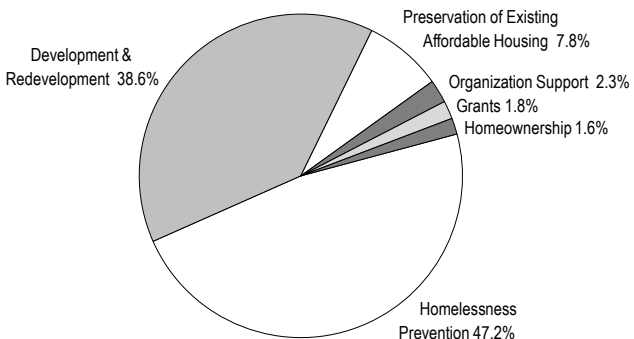
Source: Department of Human Services

State Housing Assistance

The Minnesota Housing Finance Agency (MHFA) is a state agency that provides various forms of housing-related financial assistance, primarily oriented toward programs for low- and moderate-income families. State appropriations to the MHFA are less than 10% of the agency's total budget. (The largest revenue sources are mortgage revenue bond proceeds and federal funding.) MHFA activities with state funding include:

- **Development and Redevelopment.** Funds new construction and rehabilitation of rental and ownership housing.
- **Homeless Prevention and Supportive Housing.** Funds housing development and rental assistance and homeless prevention for very low-income families and individuals, many with other difficulties in achieving independent living.
- **Homeownership.** Funds down payment and closing cost assistance programs.
- **Preservation of Existing Affordable Housing.** Preserves the existing affordable housing stock, including federally assisted rental housing that may be lost as affordable housing due to opting out of federal programs or because of physical deterioration.
- **Resident and Organization Support.** Provides operating funds for organizations that develop affordable housing, offer homebuyer education and foreclosure prevention assistance, or coordinate regional planning efforts.

State Appropriations to MHFA (\$107.8 million for 2016-2017 biennium)



U.S. Department of Housing and Urban Development

HUD Rental Housing Assistance

(This page covers only direct subsidies from HUD. It does not include information on other rental assistance or home ownership programs.)

HUD rental housing assistance programs are generally for persons with incomes up to 50%, or in some cases 80%, of the area median income, where median incomes are adjusted for family size. (See page 11 for the median incomes.)

The tenant's portion of rent payment generally equals 30% of adjusted income, and HUD pays the balance up to the actual amount of rent due or fair market rent (FMR). FMRs are essentially caps on rent subsidies under various HUD programs.

HUD sets FMRs each year for each metropolitan area and each county outside metropolitan areas. FMRs are adjusted for the number of bedrooms. FMRs for 2016 range from a low of \$418 for an efficiency in a nonmetropolitan county to a high of \$1,693 for a four-bedroom unit in the Twin Cities metropolitan area.

HUD Programs

HUD programs providing direct subsidies to renters, owners, or developers of affordable housing include:

- **Public housing.** Operating and modernization funding for housing owned, operated, and managed by public housing authorities.
- **Housing Choice Vouchers (Section 8).** The primary assistance for rent subsidies is in the form of certificates or vouchers that tenants can take with them when they move. Long-term rental subsidies for the owners of units of affordable rental housing (“project-based rental assistance”) are also provided.
- **Community Development Block Grants (CDBG).** Formula-based block grants to local governments that may be used for a wide variety of purposes, including housing; \$17 million in FY 2016.
- **HOME Investment Partnership Program.** Aid allocated by formula grants to communities to partner with local nonprofits to build, buy, or rehabilitate affordable housing for low-income households; \$5.97 million in 2016.

Other Federal Assistance

Food Support (FS)

- A federal USDA program providing food purchasing assistance to low-income households; there is also a Minnesota Food Assistance Program for certain persons not eligible for the federal program.
- Eligible households must be citizens or qualified noncitizens; have assets and gross income below specified limits; and have net monthly income at or below the federal poverty guidelines.
- Most able-bodied adults must meet work requirements.
- Federal government sets benefit levels. Benefits are provided in electronic debit card (EBT) format, eliminating the traditional paper food stamp coupons.
- In FY 2015, an average of 223,206 Minnesota households received food support benefits each month. These benefits were worth a total of \$610.2 million for the fiscal year.

Supplemental Security Income (SSI)

- A federal program providing cash assistance to needy aged, blind, and disabled persons.
- Eligible persons must be citizens or noncitizens meeting certain criteria; have assets and income below federal limits; and be 65 or older or meet program criteria for blindness or disability.
- The amount of monthly benefit varies with housing arrangement.
- Some SSI recipients also receive a state supplement to their SSI grant through the state MSA program. Most SSI recipients are eligible for MA.
- In federal FY 2015, an average of 94,704 Minnesotans received SSI each month. During federal FY 2015, \$647.1 million in federal SSI benefits were paid to Minnesota recipients.

