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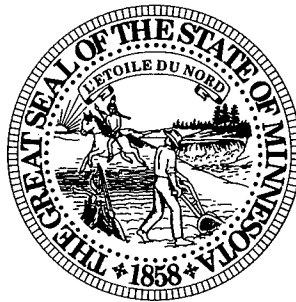
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## BUDGETAL REVIEW

OF  
THE 1985  
LEGISLATIVE SESSIONS

**A**  
**FISCAL REVIEW**  
**of the**  
**1985 LEGISLATIVE SESSIONS**

Prepared by: Staff of Senate Counsel and Research  
Edited by William Riemerman



Minnesota Senate  
Senate Counsel and Research

John E. Post, Director

December, 1985

## Foreword

Fiscal Review 1985 continues a series of state appropriation reports that was begun in 1975. This report provides extensive financial information on the 1985 sessions.

This report provides a broad accounting of actions of the Minnesota Legislature which have a substantial fiscal impact. Major programs funded by the Legislature are explained. Programs are grouped by major function so that appropriation trends can be reviewed and evaluated.

The report is designed to be used by State Senators, Representatives, and others in providing a public accounting of legislative actions. Copies are available through the state's public library system or through the Office of Senate Counsel and Research, Room 123 Capitol, St. Paul, Minnesota 55155.

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## Dates of 1985 Sessions

1985 Regular Session ..... January 8-May 20, 1985

1985 Special Session ..... June 19-June 21, 1985

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# I. HIGHLIGHTS

The most significant legislation passed by the 1985 session of the Legislature involved changes in the state income tax law.

These changes were estimated to result in tax cuts of \$878.6 million over two and one half years or an aggregate individual income tax cut of 10 percent. The significance of the tax cut was in the structural changes in the system, rather than the size of the reductions.

One major change involves the creation of a two-pronged tax system. Income taxpayers can choose either lower marginal rates and forego the right to deduct federal income tax payments or higher marginal rates and retain the right to deduct federal tax payments from taxable income. Federal deductibility has been a traditional feature of the Minnesota income tax system.

The other major change involves the elimination of income splitting for two-earner families, treating them the same as one-earner families for tax purposes. In essence, this also creates a "marriage penalty"—two-earner couples paying more in income taxes than unmarried couples. This is partially offset by the adoption of the federal two-earner income deduction.

The changes cited above generally result in significant tax reductions for one-earner families and more modest reductions and, in some cases, tax increases for two-earner families and single taxpayers.

The new income tax system was put in effect retroactively for the taxable year beginning January 1, 1985.

Other important changes simplified the income tax by eliminating various credits and by making Individual Retirement Account contributions and interest tax exempt (federal conformity).

Another major change in the tax bill was the reduction of the sales tax on farm machinery to two percent and the elimination of the sales tax on repair and replacement parts used in the maintenance and repair of farm machinery.

Two changes in the tax bill involved the property tax refund or circuit breaker. One change involved the elimination of the "free zone" for circuit breakers. Thus, all circuit breaker payments now will be under the co-insurance concept—taxpayers will be liable for a portion of any property tax increase. The other change was the elimination of the senior citizens circuit breaker schedule and its replacement by a \$2,000 deduction from household income for persons over 65 years of age and disabled taxpayers.

Further, the 1985 session increased the cigarette tax by five cents a package, and by up to an additional eight cents per

package, provided the federal government allows the federal tax to drop by that amount. Most of the yield from the increased cigarette tax is dedicated to storm sewer separation, waste water treatment programs, and health services.

The 1985 session also phased out the gross earnings tax on telephone companies. Telephone real property will be subject to the property tax beginning in 1988 and gross receipts from the sale of central telephone equipment will be subject to the sales tax beginning in 1987.

Other highlights of the 1985 session are:

**Agriculture**—enactment of a farm relief act designed to buy down interest rates on agricultural operating loans.

**Education**—elimination of direct state payment for the employer's share of public school teacher retirement and Social Security contributions. School districts will now pay these costs, and in turn, are eligible for state aids for these expenditures. The 1985 session also reduced the local effort school mill rate from 24 to 23.5 mills in 1986 and to 23 mills in 1987, and restored summer school aid that had been eliminated in 1982. The appropriation for the summers of 1985 and 1986 was set at \$15.3 million.

**Inducements to Industry**—a proposal for \$41 million in subsidies if General Motors Corp. locates its Saturn plant in Minnesota. (This did not occur, cancelling this appropriation.)

**Human Services**—adoption of a major change in the General Assistance program by excluding potential clients who meet certain able-to-work criteria. A work readiness program was established for persons whose income and resources would qualify them for GA, but who are not eligible because of the new criteria.

Persons with certain handicapping conditions and persons who reside in high unemployment counties are eligible for six months of work readiness assistance. Others are eligible for only two months assistance in a 24-month period. Work readiness recipients will receive the grant along with an employability assessment, and access to an employment assistance program.

**Capital Improvements**—adoption of a capital improvement program of nearly \$200 million—\$174.6 million of it through bonding. Major projects included about \$43 million for an electrical engineering building for the University of Minnesota Twin Cities campus; \$16 million for a Duluth convention center; about \$13 million for metropolitan parks; and \$9.2 million for a recreational sports complex at the University of Minnesota—Duluth.

## II. THE TAX LAWS

The 1985 special session passed legislation which resulted in net tax reductions of more than \$866 million for the 1985-87 biennium. While the net income tax reduction amounted to about \$790 million, net sales tax and property tax relief totaled about \$95 million for the biennium.

The total tax relief package of more than \$1 billion was offset by a five-cent per package increase in the cigarette tax and a five percent increase in the tobacco products tax, expected to raise \$49.1 million during the upcoming biennium. An additional \$85 million gain in income taxes is expected to result from adoption of numerous changes in the federal internal revenue code.

Reductions in mining taxes, estate tax, and telephone gross earnings tax were also enacted. The mortgage registration tax, deed tax, and taconite production tax were transferred to local administration.

### Income Tax

Major revisions were made in the individual income tax law during the 1985 special session resulting in significant simplifications and tax reductions of more than \$878 million. This was offset by \$85 million in tax increases in the federal update article. Two sets of new rate schedules were adopted replacing the single schedule previously in law. One rate schedule is to be used by taxpayers claiming the federal income tax deduction while the other schedule is for those not claiming the deduction. The taxpayer may use the option resulting in the lowest tax. The rates and brackets are as follows:

For taxpayers claiming the federal tax deduction:

<b>Married Joint</b>		
\$ 0 - \$ 875	.....	1.5%
875 - 1,750	.....	2.0%
1,750 - 3,500	.....	2.9%
3,500 - 5,375	.....	4.8%
5,375 - 7,000	.....	5.9%
7,000 - 7,125	.....	6.1%
7,125 - 8,875	.....	7.2%
8,875 - 12,375	.....	8.3%
12,375 - 14,000	.....	9.3%
14,000 - 16,000	.....	10.0%
16,000 - 21,500	.....	11.0%
21,500 - 22,125	.....	11.3%
22,125 - 25,500	.....	12.3%
25,500 - 28,500	.....	12.6%
28,500 - 31,750	.....	13.7%
31,750 and over	.....	14.0%

<b>Single and Married Separate</b>		
\$ 0 - \$ 700	.....	1.3%
700 - 1,400	.....	1.9%
1,400 - 2,800	.....	3.2%
2,800 - 4,300	.....	5.4%
4,300 - 5,700	.....	6.9%
5,700 - 7,100	.....	8.4%
7,100 - 9,900	.....	9.8%
9,900 - 12,800	.....	11.1%
12,800 - 15,400	.....	12.4%
15,400 - 19,400	.....	13.6%
19,400 and over	.....	14.0%

For taxpayers not claiming the federal tax deduction:

<b>Married Joint</b>		
\$ 0 - \$1,200	.....	1.7%
1,200 - 1,700	.....	2.1%
1,700 - 2,700	.....	2.3%
2,700 - 5,600	.....	3.3%
5,600 - 9,100	.....	5.3%
9,100 - 12,600	.....	6.8%
12,600 - 17,800	.....	8.5%
17,800 - 30,800	.....	9.3%
30,800 and over	.....	9.9%

<b>Single and Married Separate</b>		
\$ 0 - \$ 300	.....	1.0%
300 - 600	.....	1.3%
600 - 900	.....	1.6%
900 - 1,300	.....	2.1%
1,300 - 2,000	.....	2.7%
2,000 - 2,800	.....	3.7%
2,800 - 4,300	.....	4.5%
4,300 - 6,400	.....	6.1%
6,400 - 9,400	.....	7.5%
9,400 - 16,200	.....	9.3%
16,200 and over	.....	9.9%

Married couples filing joint returns will compute their tax on the basis of combined income. All married couples will be required to file their state income tax using the same status they selected for their federal income tax.

Simplification measures included the elimination of many credits and adjustments to income and elimination of differences between federal and state itemized deductions. Credits repealed included the low income credit, homemaker credit, residential energy credit, resource recovery equipment credit, pollution control equipment credit, pollution control feedlot credit, equity investment credit, and conservation tillage planter credit.

Credits remaining are those for political contributions, dependent care, and off-highway use of gasoline and special fuels.

Many adjustments to federal adjusted gross income were eliminated. Law changes having the greatest impact were the repeal of the farm loss modification, and conformity with federal law on treatment of the following items:

1. Marriage penalty offset deduction for two-earner married couples.
2. Treatment of IRAs, simplified employee pensions, and self-employed retirement contributions.
3. Treatment of employee contributions to public pension plans which are picked up by the employer/governmental unit.
4. Treatment of Social Security and railroad retirement benefits (except that railroad retirement benefits are exempt from state income tax if the recipient is age 65 or over or disabled).

Itemized deductions for charitable contributions and adoption expenses were also changed to conform with federal law. The dependent education expense deduction was retained.

A revised pension income exclusion was also enacted during the 1985 special session. The revised exclusion is limited to pension recipients who are age 65 or over or who are disabled, except for pensioned police, firefighters, and correctional employees. These pensioners get the exclusion before reaching the age of 65. The maximum exclusion amount remains at \$11,000, but the \$17,000 federal adjusted gross income threshold for reducing the exclusion was changed to apply to the combined income of married couples, rather than to each filer. Also, severance pay no longer qualifies as income subject to the exclusion.

Other significant changes in the income tax law include the elimination of the taxable net income adjustment factor and the elimination of the system of indexing by the lesser of the growth in Consumer Price Index (CPI) or Minnesota gross income. The U.S. CPI will be used to index, bringing state indexing in line with the federal indexing method.

The maximum standard deduction was increased from \$2,300 to \$2,400 and personal and dependent credits were set at \$70 for tax year 1985 (same as 1984). The more stringent federal definition of dependent was also adopted.

Changes in corporate income tax laws were quite limited in both number and scope. The most significant change allows corporations whose business consists entirely of mail order or telephone sales to use an apportionment factor based solely on sales if all of its payroll and property is located in Minnesota.

## Sales and Use Tax

Legislative action on the general sales and use tax broadened exemptions and reduced rates on specified items. The tax loss of the proposal was estimated at \$55.5 million over the biennium. Items exempted from taxation include repair and replacement parts for farm machinery, admissions to school events, and electricity used to make snow for ski areas. Farm machinery, including large chain saws used in logging, will be taxed at a reduced rate of two percent.

Sales tax exemptions were provided for specified sales made by non-profit organizations. Sales made for fundraising purposes by organizations for people under 18 years of age or for senior citizens will be exempt if annual receipts of the organization do not exceed \$10,000.

Also exempted are receipts from sales or admission charges at fundraising events sponsored by non-profit organizations if all proceeds (other than necessary expenses) are to be used for charitable, religious, or educational purposes.

A sales tax exemption was also enacted for capital equipment purchased in distressed counties (see section on economic development).

## Property Tax

A number of changes increased and modified major property tax relief systems for taxes payable in 1986. The agricultural credit percentages were increased to provide greater property tax relief for farm and timber property. The old percentages of tax and the new percentages of tax to be paid by the state are:

Property Class	Current Law	New Law
First 320 Acres	33%	36%
320-640 Acres	15%	26%
Over 640 Acres	10%	26%
Non-Homestead	15%	26%
Seasonal Recreational	15%	15%
Timberland	10%	26%

The \$4,000 maximum credit for agricultural land was eliminated, but the \$100 credit maximum for seasonal recreational residential property was retained.

The homestead credit maximum was increased from \$650 to \$700 and is to be based on the tax on the first \$68,000 of market value instead of the current \$67,000.

Local government aid was also increased for 1986, and a new distribution formula was put in place for cities. Basically, the aid amounts are determined by subtracting each city's fiscal capacity factor (1984 adjusted assessed value multiplied by a variable local effort mill rate) from its fiscal need factor (the three-year average of the sum of the municipal property tax levy and local government aid for 1983-85).

Cities will be limited in the aid increase they can receive. If their 1985 per capita aid exceeded \$150, the maximum aid increase for 1986 is six percent. If a city's 1985 per capita aid was less than \$150, the 1986 aid will be the greater of 112 percent of the 1985 aid or \$159 multiplied by the population used for determining the 1985 aid. Cities of the first class must receive at least 102 percent of their 1985 aid. Other cities may not receive less than their 1985 aid.

If the computed 1986 local government aid exceeds the \$286 million appropriated for aid to cities, each city's aid is to be reduced proportionally to limit the aid distribution to the appropriated amount.

County governments will continue to receive 60 percent of their certified 1983 aid for 1986, but towns will receive the greater of 60 percent of their 1983 aid or 106 percent of their 1985 aid. (Currently towns receive 50 percent of their 1983 aid.)

Several adjustments were also made to the classification system and assessment percentages. The most significant of these changes, for homesteads, are:

Taxes Payable in 1986	Current Law	Payable 1986	Payable 1987
Residential Homesteads			
Less than \$32,000	17%	18%	18%
\$32,000 - \$64,000	19%	18%	18%
Over \$64,000	30%	29%	28%
Agricultural Homestead			
Up to \$64,000 Mkt.	14%	14%	14%
Over \$64,000 Mkt.	19%	18%	18%
Homestead of Blind, Disabled			
Non-Agricultural:			
Up to \$32,000	5%	5%	5%
\$32,000 - \$64,000	19%	18%	18%
Over \$64,000	30%	29%	28%
Agricultural:			
Up to \$32,000	5%	5%	5%
\$32,000 - \$64,000	14%	14%	14%
Over \$64,000	19%	18%	18%

The assessment percentage on timberlands and non-homestead agricultural land was reduced from 19 to 18 percent and the percentage for certain FHA-financed housing in municipalities of under 10,000 population was increased from five to 10 percent. Private hospitals will be assessed at 28 percent of market value, instead of the current 34 percent, and up to one acre of real property owned by a non-profit community service organization will receive an assessment rate of 21 percent if it is not used for a revenue producing activity more than six days per year. Currently this property is assessed at 28 percent on the first \$60,000 of market value and 43 percent on any excess. Dwellings in licensed continuing care facilities will be treated as homestead property.

## Property Tax Refund

Increased direct property tax relief and changes in the property tax refund program itself will result in a projected biennial savings to the state of more than \$10 million.

The property tax refund schedule was revised to increase the percentage of income a claimant must pay in property tax before receiving a refund. The "free zone" was also eliminated so that no claimant may regain 100 percent of any property tax increase through the property tax refund program.

The preferential refund schedule for senior citizen and disabled claimants was eliminated, but these claimants will be allowed to exclude the first \$2,000 of income in determining their household income. Contributions to IRAs and similar plans will have to be included in household income.

The filing date for property tax refund claims was changed from August 31 to August 15.

## Telephone Gross Earnings Tax

Legislation phasing out the telephone gross earnings tax will result in a projected revenue reduction of \$9.6 million during the biennium. The tax will be phased out according to the following schedule:

	Rural Subscribers	Urban Subscribers
Current Rate	4%	7%
1987 Rate	3%	5.5%
1988 Rate	1.5%	3%
1989 Rate	1%	2.5%
1990 and after	Exempt	Exempt

Gross receipts from business originating or terminating outside the state will be exempt after December 31, 1985.

Locally assessed property taxes will be levied on telephone company real property beginning with taxes payable in 1988. In addition, the sales tax exemption for gross receipts from the sale of central office telephone equipment will be eliminated for 1987 and subsequent years.

## Excise Taxes

Both the excise tax on cigarettes and the tobacco products tax were increased during the special session, effective July 1, 1985. The tax on cigarettes was increased five cents per package, and an additional increase of up to eight cents per package was



authorized if the federal excise tax is reduced, as scheduled, October 1, 1985. The tobacco products tax was increased from 20 percent of wholesale price to 25 percent of wholesale price.

Although the cigarette and tobacco tax increases will raise an estimated \$49.1 million during the 1985-87 biennium, almost none of the increase will be credited to the general fund. Four cents of the five cent cigarette tax increase will be credited to the water pollution control fund and the remaining one cent of the increase will be credited to the public health fund. Only the increase in the tobacco products tax will be credited to the general fund. If an additional increase occurs, contingent upon federal action, two cents of the additional increase would be credited to the water pollution control fund and .4 cent would be credited to the public health fund. Any remainder will be credited to the general fund.

In a related change, cigarette tax revenue which was previously transferred from the general fund to the LCMR for natural resources acceleration will be credited directly to a separate fund.

The reduced excise tax rates for agricultural alcohol gasoline were eliminated and a new credit against the tax was established. The credit is 40 cents per gallon of fuel-grade alcohol blended with gasoline, but may not exceed the amount of the total tax liability. If sold to governmental units for school-related transportation, the credit is 80 cents per gallon of fuel-grade alcohol.

Automobiles in the tenth or subsequent year of service will be subject to a flat \$10 fee in lieu of the motor vehicle excise tax. Above-market automobiles, including all automobiles with a resale value of \$3,000 or more, will continue to be subject to the motor vehicle excise tax.

The tax credit for brewers producing fewer than 100,000 barrels per year was increased from \$2 to \$4 per barrel up to 25,000 barrels sold annually. The requirement that the malt beverage be produced in Minnesota was eliminated and the credit was limited to the lesser of the tax liability or \$100,000.

During the 1985 regular session preferential tax rates for "Minnesota Farm Wineries" were repealed. This was a reaction to a U.S. Supreme Court decision which found a similar law in Hawaii to be unconstitutional.

Towns were given authority to impose a lodging tax of up to three percent, and cities were given authority to include the gross

receipts from municipal campgrounds as taxable sales under their optional lodging tax. County boards will also be allowed to act as town boards to impose the lodging tax in unorganized territories.

### **Miscellaneous**

Several mining tax changes were made during the special legislative session. Occupation and royalty tax rates on taconite and natural ore were reduced from 15 percent to 14.5 percent for 1986 and 14 percent for 1987 and subsequent years.

Responsibility for collection and distribution of the taconite production tax was transferred from the commissioner of revenue to the Iron Range Resources and Rehabilitation Board (IRRRB) and St. Louis County. All taconite account funds held in the state general fund were transferred to the IRRRB or the St. Louis County auditor on June 30, 1985, and no taconite production taxes were to be credited to the state general fund after that date.

The mortgage registration and deed taxes were also transferred to county control on July 1, 1985. State human services aids will be reduced to offset 95 percent of the mortgage registration tax and 97 percent of the deed tax collected by each county.

Funds were appropriated to the commissioner of revenue to make refunds of railroad property taxes for the 1983 assessment year which resulted from court orders or approved abatements. Similar refunds have been made for the 1981 and 1982 assessments.

The Minnesota estate tax was repealed, but a "pick-up tax," equal to the amount of the state death tax credit against federal estate tax, will be imposed.

The interest rate the state pays on refunds was increased from six percent to 80 percent of the floating rate charged to taxpayers on late tax payments.

Several changes were also made regarding leased state lands. Lease rate increases scheduled for January 1, 1986, will be phased-in in three equal annual installments. Beginning January 1, 1986, 50 percent of the funds received from the lease of school fund lands must be credited to the permanent school trust fund. These lands will also be exempt from the property tax, but structures and improvements will continue to be taxed.

### III. PROPERTY TAX RELIEF AND LOCAL AIDS

The 1985 Legislature passed a 1985-87 biennial general fund budget of more than \$10 billion, of which more than \$6.6 billion was for aids to local units of government or individual taxpayers.

The budget (adjusted for dedicated revenues such as tuition and human services payments reimbursed to the state by the counties and the reserve fund) was \$9,735,345,230. Aids, credits and property tax relief totaled \$6,633,761,600, or 68.1 percent of the total general fund appropriations.

Another \$742.4 million in local aids was appropriated from non-general fund resources.

This year's local aid data is not directly comparable to previous years' data primarily because of three actions by the 1985 Legislature.

First, about \$59 million of local AFDC aids to the counties was removed from general fund appropriations by adopting a system under which that amount of money in mortgage registration and deed taxes will remain with the counties of collection to offset state AFDC entitlements. Previously these tax collections were submitted to the state.

In another action, the 1985 session transferred the collection and distribution of about \$132 million of taconite production taxes to St. Louis County. This money will go to local units of government without passing through the general fund as it did previously.

In a third action, the 1985 Legislature allocated a portion of the cigarette tax out of the general fund and into the Water Pollution Control fund, the Public Health fund, and the Minnesota Resources fund. This results in \$62 million of estimated appropriations for the 1985-87 biennium coming from the non-general fund share of the cigarette tax. Of this amount, \$37.7 million in the Water Pollution Control fund is appropriated for local aid for sewer separation and other pollution control projects. Another \$17.4 million was appropriated contingent on the state picking up an additional eight cents a package cigarette tax, if the federal government reduced that tax.

Individual property tax aids total almost \$1.7 billion, most of it paid to local governmental units but credited to individual property tax bills by these governmental units.

More than a billion dollars is appropriated for homestead property tax credits and another \$234 million is appropriated for agricultural school credits (credits against farm property taxes that are reimbursed by the state to local units of government). The remainder of personal tax aids are about \$342 million in property tax relief (circuit breaker) payments to homeowners and renters.

Aids to local government include general tax aids as well as categorical aids for education, human services, the court system, corrections, and transportation. More than \$4.3 billion of these aids are primarily categorical and about \$625 million of them are general.

The bulk of the non-categorical aids consist of about \$600 million in local governmental aid to municipalities and counties. The rest of the non-categorical aids are relatively minor, involving payments in lieu of taxes to counties with DNR lands, wetlands, attached machinery aids, etc.

The categorical property tax aid appropriations are led by education aids. Significant aids are also appropriated for medical assistance and other human services programs, public employee pensions, community corrections, the court system, mass transit, municipal and county highways, and county health programs.

More than \$2.5 billion, over 25 percent of the total state general fund budget, goes for education aids to elementary and secondary school districts, and another \$1.5 billion, or 16 percent, goes to counties for human services aid—most of it to support the medical assistance program.

The education aids do not include the non-general fund aid of \$52 million from the school endowment fund and property tax aids for school levies. It does include the state's reimbursement to school districts for the employers' share of teacher retirement and Social Security payments.

The human services aid total includes the appropriations for Medical Assistance, General Assistance, General Assistance Medical Care, Aid to Families with Dependent Children, Minnesota Supplemental Aid, and social service aids, as well as the state's share of Medical Assistance and General Assistance Medical Care aids for state hospital patients. It does not include the \$59 million in offsets paid through the state mortgage registration and deed tax.

Public employee pension aids are handled in three separate appropriations—including aid to police and fire departments from the fire insurance premium tax revenue, local police and fire pension amortization aid, and pension reimbursements for the unfunded liability of the Minneapolis Employee Retirement Fund.

Community corrections appropriations to local units are about \$28 million and the state aids for operations of the district and county court systems totals almost \$36 million. Another \$24 million is appropriated for Community Health Service subsidies.

In the transportation area, the general fund appropriations from the motor vehicle excise tax provide more than \$24 million in county highway aid, about \$7.5 million in municipal highway aids, and more than \$45 million in general fund money for mass transit aid.

The non-general fund aids to local governmental units total about \$753 million with \$347 million from dedicated trunk highway user taxes going for county highway aid and another \$114 million going for municipal highway aid. The distribution is based on the constitutional provision for apportioning these funds.

About \$132 million in aids from the taconite production tax collections goes to local governmental units and homesteaders in northeastern Minnesota with the money to be collected and distributed by St. Louis County.

As mentioned earlier, almost \$59 million of the state's share of AFDC will be paid by allowing the counties to retain some mortgage registration and deeds tax collections formerly submitted to the state; \$52 million in aids will go to school districts from the school endowment fund; and about \$38 million of the non-general fund portion of the cigarette tax will go toward local aid for storm sewer separation and other pollution control projects; and a carryover of \$10 million from the last biennium was appropriated from the transit assistance fund for mass transit aids.

#### PROPERTY TAX RELIEF AND LOCAL AIDS 1985-87 Biennium

Aids and Credits .....	\$2,399,035,700
Miscellaneous Pension Aids .....	8,673,500
Elementary & Secondary Education Aids	
(Including Teacher Retirement) .....	2,527,571,700
Motor Vehicle Excise Tax to	
Counties & Cities .....	31,609,800
Aid to Mass Transit .....	45,676,900
Social Services .....	102,444,200
Income Maintenance .....	1,422,080,700
Human Services Administrative Aids ...	8,000,000
Community Aids for Corrections .....	28,000,000
Community Health Aids .....	24,053,000
Trial Courts .....	36,616,100
Total	\$6,633,761,600

# IV. FUNCTIONS OF STATE GOVERNMENT

## A. EDUCATION

### Elementary and Secondary Education

The 1985 Legislature appropriated \$2.579 billion for elementary and secondary education in the 1986 and 1987 fiscal years. This was an increase of 18.6 percent over the level of the previous biennium (\$2.174 billion).

