

LEGISLATIVE REFERENCE LIBRARY



3 0307 00013 2285

861326



MINNESOTA STATE SENATE

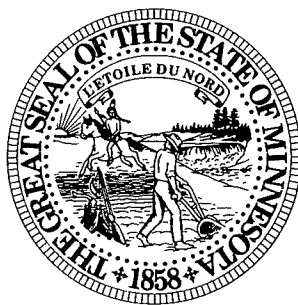
KFM
5407
.M625
1986

FISCAL REVIEW

THE 1986
LEGISLATIVE SESSIONS

A
FISCAL REVIEW
of the
1986 LEGISLATIVE SESSIONS

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



Minnesota Senate
Senate Counsel and Research

John E. Post, Director

August, 1986

Foreword

Fiscal Review 1986 continues a series of state appropriation reports that was begun in 1975. The 1986 review is designed to augment and update the fiscal information presented in *Fiscal Review 1985*. Because Minnesota uses a biennial budget enacted in odd-numbered years, even-numbered year fiscal reviews are updates rather than biennial comparisons.

This report provides a broad accounting of actions of the Minnesota Legislature which have a substantial fiscal impact. Changes to appropriations and the most significant programs funded by the 1986 Legislature are explained. Also included are the allotment reductions made by the Governor. It should be noted that unallotments *do not* change appropriation levels. Programs are grouped by major function so that appropriation trends can be reviewed and evaluated.

Fiscal Reviews are 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.

Table of Contents

	Page
I. HIGHLIGHTS	1
II. THE TAX LAWS	1
III. PROPERTY TAX RELIEF AND LOCAL AIDS	2
IV. FUNCTIONS OF THE STATE GOVERNMENT	2
A. Education	2
B. Human Services	3
C. Transportation	3
D. Agriculture	4
E. Resource Management	5
F. Protection of Persons and Property	5
G. Public Employees Compensation and Pensions	6
V. STATE DEBT AND CAPITAL EXPENDITURES	7
VI. UNALLOTMENTS	7
VII. STATISTICS	8
A. Summary of Appropriations and Allotment Reduction by Function - All Funds	8
B. Itemized Appropriations and Allotment Reductions by Function - All Funds	9
C. Summary of Appropriations by Fund	21
D. General Fund Resources and Appropriations, 1985-87	22
E. Adjustments to the Omnibus Appropriations	24
F. Miscellaneous General Fund Appropriations Bills	24
G. Open and Standing General Fund Appropriations, 1985-87	25
H. Executive Branch Allotment Reductions	26
I. Direct Legislative Appropriations by Fund, by Year	27
J. Bonding Authorization	28
INDEX	29

Dates of 1986 Sessions

1986 Regular Session	February 3-March 21, 1986
1986 Special Session	April 2, 1986

ACKNOWLEDGMENTS

This publication was developed by the staff of Senate Counsel and Research with editing by Bill Riemerman. Special recognition is due Legislative Analysts Jack Paulson and Sean Stevenson, Senate Counsel Peter Wattson and secretary Laura Lindorfer. Recognition is also due other Senate staff who reviewed drafts, and to the Minnesota Department of Finance for technical support. The cover was developed with assistance from Mark Nelson and David Oakes, Senate Media Services.

I. HIGHLIGHTS

The major thrust of the 1986 Session of the Legislature was budget balancing to adjust a \$734 million general fund shortfall projected by the Department of Finance.

The deficit projection included major savings on the appropriations side from re-estimates of expected spending for debt retirement, grants and aids for higher education students and public pension aids. On the spending side the projection included a \$37 million deficiency in the human services budget.

A substantial portion of the projected shortfall was eliminated by use of the \$450 million budget reserve fund. The deficit was further lowered by not funding the \$37 million projected human service deficiency.

The Legislature enacted about \$156 million in appropriation cuts and revenue enhancements and enacted a farm relief program of about \$16 million.

The Legislature adjourned with the general agreement that the Governor and the Commissioner of Finance would use the budget balancing statute (M.S. 16A.15) to unallot and balance the budget. The unallotments totalled about \$109 million.

Legislative budget balancing actions included a net general fund appropriations saving of \$84 million by eliminating the scheduled transfer of motor vehicle excise tax money to the

trunk highway and transit assistance funds; a \$33.6 million reduction in the appropriations for higher educational institutions; a \$2.4 million reduction for the Department of Education; an \$11.5 million reduction in aids for elementary and secondary schools; and a \$24.5 million program of revenue enhancement through a tax compliance program.

Other major action at the 1986 Session was passage of the farm relief program that included mandatory mediation; legal assistance to debt-ridden farmers; debt restructuring; an interest buy-down program; a capital gains exclusion for foreclosure and involuntary transfer of farm deeds; a deficiency judgment moratorium; and a marginal land set-aside program.

The 1986 Legislature also passed an interstate banking bill involving reciprocal holding company provisions for North and South Dakota, Iowa and Wisconsin; an insurance bill that provides for a state-created joint underwriting association to insure the availability of liability insurance for service providers such as day care centers, foster homes, and Development Activity Centers; and a law that mandates wearing of seat belts in automobiles. The seat belt law provides no penalty provision for not wearing a seat belt, but the law provides for warnings to be issued by police officers.

II. THE TAX LAWS

Income Tax

Minor changes were made in the individual and corporate income tax laws to update to recent federal legislation. The effect of these changes was a net loss of \$400,000 in individual income tax revenues and a net gain of \$600,000 in corporate tax revenues for the biennium.

Tax Compliance Initiatives

A number of measures were initiated during the 1986 Special Session to increase compliance with existing tax laws. One provision is an extension of the business license clearance law to include licensed professionals such as physicians, attorneys, accountants, insurance agents, and real estate agents. Under this law, an applicant's license cannot be issued or renewed if the Commissioner of Revenue has certified that the applicant has a delinquent tax liability of \$500 or more. When a tax delinquency has been certified, the applicant must obtain a tax clearance certificate before the license will be issued or renewed. This provision is expected to raise \$2.6 million in fiscal year 1987.

Another enforcement provision authorizes the Commissioner of Revenue to contract with private collection agencies to collect delinquent taxes owed by residents of Minnesota. In the past, collection agencies could only be used to collect delinquent taxes owed to Minnesota by residents of other states. This provision is estimated to raise \$1.6 million in fiscal year 1987.

Other enforcement measures include allowing the Commissioner of Revenue to file liens against homestead property. The commissioner is not allowed to foreclose a lien against homestead property. The Commissioner of Revenue together with the Commissioner of Public Safety may prohibit the delivery of liquor products to retailers who are more than 30 days delinquent in paying sales taxes. The other enforcement measures are estimated to raise \$18.6 million in fiscal year 1987.

An appropriation of \$3.3 million was made to the Department of Revenue to pay the administrative costs of the compliance initiatives program.

Local Government Aid

The 1986 Legislature revised the local government aid formula and extended it for 1987. Overall funding for cities was increased by four percent over the 1986 amount, to \$297.4 million, and new city aid increase maximums were set. Cities that received 1986 aid in excess of \$200 per capita are limited to a maximum increase of four percent for 1987. Cities that received less than \$200 per capita will have a maximum increase of 5.8 percent, or \$208 per capita, whichever is less.

Counties that received aid in 1986 will receive an aid increase of four percent over their 1986 aid amount. Counties containing a city of the first class, which received no 1986 aid, will receive the average per capita increase received by the other counties. Towns will qualify to receive local government aid only if they levied one mill or more for taxes payable in 1986. Qualifying towns will receive a four percent increase over the greater of their 1986 aid or 60 percent of their 1983 aid.

The local government aid payment schedule was also changed from six equal payments, July through December, to two payments made on July 15 and December 15.

Excise and Insurance Gross Premiums Taxes

More than \$106 million in motor vehicle excise tax collections scheduled to be transferred to the highway user tax distribution fund and the transit assistance fund was retained in the general fund to reduce the projected general fund deficit. The Legislature also adopted acceleration of excise tax collections estimated to yield an additional \$8.5 million in the 1985-87 biennium. The new schedule provides that cigarette and tobacco distributors and liquor manufacturers or wholesalers having an excise tax liability of \$1,500 or more in May of each year must pay one-half of their estimated June liability along with their May liability in June of each year. Domestic mutual and fire insurance carriers are also required to make estimated tax payments on April 15, June 15, and December 15 of each year instead of their current respective quarterly and annual payments.

Miscellaneous

The tax credit allowed to distributors of agricultural alcohol gasoline will be reduced from the current 40 cents per gallon of blended alcohol to 25 cents July 1, 1986, and to 20 cents July 1, 1987. The credit is eliminated after June 30, 1992. The 40, 25, and 20 cents credit per gallon of alcohol become 4, 2.5, and 2 cents per gallon of gasoline since each gallon of gasoline includes 10 percent blended alcohol.

The ethanol development fund was also established to provide direct subsidies to Minnesota producers of ethanol and agricultural grade alcohol.

The 1986 Special Session increased the interest rate paid on tax refunds to be the same rate charged on delinquent taxes. Previously, the interest rate paid on refunds was 80 percent of the rate charged on delinquent taxes. The cost of this change is estimated to be \$900,000 in fiscal year 1987.

III. PROPERTY TAX RELIEF AND LOCAL AIDS

The 1986 Legislature in its budget balancing process reduced total general fund property tax relief and local aids by about \$56 million. Of that amount \$31.6 million was the withdrawal of motor vehicle excise tax aid for cities and counties; \$11.5 million was a cut in education aids; about \$10.9 million involved changed estimates in open and standing appropriations for property tax relief; and about \$5 million was a cut in aid to mass transit.

The Governor's unallotments reduced aids about \$20 million beyond that, most of it in the human services area. Five million dollars of that was a follow-up of legislative session action to eliminate the federal benefit disregard from medical assistance.

The new and old estimates and appropriations for general fund property tax relief and local aids are:

	After 1985 Session	After 1986 Session
Aids and Credits	\$2,399,035,700	\$2,388,140,600
Miscellaneous Pension Aids	8,673,500	8,673,500
Elementary & Secondary Education		
Aids (Including Teacher		
Retirement)	2,527,571,700	2,516,071,700
Motor Vehicle Excise Tax to		
Counties & Cities	31,609,800	-0-
Aid to Mass Transit	45,676,900	40,632,700
Social Services	102,444,200	102,444,200
Income Maintenance	1,422,080,700	1,422,080,700
Human Services		
Administrative Aids	8,000,000	8,000,000
Community Aids for Corrections	28,000,000	28,000,000
Community Health Aids	24,053,000	24,053,000
Trial Courts	36,616,100	36,616,100
Total	\$6,633,761,600	\$6,574,712,500

IV. FUNCTIONS OF STATE GOVERNMENT

A. EDUCATION

Elementary and Secondary Education

The 1986 Legislature reduced appropriations for elementary and secondary education for the 1985-87 biennium by \$11.5 million. This reduction represents less than one-half of one percent of the original biennial appropriations for elementary and secondary education (\$2.5 billion). The reductions enacted in Chapter 1, Special Session, are summarized in the accompanying table.

The largest single reduction (\$4.3 million) was in aid for 1986 summer programs. This reduction was made by changing the "equalizing factor," which determines how much of the program will be funded by state aid and how much by property tax levies. The reduction did not change the amount of money districts will receive for 1986 summer programs. But districts will have to levy additional property taxes in 1987 to make up for the reduced state aid.

The appropriation for teacher retirement and F.I.C.A. aid, a new aid formula enacted in 1985, was reduced by \$2.6 million for fiscal year 1987. The reduction was a result of new information about the employer's contribution rate for Social Security and slightly lower assumptions about teacher salary increases.

The reduction in transportation aid (\$1.9 million) for fiscal year 1987 was accomplished by changing the inflation factor in the law, due to estimates of lower gasoline prices than those used in 1985.

Aid for secondary vocational programs for fiscal year 1987 was reduced by \$1.6 million, although no changes were made in the aid formula. If the appropriation is insufficient to pay all of the school districts' aid entitlements, each district's aid will be prorated.

Reductions in Appropriations for
Elementary and Secondary Education for
the 1985-87 Biennium

Program	Reduction
Summer Program Aid	\$ 4,254,900
Teacher Retirement and F.I.C.A. Aid	2,629,300
Transportation Aid	1,949,100
Secondary Vocational Education	1,551,800
Library Grants	519,400
Venture Fund Grants	100,000
Arts School and Resource Center	133,000
Other Programs	362,500
Total	\$11,500,000

Grants to public libraries were reduced by \$519,400, or five percent of the original biennial appropriation. Venture fund grants, formerly administered by the Council on Quality Education, were reduced by \$100,000. Appropriations for the state arts school and resource center were reduced by \$133,000.

Smaller reductions were made in appropriations for approximately 20 other programs. In most cases, the reductions were five percent of the original biennial appropriation. Most of the reductions will be made in state administrative expenses. The list of programs includes educational effectiveness, the academic excellence foundation, the assessment item bank, P.E.R. process aid, exemplary teacher education, summer institute financial aid, and mastery learning.

The 1986 Legislature also enacted a few provisions which will affect school district aids and levies for fiscal year 1988. These

changes were necessary so that districts can certify their property tax levies in the fall of 1986. The foundation aid formula allowance for the 1987-88 school year was set at \$1700 per pupil unit; this is \$10 (less than one percent) above the 1986-87 level. A new capital expenditure aid and levy formula was enacted; it will combine two categories that were previously separate and make slightly more revenue available to districts. A small increase in community education revenue was also approved. Two new categories of property taxes were approved, beginning with taxes payable in 1987. One category is for districts with operating fund deficits, and the other category will provide revenue for adult basic and continuing education programs.

Higher Education

The Legislature reduced appropriations for higher education by \$33.6 million, representing about 2.2 percent of the 1985 Session appropriation. Of that amount, \$21.3 million is estimated to be replaced by tuition and fees. Another \$11.3 million was appropriated as carryovers from fiscal year 1985 appropriations and new appropriations in the farm relief bill for the Vocational-Technical schools and the University of Minnesota.

	Original Appropriations 1985-87 (in millions)	Reductions in Appropriations (in millions)	FY 1985 Carryover/ Other Additional Funds (in millions)	Remaining Appropriations (in millions)
University of Minnesota	\$ 708.6	-\$15.8	+\$ 2.0	\$ 694.8
Vocational Technical Institutes	285.0	- 6.0	+ 2.5	281.5
State Universities	240.9	- 5.8	+ 4.1	239.2
Community Colleges	122.0	- 2.9	+ 2.8	121.9
Mayo Medical School	2.0	0	0	2.0
Higher Education Coordinating Board	135.9	- 3.1	0	132.8
Total	\$1,494.4	-\$33.6	+\$11.3	\$1,472.1

(Columns may not add due to rounding)

Tuition and Fee Increases

	1985 Session Estimated (in millions)	Increase in Estimates 1986 (in millions)	New Level (in millions)
University of Minnesota	\$235.2	\$ 2.8	\$238.0
State Universities	110.8	10.5	121.3
Community Colleges	53.3	8.0	61.3
Total	\$399.3	\$21.3	\$420.6

The higher education appropriations bill also reduced appropriations for the Department of Education by \$2.4 million, from \$46.6 million to \$44.2 million.

