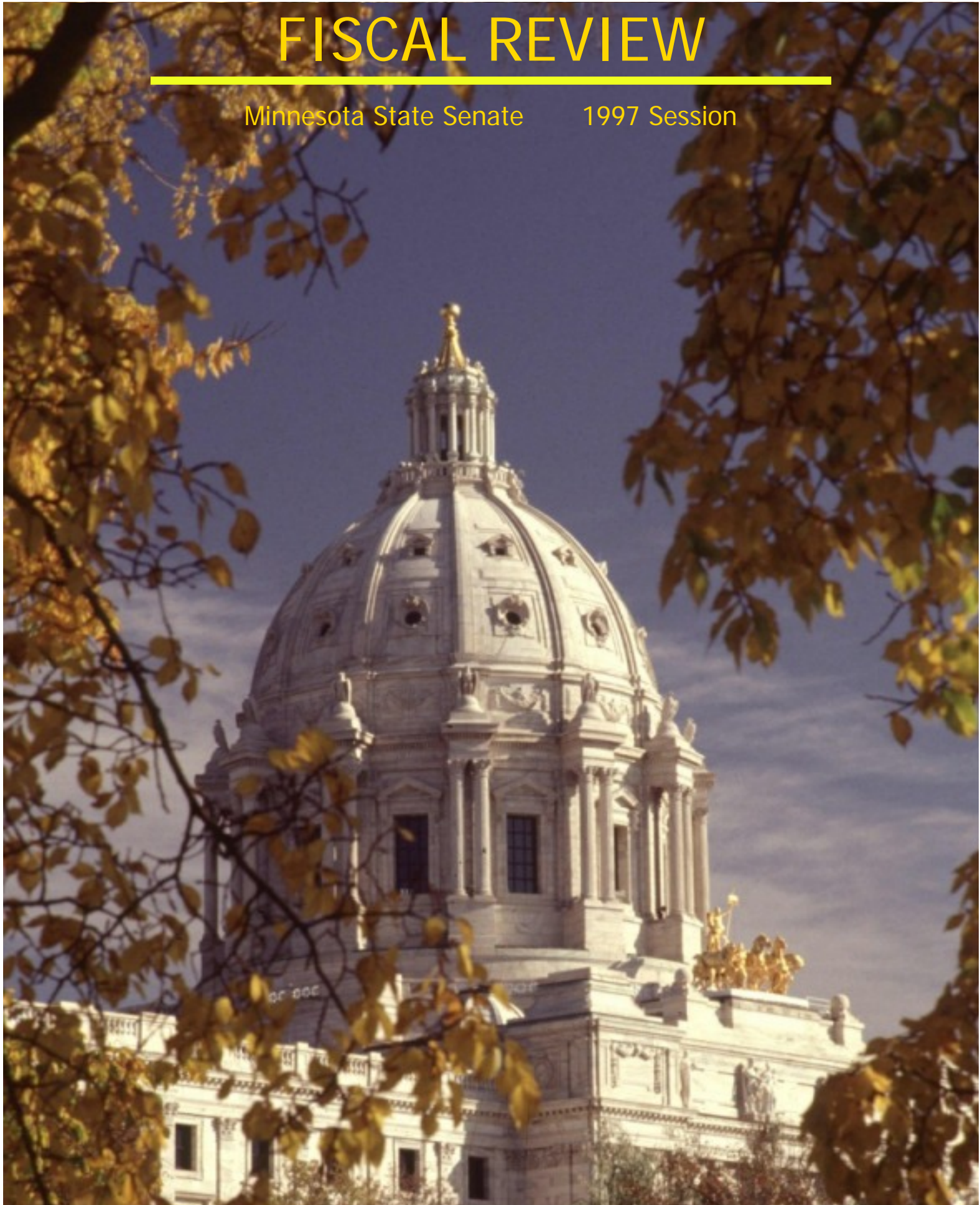


FISCAL REVIEW

Minnesota State Senate

1997 Session



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A

Fiscal Review
of the
1997 Legislative Session

Minnesota Senate
Office of Senate Counsel & Research

Edited by William Riemerman
November 1997

Dates of the 1997 Legislative Session

Regular Session: January 7 to May 19, 1997

First Special Session: June 26, 1997

Second Special Session: August 19, 1997

This publication was developed by the staff of Senate Counsel & Research and was edited by William Riemerman. Special recognition is due Dan Mueller, who compiled the tables. Other Counsel & Research staff who contributed are: David Giel, Randal Hove, Greg Knopff, Pat McCormack, George McCormick, Jack Paulson, Chris Turner, Amy Vennewitz, and Maja Weidmann.

The cover was developed with the assistance of David Oakes. Virginia Stohr prepared the manuscript. JoAnne Blockey assisted in copyreading and proofreading.

The Fiscal Review was printed by the Secretary of the Senate's Office, Senate Duplicating, Dan Olson, Supervisor.

Printed on Recycled Paper

Minimum 10% Post-Consumer Fiber

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Introduction

The Fiscal Review is a report of actions taken by the 1997 regular session and two special sessions of the Minnesota Legislature; a third special session is tentatively scheduled for October 1997.

These reports have been issued annually since 1975.

The Fiscal Review is not an accounting of all legislative actions. It covers those with significant fiscal impact and reports some other significant actions of the Legislature.

The tables in the Fiscal Review are all-inclusive and can be reconciled with fund statements prepared by the Department of Finance.

The report is on appropriations, not actual spending. Spending is affected by many factors, including accounting practices, program participation, etc. Appropriations are basically authorizations for expenditures.

Some appropriations are open-ended and determined by formula or participation rates specified by statute. These are called open and

standing appropriations. The Review uses the estimates of open and standing made through the Department of Finance at the time the budget was enacted.

Direct appropriations essentially are the limits on spending put into the session laws.

The report handles open and standing appropriations as direct appropriations when the appropriation amount is specified in the session law. (For example, education aids are based on open and standing authority to comply with the funding formulas, but the Legislature actually uses the estimate of the cost in the session law.)

This report is organized by functional groupings of appropriations which are most comprehensive on Table C of the statistical section.

There are also tables of appropriations by fund (Table A); a table of appropriations by fund and law (chapter) (Table D); a General Fund balance statement (Table B); a listing of open and standing appropriations (Table E); and a table of federal funds (Table F).

Highlights

The 1997 session of the Legislature passed, and the Governor signed, appropriations of more than \$32 billion, more than \$7.5 billion of that coming from federal funds. Net state-generated appropriations totaled more than \$24.5 billion.

The largest General Fund appropriations went for education, with more than \$6.7 billion for elementary and secondary education, and close to \$2.4 billion for higher education.

The largest program area appropriation, counting state and federal funds, is in human services. The total appropriation for this purpose is nearly \$10.3 billion. More than \$4.8 billion of that appropriation is in federal funds and about \$5.5 billion comes from state funds.

The largest portion of state dollars appropriated (more than \$9.2 million) included over \$6.9 million for K-12 education and close to \$2.4 billion for higher education. An additional \$742.2 million is appropriated in federal funds.

Other state appropriation areas exceeding \$1 billion are:

- Transportation (more than \$3 billion, including nearly \$777 million in federal funds);
- Aids and credits to local governmental units and individuals (more than \$3 billion); and
- Higher education (nearly \$2.4 billion).

K-12 Education and Taxes

The issue of K-12 education and property tax burdens for the funding of elementary and secondary education was probably the dominating issue of the 1997 legislative session.

After much debate and a Governor's veto, the Legislature passed, and the Governor signed, a program with these major initiatives:

- A new education homestead credit of 32 percent of the general education tax on a homestead, up to a maximum credit of \$225. The cost of this credit is estimated at \$153.3 million;
- Major expansion of income tax deductions allowed for K-12 education costs, estimated to cost about \$14.5 million. The existing deduction was expanded to include tutoring and summer education camps. The maximum was increased by 150 percent, from \$650 to \$1,625 for students in kindergarten through grade six, and from \$1,000 to \$2,500 for students in grades seven through 12; and
- A refundable education credit for households with incomes less than \$33,500 a year and K-12 dependents estimated to cost \$38.5 million. This works in tandem with the deduction. Expenses used to get the credit cannot be used for the deduction. The credit applies only for instruction outside of the regular school day or school year. The maximum credit is \$1,000 per dependent student and \$2,000 per family.

The formula revenue allowance was increased by \$76 the first year and an additional \$79 the second year, without increasing the property tax levy because of the levy buy-down through the educational homestead credit.

More Property Taxes

The Legislature also enacted a rebate program based on property taxes paid in 1997.

The rebate will be 20 percent of the property taxes paid. Property taxes for renters are stipulated to be 18 percent of the rent paid. This one-time initiative is estimated to cost about \$500 million.

Human Services

The 1997 Legislature reacted to federal welfare reform legislation, by making major changes in its economic support programs. The AFDC program was minimized from about \$265 million in state appropriations to \$7.7 million, with most of the money going to the Minnesota Family Investment Program.

State appropriations and federal block grant money totaling about \$974 million went for economic support programs, with \$443 million of the federal funds dedicated to Temporary Assistance for Needy Families (TANF). Most of the money was appropriated for cash grants, with other appropriations for work grants, welfare-to-work programs, pilot programs, and county and state administration. General assistance funding was increased from about \$95 million to \$105 million.

Other portions of the state budget that dealt with welfare reform issues included several small welfare-to-work initiatives in the economic development bill, with a \$92.5 million appropriation for child care to working parents. This was a \$52 million increase over the previous year's budget.

The largest appropriations in human services were for medical vendors. Vendor payments under the medical assistance, general assistance medical, regional treatment centers, mental health, and related programs totaled nearly \$3.5 billion, exclusive of federal funds. About \$341.8 million was appropriated for MinnesotaCare, and more than \$410.6 million went for state residential treatment facilities.

Flood Relief and Bonding Bills

The 1997 Legislature dealt with help for 1997 flood damage relief during the regular session and during a one-day special session in August, when the needs and the federal government efforts became more clear.

The final package was \$55.3 million from general obligation bonds and \$20.3 million in General Fund appropriations.

The package included \$30 million for a 100 percent match obligation for federal funds, grants to local governments, loans to farmers for capital repairs, and forgiveness of certain housing rehabilitation loans.

A separate bonding bill of \$111 million, with more than \$86.6 million coming from general obligation bonds, was adopted. The \$24.4 million in direct appropriations was dedicated to sewage treatment, water projects, and contaminated site (Brownfields) cleanup and development.

The major bonding expenditure was more than \$73 million for a new Department of Revenue building. Debt retirement for the biennium was estimated at nearly \$560.8 million.

Gulf War Veterans' Bonus

The 1997 Legislature funded a bonus for Minnesota Persian Gulf war veterans. The bonus is estimated to cost \$17.6 million.

Veterans who were in active service between August 2, 1990 and July 31, 1991 are eligible. Veterans who did not serve in the war theater will be eligible for bonuses of \$300; war zone veterans will be eligible for \$600 bonuses; and survivors of veterans who died as a result of the war will be eligible for \$1,000 payments. The program will be administered by the Department of Veterans Affairs.

Transportation

The Department of Transportation budget exceeded \$3 billion. Of that amount, more than \$841.6 million went for county and municipal state transportation aids, \$100.7 million went for metropolitan mass transit, and \$29.6 million went for outstate transit assistance. Federal aid appropriations are nearly \$776.7 million, or nearly 26 percent of the total.

Governance and Miscellaneous

The 1997 Legislature created the new Office of Technology. This agency is charged with providing statewide leadership and direction for information and communications technology. The appropriation for the agency was \$7.9 million. There were also numerous appropriations to agencies and school districts for technological improvements.

The Legislature also:

- Created a new Rural Policy and Development Center at Mankato State University. The

appropriation included a \$2 million endowment fund and \$500,000 in startup operating costs;

- Appropriated more than \$13 million for the Minnesota Investment Fund, an economic development effort. That was a 62 percent increase over the previous biennium;
- Increased fishing licenses by 15 percent;
- Appropriated \$7.8 million to the Department of Public Safety for statewide criminal gang apprehension programs and additional agents for the Bureau of Criminal Apprehension; and
- Increased appropriations by \$6.2 million for snowmobile trails and enforcement of snowmobile laws, including a \$4.8 million increase for grant-in-aid trails.

The regular and first two special sessions of the 1997 Legislature debated, but did not act on, building and financing a new baseball stadium. But a third special session was being planned as this Review went to press.

Revenues

State Taxes

Income Tax

Federal law changes enacted through December 31, 1996 were adopted for Minnesota income tax purposes. The federal provisions allowing banks to be treated as Subchapter S corporations under the Internal Revenue Code were not adopted for Minnesota tax purposes. The update to federal law changes is estimated to cost \$2.3 million in the 1995-97 biennium and \$3.4 million in the 1997-99 biennium.

The limits were increased on education costs qualifying for the dependent education expense deduction. For dependents in kindergarten through grade 6, the expense limits were increased from \$650 to \$1,625. For dependents in grades 7 through 12, the expense limits were increased from \$1,000 to \$2,500. The education costs qualifying for this deduction include tuition, nonreligious textbooks, and transportation for dependents attending elementary and secondary schools. The definition of qualifying expenses was expanded to include tutoring and educational summer camps. The definition of equipment qualifying for the deduction was expanded to include computer hardware and software up to a maximum of \$200 per family. Qualifying expenses for the deduction must be reduced by the amount of the Minnesota Education Credit. These changes are estimated to cost \$14.5 million in the 1997-99 biennium.

A new refundable income tax credit, the Minnesota Education Credit, was enacted. Generally the same expenses which qualify for the dependent education expense deduction qualify for the Minnesota Education Credit, with the exception that tuition expenses qualify for the credit only for instruction outside of the

regular school day or school year. The credit is allowed to families with household income less than \$33,500. The maximum credit is \$1,000 per dependent and \$2,000 per family. The credit is estimated to cost \$38.5 million in the 1997-99 biennium.

The Minnesota Working Family Credit for taxpayers with children was increased from 15 percent to 25 percent of the federal Earned Income Credit beginning with 1998 tax returns. This increase in the Working Family Credit is estimated to cost \$27 million in the 1997-99 biennium.

A property tax rebate was enacted for homeowners and renters equal to 20 percent of property taxes paid in 1997. The rebate is a refundable income tax credit which will be claimed on the taxpayer's 1997 individual income tax return. The cost of the rebate is estimated to be \$500 million in the 1997-99 biennium.

Sales and Excise Taxes

The temporary sales tax exemption for sales of used farm machinery was made permanent. The cost of this extension is estimated to be \$2.5 million in the 1997-99 biennium.

Purchases of replacement capital equipment were exempted from the sales tax effective for purchases made after June 30, 1998. Under prior law, these purchases would have been taxed at the rate of 2 percent. The cost of this exemption is estimated to be \$3.1 million in the 1997-99 biennium.

The application of the sales tax to food products was expanded to include most food and drinks prepared by the retailer for immediate consumption, whether heated or not. All food and drinks served on premises where admission is charged are taxable. This extension of the sales tax is estimated to raise \$6.3 million in the 1997-99 biennium.

A sales tax exemption was enacted for construction materials used in constructing or improving an adult or juvenile correctional facility, if the construction project is required by state or federal law, rule, or regulation. The cost of this refund is estimated to be \$2 million in the 1997-99 biennium.

Budget Reserve

The amount of the budget reserve was increased from \$270 million to \$522 million. If the Commissioner of Finance forecasts that additional surplus revenues will be available for the biennium, 60 percent of the additional revenue will be deposited in an account designated to pay the cost of property tax reform as recommended by the Governor. An appropriation of \$46 million was made to the property tax reform account for FY 2000. The remaining additional revenue will be an undesignated balance in the General Fund.

Local Property Tax Aids and Credits

A property tax rebate was enacted for homeowners and renters equal to 20 percent of property taxes paid in 1997. For renters, the rebate is based on the 18 percent of rent which is deemed to be used to pay property taxes on the rental unit. For agricultural homesteads, the rebate is limited to the property tax paid on the house, garage, and 320 acres of farm land. The rebate is a refundable income tax credit which will be claimed on the taxpayer's 1997 individual income tax return. The cost of the rebate is estimated to be \$500 million in the 1997-99 biennium.

A new education homestead credit was enacted equal to 32 percent of the general education tax on a homestead up to a maximum credit of \$225. For agricultural homesteads, the credit is limited to the general education tax paid on the house, garage, and one acre of land. The cost of the new credit is estimated to be \$153.3 million in the 1997-99 biennium.

The statewide general education levy was reduced by \$85 million annually beginning with state FY 1999. Because of the school levy recognition shift and the metering of school aid payments, the cost of this levy reduction is \$82.5 million in the 1997-99 biennium.

Property tax class rates were reduced for a number of property types effective for taxes payable in 1998. The law also provides for "target class rates" for single-family nonhomestead, apartment, and commercial/industrial property. The target class rates represent goals for the three property types which are given first priority for reductions as funds become available. The Governor is required to recommend a class rate schedule for all properties at the time that the biennial budget is submitted. If the Governor recommends any change in the class rate schedule, priority must be given to the classes of property having the

target class rates until the target class rates have been reached. The following table shows the class rates under prior law, the newly enacted class rates, and the target class rates:

**PROPERTY TAX CLASS RATES
FOR TAXES PAYABLE IN 1998**

	Prior Law Payable 1998	Current Law Payable 1998	Target Class Rate
Residential homestead:			
Less than \$72,000	1.0	1.0	—
\$72,000 - \$75,000	2.0	1.0	—
More than \$75,000	2.0	1.85	—
Residential non-homestead:			
Single unit:			
Less than \$75,000	2.3	1.9	1.25
More than \$75,000	2.3	2.1	1.85
2 or 3 units (& undeveloped land)	2.3	2.1	—
Apartments:			
Regular	3.4	2.9	2.5
Subsidized (Title II)*	2.3	2.0	—
Subsidized (FmHA)*	2.0	1.9	—
Agricultural land & buildings:			
Homestead < \$115,000	0.45	0.4	—
Homestead > \$115,000, < 320 acres	1.0	0.9	—
Homestead > \$115,000, > 320 acres	1.5	1.4	—
Non-homestead	1.5	1.4	—
Noncommercial seasonal recreational (cabins):			
Less than \$72,000	1.5	1.4	—
\$72,000 - \$75,000	2.5	1.4	—
More than \$75,000	2.5	2.5	—
Commercial seasonal recreational:			
Homestead resorts (1c)	1.0	1.0	—
Seasonal resorts (4c)	2.3	2.1	—
Disabled homestead	0.45	0.45	—
Commercial/Industrial:			
Less than \$100,000	3.0	2.7	—
\$100,000 - \$150,000	4.6	2.7	—
More than \$150,000	4.6	4.0	3.5
Public utility:			
Land and buildings	4.6	4.0	3.5
Attached machinery	4.6	4.0	3.5
Public utility personal property	4.6	4.0	3.5

* Properties qualifying for new low-income housing class will receive a class rate of 1.0 percent beginning with taxes payable in 1999.

The 1997 session extended the limit on market value increases for homestead and cabin properties through assessment year 2001. The market value subject to property tax will be limited to the greater of a 10 percent increase over the previous year market value or one-

fourth of the difference between the current year's estimated market value and the previous year's value. The market value limit does not apply to increases in value which result from improvements.

All State Aids

Seventy percent of the 1997 General Fund budget enacted by the Legislature and Governor was appropriated to local government units for programs they administer and to local property taxpayers as tax relief. Biennial General Fund appropriations totaled more than \$24.5 billion, and almost \$14.6 billion of that amount went for locally administered programs and property tax relief. Another \$906 million in non-General Fund appropriations also went for local aids, with more than 90 percent of that amount for highway programs. This percentage of local aid and property tax relief is higher than usual, primarily because of a one-time \$500 million property tax rebate that was enacted by the 1997 session of the Legislature.

As always, the largest such appropriation went to the school districts, and the next highest amount went for human services medical

assistance programs. K-12 connected appropriations for the biennium exceeded \$6.5 billion for the biennium, and appropriations for medical assistance programs were nearly \$3.7 billion.

Appropriations for property tax relief to local governmental units and individual taxpayers exceeded \$3 billion.

The budget also provided funds for the district court system; pension aid for local governmental shares of police, fire, and other public employees; criminal justice aids; welfare aids for social services and family support programs; highway and transit aids; support for local health departments; and payments in lieu of taxes to counties with state lands.

A breakdown of the biennial aids follows:

PROPERTY TAX AND LOCAL AIDS
(000s)

GENERAL FUND AIDS

INDIVIDUALS

Homeowners Property Tax Refund	\$ 190,300
Targeting	7,200
Renter Credit	184,000
Property Tax Rebate	<u>500,000</u>
Total Aids to Individuals	\$ 881,500

	Cities and Municipalities	School Districts
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**TAX AIDS FOR OTHER
LOCAL GOVERNMENTAL UNITS**

Local Government Aid	\$ 728,698	
Disparity Aid	31,330	\$ 25,116
Border City Disparity	6,944	3,881
Attached Machinery Aid	4,764	1,672
Homestead & Agriculture Credit Aid	882,692	154,251
Educational Homestead Credit		153,000
HACA Mobile Homes	6,681	6,469
Supplemental HACA	990	
Taconite Aid Reimbursement	1,122	
Mortgage Certificate Aid	200	
RTB Levy Reduction	2,638	
Local Rental Equity	35	547
Local Performance Aid	18,894	
Enterprise Credit	20	14
Leech Lake Aid	3,624	
Tax Increment Finance HACA	48	
School Tax Levy Buydown		85,000
Counties with Casino Aid	<u>1,000</u>	
Total Aids to Local Governmental Units	\$ 1,689,680	\$ 429,950

PENSIONS

Police & Fire Aid	\$ 131,746	
Police & Fire Amortization Aid	12,613	
Mpls. Retirement Fund	19,455	
Mpls. - St. Paul TRA		6,676
Pre-1973 Retirees Aid-MERF	1,100	
Judges Retirement	<u>2,970</u>	
Total Pension Aids	\$ 167,884	\$ 6,676

COURTS AND CORRECTIONS

Local Corrections	\$ 165,211
Courts	143,222
Criminal Justice Aid	55,325
Law Enforcement Monetary Grants	<u>6,005</u>
Total Justice System Aids	\$ 369,763

HUMAN SERVICES

AFDC, etc.	\$ 7,695
General Assistance and Work Readiness	105,054
MN Supplemental Aid	53,231
Assistance to Families	199,983
MN Family Investment Plan (MFIP)	23,704
Work Program	27,900
Medical Assistance General Assistance	3,347,011
Medical Care	343,839
Social Services	111,282
TANF Child Care	<u>99,169</u>

Total Human Services Aids \$ 4,318,868

K-12 EDUCATION AIDS

\$ 6,723,256

OTHER

Community Health Aids	\$ 41,800
Transit Aids	129,660
Department of Natural Resources in lieu of Taxes	<u>11,000</u>
Total Other Aids	\$ 182,460

TOTAL GENERAL FUND AIDS \$ 14,770,037

NON-GENERAL FUND AIDS

Permanent School Fund		\$ 65,000
Highway County Aids	\$ 645,801	
Municipal Highway Aids	<u>195,844</u>	
Total Aids	\$ 841,645	\$ 65,000

TOTAL NON-GENERAL FUND AIDS \$ 906,645

TOTAL GENERAL FUND AIDS \$ 14,770,037

TOTAL AIDS - ALL FUNDS \$ 15,676,682

TOTAL SCHOOL AIDS RELATED TO K-12 \$ 6,788,256

Appropriations

Elementary and Secondary Education

In an early move, the 1997 Legislature repealed the formula allowance and appropriation caps that were put in place during the 1995 Special Session. The removal of the caps increased the general education open appropriation by about \$337 million for the new biennium. In the 1997 Omnibus K-12 Education Bill, the Legislature approved an overall 11.9 percent increase in revenue over the previous biennium for K-12 education. The Legislature focused much of the new spending on increasing the basic formula amount and increased funding for low-income and high-risk students. The 1997 law also included a new education income tax credit and an increase in the income tax deduction for private school tuition. (The new income tax changes are described in more detail in the tax section.)