The table below provides a summary of the appropriations for the two bienniums. It shows that most of the increase was in the category of foundation aid and summer programs, where appropriations grew by more than 25 percent. This category's share of total elementary-secondary education appropriations grew from 56.6 percent in 1984-85 to 59.9 percent in 1986-87.

The two categories which received the largest percentage increases were community and adult education (from \$11.3 million to \$19.0 million) and technology and educational improvement (from \$9.0 million to \$12.4 million). Despite the increases, these two categories each account for less than one percent of total elementary-secondary education appropriations. Most of the larger categorical aid programs received relatively modest increases in appropriations.

Appropriations for Elementary and Secondary Education  
1983-85 and 1985-87 Bienniums  
(all amounts are in thousands of dollars)

	Fiscal Years 1984-85	% of Total	Fiscal Years 1986-87	% of Total
Foundation Aid & Summer Programs	\$1,231,364	56.6%	\$1,545,417	59.9%
Teacher Retirement	369,004	17.0	411,690	16.0
Transportation Aid	168,729	7.8	173,665	6.7
Special & Compensatory Education	281,442	12.9	306,107	11.9
Secondary Vocational Education	40,720	1.9	42,749	1.7
Community & Adult Education	11,345	0.5	18,970	0.7
Technology & Education Improvement	8,953	0.4	12,440	0.5
Other Education Aids	62,659	2.9	68,534	2.7
Total	\$2,174,216		\$2,579,572	

NOTE: For a breakdown of these appropriations, see Table B.

### Foundation Aid

Foundation aid includes several different tiers, each with its own formula. Each tier includes both state aid and a corresponding local property tax levy. These aids and levies are the major source of operating revenues for school districts.

Basic foundation aid and levy is the largest component of the foundation formula. It provides school districts with a specified amount of revenue, called the "formula allowance," for each pupil unit. The formula allowance was \$1,475 in fiscal year 1985; it will be \$1,585 in fiscal year 1986 and \$1,690 in fiscal year 1987. These are increases of 7.5 percent and 6.6 percent, respectively. Each district must levy a local property tax of a specified mill rate. The required local mill rate was 24 equalized mills for fiscal years 1984 and 1985, and was reduced to 23.5 mills for 1986 and 23.2 mills for 1987. State aid makes up the difference between the guaranteed revenue and the amount raised by the local levy.

Pupil units used for basic foundation revenue include both "actual" and "AFDC" pupil units. Actual pupil units are weighted counts of the district's resident pupils. The weightings are .5 units for each kindergarten pupil, 1.0 for elementary pupils, and 1.4 for secondary pupils. AFDC pupil units provide additional revenue to districts with students whose families receive Aid to Families with Dependent Children. For fiscal years 1982 through

1986, each district's AFDC pupil unit count was "frozen" at 98.5 percent of the 1980 count. The 1985 Legislature voted to use current AFDC counts beginning in fiscal year 1987. This will reduce the amount of revenue attributable to AFDC pupil units by \$13.5 million.

The remainder of foundation formula revenue is provided by a five tier discretionary revenue system. The first tier, or cost differential tier, is made up of two separate allowances, training and experience, and sparsity. The training and experience allowance provides additional revenue based on the level of training and experience of each district's teachers (more for more experienced, higher paid teachers). The sparsity allowance provides additional revenue to geographically isolated districts with low enrollments. The 1984 Legislature increased revenue for both of these allowances substantially, effective in fiscal year 1986.

The second tier provides revenue of \$150 per pupil unit, with the amount reduced for districts with operating fund balances in excess of \$500 per pupil unit.

Third tier revenue is \$100 per pupil unit for all districts. Fourth tier revenue includes \$100 per pupil unit for all districts, and an additional training and experience allowance.

The fifth tier assures that the tiers will provide all districts with at least the same revenue they received from the foundation aid components abolished in fiscal year 1985, plus a minimum increase. The minimum increase is \$25 per pupil unit in fiscal years 1985 and 1986, and \$50 per pupil unit in 1987. Only 74 districts qualified for fifth tier revenue in fiscal year 1985. The number qualifying is expected to be 39 in 1986 and 67 in 1987.

Revenue for all five tiers is provided through a combination of state aids and local property taxes. The proportions of aid and levy depend on the property valuation of the district. For the first and second tiers, aid makes up the same proportion of revenue as it does for basic aid and levy. The other three tiers are equalized with lower levels of state aid.

To limit the state cost and property tax impact, the new system is being phased in over four years. Districts will receive one-fourth of the increase in revenue in fiscal year 1985, one-half in fiscal year 1986, three-fourths in fiscal year 1987, and the full amount in fiscal year 1988.

The 1985 Legislature added a new foundation revenue component, called declining pupil unit aid and levy, beginning in fiscal year 1987. It will provide additional aid and tax levies to districts in which the number of pupil units, including both actual and AFDC pupil units, declines from one year to the next.

The 1985 Legislature also repealed the "revenue equity" provisions, which affected the property taxes in a few districts with high property values per pupil unit. Repeal will reduce property taxes in these districts.

Appropriations for summer school and other summer programs were increased substantially, from \$1.4 million for the summers of 1983 and 1984 to \$15.3 million for the summers of 1985 and 1986. Summer aid was eliminated in 1982, during the state's fiscal crisis. The 1984 Legislature restored the aid, effective for the summer of 1985 (fiscal year 1986).

Total appropriations for foundation aid and summer programs for fiscal years 1986 and 1987 are \$1.545 billion, including an estimated \$52 million from the permanent school fund. The comparable total for fiscal years 1984 and 1985 was \$1.231 billion, for an increase of \$314 million, or 25.5 percent.

### Transportation Aid

The 1985 Legislature appropriated \$174 million for transporta-

tion aid in fiscal years 1986 and 1987, up slightly from \$169 million in 1984 and 1985. Two significant changes were made in the transportation aid formulas, both effective for fiscal year 1987. First, the local levy which districts must make to receive transportation aid was increased, from 1.75 to 2.25 equalized mills. Second, transportation of participants in summer programs was switched from the "regular" transportation category to the "non-regular" category for aid purposes. This change will result in a closer match between revenues and expenditures for summer transportation.

### Special Education Aid

In fiscal year 1985, the state's special education aid formula covered 70 percent of the salaries of essential personnel and half of the costs of supplies and equipment. Services were mandated for children aged four to 21, although the state also paid aid for services provided to younger children. The 1985 Legislature made several changes in this aid. First, beginning in fiscal year 1986, salary aid for any individual will be limited to the lesser of \$19,500 or 70 percent of salary. Thus, districts will receive less than 70 percent for any individual whose salary exceeds \$27,857. Districts will be allowed a property tax levy to make up the difference between the 70 percent level and the \$19,500 "cap."

The second major change mandated services for handicapped three-year-old children, beginning in fiscal year 1987.

The 1985 Legislature also changed the aid formula for secondary vocational programs for handicapped students. Salary reimbursement will be limited to 70 percent or \$19,500, beginning in fiscal year 1986. A similar salary cap was placed on summer special education aid.

Slight changes were made in the aid formulas for limited English proficiency students and contracted services. Aids for American Indian language and culture programs and for residential programs were continued without change. The 1985 Legislature also added a new category of aid, beginning in fiscal year 1987. The new aid will pay one-half of the travel costs for staff providing home-based services to handicapped children under age five.

Total appropriations for all special and compensatory education aids increased from \$281.4 million in fiscal years 1984 and 1985 (including \$16.7 million in deficiency appropriations made by the 1985 Legislature) to \$306.1 million in fiscal years 1986 and 1987.

### Secondary Vocational Education

Secondary vocational education aid pays a specified percentage of the salary and travel costs for secondary vocational programs. The 1985 Legislature reduced the reimbursement percentage from 45 to 41.5 percent, effective in fiscal year 1986. Total appropriations for this aid category increased from \$40.7 million in fiscal years 1984 and 1985 to \$42.7 million in 1986 and 1987.

### Teacher Retirement

Retirement plans for teachers and other educational employees of public schools are funded by contributions from both employees and employers. The contributions are set by state law as a fixed percentage of each employee's salary. The state has directly paid the employer's share of most teacher retirement contributions for many years. The state has also paid the employer's share of federal Social Security contributions. This has represented a significant cost to the state, not reflected in school districts' revenues or expenditures. For fiscal years 1984 and 1985, the cost was approximately \$369 million, or an average of nearly \$8,000 per employee (over two years).

The 1985 Legislature made a major change in this system. Beginning in fiscal year 1987, school districts will be required to pay the employer's share of both these contributions. They will receive a new category of state aid to cover these costs. The aid per pupil in 1987 will be based on the district's fiscal year 1985 retirement and Social Security contributions per pupil, mul-

tiplied by inflation factors. The inflation factors are based on increases in salary cost per pupil of nearly 14 percent over the years. If a district's salary cost per pupil increases by more than 14 percent, the aid will be less than the cost of the district's retirement contributions. However, if the cost per pupil increases by less than 14 percent, aid will be limited to the actual cost of the contributions.

The Legislature appropriated \$216.2 million for direct state payment of retirement contributions in fiscal year 1986, and \$195.5 million for teacher retirement aid in fiscal year 1987. The amount for fiscal year 1987 is lower because only 85 percent of each district's aid entitlement will be paid during the fiscal year; as with other education aids, 15 percent will be paid in the following fiscal year.

### Community and Adult Education

The Legislature appropriated \$18.4 million for community and adult education aids in fiscal years 1986 and 1987, up from \$10.9 million in 1984 and 1985.

The largest single appropriation in this category is \$11.3 million for early childhood family education aid. This is a new aid program, based on a series of pilot programs funded by the Council on Quality Education. For both fiscal years, the maximum revenue from aid and levy is \$79.25 (5 percent of the 1985-86 foundation aid formula allowance) times the number of children in the district under the age of five. The required local levy is .4 of an equalized mill for fiscal year 1986 and .5 mill for 1987.

The Legislature also increased the revenue available for general community education programs. For fiscal year 1985, the formula provided revenue equal to the greater of \$5 per capita (based on total school district population) or \$7,000, with a required local tax levy of .8 mill. For fiscal year 1986, the per capita revenue was increased to \$5.25. For fiscal year 1987, the per capita revenue was increased to \$5.35 and the minimum revenue was increased from \$7,000 to \$7,140. Because of other changes in the formula, the cost to the state for community education aid will decrease from \$7.1 million in fiscal years 1984 and 1985 to \$3.4 million in 1986 and 1987.

The 1985 session also changed the formula for adult basic and continuing education aid. In fiscal year 1985, aid was 90 percent of each teacher's salary, with a limit of \$8,000 per teacher. Beginning in fiscal year 1986, aid will be 75 percent of all approved program expenditures. Biennial appropriations for this category increased from \$3.1 million to \$3.7 million in 1986 and 1987.

A new program for handicapped adults will begin in fiscal year 1987. The state will provide up to \$25,000 per district, and districts may levy to raise additional funds. The appropriation for this program is \$600,000.

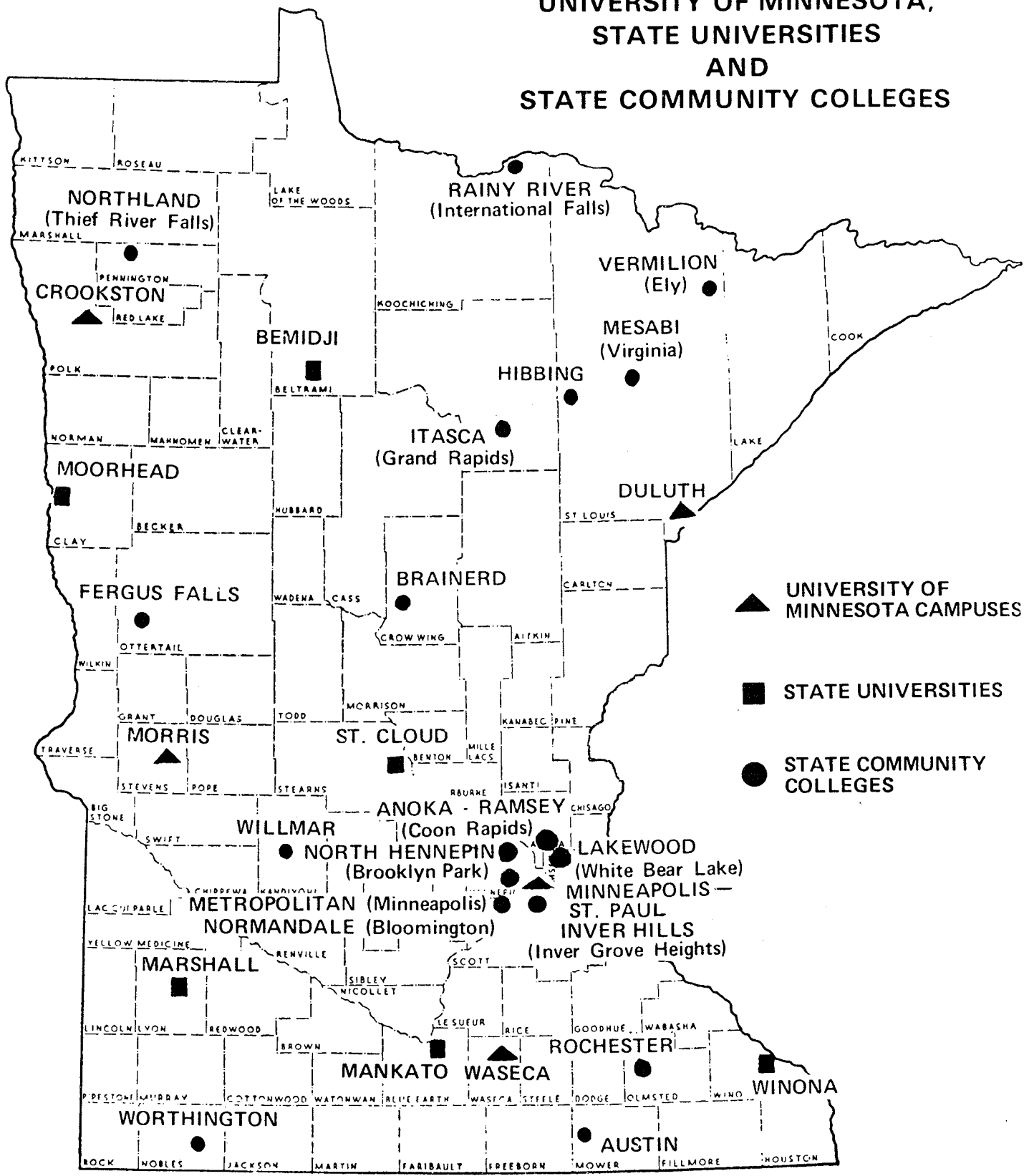
### Technology and Educational Improvement

A total of \$12.4 million was appropriated for various technology and educational improvement programs in fiscal years 1986 and 1987; the appropriations for 1984 and 1985 were approximately \$9 million. The accompanying table shows more detail on these appropriations.

Appropriations for Educational Technology and Educational Improvement  
1983-85 and 1985-87 Bienniums

	Fiscal Years 1984-85	Fiscal Years 1986-87
Educational Effectiveness		
Program .....	\$1,180,000	\$1,815,000
Assessment Programs .....	895,000	833,000
Planning, Evaluating, & Reporting Process .....	1,020,000	1,044,500
Educational Technology		
Programs .....	4,953,000	5,792,600
Miscellaneous Education		
Improvement .....	905,000	2,954,800
<b>Total .....</b>	<b>\$8,953,000</b>	<b>\$12,439,900</b>

# UNIVERSITY OF MINNESOTA, STATE UNIVERSITIES AND STATE COMMUNITY COLLEGES



The educational effectiveness program encourages local schools to implement a series of research-based strategies designed to improve education. It provides money for technical assistance to schools, inservice instruction for school staff, and statewide planning. The appropriations for assessment programs provide funds for the department of education to develop tests, administer them in local schools, and provide the schools with information from the tests. Planning, evaluation, and reporting is a process that the state requires all districts to complete; districts receive aid of \$1 per pupil, with a minimum of \$1,500 per district.

The educational technology appropriations include several programs to assist schools with educational uses of computers, telecommunications equipment, and other forms of technology. The largest single appropriation is \$2.3 million in fiscal year 1986 for technology demonstration sites. The 1985 Legislature also appropriated \$710,000 for four new courseware integration centers, which will assist teachers in learning about and implementing new technology.

The general heading of "Miscellaneous Educational Improvement" includes a number of small programs which began in the previous biennium, and two new programs. One new program will provide grants to ten school districts to implement an instructional technique called "mastery learning" for reading instruction in elementary schools; \$1.45 million was appropriated. The other new program will provide scholarships to enable secondary students to attend summer academic programs sponsored by colleges and universities. The appropriation for this program was \$500,000.

**Other Education Aids**

Appropriations for other education aids totaled \$68.5 million for fiscal years 1986 and 1987, compared with \$62.7 million for 1984 and 1985. Some of the larger appropriations for 1986 and 1987 were for abatement aid (\$9.9 million), school lunch aid (\$9.2 million), interdistrict cooperation aid (\$3.6 million), library grants (\$10.4 million), aid to nonpublic school pupils (\$13.9 million), and maximum effort loans to school districts (\$5.0 million).

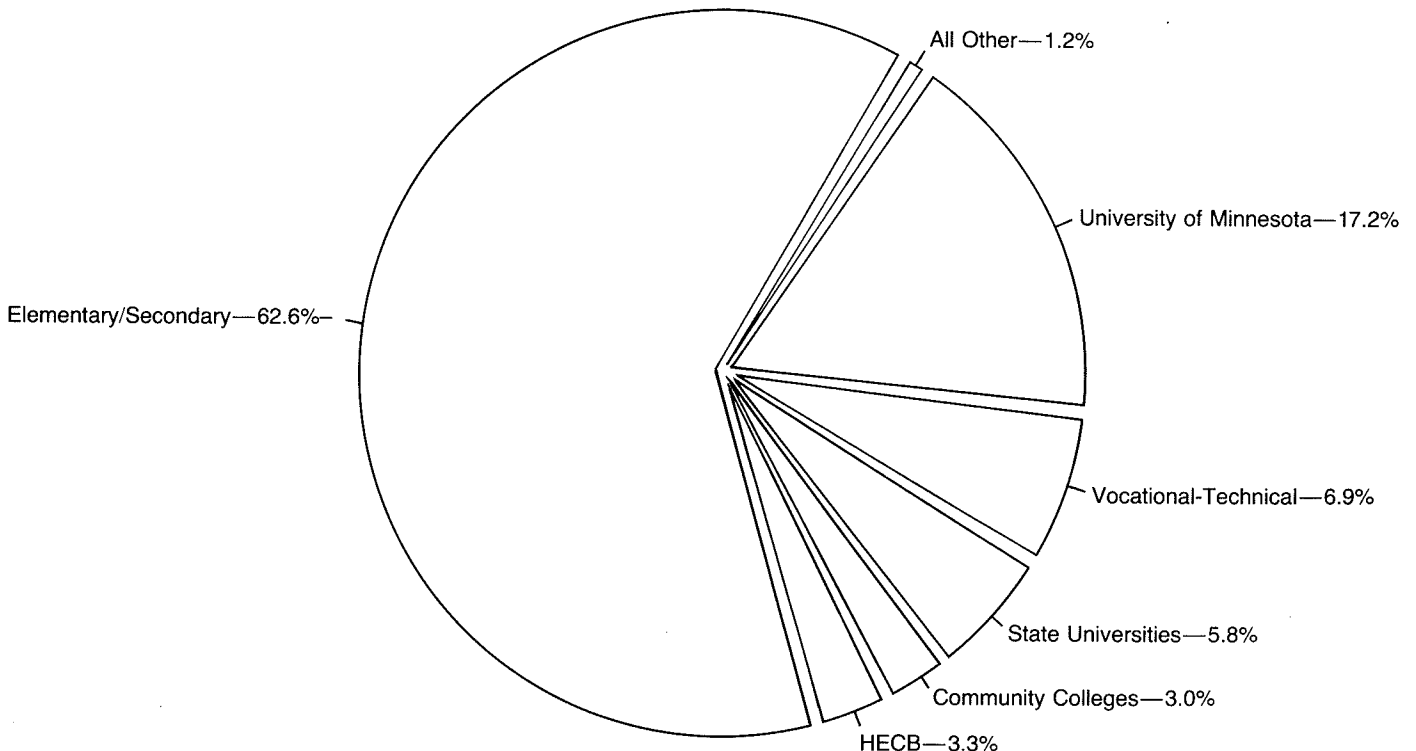
The 1985 Legislature enacted two new programs which will increase the state's role in support of arts education. The arts education aid program will provide nearly \$2 million in aid to school districts in fiscal years 1986 and 1987. Each district will annually receive \$2.25 per elementary school student, with a minimum of \$1,200 per district. Districts must use the aid to improve arts education in their elementary schools. The second program is the Minnesota School of the Arts and Resource Center, with a \$2.7 million appropriation. The resource center will offer statewide programs to improve arts education in elementary and secondary schools beginning in 1986. The arts school will not enroll students full-time until the fall of 1987, pending further legislative approval. During the 1986-87 school year, the school will begin to hire staff, design a curriculum, and prepare for admission of students. The Legislature also appropriated \$200,000 for comprehensive arts planning grants.

Another new program enacted in 1985 is the post-secondary enrollment options act. Beginning in fiscal year 1986, this program allows any high school junior or senior to attend a post-secondary institution free of charge, if accepted by the institution. A portion of the foundation revenue attributable to the student will be used to pay part or all of the cost of tuition, books, and other fees. Students who successfully complete courses will receive both secondary and post-secondary credit.

The 1985 Legislature greatly increased categorical funding for gifted and talented students. The aid per student was increased from \$19 in fiscal year 1985 to \$40 in fiscal years 1986 and 1987. Districts may count up to five percent of their students as gifted and talented students.

Funding was reduced for "teacher mobility incentives," which had been a significant legislative initiative in recent years. For fiscal years 1984 and 1985, \$6.6 million was appropriated for financial incentives to encourage teachers to retire early, take extended leaves of absence, or work part-time. But for fiscal years 1986 and 1987, only \$1.7 million was appropriated, as financial responsibility for these programs was shifted to local school districts.

**EDUCATION—\$4,120,522,398**  
**1985-87 Biennium**  
**(State non-dedicated funds)**



## Higher Education

The Legislature appropriated almost \$1.5 billion for higher education. The state's four systems of higher education received more than \$1.3 billion, of which more than 50 percent was given to the University of Minnesota. Biennial appropriations included the following:

	1985-87 (in millions)	Percent Change from 1983-85
University of Minnesota .....	\$708.6	17 %
Vocational Technical Institutes .....	285.0	18
State Universities .....	240.9	13.9
Community Colleges .....	122.0	15.9
Mayo Medical School .....	2.0	-20.8

Appropriations to the University of Minnesota included \$8.0 million for implementation of the "commitment to focus" plan, under which the university's resources will be more narrowly targeted in an effort to make it one of the five best in the country, and \$12 million for the purchase of two supercomputers. The appropriations also included \$23.8 million for the Agricultural Extension Service and \$24.7 million for agricultural research.

Appropriations to the state universities system included \$1.1 million for a pilot project for regional economic development at Southwest State University.

The appropriations for instructional costs assume that average tuition charges will increase. To partially offset the increases, the Legislature provided more funds for financial aid to eligible students. Appropriations for the state scholarship and grant program were \$112.1 million, an increase of 18.4 percent over the 1983-85 biennium.

Total appropriations to the Higher Education Coordinating Board were \$135.9 million, an increase of 13 percent. The appropriations included \$6.8 million for tuition reciprocity, which allows Minnesota students to attend post-secondary institutions in contiguous states at a tuition cost less than is normally charged nonresidents, and \$8.9 million for state work study.

About \$100 million was authorized for various higher education capital construction projects, of which \$72.4 million was for projects at the University of Minnesota. The Minneapolis campus was authorized \$50.8 million, including \$42.8 million for the construction of an electrical engineering and computer science building. The Duluth campus was given \$13.4 million for an engineering and technology building, and for recreational sports and physical education facilities.

Other capital construction projects, including \$7.2 million at vocational technical institutes, \$5.3 million at community colleges, and \$14.6 million at state universities, were also approved.

## B. HUMAN SERVICES

### Omnibus Appropriations Bill

The omnibus health and human services appropriations bill provided \$1.75 billion for the Department of Human Services, including \$3 million for executive offices, \$30 million for support services, \$142 million for social services, \$1.18 billion for income maintenance, and \$395 million for mental health, including the state hospitals. The increase over the previous biennium was 11 percent.

### Social Services

Funding for the Community Social Services Act (CSSA) subsidy is \$51,222,100 each year, which is the same as the base appropriation for the previous biennium. The 1986-87 funding does not include several items that were included in the 1984-85 figure. Funding for certain Developmental Achievement Center services was deleted because some DAC clients now qualify for Medical Assistance funding. And a one-time appropriation in 1984-85 to correct an error in the allocation of federal social services dollars was not repeated. Payments to counties are to be made in the same proportion as payments made in the first six months of 1985. The Legislature established a program of permanency planning grants to counties to discourage out-of-home placement of children.

### Income Maintenance

Appropriations for the health care and income maintenance programs are as follows:

Aid to Families with Dependent Children (AFDC) .....	\$ 165,891,400
General Assistance (GA) .....	92,898,500
Minnesota Supplemental Aid (MSA) ...	37,500,600
Medical Assistance (MA) .....	682,616,200
General Assistance Medical Care (GAMC) .....	129,461,000
Preadmission Screening/Alternative Care Grants .....	<u>28,463,000</u>
TOTAL .....	\$1,136,830,700

This level of funding represents a 10.4 percent increase over the previous biennium. Another \$43.3 million was provided for income maintenance support.