Corrections

Minnesota's Crime, Incarceration, and Probation Rates, and State Rankings (2014)

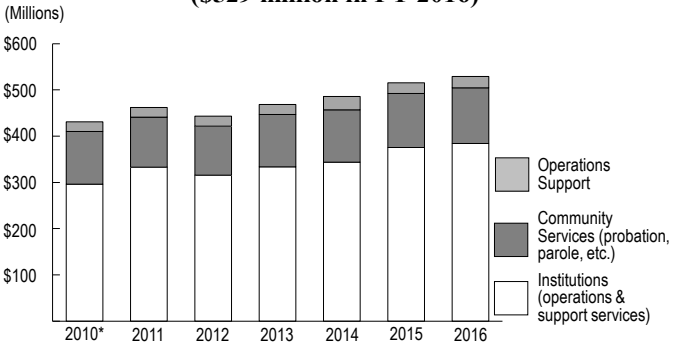
	Rate per 100,000	Rank Among States
Crime Rate, Total	2,465	30th
Violent*	243	41st
Property**	2,222	30th
Incarceration Rate, State Prisoners	194	47th
Probation Rate, Adults	2,625	5th

* Murder, forcible rape, robbery, aggravated assault

** Burglary, larceny, motor vehicle theft (excludes arson)

Sources: *State Rankings 2016*, CQ press; *Prisoners in 2013*, U.S. Department of Justice, September 2014

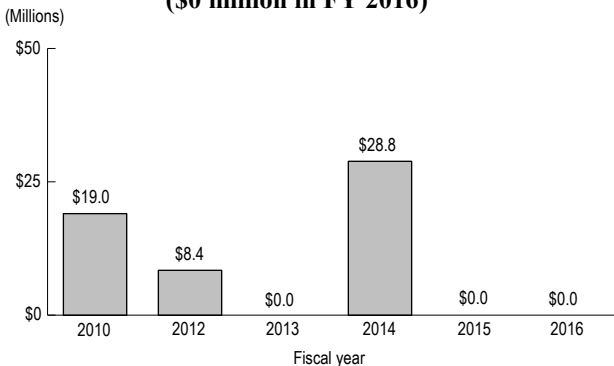
Department of Corrections Expenditures (\$529 million in FY 2016)



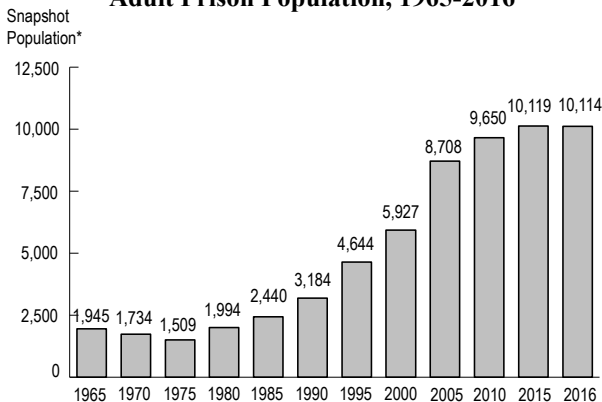
* Excludes \$38 million in federal stimulus funds

Source: Biennial Budget Book

Department of Corrections Bonding Authority (\$0 million in FY 2016)



Adult Prison Population, 1965-2016



* Data is by calendar year through 2000; and as of July 1 thereafter.

Expansions to the Prison System

- 2003-2004:** Lino Lakes, 416-bed unit; Shakopee, conversion of an independent living center into 48-bed general living unit
- 2005:** Faribault Phase 1, 701 beds; Willow River, 90 beds
- 2006:** Faribault Phase 2, 181 beds; Stillwater segregation unit, 150 beds; Shakopee, 92 beds
- 2009:** Willow River, 90 beds
- 2013-2014:** Faribault, 121 beds; Lino Lakes, 15 beds; Moose Lake, 10 beds; Rush City, 30 beds; St. Cloud, 53 beds; Stillwater, 6 beds; Shakopee, 14 beds
- 2015-2016:** Stillwater, 2 beds; Togo, 35 adult beds (juvenile program closed June 30, 2016)

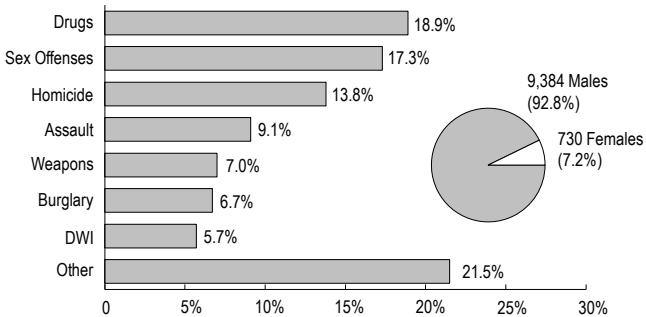
Level of Custody Definitions

Level 5 (Maximum security)	Oak Park Heights	Single cells Secure perimeter
Level 4 (Close-custody)	Rush City St. Cloud Stillwater	Single/Double cells Secure perimeter
Level 3 (Medium security)	Faribault Lino Lakes Moose Lake	Double cells Multiple occupancy Secure perimeter
Level 2 (Minimum security)	Faribault MSU*	Multiple occupancy Electronic monitoring
Level 1 (Minimum security)	Red Wing MSU* Willow River CIP** Lino Lakes MSU* Stillwater MSU* Togo CIP**	Multiple occupancy No fence Electronic monitoring for Lino Lakes and Stillwater MSUs
Level 1-5 (All security levels)	Shakopee	Multiple occupancy No fence

* MSU stands for minimum security unit.