General Education

Formula Allowance. The 1997 Legislature increased the general education basic per-pupil revenue amount by \$76 in FY 1998, and another \$79 in FY 1999 and later, at a cost of \$231 million for the new biennium.

Compensatory Revenue. The 1997 Legislature made a number of changes in the compensatory revenue. Beginning in FY 1998, compensatory revenue will be computed using building-level free and reduced lunch counts instead of district-wide AFDC counts. The resulting new formula will increase the number of sites eligible for compensatory revenue as well as increase the amount of compensatory revenue that many districts were receiving previously. These changes in the compensatory formula account for about \$100 million in new revenue for the

biennium. The new compensatory revenue must be allocated to the building sites where the students who have generated the revenue are served. Eligible sites will now include tribal contract schools and public and private alternative programs.

Basic Skills Revenue. Beginning in FY 1999, compensatory revenue, limited English proficiency (LEP) revenue, and assurance of mastery revenue will be combined into a new basic skills revenue. The LEP portion will contain a new concentration revenue for districts with high numbers of LEP students.

General Education Levy. The Omnibus Bill set the general education levy for FY 1998 at \$1,359,000 and \$1,385,000 for FY 1999 and later. The general education tax rate will decrease from 37.4 percent of net tax capacity in FY 1998 to 35.5 percent in FY 1999.

Property Tax Shift. The calculation for the property tax shift was simplified by only counting against the general education levy. The new shift percentage is set at 7 percent for FY 1997 and later. \$18.7 million was appropriated for the reduction in the shift due to the simplification.

Special Education

First Grade Preparedness. The 1997 Legislature appropriated \$10 million to continue the First Grade Preparedness pilot program established in 1996. Approximately \$7.4 million of the appropriation is for school sites that were in the program in 1996. The remaining appropriation is used to expand the program to

more sites, based on the number of students on the free and reduced lunch program.

Homeless Student Programs. A new funding mechanism and a capital grant program were created to help districts deal with homeless students. School districts will receive an additional \$100 per homeless pupil. School districts with high numbers of homeless pupils will also be able to apply for capital grants to improve education services at facilities that serve homeless children.

Magnet Schools. The 1997 Legislature appropriated \$7.5 million for capital grants to expand or build new magnet school facilities in the metro area.

Education Excellence

Charter Schools. The Omnibus Bill contained two new programs to provide additional funding for charter schools. About \$2.6 million was appropriated for charter school lease aid and \$1.5 million for charter school startup grants. The Legislature also approved a \$3.3 million grant for a community-based school in St. Paul.

Laboratory Schools. Both public and private postsecondary institutions will be eligible to receive grants from a \$2.5 million appropriation to establish laboratory schools for K-12 students.

Statewide Testing. The Legislature appropriated \$5 million to the Department of Children, Families, and Learning to develop and implement the statewide tests that were part of the bill that repealed the general education funding caps. The new statewide tests will be given in grades 3, 5, 8, and one secondary grade.

Graduation Rule Implementation. Each school district will receive an extra \$10 per pupil unit in FY 1998 for graduation rule acceleration. This is a one-time appropriation for \$10 million.

Technology

The Legislature appropriated almost \$90 million for technology-related programs, which is about a \$59 million increase over the previous biennium. The appropriation includes a one-time \$24 per pupil additional technology revenue (\$25 million total appropriation), \$14 million for site-based competitive technology grants, and \$23 million for telecommunication connections.

The Department of Children, Families, and Learning also received a \$6 million appropriation to establish a computer refurbishing program in state corrections institutions. The program will refurbish computers that are donated by businesses for schools. These computers will be used by school districts.

Other Education Programs

Other significant appropriations include:

- Increase of \$4.5 million for school-to-work initiatives;
- \$4.7 million for flood-related damages in public schools (additional flood relief revenue for schools was approved in the 1997 Special Session Flood Relief Bill);
- About \$1 million for Targeted Breakfast grants; and
- \$2 million for a "Learn and Earn" graduation achievement program for youths who live in high-crime areas.

Higher Education

The Omnibus Higher Education Funding Bill increased funding for higher education by approximately 14 percent over the previous biennium. Key provisions included the following:

Student Financial Aid, Libraries, and Technology

Funding for student financial aid, libraries, and technology was increased by approximately 15 percent over the previous biennium. Specific provisions were:

- The proportion of a student's living expenses that are recognized in the calculation of a student's state grant was increased by 7 percent in FY 1998 and 9 percent in FY 1999;
- The calculation of the amount of money an independent student receives under the state grant program was modified to compensate for the reduction in the grant to these students that occurred following changes in federal legislation;
- The Higher Education Services Office was directed to provide information on how to maximize financial aid when establishing student fees;
- The appropriation for work-study was increased. In addition, the pool of employers who can participate in the work-study program was expanded by allowing a postsecondary institution to use up to 30 percent of its work-study allocation for student internships with private, for-profit employers. Campuses participating in the state work-study program are encouraged to cooperate with their local public schools to place college work-study students in school activities such as tutoring;
- Money was included for the National Service Scholars program;
- The maximum non-AFDC child care grant was increased from \$1,700 to \$2,000;
- Two programs were established to encourage individuals to save for college: Edvest and Gopher State Bonds.

The Edvest program: (1) provides a qualified state tuition program under federal tax law; (2) provides matching grants for contributions to the program by low- and middle-income families; and (3) encourages individuals, foundations, and businesses to provide additional grants to participating students.

The Gopher State Bonds program encourages individuals to save for higher education by investing in state general obligation bonds;

- \$12 million was appropriated to expand the abilities of libraries statewide to electronically share books and other materials;
- Approximately \$2.6 million was appropriated to provide on-line access to science and technology periodicals; and
- Money was included for improvements in the statewide electronic network that connects postsecondary education institutions.

The money will be used to:

- (1) integrate new technologies that will combine data, voice, and video into the current system which uses interactive television technology;
- (2) expand the capacity of the network so more distance education classes can be offered;
- (3) increase access to other networks; and

- (4) assist the University of Minnesota-Twin Cities' participation in the National Internet Two initiative.

University of Minnesota

Funding for the University of Minnesota was increased by 16 percent over the previous biennium.

- \$40 million was included for a faculty recruitment and retention pool; and approximately \$89.8 million was appropriated for investments in technology, facilities, and programs;
- Money was included for initiatives to sustain Minnesota's renewable natural resource-based industries;
- Funding for agriculture and extension services was increased by 7 percent;
- Money was included for agriculture education grants, and to improve recruitment and collaborative efforts at the College of Agriculture, Food, and Environmental Sciences;
- Money was appropriated for indigent patients, the rural physicians associates program, the veterinary diagnostic lab, health sciences research, dental care, the biomedical engineering center, technology transfer, research and public service, and the biomedical engineering center endowment; and
- Additional money was appropriated for general research, student loans, industrial relations education, the National Resources Research Institute, the Center for Urban and Regional Affairs, the Bell Museum of Natural History, the geological survey, the talented youth mathematics program, the Humphrey exhibit, and a multisheet ice arena.

Minnesota State Colleges and Universities

Funding for the Minnesota State Colleges and Universities (MnSCU) increased by approximately 12 percent over the previous biennium.

- Approximately \$55.6 million was appropriated for educational enhancements, including improvements in programs, student services, student advising, library acquisitions, and class size and availability;
- \$22.5 million was appropriated for instructional technology and equipment;
- \$10.5 million was appropriated to deliver academic programs and courses statewide via interactive television, to develop multimedia instructional technology, to develop automated student services available on-line and through the Internet, to expand staff development, and for grants for innovative technology applications;
- \$15 million was appropriated to develop and implement a common student information system and central data management system, and to upgrade the management information systems network;
- \$4 million was appropriated for building repairs and improvements;
- \$1.5 million was included to respond to snow and flood disasters;
- The manner in which the state appropriation should be allocated to campuses in FY 1998 was delineated. The system must report to the Legislature on its progress in developing a new allocation formula by February 1, 1998;
- The board of trustees was directed to increase the percentage of total General Fund expenditures for direct instruction. The board

must report to the Legislature the percentage of total General Fund expenditures for direct instruction and administrative support; and

- The trade, purchase, and sale of land at a number of MnSCU campuses were authorized.

Miscellaneous Provisions

Other key provisions included:

- The University of Minnesota and MnSCU were directed to correct technical college credit transfer problems. The systems also are directed to submit a brief progress report to the Legislature on their efforts in this area; the report must include an assessment of the feasibility of common course numbering;
- The University of Minnesota and MnSCU were directed to prepare a report that provides a

detailed review of current and planned expenditures on information technology. The report must specify the goals and objectives of the systems and their campuses in their use of technology and demonstrate how these goals and objectives will serve the state's interest in higher education;

- Approximately \$2.4 million was appropriated to the Mayo Medical Foundation for medical students who are residents of Minnesota, students in the Family Practice and Graduate Residency Program, and resident physicians participating in the Mayo Family Practice Residency Program at St. Cloud Hospital; and
- \$1 million was appropriated for the development and implementation of the Minnesota career and education planning system in partnership with the University of Minnesota; the Department of Children, Families, and Learning; and the Office of Technology.

Family and Early Childhood Education

Early childhood programs for children ages 0 to 4, which in prior years had been funded as a portion of the K-12 budget, were moved to separate funding divisions in each house and separate omnibus bills. The budget for early childhood programs increased 162 percent over the prior biennium, from \$241.9 million in FY 1996-97 to \$393.6 million in FY 1998-99.

One reason for this large increase was an effort to ameliorate the effects of welfare reform by increasing programs for child care. In addition, the unprecedented increase was a response to a national call for programs aimed at early intervention for children ages 0 to 4.

Child care programs, including Basic Sliding Fee (BSF) child care and Temporary Assistance

for Needy Families (TANF) child care, increased from \$87.1 million during the 1995-97 biennium to \$200.5 million in the 1997-99 biennium. The bulk of this increase came in BSF child care, a program aimed at working parents who pay a partial fee for child care, which increased from \$40.3 million in 1996-97 to \$92.5 million in 1998-99. The state's welfare reform program, TANF, is accompanied by a child care component, which increased under this legislation from \$42.8 million in the 1995-97 biennium, when it was called the AFDC child care program, to \$99.2 million in the 1997-99 biennium as TANF child care.

Self-sufficiency programs, including food banks, transitional housing, and grants for community collaboratives, increased from \$17.9

million in the 1995-97 biennium to \$24.2 million in the 1997-99 biennium. The bulk of this increase was given to community collaboratives and transitional housing for the homeless.

Early childhood education programs were increased from \$75.4 million in the 1995-97 biennium to \$94.4 million in the 1997-99 biennium. Included in these programs are Early Childhood Family Education (ECFE) and Head Start. ECFE was increased from \$28.4 million in the 1995-97 biennium to \$29.7 million in the 1997-99 biennium. The state share of Head Start was increased from \$23 million in the 1995-

97 biennium to \$37.5 million in the 1997-99 biennium.

Community and violence prevention programs were increased from \$61.4 million in the 1995-97 biennium to \$74.6 million in the 1997-99 biennium. Included in the many small programs in this category were drug policy and violence prevention programs, adult basic education programs, programs for abused children, programs for GED test reimbursement, community education programs, and other programs aimed at community enhancement.

Human Services

The Omnibus Health Care and Family Services Appropriations Bill (Chapter 203) appropriated over \$5.7 billion for the Department of Human Services (DHS). Of that amount, over \$5.17 billion is from the General Fund, over \$542.5 million is from the federal welfare reform block grant, and \$915,000 is from the state government special revenue (SGSR) fund, which consists of revenues from fees, licenses, and department earnings.

Agency Management

Over \$50.4 million was approved for this activity (compared to current spending of about \$49 million), including over \$49.7 million from the General Fund. The central office budget was reduced by almost \$1.4 million. Significant new spending initiatives included:

- \$555,000 to purchase software to improve the department's ability to collect delinquent debts (a \$600,000 increase in collections is expected over the biennium);

- \$820,000 to expand efforts to increase the number of disabled persons receiving federal Retirement, Survivors, and Disability Insurance (RSDI) benefits (this initiative is linked to nearly \$3 million in savings in Medical Assistance and Group Residential Housing); and
- \$500,000 to increase the number of hours of service and the hourly payment rate of Attorney General staff providing legal services to the department.

Children's Grants

Over \$78.3 million was appropriated for this activity, a significant increase from current spending of about \$46.4 million. A \$2 million appropriation will be used to implement, on a demonstration basis, a two-track child protection screening and service delivery model to identify and provide community-based treatment to "low-risk families" and to provide respite care to families whose children have challenging behaviors. Almost \$17.8 million was provided

for in-home family preservation services to replace federal earnings no longer available because of the establishment of the welfare reform block grant. An appropriation of \$5 million was made available to privatize adoption services for all children committed to DHS guardianship, and almost \$1.8 million was provided to fund a needs-based guardianship support program. Guardians are typically grandparents living on fixed incomes. A \$1.4 million appropriation will provide money to complete development and implementation of a competency-based child welfare training system, recruit foster and adoptive families, and pay increased foster care liability insurance premiums.

The Legislature made \$2 million available for additional development of 16 existing children's mental health collaboratives and expansion of the collaborative model to ten additional communities. An additional \$800,000 was provided for existing crisis nursery services and expansion into six additional sites. These nurseries provide child care while families deal with family crises. Also, funding for children's mental health services was increased by \$1.4 million.

Children's Services Management

Over \$5.6 million was provided for this activity, versus current spending of about \$3.8 million. The largest new spending item was \$1.5 million for training and implementation costs of the social services information system (SSIS).

Basic Health Care Grants

Over \$1.77 billion was provided for basic health care activities, including almost \$691 million for Medical Assistance (MA) services for families and children (versus current spending of about \$615 million), over \$738 million for elderly and disabled persons (versus current spending

of about \$689 million), and almost \$344 million for General Assistance Medical Care (GAMC) services (compared to the current level of over \$365 million).

MA for Families and Children

Of the appropriation for these services, over \$48.8 million was to pay the costs of forecasted spending increases over the biennium. Much of this increase is the result of an unusually large drop in the share of federal MA funding (determined as the result of a national per capita income formula) and increased spending for families and children who are low income but not eligible for state welfare programs.

Almost \$2.3 million was appropriated to cover anticipated inflation in MA payments for inpatient hospital services, and over \$3.4 million was provided for corresponding increases in managed care capitation payments to cover those increased costs. Almost \$2.5 million was appropriated to continue providing MA services to families who would have been eligible for MA under the AFDC income standards in effect on July 16, 1996, as required by the federal welfare reform legislation. This continuation closely mirrors current DHS policy.

Over \$2.2 million was appropriated to accelerate the phaseout of the current billing system used for income maintenance and health care programs under which counties pay a share of costs in the first six months of the fiscal year and are reimbursed for most of those costs in the second six months. This acceleration is designed to simplify fiscal operations for both the state and the counties and appears in a number of budget activities throughout the DHS budget. Of the \$2.2 million, \$992,000 is to phase out the county share of MA transportation services, which is the only MA service affected by the phaseout. The remaining \$1.2 million is offset by revenue from the county, and all other

MA services will continue to have a county share for the next four years.

Almost \$17 million was added for health care services for families and children under the new Minnesota Family Investment Program-Statewide (MFIP-S), which will replace AFDC. The Legislature repealed the \$1 pharmacy prescription copayment, which was never implemented but for which budget savings were assumed, and reduced the dispensing fee paid to pharmacists to \$3.65 from \$3.85 in MA and \$4.10 in MinnesotaCare. The net cost of these changes was \$924,000.

The Legislature approved a 5 percent cost-of-living (COLA) increase for a variety of health care providers. In this budget activity, the Legislature provided almost \$1.4 million for a COLA for MA therapy services and over \$1.4 million for a dental services COLA.

A \$5 million grant was approved for the first year of the biennium to the Medical Education and Research Costs (MERC) Trust Fund. The Legislature adopted a number of measures designed to reduce costs in this area, including: eliminating hospital rate appeals unless the amount in question exceeds a minimum threshold, saving over \$1.3 million; requiring sponsors of immigrants who enter the United States on or after August 22, 1996, to assume responsibility for the medical expenses of the immigrant (called "sponsor deeming"), saving almost \$1.5 million; and reestablishing an asset test under MA for pregnant women and children, saving almost \$6.1 million.

MA Elderly and Disabled

The appropriation for this activity includes a forecast adjustment of almost \$33.4 million, 80 percent of which is for basic health care for persons with disabilities, driven largely by projected caseload increases of about 7 percent each year. In addition, inpatient hospital

inflation for services to elderly and disabled persons will cost almost \$4 million, and the corresponding increase in managed care capitation rates will cost \$878,000. Almost \$1.3 million was appropriated to continue and expand demonstration projects to test managed care delivery of services to persons with developmental disabilities. Additional services and sites will be added to the two currently approved pilots.

A proposal to expand the income eligibility guidelines for the MA elderly waiver program was adopted at a cost of over \$9.8 million, but budget savings are reflected elsewhere in the DHS budget. Savings of over \$1.1 million are anticipated through "sponsor deeming" (explained above) in this budget activity.

General Assistance Medical Care (GAMC)

An appropriation of \$547,000 was provided for the net costs of eliminating the \$1 prescription copayment (which was never implemented) and reducing the pharmacy dispensing fee to \$3.65 from \$3.85. Over \$4 million was provided for the costs of accelerating the phaseout of the county share of GAMC costs. The Legislature approved a number of changes designed to reduce GAMC spending. The spending forecast was reduced by over \$12.6 million due largely to caseload reductions and to savings that result from a delayed expansion of managed care. (Since managed care providers are generally paid prospectively, a one-time cost results when managed care is implemented and post-service payments are converted to prepayments. For the initial budget period, both types of payments are occurring simultaneously.) "Sponsor deeming" will save \$896,000.

Savings of \$1 million are forecast from a policy change that will restrict GAMC coverage for persons who are residents of other states temporarily in Minnesota. Under the new policy,

these people will only be eligible for emergency hospital services and related care for the treatment of injuries resulting from an accident that occurs in Minnesota.

A savings of \$531,000 is projected from reinstating an asset test for pregnant women and children on GAMC. Costs in GAMC will be reduced by over \$11.4 million in FY 1999 through a shifting of costs to the health care access fund (HCAF) when working adults and parents are transferred from GAMC to MinnesotaCare (as provided in separate MinnesotaCare legislation). In addition, the HCAF must reimburse the General Fund for costs of \$16.3 million that would have been paid by MinnesotaCare if the transfer of these individuals had occurred in FY 1998.

Health Care Management

About \$48 million was provided for this activity, compared with current spending of about \$45.7 million. The major increase is a \$2.2 million appropriation to cover county administrative costs related to the Prepaid Medical Assistance Program (PMAP).

State-Operated Services

The Legislature provided about \$410.6 million for state-operated services, including about \$382.5 million for regional treatment centers (RTC) (compared to current spending of about \$392 million); almost \$7.9 million for state-operated community services for persons with mental illness (versus current spending of about \$7.7 million); and about \$20.2 million for state-operated services for persons with developmental disabilities (up from current spending of over \$19.2 million).

The appropriation for the regional treatment centers was reduced by over \$11.8 million. This amount reflects both the continued decline in the

population of those facilities and the development of specialized services, such as the Minnesota Extended Treatment Options (METO) program at the Cambridge RTC. METO provides secure inpatient treatment beds and state-operated community services for persons with developmental disabilities who have behavioral problems. An appropriation of \$1.3 million was approved to provide additional staffing at the treatment facility in Moose Lake for persons with psychopathic personalities.

The Legislature approved \$800,000 for a second phase of the adult mental health pilot projects to provide needed services in the community. Almost \$3.7 million was provided for cost-of-living adjustments for state employees working in community-based facilities, but over \$2.7 million of that amount was transferred to the MA account and included in the 5 percent COLA amount.

Continuing Care and Community Support Grants

Almost \$2.3 billion was appropriated for a variety of programs grouped in this area.

Funding for Community Social Services Act (CSSA) grants was about \$111.3 million, compared to current spending of about \$108.4 million. The major increase was over \$2.8 million to pay for a 5 percent COLA increase for day training and habilitation services for persons with developmental disabilities funded out of this appropriation.

Funding for consumer support grants for persons receiving community-based services remained unchanged at about \$3.5 million.

About \$15.8 million was appropriated for aging and adult services grants, compared to current spending of about \$14.4 million. The most significant increase was \$650,000 to

expand the Living at Home/Block Nurse program.

Grants for programs that serve persons who are deaf or hard-of-hearing were over \$2.9 million, compared to current spending of about \$2.1 million.

The Legislature provided about \$98.7 million for mental health grants, compared to the current level of about \$93.3 million. A \$2.7 million appropriation was provided for a second phase of the adult mental health pilot projects. These projects are designed to support local multi-county system redesigns, improve the range and scope of service options, and reduce reliance on institutional care. Over \$4.1 million was provided to enable a 5 percent COLA increase for mental health services (explained above). A net General Fund savings of \$800,000 was realized through a change in funding for compulsive gambling treatment services. These services will now be funded with an appropriation from the lottery prize fund.

Long-Term Care

Over \$12.8 million was appropriated for developmental disabilities community support grants. The only change from current spending levels was an addition of \$460,000 for a 5 percent COLA increase for service providers.

Over \$548 million was provided for MA long-term care waivers and home care, compared to current spending of about \$434 million. The spending forecast in this area was increased by about \$77.4 million, due in large part to a reduction in the share of MA paid by the federal government and to increased costs for serving persons with developmental disabilities. Almost \$10.5 million was provided to expand the income eligibility guidelines under the elderly waiver program as part of the initiative designed to expand the number of persons served by that MA program while reducing the number of

participants in the 100 percent state-funded alternative care program. Over \$25.3 million was provided for 5 percent COLA increases to providers of various waived services, home health services, personal care assistant services, and day training and habilitation services.

The appropriation for MA long-term care facilities was \$1.168 billion, compared to current spending of over \$1.136 billion. The spending forecast was increased by only about \$2.9 million. Increased spending that will result from a significant decrease in the federal share of MA costs was almost completely offset by reduced projections of nursing home caseloads. The long-term care facilities appropriation was reduced by over \$10.4 million to reflect the impact of continuing efforts to reduce the number of persons with developmental disabilities who reside in regional treatment centers.

Over \$6.9 million was provided for rate increases for intermediate care facilities for persons with mental retardation (ICFs/MR), an increase of about \$1.6 million over the amount proposed by the Governor.

Over \$37.2 million was appropriated for nursing facility rate increases proposed by the Governor; and the Legislature approved additional nursing facility rate increases, for the industry in general or for specific facilities, totaling over \$6.9 million.

The Legislature appropriated \$1 million for the MA costs of nursing home moratorium exceptions to be approved through an administrative process and \$188,000 for a moratorium exception for a specified facility. Savings of almost \$14.5 million were taken as a result of the initiative to expand the elderly waiver program (reflected elsewhere in the budget) and reduce spending on long-term care as well as on the state-funded alternative care program.

The appropriation for alternative care grants was about \$80.6 million, compared to current spending of about \$82 million. Savings of over \$5.2 million were assumed through the initiative to shift some clients from alternative care to the MA-funded elderly waiver program. An appropriation of \$744,000 was provided for the added costs in this activity from the initiative to accelerate the phaseout of the county share of expenditures. Almost \$3.1 million was approved for a 5 percent COLA for alternative care service providers.

Residential Housing

The group residential housing (GRH) appropriation was over \$135 million, compared to current spending of about \$101 million. Forecasted spending increased by about \$33.8 million. The increases are due largely to a federal change that will eliminate federal Supplemental Security Income (SSI) payments for persons with disability based on drug and alcohol addiction, resulting in added state costs to provide housing for these persons, and forecasted caseload increases of about 10 percent per year.