AFDC and GA grants are increased by one percent each year of the biennium. The state general fund appropriation for AFDC is reduced by \$28.6 million in the first year and \$30 million in the second through an accounting change. The legislation requires that 95 percent of mortgage registration taxes and 97 percent of deed transfer taxes collected by counties must be used to offset AFDC expenditures otherwise reimbursable by the state. This change reduces state AFDC appropriations but not total AFDC expenditures. Effective for services rendered on or after November 1, 1985, GAMC and MA vendor payments are raised to the 50th percentile of usual and customary fees based on billings during calendar 1982. Payments had been based on the 50th percentile of 1978 billings in GAMC and the 50th percentile of 1979 billings in MA. The maximum pharmacy

dispensing fee in the MA and GAMC programs was increased to \$4.30. All skilled nursing facilities participating in the MA program will be required to participate in the Medicare program, and MA may be billed only for charges not reimbursed by Medicare. Exceptions are permitted until September 30, 1987, in regions of the state where the commissioner of health determines there is sufficient participation in the Medicare program.

The list of GAMC covered services was expanded to include chiropractic care as provided by the MA program, and podiatric services. The commissioner is required, where possible, to contract with health care organizations to provide GAMC services on a prepaid capitation basis. The commissioner must consider prepaid health plans, competitive bidding programs, block grants, and other economical payment mechanisms. Safeguards must be included to insure that necessary services are provided.

GAMC rateable reductions will remain at the fiscal year 1985 level during the last six months of 1985—30 percent for inpatient and outpatient care for chemical dependency or mental illness; 20 percent for other inpatient hospital care; and 10 percent for other medical care services. For 1986, the reductions will be 20 percent, 15 percent, and 5 percent, respectively. For the first half of 1987, the reductions will be 15 percent, 10 percent, and 5 percent.

The Legislature significantly restricted the GA program by limiting eligibility to persons who fit into one of 14 eligibility categories. The categories include persons suffering from physical and mental disabilities, persons residing in certain types of treatment or shelter facilities, and persons unable to find jobs because they lack communication skills, lack work skills, have substantial barriers to employment, etc. A Work Readiness Program was established for persons whose income and resources would qualify them for GA but who are not eligible for the program because of tightened eligibility criteria. Certain handicapped per-

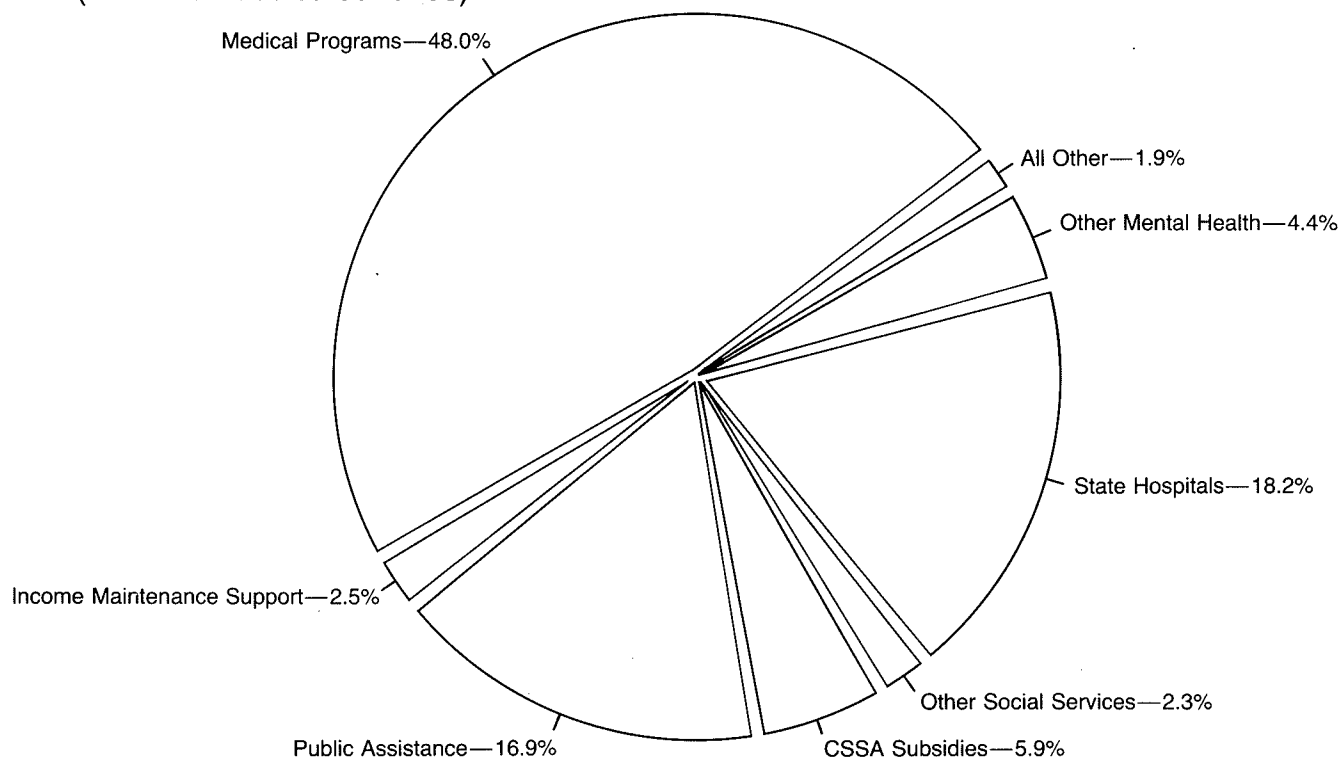
sons and persons who live in high-unemployment counties are eligible for six months of work readiness assistance in any consecutive 12 months. Other applicants are eligible for two months assistance in any consecutive 24 months. Work readiness recipients will receive a monthly grant equal to GA along with an employability assessment and development plan, referral to available employment assistance programs, job search, and other activities designed to prepare them for work.

Rates paid to so-called negotiated rate facilities for the care of GA and MSA recipients were frozen at the March 1, 1985, rate and capped at \$800 a month (with certain exceptions). Rates will be adjusted by the annual percentage change in the Consumer Price Index for Minneapolis-St. Paul. The resource standards for the MSA program were liberalized to be identical to the standards used for disabled individuals in the federal Supplemental Security Income program.

### Mental Health

State hospital funding is \$318 million for the biennium, a 10 percent increase over the previous biennium. The approved complement for the hospital system is 5,472 on June 30, 1986, and 5,175 on June 30, 1987. State hospital and state nursing home position reductions must be accomplished through attrition, transfers, and retirements, and not through layoffs, unless this requirement conflicts with a collective bargaining agreement. The commissioner may establish pilot projects to demonstrate the feasibility of state-operated, community-based services for state hospital residents. The projects will be funded out of available appropriations. Funding for the two state nursing homes totals \$37 million. The mental health appropriation also includes \$50,000 to study Alzheimer's disease. The appropriation will pay for up to 100 autopsies a year at St. Paul Ramsey Medical Center of suspected Alzheimer's victims. The commissioner of human

## HUMAN SERVICES—\$1,749,616,500 1985-87 Biennium (State non-dedicated funds)





services was ordered to study methods for implementing a consolidated chemical dependency treatment fund, including a county case management or gatekeeper role for all publicly-funded chemical dependency treatment dollars and a competitive model for all providers of publicly-funded chemical dependency treatment services.

### **Miscellaneous Appropriations**

Other appropriations to the Department of Human Services were:

1. Chapter 267 increased the licensing fee for nursing homes and boarding care homes by \$1.73 per bed to fund an educational program for nursing home resident and family councils. The fees, expected to total \$82,000 per year, are appropriated

to the Minnesota Board on Aging within DHS.

2. Chapter 275 appropriates \$53,400 to the department to provide annual training to child protection workers. (Another \$156,000 was appropriated to the Department of Public Safety to develop joint training programs with the Department of Human Services.)

3. Special Session Chapter 3 provided \$50,000 to the department for a study of transitional care and other sub-acute inpatient services provided in hospitals. DHS is required to contract with the Minnesota Department of Health, which will conduct the study. A report is due to the Legislature by February 1, 1986.

## **C. JOBS AND TRAINING**

### **Organization**

The Jobs article in the tax bill passed by the 1985 Legislature made several major changes in state government operations. The legislation abolished the Department of Economic Security (DES) and created a successor agency named the Department of Jobs and Training (DJT). The new agency has increased authority over employment and training programs for public assistance recipients as well as added responsibility for overseeing local delivery of jobs programs. The bill also created councils for the blind and the hearing impaired and made several inter-agency transfers. Services for the Blind and the Sliding-Fee Child Care Program were transferred from the Department of Human Services (DHS) to DJT, and Services for the Hearing Impaired was transferred from DES to DHS.

The 1985 Jobs article also created an Office of Full Productivity and Opportunity. This new office is a planning, reviewing, and coordinating body with broad responsibility and authority over the state's job system. Funding for the Office of Full Productivity and Opportunity for fiscal years 1986 and 1987 comes from the \$27 million appropriated by the Legislature for wage subsidies. The Coordinator of Full Productivity and Opportunity is authorized to spend 25 percent of the discretionary portion of the wage subsidy appropriation to support the office. This formula establishes support for the office at \$2,025,000 for the biennium.

The omnibus health and human services appropriations bill provides total funding of over \$72 million for the Department of

Jobs and Training, formerly the Department of Economic Security. A major component of the department's budget is \$27 million to continue the emergency jobs program enacted in 1983. Funding for vocational rehabilitation services is \$36 million. Training and community services funding totals \$2,736,200.

### **Energy Assistance**

The Legislature made a number of changes in how federal low-income home energy assistance block grant funds are allocated. For the 1985-87 biennium, the commissioner must transfer to the weatherization program five percent of the estimated annual energy assistance block grant. In addition, any money remaining in the energy assistance program at the end of each year must be transferred to the weatherization program. This use of federal money allowed the state to drop its own funding for this program from \$8.6 million to zero. The commissioner must also transfer at least five percent of energy assistance block grant funds to the Community Services Block Grant program each year. To the extent allowed by federal regulations, the commissioner is required to apply the same income eligibility criteria to both the weatherization and energy assistance programs. Not more than 1.11 percent of the federal energy assistance funds may be used for departmental administrative costs.

### **Minnesota Job Skills Partnership Board**

The Minnesota Job Skills Partnership Board received an appropriation of \$500,000, a reduction of 67 percent.

## **D. CORRECTIONS**

### **Omnibus Appropriations Bill**

The omnibus health and human services appropriations bill provides \$174.6 million for corrections activities, a 10.8 percent increase over the previous biennium. The largest item within the corrections budget is \$125 million for the correctional institutions. The department was authorized to continue contracting with Wisconsin to incarcerate inmates from that state in Minnesota. Community services were funded at \$43 million, including \$25 million for the Community Corrections Act (CCA) subsidy. Another \$3 million goes for various programs for counties not par-

ticipating in the CCA. Up to \$500,000 in unallotted CCA money is to be used to bring additional counties into the program. In addition, any unencumbered balances for Department of Corrections services currently provided to a non-CCA county will be transferred to the CCA appropriation when that county is included in the act.

### **Miscellaneous Appropriations**

Chapter 262 provides \$30,000 to the Department of Corrections to establish, as part of the program for victims of sexual assault,

a program of public and professional education concerning sexual exploitation by psychotherapists.

### **Sentencing Guidelines Commission**

The Legislature provided \$377,200 for activities of the Sentencing Guidelines Commission. This was a 26 percent increase

over the previous biennium.

### **Corrections Ombudsman**

The Corrections Ombudsman was funded at \$618,000, a 14 percent increase over the previous biennium.

## **E. HEALTH**

The omnibus health and human services appropriations bill provides \$56 million for the Minnesota Department of Health, including \$280,000 from the metropolitan landfill fund and \$946,200 from the trunk highway fund. This was a 12.5 percent increase over the previous biennium. About \$41 million of this amount is for health delivery systems, including \$24 million for the Community Health Services (CHS) subsidy. Also included is \$1.5 million for support of the state's emergency medical services system. Of that total, \$200,000 is for the rural emergency response training site for rural peace officers, firefighters, and medical personnel located at the Staples Technical Institute.

The tax bill contained the following appropriations for the Department of Health: \$2.7 million for smoking prevention programs; \$4 million for programs to prevent lead contamination; and \$2.3 million for Maternal and Child Health. The appropriation is from the public health fund created by an increase in the cigarette tax. The department was also appropriated \$2.3 million for mosquito research contingent on a reduction in the federal cigarette tax and a comparable increase in the state tax.

### **Hazardous Waste Victim's Compensation**

The 1985 Legislature appropriated \$2 million to the newly created victim's compensation fund. The appropriation will be used to compensate victims of hazardous waste releases who suffer personal injury or property losses from the release. The fund is designed to help injured parties in cases where: (1) the victim does not have the resources to pursue a case against the responsible party; (2) the responsible party is not known; or (3) the responsible party does not have the funds to pay the damages.

### **Health-Related Boards**

Total appropriations for the ten health-related licensing boards are \$4.7 million, a 6.7 percent increase over the previous biennium. This appropriation comes from a special revenue fund established by the 1985 Legislature. The boards are funded totally through license fees.

## **F. TRANSPORTATION**

The 1985 Legislature appropriated more than \$1.7 billion to the Department of Transportation for the 1985-87 biennium. This is a \$70 million increase over the last biennium. Much of the increase is the result of the transfer of 25 percent of total motor vehicle excise tax collections from the general fund to the department. Approximately 72 percent of the department's funding is from road user taxes (gasoline, vehicle licensing, motor vehicle excise) and 24 percent from federal funds. The remainder of the appropriations are from the general fund and state airports fund. The total general fund appropriations to the department were \$162.5 million (including the motor vehicle excise tax transfer).

The department also received an appropriation of \$10.4 million (\$2 million from bonding) in the capital expenditure bill passed by the 1985 Legislature.

The following are specific 1985-87 appropriations by function for the Department of Transportation.

**Trunk Highways**—\$990.6 million which is a 5 percent increase over the last biennium.

**Local Highway Aid**—\$371.8 million for counties which is a

12.8 percent increase over the last biennium.

—\$121.4 million for municipalities which is an 11.4 percent increase over the last biennium.

**Mass Transit**—\$56.6 million which is approximately the same level of funding as the last biennium. Of the total amount, approximately \$45 million is metropolitan transit assistance funding of which \$10 million is carried over from the last biennium. The non-metropolitan transit assistance funding totals \$10.4 million. Not reflected in the totals is \$1.9 million in unobligated non-metropolitan transit assistance funds which were carried forward for use in the 1985-87 biennium.

**Aeronautics**—\$23.3 million for the biennium which is a 19.7 percent increase over the last biennium. This included a \$2 million appropriation to expand the televised weather information program, if the yield of sales taxes on aircraft is in excess of the "normal" amount.

**Administration and Support**—\$60.2 million for the biennium which is a 16.9 percent increase over the last biennium.

## **G. LEGISLATIVE**

The 1985 session appropriated \$70.3 million for the operations of the Legislature and for legislative services. This is a 16 percent increase over the previous biennium.

Of that amount, about \$21.4 million was for operations of the Senate; \$31.1 million for the operations of the House of Representatives; about \$7.3 million for operations of joint services by the Legislative Coordinating Commission (LCC); and about \$5.7 million for the operations of the Legislative Audit Commis-

sion. Another \$4.1 million is for legislative pensions.

The major appropriations for the LCC were about \$2.8 million for the Revisor of Statutes; about \$1.5 million for the Legislative Reference Library; and about \$1.2 million for the Commission on Pensions and Retirement. The commission was charged with preparing annual actuarial valuations and quadrennial experience studies for the pension funds it supervises. The rest of the LCC appropriations went to the Legislative Commissions on the

Economic Status of Women, Employee Relations, and Energy and Waste Management; the Legislative Commission to Review Administrative Rules; the Great Lakes and the Mississippi Parkway Commissions; Visitors' Services and general operations of

the LCC. The Legislature withdrew its membership in the Council of State Governments at a saving of \$123,300, and created a Legislative Commission on Economic development strategy with an appropriation of \$170,000.

## H. JUDICIAL

The 1985 Legislature appropriated more than \$61 million for the state judicial system from the Supreme Court to the Public Defender. This is a 25.6 percent increase over the previous biennium.

The largest appropriation—\$32 million—went to the state's trial courts. Three new trial court judges were authorized: one new district judge in the Tenth District, one new county court judge in Dakota County, and one new county court judge in

Scott and Carver counties. Other appropriations were: Supreme Court, \$14.2 million; Court of Appeals, \$6 million; Public Defender, \$2.6 million; Board of Public Defense, \$1 million; and Board of Judicial Standards, \$300,500. The program of grants to legal services corporations funded by a surcharge on civil filing fees was allowed to continue when the June 30, 1985, sunset on it was repealed.

## I. GOVERNOR AND OTHER CONSTITUTIONAL OFFICERS

The appropriation for the Governor's office exceeded \$4 million, a 7 percent increase over the previous biennium. The activities supported by this appropriation include the operation of a governmental relations office in Washington, D.C.; the operation of the Governor's mansion; personal expenses for the Governor; and \$88,000 for the Scott County case involving County Attorney Kathleen Morris.

The Governor also manages a \$4.5 million contingency fund of which \$3 million is from the general fund; \$1.3 million from

the Highway Trust fund; and \$150,000 from the Game and Fish fund.

Other executive branch appropriations were about \$500,000 for the Lieutenant Governor; \$31 million for the Attorney General's office; \$3.3 million for the Secretary of State; \$872,000 for the State Auditor; and \$3 million for the State Investment Board. The appropriation to the State Treasurer was about \$326,000 with a rider providing for the elimination of seven positions in that office. Nine other staff members were transferred to the Department of Finance.

## J. AGRICULTURE

### Department of Agriculture

The 1985 Legislature appropriated \$33.2 million to the Department of Agriculture for the 1985-87 biennium. This represents a 12.3 percent decrease from the last biennium. The following are specific appropriation amounts.

**Agricultural Protection**—\$8.4 million which is a 21 percent increase over the last biennium.

**Agricultural Promotion**—\$8.7 million which is a 39.5 percent decrease from the last biennium.

**Administration**—\$5.8 million which is a 13.2 percent increase over the last biennium.

**Soil and Water Conservation**—\$6.9 million which is an 11.9 percent increase over the last biennium.

**International Trade**—\$3.1 million for the biennium which is a 33.3 percent decrease from the last biennium.

An additional \$125,000 appropriation was made to the Commissioner of Agriculture for African famine relief. The program will provide grants to firms that are engaged in shipping Minnesota agricultural products to drought stricken areas of Africa.

The 1985 Legislature also appropriated \$25 million in Regular Session Chapter 4 to the Department of Commerce for the emergency farm relief act. The major component of the act is designed to buy-down the interest rate on new operating loans for farmers. Another part of the act provides an interest subsidy on existing farm debt.

### Board of Animal Health

The 1985 Legislature appropriated \$2.9 million to the Board of Animal Health for the 1985-87 biennium. This is a 20.7 percent increase over the last biennium.

## K. RESOURCE MANAGEMENT

### Department of Natural Resources

The 1985 Legislature appropriated \$191 million to the Department of Natural Resources which is a 9.8 percent increase in funding over the last biennium. The two major funding sources for the department are the general fund (46%) and the Game

and Fish fund (32.9%). The remainder comes from a variety of smaller funds (consolidated conservation, forest management, water recreation, etc.). The table below provides a list of the funds along with the amounts and percentage of total funding from each for the department.

**DEPARTMENT OF NATURAL RESOURCES  
FUND SUMMARY**

Fund	FY 1986-87	Percent of Total
General	\$ 87,848,000	46.00%
Consolidated Conservation	1,000,000	0.52
Cross-Country Ski	505,500	0.26
Forest Management	10,122,400	5.30
Non-Game Wildlife	1,403,700	0.74
Snowmobile	6,326,300	3.31
State Parks Maintenance & Operations	7,649,700	4.01
Three Wheeler	189,600	0.10
Water Recreation	10,745,000	5.63
Wildlife Acquisition	2,290,300	1.20
Game and Fish	62,895,900	32.93
<b>Total</b>	<b>\$190,976,400</b>	<b>100.00%</b>

Because of shortfalls in expected revenues to the game and fish and state parks funds, the Legislature also increased many of the annual license fees charged by the department. The following table shows the old and new fees as adopted by the Legislature.

**ANNUAL LICENSE FEES**

License	Old Fee	New Fee
State Parks	\$ 10	\$ 15
Resident Moose	140	200
Resident Bear	15	25
Non-Resident Small Game	35	46
Non-Resident Deer	75	100
Non-Resident Bear	100	150
Non-Resident Fishing	15	16
Non-Resident Fishing-Combination	20	27.50
Waterfowl Stamp	3	5
Trout Stamp	3	5

The Legislature also exempted handicapped persons from one-half of the cost of park entry and camping charges on Sunday through Thursday. This is the same exemption currently granted to senior citizens.

**Natural Resources Acceleration**

The 1985 Legislature appropriated \$17.3 million for natural resources acceleration which is a 15.3 percent reduction from the last biennium. The appropriations are to the University of Minnesota, the Legislative Commission on Minnesota Resources, and seven state agencies.

**Pollution Control Agency**

The 1985 Legislature appropriated \$85.2 million to the Pollution Control Agency (PCA) for the 1985-87 biennium. This is a 350 percent increase over the last biennium. The major reason for the increase was a \$55.9 million appropriation to the agency from the water pollution control fund. This fund will be financed by a portion of the cigarette tax. A four cent tax is estimated to yield \$37.7 million for this fund. It would be supplemented by an additional \$17.4 million, if the federal government reduces its cigarette tax by eight cents per package. The appropriation from this additional cigarette tax is for the purpose of abating combined sewer overflow problems in Minneapolis, St. Paul, and South St. Paul (\$13.5 million) and wastewater treatment grants to municipalities (\$41.6 million). If the federal tax is not allowed to expire, the revenue loss will automatically reduce the appropriation for wastewater grants. Thus about \$24.2 million rather than \$41.6 million would be available for that purpose. There was also an additional \$782,700 appropriated to the agency from the water pollution control fund which came from sales of water pollution control bonds. Of the total PCA appropriation, \$11.5 million is from the general fund. The general fund appropriation is 39 percent below the last biennium. The increases in funding

come from the special revenue fund, environmental response fund, metro landfill tax funds, the motor vehicle transfer fund, and the water pollution control fund. The specific sources of funding for the PCA are given along with the percentage of total funding in the following table.

**POLLUTION CONTROL AGENCY  
FUND SUMMARY**

Fund	FY 1986-87	Percent of Total
General	\$11,545,100	13.55%
Special Fees	2,820,900	3.31
Environmental Response	6,378,800	7.49
Metro Landfill Abatement	2,268,000	2.66
Metro Landfill Contingency	2,629,800	3.09
Motor Vehicle Transfer	3,270,300	3.83
Public Health	404,000	.47
Water Pollution Control	55,882,700	65.6
<b>Total</b>	<b>\$85,199,600</b>	<b>100.00%</b>

Specific purposes for the PCA funding are as follows:

**Water Pollution Control**—\$5.1 million which is a 41.2 percent increase over the last biennium. This does not include the \$55.9 million in cigarette tax and bond proceeds that will be passed through to local governments.

**Air Pollution Control**—\$2.4 million which is a 43.9 percent increase over the last biennium.

**Solid and Hazardous Waste**—\$18.9 million which is a 89.5 percent increase over the last biennium.

**General Support**—\$2.3 million which is a 4.2 percent decrease from the last biennium.

**Waste Management Board**

The 1985 Legislature appropriated \$3.7 million to the Waste Management Board for the 1985-87 biennium which is a 6 percent reduction from the last biennium.

**Energy**

The 1985 Legislature appropriated \$3 million for the Department of Energy and Economic Development's energy programs, all 56 percent less than in the 1983-85 biennium.

Of the funds received by the Department of Jobs and Training from the federal government for the energy assistance program, five percent must now be transferred to the weatherization program and another five percent to the community services block grant program. Previously, the department was not required to transfer any energy assistance funds to these programs.

**Economic Development**

The 1985 Legislature established an \$8.8 million economic diversification program. Under the program the Commissioner of Energy and Economic Development is empowered to provide funds for interest subsidies and reimbursement for property and sales taxes for businesses that establish new facilities or expand existing facilities in the state. An economic diversification project involves a manufacturing firm that operates in national or international markets, has a total capital expenditure exceeding \$3.0 million, and would create at least 50 permanent new jobs. The Legislature appropriated \$8.8 million for this program.

A second new program created during the 1985 session is the exemption of sales tax on capital equipment purchases placed in service in connection with a new or expanded facility in a distressed county. A distressed county is one that either has experienced an average 10 percent unemployment rate over the previous year or one whose unemployment rate exceeded the state's average unemployment rate by more than 110 percent and where 20 percent of the county's economy is dependent on agriculture. The purchase must exceed \$100,000 in a calendar year. To qualify as an expanded facility, production capacity must be increased by 20 percent or the total investment in a 12-month period must exceed \$25.0 million. It is estimated that this

program will cost approximately \$10.0 million. Of the \$8.8 million appropriated for the economic diversification program, \$4.4 million must be used in distressed counties along with criteria tied to the business applicant.

The 1985 Legislature increased the appropriation for tax reductions in enterprise zones by \$800,000. An additional appropriation of \$46,044 was made to refund the industrial development bond application deposits of Lakeville and Fergus Falls.