** CIP stands for Challenge Incarceration Program, commonly called "boot camp."

Adult Prison Population by Offense and Gender (10,114 as of July 1, 2016)



Adult Prison Population by Facility and Cost per Offender FY 2016

Facility	Number ¹	Percent	Per diem ²	Annual ³
Faribault	2,009	19.9%	\$75.36	\$27,581
Stillwater	1,615	16.0	83.58	30,589
Lino Lakes	1,303	12.9	91.95	33,654
Moose Lake	1,048	10.4	84.24	30,832
Rush City	1,012	10.0	88.05	32,228
St. Cloud	1,010	10.0	104.20	38,138
Shakopee	604	6.0	98.85	36,179
Shakopee - CIP	38	0.4	124.67	45,630
Oak Park Heights	425	4.2	186.11	68,115
Willow River	167	1.7	117.61	43,045
Red Wing	43	0.4	87.11	31,882
Togo	67	0.7	203.32	74,416
Male Work Release	201	2.0	62.76	22,972
Female Work Release	36	0.4	62.76	22,972
Contract Beds ⁴	463	4.6	57.10	20,899
ICWC	31	0.3	54.57	19,972
Total/Average	10,072	100%	\$92.14	\$33,725

¹ Average daily population for FY 2016.

² Daily costs per offender based on FY 2016 operational per diem. Per diem includes facility operations, mental health care, and health care expenses.

³ Annual cost per offender.

⁴ Contract bed are rental beds, including operational and health care costs.

Adults Under Community Supervision (104,703 on December 31, 2015)

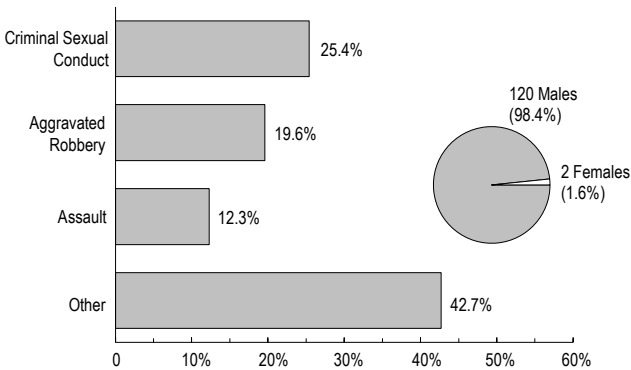
Supervision provided by the state (DOC), Community Corrections Act (CCA), or county probation officers (CPO).

Type	DOC	CCA/CPO	Number of Adults
Probation	16,806	81,452	98,258
Supervised Release	2,294	4,151	6,445
Total	19,100	85,603	104,703

Juvenile Offenders

Juvenile offenders are defined as those beginning their sentences when under age 18 and not certified as adults. Many juvenile offenders are held by DOC as a precursor to future supervision on the streets, but remain under the supervision of the presiding court. Others have been committed to the supervision and jurisdiction of DOC. The sentences for some serious crimes require that the offender be committed to DOC; other juvenile offenders are committed to DOC at the discretion of the supervising judge.

Juvenile State Correctional Facility Population (by offense for 14 males and 2 females committed to DOC; by gender for 122 in total population on January 1, 2016)



Juveniles under Community Supervision (6,847 as of December 31, 2016)

Type of Supervision	Number of Juveniles
Probation	6,839
Parole	8
Total*	6,847

* 879 are supervised by state agents; the remainder (5,968) by local agents.

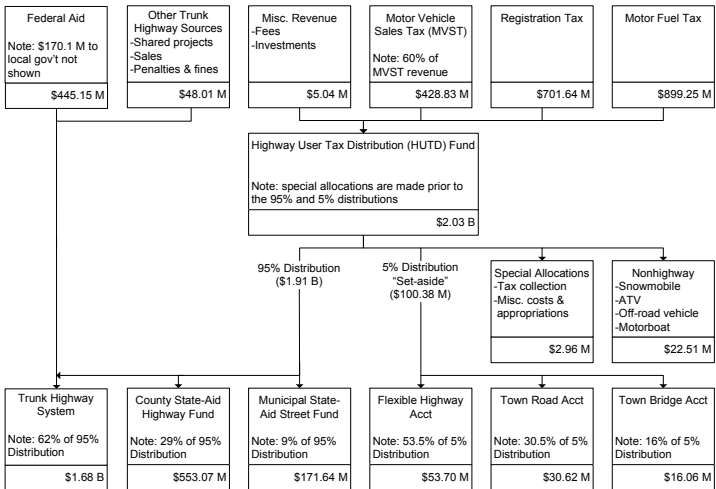
Transportation

Highway Finance Framework

The Minnesota Constitution establishes a basic framework for financing state highways. It (1) dedicates certain funding to be “used solely for highway purposes” through authorized taxes on motor fuels, motor vehicle registration, and motor vehicle sales; (2) establishes various accounting funds for distributing the tax revenues; (3) allocates revenues among state, county, and municipal roads; and (4) establishes requirements related to use of the funds as well as characteristics of each road system.

State statutes further specify finance and policy elements such as taxation rates, allocation formulas, and local aid program requirements. A portion of the motor vehicle sales tax revenue goes to transit, while the registration tax and motor fuels tax revenue (after some deductions) go exclusively to state and local highways.

