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MINNESOTA STATE SENATE — A FISCAL REVIEW of the 1979 LEGISLATIVE SESSION

MINNESOTA STATE SENATE

A FISCAL REVIEW

of the

1979 LEGISLATIVE SESSION



January, 1980

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STATE OF MINNESOTA



Foreword

The purpose of this booklet is to provide the public with accurate, up to date information on state government spending and to explain the major programs funded by the Minnesota Legislature in 1979.

Deciding how to allocate the state's resources is the most difficult task performed by the Legislature. It is also the most important. The laws which underlie the allocations presented in this review are the result of many hours of public testimony and debate. It is our hope that they represent the wisest possible use of the public's money.

This review was prepared by the staff of the Senate Finance Committee. While it does not summarize all of the actions of the 1979 Legislature, it does deal fully with each of the items having substantial fiscal impact on the State.

A complete and timely accounting of its actions is a primary responsibility of any legislature. The review that follows is offered in the aim of discharging that responsibility.



Nicholas D. Coleman
Majority Leader
Minnesota State Senate

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ACKNOWLEDGMENTS

The Minnesota State Senate is deeply grateful to all who graciously helped to make the Fiscal Review as informative as possible. It was prepared under the direction of Ted Miller, Senate Finance Committee, with the assistance of Bill Riemerman, Caroline Carlson and Terri Erickson of Senate Research, and Gary Bastian, Senate Independent-Republican Research.

Color photography for the cover was done by Mark Nelson, Senate Public Information Office.

I. HIGHLIGHTS OF THE 1979 SESSION

The spending program adopted by the 1979 Legislature for the biennium between July 1, 1979 and June 30, 1981 is estimated at \$10,867,500,278.

Of the sum, \$8,946,953,778 are state generated funds and the remaining \$1,920,546,500 are federal funds.

Estimated expenditures for the 1977-79 biennium, authorized by the 1977 and 1978 Legislatures, were \$9,008,176,237 of which \$7,500,899,558 were state generated and \$1,507,276,679 were federal funds.

General Fund appropriations were increased by \$1,327,740,921 from \$6,475,763,268 in 1977-79 to \$7,803,504,189 for the 1979-81 biennium.

Approximately \$646.7 million of this increase went for tax relief to individuals and education and welfare aids designed to lessen the burden on property taxes. Of this sum, \$454.0 million was appropriated for tax relief programs; about \$163.4 million of new money for school aids; and about \$29.3 million for welfare aids to counties.

Additionally there will be approximately \$455.5 million in relief which will not be reflected in General Fund expenditures. Action by the 1979 Legislature accounts for these reductions in estimated tax collections during the 1979-81 biennium. The principal reduction will be in individual income tax collections which will amount to an estimated \$398.6 million — or 87 percent of the total. Here's how the \$10,867,500,278 will be spent:

Education, \$3,091,526,902; property tax relief, shared taxes and aids to local governments, \$2,236,667,300; welfare, corrections, economic security and health, \$1,311,842,200; highways and mass transit, \$683,341,700; other executive branch functions, \$673,591,440; legislative, \$45,310,500; judicial, \$34,924,600; and miscellaneous, \$869,749,136; and federal funds (distributed in numerous programs), \$1,920,546,500.

Income Tax Relief

Several income tax changes were adopted to account for inflation. Taxable income brackets were indexed at 85% of the Minneapolis-St. Paul consumer price index. Personal credits were increased from \$40 for regular credits and \$20 for special credits to \$55 for all credits and \$60 in 1980. The standard deduction was increased from \$1,000 to \$2,000 and low income credit was increased. All these changes will be indexed in subsequent years.

The exclusion on pension income was expanded and the federal provision for a one-time exclusion on the capital gains of a home sale for persons over age 55 was enacted.

Property Tax Relief

Property tax relief measures were focused on farm and residential property to offset the anticipated tax increase from the 2-step repeal of limited market value. Classification ratios were lowered for residential and agricultural property. Homestead credit was increased from 45% to 50% and 55% the year after, with maximums increasing from \$325 to \$550 and \$600 thereafter. The state school agricultural credit was increased from 15 to 17 mills on the homestead portion of agricultural property. Renter credit was also increased.

The state share of welfare maintenance programs was increased to take some of the burden off of county property

taxes. County per capita aids were extended by \$1 per capita in 1980 and \$2 per capita in 1981. The local government aid formula was revised and the per capita amount increased from \$59 to \$64 and \$70 in 1980-81 respectively.

Tax benefits were enacted for owners of wetland property who agree not to drain the land.

Welfare

The 1979 Legislature increased state financial commitments to three county-administered welfare programs which are partially financed through property taxes. The 1979 action provides that the state financing of the non-federal share of Aid to Families of Dependent Children (AFDC) be increased from 60 to 80% of cost over a two-year period.

The 1979 session also increased the state funding percentage of two welfare programs in which the federal government does not participate. The state's share of General Assistance (GA) was increased from 50 to 70% over a two-year period and Minnesota Supplemental Aid (MSA) was increased from 50 to 80%. MSA is a state program of extra aid to senior citizens, and blind and disabled persons receiving federal Supplemental Security Income (SSI). GA is a state program for those poor who need aid but do not qualify for aid under the AFDC and SSI programs.

Gross Earnings Tax

Gross earnings tax on railroads was repealed and replaced with ad valorem property tax. There will be a two-year phase-in period during which the property tax will be compared to the gross earnings tax and if higher, the difference will be returned; if lower, the difference will be collected.

Inheritance — Gift Taxes

Inheritance and gift tax was repealed and replaced with an estate tax modeled after the federal estate tax.

Education

The basic dollars available for educating elementary and secondary students were increased from \$1,095 per pupil unit to \$1,182 the first year and \$1,265 for the 1980-81 school year. The local share of this basic cost will be 23 mills levied against the equalized value of the property in the school district. The prior local effort levy was 27 mills. Special funding for districts with declining enrollment, fast growth or sparsity problems was changed from full state funding to a property tax levy equalized with state funds. A new, equalized discretionary levy was also permitted. Formulas for school transportation aid and for post-secondary vocational funding were revised. The Legislature also provided substantial aid increases for special education and vocational education as well as a new aid for education for gifted children.

Housing

The Legislature appropriated \$42.5 million for the construction of new housing and the rehabilitation of existing housing for low- and moderate-income Minnesotans. The money will be dispensed by the Minnesota Housing Finance Agency, which also received from the Legislature increased bonding authority of \$650 million.

II. TAX RELIEF, SHARED TAXES AND OTHER AIDS TO LOCAL GOVERNMENT

Property tax relief, shared taxes, and aids to local units of government — in a variety of forms — will account for a \$5,498,023,294 share, or 61.5 percent of total disbursements (other than federal funds) of the state government during the 1979-81 biennium.

Tax relief items amount to \$2,108,917,694. Shared taxes total \$122,506,400. School Aids and other educational subsidies add up to \$2,002,518,200. Other forms of aid to local units of government amount to \$1,264,081,000.

Tax Relief

An estimated \$616,289,000 from the state general fund has been calculated for payment during the 1979-81 biennium of a portion of the real property taxes levied against homeowners (Homestead credit). Of this sum, \$506,489,000 is estimated to pay the relief that existed prior to the 1979 Legislative session — 45 percent of the gross tax to a maximum credit for any one homesteader of \$325. By action of the 1979 Legislature, the state paid homestead credit was increased for the 1979 assessment to 50 percent of the gross tax up to a maximum of \$550, and in 1980 to 55 percent of the gross tax up to a maximum of \$600.

The property tax refund (circuit breaker) is estimated to provide homeowners, renters, senior citizens and disabled persons \$426,800,000 during the 1979-81 biennium.

For homeowners, the changes made by the 1979 Legislature provided \$85,000,000 additional tax relief through the homestead credit and property tax refund. As a result of the law changes, some of the tax relief that had been delivered through the property tax refund will now be paid through the homestead credit. The combined total of \$832,789,000 tax reduction for homeowners through these two programs for the 1979-81 biennium is an increase of \$144,509,053 over the \$688,279,947 appropriation for the previous biennium, an increase of 21 percent.

For renters, the 1979 law changes provided \$17,900,000 in additional rent credit through the property tax refund program. The \$210,300,000 appropriation for the 1979-81 biennium is an increase of \$74,400,000, or 54.7 percent over the \$135,900,000 appropriation for the previous biennium.

The local government aid program will provide \$482,155,300 to counties, cities and townships during the 1979-81 biennium. Of this sum, \$449,455,300 is estimated to pay the aids that prevailed prior to the 1979 Legislative Session — \$59 per capita in calendar year 1979, based upon the 1970 federal census. By action of the 1979 Legislature, the local government aid was set at \$64 per capita for calendar year 1980 and \$70 per capita for calendar year 1981. Minnesota counties will receive an additional aid of \$1 per capita in 1980 and an additional \$1 in 1981. This additional payment to the counties will not be made to counties containing cities of the first class (such counties do not receive aid under this program.) These increases in aid payments are estimated to cost \$29,500,000 for the biennium, plus an additional \$3,200,000 for the new \$1 and \$2 per capita aid to counties.

The state school agricultural credit is estimated at \$86,850,000 for the 1979-81 biennium of which \$83,350,000 is calculated for the credit that prevailed prior to the 1979 Legislative session. The additional sum of \$3,500,000 was provided by the 1979 Legislature to cover the phasing out of limited market value and the increase in allowable acreage from 160 to 240 acres.

The 1979 Legislature provided a new form of property tax relief — payments in lieu on natural resources land. Payments will be made to counties based on the number of acres of tax

exempt natural resources land within each county. The payments are in the following amounts: \$3 per acre of state acquired natural resources land, \$0.75 per acre of natural resources land administered by the county, and \$0.375 per acre for other natural resources land administered by the Commissioner of Natural Resources. Forty percent of the total payment to the county will be used for property tax relief. It is estimated that the cost to the General Fund for the new aids will approximate \$8,700,000 for the 1979-81 biennium.

Payment of teachers' pensions and state debt charges for the 1979-1981 biennium have been estimated at \$462,369,394. For teachers in cities of the first class, the open appropriation estimate is \$33,100,000; for other teachers, statewide, the estimate is \$138,576,000. Payment of the teachers' social security for the two-year period is estimated at \$105,350,000. The appropriation for payment of principal and interest of general fund debt is \$164,031,900 plus an additional \$7,135,000 provided by open appropriation authority for new borrowing authorized by the 1979 Legislature. (Prior to 1967 there had been a state levy against both real and personal property for the payment of state debt, and for teacher retirement obligations.) The 1979 Legislature also provided the sum of \$8,576,494 in Chapter 294 for the funding of pre-1973 retirement adjustments —

\$4,576,185 to public employees' retirement fund;
\$202,761 to public employees' police and fire fund;
\$3,169,648 to teachers' retirement fund, and \$627,900 to Minneapolis municipal employees' retirement fund.

In addition, the 1979 Legislature provided in the tax bill (Chapter 303), by open appropriation authority, for payment to the Minneapolis municipal employees' retirement fund annually a portion of the unfunded liability of the fund. For the 1979-81 biennium, this sum is estimated at \$5,600,000. The State subsidy for adjustments in pension payments will reduce the financial obligation on the local taxpayer.

Personal property tax reimbursement to local taxing districts to cover attached machinery and associated items exempted by the 1973 Legislature is estimated at \$24,754,000 for the biennium.

The 1979 Legislature also provided in the Omnibus Tax Bill for the replacement of revenue lost as the result of the wetlands credit. The open appropriation payments estimated for the 1979-81 biennium are \$1,000,000 (Chap. 303, Article II).

All the above funds go, directly or indirectly, to provide property tax relief to local units of government. Not included in the total is an estimated \$53,493,600 in income tax credits provided for low income workers. Of this sum, \$37,693,600 was estimated for the 1979-81 biennium based on the provisions which existed prior to the 1979 Legislature. The estimated balance of \$15,800,000 was provided by the Legislature to cover an increase in the forgiveness levels. Relief is based on total income and the number of dependents.

Shared Tax

Certain taxes collected by the State are "shared", in varying percentages with local units of government. The total of such shared taxes is estimated at \$122,506,400 for the 1979-81 biennium.

From inheritance taxes, local governments can expect to receive \$6,636,400, while certain units of government will receive an estimated \$6,322,000 from the taconite tax on railroads, and \$109,548,000 in apportionment from the production tax on taconite.

Other State Aids

Other grants and aids to local governments for the 1979-81 fiscal period add up to \$3,266,599,200.

The largest segment is the \$1,982,620,600 which goes primarily for elementary and secondary education, including foundation aid, transportation aid, vocational aid, and other aids to school districts. Of this total \$32,000,000 is anticipated from earnings of the permanent school fund.

Educational grants-in-aid of \$8,327,000 for school lunch program, \$7,570,600 for community library services, and \$4,000,000 for the state's share for cost of treatment of county indigent patients at the University Hospital together amount to \$19,897,600.

To assist counties in financing the public assistance (categorical aid) programs — Aid to Families with Dependent Children (AFDC), Medical Assistance (MA), and Minnesota Supplemental Assistance (MSA) — the state will provide \$597,705,700, which sum includes an estimated \$19,635,200 provided in the tax bill to increase the state aid to 70 percent effective January 1, 1980, and to 80 percent effective January 1, 1981 of the non-federal share of aid payments to recipients of AFDC and MSA. The state share of MA costs remains at 90 percent of the non-federal share.

For General Assistance (GA) and General Assistance Medical Care (GAMC) the Legislature provided \$103,562,800, which sum includes an estimated \$3,964,800 provided in the tax bill to increase the state aid for GA from 50 to 60 percent effective January 1, 1980, and to 70 percent effective January 1, 1981. The state share of GAMC remains at 90 percent. The county pays the balance, since there are no federal funds involved in either of these programs.

In addition, state welfare grants of \$39,389,700 for community mental health centers; \$20,812,500 for developmental achievement centers, formerly daytime activity centers for the mentally retarded; \$14,867,000 for county aid for mentally retarded and emotionally disturbed children; \$28,017,800 for county administrative costs aids; \$2,323,200 for day care services development; \$11,972,400 for residential facilities for mentally retarded, for chemically dependent, and for mentally ill; \$2,832,200 for community action programs; plus \$7,820,900 for special county aids (equalization aid, general relief for Indians, children under state guardianship and the Red Lake Bank of Chippewa Indians) brings the total welfare grants-in-aid to \$829,304,200.

Grants-in-aid distributed by the Department of Corrections total \$25,402,200 of which \$2,742,100 is for county reimbursement of probation services; \$782,600 for subsidy programs (foster group care and community corrections centers) and \$21,877,500 for the Community Corrections Act.

To the Department of Health, the Legislature provided \$24,924,200 for health support services, of which \$19,672,800 is ear-marked for statewide distribution in grants to counties during the 1979-81 biennium.

By constitutional provision, counties and cities will receive \$250,050,000 from the Highway User Distribution Fund for highway and local street work outside the trunk highway and interstate systems. The sum of \$188,450,000 was appropriated for county state aid, and \$61,600,000 made available for municipal state-aid street projects.

Provision was made in the Omnibus Transportation Bill for \$42,080,000 in transit assistance grants; \$14,581,000 in state airports fund for airport construction and maintenance grants and navigational aids; \$260,000 to Washington County for improvements to County Road No. 67 leading to the entrance of the Stillwater State Prison and \$134,000 to the city of Minnetonka for costs incurred in constructing a temporary bypass. The total of these transportation grants and aids is \$57,055,000.

Natural resources and conservation grants-in-aid projects total \$18,079,000. The projects include: \$750,000 in fiscal year 1980 to implement the federal Boundary Waters Canoe Area legislation and \$750,000 in fiscal year 1981 to match federal money on a basis of 80 percent federal, 20 percent state; \$319,000 for payments to counties for wildlife management areas in lieu of taxes; \$90,000 for payments in lieu of taxes on lands in Voyageurs National Park and St. Croix Wild River State Park; \$850,000 for general purpose grants-in-aid to soil and water conservation districts; \$451,600 for grants to watershed districts and other local units of government in the Southern Minnesota River Basin Study area and for flood plain management; \$3,170,400 for grants to soil and water conservation districts for cost sharing contracts for erosion control and water quality management; \$500,000 for grants-in-aid to soil and water conservation districts and local units to assist them in solving sediment and erosion control problems; \$184,000 in grants to districts for review and comment on water permits; \$4,000,000 to local recreation and natural areas for long-term lease, acquisition and development for recreational projects; \$4,000,000 to regional recreation and natural areas for similar long-term lease, acquisition and major development for recreational projects; \$1,000,000 to assist the Lower Red Lake Watershed Management Board in meeting floodwater retention costs; \$500,000 for public access to Metropolitan Area Lakes; \$1,054,800 for lake improvement grants-in-aid; \$60,000 for feasibility studies grants-in-aid to local units of government including dike improvement districts; and \$400,000 for grants to local units that qualify for funding of amenity projects under the federal great river road program.

Miscellaneous grants-in-aid total \$59,265,600 and include: \$41,260,000 for firemen's and policemen's relief and pensions; \$506,400 for criminal justice projects; \$217,000 for a grant to the Environmental Conservation Library; \$232,000 in fiscal year 1980 for financial aid to local governments within critical areas (State Planning Agency); \$1,335,200 for technical assistance land use planning grants to local governments; \$1,938,000 for regional planning assistance grants; \$180,000 for finance and business development grants to the Port of Duluth by the Department of Economic Development; \$342,000 for grants to local officials for the cooperative investigation of cross jurisdictional criminal activity; \$76,000 to reimburse political subdivisions for training peace officers and firefighters in arson investigation; \$50,000 to reimburse political subdivisions who enter into agreements to perform uniform fire code inspections; \$500,000 in grants for youth intervention programs by the Crime Control Planning Board; and \$12,629,000 for salary and travel costs of municipal, county, and probate judges.

III. FUNCTIONS OF THE STATE GOVERNMENT

Detailed statistical data relating to the appropriations for functions discussed in this section appear in Section VII Statistics.

A. Education

The 1979 Legislature provided \$2,847,969,588¹ for education, an increase of \$296,703,748, or 11.62 percent, over the sum appropriated for the 1977-79 biennium. In addition, institutions of higher education anticipate receipts of \$238,986,414 from tuition, course fees and miscellaneous income bringing the total of available state funds for education — exclusive of local property tax receipts — to \$3,086,956,002.

The appropriations and other revenues will be used in the following manner:

- ... State Department of Education: \$61,379,000.
- ... Aids to public elementary, secondary and vocational schools: \$2,008,870,900.
- ... Community Colleges \$73,731,557 in state appropriations and \$27,712,523 in receipts.
- ... State Universities: \$153,438,415 in state appropriations and \$53,123,891 in receipts.
- ... University of Minnesota: \$443,777,316 in state appropriations and \$158,150,000 in receipts.
- ... Higher Education Coordinating Board: \$94,455,700.

- ... Aid to Non-Public Schools: \$6,500,000²
- ... Mayo Medical: \$2,936,900.
- ... Early Retirement Incentives and Regional Management Information System Evaluation: \$2,879,800.

Federal funds, estimated at \$277,847,900 also will be available for a variety of purposes including elementary, secondary and vocational education; vocational-technical instruction; the school lunch program, public library service and inter-library cooperation, and higher education except for the University of Minnesota.

¹Excludes an estimated \$800,000 county reimbursement for services provided indigent patients by the University Hospitals.

²The 1979 Legislature (Chap. 334) provided both a standing and open appropriation authority for aid to non-public schools. The sum of \$3,250,000 annually was provided as a standing appropriation to cover such aid, with the proviso that additional funds would be available from the General Fund should they be needed.

STATE DEPARTMENT OF EDUCATION

The State Department of Education is responsible for overall administration of Minnesota's public elementary, secondary, and vocational education system including 438 school districts, 33 area vocational-technical institutes and numerous cooperatives for special and vocational education, general services, and computer services. In addition, the department licenses private vocational schools and distributes aid for public libraries, the school lunch program, transportation of public and non-public school students, non-public schools, and other specialized areas. The department is charged with the operation and administration of the School for the Deaf and the Minnesota Braille and Sight Saving School as well as the library for the blind and physically handicapped.

Primary concerns of the department are the availability of properly qualified teachers and administrators, the quality of the curriculum, adequate space for the various subjects to be taught, and the health and safety of students. Areas of responsibility expand beyond the traditional K-12 grades to innovative programs, work-study programs, early childhood and family education programs, and post-secondary vocational education. Adults are also served through community education, adult basic and continuing education, and adult vocational services, all of which are operated at the local level but are under the jurisdiction of the department of education at the state level.

One of the largest responsibilities of the department is the administration and payment of all state school aids amounting to approximately 2 billion dollars per biennium.

AID TO ELEMENTARY, SECONDARY AND VOCATIONAL SCHOOLS

The direct and open appropriations for elementary, secondary, and vocational schools total \$2,008,870,900 for the 1979-80 and 1980-81 school years can be found in the detailed listing of Appropriations by Function.

This figure includes appropriations for school districts and educational service units from the omnibus education aid law (Chapter 334), the funding for schools from the permanent school fund, and taconite taxes distributed to school districts. Additional tax relief funds of \$402,413,156 are also appropriated for local school districts for a total state appropriation of \$2,411,284,056.

In addition, the state provides the total funding for the employers' share of teachers retirement and social security. This is an open and standing appropriation of \$291,435,700.

The omnibus education aid law contains appropriations totaling \$1,966,618,300 — of which \$3,296,000 is for deficiencies in fiscal year 1979. On a functional basis, \$174,513,900 was directed to Area Vocational Technical Institutes (AVTI) for post secondary vocational education, \$7,570,600 to the Department of Education for county and multi-county libraries, \$1,987,450 to educational cooperative service units, and \$100,000 to a contingency fund for the Governor to hire a consultant to study the regional management information system set up by the Minnesota educational computing consortium. In addition, \$8,327,100 was allocated for school lunches and food storage. The balance of the appropriations goes to the school districts for programs of elementary and secondary schools.

Foundation Formula

The primary source of funds for schools is the foundation aid formula. For the 1979-81 biennium, the legislature appropriated the sum of \$1,315,444,000 for foundation aid plus an estimated \$32,000,000 in aid from the permanent school fund. These aids, when combined with local property tax levies and tax relief aids, provide a guaranteed dollar amount of revenue for each pupil unit in every school district in the state.

The appropriation for foundation aid for the two-year period is \$94,709,000 more than was provided for the 1977-79 fiscal period, an increase of 7.76 percent.

For the 1979-80 school year, the foundation aid formula includes special funding for declining enrollment, fast growing districts, AFDC aids, small and isolated districts, shared time

aid for non-public students, and summer school aid. These aids are provided to 438 school districts serving approximately 800,000 students. Differences in district spending are also addressed by provisions authorizing an additional levy for districts which were above average in expenditures during 1971, and a provision providing for a levy of any additional amount approved by the voters through a referendum.

Beginning in the 1980-81 school year, funding for declining enrollment, fast growing districts, and small, isolated districts is provided by a combination of state aid and local property tax levy. Previously these funds were provided entirely from state aid. In addition, the grandfather levy for high expenditure districts has been changed from a property tax levy only to a combination of state aid and levy.

Aid Formulas

The basic foundation formula guarantees \$1,182 per pupil unit for the 1979-80 school year. The state pays the difference between the product of the formula allowance times pupil units and the amount received from a levy of 27 equalized mills. The state will also pay approximately 34 percent of the mill levy through various tax relief aids.

One of the ways the formula addresses equal opportunity is through the pupil weighting system: the formula amount is for pupil units not enrollment. Extra units are provided for special problems such as declining enrollment, fast growth and the socio-economic problems for which AFDC is used as an indicator.

Pupil weightings are as follows: .5 for kindergarten; 1.0 for grades 1 through 6; 1.4 for grades 7 through 12, plus additional weightings of .5 for each child from a family receiving AFDC aid; .1 for each percentage of concentration of AFDC students above 6 percent in the district. For the 1979-80 school year only, districts with growing enrollments receive .1 unit for each percentage of increase in students above 2 percent; and for districts with enrollment declines a district may use the 4-year average of their enrollment, or the current year's enrollment or .6 of the enrollment decline whichever is greater. Using this 4-year average will significantly increase state aids paid to districts with declining enrollment problems.

As a part of the foundation aid appropriation, \$63,500,000 is estimated for declining enrollment aid in fiscal year 1979-80. AFDC aid is estimated at \$50,000,000 for fiscal year 1979-80 and \$53,650,000 for fiscal year 1980-81.

In addition to the pupil weighting system, for 1979-80 a new aid is provided to districts with small secondary schools in isolated areas. This sparsity aid will provide \$1,844,000 for the 1979-80 school year to help these districts maintain their programs.

Beginning in 1980-81, the foundation formula is changed to include a variety of new levies and aids. The basic foundation aid is set at \$1,265 per pupil unit less a local property tax levy of 23 equalized mills. However, the additional pupil units for declining enrollment and fast growing districts are eliminated. Sparsity aid is also eliminated. The funds previously received from the state for declining enrollment, fast growth, and sparsity are replaced by a combination of local property tax levy and state aid. This is named the replacement levy and aid. The state will pay the same proportion of these funds as it pays of the regular foundation formula for each district. The amount per pupil unit received for these aids is permitted to increase each year by the same percentage as the foundation formula increases.

Other changes include: state aid for portion of the grandfather levy allowance for districts with below-average valuation, authorization of a .5 mill discretionary levy with state aid paid at the same proportion as the regular formula and a guaranteed minimum aid of \$600 per pupil unit less the amount of the tax aids (homestead credit for education, state school agricultural credit) received by the district.

For 1980-81 the state appropriations for each of these provisions are as follows:

Basic Foundation Formula	\$631,746,000
Grandfather Levy Aid	3,740,280
Replacement Levy Aid	34,604,200
Discretionary Levy Aid	13,744,600

These amounts include 100 percent of the aid entitlement which will come from the direct education appropriations, taconite taxes and the permanent school fund.

Post Secondary Vocational Aid

The 1979 Legislature appropriated \$174,513,900 for post secondary vocational aid. The funds available from the state for the 1979-81 biennium represent an increase of \$19,846,300 or 12.8 percent over those for the 1977-79 biennium.

Post-secondary vocational education is funded through a foundation formula as well as through categorical aids. The AVTI foundation amount is \$2,400 per pupil for 1979-80. This amount is less the tuition paid by the students, less the money received from the discretionary levy of up to 1 mill in outstate areas or .5 mill in the three first class cities and three metropolitan area vocational schools is paid to the AVTI's.

In the 1980-81 school year, the AVTI foundation aid is changed to an instructional aid based on the statewide average instructional cost for each program. This cost is adjusted for the staffing ratios and costs at each school. The categorical aid is further divided into three types of aid: supply aid, support services aid and capital expenditure aid.

Tuition is increased by 7 percent from \$2.00 per day for residents of Minnesota and \$5.00 per day for non-residents to \$128 per quarter (60 days) and \$320 per quarter, respectively.

Under the new formulas, tuition receipts will not be subtracted from state aid and may be kept by the schools. In addition, the discretionary levy is eliminated making the AVTIs fully funded by state aids and tuition.

The 1979-80 foundation aid for AVTI students is funded at \$61,735,300 and categorical aids at \$4,500,000. The 1980-81 instructional aid is funded at \$45,000,000; categorical aid for supplies and support services is funded at \$29,307,200. Capital expenditure aid is funded at \$9,000,000 for each year and aid for debt service on buildings is funded at \$7,733,800 for 1979-80 and \$7,737,600 for 1980-81. A contingency fund of \$500,000 is provided for the start-up costs of post-secondary vocational programs, including job training programs provided at the request of industry.

Transportation Aid

For the 1979-81 biennium, the legislature provided \$181,740,000 for school transportation. This is an increase of \$26,615,000 or 17 percent.

A linear regression formula for allocation of transportation aid was adopted which provides aids on a regional basis taking into account the amount similar districts are spending for transportation. Incentives for efficiency in transportation patterns are included in the formula for districts which have transportation costs below those of similar districts. These districts are permitted to retain a portion of their entitlement that is above their actual costs. The state will pay the total cost estimated for districts in the same region less the amount raised by a 1 mill property tax levy. Depreciation of school bus fleets is included in the general transportation aid rather than paid as a separate aid as was done in the past.

Vocational Aids

The 1979 Legislature made \$63,714,400 available for vocational aids in the 1979-81 biennium — \$43,872,800 for secondary vocational education, \$4,257,500 for secondary vocational education for handicapped students, and \$15,584,100 for adult vocational aids. The adult vocational amount included \$2,025,000 for Veteran Farmer Cooperative Training programs and \$280,000 for a new program for Adult Small Business Management.

Secondary vocational aids are based on the salaries of essential licensed personnel for vocational education. The state provides 50 percent of the current year's salaries. In addition, the state pays 50 percent of the costs of necessary equipment and 50 percent of the costs of travel by teachers between instructional sites. Federal aids received are subtracted from the state aid.

Aids for secondary vocational programs for handicapped students are paid at 70 percent of the salaries of essential licensed personnel.

Adult vocational aids use a similar system, paying 75 percent of the current year's salaries and 50 percent of the cost of necessary travel between instructional sites.

Special Education Aids

The sum of \$179,492,650 was provided for special education including \$1,000,000 for a one-year continuation of the pilot programs for bilingual and American Indian education. This represents an increase of \$29,565,489 or 19.7 percent over the previous biennium.

Aid for handicapped students is based on the salaries of teachers and other licensed essential personnel. Essential personnel are designated as those concerned with speech correction, with educable or trainable mentally retarded children, with children having impaired hearing or vision or other special learning disabilities, with children having physical handicaps, and such personnel who are engaged with home and hospital work and summer programs.

The state will pay 69 percent of the salary of essential personnel, not to exceed \$12,000 per teacher plus 5 percent of the salary of all teachers with no dollar limit; or a straight 70 percent of the salaries of essential personnel whichever is greater.

Aid is provided for handicapped children from age 4 through age 21.

Expenditures made by a public school for services provided to non-public school handicapped students are also covered under this appropriation.

Other Educational Aids

The 1979 Legislature also provided \$4,967,000 for use during the 1979-81 biennium for community and adult education aid, including GED reimbursement aid. The state aid for community education is based on 75 cents per capita or a minimum of \$5,000 per school district for 1979-80 and \$7,000 for 1980-81. The Council on Quality Education will receive \$1,500,000 during the biennium, while the sum of \$3,417,000 will go to fund early childhood and family programs. Teacher mobility programs were provided \$2,779,800 for the two-year period.

New categorical aids were adopted for basic skills programs for secondary students, and for gifted and talented students. Program support for health screening for pre-school students was continued at \$25 per student in 1979-80 and \$27 in 1980-81.

A total of \$13,919,400 was provided for a variety of miscellaneous programs during the biennium.

COMMUNITY COLLEGES

Appropriations to the State Board for Community Colleges total \$73,731,557 for the 1979-81 biennium, an increase of \$8,787,030, or 13.6 percent, over the funds provided for the 1977-79 fiscal period.

Enrollments are estimated at 20,235 for each year of the biennium, computed on a full-time equivalent basis using 45 credit hours per school year. If enrollments during the coming biennium exceed the projected estimates, the Community College Board may expend excess revenue from tuition and course fees for additional staff or other needs as required.

All eighteen of the Community Colleges are in operation —

six in the metropolitan area and twelve outstate. (See map on page 8).