The economic recovery grants program was funded for two years rather than the one year funding of the last biennium. The increase for community grants was almost \$6 million.

#### **Metropolitan Parks**

\$4 million was appropriated as part of the Community Development program for grants to the Metropolitan Council for metropolitan area regional parks maintenance and operation.

#### **Council on Biotechnology**

\$193,400 was appropriated for a new Council on Biotechnology

composed of 15 members appointed by the Commissioner of Energy and Economic Development to develop a strategic plan for encouraging biotechnology-related economic developments. The plan must be submitted to the Legislature by December 1, 1986.

#### **Housing**

The Minnesota Housing Finance Agency (MHFA) was appropriated \$24 million, down by over \$2 million from the previous biennium. The appropriations included \$10.3 million for single family housing, of which \$4.8 million was for American Indian housing. Housing rehabilitation programs received \$12.6 million.

The Legislature also appropriated \$50,000 to the MHFA for a home equity conversion study. The Department of Economic Security was given \$340,000 for the temporary housing demonstration program.

The bonding authority of the MHFA was increased by \$370 million, from \$1.62 billion to \$1.99 billion.

## **L. PROTECTION OF PERSONS AND PROPERTY**

#### **Charitable Gambling**

The 1985 Legislature acted twice during the regular session to delay state licensing of charitable gambling. The original date of March 1, 1985, was first changed to June 1, 1985, and later to July 1, 1985. The delays were designed to give affected organizations additional time to prepare for compliance. In addition, limited bingo games in nursing homes and senior citizen housing projects were exempted from the ten percent charitable gambling tax.

#### **License Plates**

The use of lifetime license plates was discontinued for most motor vehicles and \$6.8 million was appropriated to pay the cost of reissuing plates every six years.

#### **Department of Commerce**

The appropriation for the Commerce Department for fiscal years 1986-87 was \$16.6 million, a 13.4 percent increase over the previous biennium, if the appropriation for emergency farm operating loans is excluded. Of this amount, \$537,700 is from a special revenue fund for real estate education and research. License fees on real estate brokers and salespersons are the source of revenue for this fund. Also included is \$64,000 for costs associated with the assigned risk plan review board.

The telecommunications council and the cable communications board were both eliminated during the session, but many of the regulatory duties of the cable communications board were transferred to the Department of Commerce.

Another piece of significant legislation related to department activities was to allow retailers with \$25 million or more in gross sales to increase the interest rate charged on credit accounts from 16 percent to 18 percent. Major oil companies are still limited to the 16 percent rate.

#### **Workers' Compensation**

The 1985 Legislature made several amendments to the workers' compensation laws. Both the composition and the selection process of the Workers' Compensation Reinsurance Association (WCRA) board were changed. The old WCRA board consisted of 13 directors; 4 of whom represented insurers, 6 represented employers (between 1 and 3 of the employer directors were to represent self-insurers), and 3 represented employees. WCRA members elected the insurer directors. The Commissioner of Commerce appointed the employee and employer directors. Under the new law, the 13-director board will consist of 4 directors

who represent insurers, 2 who represent employers, 2 who represent self-insurers, 2 who represent employees and a director who represents the public. The Commissioner of Finance and the executive director of the State Board of Investment will also serve on the WCRA board. Insurer members of the WCRA will elect the 4 insurer directors; self-insurers will elect the 2 directors who represent self-insurers; and the Commissioner of Labor and Industry will appoint the remaining WCRA directors. The 1985 law also made the board responsible for the management of the association and for informing the Governor of the entity selected to manage the WCRA.

The 1985 Legislature made several other changes to the workers' compensation laws. It excluded from coverage injuries incurred while participating in voluntary recreational programs sponsored by an employer. The right to have administrative conferences was extended to employees receiving temporary total disability payments, and employees who work for six months after completing rehabilitation may receive permanent partial disability regardless of whether they are receiving temporary total disability payments.

#### **Bureau of Mediation Services**

The Legislature established an area Labor Management committee program to be established and administered by the Director of the Bureau of Mediation Services. The appropriation for these committees was \$100,000—half for each year of the biennium.

#### **Veterans Affairs**

The omnibus state departments appropriations bill provides total funding for the Department of Veterans Affairs of \$25.4 million, a 15.3 percent increase over the previous biennium. This includes general fund appropriations of \$11.9 million and \$13.5 million from federal receipts and charges to residents. Federal money for the care of veterans in the state veterans' homes and money paid by or on behalf of a veteran for care in a veterans' home will be credited to the special revenue fund. The general fund appropriation will also be transferred to the special revenue fund from which the cost of the home will be paid. Previously, general fund money was appropriated to cover the full cost of operating the veterans' homes, and collections for the cost of care were deposited in the general fund.

Funding for veterans' benefits and services is \$4.9 million. The commissioner must ensure that veterans participate in federally funded benefit programs to the maximum extent possible

before receiving state assistance. The fiscal 1987 appropriation is contingent upon the department's submission of a report to the Legislature by January 15, 1986, detailing efforts to assure maximum federal participation. Included in funding for veterans' benefits is \$988,100 each year for veterans' emergency financial and medical needs. Financial assistance is limited to six months unless the recipient has been certified as ineligible for other benefit programs. Total funding also includes \$38,500 each year for war veterans and war orphans education aid, and \$29,500 each year for the Veterans Affairs office in Duluth, which the department is required to maintain during the biennium.

Appropriations for the veterans' homes in Minneapolis and Hastings are from the special revenue fund. Total funding for the Minneapolis facility is \$16 million and for the Hastings facility, \$4.5 million.

### Council on Asian-Pacific Minnesotans

The 1985 Legislature appropriated \$150,000 for a new Council on Asian-Pacific Minnesotans, consisting of nine members appointed by the Governor and four legislators as non-voting members, to advise the Governor and the Legislature on issues confronting Asian-Pacific people in this state.

## M. PUBLIC EMPLOYEES' COMPENSATION AND PENSIONS

### Employee Compensation

The 1985 Legislature passed a two-year, \$89 million salary supplement to fund compensation and benefit increases for classified and unclassified state employees. Included in the supplement was \$11.8 million for comparability adjustments and \$12.5 million for Fair Labor Standard Act adjustments.

The Legislature also made several changes regarding agency head salaries. The chairpersons of the Metropolitan Council and the Regional Transit Board were placed in the mid-range salary category (\$50,000—\$60,000); the director of the Zoological Gardens was deleted from the lowest salary range and authority to set the director's salary was given to the Zoo Board; and salary setting authority for the Chancellors of the Community College and State University systems and the directors of Vocational Technical Education and the Higher Education Coordinating Board was given to the respective educational governing boards.

The Legislature established a new salary range for part-time agency heads. This range is \$15,000—\$25,000 and applies to the chairpersons of the Metropolitan Waste Control Commission and the Metropolitan Airports Commission.

Agency head salaries adopted for fiscal year 1985 and recommended by the Governor for fiscal year 1986 are as follows:

AGENCY HEAD SALARIES			
Agency	7-1-84 Salary	7-1-85 Gov.'s Recomm.	Percent Increase
<b>GROUP 1 \$57,500 to \$70,000</b>			
Finance	\$68,970	\$70,000	1.49%
Education	66,000	68,640	4.0
Transportation	68,970	70,000	1.49
Human Services	60,090	63,879	6.31
Investment Board	67,925	70,000	3.0
<b>GROUP 2 \$50,000 to \$60,000</b>			
Administration	60,000	60,000	0.0
Agriculture	57,475	59,774	4.0
Commerce	57,475	59,774	4.0
Corrections	57,475	59,774	4.0
Economic Security	57,475	59,774	4.0
Employee Relations	57,475	59,774	4.0
Energy & Economic Development	60,000	60,000	0.0
Health	57,475	59,774	4.0
Labor & Industry	57,475	59,774	4.0
Natural Resources	57,475	59,774	4.0
Revenue	60,000	60,000	0.0
Public Safety	57,475	59,774	4.0
Waste Management Board	52,250	54,340	4.0
Chief Administrative Law Judge	54,865	60,000	9.36
Pollution Control	57,475	59,774	4.0
State Planning	60,000	60,000	0.0
Housing Finance	57,475	59,774	4.0
Minnesota Teachers Retirement Association	57,475	59,774	4.0
Minnesota State Retirement System	57,475	59,774	4.0
Full Productivity & Opportunity	59,774	59,774	0.0
PERA	57,475	59,774	4.0

Metropolitan Council	50,000	59,774	19.55
Jobs & Training	57,475	59,774	4.0
Regional Transit Board	50,000	52,000	4.0
<b>GROUP 3 \$40,000 to \$52,500</b>			
Human Rights	50,000	52,000	4.0
Public Service	50,000	52,000	4.0
Veterans Affairs	46,250	52,000	12.43
Bureau of Mediation Services	50,000	52,000	4.0
Public Utilities	43,125	47,000	8.98
Public Utilities	43,125	47,000	8.98
Public Utilities	43,125	47,000	8.98
Public Utilities	43,125	47,000	8.98
Public Utilities	43,125	47,000	8.98
Transportation Regulation Board	43,125	44,850	4.0
Transportation Regulation Board	43,125	44,850	4.0
Transportation Regulation Board	43,125	44,850	4.0
<b>PART-TIME \$15,000 to \$25,000</b>			
Metropolitan Airports	16,000	16,640	4.0
Metropolitan Waste Control	20,000	20,800	4.0

On January 1, 1985, legislators, judges, and most of the state's constitutional officers received a pay increase. These increases were as follows:

Constitutional Officers	1983	1-1-1985
Governor	\$75,000	\$84,560
Attorney General	62,500	66,060
Lieutenant Governor	44,000	46,510
Auditor	48,000	50,740
Secretary of State	44,000	46,510
Treasurer	44,000	44,000
<b>Judges</b>		
Chief Justice, Supreme Court	70,000	73,700
Associate Justice, Supreme Court	65,000	68,400
Chief Judge, Court of Appeals	62,500	65,800
Judge, Court of Appeals	60,000	65,800
District Judge	55,000	60,500
<b>Legislators</b>	18,500	21,140

### Public Employee Bargaining

In response to recommendations from the Advisory Council on Bargaining Impasse Resolution, the 1985 Legislature made several amendments to the Public Employee Labor Relations Act (PELRA). All but two of these changes apply exclusively to impasse resolution procedures for teachers.

All public employees are affected by a change that requires employers and employee representatives to notify each other no later than 60 days before the contract expiration date of their intent to meet and negotiate. Public employees also may be affected by new powers given to the director of the Bureau of Mediation Services which allow the director to order negotiating parties into mediation. The director may also hold parties in mediation after the 30-day mediation period expires.

The impasse resolution procedures for teachers underwent

significant change during the 1985 session. The strict statutory timelines established in 1980 (a 60-day mediation period followed by a 45-day impasse or "cooling off" period and unlimited 30-day strike periods) were replaced by a system in which the right to strike matures 30 days after the date of the first mediation session. While the new legislation places no restrictions on teachers' right to strike, it does limit teachers to one 25-day strike period with the possibility of a 5-day extension. The 10-day strike notice is within that 25-day period.

### Retirement Programs

The 1985 Legislature authorized lump sum payments to pre-1973 retirees, disabled persons, or surviving spouses, MERF annuity recipients (both formula plan and \$2 bill and annuity retirees), and pre-1978 MTC retirees. A lump sum payment equal to \$18 for each year of allowable service credit is to be paid on December 1, 1985, and \$19 for each year on December 1, 1986.

Duluth Teachers Fund received authorization to pay an annual ad hoc post retirement bonus from its excess earnings. The Duluth Teachers Board may pay out up to 1 percent of fund assets when earnings equal or exceed 6 percent.

The Legislature also increased the amount of post retirement bonus that may be paid by the St. Paul Teachers Retirement Association from one-half percent to 1 percent and removed the 30-year cap for benefit accruals within the Minneapolis Teachers

Retirement Association.

Action taken during the 1985 special session requires the Metropolitan Airports Commission and the Metropolitan Waste Control Commission to pay the additional support rate required to amortize MERF's unfunded liability. This action will reduce the amount of state subsidy to MERF.

The Public Employee Retirement Association (PERA) was reorganized by the 1985 session of the Legislature. The old 15-member PERA Board was abolished and replaced by a new board consisting of the state auditor, five members appointed by the Governor, and three members elected by the PERA membership. One gubernatorial appointee must represent school boards, cities, and counties, respectively. One appointee must be a PERA pensioner, and the fifth appointee must be a public member knowledgeable in pension matters.

The new law also regulates the election of board members, establishes the powers and duties of the board, and provides that the PERA executive director be appointed by the board with the advice and consent of the Senate. On July 1, 1985, all PERA employees became state employees. They were appointed to the civil service without a competitive or qualifying examination; however, they must serve a probationary period of up to six months.

No changes were made to the PERA annuity formula or the employee and employer contribution rates.

## N. OTHER DEPARTMENTS, BOARDS, AND COMMISSIONS

Appropriations for departments, boards, and commissions not mentioned in other narrative sections included:

Department of Public Safety, \$154.4 million (including \$65.3 million for the State Highway Patrol, \$54.6 million for Driver and Vehicle Licensing, and \$20.4 million for the Bureau of Criminal Apprehension);

Department of Revenue, \$79.3 million;  
Department of Administration, \$43.2 million;  
Department of Labor and Industry, \$28.6 million;  
Minnesota Historical Society, \$18.4 million;  
Department of Finance, \$14.4 million; and  
Department of Military Affairs, \$11.3 million.

Other such appropriations were:

State Planning Agency, \$9.9 million;  
Zoological Board, \$9.3 million;  
Non-Health Related Boards, \$5.8 million;  
Board of Arts, \$5.5 million;  
Department of Human Rights, \$4.6 million;  
Administrative Hearings Office, \$3.6 million;  
Investment Board, \$3.0 million;

Peace Officers Training and Standards Board, \$2.9 million;  
Mediation Services, \$2.5 million;  
World Trade Center Board, \$1.8 million; and  
Tort Claims, \$1.7 million.

Additional appropriations included: Science Museum of Minnesota, \$842,100; Tax Court, \$770,500; Council for the Handicapped, \$754,600; Indian Affairs Council, \$517,000; Minnesota Municipal Board, \$431,000; Ethical Practices Board, \$398,500; Capitol Area Architectural and Planning Board, \$265,200; Water Resources Board, \$249,900; Council on Black Minnesotans, \$244,000; and Council on Affairs of Spanish-Speaking People, \$243,400.

Other appropriations were: Minnesota-Wisconsin Boundary Area Commission, \$149,700; Minnesota Horticultural Society, \$135,800; Voyageurs National Park Citizens Committee, \$113,900; Minnesota Safety Council, \$101,400; Veterans of Foreign Wars, \$60,000; Disabled American Veterans, \$50,000; Minnesota Humane Society, \$48,000; Minnesota Academy of Science, \$41,100; and Uniform Laws Commission, \$24,300.

## V. CHANGES IN GENERAL FUND ACCOUNTS

The Legislature changed the accounting of certain general fund revenues during the 1985 session.

Deed and mortgage registration taxes will no longer be credited to the general fund but will instead remain in the county where they were collected. State payments for AFDC to each county will be reduced by an amount equal to 95 percent of the mortgage registration tax and 97 percent of the deed tax retained in the county. This reduces state revenues and expenditures by an estimated \$58.6 million in the 1985-87 biennium.

The taconite production tax will no longer be collected by the state and distributed to the various taxing districts and special accounts. Beginning with taxes payable in 1986, taconite production taxes will be paid directly to the eligible counties and the Iron Range Resources and Rehabilitation Board (IRRRB). This amount is estimated to be \$132.4 million in the 1985-87 biennium. Funds in the state treasury reserved for the taconite homestead credit will be transferred to St. Louis County. Taconite Environmental Protection Fund money and Northeast Minnesota Economic Protection Trust Fund money in the state treasury will be transferred to the IRRRB.

The five cents per pack increase in the cigarette tax is credited to two special funds. Four cents is credited to the water pollution control fund. This is estimated to be \$37.7 million in the 1985-87 biennium. One cent is credited to the public health fund. This is estimated to be \$7 million. A new account, the Minnesota resources fund, has been created for the natural resources acceleration program authorized under current law.

A number of special revenue funds were created by the Legislature during the 1985 session. The revenues supporting these

funds will be credited directly to the funds rather than the general fund. Expenditures will be made directly from the funds themselves. These funds include cross country ski fees, snowmobile training fees, veterans homes receipts, certain PCA fees, and certain health boards. The estimated amounts of these funds are shown in the following table.

<b>Changes in General Fund Accounting</b>	
<b>Source</b>	<b>Estimated Amount 1985-87 Biennium</b>
Taconite Production Tax .....	\$132,443,700
Deed and Mortgage Registration Tax ....	58,600,000
<b>Special Revenue Funds</b>	
Administrative Rent Receipts .....	19,121,400
Minnesota Resources Fund .....	15,981,700
Veterans Homes Receipts .....	13,713,400
DNR Watercraft License Receipts .....	5,500,000
Health Boards .....	4,702,500
Corporate Tax Administration .....	3,718,900
Secretary of State Fees .....	3,256,800
PCA Fees .....	2,960,800
Other .....	26,039,100
<b>Total .....</b>	<b>\$286,038,300</b>
<b>Newly Created Funds</b>	
Cigarette Tax Increase	
Water Pollution Control Fund .....	\$ 55,882,700*
Public Health Fund .....	7,081,100
<b>Total .....</b>	<b>\$ 62,963,800</b>

\*\$17,400,000 of this is not available unless the federal government allows the eight cents cigarette tax to expire.



## VI. STATE DEBT AND CAPITAL EXPENDITURES

State general obligation bonding authorized by the Legislature during the 1985 session totaled \$174,600,000. A direct appropriation of an additional \$13,499,900 for repairs and betterment was made from the general fund; \$8,332,000 from the trunk highway fund; and \$2,255,000 from the special revenue fund.

The debt service payments on the authorized amount were

estimated to be within the limitation of three percent of anticipated general fund non-dedicated revenues. This debt limitation policy was raised from two and one-half to three percent in 1984. (See Table J for bonding authorized by the 1985 special session of the Legislature.)

## VII. STATISTICS

The following 10 statistical tables reflect appropriations as passed and revenue levels as determined by the Department of Finance at the close of the 1985 special session. Estimates for open and

standing appropriations also are the Department of Finance estimates at the close of the special session.

Several of the tables have footnotes. These footnotes should be read if data is used for comparison purposes.

**Table A—Summary**  
Summary of Appropriations by Function—All Funds

	Fiscal Years 1984-85	Fiscal Years 1986-87	Increase or (Decrease) Prior Biennium	Percent Change
Aids and Credits .....	\$ 2,355,478,400	\$ 2,399,035,700	\$ 43,557,300	1.8%
Education .....	4,183,352,813	4,821,184,398	637,831,585	15.2%
Human Services, Corrections and Health <sup>(a)</sup> .....	4,447,748,322	4,912,672,700	464,924,378	10.5%
Transportation <sup>(b)</sup> .....	1,649,842,900	2,090,852,800	441,009,900	26.7%
Other State Government Functions <sup>(c)</sup> .....	1,027,439,500	1,181,951,560	154,512,060	15.0%
Miscellaneous .....	527,133,300	425,635,353	(101,497,947)	-19.3%
<b>Total Appropriations<sup>(d)</sup> .....</b>	<b>\$14,190,995,235</b>	<b>\$15,831,332,511</b>	<b>\$1,640,337,276</b>	<b>11.6%</b>

**Table A**  
Summary of Appropriations by Function—All Funds

	Fiscal Years 1984-85	Fiscal Years 1986-87	Increase or (Decrease) Prior Biennium	Percent Change
<b>Aids and Credits .....</b>	<b>\$ 2,355,478,400</b>	<b>\$ 2,399,035,700</b>	<b>\$ 43,557,300</b>	<b>1.8%</b>
<b>Education</b>				
Department of Education .....	\$ 49,984,000	\$ 46,608,300	\$ (3,375,700)	- 6.8%
Elementary and Secondary Education .....	2,174,216,013	2,579,571,698	405,355,685	18.6%
Higher Education Coordinating Board .....	120,270,700	135,862,700	15,592,000	13.0%
Vocational Technical Education .....	241,550,800	285,047,300	43,496,500	18.0%
Community Colleges .....	105,296,300	121,998,100	16,701,800	15.9%
State Universities .....	211,367,700	240,850,500	29,482,800	13.9%
University of Minnesota .....	605,794,200	708,565,400	102,771,200	17.0%
Mayo Medical Foundation .....	2,548,600	2,018,400	(530,200)	-20.8%
Dedicated Revenues .....	412,949,700	399,299,500	(13,650,200)	- 3.3%
Subtotal Education .....	<u>\$ 3,923,978,013</u>	<u>\$ 4,519,821,898</u>	<u>\$ 595,843,885</u>	<b>15.2%</b>
Federal Funds .....	\$ 259,374,800	\$ 301,362,500	\$ 41,987,700	16.2%
<b>Total Education .....</b>	<b>\$ 4,183,352,813</b>	<b>\$ 4,821,184,398</b>	<b>\$ 637,831,585</b>	<b>15.2%</b>
<b>Human Services, Corrections and Health</b>				
Human Services .....	\$ 1,576,797,422	\$ 1,749,616,500	\$ 172,819,078	11.0%
Dedicated Revenues .....	395,070,000	417,476,000	22,406,000	5.7%
Jobs and Training <sup>(a)</sup> .....	191,800,200	73,287,300	(118,512,900)	-61.8%
Corrections .....	158,452,900	175,608,200	17,155,300	10.8%
Health <sup>(a)</sup> .....	54,994,700	68,266,600	13,271,900	24.1%
Subtotal Human Services, Corrections and Health .....	<u>\$ 2,377,115,222</u>	<u>\$ 2,484,254,600</u>	<u>\$ 107,139,378</u>	<b>4.5%</b>
Federal Funds .....	\$ 2,070,633,100	\$ 2,428,418,100	\$ 357,785,000	17.3%
<b>Total Human Services, Corrections and Health .....</b>	<b>\$ 4,447,748,322</b>	<b>\$ 4,912,672,700</b>	<b>\$ 464,924,378</b>	<b>10.5%</b>
<b>Transportation</b>				
Department of Transportation				
Highway Development and Operations .....	\$ 977,791,900	\$ 1,084,539,600	\$ 106,747,700	10.9%
Technical Services .....	63,298,700	72,055,000	8,756,300	13.8%
Public Transportation Assistance .....	59,509,500	56,596,700	(2,912,800)	- 4.9%
Program Management and General Support .....	51,801,200	61,138,200	9,337,000	18.0%
Aeronautics .....	19,499,500	23,338,400	3,838,900	19.7%
Less Federal Funds in Highway Operations, Technical Services and Program Management <sup>(a)</sup> .....	(38,200,000)	(61,346,000)	(23,146,000)	60.6%
Subtotal Transportation .....	<u>\$ 1,133,700,800</u>	<u>\$ 1,236,321,900</u>	<u>\$ 102,621,100</u>	<b>9.1%</b>

	Fiscal Years 1984-85	Fiscal Years 1986-87	Increase or (Decrease) Prior Biennium	Percent Change
<b>Federal Funds</b>				
Trunk Highway Development .....	\$ 442,800,000	\$ 432,000,000	\$ (10,800,000)	- 2.4%
County Road and Bridge <sup>(b)</sup> .....		311,500,000	311,500,000	
Federal Funds included in Highway Operations, Technical Services and Program Management <sup>(c)</sup> .....	38,200,000	61,346,000	23,146,000	60.6%
Other Transportation .....	35,142,100	49,684,900	14,542,800	41.4%
<b>Total Federal Funds</b> .....	<b>\$ 516,142,100</b>	<b>\$ 854,530,900</b>	<b>\$ 338,388,800</b>	<b>65.6%</b>
<b>Total Transportation</b> .....	<b>\$ 1,649,842,900</b>	<b>\$ 2,090,852,800</b>	<b>\$ 441,009,900</b>	<b>26.7%</b>
<b>Other State Government Functions</b>				
Legislative .....	\$ 60,663,500	\$ 70,335,200	\$ 9,671,700	15.9%
Judicial .....	48,961,400	61,517,300	12,555,900	25.6%
Constitutional Officers .....	41,890,600	43,277,800	1,387,200	3.3%
Administrative Services .....	136,378,800	149,979,000	13,600,200	10.0%
Agriculture .....	40,294,700	36,135,000	(4,159,700)	-10.3%
Resource Management <sup>(c)</sup> .....	331,198,600	411,972,260	80,773,660	24.4%
Protection of Persons and Property .....	257,094,700	267,195,200	10,100,500	3.9%
Semi-State Activities .....	20,620,000	25,862,700	5,242,700	25.4%
<b>Subtotal Other State Government Functions</b> .....	<b>\$ 937,102,300</b>	<b>\$ 1,066,274,460</b>	<b>\$ 129,172,160</b>	<b>13.8%</b>
<b>Federal Funds</b> .....	<b>\$ 90,337,200</b>	<b>\$ 115,677,100</b>	<b>\$ 25,339,900</b>	<b>28.1%</b>
<b>Total Other State Government Functions</b> .....	<b>\$ 1,027,439,500</b>	<b>\$ 1,181,951,560</b>	<b>\$ 154,512,060</b>	<b>15.0%</b>
<b>Miscellaneous</b> .....	<b>\$ 524,840,100</b>	<b>\$ 422,855,353</b>	<b>\$ (101,984,747)</b>	<b>-19.4%</b>
Miscellaneous Federal Funds .....	\$ 2,293,200	\$ 2,780,000	\$ 486,800	21.2%
<b>Total Miscellaneous</b> .....	<b>\$ 527,133,300</b>	<b>\$ 425,635,353</b>	<b>\$ (101,497,947)</b>	<b>-19.3%</b>
<b>Total Appropriations—State Funds</b> .....	<b>\$11,252,214,835</b>	<b>\$12,128,563,911</b>	<b>\$ 876,349,076</b>	<b>7.8%</b>
<b>Total Appropriations—Federal Funds</b> .....	<b>\$ 2,938,780,400</b>	<b>\$ 3,702,768,600</b>	<b>\$ 763,988,200</b>	<b>26.0%</b>
<b>Total Appropriations<sup>(d)</sup></b> .....	<b>\$14,190,995,235</b>	<b>\$15,831,332,511</b>	<b>\$1,640,337,276</b>	<b>11.6%</b>

- (a) Not shown is an additional \$2,300,000 appropriated to the Department of Health for mosquito research in the 1985-87 biennium, which is available only if the federal cigarette tax is reduced.
- (b) Federal funds for county roads and bridges pass through the state Transportation Department to the county governments. Due to an accounting change, these federal funds appear as part of the state Transportation Department for the first time in fiscal year 1986.
- (c) \$17,400,000 appropriated to the Pollution Control Agency for wastewater treatment grants in the 1985-87 biennium will be funded by receipts from the state cigarette tax only if the federal cigarette tax is reduced.
- (d) This total does not include the \$41,066,600 appropriation for the Saturn plant incentives, which was contingent on the Saturn plant's locating in Minnesota.
- (e) Formerly the Department of Economic Security.
- (f) Appropriations for these three programs include the federal funds as indicated. The distribution of these federal funds among the three programs is not available.