If the Commissioner of Finance determines that there will be a positive balance in the general fund at the close of the biennium ending June 30, 1987, one-half of any excess over \$100 million must be used to restore the appropriations reductions to the four systems of higher education, prorated in proportion to the reductions, but not exceeding the amount of the reductions.

The reductions in appropriations must not be taken into account in calculating the 1987-89 biennial budgets for the four systems of higher education. Except for changes attributable to enrollment or internal reallocation of appropriated money, the FY 1987 instructional base used by each system in its 1987-89 biennial budget request must not differ from the spending level established by the original appropriations for 1985-87.

The Higher Education Coordinating Board is required to delay implementation of the four-year eligibility component of the state grant and scholarship program until July 1, 1987.

The Higher Education Coordinating Board is allowed to spend up to \$500,000 for supplemental scholarships and grants for additional state work study for students in economically depressed areas of the state. Any such action must first be submitted to the chairs of the education divisions of the appropriations and finance committees of the Legislature for review.

The Governor is required to appoint a task force to study the feasibility of establishing a coordinate campus of Arrowhead Community College on the Fond du Lac Indian reservation that would be open and available to all. The task force must report to the Legislature on the results of its study by February 1, 1987. An appropriation of \$50,000 is provided for the task force.

B. HUMAN SERVICES

The 1986 tax bill (Article 8, section 4) directs the Commissioner of Human Services to establish computer systems to efficiently operate human service programs, including food stamps, Aid to Families with Dependent Children, General Assistance, child support enforcement, Medical Assistance (MA), and General Assistance Medical Care. Counties may be charged their fair share for operating and maintaining the system but may not be charged for development costs. Money collected from the counties and federal matching money is retained by the commissioner in a special account to operate the computer system. An annual report is required.

The bill also makes two changes in MA eligibility. Recipients will be allowed to temporarily exceed the \$3,000 and \$6,000 liquid asset limits by the amount of interest earned on these amounts or by the amount of unspent clothing and personal

needs allowance. Each time eligibility is redetermined, assets must be reduced to the \$3,000 or \$6,000 limit. This language is an attempt to avoid federal fiscal sanctions that result from federal quality control inspectors determining that MA was erroneously paid to a recipient who, according to current federal interpretation, should have been ineligible because interest earnings or unspent personal needs allowance payments put the recipient above the asset limit.

The bill also repeals the requirement that in determining MA eligibility the commissioner disregard 20 percent of certain federal disability and pension benefits. This change is required to comply with federal law and will reduce MA costs by \$5 million in fiscal year 1987 by restricting MA eligibility. The \$5 million was unallotted by the Governor.

C. TRANSPORTATION

The 1986 Legislature in Special Session temporarily discontinued the transfer of motor vehicle excise tax revenue to the Highway User Tax Distribution (HUTD) fund (18.75 percent) and the Transit Assistance fund (6.25 percent). With the discontinuance of the transfer, \$106 million (this was estimated at \$112.4

million at the end of the 1985 session) will remain in the general fund for the biennium. Of this total \$79.7 million will not be transferred to the HUTD fund and \$26.6 million will not be transferred to the transit fund. In Special Session, Chapter 1, most of the transit funding was replaced with a \$21.6 million general

fund appropriation. The HUTD appropriation was not changed despite the elimination of the transfer from the general fund. Thus, if other revenues to the HUTD fund increase, these funds would be available to replace the lost motor vehicle excise tax revenue.

Special Session, Chapter 1, action also reduced the gasohol tax credit from 4 cents per gallon to 2.5 cents per gallon in fiscal year 1987 and 2 cents per gallon for fiscal years 1988 through 1992. For gasohol made from Minnesota-produced ethanol the Legislature established an ethanol development fund that will provide for payments to Minnesota-based ethanol producers to offset the lost tax credit. Under this new system for ethanol subsidies, gasohol blended from ethanol produced in Minnesota will still retain an equivalent 4 cents per gallon tax break while gasohol blended from ethanol produced outside of Minnesota will only receive the 2.5 cents per gallon gasoline tax reduction.

The 1986 Legislature made all 12,100 miles of state trunk highways eligible to carry trucks with 80,000 pounds gross vehicle weight. Prior to this change only trunk highways designated by the Commissioner of Transportation would be allowed to carry over 73,280 pounds. Posting for reduced weight in the spring and for deficient bridges will still be done by the Commissioner of Transportation. The 1986 Session also increased truck reg-

istration fees for vehicles over 73,280 pounds. The increased fees will raise approximately \$2 million per year for highway funding.

The 1986 Legislature appropriated \$475,000 from the all-terrain vehicle account for construction and maintenance of trails and for education and safety programs. Revenue in the account is from all-terrain vehicle registration and .15 percent of the gas tax collections. The all-terrain vehicle legislation (Chapter 452) also allows the vehicles to be operated in road ditches on the outside bank similarly to snowmobiles. The only difference with the snowmobile road provisions is that restrictions are placed on operating all-terrain vehicles within road ditches from April 1 to August 1 in the central and southern parts of the state. The additional restrictions are intended to keep the vehicles from damaging pheasant nesting habitat.

The 1986 Session also passed a law requiring all drivers, front seat passengers, and children under the age of 11 to wear seat belts. Exceptions for farm work, medically unfit persons, cars manufactured without seat belts, all seat belts taken up by other passengers, rural mail carriers, persons making frequent stops while working, and a vehicle operated in reverse are provided. There is no penalty for not wearing a seat belt. A safety warning will be issued.

D. AGRICULTURE

The 1986 Legislature enacted major farm relief legislation and provided funding for the family farm security program with an authorization of \$20 million in general obligation bonding. The bonds authorized by Laws 1986, Special Session, Chapter 2, Article 1, will be used to pay the 90 percent state guarantee on defaulted family farm security loans. When a guarantee is paid, the state will obtain title to the farm. The family farm security bill also appropriated \$4 million from the general fund. Of this total \$3.2 million was appropriated to the Department of Agriculture for related program expenses and \$800,000 to the general fund contingent account. The appropriation to the contingent account was to replace emergency funds which were transferred to the family farm security program for program expenses.

The 1986 Governor's unallotments to the Department of Agriculture totalled \$3.2 million, a 9.8 percent reduction in the department's appropriation for the biennium. Of this total, \$1.4 million was unallotted from the family farm security program and \$1.2 million in general budget reductions. The remaining \$660,900 was unallotted from international trade, agricultural development grants, and administrative and financial aid programs. Another \$1.3 million was transferred from the Export Finance Authority working capital account to the general fund.

Farm Relief

The 1986 Legislature enacted a farm relief package that provided for credit practices and funding to help financially troubled farmers. Laws 1986, Chapter 398, contained the major provisions of the farm relief package which include: mandatory mediation, legal assistance, debt restructuring, an interest buy-down program, a capital gains exclusion on involuntary transfers of agricultural property, and a deficiency judgment moratorium. In separate legislation the Legislature also eliminated double jeopardy for grain buyers and established a marginal land set-aside program.

Under the mediation program, a farmer may request mediation when a creditor takes any negative action to collect on a debt over \$5,000 secured by agricultural property. The director of the agricultural extension service assigns mediators who will mediate between the farmer and all known creditors. Notice to the debtor of mediation rights is required.

The family farmer legal assistance program requires the Su-

preme Court to contract with a nonprofit corporation to provide legal assistance to financially troubled family farmers. To qualify a farmer must: (1) be a state resident; (2) have a debt-to-asset ratio of 50 percent or greater; (3) have taxable income of \$15,000 or less; and (4) be financially unable to retain legal services.

The farm debt restructuring program will use up to \$50 million in general obligation bonding to restructure up to \$800 million in farm real estate debt. To qualify for the program a farmer must: have at least 50 percent of gross income from farming; have a debt-to-asset ratio of 50 percent or greater; be unable to meet projected expenses; and have total projected expenses after restructuring of 95 percent of expected income. The maximum state participation in a restructured real estate loan is \$50,000 or 25 percent of the loan, whichever is less. Under a restructured loan the farmer will only be liable for interest payments on the part of the loan that covers the current market value of the land. The remaining interest and principal is set aside for a specified period. The program is administered by the newly created Rural Finance Administration with these seven members—the commissioners of finance, agriculture, and commerce; the state auditor; and three public members appointed by the governor.

The interest buy-down program is created to provide farm operating loan subsidies to qualified farmers. A farmer qualifies by having a debt-to-asset ratio of 50 percent or greater and by being judged as having a reasonable chance for economic survival. Under the program the state will pay 37.5 percent of the contract interest on a maximum loan of \$100,000. The lender must contribute another 12.5 percent of the contract interest with the farmer responsible for 50 percent of the interest payment.

The capital gain for which there is no net cash is excluded for state income tax purposes, when agricultural real estate is transferred involuntarily through foreclosure or by deed transfer in lieu of foreclosure. The farmer will still be liable for the capital gain for federal tax purposes.

A one-year moratorium is placed on deficiency or personal judgments for real agricultural property. Also, deficiency or personal judgments on real agricultural property will operate under a new procedure where the deficiency or personal judgment will be the difference between the amount owed and the "fair market value" of the property rather than the amount owed and the

foreclosure sale proceeds. Specific farm relief appropriations in Chapter 398 are as follows:

Mediation	\$ 360,000
Legal Assistance	650,000
Debt Restructuring	4,802,000
Interest Buy-down ^(a)	5,000,000
Capital Gain Exclusion	1,000,000
Farm Advocates	300,000
U. of M. Project Support	1,250,000
U. of M. County Extension Agents	115,000
Farm Management Programs	1,350,000
U. of M. Research	290,000
AVTI Research	60,000
Family Farm Security Payments	740,000
FmHA Grant	72,500
Agricultural Data Collection	10,500
Total	\$16,000,000

^(a) This \$5 million appropriated for interest buy-down is a new appropriation for the 1986 interest buy-down program. Of the total \$25 million appropriation by the 1985 Legislature, \$22 million was cancelled by the Department of Finance because the funding was not expected to be used within the time limits of the 1985 program.

Under the elimination of double jeopardy, farm product buyers will now purchase farm products free and clear of security interests in the ordinary course of business. Under previous law an agricultural products buyer had to pay twice for the same products when they purchased products which were pledged as security on a loan. The law change (Chapter 322) puts purchases of agricultural products under the same guidelines as all other commodities.

The 1986 Legislature appropriated \$10 million from general obligation bonds for a marginal land set-aside program. Under the marginal land set-aside program, farmers may place marginal agricultural land in a state conservation reserve. A farmer may place no more than 20 percent of total acreage in the reserve. Land placed in the reserve must have been in agricultural production in two of the last five years. For land placed in the reserve a farmer will receive up to \$75 per acre to establish perennial cover, and 70 percent of the market value for permanent easements or 90 percent of the area average federal conservation reserve bids for 10-year easements.

E. RESOURCE MANAGEMENT

Natural Resources

The 1986 "Reinvest in Minnesota Resources Act," Chapter 383, appropriated \$16 million in general obligation bond receipts to improve Minnesota's fish and wildlife habitat. Specific appropriations include:

- \$10 million for the marginal land set-aside program
- \$2.5 million for fish and wildlife habitat improvements and land acquisition
- \$2.5 million for the critical habitat matching fund
- \$1 million for an aspen recycling program

Chapter 383 also appropriated \$100,000 from the general fund for development of a fish and wildlife research center.

The 1986 Governor's unallotments reduced funding for the Department of Natural Resources by \$2.9 million, a 1.5 percent reduction in total funding for the biennium. \$2.8 million of the reduction came from general administration, operations, and field services. Parks and forestry received cuts of \$345,000 and \$415,000, respectively. Included in the unallotments were increased allotment authorization for fleet liability insurance (\$290,000) and special assessments (\$428,000).

Waste Management

The 1986 Legislature established a volunteer siting process for a hazardous waste stabilization and containment facility. Under the legislation (1986 Laws, Chapter 425), counties negotiating with the Waste Management Board for a hazardous waste facility will receive up to \$48,000 per year in additional local government aid. Counties that have executed a contract may receive up to \$150,000 per year in additional local government aid. As a part of the act, the four sites chosen by the Waste Management Board as possible hazardous waste disposal facilities will be eliminated from consideration.

The 1986 Governor's unallotments reduced funding to the Pollution Control Agency by \$2.4 million, a 2.9 percent reduction in total funding for the biennium. Of the total, \$2.2 million was unallotted from the motor vehicle transfer fund appropriation and will be transferred to the general fund. The remaining \$240,900 was in general fund budget reductions.

The Waste Management Board is unallotted \$322,800, which is a decrease of 8.8 percent in total funding for the biennium.

F. PROTECTION OF PERSONS AND PROPERTY

Department of Commerce

The Legislature made changes during the 1986 Session that affect two areas of major responsibility of the Department of Commerce.

Interstate bank holding companies headquartered in four other states will be allowed to purchase a controlling interest in banks located in Minnesota. The holding companies must be located in either North Dakota, South Dakota, Iowa, or Wisconsin. The state of origin must allow Minnesota bank holding companies to make similar purchases. Entering holding companies must demonstrate that the purchase will bring net new funds into the state. They are also required to offer basic services transaction accounts; these provide minimal service transactions and are often referred to as "lifeline accounts."

The second major change addressed the current crisis in the insurance industry. The Legislature authorized the department to form a joint underwriting association to assure the availability

of liability insurance to service providers such as day care centers, foster homes, and developmental activity centers. Other provisions of the bill include limitations on municipal liability, additional reporting requirements for insurance companies, and certain tort reforms limiting non-economic damages and changing the treatment of collateral sources of income.

Public Safety

The 1986 Legislature enacted mandatory seat belt legislation for all drivers, front seat passengers, and children under age 11 in any seat of an automobile, van, pick-up truck, or recreational vehicle. The law (Chapter 310) provides that a driver or passenger of a vehicle found in violation of the seat belt requirement will receive a safety warning with no fine or recording of the violation. Exceptions to the seat belt requirement are granted for farm work, medically unfit persons, cars manufactured with-

out seat belts, all seat belts taken by other passengers, rural mail carriers, persons making frequent stops while working, and a vehicle operated in reverse. The seat belt requirement takes effect August 1, 1986.