Academic Salaries Increased

The 1979 Legislature allowed for academic salary increases of 9.2 percent in 1979-80 and 8.4 percent in 1980-81. Administrators were granted increases of 8 percent per year. All employees receive the improved fringe benefits. The estimated cost of the increases for the academic faculty and the administrators is \$8,838,280 for the biennium.

Staffing Ratios

The faculty-student staffing ratio, including counselors, librarians and administrative positions at the college is 1:17.1 for each year of the biennium. (Increased enrollment could result in increased staffing.)

Tuition Rates Increased

The general fee (tuition and student fee) was increased by the State Board for Community Colleges effective Fall quarter 1979. For resident students, the regular rate was set at \$12.75 per credit hour for the 1979-80 school year. The resident summer session rate will be \$12.00 in 1979. For non-resident students the rate will be \$25.50.

In the 1980-81 school year, the resident student rate will be \$13.50 and the non-resident \$27.00 per credit hour. The resident summer session rate will be \$12.75.

For students in the vocational certificate programs, the administrative fee is \$2.50 per credit hour. Senior citizens may take courses free without credit if space permits. For credit, the "senior" must pay \$2.00 per credit hour.

Additional Revenue

Receipts from tuition, activity fees and miscellaneous income — as estimated by the Board — are \$13,495,830 in the 1979-80 school year, and \$14,216,693 in 1980-81. Federal funds are estimated to be \$2,871,800 in 1979-80 and \$2,506,100 in 1980-81. These funds, which total \$33,090,423 are additional to the state appropriations.

Student Loans — State Matching

State matching funds of \$140,000 for the biennium were provided (a reduction from \$175,000 in 1977-79) for the National Defense Student Loan Program and for the Nursing Student Loan Program. The program provides low-cost, long-term loans to college students with the Federal government supplying 90 percent and the state 10 percent of the loan funds.

Federal Work Study Program

The sum of \$583,000 was provided for the biennium to match federal funds available for a work study program. If additional state funds are necessary to fully match available federal funds, the necessary funds may be transferred from the appropriation for operations and maintenance.

Program Development

The sum of \$300,000 was made available for the biennium to provide for new academic, occupational and technical programs. Prior to the use of these funds, the Chancellor of the Community College System is to submit the proposed program and expenditures for review by the Chairmen of House Appropriations and Senate Finance Committees.

Contingency Funds

The sum of \$300,000 was provided for meeting emergencies or necessary obligations beyond the limits of the enacted appropriations.

Learning Centers

The increased sum of \$450,600 was provided for the St. Paul Learning Center and for one or more additional

centers. The Board shall report to the Committee on Finance in the Senate and the Committee on Appropriations in the House regarding the use of the money.

Repairs and Betterments

The sum of \$796,200 was made available for necessary repairs at the several colleges.

STATE UNIVERSITIES

Appropriations to the State University Board for the 1979-81 biennium total \$153,438,415, up \$14,049,514, or 10.1 percent from the \$139,388,901 provided for use in the 1977-79 fiscal period.

Total projected enrollments at the seven State Universities located at Bemidji, Mankato, Marshall, Moorhead, St. Cloud, Winona and in the metropolitan area (see map, page 8) are estimated at 34,697 for the 1979-80 school year, and 34,952 for 1980-81. All of the universities, except Metropolitan State, compute enrollment on a full-time equivalent basis using 45 credit hours per school year. Enrollment for the Metropolitan State University is again estimated at 865 for each year based on its own enrollment formula.

Academic Salaries Increased

The 1979 Legislature provided for academic salary increases of 7.0 percent per year plus fringe benefits. Administrators were given increases of 8.0 percent per year plus the fringe benefits. The estimated cost for both academic personnel and administrators is \$12,983,000.

Staffing Ratios

The present faculty-student ratio for undergraduate students of 1 to 19 was continued at all institutions except Southwest University at Marshall which does not conform due to its small enrollment. If enrollment exceeds the estimate at any of the institutions, the State University Board may expend such excess revenue as is earned to engage additional staff or for other needs.

Tuition Rates Increased

Tuition rates and required fees, as set by the Board, effective Fall quarter 1979, will be slightly higher than last year.

	<u>Per Credit Hour</u>
Undergraduate — Resident	\$11.40
Undergraduate — Non-Resident	22.65
Summer Session — Resident	10.65
Summer Session — Non-Resident	21.15
Regular School Year and Summer Session — Graduate Resident	14.60
Regular School Year and Summer Session — Graduate Non-Resident	29.30

Certain fees have now been combined — the student activity fee, the student union fee (debt service), the student unions program fee, and health service — the total cost for which may not exceed \$54 per quarter.

Additional Revenue

Receipts from tuition, fees and miscellaneous income for the State Universities, including the Metropolitan State University, were estimated to be \$25,822,800 in the 1979-80 school year, and \$27,301,091 in 1980-81. Federal funds are estimated at \$13,823,800 for each year — a total of \$27,647,600 for the biennium. All of those monies are additional to the state appropriations.

Student Loans

State appropriations totaling \$350,000 were provided as matching funds for the National Defense Student Loan

Program. The state's share is 10 percent and the Federal government's share is 90 percent of the cost of any student aid or loan program.

Repairs

The 1979 Legislature provided the sum of \$1,729,400 for essential repairs at the several state universities during the 1979-81 biennium.

UNIVERSITY OF MINNESOTA

The 1979 Legislature appropriated \$443,777,316 to the University Board of Regents, an increase of \$60,015,299, or 15.6 percent, over the amount provided for the 1977-79 fiscal period.

<u>Source</u>	<u>1977 Legislature</u>	<u>1979 Legislature</u>	<u>Increase or (Decrease)</u>
General Fund	\$378,762,017	\$438,777,316	\$60,015,299
Trust Fund Earnings	5,000,000	5,000,000	—
Total	<u>\$383,762,017</u>	<u>\$443,777,316</u>	<u>\$60,015,299</u>

Additional Revenue

In addition to the appropriated funds, it is estimated that during the 1979-81 biennium, the University — including the technical institutes at Crookston and Waseca — will receive \$158,150,000 in other income from tuition and course fees, from overhead charges and earnings from temporary investments, and from special or departmental income.

Tuition Rates Increased

By action of the Board of Regents, tuition rates were increased effective the Fall quarter of 1979.

For students registered in the College of Liberal Arts, General College, University College, Dental Hygiene, and at the Morris Campus, resident tuition was raised from \$271 to \$290 per quarter; non-resident from \$772 to \$798.

For students registered in the Colleges of Agriculture, Business Administration, Education, Forestry and Home Economics, resident tuition was raised from \$297 to \$320 per quarter; non-resident from \$847 to \$880.

For students registered in the College of Biological Sciences, Institute of Technology, and School of Nursing, resident tuition was raised from \$318 to \$343 per quarter; non-resident tuition from \$906 to \$943.

For students registered in the College of Pharmacy, Department of Mortuary Science and Law School, resident tuition was raised from \$408 to \$437 per quarter; non-resident tuition from \$1143 to \$1202.

For students registered in the College of Veterinary Medicine, School of Dentistry, and School of Medicine at Duluth, resident tuition was raised from \$678 to \$739 per quarter; non-resident tuition from \$1830 to \$2032.

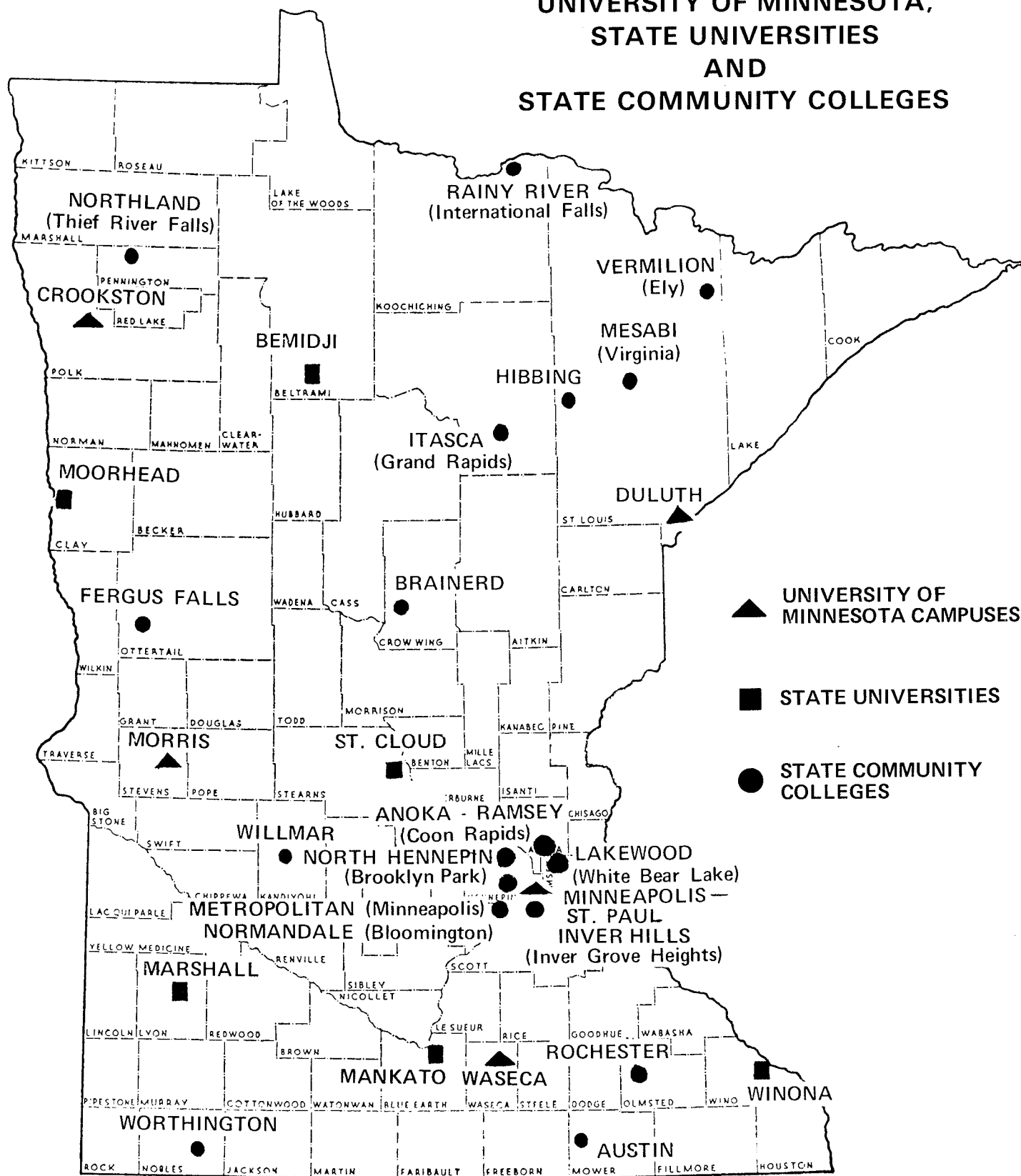
For students registered in Medical Technology, Physical and Occupational Therapy, Nurse Anesthetist Program, and School of Public Health, resident tuition was raised from \$357 to \$386 per quarter, non-resident tuition from \$982 to \$1062.

For students registered at Crookston and Waseca, resident tuition was raised from \$250 to \$268 per quarter; non-resident tuition from \$687 to \$737.

For lower division students at Duluth registered in (a) Letters and Science, Fine Arts resident tuition was raised from \$271 to \$288 per quarter; non-resident tuition from \$772 to \$792, (b) Business and Economics, Education resident tuition was lowered from \$297 to \$288 per quarter; non-resident tuition from \$847 to \$792, and (c) Social Development resident tuition lowered from \$357 to \$288 per quarter; non-resident tuition from \$982 to \$792.

For upper division students at Duluth registered in (a) Letters and Science resident tuition was raised from

UNIVERSITY OF MINNESOTA, STATE UNIVERSITIES AND STATE COMMUNITY COLLEGES



\$271 to \$310 per quarter; non-resident tuition from \$772 to \$853, (b) Fine Arts resident tuition was raised from \$271 to \$320; non-resident tuition from \$772 to \$880, (c) Business and Economics resident tuition raised from \$297 to \$310 per quarter; non-resident tuition from \$847 to \$853, (d) Education resident tuition raised from \$297 to \$320 per quarter; non-resident tuition from \$847 to \$880, and Social Development resident tuition lowered from \$357 to \$320 per quarter; non-resident tuition lowered from \$982 to \$880.

For students registered in the Twin Cities Medical School and those doing graduate work in clinical fields in Medicine (without appointments) the tuition rates were increased as follows: 1-9 credits — resident from \$339 to \$370 per quarter; non-resident from \$915 to \$1016; 10 credits or more — resident \$678 to \$739; non-resident \$1830 to \$2032. For Post-M.D. Medical Fellow Specialists — resident and non-resident tuition remains unchanged at \$147 per quarter.

For graduate students in clinical fields in dentistry or veterinary medicine (without appointment) resident tuition was raised from \$678 to \$739 per quarter; non-resident from \$1830 to \$2032. For graduate medical or dental fellow resident and non-resident tuition was raised from \$351 to \$376 per quarter.

For those graduate students holding 25 percent or more graduate assistant appointments, the resident and non-resident fee schedule was raised from \$31 to \$34 per credit hour — those without appointments, the resident fee was raised from \$31 to \$34 per credit hour; non-resident from \$86.50 to \$93.50. For doctoral candidates in final quarter \$165 per quarter; for continuous registration \$65 per quarter; for thesis alone \$122 per quarter; and examination alone \$35 per quarter. The fee for evening Masters of Business Administration programs in the Twin Cities was raised from \$31 to \$40 per credit hour; in Duluth from \$31 to \$34. The fee for preparatory courses was increased from \$48.50 to \$52.00 per course. The summer session fee was raised from \$17 to \$18.50 per credit hour.

Academic Salaries Increased

The 1979 Legislature provided for academic salary increases of 7.0 percent each year, plus fringe benefits. The estimated cost of the increases for all academic personnel on the main campus and the technical institutes is \$28,595,000 for the biennium.

Staffing Ratios, Personnel Complements

Funds provided by the 1979 Legislature will finance an overall faculty-student ratio of 1 to 11.49 in the 1979-80 school year and 1 to 11.55 in 1980-81. The staffing ratios cover the Twin Cities, Duluth and Morris Campuses, and include librarians, counselors and administrators.

The legislatively approved academic complement for the maintenance and operations account is 4,176.5 for 1979-80, and 4,180.7 for 1980-81. The approved complements for the past biennium were 4,393 in 1977-78 and 4,302 for 1978-79.

The legislatively approved civil service complement for the maintenance and operations account is 4,245 in 1979-80 and 4,252.2 in 1980-81. The approved civil service complements for the past biennium were 4,183.5 in 1977-78 and 4,210.1 in 1978-79.

Enrollments

Enrollments for all campuses, including the two technical institutes, have been estimated at 47,975 in fiscal year 1980 and 48,277 in fiscal 1981. Enrollments again are computed on a full-time equivalent basis using 45 credit hours per year.

Summer School Tuition and Continuing Education Supplement

Supplemental funds of \$2,104,000 were provided for the 1979-81 biennium — up \$558,958 over the 1977-79 biennium — "to equalize tuition rates among undergraduate students for regular session, summer session, and extension programs in

order to facilitate to the maximum the use of campus units, buildings and staff."

Care of Indigent County Patients by University Hospitals

University Hospital charges for indigent patients continue to be shared — with the state paying 70 percent and the county of residence 30 percent, up to \$5,000. The state pays the excess over \$5,000. To continue this level of support, \$4,000,000 was provided by the 1979 Legislature. It is estimated that the county reimbursement will approximate \$400,000 per year.

Special Hospitals, Community Service and Educational Offset

The 1979 Legislature provided \$12,932,600 for the special hospitals, community service, and educational offset — up \$2,520,908 from the \$10,411,692 available for the 1977-79 biennium.

SPECIAL APPROPRIATIONS

Special appropriations, for a variety of purposes, total \$92,105,337 for the 1979-81 biennium. After subtracting the sum of \$19,036,600 for the three "specials" identified immediately above, the remaining balance is \$73,068,737. Of this sum \$15,169,000 is available for general agricultural research and \$14,131,380 for agricultural extension service. The extension appropriation includes funds for agriculture extension work, county agricultural agents, home demonstration and 4H Club work, and soil conservation. The appropriation continues to provide money for the potato and sugar beet extension program in the Red River Valley, contingent on an equal amount being provided by the State of North Dakota. The research appropriation includes money for research on aquatic plants (including wild rice), soybeans, avian disease, swine disease, corn improvement and irrigation.

The sum of \$29,678,000 was appropriated for medical or medically-related programs. Included are funds for family practice and graduate residency, medical research, and medical services and instruction. As previously identified, \$12,932,600 of this total was made available for special hospitals, community services, and education offset, and \$4,000,000 for county papers of indigent patients cared for in the University Hospital.

For projects at the Duluth Campus, the sum of \$6,006,400 was provided including moneys for the medical training, dental hygiene program, graduate school of social work, and for Lake Superior Basin studies.

Also included is \$22,161,375 for a variety of special projects including a health science contingent fund if federal capitation money is reduced or phased out; funds to provide counseling, tutorial, and other direct services to disadvantaged students; equipment replacement; general research; freshwater biological research institute; geological survey; Hormel Institute; industrial relations education program; intercollegiate athletics; library supplement; mineral resources research center; sea grant; student loan matching; University Galleries; veterinary medicine — diagnostic laboratory and teaching hospital, and civil service base adjustment. Of this total \$2,104,000 has previously been identified for Summer School Tuition and Continuing Education Supplement.

The additional sum of \$4,959,182 was provided for increases in faculty salaries and fringe benefits and for faculty equity adjustments.

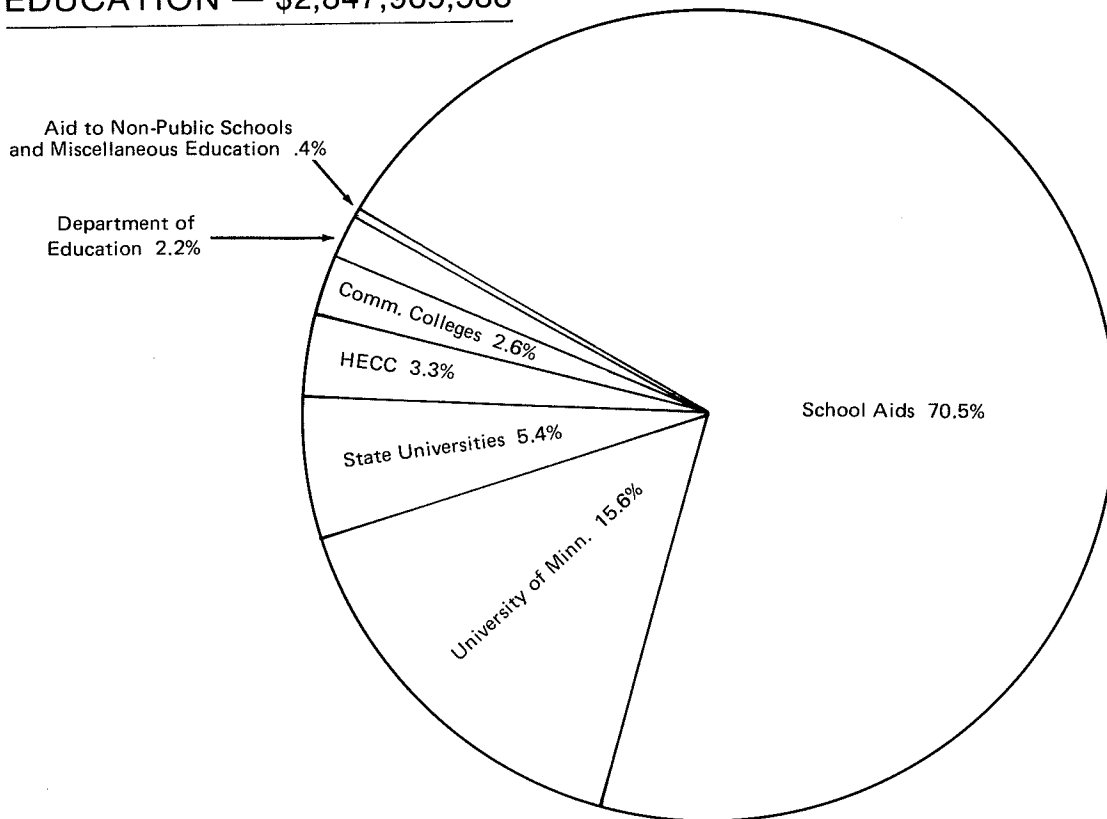
Energy Audits

In the 1979 special session the legislature provided \$200,000 for energy audits of University buildings (Chap. 2 SS).

Mayo Medical

The sum of \$2,696,900 was provided the Medical School to fund a capitation payment of \$8,640 in fiscal year 1980

EDUCATION — \$2,847,969,588



and \$9,160 in fiscal year 1981 for each student who is a resident of Minnesota for a maximum of 40 such students in each class.

An additional \$240,000 was provided for the Family Practice and Graduate Residency Program. The State of Minnesota shall pay capitation of \$12,000 each for eight students in fiscal year 1980 and twelve students in fiscal year 1981.

HIGHER EDUCATION COORDINATING BOARD

Appropriations to the Minnesota Higher Education Coordinating Board for the 1979-81 biennium total \$94,455,700, up \$14,214,796, or 17.7 percent, from the \$80,240,904 provided by the 1977 and 1978 Legislatures for the 1977-79 biennial period.

The larger appropriations provided include the following — \$45,352,000 for state scholarships, nurses' scholarships, and grants-in-aid; \$19,438,500 for interstate tuition reciprocity; \$6,200,000 for state work study; \$3,585,000 for AVTI tuition subsidy, and \$9,260,000 for private college contracts.

The sum of \$109,800 was provided for the Southwest and West Central Consortium with the proviso that no additional funding is to be available for the program beyond June 30, 1981. A report of activities and accomplishments is to be submitted to the legislature by January 1, 1981.

Minnesota Occupational Information System

The sum of \$150,000 was provided in fiscal year 1980 for the occupational information system with a proviso that "HECB shall prepare and submit to the appropriate legislative committees by January 15, 1980 an evaluation report dealing with the present operations, funding requirements, effectiveness, and demonstrated need for the continuation of the Minnesota occupational information system."

Studies and Reports

The Higher Education Coordinating Board was directed to

conduct a study to determine the need for and availability of training programs in Minnesota and neighboring states for personnel who work with individuals having vision, hearing, and deaf-blind disabilities. The board shall assess the need for additional training programs and identify feasible delivery options including contracting with institutions in other states. The results and recommendations are to be submitted to the legislature by December 30, 1979.

The Board also was directed to conduct a study of the salaries and fringe benefits of unclassified professional employees in public and private post secondary education in Minnesota. Several factors are identified which are to be a part of the study. A report on the study is to be made to the legislature by July 1, 1980.

One staff member of the coordinating board is to be employed for the purpose of working with the Latino-Chicano Spanish communities in Minnesota in cooperation with the Spanish American Board with the aim of increasing and enhancing their participation in post secondary education.

"In view of declining enrollment in some community colleges, the higher education coordinating board with the assistance of the state board for community colleges, shall conduct a study of, and make recommendations in regard to the advisability of (1) discontinuance, or reduction of programs, activities, and services, (2) closing of colleges, (3) consolidation or merger, or both, of community colleges, (4) merger of community colleges with other post secondary institutions, and (5) other appropriate alternatives." A report of the study shall be transmitted to the house appropriations committee and senate finance committee by January 6, 1981.

Maximum Awards for Scholarships and Grants-In-Aid Increased

The sum of \$3,668,000 was appropriated to the Higher Education Coordinating Board authorizing the following policy changes in the state's student financial aid programs:

- ... Raises the maximum scholarship and grant award from \$1,100 to \$1,250 in fiscal year 1981 and \$1,400 in fiscal 1982.
- ... Extends the eligibility for initial state grants-in-aid awards to third and fourth year applicants in fiscal 1981.
- ... Raises the bonded indebtedness ceiling for the State Student Loan Program from \$125 million to \$200 million (the program is financed by the sale of revenue

bonds at no cost to the State).

- ... Makes assistance under the AVTI Tuition Subsidy Program available to all qualified students regardless of age.

The bill also includes an appropriation of \$475,000 for the Private College Contract Program since funding for the contracts is tied in part to the number of grant-in-aid participants enrolled in the private institutions (Chap. 238).

B. Welfare

Federal, state and county funds available to be spent this biennium for public welfare activities will total \$2,062,491,200 with state funds accounting for \$1,111,936,400.

The four major components of the Department of Public Welfare are: Income Maintenance — \$727,669,600; Mental Health — \$303,741,200; Program and Administrative Support — \$45,268,600; Social Services — \$30,948,000. All other welfare appropriations total \$4,309,000.

Income Maintenance embraces the public assistance activities — Medical Assistance (MA), Aid to Families with Dependent Children (AFDC), Minnesota Supplemental Assistance (MSA), Catastrophic Health Insurance, plus General Assistance (GA), General Assistance Medical Care (GAMC), and Income Maintenance Support. Appropriations by the 1979 Legislature total \$727,669,600 including a 1979 deficiency appropriation of \$6,109,000 for medical assistance. The balance of \$721,560,600 covers the fiscal period 1979-81. Included in the income maintenance total is the estimated sum of \$23,600,000 provided in the Omnibus Tax Bill increasing the state's share in three assistance programs. AFDC is increased from 60 to 70 percent effective January 1, 1980, and to 80 percent on January 1, 1981. MSA is increased from 50 to 70 percent effective January 1, 1980, and to 80 percent on January 1, 1981. The state's share of general assistance will be increased from 50 to 60 percent effective January 1, 1980, and to 70 percent effective January 1, 1981. Such additional state support provided by the 1979 Legislature should lessen the reliance on the property tax for funding at the local level.

The cost estimate for the public assistance programs again were based on a current analysis of caseload and payment trends. For the 1979-81 biennium, the AFDC caseload has been estimated at 132,937 persons each year.

The Minnesota Supplemental Assistance program has been decreasing slightly, with the caseload estimated at 11,000 each year of the 1979-81 biennium.

A major portion of the funding in the Medical Assistance Program is for cost of care of persons in nursing home facilities. The appropriation also covers cost of care of mentally retarded persons in state institutions. It is estimated that the total number of recipients will approximate 120,239 in fiscal year 1980 and 120,943 in fiscal 1981.

The General Assistance caseload is estimated at 14,500 for each year of the biennium, and for the General Assistance — Medical program at 10,000 in fiscal year 1980 and 10,500 in fiscal year 1981.

The Department of Public Welfare re-examined the fiscal impact of the tax bill on the three programs (AFDC, MSA and GA) for which the state subsidy is to be increased and on September 6, 1979 reported such estimated increase for the biennium to be \$24,084,100 rather than the \$23,600,000 estimated at the close of the 1979 session.

Using the revised estimate of increased state funding, the 87 counties are expected to provide "matching funds" of \$110,507,900 for three public assistance programs — Aid to Families with Dependent Children, Medical Assistance, and Minnesota Supplemental Assistance. The state share is

\$598,087,300. The Federal government's share for AFDC and MA is estimated at \$810,015,000 or \$151,361,094 more than the 1977-79 estimate.

For General Assistance, including General Assistance-Medical, the Legislature provided \$103,665,300. These persons are not eligible under a regular categorical aid program. The state's share of the funding covers 90 percent of the medical costs, and presently 50 percent of the maintenance grant. (The participating percentage of the maintenance grant will be increased to 60 percent effective January 1, 1980, and to 70 percent effective January 1, 1981.) The counties' obligation for the 1979-81 fiscal period is estimated to be \$30,031,900. There are no federal funds involved in general assistance.

The approved legislative complement under the Income Maintenance segment is 256 persons.

Mental Health

Appropriations for the 1979-81 biennium are \$303,741,200 and cover operations of the "Big 9" state hospitals located at Anoka, Faribault, Fergus Falls, Moose Lake, Rochester, St. Peter, Willmar, Brainerd and Cambridge, and the two state-operated nursing homes — Ah Gwah Ching and Oak Terrace Nursing Homes. Also included in the appropriation is provision for program offices for the mentally ill, the mentally retarded, and the chemically dependent; funding of Community Mental Health Centers; Developmental Achievement Centers, and for Mental Health Support.

Of the total appropriated, \$206,550,700 was provided for operation and maintenance of the state hospitals, whose total budgeted population is estimated at 4906 for fiscal year 1980 and 4806 for fiscal year 1981. The actual average population for fiscal year 1979 was 4995. The approved legislative complement for the nine hospitals was set at 5,427 for the 1979-81 biennium.

The Commissioner of Public Welfare is authorized to fill up to 150 the first year and 120 the second year human services technician positions in the state hospitals in addition to the specified approved complement for the purpose of alleviating recruitment delays in direct patient care, as salary savings become available to fund such positions. In addition to the salary savings, \$500,000 per year was provided in the salary account for the additional positions.

The two state-operated nursing homes were granted \$22,358,800 to cover operation and maintenance costs, including funds for special equipment.

The budget population is estimated at 730 for fiscal year 1980 and 730 for fiscal year 1981. The actual average population for fiscal year 1979 was 689. The approved legislative complement for the two institutions was set at 617.

Program offices (previously Community Based Programs) received \$11,972,400 of the total mental health appropriation — distributed \$1,818,400 for the mentally ill, \$1,852,000 for the mentally retarded, and \$8,302,000 for the chronically dependent. Both public and private facilities are involved in offering primarily short-term programs. Some grant money is available, but the bulk of the appropriations to the program

offices is for administrative expenditures. The state function includes planning, coordination, evaluation of the state programs, and delivery of services. The state responsibility also includes policy formulation, development of plans and insuring that the local "providers" can and do develop individual treatment plans for each of the clients in the three programs.

By "appropriation rider" the Commissioner of Public Welfare may fund up to 70 families for the mentally retarded family subsidy program.

Under the chemically dependent appropriation the sum of \$200,000 per year of the appropriation for the American Indian program shall be directed to the problems of Indians in the metropolitan community.

Community mental health centers were given \$39,389,700 for the biennium, up \$6,159,291 from the \$33,230,409 provided for the 1977-79 fiscal period. The sum appropriated provides for the state's share of expenditures of local community mental health centers. The centers, with all 87 counties participating, provide a variety of health care services, including out-patient assistance to the mentally ill, mentally retarded, and chemically dependent, and also may accept cases from juvenile courts for diagnostic evaluation.

State support for developmental activity centers was increased from \$16,646,388 in 1977-79 to \$20,812,500 for the 1979-81 biennium. These funds are the state's share of the operating costs of 117 centers, and represent an estimated average of 43 percent in fiscal year 1980, and 45 percent in fiscal year 1981. The appropriation also covers 100 percent of the transportation costs of the centers.

Mental health support received the sum of \$2,657,100 for the 1979-81 biennium.

Program and Administrative Support

Program and Administrative Support with a total appropriation of \$45,268,600 for the 1979-81 biennium embraces three separate activities: special county aids — \$7,820,900; county administrative cost reimbursements — \$28,017,800; and administrative support — \$9,429,900.

Special County Aids (equalization aids) are based upon a four factor formula: recipient rate, per capita income, per capita taxable value, and per capita expenditures for welfare. For the purposes of equalization aid, welfare costs include all forms of public assistance and the administrative costs, except university hospitals care, care of children under state guardianship, and burial of the poor.