**Table B**  
Itemized Appropriations by Function—All Funds

	Fiscal Years 1984-85	Fiscal Years 1986-87	Increase or (Decrease) Prior Biennium	Percent Change
<b>Aids and Credits</b>				
<b>Property Tax Refund</b>				
Renters Under 65 .....	\$ 180,801,000	\$ 156,400,000	\$ (24,401,000)	-13.5%
Renters—Senior Citizen and Disabled .....	46,659,000	51,000,000	4,341,000	9.3%
Homeowners Under 65 .....	78,275,700	75,300,000	(2,975,700)	-3.8%
Homeowners—Senior Citizen and Disabled .....	65,041,000	55,400,000	(9,641,000)	-14.8%
Targeting .....	19,000,000	4,000,000	(15,000,000)	-78.9%
<b>Agricultural Credit</b> .....	<b>193,214,700</b>	<b>233,722,300</b>	<b>40,507,600</b>	<b>21.0%</b>
<b>Aid to Local Governments</b> .....	<b>544,119,000</b>	<b>599,647,800</b>	<b>55,528,800</b>	<b>10.2%</b>
<b>Attached Machinery Aid</b>				
School Districts .....	4,033,600	1,668,200	(2,365,400)	-58.6%
Cities, Towns, Counties .....	12,256,300	4,763,600	(7,492,700)	-61.1%
<b>Homestead Credit</b>				
School Districts .....	498,847,300	538,304,700	39,457,400	7.9%
Cities, Towns, Counties .....	519,380,900	564,924,000	45,543,100	8.8%

	Fiscal Years 1984-85	Fiscal Years 1986-87	Increase or (Decrease) Prior Biennium	Percent Change
Supplemental Homestead Property Tax Relief .....	2,185,500	1,763,500	(422,000)	-19.3%
Aid to Police and Fire Departments .....	46,273,400	53,208,000	6,934,600	15.0%
Local Police and Fire Amortization Aid .....	13,073,600	15,074,000	2,000,400	15.3%
Minneapolis Employees Retirement Fund .....	13,760,900	20,197,700	6,436,800	46.8%
Reduced Assessment Credit				
School Districts .....	6,543,600		(6,543,600)	
Cities, Towns, Counties .....	8,796,000		(8,796,000)	
Wetlands Credit and Reimbursement				
School Districts .....	2,600,300	643,500	(1,956,800)	-75.3%
Cities, Towns, Counties .....	2,341,700	561,200	(1,780,500)	-76.0%
Native Prairie Credit and Reimbursement				
School Districts .....	145,000	193,800	48,800	33.7%
Cities, Towns, Counties .....	145,800	168,800	23,000	15.8%
Payments in Lieu of Taxes—DNR Lands .....	8,725,000	9,322,400	597,400	6.8%
Disaster Credit				
School Districts .....	212,400	113,400	(99,000)	-46.6%
Cities, Towns, Counties .....	250,200	121,100	(129,100)	-51.6%
Agricultural Preservation Credit				
School Districts .....	130,500	390,900	260,400	199.5%
Cities, Towns, Counties .....	133,200	395,900	262,700	197.2%
Railroad Property Tax Relief .....	6,600,000	3,400,000	(3,200,000)	-48.5%
Enterprise Zone Credit				
School Districts .....	195,000	741,100	546,100	280.1%
Cities, Towns, Counties .....	423,600	1,431,800	1,008,200	238.0%
Regional Transit Board Levy Reduction .....		2,500,000	2,500,000	
Leech Lake—White Earth Reservation .....	946,700	1,044,100	97,400	10.3%
School Energy Conservation .....	2,015,000		(2,015,000)	
Mining Apportionments <sup>(a)</sup>				
Taconite Homestead Credit .....	28,600,000	2,633,900	(25,966,100)	
Municipal Aid .....	12,639,800		(12,639,800)	
County Road and Bridge .....	5,740,200		(5,740,200)	
Cities and Towns .....	2,569,000		(2,569,000)	
Counties .....	22,285,000		(22,285,000)	
Railroads .....	6,321,800		(6,321,800)	
Municipality and School Association .....	196,700		(196,700)	
Total Aids and Credits .....	<u>\$ 2,355,478,400</u>	<u>\$ 2,399,035,700</u>	<u>\$ 43,557,300</u>	1.8%
<b>Education</b>				
Department of Education .....	<u>\$ 49,984,000</u>	<u>\$ 46,608,300</u>	<u>\$ (3,375,700)</u>	-6.8%
Elementary and Secondary Education				
Foundation Aid .....	\$ 1,141,779,000	\$ 1,478,138,700	\$ 336,359,700	29.5%
Apportionment—Permanent School Fund .....	50,000,000	52,000,000	2,000,000	4.0%
Taconite Apportionment <sup>(a)</sup> .....	38,048,500		(38,048,500)	
Isolated School Aid .....	166,500		(166,500)	
Summer Programs .....	1,370,000	15,278,600	13,908,600	
Transportation Aid .....	168,729,400	173,664,700	4,935,300	2.9%
Special Education Aid .....	252,402,600	292,235,100	39,832,500	15.8%
Special Education Deficiency <sup>(b)</sup> .....	15,411,200		(15,411,200)	
Limited English Proficiency .....	5,939,000	5,557,700	(381,300)	-6.4%
Indian Language and Culture .....	1,103,000	1,173,500	70,500	6.4%
Secondary Vocational—Handicapped .....	5,259,000	7,140,300	1,881,300	35.8%
Vocational Handicapped—Deficiency <sup>(b)</sup> .....	1,327,600		(1,327,600)	
Secondary Vocational Education .....	39,615,000	42,748,700	3,133,700	7.9%
Secondary Vocational Deficiency <sup>(b)</sup> .....	1,105,000		(1,105,000)	
Teacher Retirement .....	369,003,700	411,689,700	42,686,000	11.6%
Community and Adult Education				
Community Education Aid .....	7,116,600	3,365,700	(3,750,900)	-52.7%
Adult Education Aid .....	2,686,000	3,660,900	974,900	36.3%
Adult Education Deficiency <sup>(b)</sup> .....	399,600		(399,600)	
Early Childhood and Family Education .....	1,142,600	11,343,700	10,201,100	
Handicapped Adult Programs .....		600,000	600,000	
Technology and Educational Improvement				
Educational Effectiveness Programs .....	1,180,000	1,815,000	635,000	53.8%
Assessment Programs .....	895,000	833,000	(62,000)	-6.9%
Planning, Evaluation and Reporting .....	1,020,000	1,044,500	24,500	2.4%
Educational Technology .....	4,953,000	5,792,600	839,600	17.0%
Miscellaneous Educational Improvement .....	905,000	2,954,800	2,049,800	226.5%

	Fiscal Years 1984-85	Fiscal Years 1986-87	Increase or (Decrease) Prior Biennium	Percent Change
<b>Other Education Aids</b>				
Council on Quality Education .....	1,594,000	1,167,700	(426,300)	-26.7%
Teacher Mobility Incentives				
Early Retirement .....	3,945,500		(3,945,500)	
Part-Time Teacher Benefits .....	256,000	118,000	(138,000)	-53.9%
Extended Leaves of Absence .....	2,667,000	1,540,000	(1,127,000)	-42.3%
Educational Cooperative Service Units .....	1,286,000	1,459,400	173,400	13.5%
Capital Expenditure Equalization .....	668,500	695,200	26,700	4.0%
Capital Expenditure Deficiency <sup>(b)</sup> .....	18,735		(18,735)	
Abatement Aid .....	6,431,000	9,886,000	3,455,000	53.7%
Abatement Aid Deficiency <sup>(b)</sup> .....	1,798,453		(1,798,453)	
School Lunch Aid .....	9,250,000	9,250,000		
Gifted and Talented Students .....	1,284,000	2,713,100	1,429,100	111.3%
Chemical Use Programs .....	1,958,000	2,045,800	87,800	4.5%
Chemical Use Deficiency <sup>(b)</sup> .....	12,825		(12,825)	
Indian Education .....	294,000	340,928	46,928	16.0%
Pine Point School .....	33,000		(33,000)	
Nett Lake School .....	20,000	80,000	60,000	300.0%
Interdistrict Cooperation Aid .....	1,105,000	3,579,300	2,474,300	223.9%
Library Grants .....	9,368,000	10,389,000	1,021,000	10.9%
Aid to Non-Public Students .....	12,520,000	13,947,500	1,427,500	11.4%
CPR Instruction .....	34,000		(34,000)	
Arts Education Aid and Grants .....	30,000	2,180,000	2,150,000	
Arts School and Resource Center .....		2,661,000	2,661,000	
Health Screening .....	1,503,200	1,409,400	(93,800)	-6.2%
Maximum Effort Loan Fund .....	6,391,000	4,975,600	(1,415,400)	-22.1%
Miscellaneous .....	190,500	96,570	(93,930)	-49.3%
<b>Total Elementary and Secondary Education .....</b>	<b>\$ 2,174,216,013</b>	<b>\$ 2,579,571,698</b>	<b>\$ 405,355,685</b>	<b>18.6%</b>
<b>Higher Education Coordinating Board</b>				
Agency Administration .....	\$ 3,918,500	\$ 4,721,700	\$ 803,200	20.5%
State Scholarships and Grants .....	94,640,000	112,100,000	17,460,000	18.4%
Interstate Tuition Reciprocity .....	11,650,000	6,800,000	(4,850,000)	-41.6%
State Work Study .....	8,637,600	8,857,200	219,600	2.5%
Income Contingent Loans .....		620,000	620,000	
Medical Student Loans .....		95,000	95,000	
Minitex Library Program .....	1,289,600	1,648,900	359,300	27.9%
Enterprise Development Partnerships .....		600,000	600,000	
Teacher Education Study .....	20,000	150,000	130,000	
Instructional Technology Policy .....		200,000	200,000	
Secondary Student Information .....		69,900	69,900	
Supplemental Loan Reserves .....	115,000		(115,000)	
<b>Total Higher Education Coordinating Board .....</b>	<b>\$ 120,270,700</b>	<b>\$ 135,862,700</b>	<b>\$ 15,592,000</b>	<b>13.0%</b>
<b>Vocational Technical Education</b>	<b>\$ 240,384,250</b>	<b>\$ 285,047,300</b>	<b>\$ 44,663,050</b>	<b>18.6%</b>
Farm Financial Crisis Intervention Services <sup>(b)</sup> .....	1,166,550		(1,166,550)	
<b>Total Vocational Technical Education .....</b>	<b>\$ 241,550,800</b>	<b>\$ 285,047,300</b>	<b>\$ 43,496,500</b>	<b>18.0%</b>
<b>Community Colleges</b> .....	<b>\$ 105,296,300</b>	<b>\$ 121,998,100</b>	<b>\$ 16,701,800</b>	<b>15.9%</b>
<b>State Universities</b> .....	<b>\$ 211,367,700</b>	<b>\$ 240,850,500</b>	<b>\$ 29,482,800</b>	<b>13.9%</b>
<b>University of Minnesota</b>				
Operations and Maintenance .....	\$ 500,524,300	\$ 583,050,600	\$ 82,526,300	16.5%
Agricultural Extension Service .....	21,802,300	23,770,800	1,968,500	9.0%
Farm Financial Crisis Intervention Services <sup>(b)</sup> .....	402,500		(402,500)	
Agricultural Research .....	21,815,200	24,733,200	2,918,000	13.4%
Veterinary Diagnostic Laboratory .....	2,240,200	2,494,500	254,300	11.4%
Coleman Leukemia Research Center .....	430,500	461,600	31,100	7.2%
Indigent Patients .....	4,000,000	3,400,000	(600,000)	-15.0%
Rural Physicians Associates Program .....	932,300	1,078,100	145,800	15.6%
Medical Research .....	3,899,500	4,398,000	498,500	12.8%
Special Hospitals, Service and Educational Offset ...	25,462,400	27,186,800	1,724,400	6.8%
China Center .....	75,000	157,500	82,500	110.0%
Fellowships—Minority and Disadvantaged .....	100,000	105,100	5,100	5.1%
General Research .....	3,722,100	3,997,400	275,300	7.4%
Intercollegiate Athletics .....	3,461,200	5,720,900	2,259,700	65.3%

	Fiscal Years 1984-85	Fiscal Years 1986-87	Increase or (Decrease) Prior Biennium	Percent Change
Student Loans Matching Money .....	185,600	195,000	9,400	5.1%
Talented Youth Mathematics .....	75,000	405,600	330,600	
Geological Survey .....	1,330,900	1,818,400	487,500	36.6%
Mineral Resources Research Center .....	844,600	1,457,700	613,100	72.6%
Natural Resources Research Institute .....	3,900,000	4,723,300	823,300	21.1%
Plant Biomass Research .....	259,500	277,600	18,100	7.0%
Sea Grant College Program .....	237,600	580,400	342,800	144.3%
Underground Space Center .....	200,000	420,200	220,200	110.1%
Biotechnology Center .....	920,000	1,132,500	212,500	23.1%
Hormel Institute .....	318,200	741,300	423,100	133.0%
Industrial Relations Education .....	1,212,800	1,302,700	89,900	7.4%
Institute for Human Genetics .....		785,000	785,000	
Lake Superior Basin Studies .....	262,200	281,100	18,900	7.2%
Microelectronics and Information Science .....	1,200,000	1,259,700	59,700	5.0%
Productivity Center .....	500,000	630,400	130,400	26.1%
Supercomputer Institute .....	1,600,000	12,000,000	10,400,000	
Summer Session and Continuing Education .....	2,646,000		(2,646,000)	
Faculty Travel .....	174,300		(174,300)	
Environmental Pathology Laboratory .....	100,000		(100,000)	
Faculty Retirement .....	960,000		(960,000)	
Total University of Minnesota .....	<u>\$ 605,794,200</u>	<u>\$ 708,565,400</u>	<u>\$ 102,771,200</u>	17.0%
Mayo Medical Foundation .....	<u>\$ 2,548,600</u>	<u>\$ 2,018,400</u>	<u>\$ (530,200)</u>	-20.8%
Education Dedicated Revenues				
Tuition and Course Fees				
University of Minnesota .....	\$ 245,203,800	\$ 235,235,700	\$ (9,968,100)	-4.1%
State University Board .....	107,688,700	110,760,400	3,071,700	2.9%
Community Colleges .....	60,057,200	53,303,400	(6,753,800)	-11.2%
Total Dedicated Revenues .....	<u>\$ 412,949,700</u>	<u>\$ 399,299,500</u>	<u>\$ (13,650,200)</u>	-3.3%
Subtotal Education .....	<u>\$ 3,923,978,013</u>	<u>\$ 4,519,821,898</u>	<u>\$ 595,843,885</u>	15.2%
Federal Funds .....	<u>259,374,800</u>	<u>301,362,500</u>	<u>41,987,700</u>	16.2%
Total Education .....	<u>4,183,352,813</u>	<u>4,821,184,398</u>	<u>637,831,585</u>	15.2%
<b>Human Services, Corrections and Health</b>				
Department of Human Services				
Human Services Management .....	\$ 2,676,800	\$ 2,970,000	\$ 293,200	11.0%
Support Services .....	21,421,200	29,981,000	8,559,800	40.0%
Social Services				
Community Social Services Subsidies .....	114,303,300	102,444,200	(11,859,100)	-10.4%
Aging, Blind and Deaf Services .....	13,113,500	14,266,500	1,153,000	8.8%
Social Services Support .....	13,373,900	25,132,200	11,758,300	87.9%
Income Maintenance				
Public Assistance (AFDC, GA, MSA) <sup>(c)</sup> .....	301,060,600	296,290,500	(4,770,100)	-1.6%
MA, GAMC and Preadmission Screening .....	728,351,722	840,540,200	112,188,478	15.4%
Income Maintenance Support .....	30,500,700	43,267,400	12,766,700	41.9%
Mental Health				
State Hospitals .....	288,401,100	317,715,000	29,313,900	10.2%
Nursing Homes .....	32,108,400	37,010,400	4,902,000	15.3%
Mental Health Support .....	31,136,200	39,895,700	8,759,500	28.1%
Other Human Services				
Compulsive Gamblers .....	50,000		(50,000)	
Contingency Funds .....	300,000		(300,000)	
Child Protection Worker Training .....		53,400	53,400	
Transitional Care Study .....		50,000	50,000	
Subtotal Human Services Department .....	<u>\$ 1,576,797,422</u>	<u>\$ 1,749,616,500</u>	<u>\$ 172,819,078</u>	11.0%
Dedicated Revenues				
County Reimbursement .....	\$ 111,108,500	\$ 121,926,000	\$ 10,817,500	9.7%
Hospital Revolving Account .....	276,861,500	285,250,000	8,388,500	3.0%
Miscellaneous .....	7,100,000	10,300,000	3,200,000	45.1%
Total Dedicated Revenues .....	<u>\$ 395,070,000</u>	<u>\$ 417,476,000</u>	<u>\$ 22,406,000</u>	5.7%
Total Department of Human Services .....	<u>\$ 1,971,867,422</u>	<u>\$ 2,137,092,500</u>	<u>\$ 195,225,078</u>	9.9%

	Fiscal Years 1984-85	Fiscal Years 1986-87	Increase or (Decrease) Prior Biennium	Percent Change
<b>Department of Jobs and Training<sup>(d)</sup></b>				
Jobs Program .....	\$ 138,830,000	\$ 27,000,000	\$ (111,830,000)	-80.6%
Vocational Rehabilitation Services .....	31,620,000	36,160,600	4,540,600	14.4%
Training and Community Services .....	11,229,400	2,736,200	(8,493,200)	-75.6%
Program and Management Support .....	550,000	300,000	(250,000)	-45.5%
Employment Programs .....	7,769,800	6,250,500	(1,519,300)	-19.6%
Temporary Housing Demonstration .....	250,000	340,000	90,000	36.0%
Sheltered Workshops .....	51,000		(51,000)	
Total Department of Jobs and Training .....	<u>\$ 190,300,200</u>	<u>\$ 72,787,300</u>	<u>\$ (117,512,900)</u>	-61.8%
Job Skills Partnership Board .....	<u>\$ 1,500,000</u>	<u>\$ 500,000</u>	<u>\$ (1,000,000)</u>	-66.7%
<b>Department of Corrections</b>				
Management Services .....	\$ 6,627,300	\$ 6,634,600	\$ 7,300	0.1%
Community Services Support .....	17,376,000	18,104,700	728,700	4.2%
Community Corrections Act .....	24,092,100	25,302,800	1,210,700	5.0%
Correctional Institutions .....	109,516,400	124,570,900	15,054,500	13.7%
Total Department of Corrections .....	<u>\$ 157,611,800</u>	<u>\$ 174,613,000</u>	<u>\$ 17,001,200</u>	10.8%
Sentencing Guidelines Commission .....	<u>\$ 299,000</u>	<u>\$ 377,200</u>	<u>\$ 78,200</u>	26.2%
Corrections Ombudsman .....	<u>\$ 542,100</u>	<u>\$ 618,000</u>	<u>\$ 75,900</u>	14.0%
<b>Department of Health<sup>(e)</sup></b>				
Preventive and Protective Health Services .....	\$ 18,125,300	\$ 10,823,500	\$ (7,301,800)	-40.3%
Health Delivery Systems .....	4,676,500	16,918,100	12,241,600	
Community Health Services Subsidy .....	21,001,500	24,053,000	3,051,500	14.5%
Health Support Services .....	6,786,200	5,097,600	(1,688,600)	-24.9%
Smoking Prevention Programs <sup>(f)</sup> .....		2,657,900	2,657,900	
Lead Contamination Prevention <sup>(f)</sup> .....		396,000	396,000	
Maternal and Child Health Block Grants <sup>(f)</sup> .....		2,300,000	2,300,000	
General Reduction .....		(682,000)	(682,000)	
Hazardous Substance Injury Compensation Fund ...		2,000,000	2,000,000	
Total Department of Health .....	<u>\$ 50,589,500</u>	<u>\$ 63,564,100</u>	<u>\$ 12,974,600</u>	25.6%
Health Related Boards .....	<u>\$ 4,405,200</u>	<u>\$ 4,702,500</u>	<u>\$ 297,300</u>	6.7%
Subtotal Human Services, Corrections and Health	<u>\$ 2,377,115,222</u>	<u>\$ 2,484,254,600</u>	<u>\$ 107,139,378</u>	4.5%
Federal Funds .....	<u>\$ 2,070,633,100</u>	<u>\$ 2,428,418,100</u>	<u>\$ 357,785,000</u>	17.3%
Total Human Services, Corrections and Health ...	<u>\$ 4,447,748,322</u>	<u>\$ 4,912,672,700</u>	<u>\$ 464,924,378</u>	10.5%
<b>Transportation</b>				
<b>Department of Transportation</b>				
<b>Highway Development</b>				
Trunk Highway Development .....	\$ 210,132,400	\$ 234,812,300	\$ 24,679,900	11.7%
County State Aids .....	329,600,000	371,800,000	42,200,000	12.8%
Municipal State Aids .....	109,000,000	121,400,000	12,400,000	11.4%
Highway Debt Service .....	38,310,000	32,701,000	(5,609,000)	-14.6%
<b>Highway Operations</b>				
Maintenance .....	201,258,000	218,834,100	17,576,100	8.7%
Maintenance Preservation .....	15,004,000	14,666,200	(337,800)	-2.3%
Construction Support .....	74,487,500	90,326,000	15,838,500	21.3%
Total Highway Development and Operations .....	<u>\$ 977,791,900</u>	<u>\$ 1,084,539,600</u>	<u>\$ 106,747,700</u>	10.9%
<b>Technical Services</b>				
Engineering Services .....	\$ 42,153,900	\$ 46,984,900	\$ 4,831,000	11.5%
Engineering Development .....	13,763,000	16,226,600	2,463,600	17.9%
State Aid Technical Assistance .....	1,312,000	1,613,900	301,900	23.0%
Electronic Communications .....	3,591,300	4,325,900	734,600	20.5%
Environmental Services .....	2,478,500	2,903,700	425,200	17.2%
Total Technical Services .....	<u>\$ 63,298,700</u>	<u>\$ 72,055,000</u>	<u>\$ 8,756,300</u>	13.8%
<b>Public Transportation Assistance</b>				
Nonmetropolitan Transit Assistance .....	\$ 13,388,400	\$ 10,447,000	\$ (2,941,400)	-22.0%
Metropolitan Transit Assistance .....	33,132,000	31,850,800	(1,281,200)	-3.9%