The Legislature increased the age for drinking alcohol from 19 to 21, effective September 1, 1986. The law applies to anyone turning 19 on September 1 or thereafter; 19-to-21 year-olds who could drink alcohol under the old law are grandfathered in. The measure is expected to result in a \$300,000 revenue loss due to lower liquor tax collections.

Unemployment Insurance

An unemployment insurance bill that made major changes in Minnesota's unemployment insurance system was passed by the Legislature during the 1986 Session but was vetoed by the

Governor. The unemployment insurance bill included the following changes in the benefit structure:

It increased the labor force attachment required to qualify for benefits; it created an alternative qualification criteria for permanent part-time workers; it revised the weekly benefit amount calculation to reflect annual rather than weekly wages; and it provided for extended benefits for people laid off as a result of plant closings. On the revenue side, the unemployment insurance bill eliminated the split wage base over a two-year period, reduced the minimum tax, and instituted a 10 percent solvency surtax.

The unemployment insurance bill also transferred responsibility for unemployment insurance appeals from the Department of Jobs and Training to the Office of Administrative Hearings.

G. PUBLIC EMPLOYEES COMPENSATION AND PENSIONS

Pensions

The Legislature made several changes to the public employee pension laws in the 1986 Session. It amended the rule of 85 for members of MSRS, PERA, TRA, and first class cities to allow people who qualify for the rule of 85 by December 31, 1986, to work through June 30, 1987. The rule of 85 provides retirement benefits for persons whose age and time of services total 85 years or more. Eligibility requirements in all plans for the surviving spouse "death while eligible benefits" were changed from 55 years of age with ten years of service to 50 years of age with ten years of service. In addition, a 1986 pension provision allows retirees to remain in an employer's health insurance group plan by paying both the employer and the employee portions of the group rate premium.

Another 1986 law, Chapter 359, provides financial safeguards to protect police and fire pensions. It requires the state auditor to conduct annual audits of police and fire relief associations unless the auditor determines that an annual audit is not necessary. It also stipulates that local associations must file annual compliance reports, that association treasurers be bonded, and that association boards include two municipally-appointed members.

Salaries

The 1986 Legislature ratified the labor contracts entered into in 1985 by the state and the exclusive representatives of state employees. It also ratified the Managerial Plan which covers employees in all positions identified as "managerial" by the Department of Employee Relations and the Commissioners Plan which covers all unrepresented, non-managerial state employees (except unclassified employees of the legislative and judicial branches).

The Governor's recommendations for agency head salaries were amended and then approved by the 1986 Legislature. The amendment limited agency heads to a maximum 4 percent increase in FY 1986 and had the effect of reducing the salaries of eight commissioners. Agency head salaries for FY 1986 are as follows:

AGENCY HEAD SALARIES

	1986 Ratified Salary	Percentage Increase over 7/1/84
Finance	\$70,000	1.49%
Education	68,640	4
Transportation	70,000	1.49
Human Services	62,494**	4
Investment Board	70,000	3%
Administration	60,000*	0
Agriculture	59,774	4
Commerce	59,774	4
Corrections	59,774	4
Economic Security	59,774	4
Employee Relations	59,774	4
Energy & Econ. Dev.	60,000*	0
Health	59,774	4
Labor & Industry	59,774	4
Natural Resources	59,774	4
Revenue	60,000*	0
Public Safety	59,774	4
Waste Management Board	54,340	4
Chief Admin. Law Judge	57,060**	4
Pollution Control	59,774	4
State Planning Agency	60,000*	0
Housing Finance Agency	59,774	4
Teachers Retirement Assn.	59,774	4
MN State Retirement System	59,774	4
Human Rights	52,000	4
Public Service	52,000	4
Veterans Affairs	48,100**	4
Bureau of Mediation Services	52,000	4
Public Utilities Comm.	44,850**	4
Public Utilities Comm.	44,850**	4
Public Utilities Comm.	44,850**	4
Public Utilities Comm.	44,850**	4
Public Utilities Comm.	44,850**	4
Transportation Reg. Bd.	44,850	4
Transportation Reg. Bd.	44,850	4
Transportation Reg. Bd.	44,850	4
Full Productivity & Opportunity	59,774	0
Public Employees Retirement Assn.	59,774	4
Metropolitan Council	52,000	4
Jobs & Training	59,774	4
Reg. Transit Bd.	52,000	4
Metropolitan Airport Comm.	16,640	4
Metropolitan Waste Control	20,800	4

*at top of range

**amended by 1986 law

V. STATE DEBT AND CAPITAL EXPENDITURES

State general obligation bonding authorized by the Legislature during the 1986 Session was \$86 million.

Chapter 383 authorized \$16 million for the Reinvest in Minnesota program. The Department of Agriculture will receive \$10 million in bond sale proceeds for conservation projects. The Department of Natural Resources will receive \$3.5 million for fish and wildlife habitat management and aspen recycling. The department will receive an additional \$2.5 million for private sector matching for fish and wildlife habitat improvement.

Chapter 398 authorized \$50 million for the purposes of the

rural finance administration. This is to be used to back revenue bonds issued by the administration.

Special Session, Chapter 2, authorized \$20 million for the family farm security program. The proceeds are to be used to pay lenders the 90 percent state guarantee on defaulted loans.

Transfers out of the general fund for debt service will be \$22.6 million lower than the amount appropriated during the 1985 session. The original appropriation was not changed by the Legislature.

VI. UNALLOTMENTS

As required under statute, the Commissioner of Finance instituted budgetary unallotments of \$109.8 million. This followed the legislative action taken during the Special Session and was necessary to balance the budget. If revenue estimates improve, the commissioner has the authority to reallocate these funds prior to the end of the biennium.

Unallotments in the health and human services area amounted to \$42.6 million. The bulk of the cuts, \$34.7 million, were in the Department of Human Services (DHS). Medical programs (Medical Assistance, General Assistance Medical Care, and Preadmission Screening/Alternative Care Grants) were reduced by almost \$18 million, mainly through revenue enhancement measures. The major items are \$5 million in Medical Assistance savings to be achieved by repealing the 20 percent federal benefit disregard; \$4 million in collections from nursing home escrow accounts; a \$1.7 million increase in estimates of state hospital collections; \$1.3 million from a special audits project aimed at Medical Assistance providers; and \$1 million from substituting generic drugs for name brands. Other DHS activities were reduced by more than \$16 million. The major items are a \$3.8 million reduction in equalization aid and administrative aid to counties; a \$3.8 million reduction in Community Social Services Act grants to counties; and a \$4.2 million savings to be achieved by a delay in filling state hospital positions.

The Department of Jobs and Training was reduced by \$3.7 million through a \$2.4 million general reduction, a \$1 million reduction in the appropriation for reorganizing the department, and a \$300,000 cut in economic opportunity funding.

The Office of Full Productivity and Opportunity was reduced by \$880,000, and the Hazardous Waste Victims Compensation Board received a general reduction of \$163,500.

The Department of Corrections was cut by \$3.1 million. The

cuts were achieved through a 1.5 percent across-the-board reduction, saving \$2.3 million, and a \$765,000 cut in Community Corrections Act funding.

The Minnesota Department of Health was cut by \$1.1 million, but \$1 million was transferred to the AIDS program and the cancer surveillance program, leaving a net reduction of \$83,800. The major cut was \$843,500 from the Community Health Services subsidy.

Unallotments in the Transportation and Semi-states area were \$7.1 million. The largest changes were cuts in the Agriculture Department (\$3.2 million), Public Safety (\$1.9 million), and the Historical Society (\$1.1 million). No other program had an appropriation unallotted more than \$285,000.

In State Departments, unallotments by the commissioner amounted to \$50.8 million. The largest cut was \$20 million in the Department of Energy and Economic Development. This amount included a \$17.5 million reduction from the Economic Development Authority and \$750,000 from the Agricultural Resources Loan Guarantee Board.

Other areas with major reductions include Housing Finance Agency (\$8.2 million), Department of Natural Resources (\$2.9 million), the Legislature (\$2.3 million), the Department of Administration (\$1.3 million), the Attorney General's Office (\$1.1 million), the Judicial branch (\$865,800), the Finance Department (\$672,100), State Planning (\$565,500), and Military Affairs (\$545,700). Other agencies received cuts of less than \$500,000.

Three other areas received major reductions. Debt service was lowered by \$6.2 million based on new estimates of need. Expenditures on repairs and betterments were reduced by \$6 million. Of this amount, \$2.3 million is from the Department of Administration and \$3.3 million is from Higher Education. The third area, salary supplements, was reduced by \$3 million.

VII. STATISTICS

The following statistical tables reflect appropriations as passed by the Legislature and revenue levels as determined by the Department of Finance at the close of the 1986 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 and Allotment Reductions by Function—All Funds

	1985 Legislature FY 1986-87	1986 Legislature FY 1986-87	Adjusted Appropriation FY 1986-87	Allotment Reduction ^(c)
Aids and Credits	\$ 2,399,035,700	\$(10,895,100)	\$ 2,388,140,600	
Education	4,821,184,398	(10,749,100)	4,810,435,298	(2,044,600)
Human Services, Corrections and Health	4,912,672,700	21,926,100	4,934,598,800	(39,857,900)
Transportation	2,090,852,800	(4,964,000)	2,085,888,800	(116,700)
Other State Government Functions	1,181,951,560	19,097,950	1,201,049,510	(47,736,900)
Miscellaneous	412,135,453 ^(a)	7,229,593	419,365,046	(31,447,117)
Total Appropriations	\$15,817,832,611^(a)	\$ 21,645,443^(b)	\$15,839,478,054	\$(121,203,217)

Table A
Summary of Appropriations and Allotment Reductions by Function—All Funds

	1985 Legislature FY 1986-87	1986 Legislature FY 1986-87	Adjusted Appropriation FY 1986-87	Allotment Reduction ^(c)
Aids and Credits	\$ 2,399,035,700	\$(10,895,100)	\$ 2,388,140,600	
Education				
Department of Education	\$ 46,608,300	\$ (2,458,600)	\$ 44,149,700	
Elementary and Secondary Education	2,579,571,698	(7,424,000)	2,572,147,698	
Higher Education Coordinating Board	135,862,700	(3,052,000)	132,810,700	\$ (2,044,600)
Vocational Technical Education	285,047,300	(3,587,700)	281,459,600	
Community Colleges	121,998,100	(63,600)	121,934,500	
State Universities	240,850,500	(1,673,600)	239,176,900	
University of Minnesota	708,565,400	(13,773,800)	694,791,600	
Mayo Medical Foundation	2,018,400	(50,500)	1,967,900	
Dedicated Revenues	399,299,500	21,334,700	420,634,200	
Subtotal Education	<u>\$ 4,519,821,898</u>	<u>\$(10,749,100)</u>	<u>\$ 4,509,072,798</u>	<u>\$ (2,044,600)</u>
Federal Funds	<u>\$ 301,362,500</u>		<u>\$ 301,362,500</u>	
Total Education	<u>\$ 4,821,184,398</u>	<u>\$(10,749,100)</u>	<u>\$ 4,810,435,298</u>	<u>\$ (2,044,600)</u>
Human Services, Corrections and Health				
Human Services	\$ 1,749,616,500	\$ 25,000	\$ 1,749,641,500	\$ (31,942,800)
Dedicated Revenues	417,476,000	3,108,800	420,584,800	
Jobs and Training	73,287,300	16,052,700	89,340,000	(4,580,000)
Corrections	175,608,200	1,686,300	177,294,500	(3,087,800)
Health	68,266,600	1,053,300	69,319,900	(247,300)
Subtotal Human Services, Corrections and Health	<u>\$ 2,484,254,600</u>	<u>\$ 21,926,100</u>	<u>\$ 2,506,180,700</u>	<u>\$ (39,857,900)</u>
Federal Funds	<u>\$ 2,428,418,100</u>		<u>\$ 2,428,418,100</u>	
Total Human Services, Corrections and Health	<u>\$ 4,912,672,700</u>	<u>\$ 21,926,100</u>	<u>\$ 4,934,598,800</u>	<u>\$ (39,857,900)</u>
Transportation				
Department of Transportation				
Highway Development and Operations	\$ 1,084,539,600		\$ 1,084,539,600	
Technical Services	72,055,000		72,055,000	
Public Transportation Assistance	56,596,700	\$(4,964,000)	51,632,700	
Program Management and General Support ..	61,138,200		61,138,200	\$ (116,700)
Aeronautics	23,338,400		23,338,400	
Less Federal Funds included above	(61,346,000)		(61,346,000)	
Subtotal Transportation	<u>\$ 1,236,321,900</u>	<u>\$ (4,964,000)</u>	<u>\$ 1,231,357,900</u>	<u>\$ (116,700)</u>

	1985 Legislature FY 1986-87	1986 Legislature FY 1986-87	Adjusted Appropriation FY 1986-87	Allotment Reduction ^(c)
Federal Funds				
Trunk Highway Development	\$ 432,000,000		\$ 432,000,000	
County Road and Bridge	311,500,000		311,500,000	
Federal Funds included in Highway Operations, Technical Services and Program Management ^(d)	61,346,000		61,346,000	
Other Transportation	49,684,900		49,684,900	
Total Federal Funds	\$ 854,530,900		\$ 854,530,900	
Total Transportation	\$ 2,090,852,800	\$ (4,964,000)	\$ 2,085,888,800	\$ (116,700)
Other State Government Functions				
Legislative	\$ 70,335,200	\$ 1,144,000	\$ 71,479,200	\$ (2,342,600)
Judicial	61,517,300	650,000	62,167,300	(875,900)
Constitutional Officers	43,277,800	691,400	43,969,200	(1,341,200)
Administrative Services	149,979,000	3,893,000	153,872,000	(2,634,400)
Agriculture	36,135,000	4,433,700	40,568,700	(3,335,700)
Resource Management	411,972,260	1,763,500	413,735,760	(32,312,200)
Protection of Persons and Property	267,195,200	6,522,350	273,717,550	(3,470,700)
Semi-State Activities	25,862,700		25,862,700	(1,424,200)
Subtotal Other State Government Functions	\$ 1,066,274,460	\$ 19,097,950	\$ 1,085,372,410	\$ (47,736,900)
Federal Funds	\$ 115,677,100		\$ 115,677,100	
Total Other State Government Functions	\$ 1,181,951,560 ^(a)	\$ 19,097,950	\$ 1,201,049,510	\$ (47,736,900)
Miscellaneous	\$ 409,355,453	\$ 7,229,593	\$ 416,585,046	\$ (31,447,117)
Miscellaneous Federal Funds	\$ 2,780,000		\$ 2,780,000	
Total Miscellaneous	\$ 412,135,453	\$ 7,229,593	\$ 419,365,046	
Total Appropriations—State Funds	\$12,115,064,011	\$ 21,645,443	\$12,136,709,454	\$(121,203,217)
Total Appropriations Federal Funds	\$ 3,702,768,600		\$ 3,702,768,600	
Total Appropriations	\$15,817,832,611^(a)	\$ 21,645,443^(b)	\$15,839,478,054	\$(121,203,217)

^(a) These appropriations are \$13,499,900 lower than they were in the 1985 session Fiscal Review. That amount, the appropriations for non-bonded repairs and betterments, was allocated to the previous biennium, because the law made the appropriation effective upon passage and the bill was signed into law prior to July 1, 1986—the start of the current biennium.