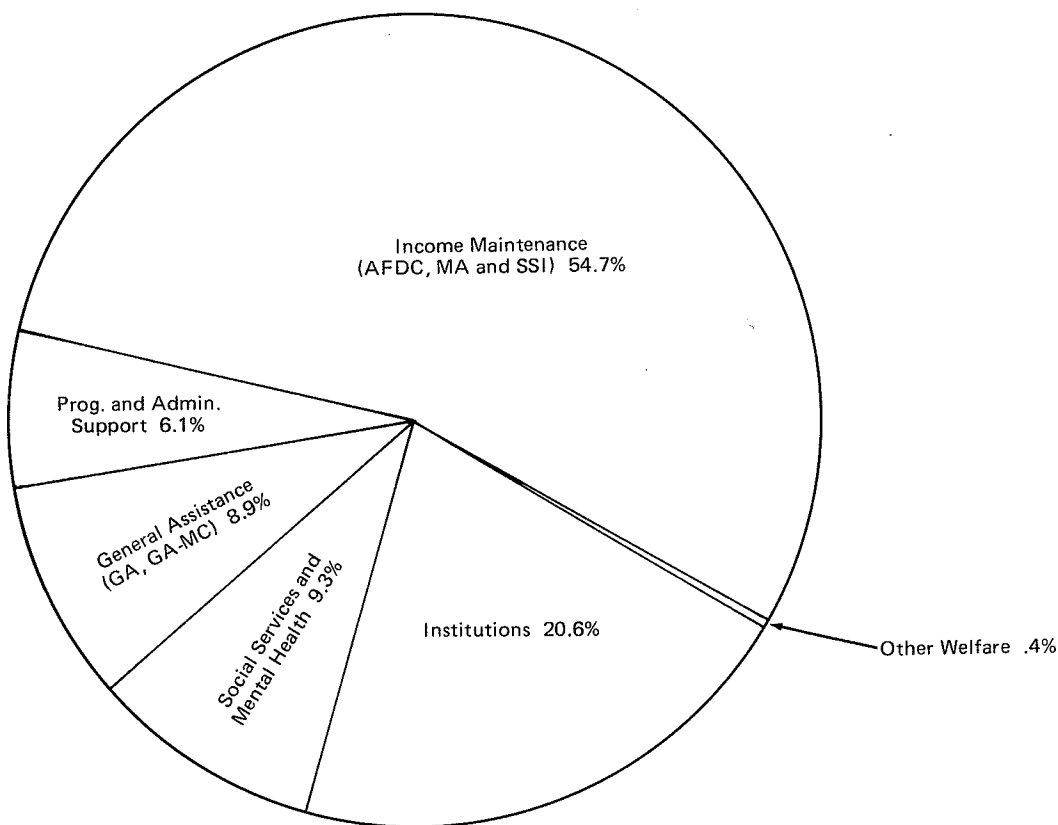
Counties which received such supplemental aid during fiscal year 1979 and likely to be eligible for continued support during the 1979-81 biennium are:

Aitkin	Koochiching	Pine
Becker	Mahnomen	Red Lake
Beltrami	Mille Lacs	Todd
Cass	Morrison	Wadena
Hubbard		

The formula used for equalizing welfare costs will continue to be used in computing distressed county aid for developmental achievement centers and community mental health centers.

The Administrative Support appropriation covers the administrative aspects of the department's operations. The legislative approved complement is 171.2 positions. The remaining positions of the program support for 1979-81 have been added to the other major components under the programmatic appropriation concept.

WELFARE — \$1,111,936,400



To cover the 50 percent reimbursement of allowable county administrative expenses for public assistance programs, the 1979 Legislature provided \$28,017,800 for the 1979-81 biennium — an increase of \$3,733,100 over the \$24,284,700 available in the 1977-79 biennium. These payments are prorated if the appropriation does not cover fifty percent reimbursement.

Social Services

Appropriations for social services total \$30,948,000 for the 1979-81 biennium and embrace four different segments: day care — \$2,323,200; cost of care — emotionally disturbed \$4,096,500 — mentally retarded \$10,770,500; services for the aging, blind and deaf — \$12,439,000, and social services support — \$1,318,800.

Cost-of-care grants for the emotionally disturbed increased \$1,980,304, and funds for the mentally retarded increased \$3,423,852.

Of the appropriation for social services support \$200,000 for the biennium is to be used to conduct a continuing education and training program designed to encourage the fullest degree of reporting of known and suspected cases of child abuse and neglect.

In addition, \$200,000 of the appropriation shall be used in the biennium for grants to public and private non-profit organizations for experimental programs which encourage interagency cooperation in preventing or treating of child abuse and neglect.

An appropriation rider directs that \$25,000 each year of the biennium shall go to the Commissioner of Public Welfare for the purpose of providing a grant-in-aid to New Bridge, a protected shelter for juvenile females.

Subsidized Adoptions

The 1979 Legislature authorized the Commissioner of Public Welfare to make subsidy payments to families who adopt a child provided a reasonable effort has been made to find an adoptive placement for the child without subsidy, the child is a ward of the Commissioner or a licensed child placing agency, and the Commissioner has determined the subsidy payments are in compliance with rules. The subsidy is in-

tended to cover special needs of the child including medical, severe dental, psychiatric care or treatment, and maintenance. The amount of the subsidy may not exceed that allowable for the child under foster family care. The Act provides for 100 percent of the cost of adoptive services including recruitment, counseling, and special training. The Act repeals the subsidized adoption program which provided for a 50 percent state subsidy. The Legislature provided the sum of \$500,000 for the biennium (Chap. 256).

Sliding Fee Schedule for Child Care Services

An experimental program was established to subsidize child care services on a sliding fee basis for families whose income is limited but still too high to qualify them for free child care. The Act is intended to prevent or reduce dependence on public assistance programs. Eligible families are those with an income above the maximum allowable for fully subsidized child care but less than 70 percent of the state median income. (For a family of four this is an income between \$12,430 and \$14,501.) Also eligible are parents determined by the Commissioner to be unable to care for a child because of employment, school attendance or other circumstances. An appropriation of \$1,500,000 was made for the 1979-81 biennium. The legislation requires a county match of 5 percent the first year and 15 percent the second, in addition to payments from parents. Limits are placed on maximum reimbursable charges and county administrative expenses may not exceed 7 percent. By January 15, 1981, the Commissioner must assess the effectiveness of the sliding fee scale and make recommendations to the Legislature on creating a permanent program (Chap. 307).

Social Services Block Grants

The Community Social Services Act restructures the funding system for social services in Minnesota. It replaces certain Department of Public Welfare grant and subsidy programs with a standardized formula to funnel social service monies directly from the state to the counties, provides a Title XX formula, and transfers coordination, planning, and service responsibility formerly held by multi-county mental health boards to county boards (Chap. 324).

C. Economic Security

For the 1979-81 biennium, total appropriations for activities of the Department of Economic Security are \$33,424,800, and embrace the following four components: Employment and Training \$7,295,000; Vocational Rehabilitation Services \$19,811,600; Management and Coordination \$3,318,200; and Coordination of Residential Weatherization program \$3,000,000.

The appropriation in employment and training for the summer youth program provides the same level of program as was provided during the summer of 1978.

The Commissioner of Economic Security may expend money received from school districts, governmental sub-

divisions, mental health authorities, and private non-profit organizations for the purpose of conducting joint or co-operative vocational rehabilitation programs.

The appropriation for management and coordination includes funding for at least one additional facility to serve those geographic areas currently without the displaced homemaker service. Geographic restrictions on participation in any center's program shall be eliminated.

The appropriation contains sufficient money to ensure that no community action program receives a reduction in funding as a result of implementation of a revised formula for distribution of money to community action agencies.

D. Corrections

For the 1979-81 biennium, total appropriations for activities of the Department of Corrections are \$112,971,000, an increase of \$12,073,349, or 11.96 percent over the \$100,897,651 provided for 1977-79. The appropriations embrace four major components: General Support \$9,388,500; Special Services \$9,707,300; Community Services \$28,331,800; and Correctional Institutions \$62,543,400. The approved legislative complement for the entire department is 1369.4 positions in fiscal year 1980, and 1362.9 positions in fiscal 1981.

For General Support the legislature appropriated \$9,388,500 for the 1979-81 biennium. The specific components in this program are (1) county probation reimbursement \$2,742,100, (2) subsidy programs \$782,600, and support \$5,863,800.

For Special Services the Legislature appropriated \$9,707,300 for the 1979-81 biennium, up \$4,747,314, or 95.7 percent from the \$4,959,986 provided for the 1977-79 fiscal period. The specific components in this program include (1) health care \$3,968,700; (2) education \$668,800; (3) victim services \$4,437,900, and (4) support \$631,900.

Of the appropriation for victim services, the sum of \$2,995,700 shall be used to fund the battered women program; to develop and implement a model treatment program for the violent partner of the battered woman, and to extend the battered women advisory task force to June 30, 1981.

Additionally, \$500,000 of this appropriation shall be available for awarding grants to cities, counties, and private non-profit agencies for the provision of services to victims of sexual assault.

For Community Services the 1979 Legislature appropriated \$28,331,800 for the 1979-81 biennium, up \$5,804,796 from the \$22,527,004 provided for the 1977-79 fiscal period.

The three components of this program are (1) probation and parole \$3,690,900, (2) residential and community programs \$2,763,400, and (3) Community Corrections Act \$21,877,500.

Under the residential and community programs appropriation, the Commissioner is directed to evaluate the women helping offenders program and to report on the findings by June 30, 1981.

Under the Community Corrections Act, a 12 member committee is to be established to study the financing of correctional services and the Community Corrections Act in Minnesota. The committee shall report its findings to the state legislature on or before January 1, 1980.

For correctional institutions, the legislature appropriated \$62,543,400 for the 1979-81 biennium. The seven¹ correctional institutions have been renamed by the 1979 Legislature to — "Minnesota Correctional Facility (plus geographical location)." The specific locations are Stillwater, St. Cloud, Shakopee, Red Wing, Willow River, Sauk Centre, and Lino Lakes.

The total budgeted population for these institutions is 2179 for fiscal 1980 and 2179 for fiscal 1981. The approved employee complement was set at 1143.5 positions.

¹No state appropriation is made to the Thistledeew Camp (near Togo) which operates as a self-sustaining facility (Chap. 102).

E. Health

Appropriations by the 1979 Legislature to the Department of Health total \$46,016,500 for the 1979-81 biennium, and embrace three major components: preventive and personal health services — \$16,150,400; health systems quality assurance — \$4,941,900; and health support services — \$24,924,200. The legislative approved complement is 320 for fiscal 1980 and 321 for fiscal 1981.

For 10 health-related boards, the Legislature provided \$2,985,700.

The 1979 Legislature authorized the Commissioner to increase the fee for medical laboratory services up to a maximum of \$3 to cover costs, effective July 1, 1979. The legislative approved complement for preventive and personal health care is 180.8 positions.

F. Transportation

For the 1979-81 biennium, total appropriations for the Department of Transportation in the omnibus bill are \$649,076,100¹ an increase of \$5,450,577 from the \$643,625,523 provided for the 1977-79 fiscal period. Additionally, federal funds for transportation purposes are estimated at \$327,081,300 — bringing the biennial total to \$976,157,400 (Chap. 1 SS).

The 1979 Legislature also provided the sum of \$33,500,000 from the Trunk Highway Fund for highway development purposes as a fiscal year 1979 deficiency. Such monies had

¹The Omnibus Appropriation Bill reports (Highway Improvements as funded from the Trunk Highway Fund. Estimated by department that \$137,420,000 in fiscal year 1980 and \$159,520,000 in fiscal year 1981 will come from federal reimbursements.

By appropriation "rider" the Commissioner of Corrections was directed to study and determine the most appropriate location for women committed to the Minnesota Correctional Institution for Women. Such report was due November 15, 1979.

Sentencing Guidelines Commission

The Sentencing Guidelines Commission was given \$388,600 for salaries, supplies and expense for the 1979-81 biennium. The Commission also was advised by appropriation rider to cease operations by July 1, 1983.

Corrections Ombudsman

The Corrections Ombudsman was given \$223,800 per year or \$447,600 for the 1979-81 biennium.

State Institutions Contingent

The 1979 Legislature provided a contingency appropriation of \$600,000 for the biennium to be used for emergency purposes and for the purchase of food, clothing, drugs, utilities, and fuel for any of the institutions under the control of either the Department of Public Welfare or Department of Corrections.

Contingent for High Security Facility

The 1979 Legislature provided a contingency appropriation of \$3,000,000 for the new high security facility in Stillwater (Oak Park Heights). By rider no expenditure shall be made from this appropriation without the direction of the Governor after consultation with the Legislative Advisory Commission.

Vocational Training of Inmates

Chapter 129 authorizes the Commissioner to establish at all state correctional facilities industrial and commercial activities for the vocational training of inmates. He may authorize the director of any state correctional facility to accept work projects from outside sources, with priority given to state agency projects, effective August 1, 1979.

For health systems quality assurance, the appropriation is \$4,941,900. The legislative approved complement is 64.7 positions in fiscal year 1980 and 65.7 positions in fiscal 1981.

The Commissioner shall make grants to agencies which are publicly owned or non-proprietary operated by charitable organizations for the purpose of converting hospitals having fewer than 40 acute care beds to nursing homes, provided that a certificate of need has been issued for the conversion. The grants shall be only for those hospitals which convert 100 percent of their beds to nursing home beds. The grant shall be for up to 50 percent of the remodeling costs, not exceeding \$150,000 per facility. The sum of \$700,000 was provided in the appropriation for Health Systems Quality Assurance.

been planned for appropriation in fiscal year 1981 (Chap. 103).

The state aids distributed to the County State Aid Highway and Municipal State Aid Street Funds (financed from gasoline and motor vehicle registration taxes) have been continued as direct appropriations in the omnibus bill. The total sums provided for the 1979-81 biennium are \$188,450,000 and \$61,600,000 respectively and will be distributed to the 87 counties and 101 cities for highway and local street work outside the trunk highway and interstate systems.

The Omnibus Transportation Bill includes appropriations totaling \$18,487,000 for aeronautics, including provision for the payment of aeronautics debt and \$59,000 for equipment storage facilities and other improvements of the Pine Creek Airport.

A comparison of the appropriations in the Omnibus Transportation bills covering the 1977-79 and 1979-81 bienniums follows:

<u>Policy and Planning</u>	<u>1977 Session</u>	<u>1979 Session</u>
Transportation Development } Transportation Services }	\$ 6,550,776	\$ 2,616,000 5,713,400
TOTAL	\$ 6,550,776	\$ 8,329,400
<u>Highway Operations</u>		
Highway Maintenance	\$137,717,363	\$147,655,000
Construction Support	93,442,844	58,174,600
Highway Improvement	72,421,890 ¹	14,044,600 ²
County State Aids	161,970,600	188,450,000
Municipal State Aids	50,094,000	61,600,000
Highway Debt Service	24,712,000	26,867,500
Bicycle Trails	1,000,000	- 0 -
Access Road to Stillwater Prison	- 0 -	260,000
Access Road to Thistlelew		
Correction Camp	- 0 -	319,200
Minnetonka Bypass	- 0 -	134,000
Highway Safety Devices	1,200,000	- 0 - ³
Sound Enforcement Study	33,000	- 0 -
TOTAL	\$542,591,697	\$497,504,900

¹Appropriation Act reports "Highway Improvement" as funded from Trunk Highway Fund. Estimated by Department that \$120,400,000 each year would come from Federal reimbursements.

²Appropriation Act reports "Highway Improvement" as funded from Trunk Highway Fund. Department of Transportation estimates that \$137,420,000 and \$159,520,000 in fiscal years 1980 and 1981 will come additionally from federal reimbursements.

³Included in Highway Improvements.

<u>Public Transportation Operations</u>	<u>1977 Session</u>	<u>1979 Session</u>
Rates and Regulations	\$ 1,071,398	\$ 1,003,600
Administration	700,701	776,000
MTC Transit Subsidies	29,000,000	- 0 -
Performance Funding (MTC)	- 0 -	17,320,000
Social Fare Reimbursements	- 0 -	7,460,000
MTC Project Mobility	- 0 -	5,000,000
Private Operator Subsidies (metro)	900,000	1,500,000
Outstate Transit Subsidies	4,000,000	4,000,000
Regular Route Improvement	750,000	1,000,000
Paratransit Grants (MTC)		1,000,000
Paratransit Grants (Statewide) }	3,500,000	4,500,000
Public Transit Capital Grants	- 0 -	300,000
<u>Rail Service Improvement</u>		
Planning and Programming	398,182	1,021,000
Rail Service Improvement	3,000,000	3,000,000
Amtrak	1,624,051	475,000
TOTAL	\$ 44,944,332	\$ 48,355,600

<u>Aeronautics</u>	<u>1977 Session</u>	<u>1979 Session</u>
Operations	\$ 692,576	\$ 558,600
Development and Assistance		
Administrative Support	536,975	1,412,200
Construction/Maintenance Support	807,960	
Airport Construction Grants	12,749,846	11,450,000
Airport Maintenance Grants	2,002,814	2,002,800
Navigational Aids	1,190,298	1,128,200
Hangar Revolving Account	- 0 -	750,000
Pine Creek Airport Equipment Storage Bldg.	- 0 -	59,000
Air Transportation Services	- 0 -	181,400
Aeronautics Debt Service	953,620	944,800
Start-up Costs Air Transportation	50,000	- 0 -
TOTAL	\$ 18,984,089	\$ 18,487,000

<u>Technical Support Services</u>		
Operations Management	\$ 4	\$ 626,600
Engineering Services	4	33,740,100
Research and Standards	2,121,249	1,961,900
Construction and Engineering		
Development Support	4	7,049,000
State Aid Technical Assistance	631,915	621,400
Electronic Communications	4	2,356,400
TOTAL	\$ 2,753,164	\$ 46,355,400

⁴Included in Construction Support (Highway Operations)

<u>General Support</u>	<u>1977 Session</u>	<u>1979 Session</u>
Administration	\$ 13,432,360	\$ 10,388,000
Government and Community Relations		728,400
Equipment		12,849,400
General Services	13,249,463	4,949,600
Legal Services	1,119,642	1,128,400
TOTAL	\$ 27,801,465	\$ 30,043,800
TOTAL - DEPARTMENT OF TRANSPORTATION	\$643,625,523	\$649,076,100

⁵Part of Highway Maintenance and Administration

Bridge Bonding

Chapter 280 authorizes \$52,000,000 in transportation bonds for local bridge work - of which \$2,000,000 is for preliminary engineering, \$8,500,000 for counties, \$1,000,000 for municipalities, \$21,000,000 for townships, and \$19,500,000 for federal-aid match for any subdivision. The aggregate limit for any one year - available until expended - is \$12,500,000, effective July 1, 1979 (Chap. 280).

Bicycle Trail Grants

The bonding bill relating to open space and recreation authorizes \$1,000,000 for trails on existing road right of ways, and \$2,000,000 for local bike trail grants (Chap. 301).

Medicine Lake Lines

Chapter 266 appropriates \$205,000 from the general fund to provide a transit operating subsidy to the Medicine Lake Lines, contingent on their meeting operating standards and opening records for inspection.

Agreement with Iowa

The State of Minnesota was authorized to enter into a cooperative agreement with the State of Iowa to extend project limits up to two miles into Iowa (Chap. 17).

Capital Improvements

Chapter 339 covering building alterations and repairs includes the sum of \$560,600 to the Commissioner of Transportation for the following purposes:

- ... Construct interstate rest area at Oakland Woods \$136,000
- ... Construct interstate rest area at Albert Lea \$136,000
- ... Remodel Hastings State Hospital to truck station \$193,000
- ... Acquire land for truck stations at Benson, Granite Falls, Redwood Falls and Dodge Center \$ 95,600

Department Resources

To fund the operations of the Department of Transportation during the 1979-81 biennium, it is estimated that gasoline and motor vehicle registration taxes will provide \$703,749,000. In addition, \$327,081,300 will come from federal sources, \$19,669,800 from airflight property tax, aviation fuel tax, aircraft registration tax and other miscellaneous state airports revenues, an estimated \$25,760,000 from interest on investments, and \$47,363,200 from a variety of revenues credited to the state General Fund.

Interstate Status

As of December 1, 1979, 858.72 miles of the 916.97 miles of the Interstate System were open to traffic, 10.15 miles were under construction, and 48.10 miles were in preliminary phase, preliminary engineering or right of way.

G. Other Executive Branch Functions

The major portion of the state budget is consumed by appropriations for education, welfare, corrections, and transportation — plus tax relief, shared taxes and other aids to local units of government. Other executive branch agencies including the State Planning Agency, the office of the Attorney General, the Departments of Administration, Finance, Revenue, Public Safety, Commerce, Natural Resources and the Minnesota Housing Finance Agency received state appropriations of \$601,171,240 for the 1979-81 biennium, up \$47,375,617, or 8.55 percent, from those appropriations for the 1977-79 fiscal period. Federal funds estimated at \$71,899,200 will supplement the state appropriations.

THE GOVERNOR

State appropriations to the Offices of the Governor and the Lieutenant Governor by the 1979 Legislature total \$3,232,300, up \$48,417, or .57 percent, over those for the 1977-79 fiscal period. About \$531,400 of the appropriations to the Governor's Office continues to be made in support of agencies and commissions over which the Governor has direct supervision.

The appropriations for general operations and management embrace three segments — executive operations \$2,700,600; interstate representation and cooperation \$360,000; and committees and task forces \$171,400.

Included in the executive operations appropriation for the Governor are monies for the office of the Lieutenant Governor and the Governor's staff, including the state's representative located in Washington, D.C. This is the first time that the funds for the two offices have been co-mingled.

Of the appropriation, \$15,000 each year is for personal expenses connected with the office. Also, of the appropriation \$10,000 the first year and \$5,000 the second year is for official governors' portraits.

The appropriation for interstate representation and cooperation includes (1) \$24,800 each year for the National Governors' Conference, (2) \$22,300 each year for the Great Lakes Basin Commission, (3) \$71,000 each year for the Upper Great Lakes Regional Commission, (4) \$45,000 each year for the Upper Mississippi Basin Commission, and \$16,900 each year for the Missouri River Basin Commission.

The appropriation of \$85,700 each year for committees and task forces will provide \$15,000 each year for the Committee on Appointments, and \$70,700 each year for the Governor's Task Force on Educational Policy.

GENERAL STATE GOVERNMENT

Appropriations to the State Auditor, the State Treasurer, the Secretary of State, the State Planning Agency, the Minnesota Housing Finance Agency, the Departments of Administration, Economic Security, Finance, Revenue, Veterans' Affairs, and to a variety of other state and quasi-state departments and agencies (but excluding the Office of the Governor), total \$219,508,840 for the 1979-81 biennium.

The Department of Revenue received the largest single departmental appropriation — \$46,757,700 — in the "General State Government" category. Other sizable appropriations in this category include the \$42,500,000 to the Minnesota Housing Finance Agency; \$30,236,600 to the Department of Administration; \$13,762,500 to the Department of Veterans' Affairs; \$9,303,400 to the Department of Finance; \$11,477,800 to the State Planning Agency, and \$6,029,000 to the Department of Economic Development.

New Compensation Plan and Expanded Fringe Benefits for State Employees

The 1979 Legislature provided salary increases for employees in the classified and unclassified civil service, classified and academic positions at the University of Minnesota and academic positions in the State University System and the Community Colleges.

The total compensation plan includes a general salary adjustment at the start of the biennium, two cost-of-living increases in the second fiscal year, and improvements in the indirect compensation (employee benefit) program.

The plan provides for general salary adjustments averaging 4.8 percent in the A (Professional) Schedule, 6.86 percent in the B (Trades) Schedule and 5.6 percent in the C (General Service) Schedule. In July of 1980, the B Schedule will receive a second general adjustment of 2.5 percent.

In fiscal year 1980, two cost-of-living increases are scheduled to take effect. Each full .4 point increase in the Consumer Price Index during the base period will result in a 1¢ per hour salary increase. The first base period will be from October 1979 to April 1980 with the increase effective July 2, 1980. The base period for the second increase, effective December 31, 1980, is from October 1979 to October 1980. These cost-of-living increases are not cumulative, the first increase remains in effect only until the second increase takes effect. (Cost projections indicate that the first increase will be approximately 23¢ per hour and the second increase will provide for a total cost of living adjustment of 47¢ per hour.) Increases are based on inflation of 9.2 percent and 9.6 percent respectively.

Effective in July of 1979, the state's maximum monthly contribution to dependent hospital-medical insurance coverage became \$60.00 or 90 percent of the premium, whichever is greater. In fiscal year 1979, the state paid the entire premium for dependent hospital-medical insurance coverage.

The dependent dental insurance plan has been amended to include orthodontia for dependent children aged 8 to 19.

Employees will continue to be eligible for an annual health screening program at no cost to the employee. The cost to the state for each employee taking part in the health screening program will be \$64.00.

The maximum accumulation of vacation was increased to 240 hours from 224 hours. A new vacation accrual schedule has been established which will reduce the initial accrual rate for employees appointed after July 1, 1979, while increasing the rates of accrual for employees with at least 12 years of state service.

Special Salary Range for Physicians

The salary ranges in the Special Medical Doctor salary schedule were revised effective July 4, 1979, as follows:

Range A: \$32,000 - 45,000; Range B: \$37,000 - 54,000;
Range C: \$42,000 - 67,500

Minnesota Housing Financing Agency

The Minnesota Housing Finance Agency received a total of \$42.5 million in direct appropriations from the Legislature for the 1979-81 biennium. This was in addition to the \$650 million in increased bonding authority that the Legislature granted the agency.

The \$42.5 million direct appropriation is to be divided among the following programs: for home rehabilitation grants to low-income citizens, \$19.35 million; for interest rate write-downs on home rehabilitation loans, \$7.66 million; for improving residential accessibility for handicapped citizens, \$2 million; for the homeownership assistance fund for low and moderate income families, \$7.76 million; for the Indian housing program administered by the Chippewa, Sioux and Red Lake Sioux tribes, \$3.48 million; for the urban Indian

housing program in the Twin Cities metropolitan area, Duluth and Rochester, \$1.5 million; for construction subsidies for builders who agree to provide three and four bedroom units in the apartment buildings, \$500,000; and for home improvement grants in the Sioux communities in Prairie Island, Shakopee, Morton and Granite Falls, \$250,000.

The \$650 million in increased bonding authority is to be allocated in the following manner: for home rehabilitation loans for low and moderate income families, \$50 million; for homeownership loans for low and moderate income families, \$350 million; and for apartment development loans, \$250 million.

The total bonding authority granted to the Housing Finance Agency since its creation in 1971 now stands at \$1.55 billion, of which \$863.375 million is outstanding and \$686.625 million has yet to be issued.

Through September 1979 the programs of the Housing Finance Agency had resulted in the construction or improvement of some 51,000 housing units in Minnesota. Home improvement loans have accounted for 22,069 of this total and home improvement grants, 8,213. Apartment units either occupied or under construction account for another 11,372; home mortgage loans, 8,707; Indian housing loans, 211; and group homes for the developmentally disabled, 265.

Small Business Assistance Center Created

A Small Business Assistance Center was created within the Department of Economic Development. Two functions were mandated in the legislation — a Small Business Center and a Business License Study.

The Small Business Assistance Center is to provide information and assistance for small businesses in Minnesota. Among its duties will be (1) to keep an updated master file of all assistance programs for small businesses, public or private; (2) to develop an information system on business development and growth in the state for use by the Department of Economic Development and other state agencies; (3) to provide information and assistance on laws, rules, regulations, forms, and licenses small businesses may encounter; and (4) to provide information on state contracts and how to bid on them. The law states that the center should be assisted by "small business assistance specialists" and should have a toll-free number.

The Business License Study was created to evaluate all licenses required to operate a business in Minnesota. Reports to the legislature will be made in January 1980, and January 1981. From the results, the department is asked to recommend which licenses could be transferred to a centralized "bureau of licenses" and which ones could be eliminated. The department is then asked to develop legislation to implement those plans.

Financial Reports to Legislature

The Department of Finance is directed to report to the Legislature by November 15 of each year concerning operation of all state funds. The new requirement may necessitate changes in processing/reporting in the accounting systems of individual departments and agencies. The sum of \$246,300 was provided (Chap. 314).

Criminal and Juvenile Defense Grants to Judicial Council

Appropriations for criminal and juvenile defense grants were transferred from the Department of Administration to the Judicial Council (Chap. 333).

Parking Needs in Capitol Area to be Studied

The Capitol Area Architectural and Planning Commission was directed to study the parking needs in the Capitol area and report its recommendations to the Legislature by January 1, 1980 (Chap. 333).

Energy Agency to Study Alternate Heating Sources

The sum of \$298,400 was provided to the Energy Agency to increase its technical assistance to current and potential users of solar heating systems, develop a plan for waste wood utilization, prepare a list of potential wood energy demonstration sites, and develop engineering studies for wood utilization (Chap. 333).

Mandatory Retirement Age Increased from 65 to 70

Chapter 40 prohibits mandatory retirement of public and private employees before age 70. Requires that every employer notify an employee in writing 90 to 120 days prior to the employee's 65th birthday of the option to continue employment beyond that date.

Achievement Awards Abolished

Chapter 192 abolishes achievement awards for state commissioners and deputy constitutional officers. Effective May 26, 1979.

Compulsory Binding Arbitration of Grievances

Chapter 183 requires all public employee labor contracts to include a grievance procedure providing compulsory binding arbitration of grievances, including all disciplinary actions. When the resolution of a grievance is also within the jurisdiction of a civil service appeals board or appeal procedures, the grieving employee has the option of using either the contract grievance or civil service appeal procedures.

Study of State Personnel System

The 1979 Legislature appropriated \$100,000 to the Legislative Commission on Employee Relations for a study of the state personnel system. Final report is due November 15, 1980. Any recommendations substantially affecting the collective bargaining process for the 1981-83 biennium are due by December 1, 1979. Expires July 1, 1981.

Energy Reports and Audits

Chapter 2 of the special session requires public school energy reports for all heated buildings to be submitted to the Energy Agency Director by December 31, 1979. Based on these reports, energy audits may be required for certain buildings within a school district. Energy Agency Director shall study the capability of energy management personnel in school districts. It also requires that school districts submit fuel conservation reports to the Commissioner of Education on or before December 31 of each school year.

Workers' Compensation

Chapter 3 of the special session makes numerous changes relating to workers' compensation — insurance rate-making procedures, membership on workers' compensation court of appeals, certain compensation schedules, rehabilitation procedures, and the availability and amounts for certain benefits. Amends existing law by allowing indemnification for payments for self-insured political subdivisions, presumably including school districts, when other assets have been exhausted.

PROTECTION TO PERSONS AND PROPERTY

The expenditure category "Protection to Persons and Property" takes place in a variety of undertakings involving many state departments and agencies.

The 1979 Legislature appropriated \$172,235,600 for such services, up \$20,508,124, or 13.51 percent, over the \$151,727,476 provided in the 1977-79 biennium.

The largest single appropriation in this category is the Department of Public Safety which will receive \$100,479,600 for General Operations and Management covering the 1979-81 biennium. The appropriation is divided into 10 segments as

follows — Administration and Related Services \$3,130,900; Emergency Services \$837,800; Criminal Apprehension \$13,865,800; Fire Safety \$1,772,200; State Patrol \$40,987,900; Capitol Security \$1,831,000; Driver and Vehicle Licensing \$35,670,600; Liquor Licensing \$894,400; Ancillary Services \$349,600 and Crime Victims Reparation Board \$1,139,400 (including a 1979 deficiency of \$125,000).