	Fiscal Years 1984-85	Fiscal Years 1986-87	Increase or (Decrease) Prior Biennium	Percent Change
Regional Transit Board .....	1,084,800	2,165,000	1,080,200	99.6%
Metro Mobility .....	10,000,000	11,000,000	1,000,000	10.0%
Transit Administration .....	1,086,800	1,133,900	47,100	4.3%
Amtrak Rail Subsidy .....	817,500		(817,500)	
Total Public Transportation Assistance .....	\$ 59,509,500	\$ 56,596,700	\$ (2,912,800)	-4.9%
<b>Program Management</b>				
Highway Programs .....	\$ 2,710,600	\$ 3,203,000	\$ 492,400	18.2%
Motor Carrier Safety and Compliance .....	1,771,500	1,919,400	147,900	8.3%
Railroads and Waterways .....	1,499,400	1,701,700	202,300	13.5%
Transportation Information and Support .....	4,547,700	5,192,200	644,500	14.2%
Total Program Management .....	\$ 10,529,200	\$ 12,016,300	\$ 1,487,100	14.1%
<b>General Support</b>				
Finance and Administration .....	\$ 16,253,600	\$ 15,030,800	\$ (1,222,800)	-7.5%
General Services .....	7,596,600	11,828,400	4,231,800	55.7%
Equipment .....	14,840,200	19,375,000	4,534,800	30.6%
Attorney General Legal Services .....	1,831,200	1,951,900	120,700	6.6%
Total General Support .....	\$ 40,521,600	\$ 48,186,100	\$ 7,664,500	18.9%
<b>Aeronautics</b>				
Operations .....	\$ 886,900	\$ 4,004,200	\$ 3,117,300	
Development and Assistance .....	18,115,400	18,575,500	460,100	2.5%
Pine Creek Airport .....	24,400	75,700	51,300	210.2%
Air Transportation Services .....	472,800	683,000	210,200	44.5%
Total Aeronautics .....	\$ 19,499,500	\$ 23,338,400	\$ 3,838,900	19.7%
Transportation Regulation Board .....	\$ 750,400	\$ 935,800	\$ 185,400	24.7%
Federal Funds Included in Highway Operations, Technical Services, and Program Management <sup>(a)</sup> ..	\$ (38,200,000)	\$ (61,346,000)	\$ (23,146,000)	
Subtotal Transportation .....	\$ 1,133,700,800	\$ 1,236,321,900	\$ 102,621,100	9.1%
<b>Federal Funds</b>				
Federal Trunk Highway Development Funds .....	\$ 442,800,000	\$ 432,000,000	\$ (10,800,000)	-2.4%
Federal County Road and Bridge Funds <sup>(b)</sup> .....		311,500,000	311,500,000	
Federal Funds in Highway Operations, Technical Services, and Program Management <sup>(a)</sup> .....	38,200,000	61,346,000	23,146,000	60.6%
Federal Funds—Other Transportation .....	35,142,100	49,684,900	14,542,800	41.4%
Total Federal Funds .....	\$ 516,142,100	\$ 854,530,900	\$ 338,388,800	65.6%
Total Transportation .....	\$ 1,649,842,900	\$ 2,090,852,800	\$ 441,009,900	26.7%
<b>Other State Government Functions</b>				
<b>Legislative</b>				
Legislature				
Senate .....	\$ 17,533,900	\$ 21,400,000	\$ 3,866,100	22.0%
House .....	25,786,000	31,140,700	5,354,700	20.8%
Legislative Coordinating Commission .....	416,400	547,900	131,500	31.6%
Compensation Council .....	12,600		(12,600)	
Legislative Reference Library .....	1,273,100	1,545,900	272,800	21.4%
Revisor of Statutes .....	5,066,000	2,774,300	(2,291,700)	-45.2%
Legislative Audit Commission .....	23,300	24,800	1,500	6.4%
Legislative Auditor .....	5,133,700	5,716,900	583,200	11.4%
Legislative Audit Metro Agencies .....	95,700		(95,700)	
Legislative Commissions				
Economic Status of Women .....	186,500	225,100	38,600	20.7%
Economic Development Strategy .....		170,000	170,000	
Employee Relations .....	172,600	175,000	2,400	1.4%
Energy .....	20,000	50,000	30,000	150.0%
Great Lakes Commission .....	63,400	73,100	9,700	15.3%
Highway Study .....	7,000		(7,000)	
Interstate Cooperation Commission .....	118,000		(118,000)	
Long-term Health Care .....	15,000		(15,000)	
Minnesota Resources .....	462,500	595,100	132,600	28.7%
Mississippi River Parkway Commission .....	21,000	39,000	18,000	85.7%



	Fiscal Years 1984-85	Fiscal Years 1986-87	Increase or (Decrease) Prior Biennium	Percent Change
Pensions and Retirement .....	346,500	1,205,000	858,500	247.8%
Public Education .....	150,000	100,000	(50,000)	-33.3%
Review of Administrative Rules .....	192,200	199,800	7,600	4.0%
Waste Management .....	239,600	214,600	(25,000)	-10.4%
Legislative Retirement Contribution .....	3,328,500	4,138,000	809,500	24.3%
Subtotal Legislative .....	<u>\$ 60,663,500</u>	<u>\$ 70,335,200</u>	<u>\$ 9,671,700</u>	15.9%
Federal Funds .....	<u>\$ 22,200</u>		<u>\$ (22,200)</u>	
Total Legislative .....	<u>\$ 60,685,700</u>	<u>\$ 70,335,200</u>	<u>\$ 9,649,500</u>	15.9%
<b>Judicial</b>				
Supreme Court .....	\$ 7,254,100	\$ 7,182,700	\$ (71,400)	-1.0%
State Court Administrator .....	4,181,000	5,784,700	1,603,700	38.4%
State Law Library .....	1,070,600	1,249,000	178,400	16.7%
Court of Appeals .....	3,089,200	5,911,900	2,822,700	91.4%
Trial Courts .....	24,564,100	30,815,200	6,251,100	25.4%
District Court Administrators .....	1,087,700	1,171,900	84,200	7.7%
Board on Judicial Standards .....	334,900	300,500	(34,400)	-10.3%
Board of Public Defense .....	842,500	1,086,900	244,400	29.0%
Public Defender .....	2,014,800	2,615,000	600,200	29.8%
Tax Court .....	627,000	770,500	143,500	22.9%
Judges Retirement Contribution .....	3,895,500	4,629,000	733,500	18.8%
Total Judicial .....	<u>\$ 48,961,400</u>	<u>\$ 61,517,300</u>	<u>\$ 12,555,900</u>	25.6%
<b>Constitutional Officers</b>				
<b>Governor</b>				
Executive Operations .....	\$ 3,801,600	\$ 4,052,100	\$ 250,500	6.6%
Interstate Representation and Cooperation .....	123,600	139,000	15,400	12.5%
Total Governor .....	<u>\$ 3,925,200</u>	<u>\$ 4,191,100</u>	<u>\$ 265,900</u>	6.8%
Lieutenant Governor .....	<u>\$ 499,900</u>	<u>\$ 505,500</u>	<u>\$ 5,600</u>	1.1%
<b>Secretary of State</b>				
Elections and Publications .....	\$ 751,100	\$ 712,800	\$ (38,300)	-5.1%
Uniform Commercial Code .....	214,300	259,000	44,700	20.9%
Business Services .....	1,061,400	1,061,300	(100)	.0%
Administration .....	537,400	630,000	92,600	17.2%
Fiscal Operations .....	178,900	218,500	39,600	22.1%
Data Services .....	50,000	375,200	325,200	
Total Secretary of State .....	<u>\$ 2,793,100</u>	<u>\$ 3,256,800</u>	<u>\$ 463,700</u>	16.6%
State Auditor .....	<u>\$ 765,000</u>	<u>\$ 872,000</u>	<u>\$ 107,000</u>	14.0%
State Treasurer .....	<u>\$ 1,984,300</u>	<u>\$ 326,300</u>	<u>\$ (1,658,000)</u>	-83.6%
<b>Attorney General</b>				
Public Administration .....	\$ 3,099,300	\$ 2,595,600	\$ (503,700)	-16.3%
Public Resources .....	6,232,200	7,453,100	1,220,900	19.6%
Public Assistance .....	3,504,300	4,110,400	606,100	17.3%
Public Protection .....	9,082,000	8,874,700	(207,300)	-2.3%
Legal Policy and Administration .....	5,818,500	7,873,100	2,054,600	35.3%
Workers' Compensation Reform .....	406,400		(406,400)	
Environmental Liability Compliance .....	149,300		(149,300)	
White Earth Indian Settlement .....	600,000		(600,000)	
Miscellaneous .....	31,000		(31,000)	
Total Attorney General .....	<u>\$ 28,923,000</u>	<u>\$ 30,906,900</u>	<u>\$ 1,983,900</u>	6.9%
Constitutional Officers Retirement .....	<u>\$ 203,800</u>	<u>\$ 244,000</u>	<u>\$ 40,200</u>	19.7%
Investment Board .....	<u>\$ 2,796,300</u>	<u>\$ 2,975,200</u>	<u>\$ 178,900</u>	6.4%
Subtotal Constitutional Officers .....	<u>\$ 41,890,600</u>	<u>\$ 43,277,800</u>	<u>\$ 1,387,200</u>	3.3%
Federal Funds .....		<u>\$ 944,100</u>	<u>\$ 944,100</u>	

	Fiscal Years 1984-85	Fiscal Years 1986-87	Increase or (Decrease) Prior Biennium	Percent Change
Total Constitutional Officers .....	\$ 41,890,600	\$ 44,221,900	\$ 2,331,300	5.6%
Administrative Services				
Office of Administrative Hearings .....	\$ 3,014,100	\$ 3,584,000	\$ 569,900	18.9%
Department of Administration <sup>(a)</sup>				
Management Services .....	\$ 7,754,300		\$ (7,754,300)	
Public Services .....	11,395,600		(11,395,600)	
General Support .....	1,894,800		(1,894,800)	
State Agency Services .....	3,926,000	\$ 7,881,300	3,955,300	
Information Services .....		15,367,100	15,367,100	
General Services .....	19,380,600	11,807,500	(7,573,100)	
Administrative Services .....		6,213,700	6,213,700	
Commissioner's Office .....		1,903,900	1,903,900	
Total Department of Administration .....	\$ 44,351,300	\$ 43,173,500	\$ (1,177,800)	-2.7%
Capitol Area Architectural and Planning Board .....	\$ 182,100	\$ 265,200	\$ 83,100	45.6%
Department of Finance				
Accounting Operations .....	\$ 8,208,700	\$ 8,456,400	\$ 247,700	3.0%
Budget Analysis and Operations .....	2,590,400	2,824,000	233,600	9.0%
Fiscal Management and Administration .....	2,222,500	3,077,200	854,700	38.5%
Tax Study Commission .....	240,000		(240,000)	
Total Department of Finance .....	\$ 13,261,600	\$ 14,357,600	\$ 1,096,000	8.3%
Department of Employee Relations				
Administration .....	\$ 2,083,200	\$ 2,343,800	\$ 260,600	12.5%
Equal Opportunity .....	316,400	312,000	(4,400)	-1.4%
Labor Relations .....	746,600	856,200	109,600	14.7%
Personnel .....	3,837,400	4,467,600	630,200	16.4%
Social Security Administrative Cost .....	110,000	118,000	8,000	7.3%
Total Department of Employee Relations .....	\$ 7,093,600	\$ 8,097,600	\$ 1,004,000	14.2%
Department of Revenue				
Revenue Management .....	\$ 20,058,100	\$ 30,733,000	\$ 10,674,900	53.2%
Income Sales and Use Tax .....	38,176,800	39,019,100	842,300	2.2%
Property and Special Taxes .....	8,403,300	9,341,900	938,600	11.2%
Assessors Board .....	239,900	163,500	(76,400)	-31.8%
Hazardous Waste .....	165,000		(165,000)	
Omnibus Tax Bill—Administrative .....	484,000	138,600	(345,400)	-71.4%
Delinquent Taxes and Seized Property .....	949,000	1,105,000	156,000	16.4%
Total Department of Revenue (Admin.) .....	\$ 68,476,100	\$ 80,501,100	\$ 12,025,000	17.6%
Subtotal Administrative Services .....	\$ 136,378,800	\$ 149,979,000	\$ 13,600,200	10.0%
Federal Funds .....	\$ 2,950,000		\$ (2,950,000)	
Total Administrative Services .....	\$ 139,328,800	\$ 149,979,000	\$ 10,650,200	7.6%
Agriculture				
Department of Agriculture				
Agricultural Protection Services .....	\$ 6,942,500	\$ 8,100,200	\$ 1,157,700	16.7%
Livestock Buyers Registration .....		300,000	300,000	
Agricultural Promotion Services .....	4,392,800	2,544,500	(1,848,300)	-42.1%
Family Farm Security Interest Payment .....	6,010,800	6,055,800	45,000	0.7%
Family Farm Security Defaulted Loans <sup>(b)</sup> .....	4,000,000		(4,000,000)	
Farm Crisis Assistance .....	50,000	141,500	91,500	183.0%
Administration and Financial Aids Services .....	5,160,600	5,839,500	678,900	13.2%
Soil and Water Conservation .....	6,207,600	6,945,800	738,200	11.9%
Milkhouse Loan Guarantee .....	290,800		(290,800)	
Grain Buyers .....	95,000		(95,000)	
International Trade .....	4,709,000	3,143,200	(1,565,800)	-33.3%
African Famine Relief Grants .....		125,000	125,000	
Total Department of Agriculture .....	\$ 37,859,100	\$ 33,195,500	\$ (4,663,600)	-12.3%
Board of Animal Health .....	\$ 2,435,600	\$ 2,939,500	\$ 503,900	20.7%

	Fiscal Years 1984-85	Fiscal Years 1986-87	Increase or (Decrease) Prior Biennium	Percent Change
Federal Funds .....	\$ 1,418,900	\$ 1,746,900	\$ 328,000	23.1%
Total Agriculture .....	\$ 41,713,600	\$ 37,881,900	\$ (3,831,700)	-9.2%
<b>Resource Management</b>				
<b>Department of Natural Resources</b>				
Administrative Management Services .....	\$ 12,781,100	\$ 11,625,900	\$ (1,155,200)	-9.0%
Regional Administration .....	6,630,600	7,882,200	1,251,600	18.9%
Field Services Support .....	10,466,000	11,496,800	1,030,800	9.8%
Water Resources Management .....	6,616,700	7,351,600	734,900	11.1%
Mineral Resources Management .....	9,580,500	7,857,600	(1,722,900)	-18.0%
Forest Management .....	41,720,300	37,843,500	(3,876,800)	-9.3%
Fish Management .....	15,996,700	22,823,600	6,826,900	42.7%
Wildlife Management .....	20,140,000	20,329,500	189,500	0.9%
Ecological Services .....	1,762,200	2,050,200	288,000	16.3%
Parks and Recreation Management .....	19,490,900	23,403,400	3,912,500	20.1%
Enforcement .....	16,778,500	18,473,500	1,695,000	10.1%
Planning and Research .....	1,762,300	2,215,300	453,000	25.7%
Youth Programs .....	1,614,900	1,490,000	(124,900)	-7.7%
Trails and Waterways Management .....	8,213,300	12,059,900	3,846,600	46.8%
Special Services .....		3,522,000	3,522,000	
Minnesota Environmental Education Board .....	452,700	551,400	98,700	21.8%
Miscellaneous .....	245,000		(245,000)	
Attorney General Legal Services .....		425,000	425,000	
Total Department of Natural Resources .....	\$ 174,251,700	\$ 191,401,400	\$ 17,149,700	9.8%
Zoological Board .....	\$ 11,711,900	\$ 9,302,600	\$ (2,409,300)	-20.6%
Water Resources Board .....	\$ 222,800	\$ 249,900	\$ 27,100	12.2%
<b>Pollution Control Agency</b>				
Water Pollution .....	\$ 3,642,500	\$ 5,142,800	\$ 1,500,300	41.2%
Combined Sewer Overflow <sup>(b)</sup> .....		13,500,000	13,500,000	
Wastewater Treatment Grants <sup>(b)</sup> .....		41,600,000	41,600,000	
Air Pollution .....	1,692,400	2,435,100	742,700	43.9%
Solid and Hazardous Waste .....	9,959,700	18,878,200	8,918,500	89.5%
Solid Waste Resource Recovery .....		600,000	600,000	
Regional Support .....	1,210,000		(1,210,000)	
General Support .....	2,367,800	2,325,500	(42,300)	-1.8%
Lead Contamination Prevention <sup>(b)</sup> .....		404,000	404,000	
Attorney General Legal Services .....		314,000	314,000	
Total Pollution Control Agency .....	\$ 18,872,400	\$ 85,199,600	\$ 66,327,200	351.5%
Waste Management Board .....	\$ 3,903,100	\$ 3,668,800	\$ (234,300)	-6.0%
<b>Energy and Economic Development<sup>(e)</sup></b>				
Energy .....	\$ 6,746,700	\$ 2,966,900	\$ (3,779,800)	-56.0%
Economic Development .....	5,695,100	6,088,800	393,700	6.9%
Tourism .....	8,576,900	10,418,200	1,841,300	21.5%
Administration .....	79,200	1,499,100	1,419,900	
Community Development .....	6,000,000	16,810,800	10,810,800	180.2%
Science and Technology .....	797,400	2,782,300	1,984,900	248.9%
Financial Management .....	26,437,600	18,999,500	(7,438,100)	-28.1%
Economic Diversification Assistance .....		8,800,000	8,800,000	
Factory Expansion .....	3,500,000		(3,500,000)	
IDB Application Deposit Refunds .....		46,060	46,060	
Policy Analysis .....	60,000	1,336,000	1,276,000	
High Tech Corridor .....	6,000,000		(6,000,000)	
Total Energy and Economic Development .....	\$ 63,892,900	\$ 69,747,660	\$ 5,854,760	9.2%
World Trade Center Board .....	\$ 575,000	\$ 1,802,600	\$ 1,227,600	213.5%
State Planning Agency .....	\$ 11,583,800	\$ 9,873,000	\$ (1,710,800)	-14.8%
Minnesota Housing Finance Agency .....	\$ 26,200,000	\$ 24,006,700	\$ (2,193,300)	-8.4%
<b>Natural Resources Acceleration</b>				
Department of Natural Resources .....	\$ 10,276,200	\$ 8,605,000	\$ (1,671,200)	-16.3%

	Fiscal Years 1984-85	Fiscal Years 1986-87	Increase or (Decrease) Prior Biennium	Percent Change
Pollution Control Agency .....	461,000	1,455,000	994,000	215.6%
Energy and Economic Development .....	4,129,000	3,900,000	(229,000)	-5.5%
Department of Health .....	130,000	900,000	770,000	
Department of Agriculture .....		95,000	95,000	
University of Minnesota .....	1,118,000	2,250,000	1,132,000	101.3%
Aeromagnetic Mapping .....	693,000	800,000	107,000	15.4%
Accelerate Soil Survey .....	1,850,000	2,450,000	600,000	32.4%
Minnesota Historical Society .....	150,000	345,000	195,000	130.0%
Science Museum of Minnesota .....	45,000		(45,000)	
Federal Reimbursement Account .....	1,132,800	920,000	(212,800)	-18.8%
General Reduction .....		(5,000,000)	(5,000,000)	
Total Natural Resources Acceleration .....	<u>\$ 19,985,000</u>	<u>\$ 16,720,000</u>	<u>\$ (3,265,000)</u>	-16.3%
Subtotal Resource Management .....	<u>\$ 331,198,600</u>	<u>\$ 411,972,260</u>	<u>\$ 80,773,660</u>	24.4%
Federal Funds .....	<u>\$ 66,149,000</u>	<u>\$ 79,575,700</u>	<u>\$ 13,426,700</u>	20.3%
Total Resource Management .....	<u>\$ 397,347,600</u>	<u>\$ 491,547,960</u>	<u>\$ 94,200,360</u>	23.7%
<b>Protection of Persons and Property</b>				
Department of Public Safety				
Administration and Related Services .....	\$ 5,554,300	\$ 5,761,900	\$ 207,600	3.7%
Emergency Services .....	1,663,700	1,497,800	(165,900)	-10.0%
Criminal Apprehension .....	19,938,600	20,474,900	536,300	2.7%
Fire Safety .....	2,993,600	3,287,900	294,300	9.8%
State Patrol .....	59,453,600	65,209,300	5,755,700	9.7%
Capitol Security .....	1,491,700	698,400	(793,300)	-53.2%
Driver and Vehicle Licensing .....	42,669,600	54,577,900	11,908,300	27.9%
Liquor Licensing .....	1,087,200	1,282,700	195,500	18.0%
Ancillary Services .....	1,814,000	1,645,300	(168,700)	-9.3%
Attorney General Legal Services <sup>(b)</sup> .....	333,000	1,500,000	1,167,000	
Child Protection Worker Training .....		156,000	156,000	
Traffic Accident Reconstruction System .....	100,000		(100,000)	
Total Department of Public Safety .....	<u>\$ 137,099,300</u>	<u>\$ 156,092,100</u>	<u>\$ 18,992,800</u>	13.9%
Department of Commerce <sup>(e)</sup>				
Financial Examinations .....	\$ 5,211,100	\$ 5,463,000	\$ 251,900	4.8%
Registration and Licensing .....	3,075,800	2,846,700	(229,100)	-7.4%
Policy Analysis and Insurance .....	4,673,100	3,334,500	(1,338,600)	-28.6%
Administrative Services .....	1,377,900	2,874,300	1,496,400	108.6%
Enforcement .....	348,500	2,129,100	1,780,600	
Emergency Farm Operating Loans <sup>(b)</sup> .....	25,050,000		(25,050,000)	
Total Department of Commerce .....	<u>\$ 39,736,400</u>	<u>\$ 16,647,600</u>	<u>\$ (23,088,800)</u>	-58.1%
Non-Health Related Boards				
Board of Electricity .....	<u>\$ 1,354,800</u>	<u>\$ 1,468,200</u>	<u>\$ 113,400</u>	8.4%
Board of Peace Officer Standards .....	<u>\$ 2,712,100</u>	<u>\$ 2,906,900</u>	<u>\$ 194,800</u>	7.2%
Public Utilities Commission .....	<u>\$ 2,242,900</u>	<u>\$ 2,646,400</u>	<u>\$ 403,500</u>	18.0%
Department of Public Service .....	<u>\$ 6,912,100</u>	<u>\$ 7,635,200</u>	<u>\$ 723,100</u>	10.5%
Racing Commission .....	<u>\$ 741,300</u>	<u>\$ 1,654,900</u>	<u>\$ 913,600</u>	123.2%
Charitable Gambling Control Board .....	<u>\$ 556,000</u>	<u>\$ 1,000,000</u>	<u>\$ 444,000</u>	79.9%
Ethical Practices Board .....	<u>\$ 344,000</u>	<u>\$ 398,500</u>	<u>\$ 54,500</u>	15.8%
Department of Labor and Industry				
Employment Standards .....	\$ 1,568,000	\$ 1,716,000	\$ 148,000	9.4%
Workers' Compensation Regulation and Enforcement .....	5,614,800	6,257,200	642,400	11.4%
Workers' Compensation State Employee Claims ..	2,099,700	3,619,000	1,519,300	72.4%
Workers' Compensation Special Compensation Fund .....	8,439,000	6,418,100	(2,020,900)	-23.9%
Code Enforcement .....	1,657,900	2,266,900	609,000	36.7%

	Fiscal Years 1984-85	Fiscal Years 1986-87	Increase or (Decrease) Prior Biennium	Percent Change
OSHA .....	2,103,500	2,277,100	173,600	8.3%
General Support .....	2,045,000	4,110,700	2,065,700	101.0%
Information Management Services .....	1,095,100	1,921,400	826,300	75.5%
Total Department of Labor and Industry .....	\$ 24,623,000	\$ 28,586,400	\$ 3,963,400	16.1%
Workers' Compensation Court of Appeals .....	\$ 765,000	\$ 936,800	\$ 171,800	22.5%
Bureau of Mediation Services .....	\$ 2,191,500	\$ 2,483,900	\$ 292,400	13.3%
Public Employment Relations Board .....	\$ 103,700	\$ 112,800	\$ 9,100	8.8%
Department of Military Affairs				
Maintenance of Military Training Facilities .....	\$ 7,495,700	\$ 8,840,300	\$ 1,344,600	17.9%
General Support .....	2,203,100	2,497,400	294,300	13.4%
Total Department of Military Affairs .....	\$ 9,698,800	\$ 11,337,700	\$ 1,638,900	16.9%
Department of Veterans Affairs				
Veterans Benefits and Services .....	\$ 4,673,600	\$ 4,853,000	\$ 179,400	3.8%
Minneapolis Veterans Home .....	12,192,400	16,046,900	3,854,500	31.6%
Building Conversion .....	1,051,300		(1,051,300)	
Hastings Veterans Home .....	4,114,500	4,507,400	392,900	9.5%
Big Island Veterans Camp .....	8,600		(8,600)	
Total Department of Veterans Affairs .....	\$ 22,040,400	\$ 25,407,300	\$ 3,366,900	15.3%
Department of Human Rights				
Enforcement .....	\$ 1,879,700	\$ 3,248,100	\$ 1,368,400	72.8%
Administration .....	924,600	1,325,700	401,100	43.4%
Federal Reimbursement .....	62,500		(62,500)	
Backlog Reduction .....	300,000		(300,000)	
Total Department of Human Rights .....	\$ 3,166,800	\$ 4,573,800	\$ 1,407,000	44.4%
Indian Affairs Council .....	\$ 454,000	\$ 517,000	\$ 63,000	13.9%
Council on Black Minnesotans .....	\$ 210,000	\$ 244,000	\$ 34,000	16.2%
Council on Asian-Pacific Minnesotans .....		\$ 150,000	\$ 150,000	
Council for the Handicapped .....	\$ 667,400	\$ 754,600	\$ 87,200	13.1%
Council of Affairs of Spanish-Speaking People .....	\$ 210,100	\$ 243,400	\$ 33,300	15.8%
Subtotal Protection of Persons and Property .....	\$ 257,094,700	\$ 267,195,200	\$ 10,100,500	3.9%
Federal Funds .....	\$ 18,469,100	\$ 31,657,000	\$ 13,187,900	71.4%
Total Protection of Persons and Property .....	\$ 275,563,800	\$ 298,852,200	\$ 23,288,400	8.5%
Semi-State Activities				
Minnesota Municipal Board .....	\$ 392,900	\$ 431,000	\$ 38,100	9.7%
Minnesota-Wisconsin Boundary Area Commission ..	\$ 133,400	\$ 149,700	\$ 16,300	12.2%
Uniform Laws Commission .....	\$ 27,900	\$ 24,300	\$ (3,600)	-12.9%
Voyageurs National Park Citizens Committee .....	\$ 138,000	\$ 113,900	\$ (24,100)	-17.5%
Minnesota Historical Society				
Historical Society Operations .....	\$ 13,850,200	\$ 16,762,400	\$ 2,912,200	21.0%
Repair and Betterment .....		648,600	648,600	
Historic Grant-In-Aid .....	548,900	693,800	144,900	26.4%
Fiscal Agent .....	353,200	265,800	(87,400)	-24.7%
Total Minnesota Historical Society .....	\$ 14,752,300	\$ 18,370,600	\$ 3,618,300	24.5%
Board of the Arts				
Administrative Services .....	\$ 469,400	\$ 740,000	\$ 270,600	57.6%
Subsidies and Grants .....	3,725,100	4,754,800	1,029,700	27.6%
Total Board of the Arts .....	\$ 4,194,500	\$ 5,494,800	\$ 1,300,300	31.0%