^(b) This \$21 million increase does not accurately reflect the appropriation levels. A cut of about \$80 million in trunk highway, municipal and county highway aid funds is not reflected in the appropriations because the Legislature did not change the appropriation authority for these funds in case user fees or other funds became available. This number also reflects about \$31 million in appropriations carried forward from the previous biennium (more than half of them in Human Services, Corrections, and Health); \$21 million in dedicated expenditures that will be covered by increased university and college tuition revenues; and \$3 million in dedicated expenditures covered by estimated increases in state hospital receipts. The legislative balancing also included a net \$25 million revenue gain through a tax compliance program.

^(c) The allotment reductions include those made under the budget balancing statute in April and also changed spending level estimates submitted with the Governor's proposed budget in January. The Legislature did not change the appropriations to match the estimates.

^(d) 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.

Table B
Itemized Appropriations and Allotment Reductions by Function—All Funds

	1985 Legislature FY 1986-87	1986 Legislature FY 1986-87	Adjusted Appropriation FY 1986-87	Allotment Reduction
Aids and Credits				
Property Tax Refund				
Renters	\$ 207,400,000		\$ 207,400,000	
Homeowners	134,700,000		134,700,000	
Agricultural Credit	233,722,300		233,722,300	
Aid to Local Governments	599,647,800		599,647,800	
Attached Machinery Aid				
School Districts	1,668,200		1,668,200	
Cities, Towns, Counties	4,763,600		4,763,600	
Homestead Credit				
School Districts	538,304,700		538,304,700	
Cities, Towns, Counties	564,924,000		564,924,000	
Supplemental Homestead Property Tax Relief	1,763,500		1,763,500	
Aid to Police and Fire Departments	53,208,000		53,208,000	
Local Police and Fire Amortization Aid	15,074,000		15,074,000	
Minneapolis Employees Retirement Fund	20,197,700		20,197,700	

	1985 Legislature FY 1986-87	1986 Legislature FY 1986-87	Adjusted Appropriation FY 1986-87	Allotment Reduction
Wetlands Credit and Reimbursement				
School Districts	643,500		643,500	
Cities, Towns, Counties	561,200		561,200	
Native Prairie Credit and Reimbursement				
School Districts	193,800		193,800	
Cities, Towns, Counties	168,800		168,800	
Payments in Lieu of Taxes—DNR Lands	9,322,400		9,322,400	
Disaster Credit				
School Districts	113,400		113,400	
Cities, Towns, Counties	121,100		121,100	
Agricultural Preservation Credit				
School Districts	390,900		390,900	
Cities, Towns, Counties	395,900		395,900	
Railroad Property Tax Relief	3,400,000		3,400,000	
Enterprise Zone Credit				
School Districts	741,100		741,100	
Cities, Towns, Counties	1,431,800		1,431,800	
Regional Transit Board Levy Reduction	2,500,000		2,500,000	
Leech Lake—White Earth Reservation	1,044,100		1,044,100	
Taconite Homestead Credit	2,633,900		2,633,900	
Changes in Aid and Credit Estimates		\$ (7,144,000)	(7,144,000)	
Minneapolis Employees Retirement Fund New Estimate		(3,751,100)	(3,751,100)	
Total Aids and Credits	<u>\$ 2,399,035,700</u>	<u>\$ (10,895,100)</u>	<u>\$ 2,388,140,600</u>	
Education				
Department of Education	\$ 46,608,300	\$ (2,458,600)	\$ 44,149,700	
Elementary and Secondary Education				
Foundation Aid	\$ 1,478,138,700		\$ 1,478,138,700	
Apportionment—Permanent School Fund	52,000,000		52,000,000	
Summer Programs	15,278,600	\$ (4,254,900)	11,023,700	
Transportation Aid	173,664,700	(1,949,100)	171,715,600	
Special Education Aid	292,235,100	(8,000)	292,227,100	
Limited English Proficiency	5,557,700		5,557,700	
Indian Language and Culture	1,173,500		1,173,500	
Secondary Vocational—Handicapped	7,140,300		7,140,300	
Secondary Vocational Education	42,748,700	(1,551,800)	41,196,900	
Teacher Retirement	411,689,700	(2,629,300)	409,060,400	
Community and Adult Education				
Community Education Aid	3,365,700		3,365,700	
Adult Education Aid	3,660,900		3,660,900	
Early Childhood Family Education	11,343,700	(3,500)	11,340,200	
Handicapped Adult Programs	600,000		600,000	
Technology and Educational Improvement				
Educational Effectiveness Programs	1,815,000	(90,700)	1,724,300	
Assessment Programs	833,000	(30,000)	803,000	
Planning, Evaluation and Reporting	1,044,500	(12,000)	1,032,500	
Educational Technology	5,792,600	(64,900)	5,727,700	
Miscellaneous Educational Improvement	2,954,800	(141,700)	2,813,100	
Other Education Aids				
Venture Fund	1,167,700	(100,000)	1,067,700	
Teacher Mobility Incentives				
Part-Time Teacher Benefits	118,000		118,000	
Extended Leaves of Absence	1,540,000		1,540,000	
Educational Cooperative Service Units	1,459,400		1,459,400	
Capital Expenditure Equalization	695,200		695,200	
Abatement Aid	9,886,000		9,886,000	
School Lunch Aid	9,250,000		9,250,000	
Gifted and Talented Students	2,713,100	(1,700)	2,711,400	
Chemical Use Programs	2,045,800		2,045,800	
Indian Education	340,928		340,928	
Nett Lake School	80,000		80,000	
Interdistrict Cooperation Aid	3,579,300		3,579,300	
Library Grants	10,389,000	(519,400)	9,869,600	
Aid to Non-Public Students	13,947,500		13,947,500	
Arts Education Aid and Grants	2,180,000	(10,000)	2,170,000	
Arts School and Resource Center	2,661,000	(133,000)	2,528,000	

	1985 Legislature FY 1986-87	1986 Legislature FY 1986-87	Adjusted Appropriation FY 1986-87	Allotment Reduction
Health Screening	1,409,400		1,409,400	
Maximum Effort Loan Fund	4,975,600		4,975,600	
Miscellaneous	96,570		96,570	
Changes in Education Aid Estimates		4,076,000	4,076,000	
Total Elementary and Secondary Education ..	<u>\$ 2,579,571,698</u>	<u>\$ (7,424,000)</u>	<u>\$ 2,572,147,698</u>	
Higher Education Coordinating Board				
Agency Administration	\$ 4,721,700	\$ (20,000)	\$ 4,701,700	
State Scholarships and Grants	112,100,000	(1,500,000)	110,600,000	\$ (1,700,000)
Interstate Tuition Reciprocity	6,800,000	(1,000,000)	5,800,000	
State Work Study	8,857,200		8,857,200	
Income Contingent Loans	620,000	(450,000)	170,000	
Medical Student Loans	95,000	(32,000)	63,000	
Minitex Library Program	1,648,900		1,648,900	
Enterprise Development Partnerships	600,000	(50,000)	550,000	
Teacher Education Study	150,000		150,000	
Instructional Technology Policy	200,000		200,000	
Secondary Student Information	69,900		69,900	
General Reduction ^(a)				(344,600)
Total Higher Education Coordinating Board	<u>\$ 135,862,700</u>	<u>\$ (3,052,000)</u>	<u>\$ 132,810,700</u>	<u>\$ (2,044,600)</u>
Vocational Technical Education	\$ 285,047,300	\$ (6,004,400)	\$ 279,042,900	
Hazardous Substances Training Certification ...		(15,000)	(15,000)	
Farm Business Management Programs		1,350,000	1,350,000	
Sweet Sorghum Research		60,000	60,000	
FY 1985 Carryforward		1,021,700	1,021,700	
Total Vocational Technical Education	<u>\$ 285,047,300</u>	<u>\$ (3,587,700)</u>	<u>\$ 281,459,600</u>	
Community Colleges	\$ 121,998,100	\$ (2,887,300)	\$ 119,110,800	
FY 1985 Carryforward		2,823,700	2,823,700	
Total Community Colleges	<u>\$ 121,998,100</u>	<u>\$ (63,600)</u>	<u>\$ 121,934,500</u>	
State Universities	\$ 240,850,500	\$ (5,758,400)	\$ 235,092,100	
FY 1985 Carryforward		4,084,800	4,084,800	
Total State Universities	<u>\$ 240,850,500</u>	<u>\$ (1,673,600)</u>	<u>\$ 239,176,900</u>	
University of Minnesota				
Operations and Maintenance	\$ 583,050,600	\$(13,368,000)	\$ 569,682,600	
Special Appropriations Reduction		(2,420,800)	(2,420,800)	
Agricultural Extension Service	23,770,800		23,770,800	
Farm Mediation Credit Analysts		360,000	360,000	
Farm Support Projects		1,250,000	1,250,000	
Extension Service Retrenchment		115,000	115,000	
Agricultural Research	24,733,200		24,733,200	
Water Quality Research		250,000	250,000	
Wild Rice Research		40,000	40,000	
Veterinary Diagnostic Laboratory	2,494,500		2,494,500	
Coleman Leukemia Research Center	461,600		461,600	
Indigent Patients	3,400,000		3,400,000	
Rural Physicians Associates Program	1,078,100		1,078,100	
Medical Research	4,398,000		4,398,000	
Special Hospitals, Service and Educational Offset	27,186,800		27,186,800	
China Center	157,500		157,500	
Fellowships—Minority and Disadvantaged	105,100		105,100	
General Research	3,997,400		3,997,400	
Intercollegiate Athletics	5,720,900		5,720,900	
Student Loans Matching Money	195,000		195,000	
Talented Youth Mathematics	405,600		405,600	
Geological Survey	1,818,400		1,818,400	
Mineral Resources Research Center	1,457,700		1,457,700	
Natural Resources Research Institute	4,723,300		4,723,300	
Plant Biomass Research	277,600		277,600	
Sea Grant College Program	580,400		580,400	
Underground Space Center	420,200		420,200	
Biotechnology Center	1,132,500		1,132,500	
Hormel Institute	741,300		741,300	
Industrial Relations Education	1,302,700		1,302,700	

	1985 Legislature FY 1986-87	1986 Legislature FY 1986-87	Adjusted Appropriation FY 1986-87	Allotment Reduction
Institute for Human Genetics	785,000		785,000	
Lake Superior Basin Studies	281,100		281,100	
Microelectronics and Information Science	1,259,700		1,259,700	
Productivity Center	630,400		630,400	
Supercomputer Institute	12,000,000		12,000,000	
Total University of Minnesota	\$ 708,565,400	\$(13,773,800)	\$ 694,791,600	
Mayo Medical Foundation	\$ 2,018,400	\$ (50,500)	\$ 1,967,900	
Education Dedicated Expenditures				
Tuition and Course Fees				
University of Minnesota	\$ 235,235,700	\$ 2,821,000	\$ 238,056,700	
State University Board	110,760,400	10,491,600	121,252,000	
Community Colleges	53,303,400	8,022,100	61,325,500	
Total Dedicated Expenditures	\$ 399,299,500	\$ 21,334,700	\$ 420,634,200	
Subtotal Education	\$ 4,519,821,898	\$(10,749,100)	\$ 4,509,072,798	\$ (2,044,600)
Federal Funds	\$ 301,362,500		\$ 301,362,500	
Total Education	\$ 4,821,184,398	\$(10,749,100)	\$ 4,810,435,298	\$ (2,044,600)
Human Services, Corrections and Health				
<i>2,579,571</i> <i>2,431,563,328</i>				
Department of Human Services				
Human Services Management	\$ 2,970,000		\$ 2,970,000	\$ (1,100,000)
Support Services	29,981,000		29,981,000	(3,823,000)
Social Services				
Community Social Services Subsidies	102,444,200		102,444,200	(3,797,100)
Aging, Blind and Deaf Services	14,266,500		14,266,500	(1,915,000)
Social Services Support	25,132,200		25,132,200	
Income Maintenance				
Public Assistance (AFDC, GA, MSA)	296,290,500		296,290,500	(900,000)
MA, GAMC and Preadmission Screening	840,540,200		840,540,200	(15,080,500)
Income Maintenance Support	43,267,400		43,267,400	
Mental Health				
State Hospitals	317,715,000		317,715,000	(4,192,200)
Nursing Homes	37,010,400		37,010,400	
Mental Health Support	39,895,700		39,895,700	(1,135,000)
Other Human Services				
Child Protection Worker Training	53,400		53,400	
Transitional Care Study	50,000		50,000	
FY 1985 Carryforward		\$ 25,000	25,000	
Subtotal Human Services Department	\$ 1,749,616,500	\$ 25,000	\$ 1,749,641,500	\$ (31,942,800)
Dedicated Expenditures				
County Reimbursement	\$ 121,926,000	\$ 298,400	\$ 122,224,400	
Hospital Revolving Account	285,250,000	1,730,400	286,980,400	
Miscellaneous	10,300,000	1,080,000	11,380,000	
Total Dedicated Expenditures	\$ 417,476,000	\$ 3,108,800	\$ 420,584,800	
Total Department of Human Services	\$ 2,167,092,500	\$ 3,133,800	\$ 2,170,226,300	\$ (31,942,800)
Department of Jobs and Training				
Jobs Program	\$ 27,000,000		\$ 27,000,000	\$ (880,000)
Vocational Rehabilitation Services	36,160,600		36,160,600	
Training and Community Services	2,736,200		2,736,200	(300,000)
Program and Management Support	300,000		300,000	
Employment Programs	6,250,500		6,250,500	
Temporary Housing Demonstration	340,000		340,000	
General Reduction ^(a)				(3,400,000)
FY 1985 Carryforward		\$ 15,875,500	15,875,500	
Total Department of Jobs and Training	\$ 72,787,300	\$ 15,875,500	\$ 88,662,800	\$ (4,580,000)
Job Skills Partnership Board	\$ 500,000		\$ 500,000	
FY 1985 Carryforward		\$ 177,200	177,200	
Total Job Skills Partnership Board	\$ 500,000	\$ 177,200	\$ 677,200	
Department of Corrections				
Management Services	\$ 6,634,600		\$ 6,634,600	