Highway Funding Sources and Distribution



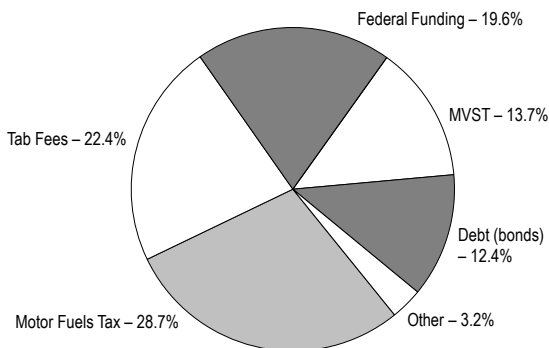
Note: Excludes (1) \$387.5 million in 2016 expenditures from bonding for state and local roads, (2) motor vehicle lease sales tax revenue, (3) other general fund spending, and (4) some federal funds for traffic safety and enforcement.

Highway Funding Sources

Most funding for the trunk highway system, as well as for state assistance to local governments for their roads, comes from transportation-related taxes and federal aid.

- The **motor fuels tax** is imposed at a per-gallon rate of 28.5 cents for gasoline and diesel (and at rates for other types of fuel that are proportionally adjusted based on energy content). A law passed in 2008 phased in an 8.5-cent tax increase over FY 2008 to 2013.
- The **registration tax** (also known as tab fees) applies annually to motor vehicles domiciled in Minnesota that use public streets and highways. For passenger vehicles, the tax depends on the vehicle's original value and its age. Other vehicles, such as trucks, are mainly taxed on the basis of weight and age.
- The **motor vehicle sales tax**, or MVST, is a 6.5% tax applied to the sale of new and used motor vehicles based on the purchase price of the vehicle. Voters in 2006 approved a constitutional amendment that dedicates all MVST revenue to transportation purposes, phased in over FY 2008 to 2012.
- **Federal aid** is another significant highway funding source for both state and local road systems.

State and Federal Highway Funding (\$3.13 billion in FY 2016)



Transit Systems

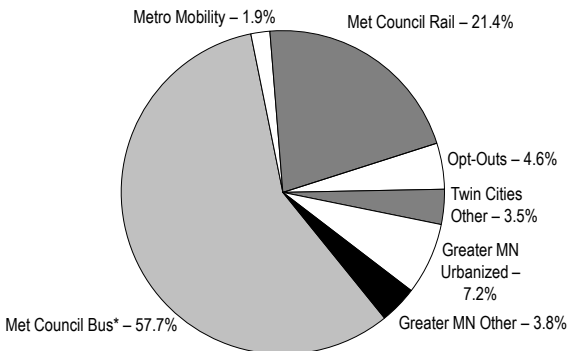
Throughout **Greater Minnesota** there are 56 transit systems. Each one is placed under state law into one of four classes based on its location and system characteristics.

Class	Count	Examples
Urbanized	7	Duluth, Moorhead, St. Cloud
Small urban	7	Hibbing, St. Peter, Winona
Rural	36	Arrowhead, Becker, Steele
Elderly/disabled	6	E. Grand Forks, Rochester

The Twin Cities **metropolitan area** is served by several transit options:

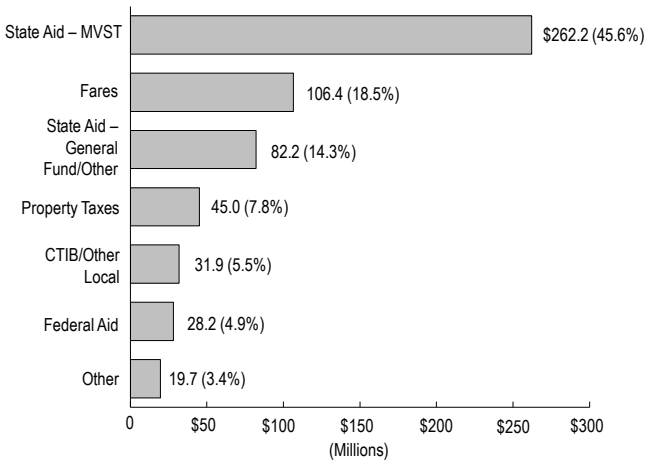
- Met Council regular route service, encompassing an extensive bus system as well as the state’s light rail transit (LRT) lines and only commuter rail line
- Metro Mobility paratransit for those with disabilities or health conditions
- Transit Link dial-a-ride service for the general public in those parts of the metropolitan area not served by regular route transit
- “Opt-out” systems consisting of seven suburban transit providers that replace Metro Transit regular route service in several metropolitan cities
- Other operators like the University of Minnesota

Transit Ridership (111 million in CY 2015)



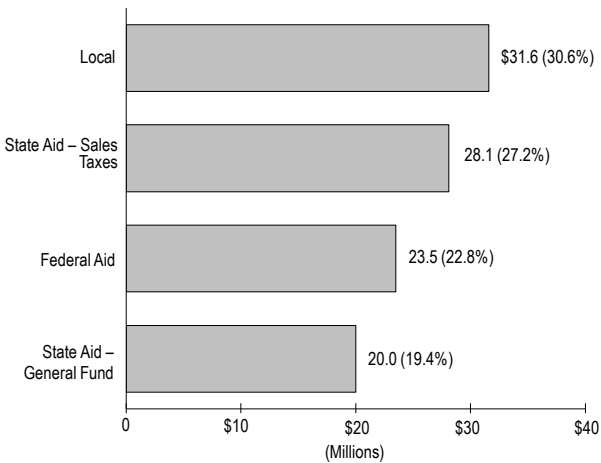
* Includes contracted service, bus rapid transit