	Fiscal Years 1984-85	Fiscal Years 1986-87	Increase or (Decrease) Prior Biennium	Percent Change
Minnesota Humane Society .....	\$ 43,800	\$ 48,000	\$ 4,200	9.6%
Minnesota Horticultural Society .....	\$ 135,800	\$ 135,800	\$	
Minnesota Academy of Science .....	\$ 40,900	\$ 41,100	\$ 200	0.5%
Science Museum of Minnesota .....	\$ 563,900	\$ 842,100	\$ 278,200	49.3%
Minnesota Safety Council .....	\$ 101,400	\$ 101,400	\$	
Disabled American Veterans .....	\$ 40,200	\$ 50,000	\$ 9,800	24.4%
Veterans of Foreign Wars .....	\$ 55,000	\$ 60,000	\$ 5,000	9.1%
Subtotal Semi-State Activities .....	\$ 20,620,000	\$ 25,862,700	\$ 5,242,700	25.4%
Federal Funds .....	\$ 1,328,000	\$ 1,753,400	\$ 425,400	32.0%
Total Semi-State Activities .....	\$ 21,948,000	\$ 27,616,100	\$ 5,668,100	25.8%
Total—Other State Government Functions .....	\$ 1,027,439,500	\$ 1,181,951,560	\$ 154,512,060	15.0%
<b>Miscellaneous</b>				
<b>Salary Supplement</b>				
General Compensation Increases .....	\$ 79,301,300	\$ 63,817,100	\$ (15,484,200)	-19.5%
Constitutional Officers, Judges and Agency Heads ..	5,707,200	1,451,000	(4,256,200)	-74.6%
Comparability Adjustments .....	21,943,700	11,785,000	(10,158,700)	-46.3%
Fair Labor Standards Act Adjustments .....	1,300,000	12,500,000	11,200,000	
Total Salary Supplement .....	\$ 108,252,200	\$ 89,553,100	\$ (18,699,100)	-17.3%
<b>General Contingent Accounts</b>				
General Fund .....	\$ 9,000,000	\$ 3,000,000	\$ (6,000,000)	-66.7%
Game and Fish Fund .....	350,000	150,000	(200,000)	-57.1%
Trunk Highway Fund .....	800,000	800,000		
Highway User Tax Distribution Fund .....	500,000	500,000		
Executive Council Emergency .....	300,000		(300,000)	
Total General Contingent Accounts .....	\$ 10,950,000	\$ 4,450,000	\$ (6,500,000)	-59.4%
<b>Debt Service</b>				
Short Term Borrowing Costs .....	\$ 37,300,000		\$ (37,300,000)	
New and Existing Debt Service .....	255,979,300	\$ 287,800,000	31,820,700	12.4%
Capital Improvements (Non-Bonded) .....	24,568,700	24,086,900	(481,800)	-2.0%
Tort Claims .....	2,150,000	1,693,200	(456,800)	-21.2%
Claims Against the State .....	25,400	215,536	190,136	
Workers' Compensation Insurance Fund .....	5,727,400		(5,727,400)	
R. A. Weber Compensation .....	2,400	2,400	0	0.0%
Campaign Fund Checkoff .....	1,720,000	1,790,000	70,000	4.1%
<b>Retirement</b>				
MSRS Supplemental Benefits .....	87,000	76,000	(11,000)	-12.6%
Public Employees Retirement Association .....	63,000	60,000	(3,000)	-4.8%
Pre-1973 Retirement Adjustment .....	10,650,900	11,429,317	778,417	7.3%
Pension Repay on Retirement .....	7,760,000		(7,760,000)	
Pension Equity Act <sup>(b)</sup> .....	(1,826,700)		1,826,700	
Pension Fund Reimbursement .....	1,320,000		(1,320,000)	
<b>Apportionments<sup>(a)</sup></b>				
NorthEast Minnesota Economic Protection Fund ....	4,965,300		(4,965,300)	
Taconite Environmental Protection Fund .....	18,893,200		(18,893,200)	
Iron Range Resources and Rehabilitation Board ....	7,328,800		(7,328,800)	
Revolving Funds Loan .....	5,014,000	1,000,000	(4,014,000)	-80.1%
Rochester Regional Waste Disposal .....	7,000,000		(7,000,000)	
Region 3 Occupation Tax Distribution .....	691,900	698,900	7,000	1.0%
<b>FY 83 Appropriations Carried Forward</b>				
Cloquet Water .....	650,000		(650,000)	
State University System .....	2,460,600		(2,460,600)	
Community College Board .....	1,039,700		(1,039,700)	
University of Minnesota .....	108,900		(108,900)	
Corrections .....	1,445,800		(1,445,800)	
Health .....	173,200		(173,200)	

	Fiscal Years 1984-85	Fiscal Years 1986-87	Increase or (Decrease) Prior Biennium	Percent Change
Agriculture .....	10,000		(10,000)	
Legislature .....	1,843,400		(1,843,400)	
Natural Resources .....	1,023,600		(1,023,600)	
Pollution Control .....	58,700		(58,700)	
Finance Non-Operating .....	17,700		(17,700)	
Economic Security .....	225,700		(225,700)	
Pension Fund Reimbursement .....	7,160,000		(7,160,000)	
Subtotal Miscellaneous .....	<u>\$ 524,840,100</u>	<u>\$ 422,855,353</u>	<u>\$ (101,984,747)</u>	-19.4%
Miscellaneous Federal Funds .....	<u>\$ 2,293,200</u>	<u>\$ 2,780,000</u>	<u>\$ 486,800</u>	21.2%
Total Miscellaneous .....	<u>\$ 527,133,300</u>	<u>\$ 425,635,353</u>	<u>\$ (101,497,947)</u>	-19.3%
Total Appropriations—State Funds .....	<u>\$11,252,214,835</u>	<u>\$12,128,563,911</u>	<u>\$ 876,349,076</u>	7.8%
Total Appropriations—Federal Funds .....	<u>\$ 2,938,780,400</u>	<u>\$ 3,702,768,600</u>	<u>\$ 763,988,200</u>	26.0%
GRAND TOTAL <sup>(k)</sup> .....	<u>\$14,190,995,235</u>	<u>\$15,831,332,511</u>	<u>\$1,615,337,276</u>	11.6%

#### FOOTNOTES

- <sup>(a)</sup> The Mining Apportionments are Taconite Production Tax receipts which had been collected by the state and paid out to local units of government. Beginning with fiscal year 1986, the Taconite Production Tax will be collected and disbursed by St. Louis County.
- <sup>(b)</sup> This amount was appropriated by the 1985 Legislature for fiscal year 1985.
- <sup>(c)</sup> The appropriation for the state's share of AFDC was reduced by 95 percent of the amount of Mortgage Registration Tax and 97 percent of the amount of Deed Tax, which will be collected and retained by the county governments beginning with fiscal year 1986.
- <sup>(d)</sup> Formerly the Department of Economic Security.
- <sup>(e)</sup> This department's budget was reorganized for the 1985-87 biennium. Activities have been shifted between programs so that program-level comparisons of the two bienniums are not meaningful.
- <sup>(f)</sup> These appropriations are funded by the five-cent increase in the cigarette tax approved by the 1985 Legislature. Not shown is an additional \$2,300,000 for the 1985-87 biennium appropriated to the Department of Health for mosquito research if the federal cigarette tax is reduced.
- <sup>(g)</sup> Appropriations for these three programs include the federal funds as indicated. A breakdown of the distribution of these federal funds among the three programs is not available.
- <sup>(h)</sup> Federal funds for county roads and bridges pass through the state Transportation Department to the county governments. Due to an accounting change, these federal funds appear as part of the state Transportation Department for the first time in fiscal year 1986.
- <sup>(i)</sup> The combined sewer overflow and the lead contamination appropriations are funded by the five-cent increase in the cigarette tax approved by the 1985 Legislature. An estimated \$24,200,000 of the appropriation for wastewater treatment grants is also funded by the five-cent cigarette tax increase. State cigarette tax receipts to fund the remaining \$17,400,000 of this appropriation will be available only if the federal cigarette tax is reduced.
- <sup>(j)</sup> This is a net savings estimated by the Department of Finance as a result of the passage of 1984 Session Laws, Chapter 564—the Pension Equity Act. These estimates include \$18,667,000 in appropriations to cover increased costs of teacher retirement; \$1,000,000 for police and fire plan amortization; and a \$100,000 appropriation for the pension commission. The offsets include a \$12,221,000 savings as a result of the reduction of contributions to the Minnesota State Retirement System; \$7,472,700 in estimated reduced costs in TRA and school homestead credit as a result of the early retirement provisions of that chapter; and \$2,000,000 in a reallocated 1983 appropriation.
- <sup>(k)</sup> The Grand Total does not include the \$41,066,600 appropriation for the Saturn plant incentives which was contingent on the Saturn plant's locating in Minnesota. This total also does not include the \$2,300,000 appropriation for mosquito research which is available only if the federal cigarette tax is reduced. It does include the \$17,400,000 portion of the wastewater treatment grant appropriation which is available but not funded unless the federal cigarette tax is reduced.

**TABLE C**  
**Summary of Appropriations by Fund**  
**1985 Regular and Special Sessions**  
**Fiscal Years 1986-87**

Fund	Appropriation
General .....	\$ 9,735,345,230 <sup>(a)</sup>
General Dedicated .....	816,775,500
Special .....	85,261,600
Game and Fish .....	68,595,800
Environmental Response .....	6,378,800
Metro Landfill Abatement .....	2,548,000
Metro Landfill Contingency .....	2,629,800
Minnesota Resources .....	15,981,700
Public Health .....	7,081,100 <sup>(c)</sup>
Workers' Compensation .....	17,043,200
Water Pollution Control .....	55,882,700 <sup>(b)</sup>
State Airports .....	21,780,100
Municipal State Aid Streets .....	113,913,400 <sup>(a)</sup>
County State Aid Highway .....	347,676,800 <sup>(a)</sup>
Trunk Highway .....	741,603,881 <sup>(a)</sup>
Transit Assistance .....	7,485,800 <sup>(a)</sup>
Highway Users .....	27,098,700
Motor Vehicle Transfer .....	6,730,500
School Endowment .....	52,000,000
Permanent University .....	3,800,000
Transfers to Other Direct .....	(7,045,700)
Subtotal State Funds .....	\$12,128,563,911
Federal .....	\$ 3,702,768,600
<b>Total State and Federal .....</b>	<b>\$15,831,332,511</b>

- <sup>(a)</sup> Money transferred into these funds from the fiscal year 1986 and 1987 general fund are carried in the general fund, not in these funds. This involves \$112,398,800 in motor vehicle excise taxes distributed from the general fund to the trunk highway, municipal state aid streets, county state aid highways, and transit assistance funds, and \$899,000 in administrative money transferred to the trunk highway fund from the general fund.
- <sup>(b)</sup> This includes \$17,400,000 for wastewater treatment grants, which will be funded by receipts from the state cigarette tax only if the federal cigarette tax is reduced.
- <sup>(c)</sup> This does not include a \$2,300,000 appropriation for mosquito research, which is available only if the federal cigarette tax is reduced.

**Table D**  
**General Fund Resources and Appropriations, 1985-87**

	1985-87 Biennium
<b>Estimated Resources</b>	
Adjusted Balance Forward .....	\$ 605,431,100 (6/25/85)
<b>Taxes and Receipts (Pre-1985 Law Changes)</b>	
Individual Income .....	5,831,300,000
Corporation Income .....	851,000,000
Sales Tax—General .....	3,137,200,000
Motor Vehicle Excise .....	437,100,000
Bank Excise .....	81,200,000
Estate Tax .....	32,900,000
Liquor, Wine and Beer .....	104,140,000
Cigarettes and Tobacco Products .....	168,824,700
Iron Ore Occupation .....	850,000
Taconite Occupation .....	33,000,000
Taconite Production .....	132,443,700
Royalty Taxes .....	7,850,000
Deed and Mortgage Registration .....	58,600,000
Insurance Gross Premiums .....	167,100,000
Telephone, Railroad and Other Gross Earnings .....	126,569,800
Legalized Gambling Taxes .....	32,629,600
Care and Hospital Department Earnings .....	9,488,000
Other Department Earnings .....	111,000,000
Investment Income .....	103,400,000
Income Tax Reciprocity .....	33,600,000
Other Non-Dedicated Revenue .....	98,000,000



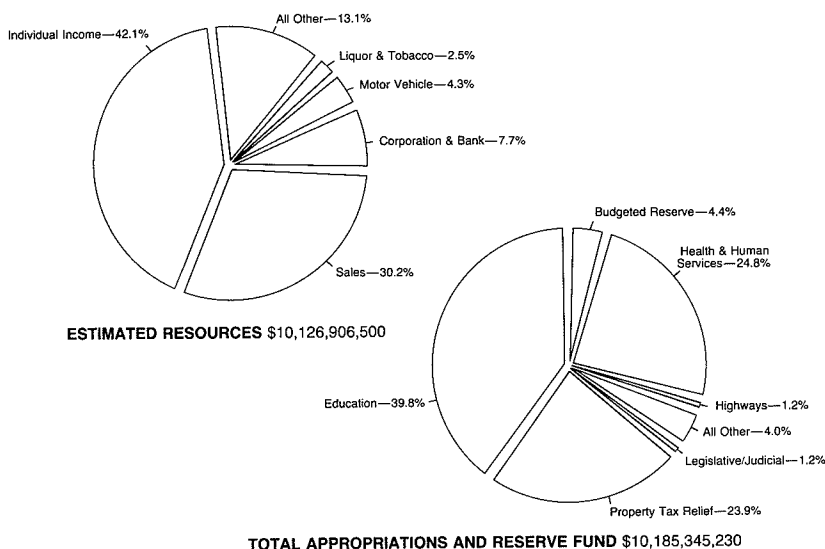
	<b>1985-87 Biennium</b>
Administration Rent Receipts .....	19,121,400
Human Services .....	35,067,700
Total Non-Dedicated Revenue .....	<u>\$11,612,384,900</u>
<b>Revenue Refunds (Pre-1985 Law Changes)</b>	
Regular Income Tax Refunds .....	\$ (685,700,000)
Corporate Income Tax Refunds .....	(151,800,000)
Sales Tax Refunds .....	(19,931,200)
Other Refunds .....	(23,099,200)
Total .....	<u>\$ (880,530,400)</u>
<b>Tax and Receipts Changes—1985 Session</b>	
Individual Income .....	\$ (603,885,000)
Refund Change 1985 Session .....	(274,740,000)
Corporate Income .....	(3,718,900)
Refund Change 1985 Session .....	4,399,000
Sales Tax—General .....	(55,500,000)
Motor Vehicle Excise Tax .....	(600,000)
Estate Tax .....	(300,000)
Liquor, Wine and Beer .....	500,000
Cigarette and Tobacco Products <sup>(a)</sup> .....	(17,834,400)
Taconite Occupation .....	(2,000,000)
Taconite Production <sup>(b)</sup> .....	(132,443,700)
Deed and Mortgage Registration <sup>(c)</sup> .....	(58,600,000)
Telephone Gross Earnings <sup>(d)</sup> .....	(9,582,000)
Care and Hospital Department Earnings .....	(8,888,000)
Departmental Earnings .....	(29,323,000)
Other Non-Dedicated Revenue .....	(14,867,000)
Administration Rent Receipts .....	(19,121,400)
Totals .....	<u>\$ (1,226,504,400)</u>
<b>Transfers from Other Funds</b>	
Gas Tax Reimbursement .....	461,000
Other Special Revenue Funds .....	8,052,400
All Other Transfers .....	100,000
Administration Revolving Fund Retained Earnings .....	2,511,900
Legislative Commission on Minnesota Resources .....	5,000,000
Total Transfers from Other Funds .....	<u>\$ 16,125,300</u>
<b>Dedicated Revenue</b>	
U of M Tuition and Fees .....	235,235,700
Community Colleges Tuition and Fees .....	53,303,400
State University Tuition and Fees .....	110,760,400
Medical Assistance Reimbursements from Counties .....	121,926,000
Medical Assistance Payments to Hospitals .....	285,250,000
Miscellaneous Dedicated .....	10,300,000
Totals .....	<u>816,775,500</u>
<b>Dedicated Expenditures</b>	
U of M Tuition and Fees .....	(235,235,700)
Community Colleges Tuition and Fees .....	(53,303,400)
State University Tuition and Fees .....	(110,760,400)
Medical Assistance Reimbursements from Counties .....	(121,926,000)
Medical Assistance Payments to Hospitals .....	(285,250,000)
Miscellaneous Dedicated .....	(10,300,000)
Totals .....	<u>(816,775,500)</u>
Total Session Changes .....	\$ (1,226,504,400)
Total Taxes, Receipts and Transfers (old law) .....	11,628,510,200
Total Refunds (old law) .....	(880,530,400)
Dedicated Revenue .....	816,775,500
Dedicated Expenditures .....	(816,775,500)
Total Estimated Resources .....	<u>\$10,126,906,500</u>
(Including Carry-Forward)	
<b>Estimated Appropriations</b>	
<b>Omnibus Appropriation Bills</b>	
State Departments .....	\$ 946,719,000
Transportation and Semi-State Activities .....	267,054,200

**1985-87  
Biennium**

Health—Human Services—Corrections .....	2,053,022,600
Education—School Aids .....	2,527,571,698
Other than School Aids .....	1,535,786,500
Total Omnibus Bills .....	\$ 7,330,153,998
<b>Other Appropriations</b> .....	\$ 36,712,932
<b>Open and Standing Appropriations</b> .....	\$ 2,368,478,300
Total Appropriation Liability .....	9,735,345,230
Less Estimated Cancellations .....	(55,050,000)
Net Appropriation Liability .....	<u>\$ 9,680,295,230</u>
<b>Funded Budget Reserve</b> .....	\$ 450,000,000
Estimated General Fund Balance, June 30 <sup>(a)</sup> .....	\$ (3,388,730)

- (a) Cigarette tax previously credited to the general fund and subsequently transferred to the LCMR will be credited directly to a separate fund.
- (b) Taconite production tax previously collected and distributed by the state will be collected and distributed by St. Louis County and the IRRRB. No taconite production tax will be credited to the state general fund after fiscal 1985.
- (c) Mortgage registration taxes previously remitted to the state will be retained locally. State contributions for human services entitlements will be reduced to offset 95 percent of the mortgage registration tax and 97 percent of the deed tax collected by each county.
- (d) Telephone gross earnings tax will be phased-out completely by 1990. The elimination of the gross earnings tax will be partially offset by the sales taxation of central office telephone equipment. Telephone company real property will become subject to locally assessed property tax beginning with taxes payable in 1988.
- (e) Budget is fully funded in spite of the apparent negative general fund balance because of the budget reserve and because some appropriations are contingent on revenues.

**NON-DEDICATED GENERAL FUND 1985-87 BIENNIUM**



**Table E**  
Comparison of General Fund Direct Appropriations  
in Omnibus Appropriation Bills

	1983-85 Biennial Total	1985-87 Biennial Total	Difference	Percent Change
State Departments .....	\$ 952,555,900	\$ 946,719,000	\$ (5,836,900)	(0.6%)
Education Aids .....	2,296,732,400	2,527,571,698 <sup>(a)</sup>	230,839,298	10.1
Education .....	1,092,769,200	1,535,786,500 <sup>(a)</sup>	443,017,300	40.5
Health, Human Services & Corrections .....	1,962,591,900	2,053,022,600	90,430,700	4.6
Transportation/Semi-States .....	206,129,200	267,054,200 <sup>(b)</sup>	60,925,000	29.6
Deficiencies .....	29,558,713		(29,558,713)	
<b>Total</b> .....	<u>\$6,540,337,313</u>	<u>\$7,330,153,998<sup>(c)</sup></u>	<u>\$789,816,685</u>	<u>12.1</u>

(a) Prior to the 1985-87 biennium, the appropriation for vocational-technical schools was in the Education Aids bill.

(b) These totals include general fund moneys transferred to other funds.

(c) Does not include \$58,600,000 change to local collection of mortgage registration and deed tax, \$132,443,700 change to local collection of taconite production tax, or \$94,994,600 that now appears in special revenue accounts.

**Table F**  
**Miscellaneous General Fund Appropriation Bills**  
**1985 Legislative Session**

These are the appropriation bills passed in addition to the omnibus appropriation bills for Human Services, Transportation, Education, Education Aids, and State Departments. Only the general fund appropriations are included. These bills, plus the

omnibus appropriation bills and the open and standing appropriations added together, total the general fund appropriations for the biennium. Non-general fund spending is outlined by chapter and general purpose in Table I.

FY 1985		
Ch. 4	Ag Loan Subsidies .....	\$25,050,000
Ch. 19	Technical Assistance for Farmers .....	<u>1,569,050</u>
	Total FY 1985 .....	\$26,619,050

FY 1986-87			
<b>Regular Session</b>			
Ch. 230	Saturn .....	\$41,066,600	(Provisional Appropriation)
Ch. 233	Livestock Buyer Registration .....	300,000	
Ch. 259	Retirement Adjustment .....	11,429,317	
Ch. 262	Prevention of Sexual Abuse .....	30,000	
Ch. 275	Child Protection Workers .....	209,400	
Ch. 287	Claims .....	209,655	
<b>Special Session</b>			
Ch. 3	Nursing Home Study .....	50,000	
Ch. 8	Environmental Liability .....	2,000,000	
Ch. 14	Taxes .....	8,984,660	
Ch. 15	Capital Improvement .....	<u>13,499,900</u>	(Direct Appropriation)
	Unrestricted FY 1986-87 .....	\$36,712,932	
	Restricted FY 1986-87 .....	<u>41,066,600</u>	(Saturn)
	Total FY 1986-87 .....	\$77,779,532	

**Table G**  
**Open and Standing General Fund Appropriations, 1986, 1987**

	Fiscal Year 1986	Fiscal Year 1987	1985-87 Biennium
<b>Aids and Credits</b>			
Property Tax Refund			
Homeowners—Senior Citizen and Disabled <sup>(a)</sup> .....	\$ 30,820,000	\$ 25,300,000	\$ 56,120,000
Homeowners Under 65 .....	43,900,000	31,400,000	75,300,000
Renters—Senior Citizen and Disabled <sup>(a)</sup> .....	24,780,000	25,500,000	50,280,000
Renters Under 65 .....	81,300,000	75,100,000	156,400,000
Targeted Property Tax Relief .....	4,000,000		4,000,000
School Agricultural Credit .....	104,726,700	128,995,600	233,722,300
Aid to Local Government .....	288,524,800	311,123,000	599,647,800
Attached Machinery Aid .....	3,215,900	3,215,900	6,431,800
Homestead Credit .....	533,550,100	569,678,600	1,103,228,700
Supplemental Homestead Property Tax Relief .....	877,500	886,000	1,763,500
Aid to Police and Fire .....	25,669,000	27,539,000	53,208,000
Wetlands Property Tax Reduction .....	561,200	643,500	1,204,700
Native Prairie Credit .....	165,300	197,300	362,600
Payments in lieu on DNR Land .....	4,536,500	4,785,900	9,322,400
Disaster Credit .....	89,000	145,500	234,500
Agricultural Preservation Credit .....	387,500	399,300	786,800
Railroad Property Tax Reimbursement .....	3,400,000		3,400,000
Enterprise Zone Credit .....	983,400	1,189,500	2,172,900
Regional Transit Board Levy Reduction .....		<u>2,500,000</u>	<u>2,500,000</u>
Total .....	<u>\$1,151,486,900</u>	<u>\$1,208,599,100</u>	<u>\$2,360,086,000</u>
<b>Other</b>			
Leech Lake White Earth .....	\$ 509,300	\$ 534,800	\$ 1,044,100
Weber Compensation .....	1,200	1,200	2,400
Department of Revenue .....	545,000	560,000	1,105,000
Loans to Revolving Fund .....		1,000,000	1,000,000
Social Security Administrative Cost .....	59,000	59,000	118,000
Campaign Financing .....		1,790,000	1,790,000

	Fiscal Year 1986	Fiscal Year 1987	1985-87 Biennium
Region 3 Occupation Tax Distribution .....	348,900	350,000	698,900
Total .....	\$ 1,463,400	\$ 4,295,000	\$ 5,758,400
<b>Mining Apportionment<sup>(b)</sup></b>			
Property Tax Relief—Balance in .....	\$ 2,633,900		\$ 2,633,900
Total .....	\$ 2,633,900		\$ 2,633,900
<b>Summary</b>			
Aids and Credits .....	\$1,151,486,900	\$1,208,599,100	\$2,360,086,000
Other .....	1,463,400	4,295,000	5,758,400
Mining Apportionment .....	2,633,900		2,633,900
Total .....	\$1,155,584,200	\$1,212,894,100	\$2,368,478,300
<b>Retirements<sup>(c)</sup></b>			
Legislators Retirement .....	\$ 1,970,000	\$ 2,168,000	\$ 4,138,000
Judges Retirement .....	2,224,000	2,405,000	4,629,000
Constitutional Officers Retirement .....	116,000	128,000	244,000
Minnesota State Retirement System—Supplemental .....	38,000	38,000	76,000
Post-1973 Retirement Adjustments .....	5,728,300	5,701,100	11,429,400
Minneapolis Pension Reimbursement .....	8,286,000	11,911,700	20,197,700
Local Police/Fire Amortization .....	7,537,000	7,537,000	15,074,000
Total .....	\$ 25,899,300	\$ 29,888,800	\$ 55,788,100

<sup>(a)</sup> Includes apportioned late filers.