A savings of over \$2.3 million was anticipated through expansion of an initiative to maximize federal Medicare and Retirement, Survivors, and Disability Insurance (RSDI) payments, both retroactively and into the future, for GRH-eligible residents.

Additional savings of almost \$1.2 million were taken through elimination of duplicate service funding through GRH "difficulty of care" rates and personal care assistant services for the same client. Over \$2.7 million was provided as part of the initiative to accelerate the phaseout of the county share of program costs in this area. Over \$1.4 million was provided for a GRH rate adjustment.

Chemical Dependency

Almost \$85.4 million was provided for entitled and nonentitled clients in the Consolidated Chemical Dependency Treatment Fund. For clients who are entitled to treatment (basically those who meet the income guidelines of MA or GAMC), about \$75.4 million was provided, compared to current spending of about \$87.5 million. Forecasted spending in this area was reduced by almost \$18.7 million. Placements paid through this source are declining as a result of the increasing coverage of MA and GAMC recipients through managed care.

The Legislature authorized annual rate increases of up to 3 percent per year for service vendors. This rate adjustment actually reduced the budget by \$930,000 because the forecast budget had assumed a larger rate increase. Almost \$3 million was provided to maintain the current allocation to Indian tribes for chemical dependency services. Without this appropriation, tribes would have received reduced funding based on the existing formula. A \$3 million appropriation was approved to adjust county maintenance of effort requirements which are becoming burdensome as a result of the shift of chemical dependency services to managed care. Over \$1.5 million was provided to cover the costs of providing chemical dependency services to persons with drug and alcohol addiction who are losing GA eligibility as a result of state welfare reform initiatives. Funding for chemical dependency services for persons receiving care paid for by the chemical dependency fund as "nonentitlement" recipients was \$10 million, compared to current spending of about \$8.7 million.

The increase of almost \$1.3 million will provide services to all eligible clients with incomes under 60 percent of state median income. Under previous policy, persons were eligible only if they met income criteria and had children in the household, were pregnant, or were under 18 years of age.

Continuing Care and Community Support Management

Almost \$38.4 million was provided for this management activity, compared with current spending of about \$36.9 million. Management costs will increase in a variety of demonstration and pilot projects.

Economic Support Grants

The Legislature appropriated nearly \$431 million from the General Fund and almost \$543 million in federal funds for this activity, for a total of almost \$974 million. These appropriations implement the federal welfare reform legislation approved by Congress in 1996.

About \$200 million was provided from the General Fund for assistance to families grants under the new Minnesota Family Investment Program-Statewide (MFIP-S), which will be phased into operation between January 1 and March 31, 1998. The MFIP-S grants were funded with a transfer of about \$257 million from the AFDC account. This amount was reduced by about \$71.4 million in order to maximize the use of federal block grant funds available for this purpose. The Legislature also transferred \$7.8 million from the MFIP field trials to MFIP-S in FY 1999. (The field trials terminate at the end of FY 1998.)

About \$2.7 million was provided to extend the temporary AFDC income disregards until the AFDC program phases out, in order to prevent disruptions in the incomes of working recipients. About \$3.9 million was provided to pay for temporary grant supplements equivalent to the value of Food Stamps for certain immigrants on MFIP-S who no longer qualify for Food Stamps under federal law.

Temporary Assistance for Needy Families (TANF)

A new federal account was established for the Temporary Assistance for Needy Families (TANF) block grant, replacing all federal AFDC accounts, totaling about \$543 million. Base-level federal funding included about \$321 million for cash grants; about \$28.5 million for work grants (replacing STRIDE, Work First, and other welfare-to-work funding); about \$11.4 million for the MFIP field trials; about \$43.9 million for county administration; and about \$14.2 million for state administrative costs. Additional funding was provided for the MFIP-S program, with about \$97.6 million added for the cash grants (replacing state funds and creating work incentives) and \$26.1 million added for welfare-to-work programs.

The Legislature appropriated about \$27.9 million from the General Fund for work programs, with the only increase over current spending being \$280,000 for the New Chance demonstration project to help welfare recipients become employed. The base-level funding for STRIDE and other welfare-to-work programs was transferred to the new MFIP-S program.

About \$23.7 million was appropriated for the MFIP demonstration project to fund the project until it terminates on June 30, 1998, compared to current spending of about \$48.3 million. The MFIP forecast for cash grants was increased by about \$1.8 million and for child care by about \$2.3 million. These increases were necessary because of lower-than-anticipated attrition rates in the program. Reductions of about \$28.7 million were taken because of the early termination of MFIP and the transfer of MFIP child care funds to the Department of Children, Families, and Learning.

Aid to Families with Dependent Children (AFDC)

The Aid to Families with Dependent Children (AFDC) program received about \$7.7 million, compared to current spending of about \$265 million. This amount will fund the program until it phases out early in 1998. The remaining \$257 million was transferred to the new MFIP-S account (see above).

About \$10.2 million was appropriated for child support enforcement activities, compared to current spending of about \$11 million. Savings of \$1.1 million were achieved through elimination of the requirement for publication of the names of delinquent obligors. The publication program was replaced by a "most wanted list" program to be established by the Attorney General's office.

General Assistance (GA)

About \$105 million was appropriated for the General Assistance (GA) program, compared to current spending of about \$95 million. The spending forecast was increased by about \$16.1 million, due almost entirely to a higher caseload driven by federal changes limiting eligibility for the federal SSI program. About \$3.3 million was provided in this program for the cost of accelerating the phaseout of the county share of expenditures. Savings of almost \$10.6 million are expected through the elimination of the Family GA program and making those clients eligible for MFIP-S. About \$2 million was provided to temporarily increase GA benefits for immigrants who no longer qualify for Food Stamps because of federal welfare reform. A savings of about \$1.8 million is anticipated from a requirement that GA recipients cooperate with chemical dependency assessments and treatment.

Almost \$1 million was provided for the housing costs of certain immigrants who are terminated from SSI due to federal welfare reform legislation.

State Supplemental Aid

About \$53.2 million was provided for Minnesota Supplemental Aid, compared to current spending of about \$50.9 million. The spending forecast was increased by about \$1.5 million to cover an expected caseload increase. An appropriation of \$866,000 was provided to cover the costs in this area of accelerating the phaseout of a county share of program expenditures.

About \$3.2 million was provided for refugee services. This amount is identical to the current spending level.

Economic Support Management

About \$76 million was provided for this activity. For economic support policy administration, the Legislature provided almost \$18.7 million, compared with current spending of about \$15.6 million. A \$1.7 million appropriation was approved for welfare reform administration, and \$1.2 million was provided for the administrative costs of new federal child support enforcement mandates. For economic support operations, about \$57.4 million was provided, compared to current spending of about \$53.5 million.

A \$600,000 appropriation will cover the added costs of the MAXIS computer system related to welfare reform.

A \$1.6 million appropriation was added in this activity for costs related to federal child support changes. An \$846,000 appropriation was approved for enhanced anti-fraud activities, including additional grants to counties for fraud prevention investigations and money to help prevent fraud related to the provision of Food Stamps through the Electronic Benefit System (EBS). That system will be expanded statewide using an \$825,000 appropriation.

MinnesotaCare

The MinnesotaCare budget in 1997 dealt with a projected FY 2001 surplus of over \$580 million in the dedicated HCAF. The solution included increasing expenditures on some programs and the lowering of taxes used to fund MinnesotaCare. Due to these adjustments, the overall balance in the dedicated HCAF is estimated to shrink from \$269 million in 1998 to \$230 million in the year 2001.

Taxes. The 2 percent provider tax, levied on all hospitals and health care providers, was lowered to 1.75 percent for 1998 and 1999. The 1 percent premium tax, levied on all staff model HMOs, was repealed for 1998 and 1999. These tax reductions may continue past 1999 if the surplus in the HCAF continues to grow and statutory conditions are met that ensure a continued surplus. If the fund falls short, the taxes will be increased to former levels. The physician surcharge was repealed, with the HCAF transferring \$4.1 million per year to the General Fund to make up the lost revenue.

Expenditures. Single persons and families without children were admitted to the program if their incomes were up to 175 percent of poverty, an increase from the prior 135 percent of poverty standard. This will cost the HCAF \$12 million in 1998, increasing to \$24 million in 1999, \$27 million in the year 2000, and \$28 million in 2001.

Parents and working adults within the GAMC program who would meet the qualifications of MinnesotaCare were shifted to the MinnesotaCare program. This will save the General Fund

\$17 million in 1999, the first year of the shift. For FY 1998, the HCAF will transfer \$13.7 million to the General Fund, in lieu of savings if this initiative had been implemented sooner.

Dental reimbursement was increased by 15 percent, and expanded dental services were created for MinnesotaCare enrollees. An asset test was created for MinnesotaCare enrollees, limiting enrollment based upon an enrollee's assets. Finally, the \$10,000 inpatient hospital benefit was waived on a pilot basis for MinnesotaCare enrollees, with the increased cost coming out of the HCAF.

\$30 million was transferred from the HCAF to the Minnesota Comprehensive Health Association (MCHA) to offset MCHA projected deficits with the access fund projected surplus. The transfer does not continue past the 1997-99 biennium.

A reserve was created within the HCAF to pay for projected cuts in federal funding for health care-related programs. This fund was established at \$55 million for 1998, growing to almost \$100 million in 1999, and capping at \$150 million in the year 2000.

A senior drug discount program was established to provide seniors with low-cost prescriptions, using state funds (\$4 million per year from the General Fund) to establish discounts through community pharmacies. Enrollment is estimated to begin January 1998 and will be limited to meet the budget cap.

Health

The Omnibus Health Care and Family Services Appropriations Bill (Chapter 203) provided over \$144.6 million for the Minnesota Department of Health, including about \$100.3 million from the General Fund, over \$43.9 million from the state government special revenue (SGSR) fund, and \$386,000 from the metropolitan landfill contingency action (MLCA) fund.

Health Systems and Special Population

The Legislature appropriated almost \$96.8 million for this activity, including nearly \$78.3 million from the General Fund and about \$18.5 million from the fees and licensing revenue fund. The General Fund appropriation for community health services was almost \$41.8 million, a \$10 million increase from the previous level. The increase will be distributed as grants to local public health agencies to finance core public health functions.

The Legislature also appropriated almost \$4.4 million from fees and licensing for community health services, compared with current spending of \$981,000. The major increases included almost \$2.9 million to update and automate the state vital statistics information system and \$286,000 to establish a father's registry of persons who may be a child's father but are not married to the child's mother and have not established paternity in a court proceeding.

A General Fund appropriation of almost \$35.9 million was provided for the family health activity, compared with current spending of about \$23.8 million. Over \$9.4 million was provided for a series of children's initiatives, including tobacco-free communities, healthy beginnings, ENABL (Education Now and Babies Later), fetal alcohol syndrome, WIC, and juvenile assessments.

Almost \$2.3 million was provided to expand family planning services. The Legislature also appropriated \$232,000 from fees and licensing for family health programs, including \$128,000 to continue current spending and \$104,000 to support followup activities with newborns who test positive for any of the five metabolic errors for which newborns must be screened.

The health policy and system compliance activity received \$425,000 from the General Fund, compared with a current level of \$275,000. This activity also received almost \$4.3 million from fees, compared with current spending of almost \$4.2 million.

Increases of \$694,000 to implement the licensing system for alcohol and drug counselors and \$337,000 for agency cost increases related to indirect costs and inflation were almost offset by \$947,000 in technical reallocations. A number of reallocations were made within the department's budget which, when added together, offset each other and result in no net budget change.

The facility and provider compliance activity received \$225,000 from the General Fund and over \$9.6 million from fees and licensing. The current spending level included no General Fund appropriations and about \$9.3 million from fees and licensing.

Health Protection

This activity received almost \$41.5 million, including about \$15.9 from the General Fund, about \$25.2 million from fees and licensing, and \$386,000 from the metropolitan landfill contingency action (MLCA) fund.

The environmental health activity General Fund appropriation was about \$3.9 million, including base-level funding of about \$3.6

million and \$300,000 for improvements related to well water database enhancement and training of local health agency staff regarding well water quality data. This activity also received almost \$22 million from fees and licensing, compared to current spending of about \$20.4 million. New spending items included \$223,000 to finance a joint government/industry partnership to promote quality assurance initiatives in food service; \$809,000 for agency cost increases related to indirect costs and inflation; and \$453,000 in agency technical reallocations. This activity also received \$386,000 from MLCA, the same amount as the current spending level.

The disease prevention and control activity received over \$9.9 million from the General Fund, compared with current-level spending of about \$9.1 million. The \$800,000 increase was comprised of \$500,000 for HIV prevention grants, \$200,000 for HIV education for pregnant women, and \$100,000 to plan for and evaluate a syringe access initiative to prevent HIV transmission. This activity also received \$284,000 from the fees and licensing fund, a small increase from the current spending level of \$262,000.

The public health laboratory received about \$2.1 million from the General Fund, an amount unchanged from the base spending level, and about \$2.9 million from fees, compared with a base level of about \$2.3 million. Fee-funded increases included \$205,000 for the newborn metabolic disorder screening program to replace aging equipment, cover laboratory cost increases, and recover a FY 1997 deficit.

Management and support services received an appropriation of about \$6.4 million, including about \$6.1 million from the General Fund, and \$316,000 from fees. The finance and administration activity received about \$4.4 million from the General Fund, compared to about \$4.7 million in base-level funding. The base was reduced by \$316,000 through technical reallocations to SSGR, which showed

an appropriation of \$316,000 compared to zero base funding. The management support activity received about \$1.7 million from the General Fund compared to base funding of about \$1.3 million. The two budget increases were \$186,000 in technical reallocations and \$200,000 to plan for the expansion of information and statistical research on minority health in Minnesota.

Health-Related Regulatory Boards

Over \$19.2 million was appropriated in Chapter 203 from the state government special revenue fees and licensing fund for the operations of the health-related regulatory boards. The boards are self-supporting, with all of their revenues raised through fees assessed against regulated individuals and entities.

Emergency Medical Services Board

The Emergency Medical Services (EMS) Board received about \$1.4 million from the General Fund in Chapter 203, compared to current spending of about \$1.2 million, and about \$3.3 million from the trunk highway fund, a continuation of the current spending level. Most of the General Fund increase was earmarked for the implementation of a comprehensive advanced life support program.

Council on Disability

The Council on Disability received about \$1.2 million in Chapter 203. This is identical to the current spending level.

The Ombudsman for Mental Health and Mental Retardation

Chapter 203 provided about \$2.7 million for the ombudsman, compared with current

spending of \$2.4 million. The most significant new initiative was the appropriation of \$225,000 for a civil commitment training and resource center. The center will provide training, disseminate information, and offer legal consultation, primarily to persons with mental illness and their representatives.

Ombudsperson for Families

Chapter 203 provided \$318,000 for the Ombudsperson for Families, an amount equivalent to the current spending level.

Veterans Affairs

Veterans Nursing Homes Board

The board was appropriated about \$45 million, compared to current spending of about \$38.4 million. Almost \$1.3 million was appropriated to the Commissioner of Administration for emergency repairs to the fire support and sewer systems at the Minneapolis Veterans Home. An appropriation of \$1.4 million was authorized to open the final 24 beds at the 200-bed domiciliary facility at Hastings. Major renovations have been completed on the campus to bring the domiciliary facility up to current health standards. The Legislature provided \$4 million for operating costs of the new veterans home in Fergus Falls, which is expected to reach full operations by July 1, 1999.

million for the Department of Veterans Affairs. Of that amount, about \$17.1 million is for bonus payments to Gulf War veterans and \$500,000 is for the administrative costs of the bonus program. Other significant appropriations to the agency included about \$3.1 million for the emergency financial and medical needs of veterans; \$500,000 for grants to Vinland Center, which provides rehabilitative services to veterans with handicapping conditions; and \$463,000 for training of county veterans services officers.

Veterans Service Organizations

Chapter 202 provided \$82,000 for the Veterans of Foreign Wars; \$40,000 for the Military Order of the Purple Heart; and \$26,000 for the Disabled American Veterans.

Department of Veterans Affairs

The Omnibus State Government Appropriations Bill (Chapter 202) provided about \$25.9

Housing

The 1997 Legislature appropriated about \$58.4 million for the Housing Finance Agency (MHFA), including these new appropriations:

- \$3.1 million for a rental housing assistance program for persons with mental illness;

- About \$5.8 million for family homeless prevention;
- About \$1.2 million for foreclosure prevention and assistance;

- \$5.5 million for rent assistance for the family stabilization program;
- Almost \$4.7 million for the housing trust fund, with \$1 million dedicated to transitional housing;
- About \$14.6 million for the affordable rental investment fund, and \$125,000 for housing for persons with HIV or AIDS outside of the metropolitan area;
- A rider on the affordable rental investment program to provide an equal number of housing units in the metropolitan and non-metropolitan areas and out-state loans must be funded with the cooperation of the initiative fund regions; in the metropolitan area, the Commissioner must collaborate with the Metropolitan Council;
- \$374,000 for the urban Indian housing program;
- About \$3.4 million for the tribal Indian housing program;
- \$372,000 for the rural and urban home-steading program;
- \$580,000 for nonprofit capacity-building grants, of which \$80,000 is for a grant to the Minnesota Housing Partnership and \$150,000 is for grants to the six rural initiative funds;
- A little more than \$7.9 million for the community rehabilitation program, with \$500,000 for full-cycle home ownership and purchase rehabilitation lending; \$750,000 for grants to acquire, demolish, rehabilitate, acquire, and reconfigure multiple-unit residential rental property; \$250,000 for a grant to an organization or a consortium of organizations to develop affordable and life-cycle housing in Minneapolis and St. Paul; and \$550,000 for a grant to the city of Landfall to purchase real property owned by the Washington County Housing and Redevelopment Authority, once the agency has the balance of the money to make the purchase;
- Nearly \$8.6 million for the housing rehabilitation and accessibility program;
- Almost \$2.2 million for the home ownership assistance fund;
- \$50,000 for home equity conversion counseling for senior citizens;
- \$50,000 for the newly created advisory task force on lead; and
- \$80,000 for the affordable neighborhood design and development initiative.

The Legislature also created a lead hazard reduction task force to certify lead-safe residential property, to study appropriate maintenance practices to keep residences lead safe, and to study and clarify legal responsibilities of tenants and landlords in lead safety issues.

Economic Development

The 1997 session of the Legislature appropriated more than \$135 million for economic and community development purposes in the omnibus appropriations bill for jobs, energy, and community development (Chapter 200). Most of that amount is appropriated through the Department of Trade and Economic Development (DTED).

Another \$14 million was appropriated to DTED from the bonding bill (Chapter 246) for brownfields cleanup programs to convert contaminated sites for economic development purposes and to finance wastewater infrastructure projects for municipalities.

Job Skills Partnership. The largest appropriation was more than \$15.3 million for the Job Skills Partnership -- a \$10.5 million increase over the previous biennium. The partnership program was expanded to include a \$3.5 million welfare-to-work custom training program and authority to spend money for a new loan program for businesses to provide customized job training programs.

Minnesota Investment Fund. The Minnesota Investment Fund received an appropriation in excess of \$13 million. This appropriation exceeded the last biennium's appropriations by \$5 million.

Of this amount, \$1 million was designated for an unidentified recipient that the DTED commissioner claims would create more than 1,000 high-paying jobs. This grant would not be subject to the \$500,000 per grant limitation.

Rural Policy and Development Center. The Legislature enacted a new rural development initiative by creating an endowment fund and operational money for a new Center for Rural Policy and Development at Mankato State University. The center will be operated at Mankato State University but be managed by a

statewide board, including the president of the University and representatives of various rural interests appointed by the Governor and the Legislature.

Charges to the center include:

- Use research techniques to identify current and emerging social and economic issues for rural Minnesota in areas including health care, transportation, housing, crime, job training, etc.;
- Forge alliances and partnerships with rural communities to find practical solutions to economic and social problems;
- Provide a resource center for rural communities on issues important to them;
- Encourage collaboration among higher education institutions to provide interdisciplinary team approaches to problem-solving in rural communities; and
- Involve students in center projects.

The \$2 million endowment fund for the center will be an account in the state treasury to be managed by the State Board of Investment. The principal of the account must be invested and re-invested by the State Board of Investment. Earnings will be annually appropriated to the center's board.

Brownfields. Appropriations for brownfields cleanup and redevelopment included \$12.4 million in the omnibus economic development bill and \$7 million from the bonding bill (Chapter 146). The \$12.4 million appropriation is for contamination cleanup related to petroleum products. The \$7 million appropriation is for brownfields cleanup under existing law. The money comes from the General Fund, from the motor vehicle transfer fund, and from an

extension of the Petroleum Tank Release Cleanup fund.

Minnesota Technology Inc. (MTI). MTI was appropriated almost \$19.6 million, including \$3.5 million to invest in a partnership between MTI and faculty at Minnesota academic institutions.

Office of Tourism. Tourism was appropriated more than \$16.8 million, including a new initiative of \$1 million appropriated to the film board for jobs created by film productions in Minnesota.

Trade Office. The Trade Office under DTED received almost \$4.8 million, including a \$350,000 appropriation for a project to develop trade with China.

Public Facilities Authority. This agency within DTED received more than \$7.4 million in direct

General Fund appropriations and \$4 million in bonding authority for drinking water and waste water treatment projects.

More than \$4.4 million was appropriated for state matching money for federal funds for drinking water projects. The rest of the appropriation and the bond proceeds appropriation are for loans to eligible municipalities for wastewater infrastructure funding.

Direct Reduction. A project for development of a direct reduction of iron ore processing facility in northeastern Minnesota received a \$3 million appropriation.

Brooklyn Center Pond. A \$2 million appropriation was made for the construction of a water retention pond in the Brookdale area of Brooklyn Center.

Transportation

The 1997 Legislature appropriated more than \$2.6 billion to the Minnesota Department of Transportation (MnDOT) for the 1997-99 biennium, approximately a 14 percent increase over the previous biennium. MnDOT's appropriations by fund and percentage of funding are shown in the table below.

**DEPARTMENT OF TRANSPORTATION
Biennial Appropriations by Fund**

Fund	1997-99	% of Total
General	\$ 31,381,000	1.2%
Airports	35,994,000	1.4%
County State Aid Highway	645,801,000	24.5%
Municipal State Aid Street	195,844,000	7.4%
Trunk Highway	<u>1,722,599,000</u>	65.5%
Total	\$ 2,631,619,000	100.0%

The majority of MnDOT's funding is from the trunk highway fund. This fund receives 62 percent of the revenues generated by the state's vehicle registration taxes and 20-cent per gallon motor fuel tax. In addition, the trunk highway fund receives federal highway aid for road construction. For the 1997-99 biennium, the federal funds are estimated to be \$450 million, approximately 26 percent of MnDOT's total trunk highway fund appropriation.

The following table provides a list of appropriations for MnDOT's primary activities, along with the percentage of total appropriations for each purpose. The amounts shown for county state aids and municipal state aids are pass-through funds distributed by MnDOT on a formula basis to the state's 87 counties and cities with a population over 5,000 for expenditure on the local road systems.

**DEPARTMENT OF TRANSPORTATION
Biennial Appropriations by Purpose**

Purpose	1997-99	% of Total
Aeronautics	\$ 36,254,000	1.4%
Greater MN Transit	29,585,000	1.1%
Railroads & Waterways	3,936,000	0.2%
Motor Carrier Regulation	4,924,000	0.2%
State Road Construction	891,660,000	33.9%
Highway Debt Service	28,700,000	1.1%
Research & Investment Mgmt.	23,397,000	0.9%
Eng. Serv. & Design Eng.	254,301,000	9.6%
State Road Operations	407,934,000	15.5%
Electronic Communications	19,034,000	0.7%
General Support	77,978,000	3.0%
Buildings	12,271,000	0.5%
MnDOT Subtotal	\$ 1,789,974,000	68.1%
County State Aids	645,801,000	24.5%
Municipal State Aids	195,844,000	7.4%
Total	\$ 2,631,619,000	100.0%

MnDOT's major areas of expenditure are for state road construction, which accounts for approximately one-half of MnDOT's total expenditures; state road operations (maintenance), which accounts for approximately one-quarter of total expenditures; and central engineering services and design and construction engineering, which account for about one-seventh of MnDOT's total expenditures. The state road construction appropriation of \$892 million for the biennium includes an increase of \$65 million over the 1995-97 biennium, approximately an 8 percent increase.