Revenue Sources
Metropolitan Council Transportation Operating Budget
(\$575.7 million in CY 2015)



Source: Metropolitan Council, 2015 Unified Budget

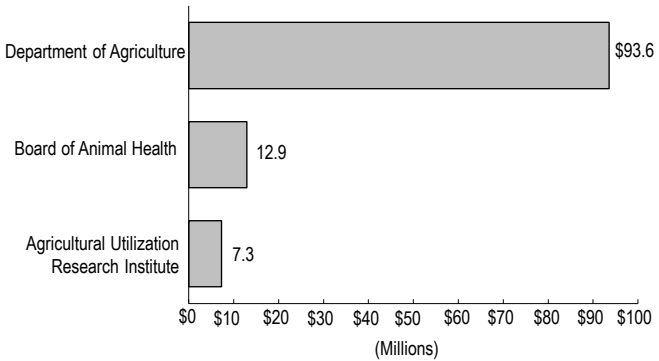
Revenue Sources
Greater Minnesota Transit Operating Budgets
(\$103.2 million in CY 2015)



Source: Department of Transportation, 2015 Transit Report

Agriculture

General Fund Agriculture Appropriations (\$113.8 million in FY 2016-2017)



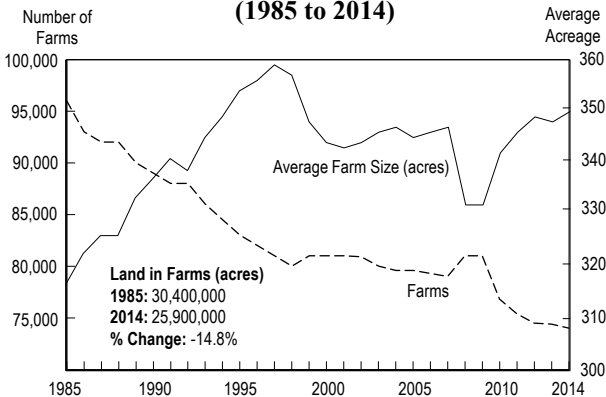
Minnesota Farming Facts

Minnesota is ranked highly among the states in several areas of production:

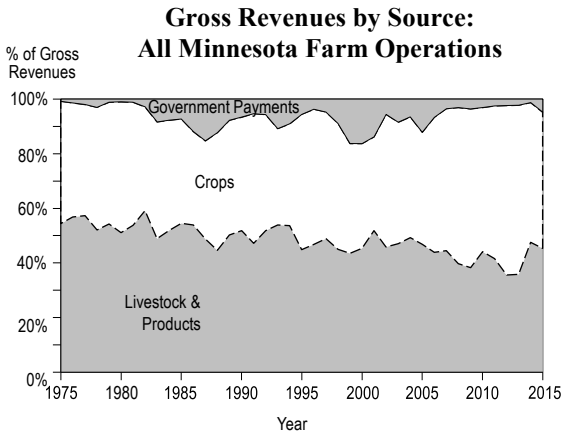
- First in sugarbeets and turkeys
- Second in the value of hogs on farms
- Third in vegetables for processing, dry edible beans, oats, and total head of hogs and pigs
- Fourth in corn, soybeans, and spring wheat
- Fifth in milk goats

In 2014, the state was home to approximately 74,000 farms totaling 25.9 million acres, for an average acreage of 350.

Farm Numbers and Average Size (1985 to 2014)

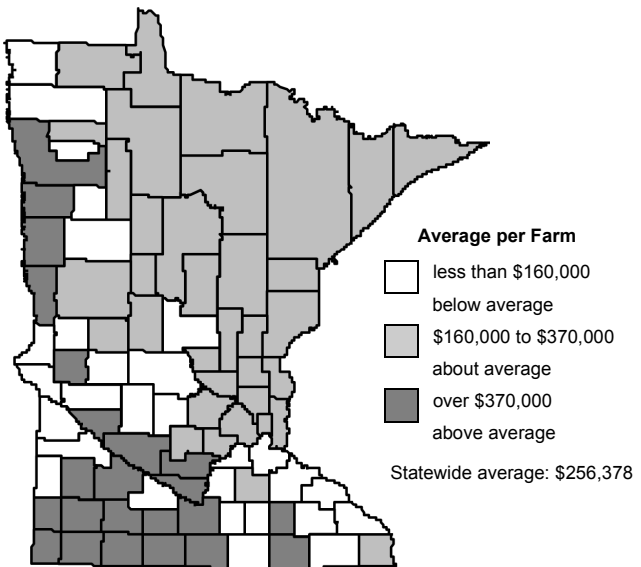


In 2015, Minnesota farmers grossed over \$17 billion from the sale of livestock and crops and \$887 million from government payments.