	1985 Legislature FY 1986-87	1986 Legislature FY 1986-87	Adjusted Appropriation FY 1986-87	Allotment Reduction
Community Services Support	18,104,700		18,104,700	
Community Corrections Act	25,302,800		25,302,800	\$ (765,000)
Correctional Institutions	124,570,900		124,570,900	
General Reduction ^(a)				(2,322,800)
FY 1985 Carryforward		\$ 1,686,300	1,686,300	
Total Department of Corrections	\$ 174,613,000	\$ 1,686,300	\$ 176,299,300	\$ (3,087,800)
Sentencing Guidelines Commission	\$ 377,200		\$ 377,200	
Corrections Ombudsman	\$ 618,000		\$ 618,000	
Department of Health				
Preventive and Protective Health Services	\$ 10,823,500		\$ 10,823,500	\$ 872,500
Health Delivery Systems	16,918,100		16,918,100	
Community Health Services Subsidy	24,053,000		24,053,000	(843,500)
Health Support Services	5,097,600		5,097,600	
Smoking Prevention Programs	2,657,900		2,657,900	
Lead Contamination Prevention	396,000		396,000	
Maternal and Child Health Block Grants	2,300,000		2,300,000	
General Reduction ^(a)	(682,000)		(682,000)	(112,800)
Hazardous Substance Injury Compensation Fund	2,000,000		2,000,000	(163,500)
FY 1985 Carryforward		\$ 1,053,300	1,053,300	
Total Department of Health	\$ 63,564,100	\$ 1,053,300	\$ 64,617,400	\$ (247,300)
Health Related Boards	\$ 4,702,500		\$ 4,702,500	
Subtotal Human Services, Corrections and Health	\$ 2,484,254,600	\$ 21,926,100	\$ 2,506,180,700	\$ (39,857,900)
Federal Funds	\$ 2,428,418,100		\$ 2,428,418,100	
Total Human Services, Corrections and Health	\$ 4,912,672,700	\$ 21,926,100	\$ 4,934,598,800	\$ (39,857,900)
Transportation				
Department of Transportation				
Highway Development				
Trunk Highway Development ^(b)	\$ 234,812,300		\$ 234,812,300	
County State Aids ^(b)	371,800,000		371,800,000	
Municipal State Aids ^(b)	121,400,000		121,400,000	
Highway Debt Service	32,701,000		32,701,000	
Highway Operations				
Maintenance	218,834,100		218,834,100	
Maintenance Preservation	14,666,200		14,666,200	
Construction Support	90,326,000		90,326,000	
Total Highway Development and Operations ..	\$ 1,084,539,600		\$ 1,084,539,600	
Technical Services				
Engineering Services	\$ 46,984,900		\$ 46,984,900	
Engineering Development	16,226,600		16,226,600	
State Aid Technical Assistance	1,613,900		1,613,900	
Electronic Communications	4,325,900		4,325,900	
Environmental Services	2,903,700		2,903,700	
Total Technical Services	\$ 72,055,000		\$ 72,055,000	
Public Transportation Assistance				
Nonmetropolitan Transit Assistance	\$ 10,447,000	\$ (1,013,000)	\$ 9,434,000	
Metropolitan Transit Assistance	31,850,800	(3,951,000)	27,899,800	
Regional Transit Board	2,165,000		2,165,000	
Metro Mobility	11,000,000		11,000,000	
Transit Administration	1,133,900		1,133,900	
Total Public Transportation Assistance	\$ 56,596,700	\$ (4,964,000)	\$ 51,632,700	
Program Management				
Highway Programs	\$ 3,203,000		\$ 3,203,000	
Motor Carrier Safety and Compliance	1,919,400		1,919,400	
Railroads and Waterways	1,701,700		1,701,700	
Transportation Information and Support	5,192,200		5,192,200	
General Reduction ^(a)				(116,700)
Total Program Management	\$ 12,016,300		\$ 12,016,300	\$ (116,700)

	1985 Legislature FY 1986-87	1986 Legislature FY 1986-87	Adjusted Appropriation FY 1986-87	Allotment Reduction
General Support				
Finance and Administration	\$ 15,030,800		\$ 15,030,800	
General Services	11,828,400		11,828,400	
Equipment	19,375,000		19,375,000	
Attorney General Legal Services	1,951,900		1,951,900	
Total General Support	<u>\$ 48,186,100</u>		<u>\$ 48,186,100</u>	
Aeronautics				
Operations	\$ 4,004,200		\$ 4,004,200	
Development and Assistance	18,575,500		18,575,500	
Pine Creek Airport	75,700		75,700	
Air Transportation Services	683,000		683,000	
Total Aeronautics	<u>\$ 23,338,400</u>		<u>\$ 23,338,400</u>	
Transportation Regulation Board	<u>\$ 935,800</u>		<u>\$ 935,800</u>	
Federal Funds included in Highway Operations, Technical Services and Program Management	<u>\$ (61,346,000)</u>		<u>\$ (61,346,000)</u>	
Subtotal Transportation	<u>\$ 1,236,321,900</u>	<u>\$ (4,964,000)</u>	<u>\$ 1,231,357,900</u>	<u>\$ (116,700)</u>
Federal Funds				
Federal Trunk Highway Development Funds ..	\$ 432,000,000		\$ 432,000,000	
Federal County Road and Bridge Funds	311,500,000		311,500,000	
Federal Funds in Highway Operations, Technical Services and Program Management	61,346,000		61,346,000	
Federal Funds—Other Transportation	49,684,900		49,684,900	
Total Federal Funds	<u>\$ 854,530,900</u>		<u>\$ 854,530,900</u>	
Total Transportation	<u>\$ 2,090,852,800</u>	<u>\$ (4,964,000)</u>	<u>\$ 2,085,888,800</u>	<u>\$ (116,700)</u>
Other State Government Functions				
Legislative				
Legislature				
Senate	\$ 21,400,000		\$ 21,400,000	\$ (768,000)
House	31,140,700		31,140,700	(600,000)
Legislative Coordinating Commission	547,900		547,900	(174,200)
Legislative Reference Library	1,545,900		1,545,900	(54,300)
Revisor of Statutes	2,774,300		2,774,300	
Legislative Audit Commission	24,800		24,800	
Legislative Auditor	5,716,900		5,716,900	(209,300)
Legislative Commissions				
Economic Status of Women	225,100		225,100	(7,900)
Economic Development Strategy	170,000		170,000	(170,000)
Employee Relations	175,000		175,000	(6,100)
Energy	50,000		50,000	(32,100)
Great Lakes	73,100		73,100	(17,000)
Minnesota Resources	595,100	\$ 200,000	795,100	(195,600)
Mississippi River Parkway	39,000		39,000	(1,400)
Pensions and Retirement	1,205,000		1,205,000	(42,100)
Public Education	100,000		100,000	(50,000)
Review of Administrative Rules	199,800		199,800	(7,100)
Waste Management	214,600		214,600	(7,500)
Legislative Retirement Contribution	4,138,000		4,138,000	
FY 1985 Carryforward		944,000	944,000	
Total Legislative	<u>\$ 70,335,200</u>	<u>\$ 1,144,000</u>	<u>\$ 71,479,200</u>	<u>\$ (2,342,600)</u>
Judicial				
Supreme Court	\$ 7,182,700		\$ 7,182,700	\$ (304,000)
State Court Administrator	5,784,700		5,784,700	
State Law Library	1,249,000		1,249,000	
Family Farm Legal Assistance		\$ 650,000	650,000	
Court of Appeals	5,911,900		5,911,900	(126,400)
Trial Courts	30,815,200		30,815,200	(304,400)
District Court Administrators	1,171,900		1,171,900	
Board on Judicial Standards	300,500		300,500	(10,700)
Board of Public Defense	1,086,900		1,086,900	(35,600)

	1985 Legislature FY 1986-87	1986 Legislature FY 1986-87	Adjusted Appropriation FY 1986-87	Allotment Reduction
Public Defender	2,615,000		2,615,000	(86,700)
Tax Court	770,500		770,500	(8,100)
Judges Retirement Contribution	4,629,000		4,629,000	
Total Judicial	<u>\$ 61,517,300</u>	<u>\$ 650,000</u>	<u>\$ 62,167,300</u>	<u>\$ (875,900)</u>
Constitutional Officers				
Governor				
Executive Operations	\$ 4,052,100		\$ 4,052,100	\$ (157,900)
Interstate Representation and Cooperation	139,000		139,000	
Fond du Lac Campus Study		\$ 50,000	50,000	
FY 1985 Carryforward		88,000	88,000	
Total Governor	<u>\$ 4,191,100</u>	<u>\$ 138,000</u>	<u>\$ 4,329,100</u>	<u>\$ (157,900)</u>
Lieutenant Governor	<u>\$ 505,500</u>		<u>\$ 505,500</u>	
Secretary of State				
Elections and Publications	\$ 712,800		\$ 712,800	
Uniform Commercial Code	259,000		259,000	
Business Services	1,061,300		1,061,300	
Administration	630,000		630,000	
Fiscal Operations	218,500		218,500	
Data Services	375,200		375,200	
Total Secretary of State	<u>\$ 3,256,800</u>		<u>\$ 3,256,800</u>	
State Auditor	<u>\$ 872,000</u>		<u>\$ 872,000</u>	
State Treasurer	<u>\$ 326,300</u>		<u>\$ 326,300</u>	
Attorney General				
Public Administration	\$ 2,595,600		\$ 2,595,600	
Public Resources	7,453,100		7,453,100	
Public Assistance	4,110,400		4,110,400	
Public Protection	8,874,700		8,874,700	
Legal Policy and Administration	7,873,100		7,873,100	
General Reduction ^(a)				\$ (1,116,400)
FY 1985 Carryforward		553,400	553,400	
Total Attorney General	<u>\$ 30,906,900</u>	<u>\$ 553,400</u>	<u>\$ 31,460,300</u>	<u>\$ (1,116,400)</u>
Constitutional Officers Retirement	<u>\$ 244,000</u>		<u>\$ 244,000</u>	
Investment Board	<u>\$ 2,975,200</u>		<u>\$ 2,975,200</u>	<u>\$ (66,900)</u>
Subtotal Constitutional Officers	<u>\$ 43,277,800</u>	<u>\$ 691,400</u>	<u>\$ 43,969,200</u>	<u>\$ (1,341,200)</u>
Federal Funds	<u>\$ 944,100</u>		<u>\$ 944,100</u>	
Total Constitutional Officers	<u>\$ 44,221,900</u>	<u>\$ 691,400</u>	<u>\$ 44,913,300</u>	<u>\$ (1,341,200)</u>
Administrative Services				
Office of Administrative Hearings	<u>\$ 3,584,000</u>		<u>\$ 3,584,000</u>	
Department of Administration				
State Agency Services	\$ 7,881,300		\$ 7,881,300	
Information Services	15,367,100		15,367,100	
General Services	11,807,500		11,807,500	
Administrative Services	6,213,700		6,213,700	
Commissioner's Office	1,903,900		1,903,900	
General Reduction ^(a)				\$ (1,308,400)
Total Department of Administration	<u>\$ 43,173,500</u>		<u>\$ 43,173,500</u>	<u>\$ (1,308,400)</u>
Capitol Area Architectural and Planning Board ..	<u>\$ 265,200</u>		<u>\$ 265,200</u>	
Department of Finance				
Accounting Operations	\$ 8,456,400		\$ 8,456,400	
Budget Analysis and Operations	2,824,000		2,824,000	
Fiscal Management and Administration	3,077,200		3,077,200	
Rural Finance Administration		238,000	238,000	
FINPAC		72,500	72,500	
General Reduction ^(a)				\$ (672,100)
Total Department of Finance	<u>\$ 14,357,600</u>	<u>\$ 310,500</u>	<u>\$ 14,668,100</u>	<u>\$ (672,100)</u>
Department of Employee Relations				
Administration	\$ 2,343,800		\$ 2,343,800	
Equal Opportunity	312,000		312,000	

	1985 Legislature FY 1986-87	1986 Legislature FY 1986-87	Adjusted Appropriation FY 1986-87	Allotment Reduction
Labor Relations	856,200		856,200	
Personnel	4,467,600		4,467,600	
Social Security Administrative Cost	118,000		118,000	\$ (453,900)
General Reduction ^(a)				\$ (453,900)
Total Department of Employee Relations ...	\$ 8,097,600		\$ 8,097,600	
Department of Revenue				
Revenue Management	\$ 30,733,000		\$ 30,733,000	
Income Sales and Use Tax	39,019,100		39,019,100	
Property and Special Taxes	9,341,900		9,341,900	
Assessors Board	163,500		163,500	
Omnibus Tax Bill—Administrative	138,600		138,600	
Delinquent Taxes and Seized Property	1,105,000	\$ (12,000)	1,093,000	
Tax Compliance Initiatives		3,274,500	3,274,500	
Income Tax Model		120,000	120,000	
Ethanol Development Fund		200,000	200,000	\$ (200,000)
General Reduction ^(a)				\$ (200,000)
Total Department of Revenue (Admin.)	\$ 80,501,100	\$ 3,582,500	\$ 84,083,600	\$ (200,000)
Total Administrative Services	\$ 149,979,000	\$ 3,893,000	\$ 153,872,000	\$ (2,634,400)
Agriculture				
Department of Agriculture				
Agricultural Protection Services	\$ 8,100,200		\$ 8,100,200	
Livestock Buyers Registration	300,000		300,000	
Agricultural Promotion Services	2,544,500		2,544,500	\$ (347,500)
Family Farm Security Interest Payment	6,055,800	\$ 3,160,000	9,215,800	(1,400,000)
Farm Crisis Assistance	141,500	300,000	441,500	
Family Farm Security Income Tax Adjustment		740,000	740,000	
Administration and Financial Aids Services ...	5,839,500		5,839,500	(157,400)
Soil and Water Conservation	6,945,800		6,945,800	
International Trade	3,143,200		3,143,200	(156,000)
African Famine Relief Grants	125,000		125,000	
General Reduction ^(a)				(1,181,200)
FY 1985 Carryforward		233,700	233,700	
Total Department of Agriculture	\$ 33,195,500	\$ 4,433,700	\$ 37,629,200	\$ (3,242,100)
Board of Animal Health	\$ 2,939,500		\$ 2,939,500	\$ (93,600)
Federal Funds	\$ 1,746,900		\$ 1,746,900	
Total Agriculture	\$ 37,881,900	\$ 4,433,700	\$ 42,315,600	\$ (3,335,700)
Resource Management				
Department of Natural Resources				
Administrative Management Services	\$ 11,625,900		\$ 11,625,900	\$ (253,000)
Regional Administration	7,882,200		7,882,200	
Field Services Support	11,496,800		11,496,800	(992,000)
Water Resources Management	7,351,600		7,351,600	
Mineral Resources Management	7,857,600		7,857,600	
Forest Management	37,843,500		37,843,500	(415,500)
Fish Management	22,823,600		22,823,600	
Wildlife Management	20,329,500		20,329,500	36,300
Ecological Services	2,050,200		2,050,200	
Parks and Recreation Management	23,403,400		23,403,400	(345,000)
Enforcement	18,473,500		18,473,500	
Planning and Research	2,215,300		2,215,300	
Youth Programs	1,490,000		1,490,000	
Trails and Waterways Management	12,059,900		12,059,900	
Special Services	3,522,000		3,522,000	
Minnesota Environmental Education Board ...	551,400		551,400	
Attorney General Legal Services	425,000		425,000	
All Terrain Vehicles		475,000	475,000	
Fish and Wildlife Research Center		100,000	100,000	
Fleet Liability Insurance Increase				290,000
Special Assessments				428,000
General Reduction ^(a)				(1,579,000)
FY 1985 Carryforward		1,072,200	1,072,200	
Total Department of Natural Resources	\$ 191,401,400	\$ 1,647,200	\$ 193,048,600	\$ (2,830,200)