Included in the first-year appropriation for aeronautics is a \$400,000 General Fund appropriation for MnDOT to refurbish a federal surplus jet aircraft for state ownership and use. The Greater Minnesota transit appropriation includes a first-year appropriation of \$925,000 for MnDOT to use as grants to counties to implement transit services that facilitate the transition between public assistance and employment.

The Legislature also directed MnDOT to implement a study of commuter rail service. The study is to look at the potential of utilizing existing freight rail corridors within the metropolitan area for commuter (passenger) rail service. MnDOT is directed to complete the study in cooperation with the Metropolitan Council and metropolitan regional rail authorities. The rail and waterway appropriation includes \$1 million in the first year to fund this study.

Metropolitan Transit

The Legislature appropriated \$100.7 million from the General Fund to the Metropolitan Council for transit planning and operations in the metropolitan area. This is an increase of \$12 million (13.5%) over the previous biennium. This appropriation is to be used by the Council to fund metropolitan transit planning, regular route operations, Metro Mobility operations, and grants to community-based transit systems. The legislation prohibited the Council from spending more than \$34.6 million for Metro Mobility and from raising fares for regular route transit during the biennium.

The Council was required to spend \$2 million of the appropriation as grants to counties in the metropolitan area to implement transit services that facilitate the transition between public assistance and employment. Counties receiving grants must use the funding to transport economically disadvantaged persons to jobs and employment-related activities, including child care facilities.

The legislation also directed the Council and the school boards of Minneapolis and St. Paul to develop a school transportation plan, the goal of which is to make available school transportation through the Metropolitan Council's public transit system. The plan must include transportation for at least 75 percent of the students in grades 9 through 12 in the two districts during the 1998-

99 school year, at no cost to the students. The Council and school boards are required to convene an advisory board with representation from students and parents, school administrators, and others to assist in the development of the plan. The plan must be presented to the Legislature before January 30, 1998.

Public Safety

The Transportation Omnibus Bill (Chapter 159) contains a number of appropriations to the Department of Public Safety for transportation-related activities. The appropriations by fund and percentage of funding are shown in the table below. The largest source of funding for Public Safety's transportation activities is the trunk highway fund.

**DEPARTMENT OF PUBLIC SAFETY
Biennial Transportation-Related
Appropriations by Fund**

Fund	1997-99	% of Total
General	\$ 18,675,000	9.5%
Trunk Highway	149,222,000	75.4%
Highway User	28,193,000	14.2%
Special Revenue	<u>1,839,000</u>	0.9%
Total	\$ 197,929,000	100.0%

The largest areas of spending for transportation-related activities within the Department of Public Safety are for the state patrol and driver and vehicle services. The table below provides a list of appropriations and

percentage of total appropriations for each transportation-related activity.

**DEPARTMENT OF PUBLIC SAFETY
Biennial Transportation-Related
Appropriations by Purpose**

Purpose	1997-99	% of Total
Administration and Related Services	\$ 22,599,000	11.4%
State Patrol	102,932,000	52.0%
Driver & Vehicle Services	69,851,000	35.3%
Traffic Safety	708,000	0.4%
Pipeline Safety	<u>1,839,000</u>	0.9%
Total	\$ 197,929,000	100.0%

The appropriation for administration and related services includes approximately \$2.3 million to enhance the department's criminal justice computer systems. The appropriation for the state patrol includes \$600,000 the first year and \$1.2 million the second year to implement wage increases for state patrol troopers.

Other Agency Appropriations

The Transportation Omnibus Bill appropriated \$25,000 from the highway user tax distribution fund to the Department of Administration to conduct a study to determine the appropriate percentage of gasoline used in the state by snowmobiles. The bill also appropriated \$134,000 to the Minnesota Safety Council to conduct transportation safety activities and \$1.2 million to the Department of Finance for tort claims.

Agriculture

Department of Agriculture

The 1997 Legislature appropriated \$58.9 million to the Department of Agriculture for the

1997-99 biennium which is a 20.6 percent increase over the last biennium. The increase in funding is due to a number of General Fund initiatives funded by the Legislature, including:

\$4 million for an individual sewage treatment system loan program; \$1.2 million for increased computerization; \$1 million for dairy diagnostic teams; \$1 million for a Minnesota Grown food stamp program for resident noncitizens; and \$925,000 for feedlot/odor activities. The two largest sources of appropriations to the Department of Agriculture are the General Fund (64.2%) and the special revenue fund (34.9%). The table below provides a list of the funds along with the amounts and percentage of funding.

**DEPARTMENT OF AGRICULTURE
Biennial Appropriations by Fund**

Fund	1997-99	% of Total
General	\$ 37,817,000	64.2%
Special Revenue	20,518,000	34.9%
Environmental	<u>538,000</u>	0.9%
Total	\$ 58,873,000	100.0%

The two major areas of spending for the Department of Agriculture are for the protection service (60.7%) and administrative supports and grants (27.9%). The table below provides a list of appropriations along with the amounts and percentage of total appropriations for each purpose.

**DEPARTMENT OF AGRICULTURE
Biennial Appropriations by Purpose**

Purpose	1997-99	% of Total
Protection Service	\$ 35,759,000	60.7%
Agricultural Marketing and Development	6,685,000	11.4%
Administration and Financial Assistance	<u>16,429,000</u>	27.9%
Total	\$ 58,873,000	100.0%

Board of Animal Health

The 1997 Legislature appropriated \$4.7 million from the General Fund to the Board of Animal Health for the 1997-99 biennium which is an 8 percent increase over the last biennium. Included in the total amounts appropriated is \$80,000 for a para-tuberculosis ("Johne's disease") control program for bovine herds and \$89,000 for a companion animal resource education program at the University of Minnesota.

Ethanol Development

The 1997 Legislature increased the statutory cap on annual appropriations for payments for Ethanol Development to ethanol producers from \$30 million to \$34 million. Under the Ethanol Development Program, ethanol producers in Minnesota are paid 20 cents per gallon of ethanol produced, up to a maximum of \$3 million per producer per year. The 1997 Legislature also reduced the cap on payments for the current biennium to \$49.7 million.

Agricultural Utilization Research Institute

The 1997 Legislature appropriated \$8.75 million for the biennium to the Agricultural Utilization Research Institute (AURI) which is a 1 percent increase over the last biennium. Of this amount, \$8.35 million is from the General Fund and includes \$400,000 for hybrid tree management research and \$90,000 for a youth value-added program. \$400,000 is appropriated to AURI from the pesticide regulatory account in the special revenue fund for cooperative research on pesticide use reduction.

Natural Resources

Department of Natural Resources

The 1997 Legislature appropriated \$368.6 million to the Department of Natural Resources (DNR) for the 1997-99 biennium which is a 14 percent increase over the last biennium. Major funding sources for the DNR are the General Fund (57.4%) and the game and fish fund (29.9%). The table below provides a list of the funds along with the amounts and percentage of total funding.

DEPARTMENT OF NATURAL RESOURCES Biennial Appropriations by Fund

Fund	1997-99	% of Total
General	\$ 211,742,000	57.4%
Natural Resources	46,361,000	12.6%
Game and Fish	110,340,000	29.9%
Solid Waste	200,000	0.1%
Total	\$ 368,643,000	100.0%

The three largest areas of spending for the DNR are fish and wildlife management (22.3%), forest management (18.6%), and operations support (16.3%). The following table provides a list of appropriations along with the amounts and percentage of total appropriations for each purpose.

DEPARTMENT OF NATURAL RESOURCES Biennial Appropriations by Purpose

Purpose	1997-99	% of Total
Mineral Resources Mgmt.	\$ 10,182,000	2.8%
Water Resources Mgmt.	20,562,000	5.6%
Forest Management	68,536,000	18.6%
Parks and Recreation	53,903,000	14.6%
Trails and Waterways	33,889,000	9.2%
Fish and Wildlife Mgmt.	82,257,000	22.3%
Enforcement	39,056,000	10.6%
Operations Support	60,258,000	16.3%
Total	\$ 368,643,000	100.0%

The 1997 Legislature also appropriated \$4 million in bond funds for flood damage reduction projects.

Snowmobiles

The 1997 Legislature increased funding for snowmobile trails and enforcement of snowmobile laws by \$6.2 million over the previous biennium. Included in the previous biennium total is \$1.2 million in deficiency funding for grant-in-aid trails. New funding sources used to pay for the increased appropriation are:

- (1) General Fund (\$1.2 million);
- (2) Increase in the three-year snowmobile registration from \$30 to \$45 (\$2.7 million);
- (3) Increase in the percentage of gas tax attributable to snowmobiles from 0.75 of 1 percent to 1 percent (\$1.7 million); and
- (4) a new \$15 annual trail permit for snowmobiles that are not registered in Minnesota (\$900,000).

The additional funding is appropriated for local grant-in-aid trails (\$4.8 million), maintenance of state trails (\$600,000), and local enforcement grants (\$800,000). The additional \$4.8 million for local grant-in-aid trails represents an 84.2 percent increase in funding for grant-in-aid trails over the previous biennium.

Fishing License Increase

The 1997 Legislature approved overall fishing license increases of 15 percent that will begin with the 1998 fishing season. Following is a table showing old and new fishing license fees.

FISHING LICENSE FEE INCREASE *
Beginning with the 1998 Season

Category	Old Fee	New Fee
Resident Individual	\$ 13.00	\$ 15.00
Resident Husband-Wife Combination	17.50	20.50
Resident Senior Citizen	4.50	5.50
Resident Spearing	13.00	15.00
Resident Fish House-Individual	9.00	10.00
Resident Fish House-Rental	20.00	23.00
Resident Sporting-Individual	17.50	20.00
Resident Sporting-Combination	24.00	27.50
Nonresident Individual	27.50	31.00
Nonresident Family	37.50	41.50
Nonresident 14-Day Married Couple	27.50	32.00
Nonresident 7-Day Individual	19.00	21.50
Nonresident 3-Day Individual	16.00	18.00

* Fees listed do not include the \$1.00 issuing fee; the sporting license fees listed do not include the \$4.00 small game surcharge.

The fishing license fee increases will raise \$4.4 million for the biennium. Along with the increased revenue from the fee increase, the Legislature appropriated an additional \$3 million in the General Fund to the DNR to pay administrative costs that have been paid from the Game and Fish Fund. This additional General Fund support to the DNR made \$3 million in the Game and Fish Fund available to be used for game and fish purposes. With the additional money available, the Legislature increased the appropriations for fisheries projects by \$4.8 million. As a part of the fishing license increase, the Legislature increased the trout stamp from \$5 to \$8.50. The increase will bring in over \$600,000 in additional revenue over the biennium. The Legislature appropriated an additional \$500,000 for trout management.

Board of Water and Soil Resources

The 1997 Legislature appropriated \$30.9 million from the General Fund to the Board of Water and Soil Resources (BOWSR) for the 1997-99 biennium, a 9.4 percent increase over the last biennium. The increased funding for the

Board was due to a number of General Fund initiatives, including: \$683,000 in grants from soil and water conservation districts; \$475,000 for a grant to the Minnesota River Joint Powers Board for water quality improvement projects; \$300,000 for community assistance; and \$300,000 for communication and information management.

Zoological Board

The 1997 Legislature appropriated \$10.9 million to the Zoological Board for the 1997-99 biennium which is a 5.4 percent increase over the last biennium. The increased funding for the agency was due to two General Fund initiatives: \$300,000 for repair and maintenance and \$240,000 to upgrade computers.

Minnesota-Wisconsin Boundary Area Commission

The 1997 Legislature appropriated \$349,000 from the General Fund to the Minnesota-Wisconsin Boundary Area Commission for the 1997-99 biennium, a 5.1 percent increase over the last biennium.

Citizen's Council on Voyageurs National Park

The 1997 Legislature appropriated \$127,000 from the General Fund to the Citizen's Council on Voyageurs National Park for the 1997-99 biennium, a 6.7 percent increase over the last biennium.

Science Museum of Minnesota

The 1997 Legislature appropriated \$2.3 million from the General Fund to the Science Museum of Minnesota for the 1997-99 biennium, a 3.8 percent increase over the last biennium.

Minnesota Academy of Science

The 1997 Legislature appropriated \$82,000 from the General Fund to the Minnesota Academy of Science for the 1997-99 biennium, a 13.9 percent increase over the last biennium. The increase is due to an appropriation of \$10,000 for a new student mentors program.

Minnesota Horticultural Society

The 1997 Legislature appropriated \$164,000 from the General Fund to the Minnesota Horticultural Society for the 1997-99 biennium, a 13.9 percent increase over the last biennium.

Minnesota Resources

The 1997 Legislature appropriated \$37.2 million from the four funds used for natural resource projects recommended by the Legislative Commission on Minnesota Resources for the 1997-99 biennium, a 1.5 percent decrease over the last biennium. The two major sources of funding for natural resource projects are the Minnesota Environment and Natural Resources Trust Fund (59.9%) and the Minnesota Future Resources Fund (39.4%). The table below provides a list of the funds along with the amounts and percentages of total funding.

MINNESOTA RESOURCES Biennial Appropriations by Fund

Fund	1997-99	% of Total
MN Future Resources Fund	\$ 14,668,000	39.4%
MN Environment and Natural Resources Trust Fund	22,270,000	59.9%
Special Revenue-Oil Overcharge	150,000	0.3%
Great Lakes Protection	120,000	0.4%
Total	\$ 37,208,000	100.0%

The three areas of spending receiving the largest appropriation amounts from the three funds are recreation (26.9%), critical lands or habitats (20%), and environmental education (6.7%). The table below provides a list of appropriations along with the appropriation amounts and percentage of total funding for each of the funding categories.

MINNESOTA RESOURCES Biennial Appropriations by Purpose

Purpose	1997-99	% of Total
Legislative Commission on Minnesota Resources	\$ 776,000	2.1%
Recreation	10,000,000	26.9%
Historic Sites	1,388,000	3.7%
Water Resources	2,170,000	5.8%
Agricultural Practices	1,685,000	4.5%
Pollution Prevention	265,000	0.7%
Impacts on Natural Resources	1,985,000	5.3%
Decision-Making Tools	1,410,000	3.8%
Public Access to Natural Resource Data	850,000	2.3%
Sustainable Development Activities	1,698,000	4.6%
Environmental Education	2,478,000	6.7%
Benchmarks and Indicators	1,715,000	4.6%
Native Fisheries	336,000	0.9%
Land Acquisition in High Growth Areas	850,000	2.3%
Critical Lands or Habitats	7,432,000	20.0%
Wildlife or Trail Corridors	1,000,000	2.7%
Native Species Planting	670,000	1.8%
Exotic Species	500,000	1.3%
Total	\$ 37,208,000	100.0%

Environment

Pollution Control Agency

The 1997 Legislature appropriated \$94.1 million to the Pollution Control Agency (PCA) for the 1997-99 biennium which is an 18.2 percent increase over the last biennium. The major sources of the increase are \$6.4 million appropriated in the bonding bill from the waste tire account in the Environmental Fund for Superfund and several other General Fund initiatives including \$2.1 million for water quality monitoring, \$1.9 million in funding for the water quality program, and \$1 million for the individual sewage treatment systems grant program. The major sources of appropriations for the PCA are the environmental fund (47.9%) and the General Fund (30.2%). The environmental fund appropriations consist of fees collected by the PCA and other money transferred to the fund. The table below provides a list of the funds along with the amounts and percentage of total funding.

POLLUTION CONTROL AGENCY Biennial Appropriations by Fund

Fund	1997-99	% of Total
General	\$ 28,411,000	30.2%
Petroleum Tank	6,404,000	6.8%
State Government		
Special Revenue	85,000	0.1%
Special Revenue	1,495,000	1.6%
Environmental	45,119,000	47.9%
Metropolitan Landfill		
Contingency	277,000	0.3%
Solid Waste	<u>12,307,000</u>	13.1%
Total	\$ 94,098,000	100.0%

The two areas of the PCA receiving the highest percentage of funding are Protection of the Land (40.2%) and Protection of the Water (28.1%). The table below provides a list of appropriations

by general purpose along with the appropriated amount and the percentage of total funding.

POLLUTION CONTROL AGENCY Biennial Appropriations by Purpose

Purpose	1997-99	% of Total
Protection of the Water	\$ 26,427,000	28.1%
Protection of the Air	15,984,000	17.0%
Protection of the Land	37,856,000	40.2%
General Support	<u>13,831,000</u>	14.7%
Total	\$ 94,098,000	100.0%

Office of Environmental Assistance

The 1997 Legislature appropriated \$41.1 million to the Office of Environmental Assistance (OEA) for the 1997-99 biennium, a .04 percent increase over the last biennium. Of this total, \$38.5 million is from the General Fund and \$2.6 million is from the environmental fund. Within the General Fund appropriation to the OEA is \$28 million for recycling grants to counties based on population. The recycling grants program was established as a part of recycling legislation in 1989.

Public Facilities Authority

The 1997 Legislature appropriated \$7 million for the wastewater infrastructural program. \$3 million is from the General Fund and \$4 million is from bond proceeds. This appropriation is added to the \$22.1 million in bond proceeds appropriated to the program by the 1996 Legislature.

Employment, Economic Opportunity, and Workforce Protection

The 1997 session of the Legislature appropriated nearly \$126.5 million for purposes of employment and economic opportunity through the Departments of Economic Security (DES) and Labor and Industry (DLI).

Appropriations totaling nearly \$76.2 million went to DES for workforce preparation, rehabilitation services, and state services for the blind.

Appropriations of more than \$26 million went for workforce preparation programs, including nearly \$12.9 million for the statewide summer youth employment program.

Several appropriations dealt, all or in part, with the welfare-to-work issue generated by the federal welfare reform legislation. More than \$2 million was added to a federal Job Training Partnership Act Title II designed to prepare adults facing serious barriers to employment for participation in the labor force. Federal funding for this program is at about \$8 million. Another \$3 million was allocated to match federal funds to finish the workforce center initiative which is designed to integrate local employment training and related social services.

Other appropriations for employment programs included:

- More than \$3.6 million for displaced homemaker programs;
- More than \$1.5 million for Opportunities Industrialization centers, with \$500,000 of that allocated for pre-vocational and intensive English as a second language programs;
- \$500,000 for a learn-to-earn program for at-risk youths;
- \$1.4 million for the Youthbuild program that employs at-risk youths in housing renovation projects;
- \$500,000 for a pilot program for welfare-to-work clients to achieve self-sufficiency through empowerment programs that use peer group leaders and experienced mentors for group self-empowerment meetings;
- \$250,000 for a Ramsey County grant to expand the sister-to-sister mentoring, support, and training network program;
- \$500,000 to provide special help to persons impaired for employment by lack of work history, emotional characteristics, and limited education; and
- \$500,000 to allow the center for victims of torture to design and develop programs and networks to allow torture victims to reintegrate into society.

Public Employees

Pensions and Retirement

A major overhaul of statewide and local pension plans was enacted during the 1997 regular session. Laws 1997, Chapter 233,

revised accrual rates, contributions, and post-retirement adjustments and shifted funds among plans to improve the financial health of those that were under-funded.

The single most significant change for the statewide defined-contribution plans -- the Public Employees Retirement Association (PERA), the Minnesota State Retirement System (MSRS), and the Teachers Retirement Association (TRA) -- was an increase in benefits at the time of retirement coupled with a slight lowering in future post-retirement benefit adjustments. The benefit accrual rate rises to 1.7 percent of the average of the highest five years of pay for each year of eligible service. The old accrual rates were 1.5 percent a year for PERA and MSRS members and 1.63 percent for TRA members.

To cover part of the cost of the benefit improvement, post-retirement adjustments will be based on fund earnings in excess of 6 percent instead of the old rate of 5 percent. Benefit recipients who are already retired and are thus unaffected by the increase in initial benefit levels will receive a one-time actuarial adjustment that will be computed to make up for their decrease in future post-retirement benefits.

Another part of Chapter 233 significantly changes the retirement plan for legislators and elected constitutional officers. Under the change, newly elected legislators and constitutional officers will be covered by the defined-benefit plan for unclassified state employees. Current legislators and constitutional officers will have a chance to opt into the unclassified plan. Transitional provisions are designed to assure that no legislator or constitutional officer either gains or loses benefits because of the change. In the past, the plans for legislators and constitutional officers were not funded on a pay-as-you-go basis. Instead, member contributions went into the General Fund, with no employer match, and a General Fund appropriation was needed each time a member retired.

Chapter 233 also provides assistance to the under-funded first-class city teacher retirement associations. Transfers of funds from well-funded retirement plans will help these associations -- especially the Minneapolis plan -- to approach full funding.

Regulated Industries

Telecommunications

The 1997 Legislature enacted several relatively significant amendments affecting the telecommunications industry, which included clarifying the limits of local authority in the management of right-of-way for telecommunications carriers, establishing telecommunications cooperatives to aggregate demand in high-cost service areas, strengthening the law against slamming, establishing a pilot study on voice messaging services, and broadening extended telephone service opportunities for areas within the same school district.

The legislation on right-of-way definitions (Chapter 123) clarifies that local units of government may not set fees beyond actual management costs for telecommunications right-of-way users and, furthermore, that they may not discriminate among competing carriers. Management tools for which costs can be recovered include:

- Registration requirements for construction bonds;
- Establishment of standards;
- Requirements for location and relocation;

- Permit requirements for street excavation and obstruction; and
- Imposition of reasonable and nondiscriminatory penalties for failure of telecommunications carriers to comply with management rules and procedures.

Cable operators are excluded from this coverage; thus, municipalities may continue to charge franchise fees to cable operators.

Disputes among telecommunications carriers and local units of government are to be settled by binding arbitration.

Chapter 68 strengthened the state's anti-slamming provisions by defining slamming by telephone communications carriers as a consumer fraud. Slamming is the changing of a customer's carrier without the subscriber's verified consent.

The session also enacted a pilot study for voice messaging services to persons who do not have telephones, a study and recommendations for changes of the telephone assistance program, and a study on the impact of geographic de-averaging of retail and wholesale telecommunications rates.

Gas and Electric Utilities

The 1997 legislative session enacted some legislation dealing with the likely advent of competition in the gas and electric energy area by making some changes in the area of customer-specific rate-making and gas utility performance regulation.

Chapter 191 re-funded the Legislative Electric Energy Task Force with a clear charge to review,

analyze, and make recommendations relating to restructuring the electric energy industry.

The law also specifically focuses on an analysis of issues relating to the impact of the state personal property tax on the competitive situation of Minnesota electric power producers.

This chapter also broadened the use of competitive rates for specific large customers who have alternative choices for the purchase of energy. The change allows contracts for discretionary rates for large customers in the utility's exclusive service area or to potential customers who are not a customer of a Minnesota utility. Offers for discretionary rates must be filed with the Public Utilities Commission (PUC), the Public Service Commission, and the Attorney General. PUC approval is required.

The 1997 session permits performance regulation plans for utilities that provide natural gas service. Performance regulation already exists for gas utilities in the area of gas purchasing adjustments. This provides incentives for gas utilities to make wise gas contract negotiations. This legislation extends this type of regulation to services provided by such utilities. The rate must be set on a reliable and reasonable benchmark approved by the PUC. This is designed to provide incentives in cost savings in delivering services to customers.

The Legislature also enacted a provision that allows the PUC to direct nuclear generating utilities in Minnesota to remit federal fees designated to achieve long-term storage of nuclear waste to the Commissioner of Public Service to be deposited into an interest-bearing escrow account. The funds are to be released to the U.S. Department of Energy when a nuclear waste storage facility exists.

Public Safety and Judiciary

The Criminal Justice Appropriations Bill (Chapter 239) provided approximately \$609 million for the Department of Corrections, plus a \$56 million appropriation for local corrections aid.