Source: U.S. Department of Commerce, Bureau of Economic Analysis

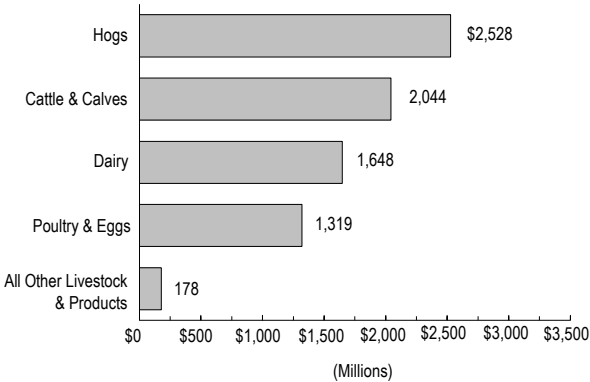
Farm Geography: Market Value of Agricultural Products Sold, Average Per Farm 2014



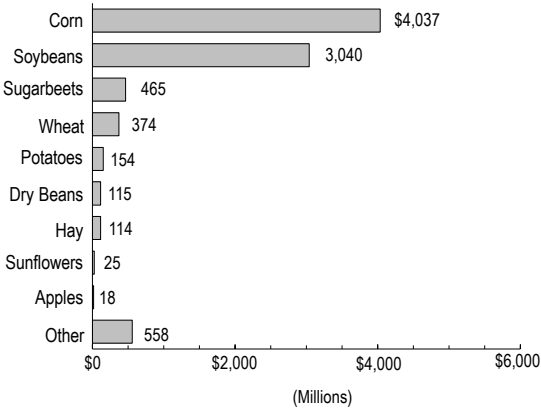
The estimated average value of Minnesota cropland in 2016 was \$4,750 per acre statewide.

In 2014, 161,381 acres of farmland were sold statewide, down from 326,670 in 2012. In the first nine months of 2015, the average sale price per acre ranged from a high of \$7,090 in southwest Minnesota to a low of \$2,027 in north central Minnesota.

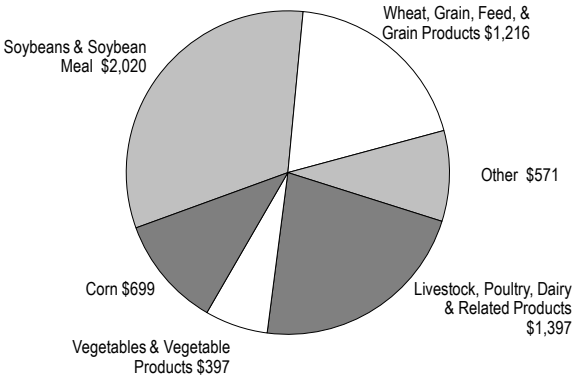
**Cash Receipts from Livestock and Products
(\$7.7 billion in 2015)**



**Cash Receipts from Crops and Vegetables
(\$8.9 billion in 2015)**



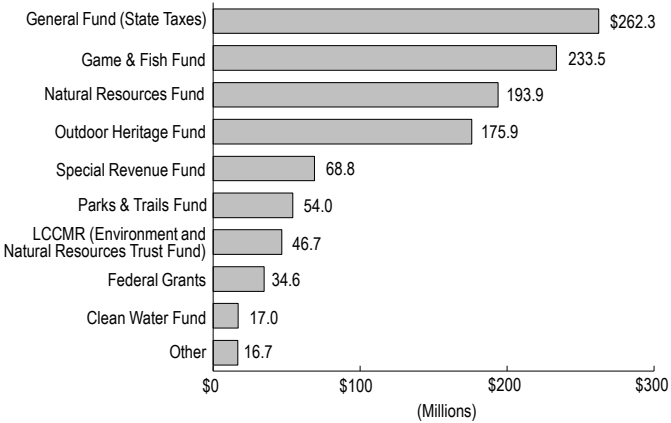
**Minnesota Agricultural Exports
(\$6.3 billion in 2015)**



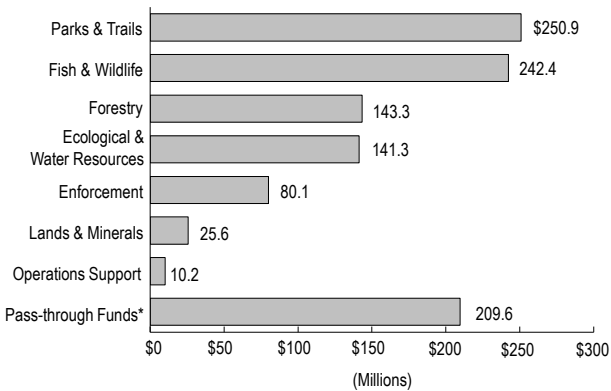
Source: The U.S. Department of Agriculture is the source for all agricultural data except for state general fund appropriations and as otherwise noted.

Natural Resources

DNR Budgeted Expenditures by Source (\$1,103.5 million in FY 2016-17)



DNR Budgeted Expenditures by Program (\$1,103.5 million in FY 2016-17)



* Pass-through funds include treaty payments, payments in-lieu of taxes (PILT), third-party grants funded by the outdoor heritage fund and environment and natural resources trust fund, and lottery-in-lieu grants to the Duluth Zoo and Como Zoo.