Of the appropriation for Criminal Apprehension \$171,000 each year is for grants to local officials for the cooperative investigation of cross jurisdictional criminal activity. The sum of \$50,000 each year is for the bureau of Criminal Apprehension to continue the in-service training for peace officers on a regional basis. Further, of the gross appropriation for criminal apprehension \$38,000 each year is for reimbursing political subdivisions for training police officers and firefighters in the conduct of arson investigations, and \$26,500 each year for the expenses of the Private Detective and Protective Agency Licensing Board.

Of the Fire Safety Appropriation, \$25,000 each year is for reimbursing political subdivisions who enter into agreements to perform uniform fire code inspections.

With the funds provided in the State Patrol appropriation, the Commissioner may assign up to 11 pilots to the air patrolling of highways, and also operate the mobile truck weighing program on a 12 month basis.

Of the funds for Ancillary Services \$32,500 each year is for operations of the Civil Air Patrol.

Appropriations to the Office of the Attorney General total \$18,306,800 (including a 1979 deficiency of \$95,000) distributed as follows — \$17,704,400 for general operations and management, \$50,000 for a special contingent account, and \$552,400 (\$268,800 and \$283,600 for fiscal years 1980 and 1981 respectively) for costs and expenses incurred in enforcing and making claims under state and federal anti-trust laws.

Appropriations to the Department of Commerce total \$10,493,300 for the current biennium, up \$1,157,073 from the sum available for the 1977-79 biennium. Of the total, \$3,642,800 is for supervision of state chartered financial institutions; \$1,447,200 for investment protection; \$1,176,600 for consumer services; \$2,658,200 for regulation of insurance companies, and \$1,568,500 for general support.

The Crime Control Planning Board received state appropriations totaling \$1,571,800 for the 1979-81 biennium. These funds cover planning, research and evaluation; administration, and law enforcement assistance.

The Department of Labor and Industry received appropriations totaling \$10,648,200 for the 1979-81 biennium. The appropriation covers five segments and in amounts as follows — employment standards \$1,212,600; Workers' Compensation \$5,442,800; code enforcement \$1,208,400; OSHA \$1,646,200, and general support \$1,138,200. Of the Workers' Compensation appropriation, \$200,000 each year is for payment of peace officer survivor benefits.

Other departments and agencies in the protection to persons and property category include the Department of Human Rights \$1,827,400; the Department of Military Affairs \$7,293,400; the Bureau of Mediation Services \$1,530,300; the non-health related examining boards \$6,123,300; and the Livestock Sanitary Board \$2,385,500.

Minimum Wage Increased

Chapter 281 increases the state minimum wage for employees 18 years of age or older to \$2.90/hour beginning January 1, 1980, to \$3.10/hour beginning January 1, 1981, and to \$3.35/hour beginning January 1, 1982. The state minimum wage for employees under age 18 is increased to \$2.61/hour in 1980, to \$2.79/hour in 1981, and to \$3.02/hour in 1982.

Building Mover Regulations

Chapter 111 requires the Commission and Department of Transportation regulation over building movers. Licensing fee is to be established by the Department of Transportation and proceeds credited to the State General Fund.

NATURAL RESOURCES

Appropriations by the 1979 Legislature for development and conservation of the state's natural resources total \$154,789,400, up \$725,180 from the 1977-79 biennium. Appropriations to the Department of Natural Resources alone — directly or through the Natural Resources Acceleration Account — amount to \$118,071,600.

The sum of \$30,653,200 was provided in the Natural Resources Acceleration Account for the acquisition and development of natural resources. Included is \$449,800 to the Legislative Commission on Minnesota Resources, \$8,998,400 to the State Planning Agency, \$13,703,000 to the Department of Natural Resources, \$288,000 to the Water Planning Board, \$1,286,300 to the Pollution Control Agency, \$393,400 to the Energy Agency, \$2,959,800 to the University of Minnesota, \$150,000 to the Minnesota Historical Society, \$24,500 to the Department of Health, \$400,000 to the Department of Transportation, and \$2,000,000 from the Natural Resources Federal Reimbursement Account (with the proviso that at least \$1,000,000 of this last appropriation be used only for forestry matters deemed necessary by the Legislative Commission on Minnesota Resources).

Open Space and Recreation

The 1979 Legislature authorized the sale of \$48,062,500 in state bonds — to be allocated as follows:

- ... \$27,000,000 to pay the cost of acquisition and betterment by the Metropolitan Council and local governmental units of regional open space.
- ... \$2,550,000 for the acquisition and betterment of certain public outdoor recreational lands for state trails.
- ... \$1,105,000 for the betterment of public lands and improvements needed for skiing, hiking and bicycling within certain state parks and recreation areas.
- ... \$2,000,000 for acquisition of state forests.
- ... \$180,000 for betterments of state forests, with priority to be given to the Richard J. Dorer Memorial Hardwood Forest.
- ... \$1,008,000 for acquisition of fishing management lands including riparian rights.
- ... \$4,000,000 for acquisition of certain wildlife management areas.
- ... \$500,000 for betterment of such wildlife management areas.
- ... \$538,000 for acquisition of certain natural and scientific areas.
- ... \$2,081,500 for staff and independent professional services.
- ... \$1,500,000 for acquisition of lands to provide access for public to public waters outside the seven county metropolitan area.
- ... \$1,000,000 for development and improvement of lands, owned by the state or any of its subdivisions, which give the public free access to and use of public waters outside the seven county metropolitan area.
- ... \$1,000,000 for bicycle trails primarily on existing road rights of way.
- ... \$2,000,000 for local bicycle trail grants.
- ... \$1,000,000 for grants for acquisition of parks and trails located within standard metropolitan statistical areas, but outside the Minneapolis-St. Paul area.
- ... \$600,000 for grants for betterment of parks, trails, conservatories, zoos, and other special use facilities.

In addition, the sum of \$580,000 was appropriated from the game and fish fund for payments to counties for land used for public hunting and game refuges. Also, \$60,000 was appropriated from the General Fund for administration of Open Space and Recreation Act (Chap. 301).

AGRICULTURE

Appropriations to the Department of Agriculture and to the agricultural societies and associations total \$51,405,100, up \$1,895,534 from the \$49,509,766 available for the 1977-79 biennium. The \$49,074,100 to the Department of Agriculture for the 1979-81 biennium is divided between three segments as follows: developmental and protection of agricultural resources \$40,126,800; food and family farm protection \$6,404,200; and general support \$2,543,100.

In the appropriation for the development and protection of agricultural resources, there is \$12,500,000 each year for

continuation of the shade tree disease program. Also, in the food and family farm protection program there is provision for interest payment adjustments to the family farm security activity totaling \$2,400,000 — \$800,000 in fiscal year 1980 and \$1,600,000 in fiscal 1981 to cover outstanding loans of \$20,000,000 and \$40,000,000 respectively at an interest rate of 4 percent.

The agricultural societies and associations for which funds were provided by the 1979 Legislature include: aid to the Northeastern Minnesota Junior Livestock Show Association \$2,800; aid to Minnesota Livestock Breeders Association \$28,400; aid to Northern Sheep Growers Association \$2,250; aid to Southern Sheep Growers Association of LeSueur, Mn., \$1,000; Red River Valley Livestock Association \$15,000; Red River Valley Dairymen's Association \$3,000; aid to county and district agricultural societies \$640,000; and aid in payment of premiums at exhibitions of poultry for certain poultry associations \$7,000. The two year total of appropriations to these societies and associations is \$699,450.

H. Legislative

State appropriations to the legislative branch of state government total \$45,310,500 for the 1979-81 biennium, or one-half of one percent (.0050) of estimated state spending, exclusive of federal funds. For the 1979-81 biennium the appropriations are up \$10,471,694, or 30.0 percent over the 1977-79 fiscal period.

Specifically for the legislature — for the House of Representatives and for the Senate — the sum of \$34,578,600 was provided. Legislators' salaries and insurance benefits represent 22.9 percent of this total, and eight-one hundredths (.0008) of one percent of the estimated total state spending. Most of the balance is for salaries of legislative staff, travel and per diem expense of legislative members, printing of bills and Senate and House Journals, and miscellaneous expenses.

The Legislative Coordinating Commission received \$3,988,400 for the 1979-81 biennium which sum covers the following four segments — Legislative Reference Library \$747,700, Revisor of Statutes \$2,808,900, joint legislative committee on solid and hazardous waste \$279,000, and Advisory Council on Economic Status of Women \$153,800.

The Legislative Commission on Pensions and Retirement was continued with appropriations totaling \$248,200 for the biennium, as was the Legislative Commission to Review Administrative Rules which received \$108,000. The Legislative Audit Commission received \$3,824,800 of which the Legislative Auditor is to receive \$3,794,800 during the biennium. The Mississippi River Parkway Commission was granted \$40,000 from the Trunk Highway Fund, and the Joint Legislative Committee on Science and Technology \$224,700 from the General Fund.

A Legislative Commission on Employee Relations was created consisting of six members of the Senate and six members of the House of Representatives. The Commission is "to study, clarify and change the laws relating to civil service and public employee labor relations in order to preserve equity in public employment wages, promote employee morale, expedite labor negotiations, and promote efficient management in state civil service." The sum of \$200,000 was made available for the biennium — \$100,000 to the Legislative Commission on Employee Relations and \$100,000 to the commissioner of finance for the preparation of a plan for the reduction through attrition of the state labor force (Chap. 332).

Activate Standing Committees

All Senate standing committees have been activated for the interim between the annual sessions. The standing committees are — Agriculture and Natural Resources; Commerce; Education; Elections; Employment; Energy and Housing; Finance;

General Legislation and Administrative Rules; Governmental Operations; Health, Welfare and Corrections; Judiciary; Local Government; Rules and Administration; Tax and Tax Laws; Transportation; and Veterans' Affairs.

All House standing committees are being continued during the recess between annual sessions. The standing committees are — Agriculture; Appropriations; Commerce, Economic Development and Housing; Criminal Justice; Education; Energy and Utilities; Environment and Natural Resources; Financial Institutions and Insurance; General Legislation and Veterans' Affairs; Governmental Operations; Health and Welfare; Judiciary; Labor-Management Relations; Local and Urban Affairs; Rules and Legislative Administration; Taxes; and Transportation.

Necessary committee and subcommittee expenses were provided for in the appropriations made to the Legislature.

Commissions and Committees

Legislative commissions and committees, many of which are permanent, will be operating during the interim between legislative sessions.

- ... Administrative Rules, Review
- ... Agricultural Land Preservation¹
- ... Capitol Area Space and Land Use, House and Senate ad hoc committee to work with Department of Administration
- ... Economic Status of Women, Advisory Council
- ... Employee Relations¹
- ... Ethical Conduct, Senate Special Committee
- ... Financing of Correctional Services and the Community Corrections Act in Minnesota¹
- ... Government of City of Minneapolis, Examine Structure¹
- ... Indian Affairs, Intertribal Board
- ... Iron Range Resources and Rehabilitation Board
- ... Legislative Advisory Committee¹
- ... Legislative Audit Commission¹
- ... Legislative Coordinating Commission¹
- ... Minnesota Resources¹
- ... Mississippi River Parkway Commission
- ... Pensions and Retirement¹
- ... Science and Technology, Subcommittee, Legislative Coordinating Committee¹
- ... Solid and Hazardous Waste¹
- ... Tax Study Commission¹
- ... Voyageurs National Park
- ... Workers Compensation State Fund, Legislative Study Commission¹

¹Joint Legislative Committee or Commission

The Legislature also authorized continued membership in specific inter-state commissions.

- ... Education Commission of the States
- ... Great Lakes Commission
- ... Interstate Cooperation Commission
- ... Midwestern Education Board
- ... Minnesota-Wisconsin Boundary Area Commission

Statistics of the 71st Legislature

	<u>1979 Session</u>	<u>1979 Special Session</u>
Bills Introduced – House	1643	1
Bills Introduced – Senate	1600	3
Bills Enacted into Law	340	3
Bills Vetoed by Governor	5	
Vetoes Over-riden	-0-	
Resolutions Passed	3	

Legislative Periods:

Constitutional Limitation – 120 Days

1979 Session

Convened – January 3, 1979

Adjournment – May 21, 1979

Session Days – 59

1979 Special Session

Convened – May 24, 1979

Adjourned – May 24, 1979

1980 Session

Will convene – January 22, 1980 (Definite Date)

Session Days Available – 61

I. Judicial

State appropriations to the Judicial branch of state government total \$34,924,600, up \$17,913,200 from the \$17,011,400 provided for the 1977-79 biennium.

Appropriations by the 1979 Legislature to the Supreme Court total \$8,636,600 for the 1979-81 biennium and embrace four segments – Supreme Court (for general operation and management) \$5,201,800; Judicial Council \$788,500; State Court Administrator \$2,015,200; and State Law Library \$631,100. Of the funds provided the Judicial Council \$340,000 each year is to be distributed to five programs in the state to assist in the provision of criminal and juvenile defense to indigent individuals.

Appropriations to the State Courts amount to \$20,945,000 and are divided as follows – for District and County Court Judges \$20,116,600, and for District Court Administrators \$828,400.

The appropriation for District and County Court Judges was increased substantially over that of the 1977-79 biennium with the assumption, by the state, of the salary and fringe benefit liability for approximately 140 judges of the county, municipal, and probate courts. These additions to the state payroll plus the district and supreme court judges were all granted salary increases.

The Board on Judicial Standards is to receive \$208,000 for the biennium, and the Public Defender \$1,387,000 divided among three activities as follows – Public Defender Operations \$1,030,000; Legal Assistance to Minnesota Prisoners \$219,400; and Legal Advocacy Project \$137,600.

The Tax Court of Appeals was granted \$508,200 for the 1979-81 biennium – completing the appropriations made to the Judicial Branch of government.

J. Miscellaneous

Miscellaneous appropriations total \$869,749,137 for the 1979-81 biennium, up \$292,248,167 from the 1977-79 biennium.

The major expenditure items, which also account for a large portion of the biennial increase, are the income tax refunds – estimated at \$529,339,300 for individuals and \$50,000,000 for corporations. The estimated low income (working poor) tax credit was increased from \$29,400,000 in 1977-79 to \$53,493,600 for the 1979-81 biennium.

To cover a portion of the cost of the Economic Package for state employees, the estimated sum of \$133,532,500 was provided as an open appropriation to cover salary and cost-of-living adjustments, and increased health and dental insurance costs during the 1979-81 biennium. Of this total, \$99,808,800 is allocable to the General Fund and the remaining balance of \$33,723,700 is chargeable to other state funds. In addition,

\$50,416,200 was provided in the direct appropriations to the community colleges, the state universities, and to the University of Minnesota for similar salary and fringe benefits for academic and supervisory personnel.

A new contingency fund of \$9,200,000 was made available to cover any further increase in the costs of fuel and utilities for state operations.

The Taconite Environmental Protection Fund should receive an estimated \$33,623,842 during the 1979-81 biennium (up \$17,149,788 from the 1977-79 period), in the apportionment of revenues from the production tax on taconite.

The Northeast Minnesota Economic Protection Fund should receive a similar apportionment estimated at \$16,811,920 for 1979-81 – an increase of \$8,578,893 over the 1977-79 distribution.

IV. RETIREMENT PROGRAMS

Employer contributions to the retirement benefit programs of state and local public employees in Minnesota during the current biennium will reach an estimated \$552,691,300, an increase of \$131,747,706¹ over the 1977-79 biennium.

Of the total, approximately \$397,191,300 is made available by legislative enactments; an estimated \$155,500,000 will come from local units of government.

The major item among the state appropriations is the estimated \$291,435,700 that will go to the State Teachers Retirement Association and to separate teacher retirement groups in Minneapolis, St. Paul and Duluth.

Most of the balance of the state contributions — \$105,755,600 — intended for retirement benefits for state employees, Supreme and District Court judges and legislators (employer contribution) — is included in departmental budgets as part of normal payroll costs.

Minnesota State Retirement System

Membership in the Minnesota State Retirement System (MSRS) is composed, generally, of employees or officers in the classified and unclassified service of the state. Employees of most of the metropolitan quasi-state activities, such as the State Fair, Historical Society and others, plus the non-faculty employees at the University of Minnesota are members of the system. MSRS administers three retirement funds — the State Employees' Retirement Fund, the Highway Patrolmen's Retirement Fund and the Judges' Retirement Fund — plus seven retirement plans or accounts.

The employer matching contributions by the state for the general state employee plan (four percent matching plus two percent for the past service accrued liability) are estimated at \$81,760,000 for the 1979-81 biennium.

Retirement and disability benefits are based upon the employee's highest five successive years of covered salary. To compute an employee's annuity, the retirement service credit is converted to a percentage using the following formula:

General Plan:

- 1 percent per year for the first 10 years;
- 1½ percent for each year of service over 10.

Correctional Plan and Highway Patrol Plan:

- 2½ percent per year for the first 20;
- 2 percent per year over 20.

Judges, Legislators, and Elective Officers:

- 2½ percent per year of service

The resulting percentage is then applied to the average of the five highest successive years of salary (salary for high five years divided by 60). This procedure determines the amount of monthly benefit payable at normal retirement age. Benefits payable prior to normal retirement are reduced. Normal retirement and early retirement age and service requirements are as follows:

	<u>Normal</u>	<u>Early</u>
General Plan	30 years age 62 10 years age 65	20 years age 58 10 years age 62
Correctional and Highway Patrol	10 years age 55	None
Elective Officers and Legislators	6 years age 62	6 years age 60
Judges	10 years age 65	10 years age 62

State employees including correctional employees and judges are covered by social security and are under the coordinated plan. Highway patrolmen, legislators and elective officers are not covered by social security and are under a basic retirement plan only.

The unclassified employees plan is a defined contribution plan in which the contributions and general retirement requirements are the same as the general employee plan, but the

¹The Minneapolis Municipal Employees' Retirement Fund is a new item in the computations for 1979-81 and alone accounts for \$42,727,900 of the biennium increase.

benefit is based solely on the age of the participant and the monies to his credit.

The contribution rates by employee and employer are as follows:

	<u>Employee</u>	<u>Employer</u>
General Plan	4%	4% plus 2%
Correctional Plan	6%	9% plus 5%
Highway Patrol Plan	7%	12% plus 9%
Legislators and Elective Officers	9%	As needed for payment of benefits

The mandatory retirement age for most state employees is age 70. Employees with 30 years of service may retire at age 62 with full benefits.

A separate Correctional Employees Retirement Plan is in effect for certain employees having direct inmate contact. Participants in this plan have a conditional age 55 mandatory retirement age, with possible annual extensions beyond that age based on the medically determined physical and mental ability to perform their employment duties.

Chapter 293 authorizes an appropriation of \$2,893,845 to the MSRS Employees' Fund to finance a post-retirement adjustment to pre-July 1, 1973 retirees. The increase is a two time lump sum bonus of \$15 per year of service credit, payable December 1, 1979 and December 1, 1980.

Chapter 293 also authorizes an appropriation of \$129,661 to the Highway Patrolmen's Retirement Fund to finance a similar post-retirement adjustment to pre-July 1, 1973 retirees.

Change in Statutory Amortization Target Date

Chapter 184 revises the statutory amortization target date contained in the general actuarial reporting law by replacing the former 1997 date with a June 1, 2009 date. Along with this change, a method was provided to revise the target date in the event of a change in actuarial assumptions or a revision of a plan.

Membership in the Public Employees Retirement Association

PERA consists largely of elected officials (for whom membership is optional), appointed officers and employees, other than teachers, of governmental subdivisions. Also included in membership are district court reporters, employees of the League of Cities, and officers and employees of public hospitals owned or operated by any governmental subdivision.

Employees of the city of Minneapolis and non-teaching employees of the Minneapolis school district who were hired prior to July 1, 1978 and who do not have Social Security coverage are not included as members of PERA since they are covered by the Minneapolis Municipal Employees Retirement Fund. Police officers and firefighters employed by one of the 29 cities in the state having a local police or salaried firefighters relief association also are not included as members of PERA.

Employer contributions by local units of government are estimated at \$119,000,000 for the 1979-81 biennium.

PERA manages three funds — a basic fund, a coordinated fund, and a police and fire fund. The coordinated fund includes employees covered by an agreement made between the State and the Secretary of Health, Education and Welfare making the provision of the Federal Old Age, Survivors and Disability Insurance Act applicable to such members.

The contribution rate of both the employer and employee is 8 percent for those employees under the basic fund and 4 percent for those under the coordinated fund, in addition to matching the employee's contribution, the employer (the local governmental subdivision) pays 2½ percent under the basic plan, and 1½ percent under the coordinated plan. The employee contribution rate under the police and fire fund is 8 percent, and the employer contribution is 12 percent.

Annuities are based on the average annual salary paid the employee during his highest five successive salary years.

Under the basic fund the pension is 2 percent of such average salary for each of the first 10 years of service and 2.5 percent for each year of service thereafter. Under the coordinated fund, the pension is 1 percent of such average salary for each of the first 10 years of service and 1.5 percent for each year of service thereafter. Under the police and fire fund, the pension is 2.5 percent of such average salary for each of the first 20 years of service and 2.0 percent for each year of service thereafter. In general, the annuity computations for the Public Employees Retirement Association are identical to those under MSRS.

The Minneapolis Municipal Employees' Retirement Fund is the only locally administered fund for municipal employees in the State of Minnesota. All other municipal employees are covered by PERA.

The fund also was one of the few municipal employee funds in the country which was not participating in the Social Security Program. The 1977 Legislature provided an option for MERF employees to join in a coordinated plan with Social Security. A relatively small number of employees did so. Effective July 1, 1978 all new employees were placed in the Coordinated Plan with Social Security coverage. The 1979 Legislature transferred all those employees who were under the coordinated plan into PERA effective August 1, 1979. All new Minneapolis municipal employees will go into PERA. Now only those persons having basic coverage remain in MERF.

MERF is administered by a seven member Retirement Board — three elected officials of the City of Minneapolis, and four employee representatives elected by members of the Minneapolis Employees Retirement Association.

The Board manages the Fund's investments, with one important exception. Since 1969, the State has required that MERF transfer the full value of retirements as they occur to the State Board of Investment — Minnesota Adjustable Fixed Benefit Fund. The State invests these funds and assumes liability for payment of all future benefits to retirees.

A MERF employee may retire with full benefits at age 60 with 10 years of service, or at any age with 30 years of service. The retirement benefit is based on the average of the five highest salary years of the last ten years of service. The actual payment is calculated as follows: 2% of Final Average Salary (FAS) for each of the first 10 years of service and 2.5% of FAS for each year over 10. This results in a benefit payment equal to 70% of the FAS of an employee who has worked 30 years.

The City of Minneapolis contributes a larger percentage of payroll than do municipal employees to cover the normal cost of retirements. The City (of Minneapolis) contributes 10.85 percent for normal costs, plus 11.95 percent for unfunded liabilities — a total of 22.8 percent of payroll costs. At present, the employee contribution is 8 percent, which will be increased to 8.78 percent effective January 1, 1980 and to 9.78 percent effective January 1, 1981.

The estimated cost to the City for the 1979-81 biennium is \$36,500,000. The estimated state support for the two-year period is \$5,600,000 provided under open appropriation authority.

Teachers' Retirement Association

Membership in the Teachers' Retirement Association (TRA) consists principally of persons who have served or are serving as teachers, supervisors and other professional personnel in the public schools located outside the cities of the first class, or in any charitable or state institutions supported in whole or in part, by public funds. Membership also is extended to like employees of the State Universities and Community Colleges. Also included are former members of TRA currently employed by a teacher organization. Employees classified as teachers at the University of Minnesota are outside TRA since they have their own retirement program.

Employees classified as teachers who are employed by one of the first class city school districts are not included as

members of TRA since they are covered by either the Duluth Teachers Retirement Fund Association, the Minneapolis Teachers Retirement Fund Association or the St. Paul Teachers Retirement Fund Association.

Annuities are based on the use of the average annual salary for the five highest successive years.

Retirement service credit is determined using the following percentage:

	Basic System	Coordinated System
Each year of service during first 10	2.0%	1.0%
Each year of service thereafter	2.5%	1.5%

The resulting total percentage applied to the average annual salary for the five highest successive years produces the annuity payable at age 65.

Teachers with 30 years of allowable service may retire at age 62 with full benefits. Member contributions are 8.5 percent (previously 8 percent) of salary in the basic system, and 4.5 percent (previously 4 percent) of salary in the coordinated system. In addition to matching the employee contribution, the employer (State of Minnesota) pays 3.05 percent (previously 3 percent) under each system to amortize the deficit in the fund. The estimated state cost of these percentage changes is \$12,502,000 for the 1979-81 biennium.

The 1979 Legislature passed Chapter 293 providing for two lump sum payments for all retirees, disabilitants and surviving spouses in various retirement systems whose benefits were determined by laws in effect prior to July 1, 1973. TRA will receive approximately \$3,169,648 to cover those post-retirement adjustments.

The estimated state liability for pensions — prior to the 1979 legislative changes — was \$138,576,000, and for social security coverage by the state \$105,350,000 — making a total of \$243,926,000 for the 1979-81 biennium. With the addition of the aforementioned supplements (\$12,520,000 and \$3,169,648) the total state liability for teachers — statewide — amounts to \$259,615,648.

SUMMARY EMPLOYER RETIREMENT CONTRIBUTIONS (Direct and Estimated Open Appropriation Amounts)

By the State	1977	1979
	Legislature	Legislature
Minnesota State Retirement System	\$61,400,000	\$ 81,760,000
Teacher Retirement Association		
Statewide	201,274,109	256,446,000
Cities of the First Class	32,000,000	34,989,700
Part-time Teacher Benefits	3,000,000	—
Deficit Amortization	10,000,000	—
Supplemental Retirement Benefits		
For certain State Universities and		
Community College Personnel	2,625,000	2,675,000
For Certain employees in:		
MSRS	162,000	2,893,845
PERA	139,800	4,576,185
TRA	13,000	3,169,648
Public Employees, Police and		
Fire Fund	—	202,761
Highway Patrolmen's Retirement		
Fund	6,000,000	129,661
Elected State Officers'		
Retirement Programs	118,278	188,600
Legislative Retirements	1,075,611	998,000
Special Retirement Accounts		
For District Court Judges and		
their surviving spouses	1,400,000	2,934,000
Judges' Retirement Fund	1,735,796	
Minneapolis Municipal Employees		
Retirement Fund	—	6,227,900
Total State Contributions	\$320,943,594	\$397,191,300
By Local Units of Government		
For Public Employees		
Retirement Association	\$100,000,000	\$119,000,000
For Minneapolis Municipal Employees		
Retirement Fund	— 0 —	36,500,000
Total Local Contributions	\$100,000,000	\$155,500,000
Total Amounts	\$420,943,594	\$552,691,300

V. STATE BORROWING AND DEBT

The 1979 Legislature authorized the issuance and sale of \$198,349,550 in general obligation bonds, the proceeds of which are for capital outlay and other purposes. In addition, the Higher Education Coordinating Board was authorized to issue an additional \$75,000,000 in revenue bonds for student loans (bringing the total to \$200,000,000), and the Housing Finance Agency was given authority to increase its maximum bonding by \$650,000,000 to a grand total of \$1,550,000,000 for rehabilitation, single family housing and multifamily housing loans.

State Building Program

For State building purposes, the 1979 Legislature authorized the sale of \$74,514,200 of general obligation bonds (Chap. 338).

Major items include:

- ... At the University of Minnesota — \$15,823,000 to construct a civil and mineral engineering building, \$160,000 to plan an addition to the Business Administration Tower, \$118,000 to develop a women's softball facility, and \$5,700,000 to continue heating plant conversion and renovation — all on the Minneapolis campus. The sum of \$22,678,000 was provided for the St. Paul Campus including \$7,093,000 to construct a vocational technical education building, \$13,600,000 to construct a veterinary medicine hospital addition and remodel existing facilities, and \$1,985,000 to construct a poultry research and teaching facility. The Duluth Campus is to receive \$3,320,000 to construct a business and economics building; the Crookston Campus \$3,426,000 for a physical education building, and outdoor recreation complex, and the Lake Itasca Forestry and Biological Station \$17,000 for a resident manager's house and office.
- ... To the Commissioner of Administration — \$10,477,700 with \$10,200,000 identified for construction of a new prison at Stillwater (Oak Park Heights), \$147,800 for essential renovations of the existing prison and \$129,900 to replace power cables to wall towers, and for roof repairs at the St. Cloud Reformatory.
- ... For the State Universities — \$6,221,000 with \$4,746,000 going to the St. Cloud Campus for construction of an addition to Halenbeck Hall, \$725,000 to correct structural defects at Trafton Science Center at the Mankato Campus, and \$750,000 for roof repairs throughout the system.
- ... To the Commissioner of Administration — \$2,000,000 for energy conservation projects having an estimated payback in energy savings in five years or less. In addition \$1,348,000 was provided for various projects (essentially repair and replacement) in the Capitol Complex Area; \$877,500 for three Natural Resource projects, the largest of which is \$587,500 to replace the water supply intake at the French River Hatchery; \$1,000,000 for an energy education center in connection with Independent School District No. 256 in Red Wing; \$783,000 to rehabilitate roofs at institutions under the control of the Commissioner of Public Welfare, plus \$225,000 for the preparation of a plan for the demolition or alternative use of obsolete buildings and working drawings for construction of a building (construction costs not to exceed \$4,200,000) for blind and multi-handicapped students on the campus of the Minnesota Braille and Sight Saving School at Faribault.

Repairs and Alterations

In addition to the bonding authorized for state buildings, the sum of \$2,344,600 was made available from current funds for necessary repairs and alterations of state facilities (Chap. 339).

Regional Open Spaces and Recreation

The 1979 Legislature also appropriated from the State Building Fund to the State Planning Agency, the Commissioner of Natural Resources, and the Commissioner of Transportation, the sum of \$48,062,500 in general obligation bonds (plus \$640,000 in current funds) for grants to units of government for the acquisition and betterment of public land and improvements (Chap. 301).

Funds have been authorized for the following purposes:

Regional Recreation Open Spaces	\$27,000,000
Acquisition and Betterment State Trails	2,550,000
Acquisition and Betterment of Public Lands, State Forests, Fish Management Lands, Wildlife Management Areas, and for Access to public waters	13,912,500
State and Local Bicycle Trails	3,000,000
Grants for Acquisition and Betterment of Parks, Trails, Conservatories, Zoos and other special use facilities	1,600,000
TOTAL BONDS	\$48,062,500

State Water Pollution Control Bonds

The 1979 Legislature increased the state water pollution control bonding authority from \$124,000,000 to 144,000,000, or so much as may be necessary "to provide grants to municipalities and agencies of the State for the acquisition and betterment of public land, buildings and improvements of a capital nature needed for the prevention, control, and abatement of water pollution" (Chap. 285).

Highway Bridges and Approaches

The 1979 Legislature authorized the issuance and sale of \$52,000,000 of Minnesota state transportation bonds (General Fund) to be disbursed over a four-year period in the form of grants to political subdivisions for construction and reconstruction of key bridges and highways, streets and roads under their jurisdiction. Not to exceed \$2,000,000 of the total authorized shall be available for grants for preliminary engineering and environmental studies (Chap. 280).

Dam Repair and Construction Grants

The 1979 Legislature authorized the appropriation of \$3,772,850 from the State Building Fund to the Commissioner of Natural Resources for grants-in-aid and loans for dam repair and reconstruction projects (Chap. 300).