	1985 Legislature FY 1986-87	1986 Legislature FY 1986-87	Adjusted Appropriation FY 1986-87	Allotment Reduction
Zoological Board	\$ 9,302,600		\$ 9,302,600	
Water Resources Board	\$ 249,900		\$ 249,900	
Pollution Control Agency				
Water Pollution	\$ 5,142,800		\$ 5,142,800	
Combined Sewer Overflow	13,500,000		13,500,000	
Wastewater Treatment Grants	41,600,000		41,600,000	
Air Pollution	2,435,100		2,435,100	
Solid and Hazardous Waste	18,878,200		18,878,200	
Solid Waste Resource Recovery	600,000		600,000	
General Support	2,325,500		2,325,500	
Lead Contamination Prevention	404,000		404,000	
Attorney General Legal Services	314,000		314,000	
General Reduction ^(a)				\$ (240,900)
FY 1985 Carryforward		35,000	35,000	
Total Pollution Control Agency	85,199,600	35,000	85,234,600	(240,900)
Waste Management Board	\$ 3,668,800		\$ 3,668,800	(322,800)
Energy and Economic Development				
Energy	\$ 2,966,900		\$ 2,966,900	
Economic Development	6,088,800		6,088,800	
Tourism	10,418,200		10,418,200	
Administration	1,499,100		1,499,100	
Community Development	16,810,800		16,810,800	
Science and Technology	2,782,300		2,782,300	
Financial Management	18,999,500		18,999,500	\$ (750,000)
Economic Diversification Assistance	8,800,000		8,800,000	
IDB Application Deposit Refunds	46,060		46,060	
Policy Analysis	1,336,000		1,336,000	
General Reduction ^(a)				(19,250,000)
FY 1985 Carryforward		32,200	32,200	
Total Energy and Economic Development ..	\$ 69,747,660	\$ 32,200	\$ 69,779,860	\$ (20,000,000)
World Trade Center Board	\$ 1,802,600		\$ 1,802,600	\$ (100,000)
FY 1985 Carryforward		43,300	43,300	
Total World Trade Center Board	\$ 1,802,600	\$ 43,300	\$ 1,845,900	\$ (100,000)
State Planning Agency	\$ 9,873,000		\$ 9,873,000	\$ (565,500)
FY 1985 Carryforward		5,800	5,800	
Total State Planning Agency	\$ 9,873,000	\$ 5,800	\$ 9,878,800	\$ (565,500)
Minnesota Housing Finance Agency	\$ 24,006,700		\$ 24,006,700	\$ (8,252,800)
Natural Resources Acceleration				
Department of Natural Resources	\$ 8,605,000		\$ 8,605,000	
Pollution Control Agency	1,455,000		1,455,000	
Energy and Economic Development	3,900,000		3,900,000	
Department of Health	900,000		900,000	
Department of Agriculture	95,000		95,000	
University of Minnesota	2,250,000		2,250,000	
Aeromagnetic Mapping	800,000		800,000	
Accelerated Soil Survey	2,450,000		2,450,000	
Minnesota Historical Society	345,000		345,000	
Federal Reimbursement Account	920,000		920,000	
General Reduction ^(a)	(5,000,000)		(5,000,000)	
Total Natural Resources Acceleration	\$ 16,720,000		\$ 16,720,000	
Subtotal Resource Management	\$ 411,972,260	\$ 1,763,500	\$ 413,735,760	\$ (32,312,200)
Federal Funds	\$ 79,575,700		\$ 79,575,700	
Total Resource Management	\$ 491,547,960	\$ 1,763,500	\$ 493,311,460	\$ (32,312,200)
Protection of Persons and Property				
Department of Public Safety				
Administration and Related Services	\$ 5,761,900		\$ 5,761,900	
Emergency Services	1,497,800		1,497,800	\$ (75,000)
Criminal Apprehension	20,474,900		20,474,900	
Fire Safety	3,287,900		3,287,900	

	1985 Legislature FY 1986-87	1986 Legislature FY 1986-87	Adjusted Appropriation FY 1986-87	Allotment Reduction
State Patrol	65,209,300		65,209,300	
Capitol Security	698,400		698,400	
Driver and Vehicle Licensing	54,577,900		54,577,900	
Liquor Licensing	1,282,700		1,282,700	
Ancillary Services	1,645,300		1,645,300	
Attorney General Legal Services	1,500,000		1,500,000	
Child Protection Worker Training	156,000		156,000	
Hazardous Substance Training Certification ..		\$ 15,000	15,000	
Child Abuse Prevention		75,000	75,000	
Fleet Registration of Vehicles		10,350	10,350	
General Reduction ^(a)				(1,805,000)
Total Department of Public Safety	\$ 156,092,100	\$ 100,350	\$ 156,192,450	\$ (1,880,000)
Department of Commerce				
Financial Examinations	\$ 5,463,000		\$ 5,463,000	
Registration and Licensing	2,846,700	\$ 50,000	2,896,700	
Policy Analysis and Insurance	3,334,500		3,334,500	
Administrative Services	2,874,300		2,874,300	
Enforcement	2,129,100		2,129,100	
Farm Loan Interest Buy-down		5,000,000	5,000,000	\$ (191,700)
General Reduction ^(a)				
FY 1985 Carryforward		1,372,000	1,372,000	
Total Department of Commerce	\$ 16,647,600	\$ 6,422,000	\$ 23,069,600	\$ (191,700)
Non-Health Related Boards	\$ 1,397,700		\$ 1,397,700	
Board of Electricity	\$ 1,468,200		\$ 1,468,200	
Board of Peace Officer Standards	\$ 2,906,900		\$ 2,906,900	\$ (148,700)
Public Utilities Commission	\$ 2,646,400		\$ 2,646,400	
Department of Public Service	\$ 7,635,200		\$ 7,635,200	\$ (15,500)
Racing Commission	\$ 1,654,900		\$ 1,654,900	
Charitable Gambling Control Board	\$ 1,000,000		\$ 1,000,000	\$ (14,800)
Ethical Practices Board	\$ 398,500		\$ 398,500	
Department of Labor and Industry				
Employment Standards	\$ 1,716,000		\$ 1,716,000	
Workers' Compensation Regulation and Enforcement	6,257,200		6,257,200	
Workers' Compensation State Employee Claims	3,619,000		3,619,000	
Workers' Compensation Special Compensation Fund	6,418,100		6,418,100	
Code Enforcement	2,266,900		2,266,900	
OSHA	2,277,100		2,277,100	
General Support	4,110,700		4,110,700	
Information Management Services	1,921,400		1,921,400	
General Reduction ^(a)				\$ (231,500)
Total Department of Labor and Industry	\$ 28,586,400		\$ 28,586,400	\$ (231,500)
Workers' Compensation Court of Appeals	\$ 936,800		\$ 936,800	
Bureau of Mediation Services	\$ 2,483,900		\$ 2,483,900	\$ (22,500)
Public Employment Relations Board	\$ 112,800		\$ 112,800	
Department of Military Affairs				
Maintenance of Military Training Facilities	\$ 8,840,300		\$ 8,840,300	
General Support	2,497,400		2,497,400	\$ (545,700)
General Reduction ^(a)				\$ (545,700)
Total Department of Military Affairs	\$ 11,337,700		\$ 11,337,700	\$ (545,700)
Department of Veterans Affairs				
Veterans Benefits and Services	\$ 4,853,000		\$ 4,853,000	
Minneapolis Veterans Home	16,046,900		16,046,900	
Hastings Veterans Home	4,507,400		4,507,400	
General Reduction ^(a)				\$ (420,300)
Total Department of Veterans Affairs	\$ 25,407,300		\$ 25,407,300	\$ (420,300)

	1985 Legislature FY 1986-87	1986 Legislature FY 1986-87	Adjusted Appropriation FY 1986-87	Allotment Reduction
Department of Human Rights				
Enforcement	\$ 3,248,100		\$ 3,248,100	
Administration	1,325,700		1,325,700	
Total Department of Human Rights	<u>\$ 4,573,800</u>		<u>\$ 4,573,800</u>	
Indian Affairs Council	<u>\$ 517,000</u>		<u>\$ 517,000</u>	
Council on Black Minnesotans	<u>\$ 244,000</u>		<u>\$ 244,000</u>	
Council on Asian-Pacific Minnesotans	<u>\$ 150,000</u>		<u>\$ 150,000</u>	
Council for the Handicapped	<u>\$ 754,600</u>		<u>\$ 754,600</u>	
Council of Affairs of Spanish-Speaking People ..	<u>\$ 243,400</u>		<u>\$ 243,400</u>	
Subtotal Protection of Persons and Property	<u>\$ 267,195,200</u>	<u>\$ 6,522,350</u>	<u>\$ 273,717,550</u>	<u>\$ (3,470,700)</u>
Federal Funds	<u>\$ 31,657,000</u>		<u>\$ 31,657,000</u>	
Total Protection of Persons and Property ...	<u>\$ 298,852,200</u>	<u>\$ 6,522,350</u>	<u>\$ 305,374,550</u>	<u>\$ (3,470,700)</u>
Semi-State Activities				
Minnesota Municipal Board	<u>\$ 431,000</u>		<u>\$ 431,000</u>	
Minnesota-Wisconsin Boundary Area Commission	<u>\$ 149,700</u>		<u>\$ 149,700</u>	
Uniform Laws Commission	<u>\$ 24,300</u>		<u>\$ 24,300</u>	
Voyageurs National Park Citizens Committee ...	<u>\$ 113,900</u>		<u>\$ 113,900</u>	
Minnesota Historical Society				
Historical Society Operations	\$ 16,762,400		\$ 16,762,400	\$ (726,200)
Repair and Betterment	648,600		648,600	
Historic Grant-In-Aid	693,800		693,800	
Fiscal Agent	265,800		265,800	
General Reduction ^(a)				(414,300)
Total Minnesota Historical Society	<u>\$ 18,370,600</u>		<u>\$ 18,370,600</u>	<u>\$ (1,140,500)</u>
Board of the Arts				
Administrative Services	\$ 740,000		\$ 740,000	
Subsidies and Grants	4,754,800		4,754,800	\$ (51,200)
General Reduction ^(a)				(232,500)
Total Board of the Arts	<u>\$ 5,494,800</u>		<u>\$ 5,494,800</u>	<u>\$ (283,700)</u>
Minnesota Humane Society	<u>\$ 48,000</u>		<u>\$ 48,000</u>	
Minnesota Horticultural Society	<u>\$ 135,800</u>		<u>\$ 135,800</u>	
Minnesota Academy of Science	<u>\$ 41,100</u>		<u>\$ 41,100</u>	
Science Museum of Minnesota	<u>\$ 842,100</u>		<u>\$ 842,100</u>	
Minnesota Safety Council	<u>\$ 101,400</u>		<u>\$ 101,400</u>	
Disabled American Veterans	<u>\$ 50,000</u>		<u>\$ 50,000</u>	
Veterans of Foreign Wars	<u>\$ 60,000</u>		<u>\$ 60,000</u>	
Subtotal Semi-State Activities	<u>\$ 25,862,700</u>		<u>\$ 25,862,700</u>	<u>\$ (1,424,200)</u>
Federal Funds	<u>\$ 1,753,400</u>		<u>\$ 1,753,400</u>	
Total Semi-State Activities	<u>\$ 27,616,100</u>		<u>\$ 27,616,100</u>	<u>\$ (1,424,200)</u>
Total—Other State Government Functions	<u>\$ 1,181,951,560</u>	<u>\$ 19,097,950</u>	<u>\$ 1,201,049,510</u>	<u>\$ (47,736,900)</u>
Miscellaneous				
Salary Supplement				
General Compensation Increases	\$ 63,817,100		\$ 63,817,100	
Constitutional Officers, Judges and Agency Heads	1,451,000		1,451,000	
Comparability Adjustments	11,785,000		11,785,000	
Fair Labor Standards Act Adjustments	12,500,000		12,500,000	\$ (3,000,000)
Total Salary Supplement	<u>\$ 89,553,100</u>		<u>\$ 89,553,100</u>	<u>\$ (3,000,000)</u>
General Contingent Accounts				
General Fund	\$ 3,000,000	\$ 840,500	\$ 3,840,500	
Game and Fish Fund	150,000		150,000	

	1985 Legislature FY 1986-87	1986 Legislature FY 1986-87	Adjusted Appropriation FY 1986-87	Allotment Reduction
Trunk Highway Fund	800,000		800,000	
Highway User Tax Distribution Fund	500,000		500,000	
FY 1985 Carryforward		148,100	148,100	
Total General Contingent Accounts	<u>\$ 4,450,000</u>	<u>\$ 988,600</u>	<u>\$ 5,438,600</u>	
Debt Service	\$ 287,800,000	\$ 4,564,000	\$ 292,364,000	\$ (28,390,600)
Capital Improvements (Non-Bonded)	10,587,000(c)		10,587,000	
Tort Claims	1,693,200		1,693,200	
Claims Against the State	215,536	202,793	418,329	
R. A. Weber Compensation	2,400		2,400	
Campaign Fund Checkoff	1,790,000	90,000	1,880,000	
Retirement				
MSRS Supplemental Benefits	76,000		76,000	
Public Employees Retirement Association	60,000		60,000	
Pre-1973 Retirement Adjustment	11,429,317		11,429,317	(56,517)
Revolving Funds Loan	1,000,000		1,000,000	
Region 3 Occupation Tax Distribution	698,900	(15,800)	683,100	
National Guard		1,400,000	1,400,000	
Subtotal Miscellaneous	<u>\$ 409,355,453^(c)</u>	<u>\$ 7,229,593</u>	<u>\$ 416,585,046</u>	<u>\$ (31,447,117)</u>
Miscellaneous Federal Funds	<u>\$ 2,780,000</u>		<u>\$ 2,780,000</u>	
Total Miscellaneous	<u>\$ 412,135,453^(c)</u>	<u>\$ 7,229,593</u>	<u>\$ 419,365,046</u>	<u>\$ (31,447,117)</u>
Total Appropriations—State Funds	<u>\$12,115,064,011^(c)</u>	<u>\$ 21,645,443</u>	<u>\$12,136,709,454</u>	<u>\$(121,203,217)</u>
Total Appropriations—Federal Funds	<u>\$ 3,702,768,600</u>		<u>\$ 3,702,768,600</u>	
GRAND TOTAL	<u><u>\$15,817,832,611^(c)</u></u>	<u><u>\$ 21,645,443</u></u>	<u><u>\$15,839,478,054</u></u>	<u><u>\$(121,203,217)</u></u>

^(a) The general reductions in this table include some reductions in agency programs that already have other specific reductions listed. These general reductions will be allocated at the discretion of the commissioners.