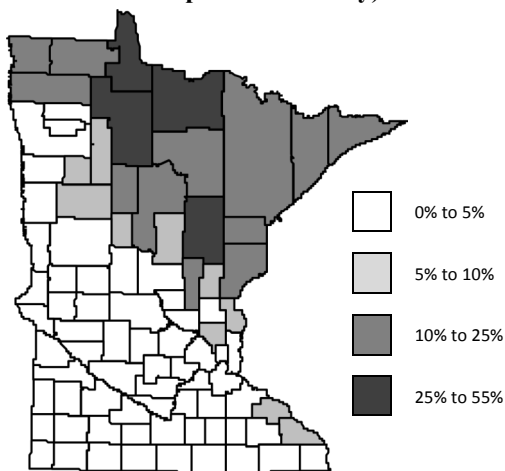
Source: Department of Natural Resources

Natural Resources Facts

Minnesota has

- 5.6 million acres of DNR land, about 11% of Minnesota's land area
- 3.4 million acres of public water lakes (excluding Lake Superior) administered by the DNR
- 10.6 million acres of wetlands
- 85,000 miles of streams, rivers, and altered water courses
- 2,677 full-time equivalent DNR employees
- 1.5 million licensed anglers
- 580,000 licensed hunters and trappers
- 810,000 recreational boats
- 66 state parks and nine state recreational areas; second oldest state park system in the United States, after New York

State Land Ownership (approximate percentage of state land ownership in each county)



Public Lands and Recreational Facilities Administered by the DNR

- 4.2 million state forest acres
- 1.3 million wildlife management acres
- 191,000 scientific and natural area acres
- 232,000 state park, state recreation area, and state wayside acres
- 45,000 aquatic management area acres
- 4,100 miles of hiking, biking, horse and motorized trails within state park, state recreation area, and state forest lands and 22,000 miles of snowmobile trails (state and grant-in aid trails)
- 1,700 public water access sites

Board of Water and Soil Resources (BWSR)

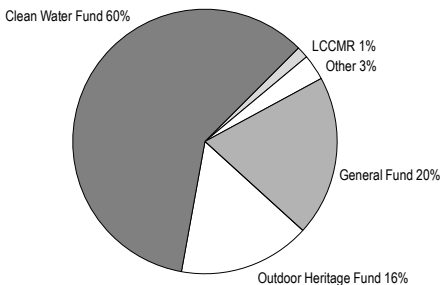
The mission of BWSR is to improve and protect water and soil resources by working with local organizations and private landowners. There are 20 board members of BWSR, 100 staff in the metro area, and nine field offices in Greater Minnesota.

BWSR provides financial, technical, and administrative assistance to local government units, so that state conservation policy is implemented with local priorities in mind. BWSR programs include Conservation Cost-Share, Clean Water Fund Competitive Grants, Reinvest in Minnesota (RIM) Reserve, Wetland Conservation Act (WCA), and Comprehensive Local Water Management. These programs are administered locally by the state's soil and water conservation districts (SWCDs), counties, watershed districts, metropolitan watershed management organizations, and other local government units.

BWSR is responsible for implementing conservation and clean water projects and practices that restore impaired waters and protect high-quality lakes, rivers, streams, and wetlands by providing grants to local governments. The clean water fund, established by the clean water, land, and legacy constitutional amendment has allowed BWSR to fund 817 grants to install more than 4,800 conservation practices to reduce critical erosion, stormwater runoff, and to keep water on the land. These practices are estimated to annually reduce nearly 120,000 tons of sediment and prevent 95,000 pounds of phosphorus from entering state waters.

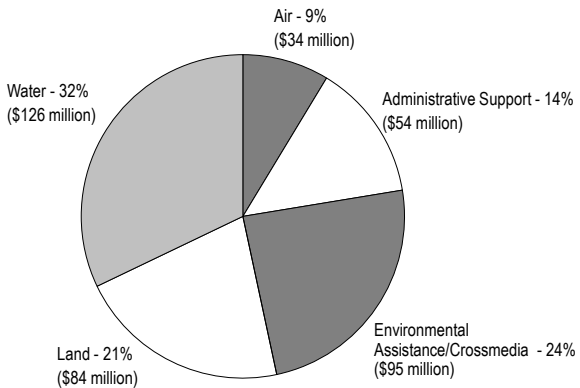
The RIM Reserve conservation easement program improves soil conservation and water quality and provides wildlife habitat on privately owned lands. BWSR began enrolling lands in the RIM Reserve program in 1986 and currently holds almost 6,400 easements on over 265,000 acres of land.

BWSR Budget (\$189.7 million in FY 2016-2017, excluding bonding authorization)



Pollution Control

PCA Authorized Budget by Program (\$393.8 million in FY 2016-2017)



Land Program activities include:

- Issuing permits to solid waste landfills and hazardous waste facilities and generators
- Managing 112 closed solid waste landfills for which the state has assumed responsibility
- Distributing grants to counties to support recycling, composting, and hazardous waste collection
- Overseeing cleanup activities at 81 Superfund sites and 1,100 petroleum-contaminated sites

Water Program activities include:

- Permitting and inspecting animal feedlots and other facilities that discharge to state water bodies
- Developing and enforcing water quality standards
- Issuing permits requiring cities, industrial facilities, and construction sites to reduce the amount of stormwater runoff carrying sediment and pollution to surface and ground water
- Monitoring water quality in surface water and groundwater