Housing Finance Agency

Bonding limitations of the Housing Finance Agency were increased by \$650,000,000 — to a new maximum of \$1,550,000,000 — \$50,000,000 for rehabilitation loans, and \$600,000,000 for home loans. The bill also provides for an appropriation of \$42,500,000 from the General Fund to the Housing Development Fund to cover a variety of loans and grants to persons and families of low income (Chap. 327).

Student Loan Program

The Higher Education Coordinating Board was authorized to increase the bonding and loan-making authority of the board from \$125,000,000 to \$200,000,000 in revenue bonds (Chap. 238).

General Obligation Debt

<u>Payable from General Fund</u>	<u>Authorization Year — Chapter</u>	<u>Amount Outstanding June 30, 1979</u>
State Buildings, Capitol		
Improvements	'63 — 1	\$ 5,873,000
	'63 — 667	10,640,000
	'63 — 839	7,140,000
	'65 — 882	17,220,000
	x'67 — 8	34,774,000
	'69 — 1159	85,426,000
	'71 — 963	76,704,000
	'73 — 778	39,791,000
	'74 — 541	3,276,000
	'75 — 436	15,194,000
	'76 — 348	48,664,000
	'77 — 451	34,316,000
	'78 — 792	33,205,000
Vocational-Technical	'75 — 436	13,350,000
School Loans	'63 — 601	8,970,000
	'65 — 875	6,600,000
	'67 — 583	2,800,000
	'69 — 1056	17,100,000
State Universities	'69 — 1152	10,310,000
	'73 — 759	6,825,000
Pollution Control	x'71 — 20	25,788,000
	'73 — 771	17,963,000
	'75 — 354	15,000,000
Voyageurs National Park	'71 — 852	2,270,000
Zoological Gardens	'73 — 207	24,560,000
Vietnam Veterans' Bonus	'73 — 204	45,000,000
Natural Resources	'75 — 415	18,000,000
Transportation	'76 — 339	22,500,000
	'77 — 277	48,100,000
Parks — Recreation	'77 — 421	51,300,000
TOTAL		<u>\$748,659,000</u>
Payable from Dedicated Receipts		
Employment Security Building	'65 — 532	1,250,000
	x'67 — 8	180,000
Minnesota Aeronautics	'63 — 791	1,760,000
TOTAL		<u>\$ 3,190,000</u>
Payable from Motor Vehicle Taxes		
City of St. Paul	'59 — 538	\$ 2,340,000
Trunk Highway	'67 — 873	52,500,000
	'77 — 277	29,450,000
TOTAL		<u>\$ 84,290,000</u>
GRAND TOTAL		<u>\$836,139,000</u>

VI. THE TAX LAWS

The 1979 Legislature enacted tax relief totaling approximately \$703,900,000 for the 1979-81 biennium. The 1979 tax bill also provided for additional tax relief for years subsequent to the 1979-81 biennium.

Most of the tax relief was in two areas — the individual income tax and the property tax. Of the total dollar amount of tax relief provided for the 1979-81 biennium, 66 percent was for individual income tax and 26 percent was for the property tax. The property tax relief included increases in state aids to local units of government.

The inheritance tax was repealed and replaced by an estate tax which is applicable only to the larger estates. The gift tax was also repealed.

INCOME TAX

Of approximately \$469,500,000 in individual income tax relief, \$232,100,000 was for the indexing of taxable income brackets. Each year, beginning with the 1979 tax year, the taxable income brackets are expanded by 85 percent of the annual increase in the Minneapolis-St. Paul consumer price index. The theory behind indexing is to prevent a person from being taxed at a higher rate if his increase in income was due only to inflation.

The other major portion of individual income tax relief was delivered through increasing the personal and dependent credits by \$161,800,000 this biennium. Previously the credit was \$40 each for taxpayer, spouse and each dependent. An additional \$20 credit each was given if the taxpayer or spouse was age 65 or over, blind or deaf, or if a dependent was deaf. For the 1979 tax year the credit will be increased to \$55, and the additional credits for age 65 or over, blind or deaf will also be \$55, as well as extending the additional credit to blind dependents and to the quadriplegic. Beginning with the 1981 tax year the personal and dependent credits will be increased each year by the rate of inflation.

The maximum standard deduction was increased from \$1,000 to \$2,000 for the 1979 and 1980 tax years and will be increased by the rate of inflation in each subsequent year. The standard deduction rate remains at 10 percent of Minnesota adjusted gross income. In addition to allowing a larger standard deduction to those who were at the maximum, some taxpayers who now itemize their deductions will benefit by switching to the standard deduction. This provision will provide \$12,000,000 in tax relief for the 1979-81 biennium.

Tax relief of \$15,800,000 was directed at low income taxpayers by increasing the levels of income used to calculate the low income credit to offset the effects of inflation and to extend the credit to additional people. The total household income levels below which there is no tax liability were increased for 1979 and 1980 as follows:

Family Size	1978	1979 & 1980
1	\$4,800	\$ 5,500
2	5,800	7,000
3	6,900	8,000
4	7,800	8,900
5	8,400	9,600
6 or more	8,900	10,000

In each subsequent year, the income exclusion levels will be increased by the rate of inflation.

At incomes above these levels, the taxpayer uses the lower of the alternative tax, which is 15 percent of income above the exclusion level, or his regular tax without the low income credit.

Beginning with the 1980 tax year, the 17 percent tax

rate, which applies to taxable income over \$40,000 is repealed. The 16 percent rate will, therefore, be the highest rate and will apply to taxable income over \$27,500. The cost is \$6,100,000.

The 1979 Legislature provided additional tax relief to persons with certain types of income.

The calculation of the pension exclusion was modified to allow more pension income to be excluded in determining Minnesota taxable income, providing \$16,300,000 in tax relief. The offsets for social security and railroad retirement income were repealed, so they will no longer be used to reduce the exclusion. This change not only increases the amount of pension income excluded but also simplifies the calculation of the exclusion and removes the appearance of taxing social security and railroad retirement income. Also, the maximum amount of pension excluded was increased from \$7,200 to \$10,000. The maximum exclusion is reduced dollar for dollar by the amount of any federal adjusted gross income over \$17,000 (previously \$13,000).

The treatment of military income was restored to its status prior to the effect of the 1977 legislation. The Legislature reinstated the income exclusion of \$3,000 for military pay plus an additional \$2,000 for military service outside Minnesota. The \$140 National Guard credit which had been enacted in 1978 was repealed. The net cost was \$12,500,000.

The recently-enacted federal provision relating to the capital gains on the sale of homes was adopted at a cost of \$7,500,000. A person age 55 or over may exclude from his income up to \$100,000 from the gain on the sale of his residence, but he may use this provision only once.

Three other provisions relating to the definition of taxable income provided \$2,400,000 in tax relief to certain taxpayers. Severance pay received in certain situations can be treated as a lump sum distribution, using ten-year averaging, instead of being taxed as ordinary income. The deduction of out-of-state losses was expanded to include all losses except those defined as preference items. Out-of-state income of a trust or estate is no longer taxable to the trust or estate.

One new credit was enacted and three existing credits were expanded at a cost of \$3,000,000.

An energy credit was enacted, which is equal to 20 percent of the first \$10,000 of renewable energy source expenditures made by an individual taxpayer on a residential building of six or fewer units. Qualifying expenditures include those for solar and geothermal equipment which are eligible for the federal renewable energy credit, expenditures for earth sheltered dwelling units, biomass conversion equipment, and passive solar energy systems.

The expansion of credits included increasing the maximum political contribution credit from \$25 to \$50 for individuals and from \$50 to \$100 for married couples. The dependent care credit was updated to the federal law change which allows credit for payments made to relatives. The credit for income taxes paid to other states was expanded to allow a credit for taxes paid to a province or territory of Canada.

INHERITANCE, ESTATE AND GIFT TAX

Major changes were made by the 1979 Legislature in the areas of inheritance, estate and gift taxes to provide \$16,000,000 in tax relief and to simplify the calculation and administration of these taxes.

Beginning January 1, 1980, the inheritance tax is repealed and replaced by an estate tax. The gift tax is also repealed, effective January 1, 1980.

The estate tax will be based on federal gross estate with certain modifications and deductions. A general deduction of

\$200,000 is allowed to each estate. For the amount of the estate passing to a spouse, an additional deduction is allowed, equal to the greater of \$250,000 or 50 percent of the estate. The rates applicable to the taxable estate range from 7 percent to 12 percent.

Because the estate tax will apply only to the larger estates, it is estimated that no tax liability will be incurred by 90 to 95 percent of the estates that would have incurred a liability under the inheritance tax.

PROPERTY TAX

The 1979 tax bill provided nearly \$178,000,000 in property tax relief — \$107,400,000 through various credits and \$70,600,000 through aids to local units of government. The largest part of this relief was directed to homestead and agricultural property.

The concept of limited market value will be eliminated in two steps, half for taxes payable in 1980 and the remaining half for taxes payable in 1981. Limited market value limited the growth in value of homestead property, but was declared unconstitutional by the Tax Court. The effect of this change will increase the taxable value of homestead property.

In order to counteract this increase, and prevent a shift in the burden from business to residential and farm property, the Legislature reduced the classification ratios for residential and agricultural property and increased the amount of homestead credit.

Classification ratios are applied to the limited market value (soon to be estimated market value) to get the assessed value of the property. It is this value to which the local mill rate is applied. Classification ratios differ according to property type. The ratios were changed as follows:

	Payable 1979 (Present)	Payable 1980	Payable 1981 and thereafter
Agricultural Homestead			
Homestead Base Value,** and Homestead Resorts . . .	16%	12%	12%
Excess Value	30%	25%	22%
Non-Ag. Homestead			
Homestead Base Value** . .	20%	18%	17%
Excess Value	33-1/3%	30%	28%
Agricultural Non-Homestead And Seasonal Residential Recreational	30%	25%	22%
Non-Ag. Residential — less than 4 units	40%	32%	32%

*The maximum size of an agricultural homestead is increased from 160 to 240 acres.

**Homestead base value was increased from \$17,000 for payable 1979 to \$21,000 for payable 1980, indexed by a formula thereafter.

Homestead credit is increased for taxes payable 1980 from 45 percent to 50 percent of the property tax bill up to a maximum credit of \$550 (previously \$325). This credit is the portion of the gross property tax bill paid by the state. In 1981, the credit again increases to 55 percent of the homestead taxes up to a maximum of \$600.

Circuit breaker, the property tax credit tied to income, was increased to take into account homestead credit increases. That means circuit breaker maximums are increased to \$1,000. Co-insurance pays 50 percent of the property tax bill over the regular 100 percent maximum (\$650). Co-insurance benefits were expanded for homeowners under 65 from 35 percent to 50 percent to match the 50 percent benefit received by seniors and disabled.

Homestead credit and Circuit Breaker together will provide about \$85,000,000 in relief.

The renter credit portion of the circuit breaker was also revised. Beginning in 1980 the proportion of rent considered as property tax will go from 22 percent to 23 percent. This will give renters nearly \$18,000,000 additional relief.

The State School Agricultural Credit will increase from 15 to 17 mills on the homestead portion of agricultural land, effective for taxes payable in 1981. This aid will apply to the first 240 acres (as against the current 160 acres) of land. The agricultural credit is the state paid portion of the property tax bill for agricultural property and seasonal recreational residential property.

Owners of wetland property who agree not to drain the land will also receive two new tax benefits. The wetlands property will be exempt from taxation and a credit equal to .75 percent of the value of a tillable acre in the township for each acre of wetlands owned will be applied against the tax on the remainder of the property.

PROPERTY TAX RELIEF THROUGH LOCAL AIDS

The state will provide additional property tax relief by picking up an increased share of county welfare costs. State-paid portions of AFDC costs will increase from 60 percent to 70 percent in 1980 and 80 percent in 1981. The 50 percent state share of General Assistance will go to 60 percent in 1980 and 70 percent in 1981. Minnesota Supplemental Aid will increase from a 50 percent state share to 70 percent in 1980 and 80 percent in 1981.

The per capita amount of local government aid paid by the State is increased from its 1979 level of \$59 to \$64 for calendar year 1980 and \$70 for calendar year 1981. The new aid formula was adopted using municipal fiscal capacity as a determining factor for increased aid.

The state-required local levy for schools has been lowered from 27 to 23 mills.

The state will make an annual payment to the Minneapolis Municipal Employees Retirement Fund (MERF) to aid in reducing the unfunded liability.

County per capita aid is increased \$1 in 1980 and an additional \$1 in 1981. This payment excludes counties with cities of the first class — Hennepin, Ramsey and St. Louis.

Payments in lieu of property tax will be made by the state to counties containing Department of Natural Resources (DNR) or other state-owned natural resources land currently tax exempt. The state will pay \$3 an acre for DNR acquired natural resources land, 75¢ an acre for county-administered natural resources land, and 37½¢ an acre for DNR-administered natural resources land.

MISCELLANEOUS

The 5 percent gross earnings tax on railroads was eliminated and replaced with a property tax. There will be a 2-year transition period during which the companies will pay a 2 percent gross earnings tax. This will be compared to what the property tax would have been and adjustments will be made if the 2 percent was more or less than a property tax.

For businesses, a 5 percent pollution control equipment credit was reinstated. The maximum credit was increased from \$50,000 to \$75,000 and a four-year carry-forward of unused credit is provided.

The sales tax on residential water bills was repealed.

VII. STATISTICS

A. Comparison of Appropriations, 1977 and 1978, and 1979 Sessions

1. By Appropriation Measures

OMNIBUS APPROPRIATION BILLS

Direct appropriations in the Omnibus State Departments, Semi-State Activities, Health-Welfare-Corrections, School Aids, Education, Transportation, and Tax Bill enacted by the 1979 Legislature total \$5,493,566,588, up \$846,777,438 or 18.2 percent over the \$4,646,789,150 provided for the

1977-79 biennium by the 1977 and 1978 Legislatures. Federal funds are excluded in these comparisons.

A dollar comparison between bienniums, however, is not completely valid since some major items are not found in both fiscal periods.

Omnibus Appropriation Bills and Tax Bill (Direct Appropriations)	Legislatures	Legislature	(Increase — (Decrease))	
			Amount	Percent
State Departments (Chap. 333)	\$ 488,100,035	\$ 774,012,400 ¹	\$ 285,912,365	58.58
Semi-State Activities (Chap. 337)	15,722,883	20,026,900	4,304,017	27.37
Health-Welfare-Corrections (Chap. 336)	1,016,867,290	1,277,862,600	260,995,310	25.67
Education				
School Aids (Chap. 334)	1,772,303,580	1,966,618,300	194,314,720	10.96
Other than School Aids (Chap. 335)	694,353,890 ²	805,315,288 ²	110,961,398	15.98
Transportation (Chap. 1S.S.)	644,641,472 ³	649,076,100 ³	4,434,628	.69
Tax Bill (Chap. 303)	14,800,000	655,000	(14,145,000)	(95.8)
Total	\$4,646,789,150	\$5,493,566,588	\$ 846,777,438	18.22%

¹Duplicated appropriations totaling \$1,352,400 (Criminal Juvenile Defense Grants — \$680,000, Supreme Courts — Special Expense Account — \$7,400, and 911 Telephone System — \$665,000 have been excluded.

²Includes estimated trust fund earnings of \$5,000,000 in 1977-79 and \$5,000,000 in 1979-81.

³Omnibus Transportation Bill reports "Highway Development" account as funded from Trunk Highway Fund. Department of Transportation estimated that \$120,400,000 each year would come from federal reimbursements in the 1977-79 biennium, and \$137,420,000 and \$159,520,000 in fiscal years 1980 and 1981 respectively. Appropriation totals from state funds adjusted accordingly.

MISCELLANEOUS APPROPRIATION BILLS

Each session the legislature enacts several miscellaneous appropriation bills providing direct spending authority not included in the omnibus appropriation measures. Some of the appropriations are recurring items, such as miscellaneous claims, and the maintenance of State buildings. Some appropriations supplement items previously provided in an omnibus appropriation bill, or will become a continuing part of the State's service and be funded in one of the omnibus appropriation bills in succeeding legislative sessions. Some are for new activities which may or may not be continued beyond the 1979-81 biennium. Others are for activities which it is felt will not be continued beyond the current biennium and are classified as non-recurring.

The total of miscellaneous appropriations appears to have been dramatically decreased by \$201,433,282 — from \$316,447,356 in the 1977-79 biennium to \$115,014,074 for the current two-year period. However, the 1977-79 period included the sum of \$166,385,226 representing the conversion of several appropriations from an open to a direct appropriation status. Without this unusual instance the direct appropriation differences between the 1977-79 and 1979-81 bienniums is a reduction of \$35,048,056 — from \$150,062,130 in 1977-79 to \$115,014,074 in 1979-81.

<u>Recurring Items</u>	<u>1977 and 1978 Legislatures</u>	<u>1979 Legislature</u>	<u>Increase or (Decrease)</u>
Miscellaneous Claims (Chaps. 223 and 340)	\$ 235,247	\$ 195,574	(39,673)
Dutch Elm (Shade Tree) Disease Control	28,500,000	1	(28,500,000)
Youth Employment Program	6,000,000	2	(6,000,000)
Judges' Salaries	1,650,000	—	(1,650,000)
Energy Program (Chap. 2 SS)	582,000	13,750,000	13,168,000
Salary Bill — Executive, Legislative & Judicial	15,749,000	—	(15,749,000)
Housing Finance Agency (Chap. 327)	40,000,000	42,500,000	2,500,000
State Buildings (Current Maintenance)(Chap. 339)	13,887,148	2,344,600	(11,542,548)
Public Television	325,000	—	(325,000)
Soil and Water Conservation	3,000,000	—	(3,000,000)
Migratory Waterfowl Stamp	800,000	—	(800,000)
Crime Victims Reparations	150,000	—	(150,000)
Liability Insurance — Foster Boarding Homes	122,000	—	(122,000)
Water Resources Regulation	1,109,000	—	(1,109,000)
Native American Housing	4,000,000	—	(4,000,000)
Solid Waste Disposal	250,000	—	(250,000)
Dam Safety Act	450,000	—	(450,000)
Total	\$116,809,395	\$58,790,174	\$(58,019,221)
 <u>Major Appropriation Bills</u>			
Supplemental Appropriations — 1977 Session	\$ 8,000,000	—	(8,000,000)
 <u>New Activities</u>			
Bilingual Education Programs	\$ 550,000	—	(550,000)
Tax Court of Appeals	411,500	3	(411,500)
911 Emergency Telephone System	272,033	3	(272,033)
American Language and Culture Education Act	600,000	—	(600,000)
Crime Victims Crisis Center	250,000	—	(250,000)
Out-of-State Osteopathy and Optometry	217,000	—	(217,000)
Distribution of State Publications to County Libraries	30,616	—	(30,616)
Human Rights — Age Discrimination	100,000	—	(100,000)
Leave of Absence — World Athletic Competition	17,596	—	(17,596)
Graduate Training Family Practice — Mayo	48,000	—	(48,000)
Student Financial Aid (Part-time)	750,000	—	(750,000)
Office of Volunteer Services	200,000	—	(200,000)
Voter Registration (Sec. of State)	12,000	—	(12,000)
Reimbursing Volunteer Ambulance Attendants	225,000	—	(225,000)
Emergency Shelter for Battered Women	625,000	—	(625,000)
Displaced Homemakers	100,000	2	(100,000)
Department of Economic Security	150,000	—	(150,000)
Board of Peace Officer Standards and Training	205,000	—	(205,000)
Detached Worker Program	59,600	—	(59,600)

<u>New Activities (Continued)</u>	<u>1977 and 1978 Legislatures</u>	<u>1979 Legislature</u>	<u>Increase or (Decrease)</u>
Pre-School Health Screening Program	1,669,000	—	(1,669,000)
Uniform Fire Code	220,000	—	(220,000)
Consumer Interest	300,000	—	(300,000)
Campaign Financing	25,000	—	(25,000)
Spanish-Speaking Affairs	77,656	—	(77,656)
Open Appointments	5,000	—	(5,000)
Business Names	63,300	—	(63,300)
Care of Mentally Ill Inmates	10,000	—	(10,000)
Corporation Filings	30,000	—	(30,000)
Retirement Provisions	10,000	—	(10,000)
Criminal Sentencing Guidelines	200,000	—	(200,000)
Educational Aids for Children Attending Non-public Schools	100,000	—	(100,000)
Civil Service Testing	244,700	—	(244,700)
Family Planning	1,300,000	—	(1,300,000)
Grain Weighing	236,795	—	(236,795)
Career Guidance Program	65,000	—	(65,000)
Financial Reporting — Cities	50,000	—	(50,000)
Youth Intervention Programs	250,000	—	(250,000)
Substitutes for Teachers Assisting the Board of Teaching	25,900	—	(25,900)
For wells, soil and chemical analysis, geological and hydrological studies, well abandonment and laboratory testing	200,000	—	(200,000)
Increase Scholarships/Grants-in-Aids HECB (Chap. 238)	—	\$ 3,668,000	3,668,000
Private College Contract Program, HECB (Chap. 238)	—	475,000	475,000
Subsidized Adoptions, Dept. of Public Welfare (Chap. 256)	—	500,000	500,000
Board of Police Officers Standards Training, Regulating — Part-time Officers (Chap. 282)	—	10,000	10,000
Post-retirement Benefit Adjustment (Chap. 282)	—	11,600,000	11,600,000
Child Care Services (Chap. 307)	—	1,500,000	1,500,000
Annual Reports on State Finances (Chap. 314)	—	246,300	246,300
Community Social Service Planning Grants, and Mental Health Grants (Chap. 324)	—	2,300,000	2,300,000
State Board of Accountancy (Chap. 326)	—	66,000	66,000
Workers' Compensation (Chap. 3 SS)	—	1,213,600	1,213,600
Open Space and Recreation — Land Purchase and Administration of Act (Chap. 301)	—	640,000	640,000
Wage-Fringe Benefit Pkg., Legislative Comm. on Employee Relations (Chap. 332)	—	300,000	300,000
Total	<u>\$ 9,905,696</u>	<u>\$22,518,900</u>	<u>\$12,613,204</u>

1The sum of \$12,500,000 annually included in Omnibus State Department Bill to Department of Agriculture (development and protection of agricultural resources).

2Funds provided in Omnibus Welfare, Corrections and Health bill to Commissioner of Economic Security.

3Funds provided in Omnibus State Departments bill.

<u>Non-Recurring Items</u>	<u>1977 and 1978 Legislatures</u>	<u>1979 Legislature</u>	<u>Increase or (Decrease)</u>
Fire Fighting Deficiency	\$ 10,403,778	—	(10,403,778)
Amtrak Rail Service — Deficiency	339,051	—	(339,051)
Workers' Compensation Study Commission	10,000	—	(10,000)
Water Resources Regulation (Water Planning Bd.)	132,000	—	(132,000)
Vinland National Center	200,000	—	(200,000)
Educational TV-Northern Minnesota	440,000	—	(440,000)
Islands of Peace Park	150,000	—	(150,000)
Weather Modification	75,000	—	(75,000)
Motor Vehicle Registration	162,640	—	(162,640)
Abortion Bill	40,000	—	(40,000)
Veterans Nursing Home	1,688,870	—	(1,688,870)
Federal Disaster Assistance	37,000	—	(37,000)
Pilot Dental Health Program	415,000	—	(415,000)
Highway Patrol a/c Power Line Dispute	1,000,000	—	(1,000,000)
Planning for a new and remodeling of present educational residential facility for multiple handicapped students	123,700	—	(123,700)
To replace fire losses to raw materials at State Prison	80,000	—	(80,000)
To pay legal settlement awarded an inmate for damages in an industrial accident	50,000	—	(50,000)
Highway Development-Deficiency 1979 (Chap. 103)	—	33,500,000	33,500,000
Transit Operating Subsidies 1979 (Chap. 266)	—	205,000	205,000
Total	\$ 15,347,039	\$ 33,705,000	\$ 18,357,961

<u>Conversions of Open Appropriations to Direct Appropriations</u>	<u>1977 and 1978 Legislatures</u>	<u>1979 Legislature</u>	<u>Increase or (Decrease)</u>
Debt Service General	\$141,097,834	—	(141,097,834)
School Loans	8,219,019	—	(8,219,019)
Employment Security Bldg. Fund	487,608	—	(487,608)
All Other (Reciprocity payments — Higher Educ., Spec. Comp fund, Security Protection Governor and others, peace officers — survivor benefits, and emergency military forces)	16,580,765	—	(16,580,765)
Total	\$166,385,226	—	(166,385,226)
GRAND TOTAL	\$316,447,356	\$115,014,074	\$(201,433,282)

OPEN AND STANDING APPROPRIATIONS

Open and standing appropriations from state funds are estimated at \$3,338,373,116 for the 1979-81 biennium. Of this sum, \$2,953,601,302 will be financed from the general fund — an increase of \$715,049,456, or 31.9 percent, over the \$2,238,551,846 made by the 1977 and 1978 Legislatures

for such appropriations in the 1977-79 period. Of this increase \$248,444,300 was provided by the 1979 Legislature as a part of the tax relief measure. Other state funds to be expended under open appropriation authorities amount to \$384,771,814.

Open and Standing Appropriations Prior to 1979 Session Changes

<u>Aids and Credits</u>	<u>F.Y. 1980</u>	<u>F.Y. 1981</u>	<u>Biennium Total</u>
Property Tax Refund			
Homeowners — Senior Citizen and Disabled	\$ 48,000,000	\$ 51,500,000	\$ 99,500,000
Homeowners — Other	69,900,000	71,900,000	141,800,000
Renters — Senior Citizen and Disabled	28,100,000	30,400,000	58,500,000
Renters — Other	64,000,000	69,900,000	133,900,000
Low Income Credit	18,519,500	19,174,100	37,693,600
School Agricultural Credit	38,500,000	44,850,000	83,350,000
Aid to Local Government	224,897,500	224,557,800	449,455,300
Attached Machinery Aid	12,075,000	12,679,000	24,754,000
Homestead Credit	248,326,000	258,163,000	506,489,000
Inheritance Apportionment	3,851,400	4,018,000	7,869,400
Aid to Police and Fire	19,220,000	22,040,000	41,260,000
Non-Public School Aid	3,250,000	3,250,000	6,500,000
Total	<u>\$ 778,639,400</u>	<u>\$ 812,431,900</u>	<u>\$1,591,071,300</u>
<u>Other</u>			
Debt Service — New Authority	—	\$ 7,135,000	\$ 7,135,000
Executive Council — Emergency	\$ 2,000,000	2,000,000	4,000,000
EQC Power Plant Siting	800,000	800,000	1,600,000
Treasurer's Escheats	200,000	200,000	400,000
Weber Compensation	1,200	1,200	2,400
Total	<u>\$ 3,001,200</u>	<u>\$ 10,136,200</u>	<u>\$ 13,137,400</u>
<u>Retirements</u>			
Judges Retirement	\$ 1,464,000	\$ 1,470,000	\$ 2,934,000
Legislators Retirement	259,000	739,000	998,000
Constitutional Officers Retirement	94,300	94,300	188,600
Mn. State Retirement System	75,000	70,000	145,000
Teachers — Suppl.	4,000	3,000	7,000
Public Employees Retirement	52,400	43,400	95,800
Teachers/State and Community Colleges	1,325,000	1,350,000	2,675,000
Teachers/Cities 1st Class	16,000,000	17,100,000	33,100,000
Teachers Statewide	67,080,000	71,496,000	138,576,000
Teachers Social Security	46,500,000	58,850,000	105,350,000
Total	<u>\$ 132,853,700</u>	<u>\$ 151,215,700</u>	<u>\$ 284,069,400</u>

	<u>F.Y. 1980</u>	<u>F.Y. 1981</u>	<u>Biennium Total</u>
<u>Mining Apportionment</u>			
Property Tax Relief	\$ 15,671,000	\$ 17,229,000	\$ 32,900,000
Municipal Aid Fund	6,347,000	6,347,000	12,694,000
County Roads and Bridges	2,436,000	2,678,000	5,114,000
School Districts	14,964,000	14,964,000	29,928,000
Cities and Towns	1,290,000	1,290,000	2,580,000
County	9,432,000	10,372,000	19,804,000
Railroads	3,161,000	3,161,000	6,322,000
Iron Range Municipality and School Assn.	103,000	103,000	206,000
Iron Range Resources and Rehabilitation Board	2,800,600	2,800,500	5,601,100 ¹
Northeast Mn. Economic Protection Fund	7,564,000	9,247,900	16,811,900 ¹
Taconite Environmental Protection Fund	15,128,000	18,495,800	33,623,800 ¹
Total	\$ 78,896,600	\$ 86,688,200	\$ 165,584,800
<u>Revenue Refunds</u>			
Regular Income Tax Refunds	\$ 221,806,000	\$ 251,656,000	\$ 473,462,000
Corporate Income Tax Refunds	25,000,000	25,000,000	50,000,000
Sales Tax Refunds	3,377,000	3,678,000	7,055,000
Other Refunds	3,180,500	3,378,100	6,558,600
Total	\$ 253,363,500	\$ 283,712,100	\$ 537,075,600
<u>Summary</u>			
Aids and Credits	\$ 778,639,400	\$ 812,431,900	\$1,591,071,300
Other	3,001,200	10,136,200	13,137,400
Retirements	132,853,700	151,215,700	284,069,400
Mining Apportionment	78,896,600	86,688,200	165,584,800
Revenue Refunds	253,363,500	283,712,100	537,075,600
Total	\$1,246,754,400	\$1,344,184,100	\$2,590,938,500
<u>1979 Session Additions and Changes</u>			
Property Tax Refund			
Homeowners — Senior Citizen and Disabled	\$ (10,600,000)	\$ (11,400,000)	\$ (22,000,000)
Homeowners — Other	— 0 —	(2,800,000)	(2,800,000)
Renters — Senior Citizen and Disabled	2,700,000	3,100,000	5,800,000
Renters — Other	6,000,000	6,100,000	12,100,000
Low Income Credit Increases			
\$5,500 \$10,000 forgiveness levels, full indexing Jan. 1, 1981	8,300,000	7,500,000	15,800,000
Homestead Credit 50% to \$550 max., payable 1980; 55% to \$600 max., payable 1981	—	109,800,000	109,800,000
School Agricultural Credit	—	3,500,000	3,500,000
Aid to Local Government, \$64 per capita 1980, \$70 per capita 1981	4,800,000	24,700,000	29,500,000
Aid to Counties (New) — Aid	500,000	2,700,000	3,200,000
Teachers — Cities 1st Class (Retirements)	964,200	925,500	1,889,700 ²
Teachers — Statewide (Retirements)	5,719,000	6,801,000	12,520,000 ²
State Tax Apportionments — Aids	—	(1,233,000)	(1,233,000)
Income Maintenance (New) — Aids	5,600,000	18,000,000	23,600,000
Salary Supplement (New) — Other	34,049,400	65,759,400	99,808,800 ²
Wetlands Property Tax Reduction (New) — Other	—	1,000,000	1,000,000
Payments in lieu of DNR lands (New) — Other	4,700,000	4,000,000	8,700,000
Pension Reimbursement (New) Retirements (Mpls.)	1,100,000	4,500,000	5,600,000
Individual Income Tax Refunds	39,832,500	16,044,800	55,877,300
Net Total 1979 Session Changes	\$ 103,665,100	\$ 258,997,700	\$ 362,662,800
Total General Fund	\$1,350,419,500	\$1,603,181,800	\$2,953,601,302

¹Portion of distribution of mining taxes. For comparative purposes treated as open appropriations in "Fiscal Review" Department of Finance treats these three items as Transfers — Out of the General Fund.