In addition, the Legislature appropriated \$333,000 for juvenile female programming.

Approximately \$165 million was appropriated to Community Services. Of this amount, \$5.7 million is for statewide probation caseload reduction. An additional \$4 million is for juvenile service grants to counties. The Legislature increased the Community Corrections Act subsidy by \$1.5 million and appropriated \$1.4 million for night and drug court innovation grants.

An additional \$494,000 was appropriated for inmate productive day initiatives, and \$450,000 was appropriated for school-based probation projects in Dakota and Anoka counties. The Legislature appropriated \$324,000 for additional supervised release agents and a Challenge Incarceration Program caseworker. Finally, \$200,000 was appropriated for a gang intervention project, \$120,000 was appropriated for electronic alcohol monitoring, \$100,000 was appropriated to enhanced probation services in Ramsey County, and \$95,000 was appropriated for the family group conferencing program in Dakota County.

Crime Victim and Prevention Services were funded at \$20.5 million. Of this amount, \$207,000 was for battered women's shelters, and \$200,000 was for the Community Preservation Unit.

Management Services were funded at \$18.7 million.

Ombudsman for Corrections

The 1997 Legislature appropriated approximately \$1.1 million from the General Fund to the Ombudsman for Corrections.

DEPARTMENT OF CORRECTIONS Biennial Appropriations

Division	1997-99
Institutions	\$ 369,788,000
Juvenile Services	34,860,000
Community Services	165,211,000
Crime Victim and Prevention Services	20,518,000
Management Services	<u>18,730,000</u>
Total	\$ 609,107,000

The biennial appropriation of \$370 million for institutions included \$2.2 million to establish and operate a work camp at Camp Ripley for non-violent first-time adult offenders and \$822,000 to move the adult inmates from the Red Wing Correctional Facility to an alternative facility to make room for the consolidation of the Sauk Centre and Red Wing juvenile inmate populations.

Juvenile Services were funded at approximately \$34.1 million. Of this amount, approximately \$1.5 million is for long-term planning for juvenile services and upgrading programming at the Sauk Centre juvenile facility. One million dollars was appropriated to establish a weekend work camp at Camp Ripley for male offenders, and \$260,000 was appropriated for additional juvenile aftercare services. By January 1, 1999, male offenders who are committed to the Commissioner of Corrections must be transferred from the Sauk Centre to the Red Wing facility. To accomplish this, the Legislature appropriated \$500,000 to renovate two cottages at Red Wing, and \$1 million for additional programming at the Red Wing facility.

Sentencing Guidelines

The 1997 Legislature appropriated \$880,000 from the General Fund to the Sentencing Guidelines Commission.

Courts

A biennial appropriation of about \$43.4 million was made to the Supreme Court, including \$2.8 million for upgrading the statewide criminal and juvenile justice information system and an additional \$1.2 million for civil legal services. A \$300,000 appropriation was made to fund guardian ad litem training, and \$80,000 was appropriated for a judicial salary increase.

The Court of Appeals received a biennial appropriation of approximately \$12.3 million, including \$100,000 for increased administrative support, \$170,000 for a judicial salary increase, and \$100,000 for a video hearing project.

The District Courts received \$143.2 million for the biennium, including \$2.4 million for a judicial salary increase and \$823,000 for additional administrative and judicial support. In addition, the Legislature appropriated \$900,000 for increased operational overhead costs for the 8th judicial district and \$771,000 for a video hearing project in the 9th judicial district.

Tax Court

A biennial appropriation of \$1.6 million was made to the Tax Court, including \$344,000 to enhance the court's information system.

Board of Judicial Standards

The 1997 Legislature appropriated \$531,000 to the Board of Judicial Standards, including \$80,000 for attorney fees incurred in FY 1996 for a disciplinary hearing.

Public Defense

The 1997 Legislature appropriated approximately \$83.6 million to the Board of Public Defense, including \$2.5 million for district caseload equity and \$1.4 million to enhance the Board's information system. In addition, \$330,000 was appropriated for appellate caseload relief.

Peace Officer Standards and Training Board

The 1997 Legislature appropriated approximately \$7.4 million from the Special Revenue Fund to the Peace Officer Standards and Training (POST) Board. Included in this appropriation is an additional \$312,000 the second year to reimburse local law enforcement for training costs.

Private Detectives Board

The 1997 Legislature appropriated \$262,000 from the General Fund to the Private Detectives Board for the biennium.

Human Rights

A biennial appropriation of approximately \$7.6 million was made to the Department of Human Rights, including \$50,000 for a rental housing human rights compliance program.

Uniform Laws Commission

The 1997 Legislature appropriated \$71,000 from the General Fund to the Uniform Laws Commission.

Auto Theft Prevention Board

The 1997 Legislature appropriated approximately \$3.7 million from the Special Revenue Fund to the Auto Theft Prevention Board.

Department of Public Safety

The 1997 Legislature appropriated approximately \$72.9 million from the General Fund to the Department of Public Safety for criminal justice purposes.

DEPARTMENT OF CORRECTIONS Biennial Appropriations

Division	1997-99
Bureau of Criminal Apprehension	\$ 5,364,000
Emergency Management	6,768,000
Fire Marshal	5,948,000
Alcohol and Gambling Enforcement	3,398,000
Crime Victim Services	4,302,000
Crime Victim Ombudsman	749,000
Law Enforcement and Community Grants	6,005,000
Administration and Related Services	<u>318,000</u>
Total	\$ 72,852,000

Major initiatives in the Bureau of Criminal Apprehension (BCA) appropriation of \$45.4 million included approximately \$7.8 million for a statewide criminal gang apprehension unit and additional BCA field agents. The Legislature also appropriated approximately \$7.1 million to enhance the statewide criminal justice information system. A \$443,000 appropriation was for enhancing the BCA, Hennepin County, and St. Paul ballistics labs. Finally, the Legislature appropriated \$100,000 for an arson forensic scientist, and \$100,000 for the agency's victim and witness fund.

The Legislature appropriated \$350,000 to the Fire Marshal to establish an arson task force and \$50,000 for an additional fire sprinkler inspector.

A \$200,000 appropriation was made to the Crime Victim Services division for emergency assistance to crime victims.

The Crime Victim Ombudsman received a \$98,000 appropriation for an additional investigator.

Of the \$6 million appropriation for Law Enforcement and Community Grants, \$2.25 million is for local law enforcement overtime costs, and an additional \$2.25 million is for Weed and Seed grants. A \$500,000 appropriation is for local reimbursement of costs incurred to implement the community notification of sex offender release law. In addition, \$240,000 was appropriated for minority law enforcement scholarships, \$150,000 was to establish a youth community service program, and \$175,000 was for a grant to the Council on Black Minnesotans to fund the Martin Luther King, Jr. nonviolent institutional child development program. Finally, \$100,000 was appropriated to establish a joint youth-police storefront program in St. Paul, and \$75,000 was appropriated to establish a 4th Judicial District Family Violence Council.

The 1997 Legislature appropriated \$278,000 to Administration and Related Services to provide health care benefits for the families of peace officers and firefighters injured or killed in the line of duty, and \$40,000 to provide additional firefighter training.

Miscellaneous Criminal Justice

The 1997 Legislature appropriated \$250,000 to the Attorney General for DARE anti-drug use grants. It also appropriated \$1.3 million to the Department of Economic Security for the Minnesota Cities Grant program.

Governmental Operations

The 1997 Legislature appropriated \$689.9 million for governmental operations; about \$648.2 million of that came from the General Fund.

Office of Technology. The 1997 session created a new agency in the executive branch, the Minnesota Office of Technology. This office was charged with providing statewide leadership and direction for information and communications technology. A total of \$7.9 million was allocated to the Office of Technology, including \$500,000 for information technology resource centers throughout the state, \$500,000 for development of electronic access to business license information, and \$935,000 for North Star, a project designed to provide access to state government information via the Internet.

Department of Revenue. The Department of Revenue was appropriated \$165.7 million for the 1997-99 biennium. In addition, \$73 million was appropriated from the bond proceeds fund for the construction of the new Department of Revenue building, which will be located in the capitol mall complex.

Department of Administration. The Department of Administration received \$95.8 million, \$23 million of which was allocated to fix upcoming technological problems that will arise from the change in millennium.

Department of Veterans Affairs. From total appropriations of \$25.9 million, the Department of Veterans Affairs was authorized to administer \$17.6 million in bonuses to veterans of the Persian Gulf conflict.

Minnesota State Lottery. \$2.5 million was taken from the lottery prize fund to pay for a number of compulsive gambling treatment programs.

Board of Campaign Finance and Public Disclosure. The name of the Ethical Practices Board was changed to the Board of Campaign Finance and Public Disclosure. The board received a total of \$17.5 million, with an estimated \$16.4 million allocated for payments relating to political campaigns and \$1.1 million for board operations and administration.

Legislature. The biennial appropriation for the Legislature was \$111.5 million, approximately one-half of 1 percent of the total budget. This appropriation includes:

- \$36.7 million for the Senate;
- \$49.9 million for the House; and
- \$24.7 million for joint legislative bodies, including \$9.2 million for the Legislative Auditor.

Governor and Constitutional Officers. Appropriations for the Governor and constitutional officers break down as follows:

- \$7.7 million for the Governor and Lieutenant Governor;
- \$15.6 million for the State Auditor;
- \$4.2 million for the State Treasurer;
- \$30.2 million for the Attorney General's office. This constitutes the amount remaining after the Governor's veto of the 1999 portion of their budget; and
- \$11.9 million for the Secretary of State.

Other Departments, Boards, and Commissions. Appropriations to other departments, boards, and commissions are shown in the following table:

**OTHER DEPARTMENTS, BOARDS, AND
COMMISSIONS
Biennial Appropriations**

Division	1997-99
State Board of Investment	\$ 4,410,000
Administrative Hearings	8,302,000
Strategic and Long-Range Planning	10,290,000
CAAP Board	595,000
Department of Finance	45,271,000
Department of Military Affairs	20,943,000
Veterans of Foreign Wars	82,000
Military Order of the Purple Heart	40,000
Disabled American Veterans	26,000
Minnesota Racing Commission	750,000
Lawful Gambling Control Board	4,454,000
Amateur Sports Commission	8,644,000
Tort Claims	550,000
Contingent Accounts	1,200,000
MN State Retirement System	4,645,000
Board of Gov't. Innovation & Cooperation	2,321,000
MN State Arts Board	26,054,000
MN Humanities Commission	1,772,000

Vetoed. Four items were line-item vetoed in Chapter 202, including \$24.4 million for the staff of the Office of Attorney General, \$250,000 for a prescription drug purchasing alliance, \$455,000 for the Capitol Area Architecture and Planning Board, and an increase in the number of leadership positions in the Legislature.

Stadium

During the 1997 legislative session, S.F. 1140 was introduced in the Senate. This bill included a roof for the stadium, a \$35 million owner contribution, and a total cost of around \$438 million. The facility was to be essentially paid for by an increase in the cigarette tax and a special taxing district around the new stadium. S.F. 1140 underwent significant revision, increasing the owner's contribution, changing the location of the stadium, and modifying the revenue streams. The bill was sent to the Senate Tax Committee, where a number of competing proposals were heard, including slots at Canterbury Park, sports-related fees, establishment of a new state-run casino, and numerous other member ideas. The bill did not progress past the Tax Committee.

In the House, H.F. 1367 was introduced, which started as a very similar companion to S.F. 1140. During its consideration before House committees, the bill at one point considered funding the stadium through a number of baseball-related fees and taxes. H.F. 1367 ended up in the House Tax Committee and did not progress any further.

A special legislative task force was set up to examine the baseball stadium issue and also to consider the needs of the Vikings football team and a new hockey team which is to have an arena constructed for it in St. Paul. A special session to address the issue of funding these sports facilities is scheduled for October.

Flood Relief

In Laws 1997, Second Special Session, Chapter 2, the Legislature appropriated an additional \$55.3 million in bond proceeds and \$1 million from the Petroleum Tank Fund for flood relief. Chapter 2 also cancels and reappropriates \$20.3 million from the General Fund for

specific purposes. The canceled appropriations were general appropriations made for flood relief in the 1997 regular legislative session. The following table provides details on the appropriations for flood relief:

FLOOD RELIEF LEGISLATION 1997 SECOND SPECIAL SESSION

BOND PROCEEDS FUND

DEPARTMENT OF PUBLIC SAFETY	
To fund 100% of the state and local match obligations for federal assistance	\$ 30,000,000
DEPARTMENT OF NATURAL RESOURCES	
Flood hazard mitigation grants to local governments	5,000,000
Flood-proofing grants to local governments	5,000,000
Flood protection grants to local governments	3,000,000
HOUSING FINANCE AGENCY	
Loans to local governments for publicly owned rental housing units	2,000,000
PUBLIC FACILITIES AUTHORITY	
Grants to local governments for water, wastewater, and stormwater needs for new housing construction	5,000,000
Grants to local governments for repair and replacement of water, wastewater, stormwater, municipal utility service, and street and bridge systems	4,000,000
DEPARTMENT OF AGRICULTURE	
Loans to farmers for capital repairs	1,250,000
DEPARTMENT OF FINANCE	
Bond sale expenses	<u>55,000</u>
<u>TOTAL BOND PROCEEDS FUND</u>	\$ 55,305,000

GENERAL FUND

DEPARTMENT OF NATURAL RESOURCES	
Flood damage reduction projects, including ring dikes	\$ 900,000
HOUSING FINANCE AGENCY	
Forgivable loans for rehabilitation of existing housing	2,000,000
Community rehabilitation grants	4,500,000
DEPARTMENT OF TRADE AND ECONOMIC DEVELOPMENT	
Border city enterprise competitiveness grants	1,200,000
Grants to local governments for locally administered business loan programs	6,000,000
OFFICE OF STRATEGIC AND LONG-RANGE PLANNING	
Federal empowerment zone application	100,000
DEPARTMENT OF REVENUE	
Local government assistance to counties suffering significant loss in property taxes due to the flood	600,000
DEPARTMENT OF FINANCE	
Debt service	<u>5,000,000</u>
<u>TOTAL GENERAL FUND</u>	\$ 20,300,000

PETROLEUM TANK FUND

DEPARTMENT OF TRADE AND ECONOMIC DEVELOPMENT	
Grants to buy out property substantially damaged by a petroleum tank release	\$ 1,000,000

TOTAL ALL FUNDS	\$ 76,605,000
GENERAL FUND REDUCTIONS	<u>\$ 20,300,000</u>
TOTAL NEW SPENDING	\$ 56,305,000

Vetoed

The Governor vetoed 15 bills that were passed by the Legislature and exercised line-item veto options totaling \$26,755,000 in four omnibus appropriation bills. One of the 15 vetoes was the striking down of the K-12 education funding bill which was taken up in a special session in June. The line-item appropriation vetoes were:

State Department Omnibus Bill. A total of more than \$24.4 million FY 1999 appropriation to the Attorney General to wipe out a \$3.8 million increase over the Governor's recommendation; a \$455,000 appropriation to the Capitol Area Architectural Board for portraits of Governor Carlson, Rudy and Lola Perpich, and Coya Knutson; and a \$250,000 appropriation to the Department of Administration to set up a nongovernmental prescription drug purchasing co-op.

The Governor also vetoed a provision that has a fiscal impact but does not reduce an appropriation. He line-item vetoed a provision that would have increased the number of legislators eligible for bonus pay from three to five members in each body.

Human Services. A \$150,000 appropriation for the Attorney General's child support enforcement activities.

Higher Education. A \$100,000 appropriation to be used for loan repayment assistance for law school graduates who are practicing law to help economically disadvantaged clients and are earning \$30,000 a year or less.

Omnibus Jobs, Energy, and Community Development. A number of appropriations totaling more than \$1.4 million from the

Northeastern Minnesota Environmental Protection fund for projects in the mining areas of northeastern Minnesota.

Vetoed of nonappropriation items included:

- A bill to increase the minimum wage to \$5.15 and \$4.90 per hour, for large and small employers; a bill to reduce the DWI standard for being under the influence from .1 to .04 for drivers under the age of 19; extension of data practices acts that now apply to the Governor's office and to the Attorney General's office; compulsory binding arbitration for newly certified public employees, under certain conditions; some changes in the provisions relating to public employee retirements; procedures involving public employee bargaining in the event of reorganizations; a bill involving changes in the public employees' union certification process;
- Election of members of the Metropolitan Council; changes in procedure for absentee ballots; changing age requirements for eligibility to serve as precinct delegates and officers in the nomination process; establishing a change-of-address system for registered voters in the Secretary of State's office; and
- A designation of a St. Louis Park contaminated land site as a high-priority project; an attempt to alter the gag rule on the admissibility of evidence regarding use of seat belts; and the lifting of a sunset provision on phasing out licensing of building and remodeling contractors by the city of Minneapolis.

State Debt, Bonding, and Capital Expenditures

The 1997 Legislature adopted a capital budget bill totaling approximately \$111 million.

The following table delineates project amounts for bond authorization and direct appropriations:

CAPITAL EXPENDITURES AUTHORIZED BY THE 1997 LEGISLATURE		
Item	Project	Total
<u>BONDING AUTHORITY</u>		
DEPARTMENT OF ADMINISTRATION		\$ 74,035,000
Revenue Department Facility	\$ 73,000,000	
Capitol Renovation	1,035,000	
MINNESOTA STATE COLLEGES AND UNIVERSITIES		4,500,000
Hibbing Community and Technical College		
DEPARTMENT OF NATURAL RESOURCES		4,000,000
Flood Damage Reduction Projects		
PUBLIC FACILITIES AUTHORITY		4,000,000
Wastewater Infrastructure Program		
BOND SALE EXPENSES		90,000
<u>TOTAL BONDING AUTHORITY</u>		\$ 86,625,000
<u>DIRECT APPROPRIATIONS</u>		
DEPARTMENT OF AGRICULTURE		\$ 4,000,000
Agricultural Best Management Program, Individual Sewage Treatment Program, Water Well Loan Program		
POLLUTION CONTROL AGENCY		7,400,000
Individual Sewage Treatment Grants	1,000,000	
Superfund	6,400,000	
PUBLIC FACILITIES AUTHORITY		3,000,000
Wastewater Infrastructure Program		
TRADE AND ECONOMIC DEVELOPMENT		7,000,000
Contaminated Site Cleanup and Development		
DEPARTMENT OF TRANSPORTATION		3,000,000
Local Bridge Replacement and Rehabilitation		
<u>TOTAL DIRECT APPROPRIATIONS</u>		\$ 24,400,000
<u>TOTAL BONDING AUTHORITY</u>		86,625,000
<u>TOTAL BONDING AND APPROPRIATIONS</u>		\$ 111,025,000

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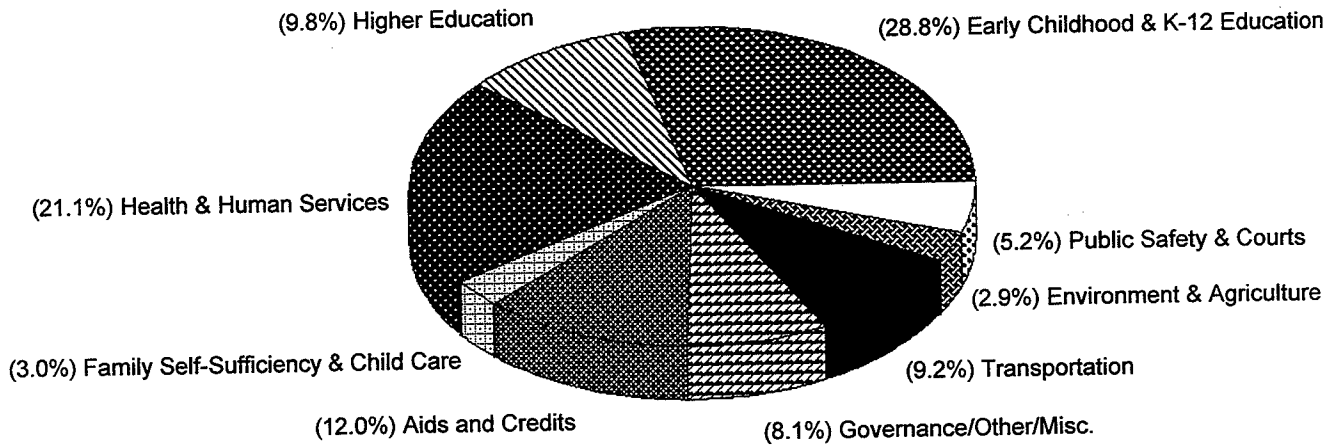
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Biennial Appropriations of Federal Funds

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State Appropriations by Functional Area 1997-1999 Biennium

Total Appropriations (1): \$24,335,050,000



Note:

(1) Total does not include Dedicated General Fund Appropriations.

Table A

**Summary of Biennial Appropriations by Fund
1995-97 and 1997-99 Bienniums**

Fund	1995-1997 Biennium	1997-1999 Biennium	Difference
County-State Aid Highway	\$ 587,669,000	\$ 645,801,000	\$ 58,132,000
Environmental	42,665,000	42,399,000	(266,000)
Environmental Trust Fund	17,234,000	22,270,000	5,036,000
Game and Fish	103,566,000	110,340,000	6,774,000
General	16,599,720,000	19,210,607,000	2,610,887,000
Dedicated General Fund	168,000,000	241,557,000	73,557,000
Health Care Access Fund	243,554,000	300,193,000	56,639,000
Highway User Tax Distribution	27,152,000	32,603,000	5,451,000
Local Government Trust Fund	1,850,532,000	1,908,091,000	57,559,000
Metro Landfill Contingency	804,000	663,000	(141,000)
Landfill Cleanup-Solid Waste	13,078,500	13,402,000	323,500
Minnesota Future Resources	18,341,000	14,668,000	(3,673,000)
Municipal-State Aid Street	179,017,000	195,844,000	16,827,000
Natural Resources	39,913,000	46,424,000	6,511,000
Endowment School	65,000,000	65,000,000	0
Petroleum Tank Release Cleanup	6,865,000	9,330,000	2,465,000
Special Revenue	27,748,000	41,900,000	14,152,000
State Airports	32,400,000	36,094,000	3,694,000
State Government Special Revenue	87,429,000	89,395,000	1,966,000
State Lottery Fund (1)	85,744,000	104,048,000	18,304,000
Trunk Highway	1,299,790,000	1,391,251,000	91,461,000
Workers' Compensation	52,287,000	54,727,000	2,440,000
Total State Appropriations (2):	\$ 21,548,508,500	\$ 24,576,607,000	\$ 3,028,098,500
Federal Funds:	\$ 6,968,020,000	\$ 7,515,039,000	\$ 547,019,000
TOTAL APPROPRIATIONS:	\$ 28,516,528,500	\$ 32,091,646,000	\$ 3,575,117,500

NOTES:

- (1) This item represents the statutory maximum of 15 percent of lottery gross revenues that may be annually credited to the lottery operations account.
- (2) The total state appropriations figure does not include cancellations.