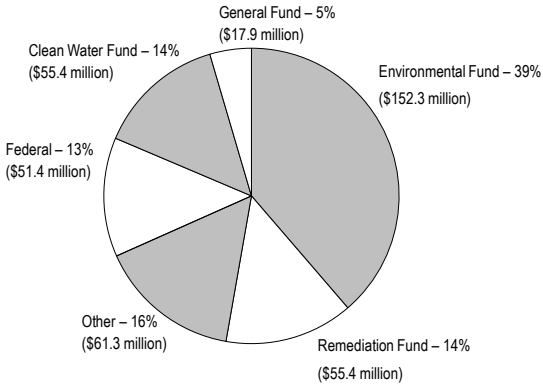
Air Program activities include:

- Permitting and inspecting air emission sources
- Monitoring ambient air quality statewide
- Developing and enforcing air quality standards

Environmental Assistance and Crossmedia Program activities include:

- Providing scientific and technical support for all PCA programs
- Assisting Minnesota businesses to implement pollution prevention programs

PCA Authorized Budget by Fund (\$393.8 million in FY 2016-2017)



Pollution-based fees and taxes in the Environmental and Remediation funds account for more than half of PCA's 2016-2017 budget.

The Environmental Fund collects revenues from the following major sources:

- Solid waste management taxes paid by individuals and businesses
- Fees paid by hazardous waste generators
- Air and water permit fees
- Motor vehicle transfer fee

The Remediation Fund collects revenues from the following major sources:

- Reimbursement for cleanup activities at Superfund sites
- A portion of funds recovered from insurance companies for remediation at closed landfills
- A fee of 2 cents per gallon on petroleum products stored in tanks (Petrofund)

Revenues from the Remediation Fund support PCA's Land Program exclusively, while the Environmental Fund contributes to all programs.

Federal funds make up 13% of PCA's budget; the state's General Fund contributes 5%. The Clean Water Fund, created by a ballot referendum in 2008 that added three-eighths of 1% to the state sales tax, contributes about \$55.4 million to PCA's Water Program.

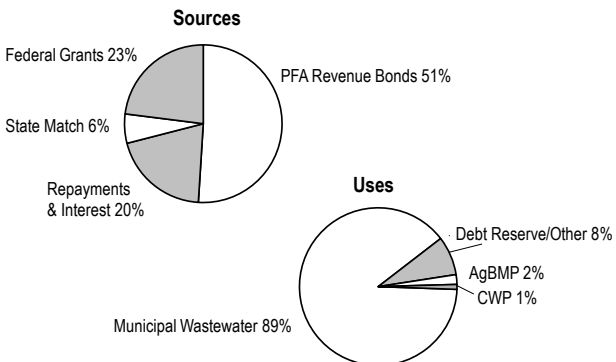
Public Facilities Authority

The Public Facilities Authority (PFA), in coordination with other state agencies and the federal government, administers and oversees municipal financing programs for public infrastructure, primarily facilities for clean water, including wastewater, stormwater, and drinking water. The PFA board consists of the commissioners of employment and economic development (chair), management and budget, pollution control, agriculture, health, and transportation. Funded projects must be approved by the appropriate agency.

Clean Water Revolving Fund: \$3.3 billion 1989-2016. Sources include federal grants, state matching funds, PFA revenue bonds (principal amount of revenue bonds issued and outstanding at any time may not exceed \$1.5 billion), and interest earnings. Loans are for:

- public wastewater treatment facilities projects;
- the agricultural best management practices (AgBMP) loan program to address nonpoint rural water pollution associated with agricultural production, administered by the Department of Agriculture;
- clean water partnership (CWP) loan program to address nonpoint pollution affecting specific bodies of water, administered by the Pollution Control Agency; and
- tourism loan program.

Clean Water Revolving Fund (\$3.3 billion in 1989-2016)



Other PFA Programs

Drinking Water Revolving Fund: Capitalized with \$1.02 billion 1998-2016; 35% federal, 7% state, 40% revenue bonding, 18% net revenues. For loans to municipalities to provide safe drinking water. The PFA estimates it has an average lending capacity of \$39 million per year.

Wastewater Infrastructure Program (WIF): \$250.9 million appropriated 1995-2016. Provides supplemental assistance grants to municipalities for wastewater treatment projects, based on need. Grants are provided together with revolving fund loans or to match grants provided by USDA Rural Development.

Clean Water Legacy Fund: For Point Source Implementation grants to local governments to reduce wasteloads under a Total Maximum Daily Load (TMDL) plan, to reduce phosphorus discharge, and to implement other water-quality-based effluent projects. Also for grants and loans under the Small Community Wastewater Treatment program that helps replace noncompliant septic systems and straight pipes with publicly owned systems.

Transportation Revolving Loan Fund: Established in 1997 to take advantage of the federal State Infrastructure Bank (SIB) program. Administered by the PFA and MnDOT to provide below-market-rate loans of federal and state funds to state and local government entities for projects approved by MnDOT.

City and County Credit Enhancement Program: Provides a limited state guarantee for certain bonds issued by counties to build jails, correctional facilities, law enforcement facilities, social and human services facilities, solid waste facilities, and qualified housing projects, and for certain bonds issued by cities and counties for wastewater, drinking water, and stormwater facilities, and for publicly owned infrastructure funded in part by various programs administered by the Department of Employment and Economic Development. As of October 19, 2016, the total principal on bonds, plus interest on the bonds, enrolled in the program through 2045 was approximately \$629 million. The maximum amount of outstanding principal debt allowed under this program is \$1 billion.

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