<sup>(b)</sup> The distribution of taconite production funds previously carried out by the state will be handled locally beginning in fiscal year 1986. No production tax revenue will be credited to the state's general fund after fiscal year 1985.

<sup>(c)</sup> These open and standing appropriations are in the Omnibus State Department Bill (Sp. S. Ch. 13) and the Retirement Adjustment Bill (Reg. S. Ch. 259). Teachers retirement and social security funds previously reflected in this category are now carried under education aids because of a funding change.

**Table H**  
Federal Funds—1985-87 Biennium

	Fiscal Years 1984-85	Fiscal Years 1986-87	Increase or (Decrease) Prior Biennium
Education .....	\$ 259,374,800	\$ 301,362,500	\$ 41,987,700
Human Services, Corrections and Health			
Human Services .....	1,623,941,400	1,905,547,900	281,606,500
Jobs and Training .....	382,913,000	450,049,800	67,136,800
Corrections .....	1,174,800	1,213,800	39,000
Health .....	62,603,900	71,606,600	9,002,700
Transportation			
Trunk Highway Development .....	442,800,000	432,000,000	(10,800,000)
Transportation Operations .....	38,200,000	61,346,000	23,146,000
County Road and Bridge .....		311,500,000	311,500,000
Other Transportation .....	35,142,100	49,684,900	14,542,800
Other State Government Functions			
Legislative .....	22,200		(22,200)
Constitutional Officers .....		944,100	944,100
Administrative Services .....	2,950,000		(2,950,000)
Agriculture .....	1,418,900	1,746,900	328,000
Resource Management .....	66,149,000	79,575,700	13,426,700
Protection of Persons and Property .....	18,469,100	31,657,000	13,187,900
Semi-State Activities .....	1,328,000	1,753,400	425,400
Miscellaneous .....	2,293,200	2,780,000	486,800
	\$2,938,780,400	\$3,702,768,600	\$763,988,200

**Table I**  
**Direct Legislative Appropriations**  
**By Fund, By Year**

Regular Session					
Chapter	1985	1986	1987	Biennial Total	Total Including 1985
<b>General Fund</b>					
4	\$25,050,000	\$	\$	\$	\$ 25,050,000
19	1,569,050				1,569,050
230		41,066,600		41,066,600	41,066,600
233		150,000	150,000	300,000	300,000
259		5,705,263	5,724,054	11,429,317	11,429,317
262					
		30,000		30,000	30,000
275		131,400	78,000	209,400	209,400
287		209,655		209,655	209,655
<b>Trunk Highway Fund</b>					
287		5,881		5,881	5,881
291		100,000			100,000
<b>Metro Landfill Abatement Fund</b>					
274		300,000	300,000	600,000	600,000
Special Session					
Chapter	1985	1986	1987	Biennial Total	Total Including 1985
<b>General Fund</b>					
1					
2					
3		50,000		50,000	50,000
4					
5					
6					
7					
8		2,000,000		2,000,000	2,000,000
9		1,009,714,600	1,043,308,000	2,053,022,600	2,053,022,600
10	4,000,000	131,995,100	135,059,100	267,054,200	271,054,200
11		748,808,300	786,978,200	1,535,786,500	1,535,786,500
12	20,073,413	1,215,615,051	1,311,956,647	2,527,571,698	2,547,645,111
13	5,485,300	462,397,100	484,321,900	946,719,000	952,204,300
14		8,984,700		8,984,660	8,984,660
15		13,499,900		13,499,900	13,499,900
<b>State Airports Fund</b>					
10		11,175,100	10,445,900	21,621,000	21,621,000
13		54,600	104,500	159,100	159,100
<b>Trunk Highway Fund</b>					
9		461,600	484,600	946,200	946,200
10		351,526,700	355,239,500	706,766,200	706,766,200
11		20,300	20,700	41,000	41,000
13	983,000	10,008,100	15,501,500	25,509,600	26,492,600
15		8,332,000		8,332,000	8,332,000
<b>Highway Users Fund</b>					
10		12,793,700	10,651,200	23,444,900	23,444,900
13		1,688,800	1,965,000	3,653,800	3,653,800
<b>Transit Assistance Fund</b>					
10		7,485,800		7,485,800	7,485,800
<b>Game and Fish Fund</b>					
13		33,928,700	34,667,100	68,595,800	68,595,800
<b>Workers' Compensation Fund</b>					
13		8,504,800	8,538,400	17,043,200	17,043,200
<b>School Endowment Fund</b>					
12		25,700,000	26,300,000	52,000,000	52,000,000
<b>Environmental Response Fund</b>					
13		3,058,600	3,320,200	6,378,800	6,378,800

**Special Session**

Chapter	1985	1986	1987	Biennial Total	Total Including 1985
<b>Metro Landfill Abatement</b>					
9	Human Services .....	140,000	140,000	280,000	280,000
13	State Departments .....	834,000	834,000	1,668,000	1,668,000
<b>Metro Landfill Contingency</b>					
13	State Departments .....	1,312,300	1,317,500	2,629,800	2,629,800
<b>Minnesota Resources Fund</b>					
13	State Departments .....	8,573,500	7,408,200	15,981,700	15,981,700
<b>Water Pollution Control Fund</b>					
13	State Departments .....	430,400	352,300	782,700	782,700
14	Taxes <sup>(c)</sup> .....	18,350,000	19,350,000	37,700,000	37,700,000
<b>Permanent University Fund</b>					
11	Education .....	3,800,000		3,800,000	3,800,000
<b>Motor Vehicle Transfer Fund</b>					
10	Transportation .....	860,300	868,800	1,729,100	1,729,100
13	State Departments .....	2,288,700	2,712,700	5,001,400	5,001,400
<b>Public Health Fund</b>					
14	Taxes <sup>(d)</sup> .....	2,918,900	4,162,200	7,081,100	7,081,100
<b>Special Revenue Fund</b>					
9	Human Services .....	2,337,400	2,365,100	4,702,500	4,702,500
10	Transportation .....	420,000	434,700	854,700	854,700
13	State Departments <sup>(b)</sup> .....	37,384,700	40,100,700	77,449,400	77,449,400
15	Capital Improvements .....	2,255,000		2,255,000	2,255,000
<b>Municipal State Aid Streets<sup>(b)</sup></b>					
10	Transportation .....	55,902,000	58,011,400	113,913,400	113,913,400
<b>County State Aid Highways<sup>(b)</sup></b>					
10	Transportation .....	170,906,700	176,770,100	<u>347,676,800</u>	<u>347,676,800</u>
	Total <sup>(d)</sup> .....			\$8,932,955,851	\$8,990,116,614
	With Provisional (Saturn) .....			\$8,974,022,451	

<sup>(a)</sup>This appropriation was contingent on General Motors building its Saturn plant in Minnesota, and is not counted in General Fund summaries and totals, unless designated.

<sup>(b)</sup>These appropriations do not include appropriations from the general fund to the Trunk Highway, Municipal State Aid Streets, County State Aid Highways Funds, and Special Funds. Specifically, this involved \$112,398,800 in motor vehicle excise tax transfers; \$899,000 of transfers for administrative costs to the Trunk Highway Fund; and a \$1,403,700 transfer of checkoffs to the nongame wildlife account in the Special Revenue Fund.

<sup>(c)</sup>The amounts appropriated were \$26,600,000 in fiscal year 1986 and \$28,500,000 in fiscal year 1987, for a biennial total of \$55,100,000. However, if the federal tax on cigarettes is not reduced and replaced by a state tax as scheduled, \$17,400,000 in revenue will be lost to the Water Pollution Control fund, and receipts available to fund the appropriations will total only \$37,700,000 as shown.

<sup>(d)</sup>A \$2,300,000 appropriation which will not be available unless the federal government allows the cigarette tax to expire is not included in this total.

**Table J**  
**Bonding Authorization**  
**1985 Special Session**

<b>Supreme Court</b>		<b>Historical Society</b>	
Site and working drawing preparation for judicial building .....	\$ 2,450,000	Red River Valley Center .....	700,000
		State History Center .....	5,000,000
<b>Administration</b>		<b>Transportation</b>	
Asbestos removal .....	1,486,100	Interstate substitution .....	2,035,000
Capitol and other facility repair .....	759,500		
Centennial building remodeling .....	2,814,000	<b>Education and Vocational Technical</b>	
Land acquisition .....	700,000	School for the Deaf .....	515,200
Capitol building renovation .....	1,790,700	Adult Vocational-Technical Institutes .....	7,087,900
Labor History Center design .....	228,000		
<b>Natural Resources</b>		<b>Community Colleges</b>	
Facility construction .....	367,800	Minneapolis Fine Arts building .....	4,462,400
Park and forestry land acquisition .....	3,300,000	Statewide repair and betterment .....	236,300
Park and trail betterment .....	2,272,300	Itasca Library working drawings .....	108,000
Fish management facilities betterment .....	200,000		
Dam projects		<b>State Universities</b>	
State owned dams .....	892,500	Bemidji-education arts, recreation facility .....	4,287,300
Pelican Rapids .....	131,300	Mankato-planning and construction .....	836,000
Fish Hook River .....	74,500	Moorhead Livingston Library .....	3,396,800
Red Lake River .....	42,000	St. Cloud campus .....	593,000
Redwood Falls .....	58,400	Winona-remodel Somsen Hall .....	2,693,500
Hanover .....	85,000		
Nett Lake .....	1,200,000	<b>University of Minnesota</b>	
Hartley .....	50,000	Crookston campus improvements .....	553,000
Eagle Point Lake .....	47,000	Northwest Experimental Station .....	675,000
Spruce Center .....	90,000	Morris campus .....	100,000
Red River agricultural dike relocation .....	250,000	Waseca campus .....	476,000
Construction of Isabella Environmental Learning Center .....	1,853,900	Systemwide building repair .....	782,300
		Minneapolis campus	
<b>Energy and Economic Development</b>		Electrical Engineering Building .....	42,800,000
Metropolitan parks .....	12,750,000	Amundson Hall, Mines and Metallurgy .....	3,000,000
Duluth Convention Center .....	16,000,000	Mayo Building .....	5,000,000
White Bear Lake park development .....	225,000	St Paul campus	
		Green Hall addition .....	5,285,000
<b>Waste Management Board</b>		Duluth campus	
Grants program to local projects for solid waste disposal .....	11,400,000	Engineering/technical building .....	4,154,000
		Recreational sports complex .....	9,200,000
<b>Military Affairs</b>		<b>Bond Exchange</b> .....	6,300,000
Building repair to meet federal energy conservation standards .....	1,129,800	<b>Bond Sale Expenses</b> .....	175,500
		<b>Total</b> .....	\$174,600,000
<b>Agriculture</b>			
Duluth Port Authority .....	1,500,000		

## APPENDIX A Rates of Principal Taxes

### INCOME TAXES

#### Individual Income Tax

Graduated schedule of rates is applied to taxable income. Itemized or standard deductions are subtracted in arriving at taxable income. Federal income tax may be subtracted if appropriate schedule is used.

The tax brackets, maximum standard deduction and personal credits are indexed for inflation to the U.S. CPI.

For taxpayers claiming the federal tax deduction:

<b>Married Joint</b>		
\$	0-\$ 875	1.5%
	875- 1,750	2.0%
	1,750- 3,500	2.9%
	3,500- 5,375	4.8%
	5,375- 7,000	5.9%
	7,000- 7,125	6.1%
	7,125- 8,875	7.2%
	8,875-12,375	8.3%
	12,375-14,000	9.3%
	14,000-16,000	10.0%
	16,000-21,500	11.0%
	21,500-22,125	11.3%
	22,125-25,500	12.3%
	25,500-28,500	12.6%
	28,500-31,750	13.7%
	31,750 and over	14.0%

<b>Single and Married Separate</b>		
\$	0-\$ 700	1.3%
	700- 1,400	1.9%
	1,400- 2,800	3.2%
	2,800- 4,300	5.4%
	4,300- 5,700	6.9%
	5,700- 7,100	8.4%
	7,100- 9,900	9.8%
	9,900-12,800	11.1%
	12,800-15,400	12.4%
	15,400-19,400	13.6%
	19,400 and over	14.0%

For taxpayers not claiming the federal tax deduction:

<b>Married Joint</b>		
\$	0-\$1,200	1.7%
	1,200- 1,700	2.1%
	1,700- 2,700	2.3%
	2,700- 5,600	3.3%
	5,600- 9,100	5.3%
	9,100-12,600	6.8%
	12,600-17,800	8.5%
	17,800-30,800	9.3%
	30,800 and over	9.9%

<b>Single and Married Separate</b>		
\$	0-\$ 300	1.0%
	300- 600	1.3%
	600- 900	1.6%
	900- 1,300	2.1%
	1,300- 2,000	2.7%
	2,000- 2,800	3.7%
	2,800- 4,300	4.5%
	4,300- 6,400	6.1%
	6,400- 9,400	7.5%
	9,400-16,200	9.3%
	16,200 and over	9.9%

#### Credits against the tax:

Personal credits—For tax year 1985, \$70 each for taxpayer,

spouse and each dependent. Additional \$70 for age 65 or over, blind, deaf or quadriplegic.

**Corporation Income Tax** ..... 12%  
Applied to taxable income apportioned to Minnesota. Federal income tax is not deductible. The first \$25,000 of taxable income is taxed at 6%. The \$25,000 bracket is reduced for companies doing business partly within and partly outside Minnesota.

**Bank Excise Tax** ..... 12%  
(Same as corporation income tax.)

### ESTATE

**Estate Tax**—For 1986, a "pick up tax" equal to the amount of the state death tax credit against federal estate tax is imposed.

### SALES AND EXCISE TAXES

**General Sales and Use Tax** ..... 6%  
Exemptions include food, clothing, medicines, gasoline, motor vehicles, and farm machinery repair and replacement parts.

Logging equipment (including large chainsaws), new capital equipment, and special dies ..... 4%

Agricultural machinery ..... 2%

Liquor, On and Off Sales—Additional ..... 2.5%

**Motor Vehicle Excise Tax** ..... 6%

**Gasoline Tax**—per gallon ..... 17¢

#### 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 are given a credit of \$4 per barrel up to 25,000 barrels sold each year.

**Cigarette Tax**—per pack ..... 23¢

**Tobacco Products**—on wholesale price—25% (excludes cigarettes)

### GROSS EARNINGS TAXES

#### Telephone Companies

	Rate to Rural Subscribers	Rate to City Subscribers
Prior to calendar 1987	4%	7%
calendar 1987	3%	5.5%
calendar 1988	1.5%	3%
calendar 1989	1%	2.5%
After calendar 1989	-0-	-0-

Effective January 1, 1986, gross receipts from business originating or terminating outside Minnesota will be exempt from gross earnings tax.

Locally assessed property taxes will be imposed on telephone companies beginning with taxes payable 1988. In addition, the gross receipts from the sale of central office telephone equipment will be subject to the sales tax after December 31, 1986.

**Telegraph Companies** ..... 6%



<b>Sleeping Car Companies</b> .....	6%
<b>Express Companies</b> .....	5%
<b>Taconite Railroads</b> .....	5%
<b>Freight Line Companies</b> .....	7%
<b>Insurance Companies Gross Premiums Tax</b> .....	2%

**SEVERANCE TAXES**

	1986	1987 and after
<b>Iron Ore Occupation Tax</b>	14.5%	14%
<b>Iron Ore Royalty Tax</b>	14.5%	14%
<b>Taconite Occupation Tax</b>	14.5%	14%
<b>Taconite Royalty Tax</b>	14.5%	14%

A credit is allowed for the labor costs of production which can reduce the effective iron ore and taconite occupation and royalty tax rates.

**Taconite and Iron Sulphides Production Tax**

Per ton of concentrates; indexed to the implicit price deflator for 1987 and subsequent years. For 1986 ..... \$2.04  
(Based on average of current year and two previous years' production for 1986 and thereafter.)

**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¢

**APPENDIX B**

Selected Appropriations for Human Services and Corrections Activities 1974-87  
 Deficiency Appropriations included in pertinent years

Fiscal Year	Human Services Categorical Aids <sup>(a)</sup>	Major State Hospitals	Other Human Services Department Institutions	Corrections Institutions	Financial Assistance for Veterans
1974 .....	\$ 86,400,000	\$ 54,223,100	\$10,330,050	\$15,360,400	\$ 910,000
1975 .....	101,278,000	54,577,450	10,514,650	15,830,067	960,000
1976 .....	109,400,000	67,508,800	10,685,400	19,463,200	1,010,000
1977 .....	119,900,000	67,801,000	10,588,000	19,916,400	1,010,000
1978 .....	214,233,076	96,208,374	10,316,835	30,565,099	1,124,802
1979 .....	225,392,098	96,290,682	10,398,577	29,712,247	1,142,921
1980 .....	273,005,100	104,235,500	11,278,600	31,246,700	1,126,900
1981 .....	305,065,400	102,315,200	11,080,200	31,296,700	1,126,900
1982 .....	408,362,000	116,615,200	12,220,300	41,757,900	1,192,100
1983 .....	464,116,000	121,936,200	13,639,600	38,833,300	1,293,400
1984 .....	532,379,000	145,328,700	16,143,500	53,942,900	1,038,100
1985 .....	585,693,000	143,600,000	15,714,900	55,573,500	1,038,100
1986 .....	525,548,300	160,906,300	18,241,300	60,779,200	988,100
1987 .....	582,819,400	157,336,300	18,241,500	63,791,700	988,100

<sup>(a)</sup> Human services categorical aids are: Medical Assistance, Aid to Families with Dependent Children, Minnesota Supplemental Assistance, General Assistance, and General Assistance Medical Care. 1986 total is reduced by \$28.6 million and 1987 by \$30 million because mortgage registration and deed transfer taxes are used to reduce state AFDC payments.

**APPENDIX C**  
General Obligation Debt 1984-1985

	Authorization <sup>(a)</sup> Year-Chapter	Amount Outstanding June 30, 1984	Amount Outstanding June 30, 1985
<b>Payable From General Fund</b>			
State Buildings, Capital Improvements .....	'65- 882	\$ 2,770,000	\$ —
	x'67- 8	17,431,000	13,963,000
	'69-1159	48,744,000	41,407,000
	'71- 963	49,865,000	44,498,000
	'73- 778	28,147,000	25,819,000
	'74- 541	2,252,000	2,048,000
	'75- 436	10,959,000	10,112,000
	'76- 348	35,198,000	32,505,000
	'77- 421	6,000,000	5,625,000
	'77- 451	25,600,000	23,856,000
	'78- 792	86,296,000	80,951,000
	'79- 300	2,719,000	2,119,000
	'79- 301	38,855,000	36,452,000
	'79- 338	67,437,000	46,749,000
	'81- 4	38,498,000	23,676,000
	'81- 304	28,967,000	18,109,000
	'81- 334	2,980,000	1,900,000
	'81- 361	10,780,000	6,245,000
	'81- 362	41,653,000	48,668,000
	'82- 639	4,456,000	871,000
	'83- 344	57,780,000	92,709,000
	'84- 597	—	44,780,000
Vocational-Technical .....	'75- 436	9,475,000	8,700,000
State Building (Natural Resources) .....	'75- 415	13,000,000	12,000,000
State Building (Parks & Recreation) .....	'77- 421	37,800,000	35,100,000
Pollution Control .....	x'71- 20	17,100,000	15,363,000
	'73- 771	12,900,000	11,888,000
	'75- 354	22,450,000	21,000,000
	'77- 418	800,000	750,000
	'79- 285	34,650,000	13,095,000
Transportation .....	'76- 339	16,250,000	15,000,000
	'77- 277	35,600,000	33,100,000
	'79- 280	30,650,000	26,475,000
	'80- 610	11,400,000	12,930,000
	'81- 361	36,025,000	11,050,000
	'84- 597	—	9,000,000
Vietnam Veterans' Bonus .....	'73- 204	30,000,000	27,000,000
Waste Management .....	'80- 564	5,380,000	5,090,000
Zoological Gardens .....	'73- 207	17,775,000	16,325,000
Refunding Bonds .....	'85-16A.66	—	110,385,000
Total General Fund .....		<u>938,640,000</u>	<u>987,310,000</u>
<b>Payable From General Fund &amp; Dedicated Receipts</b>			
School Loans .....	'65- 875	1,850,000	900,000
	'67- 583	1,575,000	1,330,000
	'69-1056	12,781,000	11,340,000
	'80- 545	12,399,000	2,380,000
	'85-16A.66	—	6,115,000
School Energy Loans .....	'83- 323	5,000,000	9,500,000
State Universities .....	'69-1152	8,865,000	8,525,000
	'73- 759	5,825,000	5,625,000
Total General Fund & Ded. Receipts .....		<u>48,295,000</u>	<u>45,715,000</u>
<b>Payable From Dedicated Receipts</b>			
Employment Services Bldg. ....	'65- 532	360,000	180,000
	x'67- 8	80,000	60,000
Total Dedicated Receipts .....		<u>440,000</u>	<u>240,000</u>

<sup>(a)</sup>x means Special Session  
Columns may not add due to rounding.

	Authorization <sup>(a)</sup> Year-Chapter	Amount Outstanding June 30, 1984	Amount Outstanding June 30, 1985
<b>Payable From Motor Vehicle Tax</b>			
City of St. Paul .....	'59- 538	360,000	90,000
Trunk Highway .....	'67- 873	23,200,000	17,800,000
	'77- 277	40,700,000	38,200,000
	'83- 17	21,000,000	54,950,000
Total Motor Vehicle Tax .....		<u>85,260,000</u>	<u>111,040,000</u>
Grand Total .....		<u>\$1,072,635,000</u>	<u>\$1,144,305,000</u>

<sup>(a)</sup>x means Special Session  
Columns may not add due to rounding.

## APPENDIX D Glossary

**Agricultural Credit**—A state-paid reduction in the property tax on agricultural, seasonal recreational residential, and timberland property. The amount of the tax reduction is based on the following percentages of gross tax.

Property Type	Percentage Reduction
Agricultural Homestead	
First 320 acres .....	36%
Over 320 acres .....	26%
Agricultural Non-Homestead .....	26%
Seasonal Recreational Residential .....	15%
Timberland .....	26%

Agricultural credit for seasonal recreational residential property is limited to \$100.

**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 53 percent of this cost; the State pays 85 percent of the non-federal share. Through the property tax levy the counties pay 15 percent of the non-federal share.

**Area Vocational-Technical Institute (AVTI)**—A school that provides post-secondary vocational training. Currently there are 33 such schools throughout Minnesota.

**Assessed Value**—Under Minnesota law, 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 1985-87 biennium, for the biennium that began July 1, 1985, and ends June 30, 1987.

**Categorical Aids**—Education aids for specific purposes such as transportation or education of handicapped students.

**Developmental Achievement Center (DAC)**—Provides daytime educational, recreational, and social activities for mentally retarded and cerebral palsied persons. There are about 150 DACs throughout Minnesota operated by either non-profit corporations or local government agencies.

**EARC Value**—The estimated 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.

**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 1985 fiscal year ending June 30, 1985.

**Foundation Aid**—The largest category of state aid to school districts. Unlike categorical aids, foundation aid may be used for any current expenses of a district. Each district's foundation aid is determined by a complex set of formulas, based on pupil units, EARC value, and other factors. Beginning in fiscal year 1985, foundation aid consists of "basic" foundation aid plus five additional levels, or "tiers," of aid.

Basic foundation aid guarantees that each district will receive a specified amount of revenue per pupil unit (\$1,585 for the 1985-86 school year) in return for a required local property tax levy (23.5 EARC mills for property taxes payable in 1985). State aid makes up the difference between the guaranteed revenue and the proceeds of the local levy. The five tiers provide districts with varying amounts of revenue, through a combination of state aids and local property taxes. The amounts of revenue, aid, and

local taxes depend on the district's property valuation, the number of students, past spending levels, the level of training and experience of the district's teachers, and other factors.

**General Assistance (GA)**—The state/county program of cash assistance, emergency assistance, or room and board payments for eligible persons. This program is financed 75 percent from State funds. 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 medical programs. The State finances 90 percent of this program and the counties 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 1986, the credit is 54 percent of the tax on the first \$68,000 of estimated market value, up to a maximum credit of \$700.

**Indexing**—Automatic increase based on the increase in another factor. Indexing the individual income tax is designed to offset the impact of inflation. Three components of the individual income tax—size of the brackets, personal credits, and maximum standard deduction—are indexed to the increase in the U.S. Consumer Price Index.

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

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

**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. The federal government finances about 53 percent of MA; the State finances 90 percent of the non-federal share and the county 10 percent. Categories covered include needy families with children, needy senior citizens, and needy handicapped or blind persons.

**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.

**Minnesota Supplemental Aid (MSA)**—Cash grants, special needs payments, and room and board payments for certain SSI recipients and other eligible persons who are either elderly, blind, or disabled. The State finances 85 percent and the county 15 percent.

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

**Property Tax Refund**—A yearly refund up to \$1,125 given to homeowners and renters based on their incomes and the amount of property taxes paid on their home or apartment.

**Pupil Units**—A count of public school students used in calculating each school district's foundation aid. Pupil units include weighted ADM (defined below) plus additional units for students whose families receive AFDC.

**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.

**Weighted ADM**—The average daily membership of a school district (i.e., the average number of students enrolled during the year), weighted by grade level. Each kindergarten student counts as 0.5 weighted ADM, each student in grades 1-6 as 1.0 weighted ADM, and each student in grades 7-12 as 1.4 weighted ADM.

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