Table B
General Fund and Local Government Trust Fund
Resources and Appropriations
1997-1999 Biennium

	1997-1999 Biennium
I. RESOURCES	
A. Balance Forward	\$ 1,630,368,000
B. Taxes & Receipts (before 1997 Law Changes)	
Individual Income Taxes	10,801,200,000
Corporate Franchise Tax	1,579,300,000
Sales Tax	6,822,379,000
Motor Vehicle Tax	734,700,000
Estate Tax	80,000,000
Liquor, Wine, Beer	113,556,000
Cigarette and Tobacco Products Tax	351,044,000
Iron Ore Occupation	100,000
Taconite Occupation	6,000,000
Taconite Production	150,000
Deed and Mortgage Tax	183,000,000
Insurance Gross Premiums	342,000,000
Telephone, Telegraph, & Other Gross	111,000
Lawful Gambling Tax	133,924,000
Health Care Provider Tax	261,724,000
Controlled Substance	400,000
Investment Income	115,000,000
Income Tax Reciprocity	62,278,000
Other Non-Dedicated Receipts	55,000
Total Taxes & Receipts (Before 1997 Law Changes):	\$ 21,586,921,000
C. Revenue Refunds	
Individual Income Tax	(1,275,400,000)
Corporate Franchise Tax	(180,000,000)
Sales Tax	(263,900,000)
Other Agencies' Refunds	(100,000)
Other Refunds	82,330,000
Total Refunds:	\$ (1,637,070,000)
D. Transfers from Other Funds	
Other Special Revenue Funds	13,789,000
Cambridge Bank Special Fund	375,768,000
All Other Transfers	53,131,000
New Legislation Transfers	50,044,000
Total Transfers:	\$ 492,732,000
E. Taxes & Receipts (1997 Law Changes)	
Individual Income Taxes	(2,361,000)
Corporate Income Taxes	9,300,000
Sales Tax	(4,800,000)
Deed & Mortgage Tax	(200,000)
Health Care Provider Tax	(8,216,000)
Investment Income	2,000,000
Miscellaneous Non-Dedicated Revenues	11,535,000
Total Taxes & Receipts (1997 Law Changes):	\$ 7,258,000

	1997-1999 Biennium
F. <u>Prior Year Adjustments</u>	\$ 40,900,000
TOTAL NON-DEDICATED REVENUES	\$ 22,121,109,000
G. Total Dedicated Revenues (Self-Canceling)	\$ 241,557,000
II. APPROPRIATIONS	
A. Major Spending Categories	
Elementary and Secondary Education	7,159,635,000
Higher Education	2,375,439,000
Human Services, Health, Criminal Justice	5,971,603,000
Transportation and Semi-States	132,083,000
State Departments & Property Tax Reform	1,032,858,000
Environment and Natural Resources	372,846,000
Community Development	344,157,000
Total Major Spending Categories:	\$ 17,388,621,000
B. Open and Standing Appropriations	
Aids and Credits	3,098,513,000
Debt Service	582,359,000
Retirements	176,875,000
Total Open and Standing Appropriations:	\$ 3,857,747,000
TOTAL APPROPRIATIONS	\$ 21,246,368,000
TOTAL REVENUES AND RECEIPTS	\$ 22,121,109,000
TOTAL APPROPRIATIONS -- GROSS	\$ 21,246,368,000
Dept. of Human Services RTC Collections (1)	(83,808,000)
Indirect Cost Receipts	(43,864,000)
Less Cancellations	(20,000,000)
TOTAL APPROPRIATIONS -- NET	\$ 21,098,696,000
Reserves	
Cash Flow Account	350,000,000
Budget Reserve	522,000,000
Property Tax Reserve	46,000,000
Appropriations Carried Forward	72,000,000
Total Reserves:	\$ 990,000,000
UNRESTRICTED BUDGETARY BALANCE	\$ 32,413,000

NOTES:

- (1) Dept. of Human Services RTC receipts already counted in the appropriation for MA/GAMC federal funds.

Table C
Detailed Appropriations by Function - All Funds
1995-1997 Biennium Compared to 1997-1999 Biennium

	1995-1997 Biennium	1997-1999 Biennium	Increase (Decrease)	Percent Change
Aids and Credits				
Homestead & Agricultural Credit Aid (HACA)				
School Districts	\$ 267,658,000	\$ 160,712,000	\$ (106,946,000)	
Cities, Towns, Counties	882,761,000	889,373,000	6,612,000	
Tax Incremental Financing	48,000	48,000	0	
Subtotal HACA:	1,150,467,000	1,050,133,000	(100,334,000)	-8.72%
Property Tax Refund				
Renters	175,608,000	184,000,000	8,392,000	
Homeowners	151,917,000	190,300,000	38,383,000	
Targeting	8,258,000	7,200,000	(1,058,000)	
One-Time Property Tax Rebate on Income Tax Form	0	500,000,000	500,000,000	
Political Contribution Refunds	7,200,000	5,000,000	(2,200,000)	
Supplemental Homestead				
Property Tax Relief	986,000	990,000	4,000	
Education Homestead Credit	0	153,300,000	153,300,000	
Aid to Local Governments	688,527,000	728,698,000	40,171,000	
Attached Machinery Aid				
School Districts	1,672,000	1,672,000	0	
Cities, Towns, Counties	4,764,000	4,764,000	0	
Payments in Lieu of Taxes-DNR Lands	10,182,000	11,000,000	818,000	
Enterprise Zone Credit				
School Districts	11,000	14,000	3,000	
Cities, Towns, Counties	18,000	20,000	2,000	
Economic Security Enterprise Zone Credit	50,000	0	(50,000)	
Duluth Enterprise Zone	300,000	0	(300,000)	
Regional Transit Board Levy Reduction	4,092,000	2,638,000	(1,454,000)	
Region 3 Occupation Tax Distribution	2,114,000	2,422,000	308,000	
Mortgage Certificate Aid	200,000	0	(200,000)	
Disparity Aid				
School Districts	25,224,000	25,116,000	(108,000)	
Cities, Towns, Counties	31,379,000	31,330,000	(49,000)	
Border City Disparity Credit				
School Districts	4,360,000	3,881,000	(479,000)	
Cities, Towns, Counties	7,602,000	6,944,000	(658,000)	
Family Preservation Aid	3,038,000	3,236,000	198,000	
90/10 School Payment Change	(6,821,000)	0	6,821,000	
Local Performance Aid	0	18,894,000	18,894,000	
Total Aids and Credits:	\$ 2,271,148,000	\$ 2,931,552,000	\$ 660,404,000	29.08%

	1995-1997 Biennium	1997-1999 Biennium	Increase (Decrease)	Percent Change
Elementary and Secondary Education				
General Education Aid	\$ 4,664,618,000	\$ 5,283,693,000	\$ 619,075,000	
90/10 Net School Payment Change (FY 1997)	6,821,000	0	(6,821,000)	
Property Tax Recognition	494,832,000	18,700,000	(476,132,000)	
Debt Service Equalization Aid	57,424,000	73,639,000	16,215,000	
Health and Safety	26,485,000	28,260,000	1,775,000	
Transp. Aid for Post-Sec. Enrollment Options	194,000	204,000	10,000	
School Bus Safety	2,735,000	2,888,000	153,000	
Rural Computerized Routing	25,000	70,000	45,000	
Wide Area Transp. Service	250,000	150,000	(100,000)	
Inter-District Desegregation	930,000	1,770,000	840,000	
Transp. Targeted Needs	60,760,000	100,498,000	39,738,000	
Endowment Fund	65,000,000	65,000,000	0	
Additional Alternative Facilities Aid	0	15,300,000	15,300,000	
Facilities and Equipment Aid	138,854,000	0	(138,854,000)	
Excess Needed for Deficiencies	26,969,000	0	(26,969,000)	
Subtotal General Education:	5,545,897,000	5,590,172,000	44,275,000	0.80%
Special Programs				
Special Education Aid	458,404,000	737,430,000	279,026,000	
Special Programs Equalization Aid	43,555,000	16,975,000	(26,580,000)	
Targeted Needs Aid	81,152,000	76,248,000	(4,904,000)	
Indian Education Programs	7,326,000	6,826,000	(500,000)	
Tribal Contract Schools	735,000	5,220,000	4,485,000	
Secondary Vocational Handicapped	10,956,000	15,029,000	4,073,000	
Magnet School Grants	3,000,000	7,500,000	4,500,000	
American Sign Language Education	25,000	25,000	0	
Mexican Origin Ed. Grants	75,000	75,000	0	
Lay Advocates	10,000	10,000	0	
Options Plus Pilot Grants	150,000	150,000	0	
Integration Grants	2,000,000	2,000,000	0	
Grants to School Districts	1,031,000	960,000	(71,000)	
Low-Income Concentration Grants	2,450,000	1,000,000	(1,450,000)	
First Grade Preparedness Program	3,500,000	10,000,000	6,500,000	
Education Performance Imprvmnt. Grants	800,000	1,100,000	300,000	
Grants to Nett Lake	74,000	264,000	190,000	
Homeless Student Programs	0	780,000	780,000	
Center for Torture Victims	0	120,000	120,000	
Learn & Earn Program	0	2,000,000	2,000,000	
School Interpreters	250,000	0	(250,000)	
Subtotal Special Programs:	615,493,000	883,712,000	268,219,000	43.58%
Lifework Development				
Secondary Vocational Education Aid	23,645,000	23,213,000	(432,000)	
Youthworks Program	3,726,000	3,676,000	(50,000)	
Education Employment Transition	5,000,000	9,600,000	4,600,000	
MN School-to-Work Student Organizations	0	750,000	750,000	
Southwest Star Concept School	0	193,000	193,000	
Lifework Learning Sites	0	1,000,000	1,000,000	
Vocational School Planning	100,000	0	(100,000)	
Subtotal Lifework Development:	32,471,000	38,432,000	5,961,000	18.36%

	1995-1997 Biennium	1997-1999 Biennium	Increase (Decrease)	Percent Change
Reorganization & Cooperation, & Facilities				
Cooperation and Combination Aid	\$ 5,437,000	\$ 604,000	\$ (4,833,000)	
Consolidation Transition Aid	2,144,000	2,405,000	261,000	
District Cooperation Revenue	25,628,000	18,546,000	(7,082,000)	
Special Consolidation Aid	115,000	3,000	(112,000)	
Historic Building Aid	0	346,000	346,000	
Local Facility Grants	0	350,000	350,000	
Grants for Flood Loss	0	4,700,000	4,700,000	
Local Legislation & Grants	1,782,000	0	(1,782,000)	
Subtotal Reorg. & Cooperation, & Facilities:	35,106,000	26,954,000	(8,152,000)	-23.22%
Education Excellence				
Advanced Placement/IB	1,750,000	3,750,000	2,000,000	
Teacher Education Improvement	900,000	900,000	0	
National Science Foundation Science & Math	2,644,000	2,704,000	60,000	
Year Round/Extended Week Pilot Project	1,950,000	1,800,000	(150,000)	
School Enrichment Partnership	600,000	500,000	(100,000)	
Community-Based Charter School Grant	300,000	3,300,000	3,000,000	
West St. Paul Grant	20,000	167,000	147,000	
Statewide Testing	0	5,000,000	5,000,000	
Laboratory Schools	0	2,500,000	2,500,000	
Homework Helpline	0	200,000	200,000	
Gifted & Talented Grants	0	3,000,000	3,000,000	
Urban Educator Program	0	895,000	895,000	
Charter School Building Lease Aid	0	2,655,000	2,655,000	
Charter School Startup Grants	0	1,500,000	1,500,000	
Graduation Rule Implementation	0	10,000,000	10,000,000	
Professional Teaching Standards	0	400,000	400,000	
Early Intervention Reading Grants	0	500,000	500,000	
Ending Educational Improvement Projects	750,000	0	(750,000)	
Contracted Alternative Program Aid	330,000	0	(330,000)	
Subtotal Education Excellence:	9,244,000	39,771,000	30,527,000	330.24%
Nutrition & Other Education Programs				
Abatement Aid	31,795,000	27,273,000	(4,522,000)	
Nonpublic Pupil Aid	19,372,000	19,118,000	(254,000)	
School Lunch and Milk Aid	14,458,000	14,508,000	50,000	
Summer Food Service	30,000	330,000	300,000	
School Breakfast Aid	875,000	942,000	67,000	
Targeted Breakfast Grants	192,000	1,037,000	845,000	
Family Connections Aid	250,000	500,000	250,000	
Enrollment Options Replacement Aid	226,000	12,000	(214,000)	
Local Fund Transfers	128,000	63,000	(65,000)	
HIV Training Sites	0	200,000	200,000	
Partners for Quality School Improvement	0	500,000	500,000	
Preventing Violence Through Plays	0	150,000	150,000	
Minnesota International Center	0	160,000	160,000	
New Moon Girls Program	20,000	0	(20,000)	
Subtotal Nutrition & Other Programs:	67,346,000	64,793,000	(2,553,000)	-3.79%

	1995-1997 Biennium	1997-1999 Biennium	Increase (Decrease)	Percent Change
Libraries				
Library Grants	\$ 16,772,000	\$ 15,638,000	\$ (1,134,000)	
Librarians of Color	110,000	110,000	0	
Children's Library Services Grant	100,000	300,000	200,000	
Multicounty, Mutitype Library Grants	800,000	1,768,000	968,000	
Library Outreach Programs	0	500,000	500,000	
Library Pilot Program	0	25,000	25,000	
Subtotal Libraries:	17,782,000	18,341,000	559,000	3.14%
Technology				
Telecommunication Access Grants	15,500,000	23,000,000	7,500,000	
Technology Site-Based Grants	3,500,000	14,000,000	10,500,000	
Electronic Curriculum	860,000	4,000,000	3,140,000	
Interactive Television Levy Aid	6,387,000	8,082,000	1,695,000	
Instructional Transformation - Technology	5,400,000	1,000,000	(4,400,000)	
Technology Clearinghouse	250,000	250,000	0	
Library Site Technology Grants	0	3,500,000	3,500,000	
Computer Refurbishing Program	0	5,750,000	5,750,000	
Curriculum Through U of MN Bell Museum	0	1,000,000	1,000,000	
Additional Technology Aid	0	25,000,000	25,000,000	
Learning Academy	0	2,000,000	2,000,000	
Technology Grant for Residential Academies	0	1,000,000	1,000,000	
Regional Management Information Center	0	978,000	978,000	
Internet Access Grants	800,000	0	(800,000)	
Interactive TV Grants to School Districts	250,000	0	(250,000)	
Technology Fund Balance Adjustments	1,300,000	0	(1,300,000)	
Technology for After-School Programs	1,000,000	0	(1,000,000)	
Subtotal Technology:	35,247,000	89,560,000	54,313,000	154.09%
Department of Children, Families, & Learning	46,549,000	44,508,000	(2,041,000)	
Academic Excellence Foundation	1,044,000	1,249,000	205,000	
State Board of Education	408,000	417,000	9,000	
Board of Teaching	454,000	464,000	10,000	
Litigation Costs	700,000	1,700,000	1,000,000	
Transfer in from Other Departments	450,000	0	(450,000)	
Subtotal Dept. of Children, Families, & Learning:	49,605,000	48,338,000	(1,267,000)	-2.55%
Lola & Rudy Perpich Arts School	10,786,000	11,595,000	809,000	7.50%
Faribault Academies	16,909,000	17,818,000	909,000	5.38%
State Appropriations:	\$ 6,435,886,000	\$ 6,829,486,000	\$ 393,600,000	6.12%
Federal Appropriations:	\$ 611,094,000	\$ 679,026,000	\$ 67,932,000	11.12%
Total Elementary & Secondary Education:	\$ 7,046,980,000	\$ 7,508,512,000	\$ 461,532,000	6.55%

	1995-1997 Biennium	1997-1999 Biennium	Increase (Decrease)	Percent Change
Early Childhood & Family Education				
Early Childhood Programs				
Learning Readiness	\$ 19,011,000	\$ 20,721,000	\$ 1,710,000	
Early Childhood Family Education (ECFE)	28,056,000	29,722,000	1,666,000	
Health & Developmental Screening Aid	3,100,000	3,100,000	0	
Way to Grow - Early Childhood Grants	950,000	950,000	0	
Part H - Early Childhood Program	400,000	400,000	0	
Head Start	23,012,000	37,500,000	14,488,000	
ECFE Infant Development	0	2,000,000	2,000,000	
Comprehensive Early Intervention	390,000	0	(390,000)	
Subtotal Early Childhood Programs:	74,919,000	94,393,000	19,474,000	25.99%
Community and Prevention Programs				
Family Collaborative	12,000,000	14,500,000	2,500,000	
Community Education Aid	5,400,000	3,447,000	(1,953,000)	
Adult Handicapped Program Aid	1,530,000	1,560,000	30,000	
Violence Prevention Education Grants	3,100,000	3,000,000	(100,000)	
Male Responsibility Grants	750,000	500,000	(250,000)	
Abused Children Programs	2,020,000	2,127,000	107,000	
Drug Policy & Violence Prevention Programs	4,804,000	6,000,000	1,196,000	
Children's Trust Fund	494,000	494,000	0	
After School Enrichment Grants	5,000,000	9,814,000	4,814,000	
Alcohol-Impaired Driver Education	1,028,000	400,000	(628,000)	
Extended Day Aid	755,000	651,000	(104,000)	
Adult Education Programs	21,238,000	30,297,000	9,059,000	
Adolescent Parenting Grants	0	1,300,000	1,300,000	
Lead Hazard Reduction	0	200,000	200,000	
Citizenship Promotion Program	0	1,000,000	1,000,000	
Child Guide Prevention Program	0	250,000	250,000	
Meadowbrook Collaborative	0	50,000	50,000	
Ombudspersons	66,000	0	(66,000)	
Subtotal Community Prevention Programs:	58,185,000	75,590,000	17,405,000	29.91%
Self-Sufficiency and Child Care				
MN Economic Opportunity Grants	14,000,000	18,000,000	4,000,000	
Transitional Housing Programs	2,320,000	3,456,000	1,136,000	
Food Bank Program	1,400,000	2,500,000	1,100,000	
Emergency Food Assistance	194,000	194,000	0	
Energy Assistance & Weatherization	1,000,000	1,000,000	0	
Home Energy Assistance Contingency	9,000,000	0	(9,000,000)	
Child Care - Basic Sliding Fee	40,277,000	92,502,000	52,225,000	
TANF Child Care	42,831,000	99,169,000	56,338,000	
Child Care Administration	441,000	1,058,000	617,000	
Child Care Development	3,563,000	7,730,000	4,167,000	
Welfare Reform-Child Care Entitlement	450,000	0	(450,000)	
Welfare Reform-Sliding Fee Child Care	5,000,000	0	(5,000,000)	
Subtotal Self-Sufficiency & Child Care:	120,476,000	225,609,000	105,133,000	87.26%
State Appropriations:	\$ 253,580,000	\$ 395,592,000	\$ 142,012,000	56.00%
Federal Appropriations:	\$ 67,117,000	\$ 237,378,000	\$ 170,261,000	253.68%
Total Early Childhood & Family Education:	\$ 320,697,000	\$ 632,970,000	\$ 312,273,000	97.37%

	1995-1997 Biennium	1997-1999 Biennium	Increase (Decrease)	Percent Change
Higher Education				
Higher Education Services Office				
Agency Administration	\$ 4,742,000	\$ 5,456,000	\$ 714,000	
State Scholarships and Grants	195,690,000	214,117,000	18,427,000	
Interstate Tuition	9,000,000	8,000,000	(1,000,000)	
State Work-Study	16,438,000	18,888,000	2,450,000	
Minitex Library Program	4,216,000	5,216,000	1,000,000	
Learning Network of MN	6,100,000	10,792,000	4,692,000	
Library Information Network	150,000	12,000,000	11,850,000	
Edvest	0	3,039,000	3,039,000	
Appropriations Carried Forward	456,000	200,000	(256,000)	
Subtotal Higher Education Services Office:	236,792,000	277,708,000	40,916,000	17.28%
MN State Colleges & Universities	942,447,000	1,015,636,000	73,189,000	
Appropriations Carried Forward	25,510,000	3,616,000	(21,894,000)	
Subtotal MN State Colleges and Universities:	967,957,000	1,019,252,000	51,295,000	5.30%
Board for Community Colleges	300,000	0	(300,000)	
University of Minnesota				
Operations and Maintenance	792,253,000	939,360,000	147,107,000	
Health Sciences	44,116,000	17,132,000	(26,984,000)	
Institute of Technology	6,134,000	3,104,000	(3,030,000)	
System Specials	40,137,000	14,358,000	(25,779,000)	
Agriculture and Extension Service	95,394,000	102,094,000	6,700,000	
Workers' Comp. Safety Pilot Project	200,000	0	(200,000)	
Subtotal University of Minnesota:	978,234,000	1,076,048,000	97,814,000	10.00%
Mayo Medical Foundation	1,770,000	2,431,000	661,000	37.34%
State Appropriations:	\$ 2,185,053,000	\$ 2,375,439,000	\$ 190,386,000	8.71%
Federal Appropriations:	\$ 84,320,000	\$ 63,200,000	\$ (21,120,000)	-25.05%
Total Higher Education:	\$ 2,269,373,000	\$ 2,438,639,000	\$ 169,266,000	7.46%

Human Services

Department of Human Services				
Financial & Management Administration	42,622,000	50,432,000	7,810,000	
Social Services	167,206,000	83,917,000	(83,289,000)	
Community Social Services Aid	105,038,000	111,282,000	6,244,000	
Compulsive Gambling Treatment	0	2,450,000	2,450,000	
Family Self-Sufficiency Programs & Admin.				
STRIDE Grants	17,150,000	0	(17,150,000)	
Assistance to Families Grants	0	199,983,000	199,983,000	
AFDC Grants	262,831,000	7,695,000	(255,136,000)	
General Assistance Grants	99,346,000	105,054,000	5,708,000	
Work Grants	1,565,000	27,858,000	26,293,000	
Minnesota Supplemental Aid	47,661,000	53,231,000	5,570,000	
MN Family Investment Plan	45,566,000	23,704,000	(21,862,000)	
Child Care Fund	5,684,000	0	(5,684,000)	
Child Support Enforcement	2,733,000	10,218,000	7,485,000	
Administration	68,315,000	76,051,000	7,736,000	
Refugee Service	0	3,210,000	3,210,000	
Welfare Reform - MNJOBS	102,000	0	(102,000)	

	1995-1997 Biennium	1997-1999 Biennium	Increase (Decrease)	Percent Change
Health Care Programs				
MA Grants	\$ 2,793,295,000	\$ 3,347,011,000	\$ 553,716,000	
GAMC Grants	343,259,000	343,839,000	580,000	
Health Care Administration	86,170,000	86,607,000	437,000	
Group Residential Housing Grants	94,624,000	135,536,000	40,912,000	
Mental Health	98,250,000	98,692,000	442,000	
State Residential Facilities	416,210,000	410,603,000	(5,607,000)	
Federal Reimbursement	(58,203,000)	(40,362,000)	17,841,000	
Local Programs	1,685,000	0	(1,685,000)	
Subtotal Department of Human Services:	4,641,109,000	5,137,011,000	495,902,000	10.68%
Ombudsman for Mental Health & Retardation	2,229,000	2,697,000	468,000	21.00%
Ombudsman for Families	270,000	318,000	48,000	17.78%
MinnesotaCare				
Department of Commerce	52,000	30,100,000	30,048,000	
Department of Health	16,107,000	22,959,000	6,852,000	
Department of Human Services	219,160,000	236,297,000	17,137,000	
Department of Employee Relations	1,000,000	0	(1,000,000)	
Department of Revenue	2,756,000	4,789,000	2,033,000	
University of Minnesota	5,149,000	5,074,000	(75,000)	
Legislative Coordinating Commission	300,000	300,000	0	
Transfer to Health Care Access Fund	0	8,216,000	8,216,000	
Subtotal MinnesotaCare:	244,524,000	307,735,000	63,211,000	25.85%
State Appropriations:	\$ 4,888,132,000	\$ 5,447,761,000	\$ 559,629,000	11.45%
Federal Appropriations:	\$ 4,468,894,000	\$ 4,850,898,000	\$ 382,004,000	8.55%
Total Human Services:	\$ 9,357,026,000	\$ 10,298,659,000	\$ 941,633,000	10.06%
Health				
Department of Health				
Health Protection	34,959,000	41,463,000	6,504,000	
Health Systems	71,991,000	96,750,000	24,759,000	
Health Management & Support Services	8,188,000	6,425,000	(1,763,000)	
Fetal Alcohol Syndrome Study	0	500,000	500,000	
Vulnerable Adults Act	2,131,000	0	(2,131,000)	
Subtotal Department of Health:	117,269,000	145,138,000	27,869,000	23.77%
Operator Certification of Wastewater Facilities	10,000	0	(10,000)	
Health-Related Boards	17,759,000	24,818,000	7,059,000	39.75%
Council on People with Disabilities	1,306,000	1,247,000	(59,000)	-4.52%
State Appropriations:	\$ 136,344,000	\$ 171,203,000	\$ 34,859,000	25.57%
Federal Appropriations:	\$ 200,339,000	\$ 216,692,000	\$ 16,353,000	8.16%
Total Health:	\$ 336,683,000	\$ 387,895,000	\$ 51,212,000	15.21%