^(b) \$79,692,100 in general fund revenues were not forwarded to these funds, but the appropriation level was not changed to permit the expenditure of other revenues that might be received by these funds.

^(c) These appropriations are \$13,499,900 lower than they were in the 1985 session Fiscal Review. That amount, the appropriations for general fund non-bonded repairs and betterments, was allocated to the previous biennium, because the law made the appropriation effective upon passage and the bill was signed into law prior to July 1, 1986—the start of the current biennium.

Table C
Summary of Appropriations by Fund
1986 Sessions Fiscal Years 1986-87
(These numbers do not reflect allotment reductions by the Governor)

Fund	Appropriation
General Fund	\$ 9,631,098,052
General Dedicated	841,219,000
Special	86,949,100
Game and Fish	68,623,300
Environmental Response	6,378,800
Metro Landfill Abatement	2,548,000
Metro Landfill Contingency	2,629,800
Minnesota Resources	16,181,700
Public Health	7,081,100
Workers' Compensation	17,043,200
Water Pollution Control	55,882,700
State Airports	21,780,100
Municipal State Aid Streets	121,400,000
County State Aid Highway	371,800,000
Trunk Highway	795,939,952
Transit Assistance	7,485,800
Highway Users	27,109,050
Motor Vehicle Transfer	6,730,500
School Endowment	52,000,000
Permanent University	3,800,000
Children's Trust Fund	75,000
Transfers to Other Direct	(7,045,700)
Subtotal State Funds	<u>\$12,136,709,454</u>
Federal	<u>\$ 3,702,768,600</u>
Total State and Federal	<u><u>\$15,839,478,054^(a)</u></u>

^(a) The total appropriations in this table are about \$8 million more than the comparable number in the 1985 Fiscal Review. But this *does not* reflect about \$80 million in motor vehicle excise taxes that had been allocated for highway purposes but were unallotted by the Legislature. That appropriation was carried in the general fund in the 1985 Fiscal Review (where the appropriation originated). The 1986 Fiscal Review carries the \$80 million appropriation in the Municipal State Aid Streets, the County State Aid Highway and the Trunk Highway funds, although these funds are unappropriated in the general fund.

The total appropriation also reflects \$31 million in carryforward appropriations from the previous biennium (not available in the 1985 Fiscal Review) and \$24 million in a projected increase in dedicated revenue from tuition and state hospital receipts.

Table D
General Fund Resources and Appropriations, 1985-87

	June, 1985 86-87 Budget	Changes in Estimates	1986 Legislative Actions	April, 1986 86-87 Budget
Estimated Resources				
Adjusted Balance Forward	\$ 605,431,100 (6/25/85)			\$ 561,043,900 (4/9/86)
Taxes and Receipts				
Individual Income	\$ 5,227,415,000	\$ (59,115,000)	\$ 13,800,000	\$ 5,182,100,000
Corporation Income	847,281,100	48,218,900	7,500,000	903,000,000
Sales Tax—General	3,081,700,000	(282,700,000)	1,700,000	2,800,700,000
Motor Vehicle Excise	436,500,000	(19,809,700)		416,690,300
Bank Excise	81,200,000	(600,000)		80,600,000
Estate Tax	32,600,000	(575,000)		32,025,000
Liquor, Wine and Beer	104,640,000	1,936,100	1,800,000	108,376,100
Cigarettes and Tobacco Products	150,990,300	(2,558,500)	4,600,000	153,031,800
Iron Ore Occupation	850,000	(200,000)		650,000
Taconite Occupation	31,000,000	(23,000,000)		8,000,000
Royalty Taxes	7,850,000	614,500		8,464,500
Deed and Mortgage Registration ^(a)		2,255,300		2,255,300
Insurance Gross Premiums	167,100,000	1,817,000	1,800,000	170,717,000
Telephone, Railroad and Other Gross Earnings ^(b)	116,987,800	(1,796,700)		115,191,100
Legalized Gambling Taxes	32,629,600	(4,237,100)		28,392,500
Care and Hospital Department Earnings	600,000	(475,000)		125,000
Other Department Earnings	81,677,000	(5,677,000)		76,000,000
Investment Income	103,400,000	(44,094,000)		59,306,000
Income Tax Reciprocity	33,600,000			33,600,000
Other Non-Dedicated Revenue	83,133,000	5,867,000		89,000,000
Human Services	35,067,700	2,698,400		37,766,100
Total Non-Dedicated Revenue	\$10,656,221,500	\$(381,430,800)	\$ 31,200,000	\$10,305,990,700
Revenue Refunds				
Regular Income Tax Refunds	\$ (960,440,000)	\$(215,360,000)	\$ (1,000,000)	\$ (1,176,800,000)
Corporate Income Tax Refunds	(147,401,000)	(52,999,000)		(200,400,000)
Sales Tax Refunds	(19,931,200)	957,700		(18,973,500)
Other Refunds	(23,099,200)	(9,253,000)		(32,352,200)
Total Revenue Refunds	\$ (1,150,871,400)	\$(276,654,300)	\$ (1,000,000)	\$ (1,428,525,700)
Transfers from Other Funds				
Gas Tax Reimbursement	\$ 461,000			\$ 461,000
Other Special Revenue Funds	8,052,400	\$ (238,100)		7,814,300
All Other Transfers	7,611,900	820,700		8,432,600
Total Transfers from Other Funds	\$ 16,125,300	\$ 582,600		\$ 16,707,900
Dedicated Revenue				
U of M Tuition and Fees	\$ 235,235,700	\$ 2,821,000		\$ 238,056,700
State University Tuition and Fees	110,760,400	10,491,600		121,252,000
Community Colleges Tuition and Fees	53,303,400	8,022,100		61,325,500
Human Services County Reimbursements	121,926,000	298,400		122,224,400
Medical Assistance Hospital Receipts	285,250,000	400		285,250,400
All Other Dedicated Revenue	10,300,000	2,810,000		13,110,000
Total Dedicated Revenue	\$ 816,775,500	\$ 24,443,500		\$ 841,219,000
Dedicated Expenditures				
U of M Tuition and Fees	\$ (235,235,700)	\$ (2,821,000)		\$ (238,056,700)
State University Tuition and Fees	(110,760,400)	(\$10,491,600)		(121,252,000)
Community Colleges Tuition and Fees	(53,303,400)	(\$8,022,100)		(61,325,500)
Human Services County Reimbursements	(121,926,000)	(\$298,400)		(122,224,400)
Medical Assistance Hospital Receipts	(285,250,000)	(\$400)		(285,250,400)
All Other Dedicated Expenditures	(10,300,000)	(\$2,810,000)		(13,110,000)
Total Dedicated Expenditures	\$ (816,775,500)	\$ (24,443,500)		\$ (841,219,000)
Executive Action, April 8, 1986				
Non-Dedicated Revenue				
Commerce Department—Bank Examiners Fees				\$ 132,500
Increased Surveillance & Utilization Review Services Recoveries				300,000

	June, 1985 86-87 Budget	Changes in Estimates	1986 Legislative Actions	April, 1986 86-87 Budget
Nursing Home Rate Appeal Recoveries				2,300,000
Title IVE Federal Revenue				200,000
Transfers from Other Funds				
Administration—Documents Enterprise Fund				125,000
PCA—Waste Tire Fund				2,186,300
Agriculture—Export Finance Authority				1,261,200
Repairs and Betterments				6,000,000
Total Executive Action				\$ 12,505,000
Total Taxes and Receipts	\$10,672,346,800	\$(380,848,200)	\$ 31,200,000	\$10,322,698,600
Total Refunds	(1,150,871,400)	(276,654,300)	(1,000,000)	(1,428,525,700)
Dedicated Revenue	816,775,500	24,443,500		841,219,000
Dedicated Expenditures	(816,775,500)	(24,443,500)		(841,219,000)
Total Executive Action				12,505,000
Total Estimated Resources	<u>\$10,126,906,500</u>	<u>\$(657,502,500)</u>	<u>\$ 30,200,000</u>	<u>\$ 9,467,721,800</u>
Estimated Appropriations				
Omnibus Appropriation Bills				
State Departments	\$ 946,719,000	\$ (3,751,100)	\$ 50,000	\$ 943,017,900
Transportation and Semi-State Activities	267,054,200	(6,142,800)	(84,656,100)	176,255,300
Health, Human Services and Corrections	2,053,022,600			2,053,022,600
Education—School Aids	2,527,571,698	4,076,000	(11,500,000)	2,520,147,698
Other than School Aids	1,535,786,500		(36,000,000)	1,499,786,500
Total Omnibus Appropriation Bills	<u>\$ 7,330,153,998</u>	<u>\$ (5,817,900)</u>	<u>\$(132,106,100)</u>	<u>\$ 7,192,229,998</u>
Other Appropriations	\$ 36,712,932	\$ (13,499,900)	\$ 21,583,322	\$ 44,796,354
Fiscal 1985 Carryforward		\$ 31,275,200		\$ 31,275,200
Open and Standing Appropriations	\$ 2,368,478,300	\$ (5,681,800)		\$ 2,362,796,500
Total Appropriation Liability	\$ 9,735,345,230			\$ 9,631,098,052
Less Estimated Cancellations	(55,050,000)	15,050,000		(40,000,000)
Net Appropriation Liability	<u>\$ 9,680,295,230</u>			<u>\$ 9,591,098,052</u>
Funded Budget Reserve	\$ 450,000,000			
Estimated General Fund Balance, June 30	\$ (3,388,730)			\$ (123,376,252)
Allotment Reduction, January 23, 1986 ^(a)		\$ (23,860,817)		\$ (23,860,817)
Allotment Reduction, April 8, 1986				\$ (97,342,400)
Net General Fund Balance After Unallotment ^(d) ...				\$ (2,173,035)

^(a) Mortgage registration taxes previously remitted to the state will be retained locally. State contributions for welfare entitlements will be reduced to offset 95 percent of the mortgage registration tax and 97 percent of the deed tax collected by each county.

^(b) 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.

^(c) This involves four expenditure estimates made in the Governor's budget proposal that were not reflected in end of session legislative appropriation changes. The items are: a \$22,140,600 reduction in debt retirement; a \$1,700,000 reduction in HECB appropriations for scholarships, grants and aids; a \$56,517 reduction in adjustments for pre-1973 public employee retirees; and a \$36,300 increase in non-game wildlife appropriations.

^(d) Budget is fully funded in spite of the apparent negative general fund balance because some appropriations are contingent on revenues.

Table E
Adjustments to the Omnibus Appropriations

	1985 Legislature FY 1986-87	1986 Legislature FY 1986-87	Adjusted Appropriation FY 1986-87
State Departments	\$ 946,719,000	\$ (3,701,100)	\$ 943,017,900
Education Aids	2,527,571,698	(7,424,000)	2,520,147,698
Higher Education	1,535,786,500	(36,000,000)	1,499,786,500
Health, Human Services & Corrections	2,053,022,600	(90,798,900)	2,053,022,600
Transportation/Semi-States	267,054,200		176,255,300
Total	<u>\$7,330,153,998</u>	<u>\$(137,924,000)</u>	<u>\$7,192,229,998</u>

Table F
Miscellaneous General Fund Appropriation Bills
1986 Legislative Session

These are the appropriation bills that were passed in addition to the major budget bill during the 1986 session. The sum of

these bills and open and standing appropriations total the general fund appropriations for the biennium.

Total FY 1986-87 Passed During the 1985 Session ^(a)		\$36,712,932
Regular Session		
Ch. 383	Reinvest in Minnesota Fish and Wildlife Research Center	\$ 100,000
Ch. 398	Farm Bill	14,260,000
Ch. 434	Claims	61,322
Special Session		
Ch. 1	Tax Compliance	\$ 2,112,000
	Ethanol Development	200,000
	Income Tax Sample	120,000
Ch. 2	Family Farm Security	4,730,000
	Total 1986 Session	\$21,583,322
	Total FY 1986-87	<u>\$58,296,254</u>

^(a) Does not include Saturn appropriation.

