Governor's 2026-27 Supplemental Budget Recommendation

General fund proposals with net impact

1	**February Forecast General Fund Balance**		**3,734,072**	**1,416,293**
2	**Impact of Governor's Recommendations**		**63,273**	**(435,448)**
3	**Remaining General Fund Balance***		**3,670,799**	**1,788,468**
4				
5	**Fraud Prevention and Financial Security**			
6	Education	State Office of Inspector General Established	589	1,570
7	Human Services	Enhancing Program Integrity in Medical Assistance	24,330	46,632
8	Human Services	Enhancing Program Integrity in Integrated Community Supports (ICS) Services	2,387	(3,944)
9	Human Services	State Office of Inspector General Established	2,055	4,850
10	Human Services	Modernizing Program and Payment Integrity Safeguards	(167,873)	(3,985)
11	Human Services	Billing and Payment Oversight for Disability, Older Adult, and Behavioral Health Services	(10,568)	(282,135)
12	Human Services	Market and Receipt-Based Rate Reform for Disability and Older Adults Services	(504)	(4,536)
13	Human Services	Office of Inspector General Increased Fines and Licensor Safety	(19)	(38)
14	Human Services	Housing Stabilization Services (HSS) Termination	-	-
15	Children, Youth and Families	Child Care Assistance Program: Program Integrity Updates	3,324	5,663
16	Children, Youth and Families	State Office of Inspector General Established	465	1,240
17	Legislature	State Office of Inspector General Established	21	14
18	Attorney General	Medicaid Fraud Unit Expansion	1,231	2,462
19	Administration	State Office of Inspector General Established	892	892
20	Administration	Strengthening State Contracts and Grants	172	344
21	Management and Budget	Enterprise Internal Audit Staffing Increase	1,726	4,602
22	Revenue	Fraud Prevention and Enforcement Expansion	927	3,700
23	Corrections	Theft of Public Funds Penalty Increase Bed Costs	-	-
24	Public Safety	Expansion of Financial Crimes and Fraud Section	1,531	3,062
25	State Office of Inspector General	State Office of Inspector General Established	17,936	17,919
26	**Response to Operation Metro Surge**			
27	Human Services	Response to Federal Surge: Increase for Human Services Response Fund	10,000	
28	Housing Finance	Family Homelessness Prevention and Assistance Program (FHPAP)	33,000	
29	DEED	Response to Federal Surge: Partially Forgivable Business Loans	10,000	
30	**Firearm Safety**			
31	Education	School Support, Intervention, and Resources Team	186	372
33	Human Services	Increasing Mental Health Supports: Coordinated Specialty Care Medicaid Benefit	332	8,630
34	Corrections	Gun Violence Prevention Package Bed Costs	89	575
35	Public Safety	Gun Violence Prevention Package	950	292
36	Public Safety	School Safety Center Resources and School Safety Grant Program	5,000	10,000
37	Public Safety	Expansion of Behavior Threat Assessment and Management Team	2,084	4,168
32	Taxes	Firearm and Ammunition Tax	(9,209)	(28,160)
38	**Capitol Security**			
39	Public Safety	Capitol Security Enhancements	10,834	5,418
40	Public Safety	Capitol Security Screening	12,155	13,459
41	Supreme Court	Judicial Security	413	826
42	Supreme Court	Safe and Secure Courthouse Initiative	1,000	
43	**Affordability**			
44	Taxes	Child and Dependent Care Credit	146,700	298,500
45	Housing Finance	Permanent Supportive Housing	33,000	
46	Housing Finance	First-Time Homebuyer Downpayment Assistance	34,000	
47	**HR1 Federal Compliance**			
48	Human Services	Federal Compliance: Medical Assistance Eligibility Changes Due to HR 1	124	(36,463)
49	Human Services	Federal Compliance: HR 1 Financing Related Response	1,334	1,669
50	Children, Youth and Families	Supplemental Nutrition Assistance Program; Addressing Federal Changes	10,107	194,124
51	**All Other High Priority**			
52	Education	Task Force to Examine Minnesota's Testing and Assessments	70	150
53	Human Services	Transforming the Human Services System	14,282	53,272
54	Human Services	Addressing Legacy Systems: Phased Roadmap to Modernized Eligibility	246	984
55	Human Services	Uniform Service Standards Implementation	262	400
56	Human Services	Federal Compliance: Access to Services for Incarcerated Individuals	178	3,023
57	Human Services	Federal Compliance: Household Members Background Study FBI Compliance	49	-
58	Human Services	Federal Compliance: Medicaid Access Rule	1,400	2,268
59	Children, Youth and Families	Addressing Legacy Systems: Phased Roadmap to Modernized Eligibility	28,094	6,776
60	Children, Youth and Families	Transforming the Human Services System	2,246	1,296
61	Natural Resources	Law Enforcement Response Costs	1,500	
62	Minnesota Zoological Garden	Operating Deficiency	3,800	
63	Management and Budget	Health Care Safety Net Stability Study	250	
64	Military Affairs	Increase to Minimum State Active Duty Basic Pay	30	60
65	Public Safety	State Patrol Deficiency	1,920	
66	Public Safety	Replace License Plates at Time of Vehicle Transfer	(51)	(204)

67	**Tax Package**				
68		Taxes	Lower Statewide Sales Tax Rate and Expand to Selected Professional Services	(78,680)	(242,870)
69		Taxes	Federal Conformity	1,190	(268,420)
70		Taxes	New Corporate Franchise Tax Division Passthrough Audit Unit	885	(643)
71		Taxes	Medical Cannabis Sales Tax Exemption Reciprocity	30	90
72		Taxes	Sustainable Aviation Fuel Tax Credit Funding and Policy Package	5,300	7,400
73		Revenue	Administering the 2026 Tax Bill	912	1,811
74	**Reductions**				
75		Education	Strengthening Special Education Blue Ribbon Commission Requirements		(50,000)
76		Human Services	Earlier Effective Date for Improving Supportive Housing Options	(9,163)	(1,784)
77		Human Services	Behavioral Health Fund County Share to 50%	(7,022)	(13,018)
78		Human Services	Reduce Disability Grants	(73,746)	(5,762)
79		Human Services	Modify Nursing Facility Level of Care Eligibility for CADI/BI	(2,612)	(42,649)
80		Human Services	Sustaining Disability Services Access through Efficiency Measures	(2,268)	(92,058)
81		Human Services	Limit Inflationary Adjustments in the Disability Waiver Rate System and Value-Based Reimburser	(923)	(26,619)
82		Human Services	Reinstating Parental Fees for Incomes Over 675% of Federal Poverty Guidelines	(5,173)	(37,051)
83		Human Services	Enhancing Program Integrity and Quality in Nursing Home Rates	(14,937)	(56,800)
84		Management and Budget	Department of Children, Youth, and Families Unused Funds Cancellation	(1,000)	
85		MMB Non-operating	Tyler Settlement Balance Transfer	(40,000)	
86		Metropolitan Council	Reduce Transit System Operations Appropriation	(1,751)	(40,028)
87	**Capital Budget - General Fund Impact**				
88		MMB Non-operating	Governor's 2026 Capital Budget	57,234	93,207

Note: Proposals with $0 net cost to the general fund or in other funds will be published on the MMB website.

**Bottom line totals exclude inflation. If including inflation, the FY 2028-29 biennium would end with a balance of $730.453 million under the Governor's Recommendation.*