	1995-1997 Biennium	1997-1999 Biennium	Increase (Decrease)	Percent Change
Veterans				
Veterans Affairs	\$ 7,652,000	\$ 8,828,000	\$ 1,176,000	
Gulf War Bonus Payments	0	17,090,000	17,090,000	
Veterans Claims	124,000	0	(124,000)	
Veterans Nursing Homes Board	36,752,000	43,761,000	7,009,000	
Veterans Homes Improvement	0	1,270,000	1,270,000	
	44,528,000	70,949,000	26,421,000	59.34%
Veterans of Foreign Wars	82,000	82,000	0	0.00%
Disabled American Veterans	24,000	26,000	2,000	8.33%
Military Order of the Purple Heart	40,000	40,000	0	0.00%
Total Veterans:	\$ 44,674,000	\$ 71,097,000	\$ 26,423,000	59.15%
Transportation				
State Roads				
Construction	389,426,000	441,660,000	52,234,000	
Additional FY 1997 Appropriation	9,000,000	0	(9,000,000)	
Highway Debt Service	41,330,000	28,700,000	(12,630,000)	
Operations	364,531,000	407,934,000	43,403,000	
Central Engineering Services	110,650,000	113,977,000	3,327,000	
Snow Emergency FY1997 Appropriation	16,000,000	0	(16,000,000)	
Research & Investment Management	20,778,000	23,397,000	2,619,000	
Design & Engineering	112,229,000	140,324,000	28,095,000	
Electronic Communications	8,336,000	19,034,000	10,698,000	
Bonding Bill - Capital Projects	20,454,000	0	(20,454,000)	
Driver Examination Stations	1,185,000	0	(1,185,000)	
Dept. of Transportation - State Claims	3,000	0	(3,000)	
Subtotal Highway Develop. & Operations:	1,093,922,000	1,175,026,000	81,104,000	7.41%
Local Roads				
County State Aids	578,710,000	645,801,000	67,091,000	
Municipal State Aids	176,318,000	195,844,000	19,526,000	
Subtotal Transp. Aids to Local Gov.:	755,028,000	841,645,000	86,617,000	11.47%
Public Transit: Metro & Greater MN				
Greater Minnesota Transit Assistance	25,585,000	29,585,000	4,000,000	
Met Council Transit	89,095,000	100,702,000	11,607,000	
Subtotal Public Transit: Metro & Greater MN:	114,680,000	130,287,000	15,607,000	13.61%
General Support & Management				
General Management	45,702,000	51,523,000	5,821,000	
General Services	33,233,000	26,455,000	(6,778,000)	
Motor Carrier Regulation	4,533,000	4,924,000	391,000	
Railroads and Waterways	2,862,000	3,936,000	1,074,000	
Buildings & Equipment	23,978,000	12,271,000	(11,707,000)	
Public Safety Radio Comm. System	7,694,000	0	(7,694,000)	
Subtotal General Support & Management:	118,002,000	99,109,000	(18,893,000)	-16.01%

	1995-1997 Biennium	1997-1999 Biennium	Increase (Decrease)	Percent Change
Aeronautics				
Aviation Support	\$ 8,811,000	\$ 9,691,000	\$ 880,000	
Airport Development and Assistance	23,097,000	25,896,000	2,799,000	
Air Transportation Services	122,000	537,000	415,000	
Civil Air Patrol	130,000	130,000	0	
Subtotal Aeronautics:	32,160,000	36,254,000	4,094,000	12.73%
Transportation Regulation Board	605,000	0	(605,000)	
Compensation Increase from Trunk Highway Fund	20,343,000	0	(20,343,000)	
Federal Funds Included in Highway Operations,				
Technical Services & Program Management	(40,446,000)	(40,426,000)	20,000	-0.05%
State Appropriations:	\$ 2,094,294,000	\$ 2,241,895,000	\$ 147,601,000	7.05%
Federal Appropriations:	\$ 761,306,000	\$ 776,664,000	\$ 15,358,000	2.02%
Total Transportation:	\$ 2,855,600,000	\$ 3,018,559,000	\$ 162,959,000	5.71%

Agriculture

Department of Agriculture				
Protection Service	33,920,000	35,759,000	1,839,000	
Agricultural Marketing and Development	2,492,000	6,685,000	4,193,000	
Administration and Financial Assistance	12,401,000	12,429,000	28,000	
Individual Sewage Treatment Systems	0	4,000,000	4,000,000	
Subtotal Department of Agriculture:	48,813,000	58,873,000	10,060,000	20.61%
Agricultural Utilization Research Institute	8,660,000	8,750,000	90,000	1.04%
Board of Water & Soil Resources	28,261,000	30,927,000	2,666,000	9.43%
Board of Animal Health	4,382,000	4,731,000	349,000	7.96%
Ethanol Producer Payments	25,192,000	49,651,000	24,459,000	97.09%
Minnesota Horticultural Society	144,000	164,000	20,000	13.89%
State Appropriations:	\$ 115,452,000	\$ 153,096,000	\$ 37,644,000	32.61%
Federal Appropriations:	\$ 5,263,000	\$ 4,507,000	\$ (756,000)	-14.36%
Total Agriculture:	\$ 120,715,000	\$ 157,603,000	\$ 36,888,000	30.56%

Economic Development

Department of Trade & Economic Development				
Tourism	16,419,000	16,830,000	411,000	
Administration	4,358,000	5,999,000	1,641,000	
Business & Community Development	33,362,000	57,568,000	24,206,000	
Minnesota Trade Office	4,622,000	4,788,000	166,000	
Information & Analysis	0	2,845,000	2,845,000	
Contaminated Site Cleanup	0	8,600,000	8,600,000	
Emergency Flood Relief	0	8,200,000	8,200,000	
Minnesota Investment Fund	4,000,000	0	(4,000,000)	
Morrison Cnty. Development Authority	750,000	0	(750,000)	
Subtotal Dept. of Trade & Economic Dev.:	63,511,000	104,830,000	41,319,000	65.06%
World Trade Center Corporation	248,000	78,000	(170,000)	-68.55%
Minnesota Technology Incorporated	15,421,000	19,574,000	4,153,000	26.93%

	1995-1997 Biennium	1997-1999 Biennium	Increase (Decrease)	Percent Change
Amateur Sports Commission	\$ 1,011,000	\$ 2,144,000	\$ 1,133,000	
Ice Arenas	2,875,000	5,000,000	2,125,000	
Sports Facility Financing	1,500,000	1,500,000	0	
Subtotal Amateur Sports Commission:	5,386,000	8,644,000	3,258,000	60.49%
Border Resorts Promotion	100,000	0	(100,000)	
Job Creation Grants	450,000	0	(450,000)	
Labor Interpretive Center	340,000	421,000	81,000	23.82%
State Appropriations:	\$ 85,456,000	\$ 133,547,000	\$ 48,091,000	56.28%
Federal Appropriations:	\$ 133,340,000	\$ 168,682,000	\$ 35,342,000	26.51%
Total Economic Development:	\$ 218,796,000	\$ 302,229,000	\$ 83,433,000	38.13%

Housing

Housing Finance Agency	47,464,000	58,356,000	10,892,000	
Implement Property Tax Reform	0	450,000	450,000	
Emergency Flood Relief	0	6,500,000	6,500,000	
Total Housing:	\$ 47,464,000	\$ 65,306,000	\$ 17,842,000	37.59%

Natural Resources

Department of Natural Resources

Operations Support	52,660,000	60,258,000	7,598,000	
Water Resources Management	17,487,000	20,562,000	3,075,000	
Mineral Resources Management	9,684,000	10,182,000	498,000	
Forest Management	61,704,000	68,536,000	6,832,000	
Fish and Wildlife Management	71,045,000	82,257,000	11,212,000	
Parks and Recreation Management	50,079,000	53,903,000	3,824,000	
Enforcement	36,076,000	39,056,000	2,980,000	
Trails and Waterways	22,776,000	33,889,000	11,113,000	
Leech Lake and White Earth Reservation	3,638,000	3,624,000	(14,000)	
1854 Indian Treaty Settlement	7,661,000	8,087,000	426,000	
Public Hunting Grounds-Checkoff	1,748,000	2,600,000	852,000	
DNR Firefighting	3,328,000	1,072,000	(2,256,000)	
Emergency Flood Relief	0	900,000	900,000	
Blue Earth/MN River Trail Acquisition	230,000	0	(230,000)	
Well Inventory and Sealing	276,000	0	(276,000)	
Dept. of Natural Resources - State Claims	6,000	0	(6,000)	
Additional FY1997 Appropriation	500,000	0	(500,000)	
Snowmobile Grants-In-Aid	1,200,000	0	(1,200,000)	
Emergency Deer Feeding	750,000	0	(750,000)	
Subtotal Dept. of Natural Resources:	340,848,000	384,926,000	44,078,000	12.93%
Zoological Board	10,395,000	10,903,000	508,000	4.89%
Minn.-Wisc. Boundary Area Commission	332,000	349,000	17,000	5.12%
Voyageurs National Park Citizens Committee	119,000	127,000	8,000	6.72%

	1995-1997 Biennium	1997-1999 Biennium	Increase (Decrease)	Percent Change
Minnesota Resources				
LCMR Administration	\$ 702,000	\$ 776,000	\$ 74,000	
Recreation	13,345,000	10,000,000	(3,345,000)	
Historic Sites	1,089,000	1,388,000	299,000	
Water Resources	2,445,000	2,170,000	(275,000)	
Agricultural Practices	1,357,000	1,685,000	328,000	
Pollution Prevention	620,000	265,000	(355,000)	
Impacts on Natural Resources	630,000	1,985,000	1,355,000	
Decision-Making Tools	515,000	1,410,000	895,000	
Public Access to Natural Resources Data	375,000	850,000	475,000	
Sustainable Development Activities	1,285,000	1,698,000	413,000	
Environmental Education	4,745,000	2,478,000	(2,267,000)	
Benchmarks and Indicators	1,785,000	1,715,000	(70,000)	
Native Fisheries	650,000	336,000	(314,000)	
Land Acquisition in High Growth Areas	680,000	850,000	170,000	
Critical Lands or Habitats	6,256,000	7,432,000	1,176,000	
Wildlife or Trail Corridors	391,000	1,000,000	609,000	
Native Species Planting	400,000	670,000	270,000	
Exotic Species	490,000	500,000	10,000	
Subtotal Minnesota Resources:	37,760,000	37,208,000	(552,000)	-1.46%
State Appropriations:	\$ 389,454,000	\$ 433,513,000	\$ 44,059,000	11.31%
Federal Appropriations:	\$ 20,599,000	\$ 16,146,000	\$ (4,453,000)	-21.62%
Total Natural Resources:	\$ 410,053,000	\$ 449,659,000	\$ 39,606,000	9.66%

Pollution Control

Pollution Control Agency				
Protection of the Water	18,827,000	25,427,000	6,600,000	
Protection of the Air	14,299,000	15,984,000	1,685,000	
Protection of the Land	29,896,000	31,456,000	1,560,000	
General Support	15,880,000	13,831,000	(2,049,000)	
Sewage Treatment Grants	0	1,000,000	1,000,000	
Landfill Cleanup Costs	737,500	0	(737,500)	
Subtotal Pollution Control Agency:	79,639,500	87,698,000	8,058,500	10.12%
Office of Environmental Assistance	13,058,000	13,076,000	18,000	0.14%
SCORE County Block Grants	28,016,000	28,016,000	0	0.00%
State Appropriations:	\$ 120,713,500	\$ 128,790,000	\$ 8,076,500	6.69%
Federal Appropriations:	\$ 39,049,000	\$ 33,507,000	\$ (5,542,000)	-14.19%
Total Pollution Control:	\$ 159,762,500	\$ 162,297,000	\$ 2,534,500	1.59%

Protection of Workers

Department of Labor & Industry				
Workers' Comp. Regulation & Enforcement	25,143,000	24,312,000	(831,000)	
Workplace Services	10,692,000	13,106,000	2,414,000	
General Support	11,851,000	12,860,000	1,009,000	
Subtotal Department of Labor & Industry:	47,686,000	50,278,000	2,592,000	5.44%
Workers' Compensation Court of Appeals	2,753,000	2,962,000	209,000	7.59%
Bureau of Mediation Services	3,643,000	4,135,000	492,000	13.51%

	1995-1997 Biennium	1997-1999 Biennium	Increase (Decrease)	Percent Change
Department of Economic Security				
Employment Training & Youth Employment	\$ 11,943,000	\$ 25,873,000	\$ 13,930,000	
Youthbuild	317,000	1,400,000	1,083,000	
Rehabilitation Services	36,464,000	39,625,000	3,161,000	
Services for the Blind	7,297,000	7,551,000	254,000	
Job Creation Grants	450,000	0	(450,000)	
All Other Community-Based Services	9,487,000	0	(9,487,000)	
Workforce Exchange	500,000	3,000,000	2,500,000	
Curfew Program	0	1,300,000	1,300,000	
Extended Employment Settlement	725,000	0	(725,000)	
Youth Intervention Programs	240,000	0	(240,000)	
Curfew Enforcement & Truancy Prevention	340,000	0	(340,000)	
Subtotal Department of Economic Security:	67,763,000	78,749,000	10,986,000	16.21%
State Appropriations:	\$ 121,845,000	\$ 136,124,000	\$ 14,279,000	11.72%
Federal Appropriations:	\$ 468,810,000	\$ 318,526,000	\$ (150,284,000)	-32.06%
Total Protection of Workers:	\$ 590,655,000	\$ 454,650,000	\$ (136,005,000)	-23.03%

Public Employees

Department of Employee Relations				
Administration	13,963,000	14,175,000	212,000	
Employee Insurance	1,664,000	1,558,000	(106,000)	
Subtotal Dept. of Employee Relations:	15,627,000	15,733,000	106,000	0.68%
Retirement				
Minneapolis Employees' Retirement Fund	20,910,000	19,455,000	(1,455,000)	
Pre-1973 Retirement Adjustment	1,100,000	1,100,000	0	
Local Police and Fire Amortization Aid	9,985,000	9,850,000	(135,000)	
Police & Fire Supplemental Amortization Aid	2,000,000	2,000,000	0	
Aid to Police and Fire Departments	111,224,000	125,976,000	14,752,000	
Legislators' Retirement	3,986,000	4,290,000	304,000	
Judges' Retirement	3,028,000	2,970,000	(58,000)	
Teachers' Retirement	6,391,000	6,676,000	285,000	
Firefighters' Relief Surcharge	736,000	753,000	17,000	
Constitutional Officers' Retirement	330,000	355,000	25,000	
Pension Uniformity	0	(7,321,000)	(7,321,000)	
Police State Aid Correction	0	4,770,000	4,770,000	
Subtotal Retirement:	159,690,000	170,874,000	11,184,000	7.00%
Total Public Employees:	\$ 175,317,000	\$ 186,607,000	\$ 11,290,000	6.44%

Industry Regulation

Department of Commerce				
Financial Examinations	7,565,000	7,685,000	120,000	
Registration and Analysis	7,997,000	9,069,000	1,072,000	
Administrative Services	5,160,000	5,715,000	555,000	
Enforcement and Licensing	7,847,000	7,976,000	129,000	
Petroleum Tank Release Cleanup Board	1,820,000	1,926,000	106,000	
Workers' Comp. Regulation	1,050,000	0	(1,050,000)	
Subtotal Department of Commerce:	31,439,000	32,371,000	932,000	2.96%
Non-Health-Related Boards	1,502,000	2,980,000	1,478,000	98.40%

	1995-1997 Biennium	1997-1999 Biennium	Increase (Decrease)	Percent Change
Public Utilities Commission	\$ 7,168,000	\$ 6,726,000	\$ (442,000)	-6.17%
Department of Public Service	17,560,000	18,124,000	564,000	
Hydro/Wind Power Regulation	0	1,813,000	1,813,000	
Subtotal Department of Public Service:	17,560,000	19,937,000	2,377,000	13.54%
State Lottery Board	85,744,000	101,598,000	15,854,000	18.49%
Lawful Gambling Control Board	4,120,000	4,454,000	334,000	8.11%
Racing Commission	740,000	750,000	10,000	1.35%
State Appropriations:	\$ 148,273,000	\$ 168,816,000	\$ 20,543,000	13.85%
Federal Appropriations:	\$ 2,024,000	\$ 1,629,000	\$ (395,000)	-19.52%
Total Industry Regulation:	\$ 150,297,000	\$ 170,445,000	\$ 20,148,000	13.41%

Public Safety

Department of Public Safety				
Administration and Related Services	11,496,000	19,261,000	7,765,000	
Emergency Management	5,018,000	6,853,000	1,835,000	
Criminal Apprehension	33,869,000	52,139,000	18,270,000	
Fire Marshal	5,250,000	5,948,000	698,000	
State Patrol	90,584,000	102,932,000	12,348,000	
Driver and Vehicle Services	59,254,000	69,857,000	10,603,000	
Alcohol & Gambling Enforcement	3,257,000	3,398,000	141,000	
Drug Policy	3,138,000	0	(3,138,000)	
Law Enforcement & Community Grants	0	6,005,000	6,005,000	
Pipeline Safety	1,727,000	1,839,000	112,000	
Crime Victims Services	4,024,000	4,302,000	278,000	
Crime Victims Ombudsman	406,000	749,000	343,000	
Priv. Detective & Protective Agen. Lic. Board	217,000	262,000	45,000	
Transfer to Trunk Highway Fund	3,901,000	3,681,000	(220,000)	
Highway User Tax Transfer to General Fund	1,432,000	0	(1,432,000)	
Traffic Safety	489,000	708,000	219,000	
Law Enforcement Officers	4,660,000	0	(4,660,000)	
FY 1997 Claims Against the State	3,000	0	(3,000)	
Special DWI Enforcement	84,000	103,000	19,000	
FY 1997 Deficiencies				
- Snow Emergency	17,095,000	0	(17,095,000)	
- Mille Lacs Treaty Implementation	6,500,000	0	(6,500,000)	
- City of Minneapolis Police Costs	226,000	0	(226,000)	
- Recover Disaster Relief Costs	1,393,000	0	(1,393,000)	
- Flood Relief	23,000,000	0	(23,000,000)	
Subtotal Department of Public Safety:	277,023,000	278,037,000	1,014,000	0.37%
Department of Corrections				
Management Services	36,856,000	39,248,000	2,392,000	
Community Services	143,277,000	165,211,000	21,934,000	
Correctional Institutions	366,345,000	369,788,000	3,443,000	
Corrections Aid	30,869,000	56,163,000	25,294,000	
Juvenile Services	0	34,860,000	34,860,000	
Claims Against the State	182,000	0	(182,000)	
Structural Deficiency	6,000,000	0	(6,000,000)	
Subtotal Department of Corrections:	583,529,000	665,270,000	81,741,000	14.01%

	1995-1997 Biennium	1997-1999 Biennium	Increase (Decrease)	Percent Change
Sentencing Guidelines Commission	\$ 740,000	\$ 880,000	\$ 140,000	18.92%
Corrections Ombudsman	1,285,000	1,145,000	(140,000)	-10.89%
Board of Peace Officers Standards and Training	8,455,000	7,382,000	(1,073,000)	-12.69%
Automobile Theft Prevention Board	930,000	3,734,000	2,804,000	301.51%
Minnesota Safety Council	134,000	134,000	0	0.00%
Military Affairs				
Maintenance of Training Facilities	11,935,000	12,185,000	250,000	
General Support	3,123,000	4,153,000	1,030,000	
Enlistment Incentives	4,702,000	4,705,000	3,000	
Subtotal Department of Military Affairs:	19,760,000	21,043,000	1,283,000	6.49%
State Appropriations:	\$ 891,856,000	\$ 977,625,000	\$ 85,769,000	9.62%
Federal Appropriations:	\$ 89,109,000	\$ 133,617,000	\$ 44,508,000	49.95%
Total Public Safety:	\$ 980,965,000	\$ 1,111,242,000	\$ 130,277,000	13.28%

Governance

LEGISLATURE

Senate	31,585,000	36,717,000	5,132,000	
House	43,776,000	49,917,000	6,141,000	
Legislative Coordinating Commission	22,711,000	25,015,000	2,304,000	
Appropriations Carried Forward	2,062,000	0	(2,062,000)	
TOTAL LEGISLATURE:	\$ 100,134,000	\$ 111,649,000	\$ 11,515,000	11.50%

COURTS

Supreme Court

Operations	7,962,000	8,193,000	231,000	
State Court Administrator	15,831,000	18,184,000	2,353,000	
State Law Library	3,473,000	3,467,000	(6,000)	
Low Income & Family Farm Leg. Assistance	10,364,000	11,214,000	850,000	
Family Law Legal Assistance	1,754,000	1,754,000	0	
Community Dispute Resolution	490,000	220,000	(270,000)	
Victim Offender Mediation Grants	0	340,000	340,000	
Subtotal Supreme Court:	39,874,000	43,372,000	3,498,000	8.77%

Court of Appeals

	11,646,000	12,268,000	622,000	5.34%
District Courts				
	134,008,000	143,222,000	9,214,000	
Board on Judicial Standards	518,000	531,000	13,000	
Board of Public Defense	1,536,000	1,815,000	279,000	
State Public Defender	5,993,000	6,565,000	572,000	
District Public Defense	68,845,000	75,250,000	6,405,000	
Tax Court	1,184,000	1,619,000	435,000	
Subtotal District Courts:	212,084,000	229,002,000	16,918,000	7.98%

TOTAL COURTS:	\$ 263,604,000	\$ 284,642,000	\$ 21,038,000	7.98%
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	1995-1997 Biennium	1997-1999 Biennium	Increase (Decrease)	Percent Change
CONSTITUTIONAL OFFICERS				
Governor and Lieutenant Governor	\$ 7,023,000	\$ 7,700,000	\$ 677,000	9.64%
Secretary of State	12,190,000	11,851,000	(339,000)	-2.78%
State Auditor	14,280,000	15,634,000	1,354,000	9.48%
State Treasurer	4,955,000	4,204,000	(751,000)	-15.16%
Attorney General (1)	47,938,000	30,188,000	(17,750,000)	
Special DWI Enforcement	0	57,000	57,000	
DARE Advisory Council	250,000	250,000	0	
Subtotal Attorney General:	48,188,000	30,495,000	(17,693,000)	-36.72%
Investment Board	4,185,000	4,410,000	225,000	5.38%
Board of Public Disclosure	887,000	1,076,000	189,000	21.31%
TOTAL CONSTITUTIONAL OFFICERS:	\$ 91,708,000	\$ 75,370,000	\$ (16,338,000)	-17.82%
State Appropriations:	\$ 455,446,000	\$ 471,661,000	\$ 16,215,000	3.56%
Federal Appropriations:	\$ 1,610,000	\$ 2,451,000	\$ 841,000	52.24%
Total Governance:	\$ 457,056,000	\$ 474,112,000	\$ 17,056,000	3.73%