²Changes not related to 1979 Tax Bill; balance of additions and changes (\$248,444,300) all related to the tax measure.

<u>Other State Funds</u>	<u>Biennium Total</u>
General — Dedicated	\$ 246,733,314
Special Revenue Funds	
Endowment School Fund	32,000,000
Iron Range Resources and Rehabilitation	33,345,800
Department of Education	606,200
Higher Education Coordinating Board	839,600
Economic Security	207,000
Department of Corrections	2,863,600
Other State Departments	18,799,900
Board Legal Education	91,800
Law Examiners	318,000
Board Professional Responsibility	407,800
Higher Education Facilities Authority	110,400
Minnesota Educational Computer Consortium	3,014,700
Debt Service	11,710,000
Salary Bill (Other than General)	
Special Revenue	1,496,200
Game and Fish	2,572,700
Trunk Highway	28,824,400
Highway User	830,400
Total Other State Funds	\$ 384,771,814
Total Open and Standing Appropriations	\$3,338,373,116

FEDERAL FUNDS

Federal funds, to supplement state moneys for various purposes, are expected to total \$1,920,546,500 for the 1979-81 biennium — up \$413,269,821, or 27.42 percent over a similar estimate for the 1977-79 biennium.

Transportation	\$ 327,081,300 ¹
Semi State Activities	1,355,800
Education Aids	230,300,600
Education — Other than Aids	46,868,100
Health-Welfare-Corrections	1,243,470,200
Other State Departments and Agencies	70,543,400
Legislature	15,600
Judicial (Supreme Court)	232,300
Minnesota Educational Computing Consortium	679,200
Total	\$1,920,546,500

¹Omnibus Transportation Bill reports "Highway Development" account as funded from Trunk Highway Fund. Department of Transportation estimates that \$137,420,000 and \$159,520,000 in fiscal years 1980 and 1981 respectively will come from federal reimbursements.

TOTAL SPENDING

Authorized expenditures by the state government during the 1979-81 biennium including both direct and open appropriations, but excluding those from federal funds and the proceeds from bond sales — are estimated at \$8,946,953,778. With the addition of \$1,920,546,500 in federal funds, the two year spending total becomes \$10,867,500,278.

	<u>Amount</u>	<u>Percent of total</u>
Omnibus Appropriation Bills	\$ 5,493,566,588	50.55
Miscellaneous Appropriation Bills	115,014,074	1.06
Open and Standing Appropriations	3,338,373,116	30.72
Total Spending — State Funds	\$ 8,946,953,778	82.33
Federal Funds	1,920,546,500	17.67
Total Spending — All Funds	\$10,867,500,278	100.00

SUMMARY OF DIRECT AND OPEN/STANDING APPROPRIATIONS — BY FUND — (Includes appropriations immediately available and 1979 deficiencies)

<u>Fund</u>	<u>APPROPRIATIONS</u>		
	<u>Direct</u>	<u>Open and Standing</u>	<u>Total</u>
General	\$4,848,902,887	\$2,953,601,302	\$7,803,504,189
Trunk Highway	434,025,175	28,824,400	462,849,575
Highway User	14,835,400	830,400	15,665,800
Game and Fish	33,307,400	2,572,700	35,880,100
State Parks Development	2,400,000	—	2,400,000
Wildlife Acquisition	1,230,000	—	1,230,000
State Airports	16,399,800	—	16,399,800
Consolidated Conservation	1,000,000	—	1,000,000
Permanent University Trust	5,000,000	—	5,000,000
County State Aid	188,450,000	—	188,450,000
Municipal State Aid	61,600,000	—	61,600,000
Endowment School	— 0 —	32,000,000	32,000,000
Employment Security	— 0 —	207,000	207,000
Miscellaneous Special	— 0 —	40,258,200	40,258,200
General Dedicated	— 0 —	246,733,314	246,733,314
Iron Range Resources and Rehab.	430,000	33,345,800	33,775,800
Total State Funds	\$5,608,580,662	\$3,338,373,116	\$8,946,953,778
Federal Funds	— 0 —	1,920,546,500	1,920,546,500
Grand Total	\$5,608,580,662	\$5,258,919,616	\$10,867,500,278

2. SUMMARY OF LEGISLATIVE APPROPRIATIONS — BY FUNCTION 1977, 1978, and 1979 SESSIONS

	1977-1978 Legislature	1979 Legislature	Increase (Decrease) Over Prior Biennium	Percent Increase (Decrease)
Property Tax Relief, Shared Taxes and Aids to Local Governments	\$ 1,782,516,674	\$ 2,236,667,300	\$ 454,150,626	25.48%
Education				
Department of Education	54,315,811	61,379,000	7,063,189	13.00%
School Aids	1,808,051,180	1,980,930,400	172,879,200	9.56
Special School Aids	8,032,500	27,940,500	19,908,000	247.84
State Community Colleges	64,944,527	73,731,557	8,787,030	13.53
State Universities	139,388,901	153,438,415	14,049,514	10.08
University of Minnesota	383,762,017	443,777,316	60,015,299	15.64
Higher Education Coordinating Board	80,240,904	94,455,700	14,214,796	17.72
Miscellaneous Education	12,530,000	12,316,700	(213,300)	(1.70)
Total Education	<u>\$ 2,551,265,840</u>	<u>\$ 2,847,969,588</u>	<u>\$ 296,703,748</u>	<u>11.63%</u>
Welfare, Corrections, and Health				
Department of Public Welfare	\$ 665,755,951	\$ 876,060,800	\$ 210,304,849	31.59%
Institutions	216,168,194	231,566,600	15,398,406	7.12
Other	4,920,786	4,309,000	(611,786)	(12.43)
Department of Corrections	39,015,005	47,427,600	8,412,595	21.56
Institutions	61,882,646	65,543,400	3,660,754	5.92
Department of Health	44,618,820	49,002,200	4,383,380	9.82
Department of Economic Security	19,481,416	33,424,800	13,943,384	71.57
Miscellaneous	1,242,472	1,437,200	194,728	15.67
Total Welfare, Corrections and Health	<u>\$ 1,053,085,290</u>	<u>\$ 1,308,771,600</u>	<u>\$ 255,686,310</u>	<u>24.28%</u>
Highways and Mass Transit				
Department of Transportation				
Policy and Planning and Technical and General Support	\$ 37,105,405	\$ 84,728,600	\$ 47,623,195	128.35%
Highways	542,558,697	530,291,700	(12,266,997)	(2.26)
Aeronautics	18,984,089	18,487,000	(497,089)	(2.62)
Public Transportation	46,244,332	48,560,600	2,316,268	5.01
Miscellaneous	6,554,718	1,273,800	(5,280,918)	(80.58)
Total Highways and Mass Transit	<u>\$ 651,447,241</u>	<u>\$ 683,341,700</u>	<u>\$ 31,894,459</u>	<u>4.90%</u>
Other Executive Branch Functions				
Governor and Lieutenant Governor	\$ 3,183,883	\$ 3,232,300	\$ 48,417	1.52%
General State Government	195,310,278	219,508,840	24,164,922	12.39
Protection to Persons and Property	151,727,476	172,235,600	20,508,124	13.52
Natural Resources	154,064,220	154,789,400	725,180	.47
Agriculture	49,509,766	51,405,100	1,895,334	3.83
Total Other Executive Branch Functions	<u>\$ 553,795,623</u>	<u>\$ 601,171,240</u>	<u>\$ 47,375,617</u>	<u>8.55%</u>
Legislative	\$ 34,838,806	\$ 45,310,500	\$ 10,471,694	30.06%
Judicial	17,011,400	34,924,600	17,913,200	105.30
Miscellaneous	577,500,970	869,749,136	292,248,167	50.61
Total	<u>\$ 7,221,461,844</u>	<u>\$ 8,627,905,664</u>	<u>\$ 1,406,443,820</u>	<u>19.47%</u>
Additional Open Appropriations (State)	\$ 279,437,714	\$ 319,048,114	\$ 39,610,400	14.17
Total State Funds	<u>\$ 7,500,899,558</u>	<u>\$ 8,946,953,778</u>	<u>\$ 1,446,054,220</u>	<u>19.27%</u>
Federal Funds	\$ 1,507,276,679	\$ 1,920,546,500	\$ 413,269,821	27.41
Grand Total	<u>\$ 9,008,176,237</u>	<u>\$10,867,500,278</u>	<u>\$ 1,859,324,041</u>	<u>20.64%</u>

<u>Property Tax Relief, Shared Taxes and Aid to Local Government</u>	<u>1977 - 1978 Legislatures</u>	<u>1979 Legislature</u>	<u>Increase (Decrease)</u>
Aid to Police and Fire Departments	\$ 33,001,000	\$ 41,260,000	\$ 8,259,000
Property Tax Relief			
Elimination of State Mill Levy			
Teacher Retirements			
Cities of First Class	32,000,000	34,989,700	2,989,700
Statewide	201,274,109	256,446,000	55,171,891
Debt Service	141,097,834	164,031,900	22,934,066
New Debt Service	16,179,097	7,135,000	(9,044,097)
State School Agricultural Credit			
School Districts	52,368,154	86,850,000	34,481,846
Other Taxing Districts	10,633,403	0	(10,633,403)
Homestead Credit			
School Districts	258,156,510	311,534,000	53,377,490
Other Taxing Districts	204,323,437	304,755,000	100,431,563
Attached Machinery			
School Districts	6,161,943	4,029,156	(2,132,787)
Other Taxing Districts	14,170,780	20,724,844	6,554,064
Property Tax Refund	361,700,000	426,800,000	65,100,000
Wetlands Property Tax Reduction	0	1,000,000	1,000,000
Payments in Lieu of Taxes - DNR Lands	0	8,700,000	8,700,000
Aids to Local Governments	382,918,630	478,955,300	96,036,670
Aids to Counties	0	3,200,000	3,200,000
Apportionments			
Inheritance	5,790,000	6,636,400	846,400
Taconite R.R.	1,278,479	0	(1,278,479)
Mining Apportionments			
Property Tax Relief	23,729,500	32,900,000	9,170,500
Municipal Aid	11,200,000	12,694,000	1,494,000
County Roads & Bridges	3,686,000	5,114,000	1,428,000
City & Towns	2,240,000	2,580,000	340,000
County	14,286,000	19,804,000	5,518,000
Railroads	6,321,798	6,322,000	202
Iron Range Municipality & School Assn.	0	206,000	206,000
	<u>\$1,782,516,674</u>	<u>\$2,236,667,300</u>	<u>\$ 454,150,626</u>

Education

Department of Education	\$ 41,500,984	\$ 44,543,400	\$ 3,042,416
Community Library Services	5,414,927	7,570,600	2,155,673
Early Childhood - CQE	1,708,000	3,417,000	1,709,000
Venture Fund Grants	0	1,550,000	1,550,000
Bilingual Education	550,000	400,000	(150,000)
Native American Education	600,000	998,000	398,000
Special Education Needs Assessment	15,000	0	(15,000)
Planning Evaluation & Review	200,000	0	(200,000)
Educational Planning Task Force	700,000	0	(700,000)
Circular Assessment - Energy	25,000	0	(25,000)
Inservice Training - Special Education Functions	1,500,000	0	(1,500,000)
Substitute Teacher Assistance	25,900	0	(25,900)
AVTI Handicapped Access	100,000	0	(100,000)
Repair & Rehabilitation - School for Deaf	41,000	0	(41,000)
Review Needs for Educ. Programs in State Hospitals	0	40,000	40,000
Pre-School Screening	1,935,000	2,860,000	925,000
School Aids			
Foundation	1,245,900,000	1,315,444,000	69,544,000
Summer School Deficiency	0	1,180,000	1,180,000
Transportation	153,125,000	181,740,000	28,615,000
Special Education	144,365,000	178,492,650	34,127,650
Special Education Deficiency	3,889,150	230,000	(3,659,150)
Post-Secondary Vocational Education			
Foundation	115,775,000	61,735,300	(54,039,700)
Categorical	15,313,000	4,500,000	(10,813,000)
Instructional	0	45,000,000	45,000,000
Supply	0	10,600,400	10,600,400
Support Services	0	18,706,800	18,706,800
Capital Expenditure	12,000,000	18,000,000	6,000,000
Debt Service	15,423,245	15,471,400	48,155
Deficit Payments	1,188,925	0	(1,188,925)
Contingent	0	500,000	500,000
Adult Vocational	9,950,000	13,279,100	3,329,100
Small Business Management Program	0	280,000	280,000
Veteran Farmer Coop Training	2,947,860	2,025,000	(922,860)

<u>Education (Continued)</u>	<u>1977 - 1978</u> <u>Legislatures</u>	<u>1979</u> <u>Legislature</u>	<u>Increase</u> <u>(Decrease)</u>
Secondary Vocational Education	\$ 32,200,000	\$ 43,872,800	\$ 11,672,800
Deficiency	0	1,700,000	1,700,000
Handicapped Students Program	0	4,257,500	4,257,500
Endowment School Apportionment	29,000,000	32,000,000	3,000,000
Taconite Apportionment	25,984,000	29,928,000	3,944,000
Educational Cooperative Service Units	990,000	1,987,450	997,450
Special School Aids			
Adult Education	1,194,000	1,860,000	666,000
Deficiency	0	186,000	186,000
G.E.D. Reimbursement	160,000	156,000	(4,000)
Community Education	3,300,000	6,750,000	3,450,000
Emergency	400,000	300,000	(100,000)
Capital Expenditures Equalization - Deficiency	860,000	361,900	(498,100)
Basic Skills	0	1,350,000	1,350,000
Abatement	0	7,312,500	7,312,500
School Lunch	0	7,082,800	7,082,800
Food Storage & Transportation	0	1,244,300	1,224,300
Gifted & Talented Students	0	1,200,000	1,200,000
Secondary Coop. Agreements	0	137,000	137,000
Gross Earnings	600,000	0	(600,000)
Eligible Teacher	172,500	0	(172,500)
Declining Valuation	240,000	0	(240,000)
Deficiency	320,000	0	(320,000)
Extraordinary Tax Delinquency	400,000	0	(400,000)
Deficiency	186,000	0	(186,000)
Career Study Centers - ISD 625	200,000	0	(200,000)
Early Retirement Incentives	0	2,779,800	2,779,800
Part-Time Teacher Benefits	3,000,000	0	(3,000,000)
Regional Management Information System			
Evaluation	0	100,000	100,000
Aid to Non-Public Schools	7,000,000	6,500,000	(500,000)
Aid to Non-Religious Non-Public Schools	90,000	0	(90,000)
Community Colleges			
Maintenance & Equipment	60,321,462	69,646,757	9,325,295
Occupational Program Development	300,000	300,000	0
Student Loans	175,000	140,000	(35,000)
Contingent	300,000	300,000	0
EDA Work Study	691,000	583,000	(108,000)
Repairs & Betterments	1,880,191	796,200	(1,083,991)
Learning Centers	90,000	450,600	360,600
Special Assessments	235,215	125,000	(110,215)
Supplemental Retirement Benefits	877,936	890,000	12,064
Building Bill - Repair & Rehabilitation	0	500,000	500,000
Workers' & Unemployment Compensation	73,723	0	(73,723)
State Universities			
Maintenance & Equipment	133,353,093	147,738,015	14,384,922
Contingent	750,000	750,000	0
Student Loans	350,000	350,000	0
EDA Workstudy	691,000	1,036,000	345,000
Repairs & Betterment	1,673,534	1,729,400	55,866
N. Minnesota Public T.V., Inc.	440,000	0	(440,000)
Supplemental Retirement Benefits	1,747,064	1,785,000	37,936
Building Bill - Repair & Rehabilitation	0	50,000	50,000
Workers' & Unemployment Compensation	384,210	0	(384,210)
University of Minnesota			
General			
Operations & Maintenance	313,394,543	351,471,979	38,077,436
Equipment Replacement	1,000,000	1,500,000	500,000
Student Loans	500,000	500,000	0
Disadvantaged Students	0	700,000	700,000
Library Supplement	2,372,600	3,351,300	978,700
Inter Collegiate Athletics	1,254,600	2,585,875	1,331,275
Summer School Tuition & Continuing Education Supplement	1,545,042	2,104,000	558,958
Family Practice & Graduate Residency	5,934,256	6,838,400	904,144
Medical Services & Instruction	2,173,604	2,905,000	731,396
Health Sciences & Contingent	3,563,126	2,425,000	(1,138,126)
Duluth Campus - Specials	4,732,099	5,871,400	1,139,301

Education (Continued)

	1977-1978	1979	Increase
	Legislatures	Legislature	(Decrease)
Research			
General Research	\$ 2,780,680	\$ 3,500,000	\$ 719,320
Mineral Resource Research Center	0	600,000	600,000
General Agricultural Research	12,055,928	15,169,000	3,113,072
Hormel Institute	210,000	258,800	48,800
Medical Research	2,437,048	3,002,000	564,952
Veterinary Diagnostic Lab. & Hospital	1,272,406	1,700,000	427,594
Geological Survey	855,028	1,002,000	146,972
Water Well Data Bank	270,000	0	(270,000)
Lake Superior Basin	112,272	135,000	22,728
Sea Grant	0	200,000	200,000
Freshwater Biological Research Institute	308,418	448,400	139,982
Dutch Elm Research & Continuing Education	350,000	0	(350,000)
Community Services			
Agricultural Extension Service	11,478,879	14,131,380	2,652,501
Indigent Patients	4,000,000	4,000,000	0
Special Hospitals & Community Service & Educational Offset	10,411,692	12,932,600	2,520,908
University Galleries	0	90,000	90,000
Industrial Relations Education Program	749,796	921,800	172,004
Salary Supplements & Adjustments	0	5,233,382	4,233,382
Maxi-Audits-Energy-Buildings	0	200,000	200,000
Higher Education Coordinating Board			
Salaries & Expense	1,830,687	3,528,500	1,697,813
State Scholarship, Nursing Scholarships and Grants-in-Aid	47,052,984	49,020,000	1,967,016
Part-Time Student Subsidy	750,000	750,000	0
Special Assistance	0	94,000	94,000
Tuition Reciprocity	12,722,670	19,438,500	6,715,830
State Work Study	3,200,000	6,200,000	3,000,000
Medical Student Loans	217,000	296,500	79,500
AVTI — Tuition Subsidy	3,600,000	3,585,000	(15,000)
Private College Contracts	9,200,000	9,735,000	535,000
Regional Coordination and Service	486,219	468,400	(17,819)
Minitex Library Program	825,000	990,000	165,000
S.W. & W.C. Consortium	0	109,800	109,800
Small Business Institutes	0	90,000	90,000
M.O.I.S.	50,000	150,000	100,000
Student Loan Reserve	60,000	0	(60,000)
Foreign Student Loans	160,000	0	(160,000)
P.O.W. — M.I.A. — Dependent Education	20,000	0	(20,000)
Career Guidance Program	65,000	0	(65,000)
Unemployment Compensation	1,344	0	(1,344)
Mayo Medical School	2,392,000	2,696,900	304,900
Family Practice Graduate Program	48,000	240,000	192,000
	<u>\$2,551,265,840</u>	<u>\$2,847,969,588</u>	<u>\$ 296,703,748</u>
Open Appropriations			
Department of Education		\$ 606,200	
Tuition and Course Fees, and Miscellaneous Income (Community Colleges, State Universities, and University of Minnesota)		238,986,414	
Higher Education Coordinating Board		839,600	
Higher Education Facilities Act		110,400	
Education Computing Consortium		3,014,700	
Federal Funds		<u>277,847,900</u>	
		<u>\$3,369,374,802</u>	
Welfare, Corrections and Health			
Department of Public Welfare			
Programs & Administrative Support			
Administration	\$ 10,097,205	\$ 9,429,900	\$ (667,305)
County Administrative Expense	24,284,700	28,017,800	3,733,100
Special County Aid	6,000,000	7,820,900	1,820,900
1977 Employee Pay Plan	863,000	0	(863,000)
Social Services			
Day Care	2,217,420	2,323,200	105,780
Cost of Care			
Emotionally Disturbed	2,106,196	4,096,500	1,990,304
Mentally Retarded	7,346,648	10,770,500	3,423,852
Aging, Blind & Deaf	6,409,931	12,439,000	6,029,069
Social Service Support	4,567,373	1,318,800	(3,248,573)
1977 Employee Pay Plan	532,435	0	(532,435)
Income Maintenance			
Public Assistance (MSA, AFDC, MA)	439,625,174	578,070,500	138,445,326
Increase State Share to 60%	11,000,000	0	(11,000,000)
Medical Assistance — Eligibility Criteria Adjustment	7,100,000	0	(7,100,000)
Increase State Share to 70%	0	23,600,000	23,600,000
Medical Assistance — Deficiency	0	6,109,000	6,109,000
Catastrophic Nursing Home Expense	900,000	0	(900,000)

<u>Welfare, Corrections and Health (Continued)</u>	<u>1977 - 1978</u> <u>Legislatures</u>	<u>1979</u> <u>Legislature</u>	<u>Increase</u> <u>(Decrease)</u>
General Assistance and General Assistance Medical Care	\$ 65,426,151	\$ 99,598,000	\$ 34,171,849
Deficiency	2,413,669	0	(2,413,669)
Income Maintenance Support	2,544,744	20,292,100	17,747,356
Centralized Disbursements	10,256,669	0	(10,256,669)
1977 Employee Pay Plan	645,445	0	(645,445)
Mental Health			
Mentally Ill	1,786,000	1,818,400	32,400
Mentally Retarded	1,295,186	1,852,000	556,814
Chemically Dependent	8,461,208	8,302,000	(159,208)
Community Mental Health Centers	33,230,409	39,389,700	6,159,291
Developmental Achievement Centers	16,646,388	20,812,500	4,166,112
State Hospitals	175,913,173	206,550,700	30,637,527
Nursing Homes	18,980,636	22,358,800	3,378,164
Mental Health Support	2,774,385	2,657,100	(117,285)
1977 Employee Pay Plan	18,500,000	0	(18,500,000)
Other Welfare			
Subsidized Adoptions	0	500,000	500,000
Child Care Services	0	1,500,000	1,500,000
Community Social Services — Planning Grants	0	300,000	300,000
Mental Health Grants	0	2,000,000	2,000,000
Senior Dental Health Program	415,000	0	(415,000)
Abortion Funding	40,000	0	(40,000)
Building Repairs & Rehabilitation	1,232,000	9,000	(1,223,000)
Miscellaneous Other Welfare	1,222,000	0	(1,222,000)
Workers and Unemployment Compensation	2,011,786	0	(2,011,786)
Department of Corrections			
General Support			
County Probation Reimbursement	2,778,564	2,742,100	(36,464)
Subsidy Programs	830,000	782,600	(47,400)
Support	5,914,741	5,863,800	(50,941)
Special Services			
Health Care	3,600,875	3,968,700	367,825
Education	743,714	668,800	(74,914)
Victim Services	875,000	4,437,900	3,562,900
Support	465,673	631,900	166,227
1977 Employee Pay Plan	159,724	0	(159,724)
Community Services			
Probation & Parole	5,291,043	3,690,900	(1,600,143)
Residential & Community Programs	2,997,979	2,763,400	(234,579)
Community Corrections Act	13,637,418	21,877,500	8,240,082
1977 Employee Pay Plan	600,564	0	(600,564)
Correctional Institutions	56,501,809	62,543,400	6,041,591
School Bus Reconditioning	416,000	0	(416,000)
1977 Employee Pay Plan	4,310,837	0	(4,310,837)
Repairs & Rehabilitation	654,000	0	(654,000)
Contingent for High Security Prison	0	3,000,000	3,000,000
Other Corrections			
N.W. Regional Corrections Center	11,500	0	(11,500)
Reimbursement to Inmate for Injury	50,000	0	(50,000)
Prison Revolving Account	80,000	0	(80,000)
Father Miller Memorial Chapel	63,295	0	(63,295)
Hennepin County Workhouse	350,000	0	(350,000)
Workers' and Unemployment Compensation	564,915	0	(564,915)
Sentencing Guidelines Commission	200,000	389,600	189,600
Corrections Ombudsman	439,374	447,600	8,226
Unemployment Compensation	3,098	0	(3,098)
State Institutional Contingent	600,000	600,000	0
Commissioner of Health			
Preventive Personal Health	12,654,306	16,150,400	3,496,094
Health Systems Quality Assurance	2,938,921	4,941,900	2,002,979
Health Support Services	18,985,220	24,924,200	6,028,980
Community Health Subsidy — Contingent	1,542,877	0	(1,542,877)
Medical Lab. Service Contingent	106,000	0	(106,000)
Ambulance Volunteer Training	225,000	0	(225,000)
Pre-School Screening	144,000	0	(144,000)
Regulation & Licensing of Waterwells	155,000	0	(155,000)
Water Filtration & Purification	1,750,000	0	(1,750,000)
Statewide Health Coordinating Councils	1,500,000	0	(1,500,000)
Water Well Testing	200,000	0	(200,000)
Purchase of Somatotropin	100,000	0	(100,000)
Family Planning Grants	1,300,000	0	(1,300,000)
Statewide Licensing of Health Related Boards	100,000	0	(100,000)
Health Services — Migrants & Native Americans	150,000	0	(150,000)
Health Related Boards	2,857,496	2,985,700	128,204

<u>Welfare, Corrections and Health (Continued)</u>	<u>1977 - 1978</u> <u>Legislatures</u>	<u>1979</u> <u>Legislature</u>	<u>Increase</u> <u>(Decrease)</u>
Department of Economic Security	\$ 150,000	\$ 0	\$ (150,000)
Employment & Training	0	7,295,000	7,295,000
Vocational Rehabilitation Service	0	19,811,600	19,811,600
Management & Coordination	0	3,318,200	3,318,200
Coordination of Residential Weatherization	0	3,000,000	3,000,000
Department of Vocational Rehabilitation	10,331,416	0	(10,331,416)
Youth Summer Employment	6,500,000	0	(6,500,000)
Governor's Manpower Office	2,400,000	0	(2,400,000)
Displaced Homemakers	100,000	0	(100,000)
	<u>\$1,053,085,290</u>	<u>\$1,308,771,600</u>	<u>\$ 255,686,310</u>
Open Appropriations		\$ 2,863,600	
Department of Corrections		207,000	
Department of Economic Security		1,243,470,200	
Federal Funds		<u>\$2,555,312,400</u>	
 <u>Highways and Mass Transit</u>			
Department of Transportation			
Policy and Planning			
Planning & Programming	\$ 6,550,776	\$ 0	\$ (6,550,776)
Transportation Development	0	2,616,000	2,616,000
Transportation Services	0	5,713,400	5,713,400
Highway Operations			
Maintenance	137,717,363	147,655,000	9,937,637
Highway Development — Deficiency	0	33,500,000	33,500,000
Construction Support	93,442,844	58,174,600	(35,268,244)
Highway Improvement	73,621,890	14,044,600	(59,577,290)
Bike Trails Program	1,000,000	0	(1,000,000)
County State Aid	161,970,600	188,450,000	26,479,400
Municipal State Aid	50,094,000	61,600,000	11,506,000
Highway Debt Service	24,712,000	26,867,500	2,155,500
Public Transportation Operations			
Rates and Regulation	1,071,398	1,003,600	(67,798)
Transit Administration	450,701	77,600	325,299
Transit Assistance Grants	39,700,000	42,080,000	2,380,000
Operating Subsidies — Deficiency	0	205,000	205,000
Railroads, Ports & Pipelines	398,182	1,021,000	622,818
Rail Service Improvement Grants	4,624,051	3,475,000	(1,149,051)
Aeronautics			
Operations	1,229,551	558,600	(670,051)
Development and Assistance	16,750,918	15,993,200	(757,718)
Hangar Revolving Account	0	750,000	750,000
Pine Creek Airport	0	59,000	59,000
Air Transportation Services	0	181,400	181,400
Debt Service	953,620	944,800	(8,820)
Air Transportation Revolving Account	50,000	0	(50,000)
Technical Support	2,753,164	46,355,400	43,602,236
General Support			
Administration & Program Management	13,432,360	0	(13,432,360)
Administration	0	10,388,000	10,388,000
Government & Community Relations	0	728,400	728,400
Equipment	13,249,463	12,849,400	(400,063)
General Services	0	4,949,600	4,949,600
Legal Services	1,119,642	1,128,400	8,758
Other Highway			
Sound Enforcement Study	33,000	0	(33,000)
Repair & Rehabilitation	6,481,718	560,600	(5,921,118)
Travelers' Need Study	40,000	0	(40,063)
Access Road to Stillwater Prison	0	260,000	260,000
Access Road to Thistledeew	0	319,200	319,200
Minnetonka By-Pass	0	134,000	134,000
	<u>\$ 651,447,241</u>	<u>\$ 683,341,700</u>	<u>\$ 31,894,459</u>
Federal Funds		327,081,300	
		<u>\$1,010,423,000</u>	
 <u>Other Executive Branch Functions</u>			
Governor — Lt. Governor			
Executive Operations	\$ 2,547,527	\$ 2,700,600	\$ 153,073
Interstate Representation	399,977	360,000	(39,977)
Committees and Task Forces	200,244	171,400	(28,844)
Expenses for Governor-Elect	25,000	0	(25,000)
Unemployment Compensation — Bicentennial Commission	11,135	300	(10,835)
	<u>\$ 3,183,883</u>	<u>\$ 3,232,300</u>	<u>\$ 48,417</u>

Other Executive Branch Functions (Continued)