Table G
Open and Standing General Fund Appropriations, 1985-87

	After the 1985 Session	After the 1986 Session	Difference
Aids and Credits			
Property Tax Refund			
Homeowners	\$ 131,420,000	\$ 121,340,000	\$(10,080,000)
Renters	206,680,000	210,160,000	3,480,000
Targeted Property Tax Relief	4,000,000	1,600,000	(2,400,000)
School Agricultural Credit	233,722,300	231,315,200	(2,407,100)
Aid to Local Government	599,647,800	599,348,500	(299,300)
Attached Machinery Aid	6,431,800	6,435,100	3,300
Homestead Credit	1,103,228,700	1,108,538,900	5,310,200
Supplemental Homestead Property Tax Relief	1,763,500	1,765,700	2,200
Aid to Police and Fire	53,208,000	52,905,100	(302,900)
Wetlands Property Tax Reduction	1,204,700	1,140,700	(64,000)
Native Prairie Credit	362,600	347,000	(15,600)
Payments in Lieu on DNR Land	9,322,400	8,881,500	(440,900)
Disaster Credit	234,500	76,300	(158,200)
Agricultural Preservation Credit	786,800	833,600	46,800
Railroad Property Tax Reimbursement	3,400,000	3,400,000	
Enterprise Zone Credit	2,172,900	2,232,600	59,700
Regional Transit Board Levy Reduction	2,500,000	2,500,000	
Total	<u>\$2,360,086,000</u>	<u>\$2,352,820,200</u>	<u>\$ (7,265,800)</u>
Other Open and Standing			
Leech Lake White Earth	\$ 1,044,100	\$ 995,600	\$ (48,500)
Weber Compensation	2,400	2,400	
Department of Revenue	1,105,000	1,093,000	(12,000)
Loans to Revolving Fund	1,000,000	1,000,000	
Social Security Administrative Cost	118,000	118,000	
Campaign Financing	1,790,000	1,880,000	90,000
Region 3 Occupation Tax Distribution	698,900	683,100	(15,800)
National Guard		1,400,000	1,400,000
Total	<u>\$ 5,758,400</u>	<u>\$ 7,172,100</u>	<u>\$ 1,413,700</u>
Mining Apportionment^(a)			
Property Tax Relief—Balance in	\$ 2,633,900	\$ 2,804,200	\$ 170,300
Total	<u>\$ 2,633,900</u>	<u>\$ 2,804,200</u>	<u>\$ 170,300</u>
Summary			
Aids and Credits	\$2,360,086,000	\$2,352,820,200	\$ (7,265,800)
Other	5,758,400	7,172,100	1,413,700
Mining Apportionment ^(a)	2,633,900	2,804,200	170,300
Total	<u>\$2,368,478,300</u>	<u>\$2,362,796,500</u>	<u>\$ (5,681,800)</u>
Retirements			
Legislators Retirement	\$ 4,138,000	\$ 4,138,000	
Judges Retirement	4,629,000	4,629,000	
Constitutional Officers Retirement	244,000	244,000	
Mn. State Retirement System—Supplemental	76,000	76,000	
Pre-1973 Retirement Adjustment	11,429,317	11,372,800	\$ (56,517)
Minneapolis Pension Reimbursement	20,197,700	16,446,600	(3,751,100)
Local Police/Fire Amortization	15,074,000	15,074,000	
Total	<u>\$ 55,788,017</u>	<u>\$ 51,980,400</u>	<u>\$ (3,807,617)</u>

^(a) The collection and distribution of the taconite production tax was transferred to local control during the 1985 session.

Table H Executive Branch Allotment Reductions

When the Legislature adjourned, a January 1986 projection indicated an unbalanced budget. The Commissioner of Finance with the approval of the Governor unallotted \$109,847,400 to put the budget in balance. This unallotment was in compliance

with Minnesota Statutes, Section 16A.15. These reductions do not change appropriation levels shown in the Fiscal Review tables.

AGENCY	1985-87 BIENNIUM
Higher Education Coordinating Board	\$ (344,600)
Human Services, Dept. of	(34,742,800)
Jobs & Training, Dept. of	(3,700,000)
Office of Full Productivity & Opportunity	(880,000)
Hazardous Waste Victims Compensation Board	(163,500)
Corrections, Dept. of	(3,087,800)
Health, Dept. of	(83,800)
Transportation, Dept. of	(116,700)
Public Safety, Dept. of	(1,880,000)
Agriculture, Dept. of	(4,503,300)
Animal Health Board	(93,600)
Commerce, Dept. of	(324,200)
Historical Society	(1,140,500)
State Arts Board	(283,700)
Peace Officer Standards & Training, Board of	(148,700)
Public Service, Dept. of	(15,500)
Charitable Gambling Control Board	(14,800)
Legislature	(2,342,600)
Judicial Branch	(867,800)
Governor	(157,900)
Attorney General	(1,116,400)
Investment Board	(66,900)
Administration, Dept. of, & Capitol Area Architectural and Planning Board	(1,433,400)
Finance, Dept. of	(672,100)
Employee Relations, Dept. of	(453,900)
Revenue, Dept. of	(200,000)
Tax Court of Appeals	(8,100)
Natural Resources, Dept. of	(2,866,500)
Pollution Control Agency	(2,427,200)
Waste Management Board	(322,800)
Energy & Economic Development, Dept. of	(20,000,000)
State Planning Agency	(565,500)
Labor & Industry, Dept. of	(231,500)
Mediation Services	(22,500)
World Trade Center	(100,000)
Military Affairs, Dept. of	(545,700)
Veterans Affairs, Dept. of	(420,300)
Housing Finance Agency	(8,252,800)
Debt Service	(6,250,000)
Salary Supplement	(3,000,000)
Repairs & Betterments	(6,000,000)
Total Allotment Reductions	\$(109,847,400)

Table I
Direct Legislative Appropriations
By Fund, By Year

Regular Session				
Chapter	Fund	1986	1987	Biennial Total
General Fund				
383	Reinvest in Minnesota Fish and Wildlife Research Center		\$ 100,000	\$ 100,000
398	Farm Bill			
	Legal Assistance Program	\$ 650,000		650,000
	Mediation	360,000		360,000
	Interest Rate Buy-down	5,000,000		5,000,000
	Family Farm Advocates	300,000		300,000
	Data Collection Task Force	10,500		10,500
	Farm Business Management	1,350,000		1,350,000
	Farm Support Projects	1,250,000		1,250,000
	Rural Finance Debt Service	4,564,000		4,564,000
	Rural Finance Administration	238,000		238,000
	FINPAC	72,500		72,500
	Water Quality Research	250,000		250,000
	Extension Service Retrenchment	115,000		115,000
	Sweet Sorghum Research	60,000		60,000
	Wild Rice Research	40,000		40,000
434	Claims	61,322		61,322
Children's Trust Fund				
423	Child Abuse Prevention		75,000	75,000
Trunk Highway Fund				
434	Claims	113,971		113,971
Game and Fish Fund				
434	Claims	27,500		27,500
Special Revenue				
438	Real Estate Contracts	25,000	25,000	50,000
452	All Terrain Vehicles	475,000		475,000
Highway Users				
453	Fleet Vehicle Registration	10,350		10,350
Special Session				
Chapter	Fund	1986	1987	Biennial Total
General Fund				
1	Education Aids	(28,200)	(11,471,800)	(11,500,000)
	Higher Education	(31,151,200)	(4,848,800)	(36,000,000)
	Fond du Lac Study	50,000		50,000
	Mass Transit	12,235,000	9,365,000	21,600,000
	Motor Vehicle Excise Transfer Cancel	(52,660,200)	(53,595,900)	(106,256,100)
	Tax Compliance Initiatives	216,600	1,895,400	2,112,000
	Ethanol Development		200,000	200,000
	Income Tax Model		120,000	120,000
2	Farm Bill			
	Family Farm Security	3,160,000		3,160,000
	General Contingent Account	830,000		830,000
	Family Farm Income Tax Adjustment	740,000		740,000
Special Revenue				
1	Tax Compliance Initiatives	83,400	1,079,100	1,162,500
Minnesota Resources				
1	DNR Study	200,000		200,000
		<u>\$(51,351,457)</u>	<u>\$(57,057,000)</u>	<u>\$(108,408,457)</u>

Table J
Bonding Authorization
1986 Sessions

Agriculture

Conservation Reserve Program	\$ 9,400,000
Conservation Reserve Administration	600,000
Family Farm Security Defaults	20,000,000

Natural Resources

Fish and Wildlife Management	2,500,000
Aspen Recycling	1,000,000
Private Sector Matching of Fish Wildlife Management	2,500,000

Rural Finance Administration

Backing for Revenue Bonds for Agricultural Debt Restructuring	<u>50,000,000</u>
Total	\$86,000,000

INDEX

A

Administration, Department of	15
Agriculture	4-5, 16
Emergency Farm Relief	4-5, 16
Export and Trade	16
Family Farm Security	4-5, 16
Famine Relief	16
Aids	2, 8-9, 9-10
Endowment School Apportionment	10
Firemen's and Policemen's Relief and Pensions	9
Income Maintenance	2, 12
Local Government	9
Public Libraries	10
School Foundation Aid	10
Special Education Aids	10
State School Agricultural Credit	9
Teacher Retirement	2, 10
Vocational Aid, Secondary Schools	2, 10
Appropriations	2, 8-20, 21, 22-23, 24, 25, 27-28
Administration, Department of	15
Agriculture	9, 16
Aids and Credits	2
Animal Health, Board of	16
Attorney General	15
Auditor	15
By Function	8-20
By Years	27
Capitol Area Architectural and Planning Board	15
Charitable Gambling Control Board	18
Commerce, Department of	5, 18
Community Colleges	3, 8, 11
Contingencies	19-20
Corrections	12-13
Council on Affairs of Spanish Speaking Peoples	19
Council on Asian Pacific Minnesotans	19
Council on Black Minnesotans	19
Council for the Handicapped	19
Dedicated Revenues and Expenditures	8, 12
Disabled American Veterans	19
Economic Development, Department of	17
Education, Department of	3, 8, 10
Electricity Board	18
Employee Relations, Department of	15-16
Energy Agency	17
Ethical Practices Board	18
Family Farm Security	4-5
Farm Relief	4-5
Finance, Department of	15
General Fund	22, 23
Governor	15
Health, Department of	13
Higher Education Coordinating Board	3
Housing Finance Agency	17
Human Rights, Department of	19
Human Services, Department of	8, 12
Jobs and Training, Department of	8, 12
Judicial	14-15
Labor and Industry	18
Legislature	9, 14
Lieutenant Governor	15
Mediation Services Bureau	18
Military Affairs	18
Minnesota Historical Society	19
Minnesota Science Museum	19
Minnesota Veterans Homes	18
Miscellaneous Appropriation Bills	24
Natural Resources, Department of	5, 16
Natural Resources Acceleration	17
Non-Health Related Boards	18
Omnibus Appropriation Bills	24
Open and Standing Appropriations	25
Peace Officers Standards Board	18
Pollution Control Agency	17
Public Safety, Department of	17-18
Public Service, Department of	18
Public Transit Subsidies	8, 13
Public Utilities Commission	18

Racing Commission	18
Revenue, Department of	16
Salaries, Department Heads	6
Secretary of State	15
Sentencing Guidelines Commission	13
State Arts Board	19
State Planning Agency	17
State Universities	3, 8, 11
Tax Court	15
Torts	20
Total Spending	20
Transportation, Department of	8, 13-14
Treasurer	15
Unallotments	7, 8-20, 27
Uniform Laws Commission	19
University of Minnesota	3, 8, 11
Veterans Affairs, Department of	18
Veterans of Foreign Wars	19
Voyageurs Park Committee	19
Waste Management Board	5, 17
Water Resources Board	17
World Trade Center Board	17
Zoological Board	17

B

Bonding	28
---------	----

C

Capital Bonding	5, 7, 20, 28
Claims Against the State	20
Corrections	2, 12-13
Community Corrections	2, 13
Correctional Institutions	13
Ombudsman	13

E

Economic Development	17
Education	2-3, 8, 10-12
Aids	2-3, 10
Appropriations	10-12
Community and Adult Education	10
Community Colleges	8, 11
Education, Department of	3, 8, 10
Endowment School Apportionment	10
Expenditures, Total Authorized	8, 10-12
Higher Education Coordinating Board	3, 8, 11
Mayo Medical	3, 8, 12
Secondary Vocational Aid	2, 8, 11
Special Education	10
State Universities	3, 8, 11
Teacher Retirement Aids	2, 10
Transportation Aids	2, 10
Expenditures, Total Authorized	8, 9, 20

F

Federal Funds	8, 9, 20
Foreword	ii

G

General Fund, Changes	22-23
General Fund, Estimated Resources and Expenditures	22-23
Governor	15

H

Health, Department of	8, 13
Community Health Services	13
Lead Contamination	13
Maternal and Child Health Grants	13
Smoking Prevention	13
Highlights	1
Housing Finance Agency	17
Human Services	2, 3, 8, 12
Aid to Families with Dependent Children	12
Categorical Aid Programs	12
Community Social Services	2, 12
General Assistance Medical Care	12
Income Maintenance	12
Medical Assistance	2, 12
Mental Health	12

Minnesota Supplemental Assistance	12
Nursing Homes	12
Social Services	12
State Hospitals	12
I	
Insurance Association	5
Interstate Banking	5
J	
Jobs and Training, Department of	8, 12
Judicial	9, 14-15
Court of Appeals	14
Public Defender	15
Trial Courts	14
L	
Legislature	9, 14
Commissions	14
Commission on Economic Development Strategy	14
Legislative Audit Commission	14
Library	14
Revisor of Statutes	14
Session Dates	iv
Liquor Drinking Age	6
Local Government Aids	1, 9
M	
Miscellaneous Appropriations	24
Motor Vehicle Excise	2
N	
National Guard	20
Natural Resources, Department of	5, 16
Natural Resources Acceleration	17
O	
Omnibus Appropriation Bills	24
Open and Standing Appropriations	25
P	
Pollution Control Agency	17
Air Pollution	17
Solid and Hazardous Waste	17
Water Pollution	17
Public Employees	6
Agency Head Salaries	6
Retirements	6
Salaries	6, 19
Public Safety, Department of	17-18
Drinking Age	6
Seat Belts	4, 5-6
R	
Reinvest in Minnesota	5, 7
Resources and Appropriations, Estimated	22-23
Retirement Programs	2, 20

S	
Salaries	6, 19
Session Dates	iv
State Universities	3, 8, 11
Statistics	8-28
Student Loans	3, 11

T	
Table of Contents	iii
Taxes	1-2, 22
Excise Taxes	1, 22
Gasoline Excise Taxes	2
Income Taxes	1, 22
Refunds	2, 22
Insurance Gross Premiums	1, 22
Liquor, Beer and Wine	1, 22
Motor Vehicle Excise Taxes	2, 22
Property Taxes	2
Sales and Use Taxes	22
Tax Laws, New and Changes	1
Tax Relief	2
Agriculture Credit, State School	9
Aid to Local Government	1, 2
Attached Machinery Aid	9
Education	2-3, 10
Homeowners	9
Income Maintenance	2, 12
Payments to State Teacher Retirement Fund	2
Pension Aids	2, 9
Renters	9
Total Amount of	2
Wetlands Credit	10
Transportation	3, 8, 13-14
Aeronautics	14
Aids to Counties and Municipalities	13
Gasohol	4
Mass Transit	3-4, 13
Motor Vehicle Excise Tax	3
Seat Belts	4
Tuition	3

U	
Unallotments	7, 8-20, 26
Unemployment Insurance	6
University of Minnesota	3, 8, 11-12

W	
Waste Management	5, 17

Z	
Zoological Board	17