	1977 - 1978	1979	Increase
	Legislatures	Legislature	(Decrease)
General State Government			
State Auditor	\$ 419,163	\$ 434,800	\$ 15,637
State Treasurer	911,795	1,661,100	749,305
Escheats	162,000	400,000	238,000
Secretary of State	1,443,630	1,802,300	358,670
Deficiency	0	23,400	23,400
Voter Registration Cards	12,000	0	(12,000)
Open Appointments Administration	5,000	0	(5,000)
Corporate Active Status Reports	30,000	0	(30,000)
Assumed Business Names Registration	63,300	0	(63,300)
Workers & Unemployment Compensation	3,760	0	(3,760)
Department of Administration	28,143,108	30,067,400	1,924,292
Deficiency	0	169,200	169,200
Postage Contingent	250,000	400,000	150,000
Repair & Rehabilitation Capitol Complex	2,133,240	985,000	(1,148,240)
Energy Conservation Survey	0	200,000	200,000
911 Emergency Phone Service	272,033	0	(272,033)
Free Copies State Register	16,000	0	(16,000)
State Building Code	50,000	0	(50,000)
State Building Bill	831,300	0	(831,300)
Residential Energy Disclosure Rules	18,000	0	(18,000)
Remodel Hastings State Hospital	688,870	0	(688,870)
State Building Assistance Account	50,000	0	(50,000)
State Building Program Administration	350,000	0	(350,000)
Council on State Governments	8,910	0	(8,910)
Workers & Unemployment Compensation	158,591	0	(158,591)
Department of Economic Development	4,835,639	6,029,000	1,193,361
Tourism Contingent	0	200,000	200,000
Agricultural Products Promotion	28,600	0	(28,600)
Workers & Unemployment Compensation	6,692	0	(6,692)
Department of Finance	9,567,078	9,303,400	(263,678)
Tort Claims	1,500,000	1,500,000	0
Attrition Study-State Employees	0	100,000	100,000
Annual State Financial Report	0	246,300	246,300
Department of Personnel	4,579,577	5,410,100	830,523
Personnel Board	74,024	58,500	(15,524)
State Employee Testing	244,700	0	(244,700)
Personnel Management Information System	65,000	0	(65,000)
Services to Political Subdivisions	25,092	0	(25,092)
Department of Revenue	43,445,537	46,757,700	3,312,163
Mineral Exploration Data	150,000	0	(150,000)
Workers Compensation	30,761	0	(30,761)
Department of Veteran Affairs	3,781,665	13,762,500	9,980,835
Minnesota Veterans Home	1,399,905	0	(1,399,905)
Workers & Unemployment Compensation	27,759	0	(27,759)
Hastings Veterans Home	1,000,000	0	(1,000,000)
Iron Range Resources & Rehabilitation Board	5,193,040	5,601,040	408,000
State Planning Agency	15,480,222	11,477,800	(4,002,422)
Annual Population Estimate	0	30,000	30,000
Environment Study Contingent	0	2,538,100	2,538,100
Power Plant Siting	1,200,000	1,600,000	400,000
Railroad Right-of-Way Power Line Site	15,000	0	(15,000)
Hazardous Waste Disposal	225,000	0	(225,000)
Capitol Area Architectural & Planning Board	132,516	137,800	5,284
Council for the Handicapped	448,248	543,000	94,752
Energy Agency	2,633,002	2,534,800	(98,202)
Energy Conservation Projects	383,000	10,550,000	10,167,000
Insulation Testing & Rule Making	26,000	0	(26,000)
Ethical Practices Board	313,899	325,000	11,301
Indian Affairs Intertribal Board	322,448	343,000	20,552
Investment Board	1,773,627	1,845,800	72,173
Minnesota Academy of Science	32,400	32,400	0
Minnesota Historical Society	5,213,286	5,845,000	631,714
Historic Site I.D., Development and Grants	5,748,738	6,940,200	1,191,462
Sibley House	32,100	78,700	46,600
Repairs & Betterments	163,000	0	(163,000)
Hill Mansion	153,892	0	(153,892)
Science Museum of Minnesota — Loans & Grants	0	350,000	350,000
Minnesota Housing Finance Agency	40,000,000	42,500,000	2,500,000
Energy Rehabilitation Loans	80,000	0	(80,000)
Native American Housing	4,000,000	0	(4,000,000)
Minnesota Municipal Board	273,109	294,200	21,091
Minnesota Safety Council	95,000	95,000	0
Board of the Arts	4,046,454	5,000,000	953,546
Public TV Grants	300,000	880,000	580,000
W.C. Minnesota Educational TV	35,000	0	(35,000)
Unemployment Compensation	1,190	0	(1,190)
Council Affairs of Spanish Speaking People	77,656	157,200	79,544

	1977 - 1978 Legislatures	1979 Legislature	Increase (Decrease)
Other Executive Branch Functions (Continued)			
Minnesota Humane Society	\$ 24,222	\$ 110,000	\$ 85,778
Miscellaneous Veteran Associations	41,000	70,000	29,000
Uniform Laws Commission	22,000	20,000	(2,000)
Minnesota-Wisconsin Boundary Area Commission	42,500	99,100	56,600
	\$ 195,310,278	\$ 219,508,840	\$ 24,198,562
Protection to Persons and Property			
Attorney General	\$ 10,321,098	\$ 18,211,800	\$ 7,890,702
Deficiency	0	95,000	95,000
Workers Compensation Law Changes	0	107,500	107,500
Expense of AG-Election	7,500	0	(7,500)
Unemployment Compensation	3,612	0	(3,612)
Department of Commerce	9,336,227	10,493,300	1,157,073
Workers Compensation Rate Hearings	0	373,800	373,800
Licensing Non-Health Boards	150,000	0	(150,000)
Residential Utility Consumer Protection	300,000	0	(300,000)
Workers Compensation	7,544	0	(7,544)
Department of Human Rights	1,476,961	1,827,400	350,439
Age Discrimination	100,000	0	(100,000)
Unemployment Compensation	3,516	0	(3,516)
Department of Labor & Industry	10,306,553	10,648,200	341,647
Uninsured Employers	300,000	0	(300,000)
Workers Compensation Court of Appeals	0	707,300	707,300
Industrial Hygienists — Contingent	0	270,000	270,000
Workers & Unemployment Compensation	39,063	0	(39,063)
Department of Military Affairs	6,971,995	7,293,400	321,405
Repair & Rehabilitation	30,000	0	(30,000)
Workers & Unemployment Compensation	66,436	0	(66,436)
Department of Public Safety	91,529,748	100,354,600	8,824,852
Deficiency	0	125,000	125,000
Motor Vehicle Contingent	150,000	150,000	0
Traffic Safety Contingent	150,000	150,000	0
Postage Contingent	250,000	200,000	(50,000)
Natural Disaster Assistance Plan	37,000	0	(37,000)
Workers & Unemployment Compensation	47,318	0	(47,318)
Highway Patrol — Power Line Patrols	1,000,000	0	(1,000,000)
Department of Public Service	7,054,487	7,118,900	64,413
Workers & Unemployment Compensation	20,055	0	(20,055)
Bureau of Mediation Services	1,356,640	1,530,300	173,660
Unemployment Compensation	1,545	0	(1,545)
Public Employment Relations Board	85,582	86,600	1,018
Minnesota Board of Police Officer Standards & Training	845,920	701,900	(144,020)
Regulation of Part Time Police Officers	0	10,000	10,000
Non-Health Related Boards	4,861,694	6,123,300	1,261,606
State Board of Accountancy	0	66,000	66,000
Livestock Sanitary Board	2,268,119	2,385,500	117,381
Workers Compensation	3,532	0	(3,532)
County Attorneys Council	54,976	125,000	70,024
Unemployment Compensation	3,900	0	(3,900)
Crime Control Planning Board	139,534	1,571,800	1,432,266
Criminal Justice Contingent	1,620,000	506,400	(1,113,600)
Detached Workers	59,600	0	(59,600)
Crime Control Board — Contingent	0	1,002,600	1,002,600
Regional Grants	500,000	0	(500,000)
Youth Intervention Programs	250,000	0	(250,000)
Unemployment Compensation	17,321	0	(17,321)
	\$ 151,727,476	\$ 172,235,600	\$ 20,508,124
Development and Conservation of Natural Resources			
Department of Natural Resources	\$ 92,295,501	\$ 102,368,600	\$ 10,073,099
Game & Fish Contingent	100,000	150,000	50,000
Forest Fire-Deficiency	10,403,778	0	(10,403,778)
Diseased Shade Tree Control	625,000	0	(625,000)
Waterfowl Habitat	800,000	0	(800,000)
Island of Peace State Park — Handicapped Access	150,000	0	(150,000)
Water Resource Regulation	500,000	0	(500,000)
Workers & Unemployment Compensation	1,299,815	2,021,900	722,085
Dam Inspection	450,000	0	(450,000)
Repair & Rehabilitation	720,890	0	(720,890)
Public Hunting Grounds & Game Refuge Payments	0	580,000	580,000
Soil & Water Conservation Board	3,000,000	0	(3,000,000)
Erosion & Water Control	184,000	0	(184,000)
Ground Water Data Collection	166,690	181,200	14,510
Water Resources Board	166,690	181,200	14,510
Zoological Board	8,523,213	9,873,800	1,350,587

Development and Conservation of Natural Resources (Continued)

	1977 - 1978 Legislatures	1979/80 Legislature	Increase (Decrease)
Natural Resources Acceleration			
Department of Agriculture	\$ 100,255	\$ 0	\$ (100,255)
Department of Economic Development	41,786	0	(41,786)
Energy Agency	761,927	393,400	(368,527)
Department of Health	81,273	24,500	(56,773)
Minnesota Historical Society	520,000	150,000	(370,000)
Department of Natural Resources	9,286,868	15,703,000	6,416,132
Pollution Control Agency	1,423,433	1,286,300	(137,133)
University of Minnesota	1,941,663	2,959,800	1,018,137
State Planning Agency	10,322,000	8,998,400	(1,323,600)
Water Planning Board	0	288,000	288,000
Department of Transportation	0	400,000	400,000
Pollution Control Agency	10,125,175	9,100,000	(1,025,175)
The Great Lakes Commission	31,500	70,500	39,000
Voyagers National Park Citizens Advisory Committee	35,000	100,000	65,000
Southern Minnesota Rivers Basin Commission	42,453	80,000	37,547
Citizens Advisory Task Force on the Boundary Waters Canoe Area	0	60,000	60,000
Water Planning Board	132,000	0	(132,000)
	\$ 154,064,220	\$ 154,789,400	\$ 725,100

Agriculture

Department of Agriculture	\$ 21,256,369	\$ 49,074,100	\$ 27,817,731
Shade Tree Disease Program	27,525,000	0	(27,525,000)
State Horticultural Society	80,000	131,000	51,000
Garden State Project	55,700	0	(55,700)
Weather Modification	75,000	0	(75,000)
Workers & Unemployment Compensation	98,984	0	(98,984)
Grain Inspection - Duluth	236,795	0	(236,795)
Agricultural Product Promotion	100,518	0	(100,518)
Market Development & Promotion	71,400	0	(71,400)
Processing Plant	10,000	0	(10,000)
Grain Inspection Contingent	0	2,200,000	2,200,000
	\$ 49,509,766	\$ 51,405,100	\$ 1,895,334

Total - Other Executive Branch Functions \$ 553,795,623 \$ 601,171,240 \$ 47,375,617

Open Appropriations

Iron Range Resources & Rehabilitation		33,345,800	
Board of Law Examiners		318,000	
Board of Legal Education		91,800	
Board of Professional Responsibility		407,800	
Department of Veterans Affairs		7,746,900	
Special Revenue Fund		18,799,900	
Debt Service		11,710,000	
Federal Funds		71,899,200	
		\$ 745,490,640	

Legislative

Legislature			
House	\$ 10,695,260	\$ 20,624,300	\$ 9,929,040
Senate	15,100,000	13,954,300	(1,145,700)
Legislative Coordinating Commission			
Legislative Reference Library	503,370	747,700	244,330
Revisor of Statutes	2,555,334	2,807,900	252,566
Hazardous Waste Disposal Study	25,000	0	(25,000)
Solid & Hazardous Waste	0	279,000	279,000
Economic Status of Women	70,000	153,800	83,800
Legislative Commission on Pensions and Retirement	214,000	248,200	34,200
Legislative Commission to Review Administrative Rules	60,426	108,000	47,574
Legislative Audit Commission	50,000	30,000	(20,000)
Legislative Auditor	3,715,876	3,794,800	78,924
Workers Compensation	11,429	0	(11,429)
Joint Commission on Science & Technology	94,500	224,700	130,200
Tax Study Commission	250,000	575,000	325,000
Workers Compensation Study Commission	10,000	25,000	15,000
Public Broadcasting Commission	25,000	0	(25,000)
Legislative Commission on Employee Relations	0	200,000	200,000
Legislative Commission on Minnesota Resources	360,000	449,800	89,800
Retired Legislators Retirement Benefits	1,075,611	998,000	(77,611)
Mississippi River Parkway Commission	23,000	40,000	17,000
Legislative Study - Minneapolis Government Structure	0	50,000	50,000
	\$ 34,838,806	\$ 45,310,500	\$ 10,471,694
Federal Funds		15,600	
		\$ 45,326,100	

	<u>1977 - 1978</u> <u>Legislatures</u>	<u>1979</u> <u>Legislature</u>	<u>Increase</u> <u>(Decrease)</u>
Judicial			
District & County Courts	\$ 5,254,940	\$ 20,116,600	\$ 14,861,600
Workers Compensation	2,418	0	(2,418)
Judicial District Administrator	425,938	828,400	402,462
Public Defender	1,180,614	1,387,000	206,386
Supreme Court	3,719,283	5,201,800	1,482,517
Judicial Information System	259,870	0	(259,870)
Supreme Court Contingent	32,500	305,800	273,300
Workers Compensation	1,893	0	(1,893)
State Court Administrator	5,000	2,015,200	2,010,200
Judicial Council	302,011	788,500	486,489
Board of Judicial Standards	209,000	208,000	(1,000)
State Law Library	552,849	631,100	78,251
Tax Court of Appeals	569,288	508,200	(61,088)
Judges Compensation Increase	1,350,000	0	(1,350,000)
Retirement Benefits — Judges & Survivors	3,145,796	2,934,000	(211,796)
	<u>\$ 17,011,400</u>	<u>\$ 34,924,600</u>	<u>\$ 17,913,200</u>
Federal Funds		232,300	
		<u>\$ 35,156,900</u>	
Miscellaneous			
Claims Against the State	\$ 29,397	\$ 145,384	\$ 115,987
Fuel & Utility Contingent	0	9,200,000	9,200,000
General Fund Contingent	8,259,164	8,300,000	40,836
R. A. Weber Compensation	2,400	2,400	0
Salary Increase — Constitutional Officers, Department Heads, Judges & Legislators	15,749,000	0	(15,749,000)
Economic Package for State Employees	32,056,000	133,532,500	101,476,500
Income Tax Refunds			
Individuals	388,220,000	529,339,300	141,119,300
Corporate	49,000,000	50,000,000	1,000,000
Working Poor	29,400,000	53,493,600	24,093,600
Sales Tax Refunds	3,200,000	7,055,000	3,855,000
Other Revenue Refunds	8,543,000	6,558,600	(1,984,400)
Non-Revenue Refunds	1,056,000	0	(1,056,000)
Miscellaneous Payments — Revenue	40,000	0	(40,000)
Interim Claims	205,850	50,190	(155,660)
Campaign Fund Checkoff	1,100,000	0	(1,100,000)
Executive Council Emergency	4,000,000	4,000,000	0
Retirement			
MSRS	162,000	145,000	(17,000)
PERA	139,800	95,800	(44,000)
TRA	13,000	7,000	(6,000)
Constitutional Officers	118,278	188,600	70,322
TRA Deficit Amortization	10,000,000	0	(10,000,000)
Post-Retirement Benefit Adjustment	0	11,600,000	11,600,000
Pension Reimbursement — Minneapolis	0	5,600,000	5,600,000
Apportionments			
N.E. Minnesota Economic Protection Fund	8,233,027	16,811,920	8,578,893
Taconite Environmental Protection Fund	16,474,054	33,623,842	17,149,788
Taconite Environmental Protection Fund	1,500,000	0	(1,500,000)
	<u>\$ 577,500,970</u>	<u>\$ 869,749,136</u>	<u>\$ 292,248,167</u>
Group Totals — By Function (Direct and Open Approp.)	\$7,221,461,844	\$8,627,905,664	\$1,406,443,820
Additional Open Appropriations	279,437,714	319,048,114	39,610,400
Total State Funds	<u>\$7,500,899,558</u>	<u>\$8,946,953,778</u>	<u>\$1,446,054,220</u>
Federal Funds	1,507,276,679	1,920,546,500	413,269,821
GRAND TOTAL	<u>\$9,008,176,237</u>	<u>\$10,867,500,278</u>	<u>\$1,859,324,041</u>

3. APPROPRIATIONS BY THE 1979 LEGISLATURE, BY FUND, COMPARED WITH APPROPRIATIONS MADE BY THE 1977 AND 1978 LEGISLATURES

<u>Fund</u>	<u>1977 and 1978 Legislatures</u>	<u>1979 Legislature</u>	<u>Increase or (Decrease)</u>
General	\$6,475,763,268	\$7,803,504,189	\$1,327,740,921
Endowment School	29,000,000	32,000,000	3,000,000
Trunk Highway	429,623,798	462,849,575	33,225,777
Highway User Tax Distribution	15,714,683	15,665,800	(48,883)
State Airports	19,700,869	16,399,800	(3,301,069)
Game and Fish	30,604,533	35,880,100	5,275,567
State Parks Development	2,400,000	2,400,000	-
Wildlife Acquisition	1,200,000	1,230,000	30,000
County State Aid	161,970,600	188,450,000	26,479,400
Municipal State Aid Street	50,094,000	61,600,000	11,506,000
Iron Range Resources and Rehabilitation	9,973	430,000	420,027
Employment Security Bldg. Fund	487,608	-	(487,608)
Miscellaneous Special Revenue	-	1,496,200	1,496,200
Consolidated Conservation	1,000,000	1,000,000	-
School Loan Fund	8,219,019	-	(8,219,019)
	<u>\$7,225,788,352</u>	<u>\$8,622,905,664</u>	<u>\$1,397,117,312</u>
Portion of University's Maintenance and Improvement Appropriation to be financed from the earnings of the University's consolidated trust funds	<u>5,000,000</u>	<u>5,000,000</u>	<u>-</u>
	<u>\$7,230,788,352</u>	<u>\$8,627,905,664</u>	<u>\$1,397,117,312</u>
<u>Additional Open Appropriations</u>			
General Fund - Dedicated Receipts	\$ 216,102,535	\$ 246,733,314	\$ 30,630,779
Miscellaneous Special Revenue	19,818,160	27,052,000	7,233,840
Iron Range Resources and Rehabilitation	4,124,360	33,345,800	29,221,440
Debt Service	-	11,710,000	11,710,000
Employment Security	-	207,000	207,000
Highway User Tax Distribution	27,500,000	-	(27,500,000)
Trunk Highway	100,000	-	(100,000)
Consolidated Conservation	556,151	-	(556,151)
State Airports	1,910,000	-	(1,910,000)
	<u>\$ 270,111,206</u>	<u>\$ 319,048,114</u>	<u>\$ 48,936,908</u>
Total Appropriations:			
State Funds	\$7,500,899,558	\$8,946,953,778	\$1,446,054,220
Federal Funds	1,507,276,679	1,920,546,500	413,269,821
GRAND TOTAL	<u>\$9,008,176,237</u>	<u>\$10,867,500,278</u>	<u>\$1,859,324,041</u>

B. General Fund Estimated Non-Dedicated Resources and Expenditures, 1979 - 81 Biennium

(ESTIMATES AS OF CLOSE OF 1979 SESSION)

<u>Code</u>	<u>1979-81 Biennium Amount</u>
<u>Estimated Resources</u>	
Adjusted Estimated Cash Balance, July 1, 1979	\$ 327,345,700 ¹
<u>Taxes and Receipts</u>	
Individual Income	4,065,618,000
Corporation Income	752,252,000
Sales Tax — General	1,366,320,000
Bank Excise	70,000,000
(1) Inheritance, Estate and Gift	89,800,000
Liquor, Wine and Beer	114,069,000
(2) Cigarettes and Tobacco Products	174,650,000
Iron Ore Occupation	7,500,000
Taconite Occupation	53,370,000
Taconite Production	166,616,000
Royalty Taxes	14,806,000
Deed and Mortgage Registration	37,879,000
Insurance Gross Earnings	145,285,000
Telephone, Railroad and Other Gross Earnings	172,305,000
Motor Vehicle Excise	201,400,000
Motor Vehicle Recycle	2,061,000
Care and Hospital Department Earnings	174,975,000
Other Department Earnings	72,523,500
Investment Income	50,730,000
Income Tax Reciprocity	20,073,000
Other Non-Dedicated Revenue	39,000,000
All Other Items	24,226,600
Total Non-Dedicated Revenue	\$7,815,459,100
<u>Transfers from Other Funds</u>	
(3) Revenue Sharing	\$ 57,062,200
Public Welfare	34,844,300
LCMR Federal Reimbursement	8,500,000
(4) Indirect Costs	6,600,000
(5) Gas Tax Reimbursement	1,656,200
Other Special Revenue Funds	2,450,000
All Other Transfers	2,400,000
Admin. Revolving Fund Retained Earnings	3,847,900
Total Transfers from Other Funds	\$ 117,360,600
<u>Tax and Receipts Changes — 1979 Session</u>	
Individual Income	\$ (398,572,700)
Corporate Income	(2,950,000)
Sales Tax — General	(4,700,000)
Inheritance, Estate and Gift	(17,233,000)
Taconite Occupation	(300,000)
(6) Railroad Gross Earnings	(31,700,000)
Total Session Changes	\$ (455,455,700)
Total Taxes and Receipts	7,477,364,000
Total Estimated Resources (Incl. Opening Balance)	\$7,804,709,700 ¹

<u>Code</u>	<u>1979-81 Biennium Amount</u>
<u>Estimated Expenditures</u>	
<u>Omnibus Appropriation Bills</u>	
State Departments	\$ 664,237,700
Semi-State Activities	19,931,900
Health-Welfare-Corrections	1,277,323,200
Education — School Aids	1,966,618,300
Other than School Aids	800,283,888
Transportation	47,158,200
Tax Bill	655,000
Total Omnibus Bills	<u>\$4,776,208,188</u>
<u>Transfers to Other Funds</u>	
Taconite Environmental Protection Fund	\$ 33,624,000
N.E. Economic Protection Fund	16,848,000
All Other	9,362,300
Total Transfers to Other Funds	<u>\$ 59,834,300</u>
<u>Miscellaneous Appropriations</u>	
Separate Items	\$ 94,907,600
Salary Increase Plan	99,808,800
	<u>\$ 194,716,400</u>
<u>Opening and Standing Appropriations (Existing Law)</u>	<u>\$2,535,003,700</u>
<u>Additional Tax Relief and Changes — 1979 Session</u>	
Property Tax Refunds	\$ (2,800,000)
Renters' Credit	12,100,000
Senior Citizens and Disabled Credit	(16,200,000)
State School Agricultural Credit	3,500,000
Aid to Local Government	29,500,000
Aid to Counties	3,200,000
Homestead Credit	109,800,000
Inheritance Apportionment	(1,233,000)
Wetlands Property Tax Reduction (New)	1,000,000
Income Maintenance — Public Welfare	23,600,000
Pension Reimbursement (New)	5,600,000
Payments in Lieu DNR Land (New)	8,700,000
Low Income Credit	15,800,000
Increase Individual Income Tax Refunds	55,877,300
Total Additional Tax Changes	<u>\$ 248,444,300</u>
Total Appropriation Liability	\$7,814,206,888 ¹
Less Estimated Cancellations	(40,000,000)
Net Appropriation Liability	<u>\$7,774,206,888</u>
Estimated General Fund Balance, June 30, 1981	<u>\$ 30,502,812¹</u>

Code Disposition of Tax

- (1) Inheritance distributed 90 percent to state; 10 percent to county.
- (2) Credited to State General Fund with 11.0 percent of cigarette tax designated as follows: 5.5 percent to Natural Resources Account and 5.5 percent to Natural Resources Acceleration Account. Designation by Minnesota Statutes.
- (3) Estimate assumes no reenactment of federal legislation. If authority is extended state revenues would be increased an estimated \$34 million in the 1979-1981 biennium.
- (4) Reimbursement for services (utility and others) furnished to other than general fund financed activities.
- (5) Reimbursement for costs incurred in both collecting and refunding of gasoline taxes.
- (6) See Section VI, the Tax Laws, Page 26.

Note

¹ The Department of Finance in its revised monthly report of the General Fund for December 1979 — dated January 16, 1980 — estimates that the balance position on June 30, 1981 will be \$84.7 million.
The estimate includes provision for payment of principal and interest on general obligation debt for an additional year beyond the current biennium (1979-81) in accordance with present interpretation of statutory requirements.

C. Rates of Principal Taxes

INCOME TAXES

Individual Income Tax*

Graduated rate applied to taxable income. Federal income tax and itemized or standard deductions are subtracted in arriving at taxable income.

Beginning with the 1979 tax year, brackets will be indexed. Each year the size of each bracket will be increased by 85% of the rate of inflation.

For the 1979 tax year, the increase in the brackets will be 10.1% (11.9% inflation x 85%) and the brackets will be as follows:

Taxable Income		Rate
\$ 1 —	\$ 551	1.6%
552 —	1,102	2.2
1,103 —	2,203	3.5
2,204 —	3,304	5.8
3,305 —	4,405	7.3
4,406 —	5,506	8.8
5,507 —	7,708	10.2
7,709 —	9,910	11.5
9,911 —	13,764	12.8
13,765 —	22,022	14.0
22,023 —	30,280	15.0
30,281 —	44,043	16.0
44,044 and over		17.0

Each year the actual brackets are announced on October 1st.

Beginning in 1980, the 17% rate will be eliminated.

Credits against the tax:

Personal credits — For tax year 1979 \$55 each for taxpayer, spouse and each dependent. Additional \$55 for age 65 or over, blind, deaf or quadriplegic.

For tax year 1980, all credits \$60. In subsequent years will be increased by the rate of inflation.

Low income credit — For 1979 and 1980 tax years, no tax for families with incomes up to the following levels.

Family Size	Income
1	\$ 5,500
2	7,000
3	8,000
4	8,900
5	9,600
6 or more	10,000

Excess income taxed at 15%, or regular tax without low income credit, whichever is less.

In subsequent years the income exclusion levels will be increased by the rate of inflation.

Corporation Income Tax 12%

Applied to taxable income apportioned to Minnesota. Federal income tax is not deductible.

Bank Excise Tax 12%

(Same as corporation income tax.)

ESTATE AND GIFT TAXES

Gift Tax* — repealed, effective Jan. 1, 1980.

Estate Tax* — effective Jan. 1, 1980, inheritance tax is replaced by an estate tax. Generally, first \$200,000 is exempt plus an additional \$250,000 exemption for a spouse.

Taxable Estate	Rate
First \$100,000	7%
Next \$100,000	8
Next \$100,000	9
Next \$200,000	10
Next \$500,000	11
Excess over \$1,000,000	12

SALES AND EXCISE TAXES

General Sales and Use Tax 4%

Exemptions include food, clothing, medicines, gasoline, cigarettes, motor vehicles.

Motor Vehicle Excise Tax 4%

Gasoline Tax — per gallon 9¢

Alcoholic Beverages

Distilled spirits — per gallon	\$4.39
Wine — per gallon — varies with alcoholic content	27¢ to \$3.08
Beer — per 31-gallon barrel	
3.2% alcohol or less	\$2.00
Strong beer	\$4.00

Breweries that produce and sell beer in Minnesota are given a credit of \$2 per barrel on the first 75,000 barrels each year.

Cigarette Tax — per pack 18¢

Tobacco Products — on wholesale price — 20% excludes cigarettes.

GROSS EARNINGS TAXES

Telephone Companies

Service to rural subscribers	4%
Exchange business in cities with population of 10,000 or less	4%
All other business	7%

Companies with gross earnings of \$1,000 or less — per connected telephone	30¢
Telegraph Companies	6%
Sleeping Car Companies	6%
Express Companies	5%
Taconite Railroads	5%
Freight Line Companies	7%
Insurance Companies Gross Premiums Tax	2%

SEVERANCE TAXES

Iron Ore Occupation Tax	15.5%
Iron Ore Royalty Tax	15.5%
Taconite Occupation Tax	15.0%
Taconite Royalty Tax	15.0%
Taconite and Iron Sulphides Production Tax	

Per ton of concentrates; indexed to the steel mill products index. For 1979 — \$1.54

Additional tax on content of 62% dry iron plus, for each additional 1% of dry iron content — 1.6% of base tax.

(based on three-year average of production or annual production, whichever is higher)

Tailings Tax	
per ton of tailings not deposited on land with permits	10¢
Copper-Nickel Occupation Tax	1%
Copper-Nickel Royalty Tax	1%
Copper-Nickel Production Tax	
—per gross ton of concentrate	2.5¢
—plus, for each 0.1% by which mineral content exceeds 1%	.025¢

MISCELLANEOUS TAXES

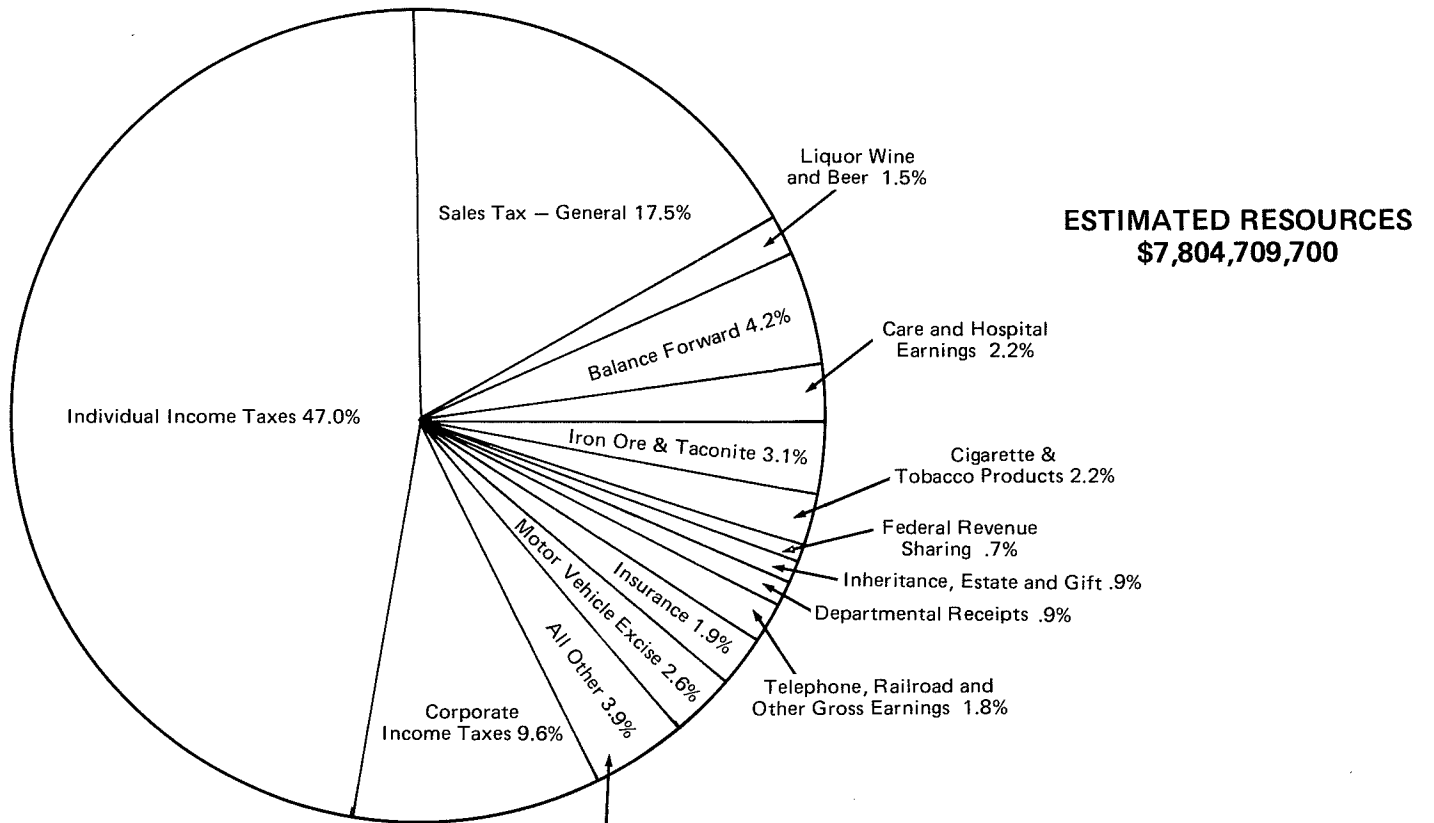
Mortgage Registry Tax — per \$100 of principal debt secured by mortgage of real property 15¢

Deed Transfer Tax — applied to value of real estate transferred

\$1,000 or less	\$2.20
Each additional \$500	\$1.10

* Amended by 1979 Legislature

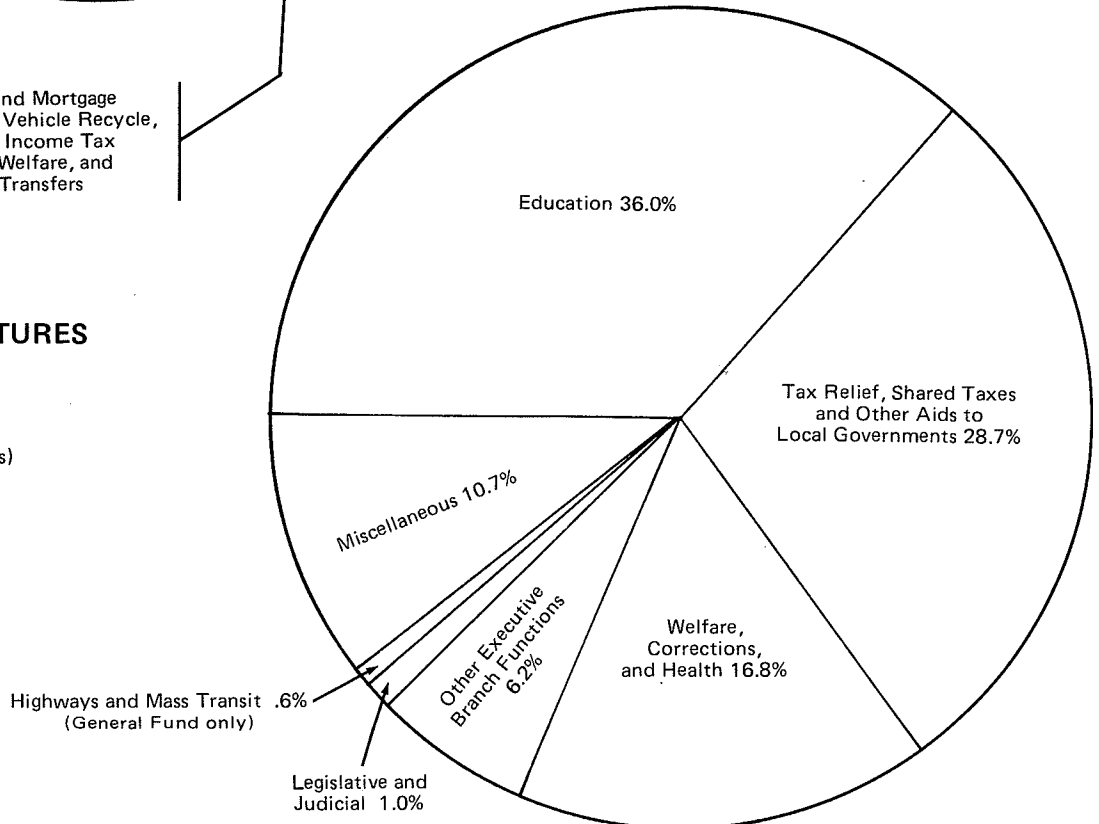
ESTIMATED RESOURCES AND EXPENDITURES GENERAL FUND 1979-81 BIENNIUM



Bank Excise, Deed and Mortgage Registration, Motor Vehicle Recycle, Investment Income, Income Tax Reciprocity, Public Welfare, and Other Receipts and Transfers

ESTIMATED EXPENDITURES \$7,763,504,189

(Net after deduction of an estimated \$40,000,000 in appropriation cancellations)



APPENDIX A

Annual Salaries of State Public Officials, Department Heads and Their Deputies, and Heads of Institutions (Excludes those Deputies and Assistants Under Civil Service)

<u>Position</u>	<u>Salary or Range</u>	
	<u>Effective July 1, 1979</u>	<u>Effective July 1, 1980</u>
Constitutional Officers		
Governor	\$62,000	\$66,500
Lieutenant Governor	38,000	40,000
Secretary of State	34,000	36,000
State Auditor	34,000	36,000
State Treasurer	34,000	36,000
Attorney General	52,500	56,000
Assistants to Constitutional Officers		
Deputy Secretary of State	32,300	34,200
Deputy State Auditor	32,300	34,200
Deputy Treasurer	32,000	34,200
Attorney General Staff		
Chief Deputy Attorney General	49,875	53,200
Judicial Branch		
Chief Justice, Supreme Court	56,000	59,000
Associate Justice, Supreme Court	52,500	56,000
District Judge, Judge of County Court (learned in the law), Probate Court, and County Municipal Court	45,000	48,000
Judges of a County Court (not learned in law)	29,500	31,500
Other Judicial Positions		
Public Defender	37,500	40,000
State Court Administrator	44,500	47,000
District Administrator	27,000 - 37,500	28,500 - 40,000
County Attorneys Council - Exec. Director	22,000 - 32,000	23,500 - 34,000
Tax Court of Appeals	45,000	48,000
Board on Judicial Standards - Exec. Director	36,000	38,000
Legislative Branch		
Legislators	16,500 ¹	18,500
Department Heads, Deputies and Assistants		
Administration - Commissioner	44,000	47,000
- Deputy Commissioner	41,800	44,650
Agriculture - Commissioner	38,000	40,000
- Deputy Commissioner	36,100	38,000
Commerce - Commissioner of Banks	34,000	36,500
- Commissioner of Insurance	34,000	36,500
- Commissioner of Securities	34,000	36,500
- Director of Consumer Services	28,000	30,000
- Deputy Commissioner (Insurance & Securities)	32,300	34,675
Community College System - Chancellor	44,000	46,000
Corrections - Commissioner	42,000	45,000
- Deputy Commissioner (2)	39,900	42,750
- Ombudsman	33,000	35,000
- Deputy Ombudsman	31,350	33,250
Crime Control Planning Board - Executive Director	33,000	35,000
Economic Development - Commissioner	34,000	36,000
- Deputy Commissioner	32,300	34,200
Economic Security - Commissioner	43,000	45,000
- Deputy Commissioner	40,850	42,750

APPENDIX A (Continued)

<u>Position</u>	<u>Salary or Range</u>	
	<u>Effective July 1, 1979</u>	<u>Effective July 1, 1980</u>
Department Heads, Deputies and Assistants (Continued)		
Education – Commissioner	\$43,000	\$45,000
– Deputy Commissioner (2)	40,850	42,750
Energy – Director	38,000	40,000
– Deputy Director	36,100	38,000
Finance – Commissioner	48,000	50,000
– Deputy Commissioner	45,600	47,500
Health – Commissioner	47,000	49,000
Hearing Examiner's Office – Chief Hearing Examiner	38,000	40,000
Higher Education Coordinating Commission – Executive Director	40,000	42,000
– Deputy Director	38,000	39,900
Housing Finance Agency – Executive Director	39,000	41,000
– Deputy Director	37,050	38,950
Human Rights – Commissioner	31,000	33,000
– Deputy Commissioner	29,450	31,350
Indian Affairs Board – Executive Director	27,000	29,000
Investment Board – Executive Secretary	42,000	44,000
Iron Range Resources and Rehabilitation Board – Commissioner	30,000	31,000
– Deputy Commissioner	28,500	29,450
Labor and Industry – Commissioner	38,000	40,000
– Deputy Commissioner	36,100	38,000
– Judge of Workers' Compensation Court of Appeals (3)	38,000	40,000
Mediation Services – Director	36,000	38,000
Natural Resources – Commissioner	44,000	47,000
– Deputy Commissioner	41,800	44,650
Personnel – Commissioner	44,000	47,000
– Deputy Commissioner	41,800	44,650
Planning Agency – Director	43,000	45,000
– Deputy Director	40,850	42,750
Pollution Control Agency – Director	38,000	40,000
– Deputy Director	36,100	38,000
Public Safety – Commissioner	38,000	41,000
– Deputy Commissioner	36,100	38,950
Public Service – Commissioners (5)	34,000	36,000
– Director	34,000	36,000
Public Welfare – Commissioner	44,000	48,000
– Deputy Commissioner	41,800	45,600
Revenue – Commissioner	44,000	47,000
– Deputy Commissioner	41,800	44,650
State University System – Chancellor	44,000	46,000
Transportation – Commissioner	44,000	48,000
– Deputy Commissioner (2)	41,800	45,600
Veterans Affairs – Commissioner	31,000	33,000
– Deputy Commissioner	29,450	31,350
Metropolitan Agencies		
Metropolitan Council, Chairman (Part-time)	21,000	22,500
Chairman (Full-time)	42,000	44,500
Metropolitan Airports Commission – Chairman	10,500	11,500
Metropolitan Transit Commission – Chairman (Part-time)	18,000	19,000
– Chairman (Full-time)	36,000	38,000
Metropolitan Waste Control Commission – Chairman	16,000	17,000

Heads of State Institutions

(Pursuant to delegation in Section 15A.021, Subd. 2, Department of Personnel sets salary ranges of unclassified positions comparable to salary ranges for similar positions in the classified service. Appointing authority shall fix the individual salary within the range.)

¹ Commencing with the start of the 1979 Legislative session, the Legislators' salaries were \$16,500. Effective January 1, 1980, the salary will be increased to \$18,500.

APPENDIX B

Direct Appropriations of State Money Made by the 1979 Legislature By Fund, By Year Excluding Bond Authorizations

Chapter	1979	1980	1981	Biennial Total	Total Including FY 1979
General Fund					
223	\$ 50,190		\$	\$	\$ 50,190
238		4,143,000		4,143,000	4,143,000
256		500,000		500,000	500,000
266	205,000				205,000
282		10,000		10,000	10,000
293		11,600,000		11,600,000	11,600,000
301		60,000		60,000	60,000
303		655,000		655,000	655,000
307		1,500,000		1,500,000	1,500,000
314		127,900	118,400	246,300	246,300
324		2,300,000		2,300,000	2,300,000
326		43,500	22,500	66,000	66,000
327		42,500,000		42,500,000	42,500,000
332		300,000		300,000	300,000
333	2,194,800	325,155,800	330,474,200	655,630,000	657,824,800
334	3,296,000	965,507,490	997,814,810	1,963,322,300	1,966,618,300
335		397,246,964	403,036,924	800,283,888	800,283,888
336	6,109,000	615,711,900	655,502,300	1,271,214,200	1,277,323,200
337		9,967,900	9,964,000	19,931,900	19,931,900
339	1,537,000				1,537,000
340	126,509				126,509
ExS 1		23,673,200	23,485,000	47,158,200	47,158,200
2		13,750,000		13,750,000	13,750,000
3		633,300	580,300	1,213,600	1,213,600
	13,518,499	2,415,385,954	2,420,998,434	4,836,384,388	4,849,902,887
State Airports Fund					
333		32,500	32,500	65,000	65,000
ExS 1		8,923,200	7,411,600	16,334,800	16,334,800
		8,955,700	7,444,100	16,399,800	16,399,800
Game and Fish Fund					
301			580,000	580,000	580,000
333	375,000	16,164,300	16,178,100	32,342,400	32,717,400
339	10,000				10,000
	385,000	16,164,300	16,758,100	32,922,400	33,307,400
Trunk Highway Fund					
103	33,500,000				33,500,000
333		31,123,500	32,386,300	63,509,800	63,509,800
335		15,700	15,700	31,400	31,400
336		269,700	269,700	539,400	539,400
337		47,500	47,500	95,000	95,000
339	797,600				797,600
340	18,875				18,875
ExS 1		193,751,900	141,781,200	335,533,100	335,533,100
	34,316,475	225,208,300	174,500,400	399,708,700	434,025,175
Municipal State Aid					
ExS 1		30,800,000	30,800,000	61,600,000	61,600,000
County State Aid Fund					
ExS 1		94,225,000	94,225,000	188,450,000	188,450,000
Highway User Tax Distribution Fund					
333		7,392,800	7,442,600	14,835,400	14,835,400
Wildlife Acquisition Account					
333		615,000	615,000	1,230,000	1,230,000
State Park Development Account					
333		1,200,000	1,200,000	2,400,000	2,400,000
Consolidated Conservation Area Account					
333		500,000	500,000	1,000,000	1,000,000

APPENDIX B (Continued)

Chapter		1979	1980	1981	Biennial	Total Including FY 1979
	Iron Range Resources & Rehabilitation Account					
333	Omnibus State Departments		215,000	215,000	430,000	430,000
	Permanent University Fund					
335	Omnibus Education		2,500,000	2,500,000	5,000,000	5,000,000
	Total All Funds	<u>\$48,219,974</u>	<u>\$2,803,162,054</u>	<u>\$2,757,198,634</u>	<u>\$5,560,360,688</u>	<u>\$5,608,580,662</u>

¹Omnibus Transportation Bill reports "Highway Development" account as funded from Trunk Highway Fund. Department of Transportation estimates that in FY 1980 \$137,420,000 and in FY 1981 \$159,520,000 will come from federal reimbursement. Appropriations from state funds are adjusted accordingly.

APPENDIX C General Fund – Direct Appropriations – Omnibus and Miscellaneous Bills –

	Fiscal Years				Total Including F.Y. 1979
	1979	1980	1981	Biennial	
Omnibus Appropriation Bills					
State Departments	\$ 2,194,800	\$ 325,155,800	\$ 330,474,200	\$ 655,630,000	\$ 657,824,800
Education Aids	3,296,000	965,507,490	997,814,810	1,963,322,300	1,966,618,300
Education	–	397,246,964	403,036,924	800,283,888	800,283,888
Health, Welfare & Corrections	6,109,000	615,711,900	655,502,300	1,271,214,200	1,277,323,200
Transportation	–	23,673,200	23,485,000	47,158,200	47,158,200
Semi-State	–	9,967,900	9,964,000	19,931,900	19,931,900
Tax Bill	–	655,000	–	655,000	655,000
	<u>\$ 11,599,800</u>	<u>\$2,337,918,254</u>	<u>\$2,420,277,234</u>	<u>\$4,758,195,488</u>	<u>\$4,769,795,288</u>
Miscellaneous Appropriations	1,918,699	77,467,700	721,200	78,188,900	80,107,599
TOTAL	<u>\$ 13,518,499</u>	<u>\$2,415,385,954</u>	<u>\$2,420,998,434</u>	<u>\$4,836,384,388</u>	<u>\$4,849,902,887</u>

APPENDIX D Selected Appropriations for Welfare and Correction Activities 1974-81 Deficiency Appropriations included in pertinent years (a)

Fiscal Year	Welfare Categorical Aids (b)	Major Welfare Hospitals	Other Welfare Institutions	Mental Health Centers	Daytime Activity Centers	Corrections Institutions	Veterans Relief
1974	\$ 86,400,000	\$ 54,223,100	\$ 10,330,050	\$ 8,125,000(e)	\$ 4,350,000(c)	\$ 15,360,400	\$ 910,000
1975	101,278,000	54,577,450	10,514,650	6,223,125(e)	–	15,830,067	960,000
1976	109,400,000	67,508,800	10,685,400	10,218,800(e)	6,614,600	19,463,200	1,010,000
1977	119,900,000	67,801,000	10,588,000	14,029,900(e)	7,023,300	19,916,400	1,010,000
1978	214,233,076(g)	96,208,374	10,316,835(d)	16,327,237(e)	7,921,266	30,565,099	1,124,802
1979	225,392,098(g)	96,290,682	10,398,577(d)	16,903,172(e)	8,644,562	29,712,247	1,142,921
1980	273,005,100(g)	104,235,500	11,278,600(d)	(f)	(f)	31,246,700	1,126,900
1981	305,065,400(g)	102,315,200	11,080,200(d)	(f)	(f)	31,296,700	1,126,900

- (a) This chart is a composite of tables IX and X from "Actions of the 1973 Legislature."
 (b) Welfare categorical aids are: Medical Assistance, Aid to Families with Dependent Children and Minnesota Supplemental Assistance.
 (c) Two year appropriation for 1974 and 1975.
 (d) Control and funding of Braille and Sight Saving School and Deaf School transferred to Dept. of Education Effective July 1, 1977.
 (e) Includes Sharing Life in the Community (SLIC) appropriation and Chemical Dependency Appropriations.
 (f) These appropriations are folded into the sum available for the Community Social Services bill which goes into effect on January 1, 1980.
 (g) This does not include the appropriations contained in the Tax bill.

APPENDIX E Increased Salary and Fringe Benefits Costs Enacted by 1979 Legislature By Fund 1979-81 Biennium

Fund	Direct Appropriations Salaries	Open Appropriations			Biennium Total	
		Salaries	Cost of Living	Insurance Rate Increase	Amount	Percent
General	\$ 50,416,280	\$ 77,693,000	\$ 17,535,800	\$ 4,580,000	\$150,225,080	72.7
Trunk Highway	–	23,470,400	4,216,500	1,137,500	28,824,400	14.0
Game and Fish	–	2,085,000	392,200	95,500	2,572,700	1.2
Highway User	–	630,900	167,700	31,800	830,400	.4
Special Revenue	–	1,168,000	272,900	55,300	1,496,200	.7
Federal and Other	–	18,422,200	3,625,200	708,300	22,755,700	11.0
TOTAL	<u>\$ 50,416,280</u>	<u>\$123,469,500</u>	<u>\$ 26,210,300</u>	<u>\$ 6,608,400</u>	<u>\$206,704,480</u>	<u>100.0</u>

APPENDIX F

State of Minnesota
 Summary of Authorized Positions
 as of July 1, 1979
 Prepared by Department of Finance

Agency	Fund	Approved Complement Auth. 1	Legislative Authorized Auth. 2	Budgetary Authorized Auth. 3	LAC Approved Auth. 4	Total
<u>TRANSPORTATION</u>	Trk. Hwy.	4,786.00				4,786.00
	Federal	1.00				1.00
TOTAL TRANSPORTATION		4,787.00				4,787.00
<u>SEMI STATE</u>						
Historical Society			191.80			191.80
State Arts Board		13.00				13.00
South MN River Basin Commission		1.00				1.00
County Attorneys Council			4.00			4.00
Voyageurs National Park Committee			2.00			2.00
TOTAL - SEMI STATE		14.00	197.80			211.80
<u>EDUCATION</u>						
Education	General	567.80			1.00	568.80
	Special	8.50				8.50
	Federal	208.10			13.00	221.10
		784.40			14.00	798.40
Higher Education Coordinating Board			60.90	25.10		86.00
State Univ. Board			3,601.72	94.90		3,696.62
Community College Board			1,775.50	103.70		1,879.20
TOTAL - EDUCATION		784.40	5,438.12	223.70		6,460.22
<u>WELFARE, CORRECTIONS, HEALTH</u>						
Welfare		6,641.70	149.24		98.70	6,790.94
Economic Security			2,478.00		66.50	2,576.70
Corrections		1,369.40	201.78			1,637.68
Sentencing Guidelines Committee			7.00			7.00
Corrections - Ombudsman			8.00			8.00
Health		321.00	421.75		20.50	763.25
Health Boards			40.19			40.19
TOTAL - WELFARE, CORRECTION, HEALTH		8,332.10	3,305.96		185.70	11,823.76
<u>LEGISLATIVE AND JUDICIAL</u>						
Legislative Auditor			74.00			74.00
Supreme Court			96.00			96.00
Law Library			9.00			9.00
District Court			224.00			224.00
Judicial Standards Board		2.00				2.00
Public Defender		25.00				25.00
Tax Court of Appeals		5.00				5.00
TOTAL - LEGISLATIVE AND JUDICIAL		32.00	403.00			435.00
<u>STATE DEPARTMENTS</u>						
Governor - Lt. Governor			51.25			51.25
Secretary of State		31.00	1.00			32.00
State Auditor	General	8.00				8.00
	Revolving	103.00				103.00
		111.00				111.00
State Treasurer		31.00				31.00
Attorney General	General	284.00				284.00
	Federal	3.00				3.00
		287.00				287.00
Ethical Practices		5.00				5.00
Investment Board		30.00				30.00
State Planning	General	106.00	2.00			108.00
	Federal	22.00				22.00
	Revolving	2.00				2.00
	LMCR	12.00				12.00
		142.00	2.00			144.00
Administration	General	487.00			4.00	491.00
	Special	11.00				11.00
	Federal	7.00				7.00
	Revolving	453.00				453.00
		958.00			4.00	962.00

APPENDIX F (Continued)

Agency	Fund	Approved Complement Auth. 1	Legislative Authorized Auth. 2	Budgetary Authorized Auth. 3	LAC Approved Auth. 4	Total
Capitol Area Architect Planning Bd.		2.00				2.00
Finance		127.00				127.00
Personnel	General	104.00				104.00
	Federal	9.00			1.00	10.00
	Revolving	7.00				7.00
		<u>120.00</u>			<u>1.00</u>	<u>121.00</u>
Personnel Board		1.00				1.00
Revenue		944.00				944.00
Agriculture	General	439.00				439.00
	Special	56.00				56.00
	Federal	5.00			21.00	26.00
		<u>500.00</u>			<u>21.00</u>	<u>521.00</u>
Livestock Sanitary Board		40.00				40.00
Natural Resources	General	892.00			61.00	953.00
	LCMR	86.00				86.00
	Special	18.00				18.00
	Game/Fish	479.00				479.00
	Gifts	2.00				2.00
	Federal	25.00				25.00
		<u>1,502.00</u>			<u>61.00</u>	<u>1,563.00</u>
Zoological Garden	General	155.00				155.00
	Special	9.00				9.00
		<u>164.00</u>				<u>164.00</u>
Water Resources Board		3.00				3.00
Pollution Control Agency	General	156.00				156.00
	Federal	108.00			77.30	185.30
		<u>264.00</u>			<u>77.30</u>	<u>341.30</u>
Energy	General	58.00			8.00	66.00
	Federal	38.00			36.00	74.00
		<u>96.00</u>			<u>44.00</u>	<u>140.00</u>
Commerce		229.00				229.00
Non-Health Boards		54.00	2.00		3.00	59.00
Labor & Industry	General	215.00				215.00
	Federal	39.00				39.00
		<u>254.00</u>				<u>254.00</u>
Mediation Services		25.00				25.00
PERB		1.00				1.00
Public Service	General	123.00				123.00
	Federal	10.00				10.00
		<u>133.00</u>				<u>133.00</u>
Economic Development	General	52.00				52.00
	Federal	9.00			5.00	14.00
		<u>61.00</u>			<u>5.00</u>	<u>66.00</u>
Military Affairs	General	137.00				137.00
	Federal	47.00				47.00
		<u>184.00</u>				<u>184.00</u>
Veterans Affairs		281.00			13.00	294.00
Public Safety	General	411.00				411.00
	Trk. Hwy.	1,023.00				1,023.00
	Hwy. User	197.00				197.00
	Federal	83.00				83.00
		<u>1,714.00</u>				<u>1,714.00</u>
Crime Control Planning Board	General	24.00				24.00
	Federal	33.00				33.00
		<u>57.00</u>				<u>57.00</u>
Indian Affairs		7.00			1.50	8.50
Handicapped Council		9.00				9.00
Human Rights	General	38.00				38.00
	Federal	12.00				12.00
		<u>50.00</u>				<u>50.00</u>
Spanish Speaking Council		3.00				3.00
MN Municipal Board		4.00				4.00
Housing Finance Agency		117.00				117.00
TOTAL - STATE DEPARTMENTS		<u>8,541.00</u>	<u>56.25</u>		<u>230.80</u>	<u>8,828.05</u>

APPENDIX F (Continued)

Agency	Fund	Approved Complement Auth. 1	Legislative Authorized Auth. 2	Budgetary Authorized Auth. 3	LAC Approved Auth. 4	Total
OTHER						
Iron Range Resources and Rehabilitation				63.00		63.00
Higher Education Facility Authority				2.00		2.00
MN Education Computing Consortium			65.50			65.50
MN State Retirement System			39.60			39.60
Teachers Retirement Association			54.20			54.20
Hearing Examiners		25.00				25.00
Water Planning Board		10.00		1.00		11.00
TOTAL - OTHER		<u>35.00</u>	<u>159.30</u>	<u>66.00</u>		<u>260.30</u>
<u>TOTAL</u>		<u>22,525.50</u>	<u>9,560.43</u>	<u>289.70</u>	<u>430.50</u>	<u>32,806.13</u>
University of Minnesota						
Academic			4,176.50			4,176.50
Civil Service			4,245.00			4,245.00
TOTAL - 1979-80			<u>8,421.50¹</u>			<u>8,421.50¹</u>
University of Minnesota						
Academic			4,180.70			4,180.70
Civil Service			4,252.20			4,252.20
TOTAL - 1980-81			<u>8,432.90¹</u>			<u>8,432.90¹</u>

¹Covers approved complements for the maintenance and operations account only. Excludes personnel employed in the hospitals, cafeterias, dormitories, bookstores, intercollegiate athletic programs, and non-academic self-sustaining operations or sponsored research, training programs and institutes.

APPENDIX G

GLOSSARY

Aid to Families with Dependent Children (AFDC) — Aid provided through counties to the qualifying families described in the title. Eligibility involves low or no income and lack of assets. The Federal government pays about 56 percent of this cost; the State pays 70 percent of the non-federal share in 1980 and 80 percent in 1981 and future years. Through the property tax levy the counties pay 30 percent of the non-federal share in 1980 and 20 percent in 1981 and future years.

Area Vocational-Technical Institute (AVTI) — School established by a local board of education to provide post-secondary vocational training. Currently there are 33 such schools throughout Minnesota.

Assessed Value — Under Minnesota law, limited market value (in the future, estimated market value) is reduced for property tax purposes under a classification system to arrive at assessed value. The amount of reduction depends upon the class of property. The gross property tax is calculated by applying the mill rate to the assessed value.

Biennium — Two consecutive fiscal years beginning July 1 in an odd-numbered year. The biennium is described by the odd-numbered year in which it begins and the odd-numbered year in which it ends, such as the 1979-1981 biennium.

Blind — Anyone with central visual acuity of 20/200 or less in the better eye with the use of a correcting lens, or if his visual acuity is greater than 20/200 but is accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees.

Deaf — Anyone whose average loss in the speech frequencies (500-2000 Hertz) in the better ear, unaided, is 92 decibels, American National Standards Institute, or worse.

Developmental Achievement Center (DAC) — Provides daytime educational, recreational, and social activities for mentally retarded and cerebral palsied persons. There are 105 DAC's throughout Minnesota operated by either non-profit corporations or local government agencies.

Disabled — Anyone unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death, or has lasted or can be expected to last for a continuous period of not less than 12 months.

E.A.R.C. Ratio — The percentage the assessor's market value is of the market value determined by the Equalization Aid Review Committee through a sales ratio study. The E.A.R.C. ratio is also referred to as the sales ratio.

E.A.R.C. Values — The actual market value of a taxing district's property as determined by the Equalization Aid Review Committee. The determination is made by comparing values of actual sales of property to the market value at which these properties were assessed.

Estimated Market Value — The assessor's estimate of the market value or selling price, intended to represent the worth of the property in a transaction between a willing buyer and a willing seller. Beginning with property taxes payable in 1981, taxes will be based on the estimated rather than the limited market value.

Fiscal Year — That period of time beginning July 1 continuing 365 (6) days until the following June 30. Used by the State for budgeting purposes. The fiscal year is described as the year in which it ends, such as the 1980 fiscal year ending June 30, 1980.

Foundation Aids — The State aids provided to school districts on the basis of pupil units to supplement the local 23 mills applied to the property value in 1979 and 21 mills thereafter.

General Assistance (GA) — Maintenance cash payments to eligible poor persons who do not qualify for AFDC or SSI. This program is financed 60 percent from State funds in 1980 and 70 percent in 1981 and thereafter. The counties finance the remaining portion.

General Assistance — Medical Care (GAMC) — Payments made to medical vendors on behalf of medically indigent persons who do not qualify for Federally-assisted aid as AFDC or SSI recipients. The State finances 90 percent of this program and the counties finance 10 percent.

Homestead — One of the property classifications. Homesteads are residences occupied by the owner. Property owners may have no more than one homestead.

Homestead Credit — State-paid reduction in the property tax bill of a homeowner. For taxes payable in 1979, the credit is 45 percent of the tax, up to a maximum credit of \$325; for taxes payable in 1980, 50 percent up to \$550; and for taxes payable in 1981, 55 percent up to \$600.

Indexing — Automatic increase based on the increase in another factor. Indexing the individual income tax is designed to offset the impact of inflation. The 1979 Legislature indexed four components of the individual income tax — size of the brackets, personal credits, maximum standard deduction and low income exclusion levels — to the increase in the Minneapolis-St. Paul Consumer Price Index.

Levy Limits — The amount local governments are permitted to levy against their property tax base for certain services.

Limited Market Value — Under Minnesota law, for taxes payable in 1980 the amount of increase in assessment is limited to 10 percent of the value in the preceding assessment or one-half of the total increase in valuation, whichever is greater. The previous year's limited market value plus the limited increase constitutes the limited market value. The property is then taxed at the limited rather than the assessor's estimated market value. Beginning with taxes payable in 1981, limited market value is repealed.

Local Government Aids — The funds distributed by a formula from the State general fund to all cities, townships and counties (except Hennepin, Ramsey and St. Louis).

Low Income Credit — A credit granted to low income individuals to fully offset or reduce their income tax liability. The credit is determined by income and family size according to a schedule set by law.

Mill — One dollar in each thousand used to determine taxation on Minnesota property. This means that each mill levied by local government results in the taxpayer paying one dollar in taxes for each \$1,000 assessed value.

APPENDIX G (Continued)

Medical Assistance (MA) — Payments made to medical vendors (nursing home operators, physicians, dentists, druggists, etc.) on behalf of welfare recipients and others who are eligible because of a lack of resources to pay for medical care as determined by statutory schedule and rules and regulations. The Federal government finances about 56 percent of this; the State finances 90 percent of the non-federal share and the county 10 percent.

Minnesota Supplemental Aid (MSA) — Supplemental aids paid to certain SSI recipients because their Federal SSI benefits are lower than the State paid to these recipients before the program was taken over by the Federal government. In 1980 MSA is financed 70 percent by the State and 30 percent by the county. In 1981 and subsequent years the State will finance 80 percent and the county 20 percent.

Occupation Tax — Paid in lieu of income taxes by all companies mining or producing iron ore and taconite. Based on value of ore produced.

Production Tax — Paid in lieu of property taxes by all companies mining or producing iron ore and taconite. Based on tonnage produced.

Property Tax Refund — A yearly refund up to \$650 given to homeowners and renters based on their incomes and the amount of property taxes or rent they paid.

Property Tax Co-Insurance Refund — An additional yearly refund given to homeowners and renters whose property tax

refund calculation exceeded the \$650 limit. The additional refund is equal to 50 percent of the amount of property tax or rent equivalent over \$650. The sum of the property tax refund and the property tax co-insurance refund cannot exceed \$1,000.

Replacement Levy and Aid — Beginning in 1980-81 the district entitlement for declining enrollment, fast growth and sparsity aid will be changed from a state aid to a fixed dollar amount per pupil to be levied on the property tax and equalized with state aid at the same rate as the foundation aid. This levy will be permitted to increase in future years at the same rate as the foundation formula increases.

School Agricultural Credit — Under Minnesota law the State pays a portion of the school tax bill for agricultural and seasonal recreational residential property. On non-homestead property, the State pays 10 mills. On homestead property (up to 240 acres) the State pays 15 mills for taxes payable in 1980 and 17 mills for taxes payable in 1981 and thereafter.

Special Aids — School aids for specific purposes such as transportation, education of the handicapped, and others.

Special Levies — Levies not covered by the levy limitation law, principally, welfare income maintenance and bonded debt levies.

Supplemental Security Income (SSI) — Payments made directly from the Federal government to eligible low-income people who are aged, blind or disabled.

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