Other Departments, Boards, and Commissions

Office of Administrative Hearings	7,807,000	8,302,000	495,000	6.34%
Department of Administration				
Operations Management	7,696,000	7,420,000	(276,000)	
Technology Management	19,426,000	48,429,000	29,003,000	
Facilities Management	10,691,000	12,500,000	1,809,000	
Administrative Management	4,427,000	5,292,000	865,000	
Management Analysis	1,131,000	1,242,000	111,000	
Public Broadcasting	6,258,000	9,046,000	2,788,000	
Children's Museum	180,000	320,000	140,000	
Voyager Center	0	250,000	250,000	
Hockey Hall of Fame	0	200,000	200,000	
American Bald Eagle Center	0	450,000	450,000	
Legislative Rent	9,732,000	10,436,000	704,000	
Dept. of Transportation Building Renovation	5,525,000	0	(5,525,000)	
Agency Relocation	3,735,000	0	(3,735,000)	
Other One-Time Projects	5,759,000	0	(5,759,000)	
Subtotal Department of Administration:	74,560,000	95,585,000	21,025,000	28.20%
Capitol Area Architectural and Planning Board	1,198,000	595,000	(603,000)	-50.33%
Department of Finance				
Accounts Receivable Project	2,543,000	2,989,000	446,000	
FY1997 Flood Relief	1,000,000	0	(1,000,000)	
Critical Statewide Operating Systems	6,500,000	0	(6,500,000)	
Subtotal Department of Finance:	46,310,000	45,271,000	(1,039,000)	-2.24%

	1995-1997 Biennium	1997-1999 Biennium	Increase (Decrease)	Percent Change
Department of Revenue				
Income Tax	\$ 24,304,000	\$ 28,846,000	\$ 4,542,000	
Business Excise and Consumption	26,405,000	27,629,000	1,224,000	
Property Tax & State Aids	5,760,000	5,895,000	135,000	
Tax Operations	66,228,000	55,921,000	(10,307,000)	
Legal and Research	7,456,000	7,662,000	206,000	
Administrative Support	23,278,000	32,714,000	9,436,000	
Accounts Receivable Operations	5,361,000	4,284,000	(1,077,000)	
Outstanding Collections/Property	2,200,000	2,800,000	600,000	
Admin. and New Tax Law Changes	0	4,565,000	4,565,000	
Emergency Flood Relief	0	600,000	600,000	
Dept. of Revenue - State Claims	4,000	0	(4,000)	
SCORE Evaluation	250,000	0	(250,000)	
Subtotal Department of Revenue:	161,246,000	170,916,000	9,670,000	6.00%
Office of Technology				
Secure Links	0	7,938,000	7,938,000	
	0	500,000	500,000	
Subtotal Office of Technology:	0	8,438,000	8,438,000	
Office of Strategic & Long-Range Planning	12,141,000	10,390,000	(1,751,000)	-14.42%
Brd. of Government Innovation and Cooperation	2,083,000	2,321,000	238,000	11.43%
Intergov. Info. Systems Advisory Council (IISAC)	1,180,000	0	(1,180,000)	
Human Rights	7,009,000	7,553,000	544,000	7.76%
Indian Affairs Council	978,000	1,058,000	80,000	8.18%
Council on Chicano-Latino Affairs	494,000	605,000	111,000	22.47%
Council on Black Minnesotans	461,000	642,000	181,000	39.26%
Council on Asian-Pacific Minnesotans	398,000	541,000	143,000	35.93%
Minnesota Municipal Board	587,000	622,000	35,000	5.96%
IRRRB Carryforward	890,000	0	(890,000)	
Uniform Laws Commission	58,000	71,000	13,000	22.41%
Minnesota Historical Society	38,893,000	46,791,000	7,898,000	20.31%
Board of the Arts	13,800,000	26,054,000	12,254,000	88.80%
Minnesota Humanities Commission	1,472,000	1,772,000	300,000	20.38%
Board of Architecture	1,415,000	0	(1,415,000)	
Minnesota Academy of Science	72,000	82,000	10,000	13.89%
Science Museum of Minnesota	2,216,000	2,300,000	84,000	3.79%
Small Agency Supplement	1,330,000	0	(1,330,000)	
State Appropriations:	\$ 376,598,000	\$ 429,909,000	\$ 53,311,000	14.16%
Federal Appropriations:	\$ 15,146,000	\$ 12,116,000	\$ (3,030,000)	-20.01%
Total Depts., Boards, & Commissions:	\$ 391,744,000	\$ 442,025,000	\$ 50,281,000	12.84%
Direct Capital Appr. & Debt Service				
Debt Service	446,840,000	565,759,000	118,919,000	
Cambridge Bank Payment-Debt Service	0	16,600,000	16,600,000	
Total Direct Capital Appr. & Debt Service:	\$ 446,840,000	\$ 582,359,000	\$ 135,519,000	30.33%

	1995-1997 Biennium	1997-1999 Biennium	Increase (Decrease)	Percent Change
Miscellaneous				
General Contingent Accounts				
General Fund	\$ 300,000	\$ 200,000	\$ (100,000)	
Trunk Highway Fund	400,000	400,000	0	
Highway User Tax Distribution Fund	250,000	250,000	0	
State Govt. Special Revenue	500,000	800,000	300,000	
Airport Fund	100,000	100,000	0	
Workers' Compensation	200,000	200,000	0	
Subtotal General Contingent Accounts:	1,750,000	1,950,000	200,000	11.43%
Dedicated General Fund Appropriations	168,000,000	241,557,000	73,557,000	43.78%
Tort Claims	1,550,000	1,750,000	200,000	12.90%
Campaign Fund Check-Off	4,875,000	4,513,000	(362,000)	-7.43%
Arbitrage Rebate	54,000	0	(54,000)	
Loans to Revolving Fund	19,253,000	23,700,000	4,447,000	23.10%
Tax Refund Interest	0	6,931,000	6,931,000	
Property Tax Reform/Aid Payments	0	92,500,000	92,500,000	
Transfer of Lands	994,000	0	(994,000)	
Fairview / UM Hospital Merger	1,800,000	0	(1,800,000)	
Appropriations Carried Forward	1,525,000	0	(1,525,000)	
Total Miscellaneous:	\$ 199,801,000	\$ 372,901,000	\$ 173,100,000	86.64%

TOTALS

State Appropriations - Gross	\$ 21,883,626,500	\$ 24,704,279,000	\$ 2,820,652,500	
Voluntary Unpaid Leave	(800,000)	0	800,000	
Dept. of Human Services RTC Collections (2)	(221,942,000)	(83,808,000)	138,134,000	
Indirect Cost Receipts	(28,611,000)	(43,864,000)	(15,253,000)	
Cancellations	(22,587,000)	(20,000,000)	2,587,000	
State Appropriations - Net:	\$ 21,609,686,500	\$ 24,556,607,000	\$ 2,946,920,500	13.64%
Federal Funds Appropriations:	\$ 6,968,020,000	\$ 7,515,039,000	\$ 547,019,000	7.85%
Total Appropriations:	\$ 28,577,706,500	\$ 32,071,646,000	\$ 3,493,939,500	12.23%
Cash Flow Account	\$ 350,000,000	\$ 350,000,000	\$ 0	
Budget Reserves	270,000,000	522,000,000	252,000,000	
Property Tax Reserve	0	46,000,000	46,000,000	
MnSCU Dedicated Carried Forward	0	72,000,000	72,000,000	
	\$ 620,000,000	\$ 990,000,000	\$ 370,000,000	59.68%

NOTES:

- (1) The second-year appropriation for the Attorney General's Office was vetoed by the Governor.
- (2) Dept. of Human Services RTC receipts already counted in the appropriation for MA and GAMC federal funds.

Table D
Direct Appropriations
by Fund, by Chapter

		FY 1998	FY 1999	1997-1999 Biennium
County-State Aid Highway Fund				
Chpt. 159	Transportation	\$ 318,289,000	\$ 327,512,000	\$ 645,801,000
Total Cnty.-St. Aid Highway Fund:		\$ 318,289,000	\$ 327,512,000	\$ 645,801,000
Environmental Fund				
Chpt. 202	State Government and Departments	\$ 224,000	\$ 229,000	\$ 453,000
Chpt. 216	Natural Resources, Environment, & Agriculture	20,569,000	21,292,000	41,861,000
Chpt. 239	Crime and Crime Prevention	42,000	43,000	85,000
Total Environmental Fund:		\$ 20,835,000	\$ 21,564,000	\$ 42,399,000
Environmental Trust Fund				
Chpt. 216	Natural Resources, Environment, & Agriculture	\$ 22,270,000	\$ 0	\$ 22,270,000
Total Environmental Trust Fund:		\$ 22,270,000	\$ 0	\$ 22,270,000
Game and Fish Fund				
Chpt. 216	Natural Resources, Environment, & Agriculture	\$ 53,986,000	\$ 56,354,000	\$ 110,340,000
Total Game and Fish Fund:		\$ 53,986,000	\$ 56,354,000	\$ 110,340,000
General Fund				
Chpt. 159	Transportation	\$ 76,868,000	\$ 73,890,000	\$ 150,758,000
Chpt. 162	Early Childhood & Family Education	182,763,000	210,879,000	393,642,000
Chpt. 183	Higher Education	1,180,429,000	1,191,194,000	2,371,623,000
Chpt. 200	Economic Development & Security	195,977,000	163,741,000	359,718,000
Chpt. 202	State Government and Departments	318,453,000	266,807,000	585,260,000
Chpt. 203	Health and Human Services	2,566,528,000	2,718,159,000	5,284,687,000
Chpt. 216	Natural Resources, Environment, & Agriculture	193,603,000	175,725,000	369,328,000
Chpt. 225	MinnesotaCare	1,357,000	6,127,000	7,484,000
Chpt. 231	Omnibus Tax Bill & Property Tax Reform	10,132,000	102,333,000	112,465,000
Chpt. 233	Uniformity Pension	(6,418,000)	(903,000)	(7,321,000)
Chpt. 239	Crime and Crime Prevention	481,929,000	496,133,000	978,062,000
Chpt. 246	Contaminated Lands, Brownfields	13,600,000	0	13,600,000
Chpt. SS1-2	DWI Enforcement	19,000	38,000	57,000
Chpt. SS1-4	K-12 Education	3,350,875,000	3,399,269,000	6,750,144,000
Chpt. SS2-2	Emergency Flood Relief	15,300,000	0	15,300,000
Total General Fund:		\$ 8,581,415,000	\$ 8,803,392,000	\$ 17,384,807,000
Health Care Access Fund				
Chpt. 225	MinnesotaCare	\$ 134,725,000	\$ 165,468,000	\$ 300,193,000
Total Health Care Access Fund:		\$ 134,725,000	\$ 165,468,000	\$ 300,193,000

		FY 1998	FY 1999	1997-1999 Biennium
Highway User Tax Distribution Fund				
Chpt. 159	Transportation	\$ 14,199,000	\$ 14,269,000	\$ 28,468,000
Chpt. 202	State Government and Departments	2,044,000	2,091,000	4,135,000
Total Hwy. User Tax Distribution Fund:		\$ 16,243,000	\$ 16,360,000	\$ 32,603,000
Landfill Cleanup-Solid Waste Fund				
Chpt. 202	State Government and Departments	\$ 445,000	\$ 450,000	\$ 895,000
Chpt. 216	Natural Resources, Environment, & Agriculture	6,224,000	6,283,000	12,507,000
Total Landfill-Solid Waste Fund:		\$ 6,669,000	\$ 6,733,000	\$ 13,402,000
Metro Landfill Contingency Account				
Chpt. 203	Health and Human Services	\$ 193,000	\$ 193,000	\$ 386,000
Chpt. 216	Natural Resources, Environment, & Agriculture	137,000	140,000	277,000
Total Metro Landfill Contingency Account:		\$ 330,000	\$ 333,000	\$ 663,000
Minnesota Resources Fund				
Chpt. 216	Natural Resources, Environment, & Agriculture	\$ 14,668,000	\$ 0	\$ 14,668,000
Total MN Resources Fund:		\$ 14,668,000	\$ 0	\$ 14,668,000
Municipal State Aid Street Fund				
Chpt. 159	Transportation	\$ 96,580,000	\$ 99,264,000	\$ 195,844,000
Total Municipal State Aid Street Fund:		\$ 96,580,000	\$ 99,264,000	\$ 195,844,000
Natural Resources Fund				
Chpt. 216	Natural Resources, Environment, & Agriculture	\$ 22,989,000	\$ 23,435,000	\$ 46,424,000
Total Natural Resources Fund:		\$ 22,989,000	\$ 23,435,000	\$ 46,424,000
Petroleum Tank Release Cleanup Fund				
Chpt. 200	Economic Development & Security	\$ 957,000	\$ 969,000	\$ 1,926,000
Chpt. 216	Natural Resources, Environment, & Agriculture	3,177,000	3,227,000	6,404,000
Chpt. SS2-2	Emergency Flood Relief	1,000,000	0	1,000,000
Total Tank Release Cleanup Fund:		\$ 5,134,000	\$ 4,196,000	\$ 9,330,000
School Endowment Fund				
Chpt. SS1-4	K-12 Education	\$ 32,500,000	\$ 32,500,000	\$ 65,000,000
Total School Endowment Fund:		\$ 32,500,000	\$ 32,500,000	\$ 65,000,000
Special Revenue Fund				
Chpt. 159	Transportation	\$ 912,000	\$ 927,000	\$ 1,839,000
Chpt. 162	Early Childhood & Family Education	200,000	200,000	400,000
Chpt. 200	Economic Development & Security	1,120,000	1,125,000	2,245,000
Chpt. 216	Natural Resources, Environment, & Agriculture	11,474,000	11,209,000	22,683,000
Chpt. 239	Crime and Crime Prevention	7,254,000	7,479,000	14,733,000
Total Special Revenue Fund:		\$ 20,960,000	\$ 20,940,000	\$ 41,900,000

		FY 1998	FY 1999	1997-1999 Biennium
State Airport Fund				
Chpt. 159	Transportation	\$ 18,016,000	\$ 18,078,000	\$ 36,094,000
Total State Airport Fund:		\$ 18,016,000	\$ 18,078,000	\$ 36,094,000
State Government Special Revenue Fund				
Chpt. 202	State Government and Departments	\$ 11,866,000	\$ 13,311,000	\$ 25,177,000
Chpt. 203	Health and Human Services	31,911,000	32,150,000	64,061,000
Chpt. 216	Natural Resources, Environment, & Agriculture	42,000	43,000	85,000
Chpt. 225	MinnesotaCare	21,000	37,000	58,000
Chpt. 239	Crime and Crime Prevention	7,000	7,000	14,000
Total State Government Special Revenue Fund:		\$ 43,847,000	\$ 45,548,000	\$ 89,395,000
State Lottery Fund				
Chpt. 202	State Government and Departments	\$ 1,300,000	\$ 1,150,000	\$ 2,450,000
Total State Lottery Fund:		\$ 1,300,000	\$ 1,150,000	\$ 2,450,000
Trunk Highway Fund				
Chpt. 159	Transportation	\$ 711,783,000	\$ 711,772,000	\$ 1,423,555,000
Chpt. 200	Economic Development & Security	706,000	723,000	1,429,000
Chpt. 202	State Government and Departments	37,000	37,000	74,000
Chpt. 203	Health and Human Services	1,652,000	1,678,000	3,330,000
Chpt. 239	Crime and Crime Prevention	1,557,000	1,587,000	3,144,000
Chpt. SS1-2	DWI Enforcement	65,000	38,000	103,000
Chpt. SS1-4	K-12 Education	21,000	21,000	42,000
Total Trunk Highway Fund:		\$ 715,821,000	\$ 715,856,000	\$ 1,431,677,000
Workers' Compensation Fund				
Chpt. 200	Economic Development & Security	\$ 23,095,000	\$ 23,130,000	\$ 46,225,000
Chpt. 202	State Government and Departments	4,207,000	4,295,000	8,502,000
Total Workers' Compensation Fund:		\$ 27,302,000	\$ 27,425,000	\$ 54,727,000
Grand Total:		\$ 10,153,879,000	\$ 10,386,108,000	\$ 20,539,987,000

Table E
Open and Standing Appropriations
Fiscal Years 1998 and 1999

	FY 1998	FY 1999	1997-1999 Biennium
Aids and Credits			
Property Tax Refund			
- Homeowners	\$ 90,500,000	\$ 99,800,000	\$ 190,300,000
- Renters	91,500,000	92,500,000	184,000,000
- Targeting	3,400,000	3,800,000	7,200,000
One-Time Property Tax Rebate on Income Tax Form	475,000,000	25,000,000	500,000,000
Homestead Credit and Agricultural Credit			
- Schools	93,728,000	66,984,000	160,712,000
- Cities & Counties	440,254,000	449,119,000	889,373,000
- Tax Increment Financing	24,000	24,000	48,000
Political Contribution Refunds	2,500,000	2,500,000	5,000,000
Disparity Aid	28,258,000	28,188,000	56,446,000
Border City Disparity Credit	5,307,000	5,518,000	10,825,000
Local Government Aid	360,177,000	368,521,000	728,698,000
Attached Machinery Aid	3,218,000	3,218,000	6,436,000
Suppl. Homestead Prop. Tax Relief	495,000	495,000	990,000
Education Homestead Credit	11,100,000	142,200,000	153,300,000
In Lieu of Taxes Payments on DNR Lands	5,500,000	5,500,000	11,000,000
Enterprise Zone Credit	17,000	17,000	34,000
Regional Transit Board Levy Reduction	1,319,000	1,319,000	2,638,000
Region 3 - Occupation Tax	1,211,000	1,211,000	2,422,000
Local Performance Aid	9,270,000	9,624,000	18,894,000
Family Preservation Aid	1,598,000	1,638,000	3,236,000
Total Aids and Credits:	\$ 1,624,376,000	\$ 1,307,176,000	\$ 2,931,552,000
Other Open and Standing Appropriations			
State Lottery Board	\$ 50,799,000	\$ 50,799,000	\$ 101,598,000
Corrections Aid	27,902,000	28,261,000	56,163,000
Minneapolis Employees' Retirement Fund	10,455,000	9,000,000	19,455,000
Pre-1973 Retirement Adjustment	550,000	550,000	1,100,000
Local Police & Fire Amortization Aid	4,925,000	4,925,000	9,850,000
Local Police & Fire Suppl. Amortization Aid	1,000,000	1,000,000	2,000,000
Aid to Police & Fire Departments	63,312,000	67,434,000	130,746,000
Judges' Retirement	1,485,000	1,485,000	2,970,000
Judges & Constitutional Officers' Retirement	1,658,000	1,667,000	3,325,000
Teachers' Retirement	3,338,000	3,338,000	6,676,000
Firefighters' Relief Surcharge	378,000	375,000	753,000
Ethanol Producer Payments	23,829,000	25,822,000	49,651,000
1854 Indian Treaty Settlement	3,986,000	4,101,000	8,087,000
Debt Service and Borrowing	273,995,000	308,364,000	582,359,000
Other Open and Standing	24,507,000	28,553,000	53,060,000
Total Other Open & Standing Approps.:	\$ 492,119,000	\$ 535,674,000	\$ 1,027,793,000
Total Open and Standing Appropriations:	\$ 2,116,495,000	\$ 1,842,850,000	\$ 3,959,345,000

Table F

**Biennial Appropriations of Federal Funds
Fiscal Years 1998 and 1999**

	FY 1998	FY 1999	1997-1999 Biennium
Elementary and Secondary Education	\$ 340,961,000	\$ 338,065,000	\$ 679,026,000
Early Childhood & Family Education	118,689,000	118,689,000	237,378,000
Higher Education	31,647,000	31,553,000	63,200,000
Human Services	2,338,633,000	2,512,265,000	4,850,898,000
Health	108,716,000	107,976,000	216,692,000
Transportation	388,108,000	388,556,000	776,664,000
Agriculture	2,635,000	1,872,000	4,507,000
Economic Development	84,498,000	84,184,000	168,682,000
Natural Resources	8,287,000	7,859,000	16,146,000
Pollution Control	19,476,000	14,031,000	33,507,000
Protection of Workers	160,308,000	158,218,000	318,526,000
Industry Regulation	839,000	790,000	1,629,000
Public Safety	70,753,000	62,864,000	133,617,000
Governance	1,235,000	1,216,000	2,451,000
Other	6,108,000	6,008,000	12,116,000
Total Federal Funds:	\$ 3,680,893,000	\$ 3,834,146,000	\$ 7,515,039,000

Appendix Tax Reference Information (Selected Taxes)

Individual Income Tax:

Tax Base:	Federal taxable income with certain modifications	
Tax Rates:	(Tax Year 1997)	
	Married, Joint Returns:	
	\$ 1 - 24,140	6.0%
	24,141 - 95,920	8.0%
	95,921 and over	8.5%
	Single:	
	\$ 1 - 16,510	6.0%
	16,511 - 54,250	8.0%
	54,251 and over	8.5%
	Heads of Households:	
	\$ 1 - 20,330	6.0%
	20,331 - 81,700	8.0%
	81,701 and over	8.5%
	Married, Separate Returns:	
	\$ 1 - 12,070	6.0%
	12,071 - 47,960	8.0%
	47,961 and over	8.5%
Recent Collections:	FY 1996	\$ 4,135,332,000
	FY 1997	\$ 4,540,000,000
Disposition:	General Fund	

Corporation Franchise Tax:

Tax Base:	Minnesota taxable net income of the corporation ("Domestic Unitary" reporting method is used.)	
Major Exemptions:	Nonprofit corporations Cooperative associations Credit unions Mining companies subject to occupation tax	
Tax Rate:	9.8%	
Apportionment Factors:	MN Property ratio weighted	15%
	MN Payroll ratio weighted	15%
	MN Sales ratio weighted	70%
Recent Collections:	FY 1996	\$ 701,735,000
	FY 1997	\$ 671,600,000
Disposition:	General Fund	

Sales and Use Tax:

Tax Base:	Sale and rental of tangible personal property at retail	
Major Exemptions:	Food (off-premise consumption) Prescription drugs Clothing Gasoline Motor vehicles (see tax below) Many professional services Capital equipment for new or expanded manufacturing Special tooling	
Tax Rates:	General rate	6.5%
	Liquor and beer	9.0%
	Replacement capital equipment*	2.9%
	Farm machinery, logging equipment	2.5%
Recent Collections:	FY 1996	\$ 2,901,268,000
	FY 1997	\$ 3,040,428,000
Disposition:	General Fund	

* Replacement capital equipment is exempt starting July 1, 1998.

Motor Vehicle Sales Tax:

Tax Base:	Purchase price (less trade-in value) of any motor vehicle required to be registered in Minnesota	
Major Exemptions:	Purchases for resale by dealers Inheritances Gratuitous transfers between joint owners, spouses, parents, children	
Tax Rate:	6.5% (for vehicles 10 years of age or older: \$10)	
Recent Collections:	FY 1996	\$ 381,219,000
	FY 1997	\$ 377,500,000
Disposition:	General Fund	

Motor Fuels Tax:

Tax Base: Gallons of gasoline or special fuel used in highway vehicles, snowmobiles, motorboats, all-terrain vehicles, and aircraft

Credits: Refunds or credits are available for nonhighway use (except for that used in snowmobiles, motorboats, and all-terrain vehicles)

Tax Rates: 20 cents per gallon, except in certain border areas
Aviation fuels: 5 cents per gallon, reduced by refund based on annual purchases

Recent Collections: FY 1996 \$ 517,053,000
FY 1997 \$ 544,982,000

Disposition: Highway user tax distribution fund (Aviation revenues to state airports fund) (Marine, snowmobile, and all-terrain vehicle revenues to Special Revenue Fund)

Alcoholic Beverages Tax:

Tax Base: Distilled spirits, beers, malt beverages, wines, and premixed alcoholic beverages manufactured or received for sale in Minnesota

Tax Rates: Beer (rates per 31-gallon barrel):
3.2% or less alcohol by weight \$ 2.40
More than 3.2% \$ 4.60

Distilled spirits:
Per gallon \$ 5.03

Wine (alcohol by volume):
14% or less \$ 0.30 per gallon
14% to 21% 0.95 per gallon
21% to 24% 1.82 per gallon
More than 24% 3.52 per gallon
Sparkling wine 1.82 per gallon

Recent Collections: FY 1996 \$ 55,732,000
FY 1997 \$ 56,725,000

Disposition: General Fund

Cigarette Tax:

Tax Base: Cigarettes sold or used in Minnesota

Credits: Distributors receive a 1.0% discount on the first \$1.5 million of stamps purchased and 0.60% on additional purchases

Tax Rate: 48 cents per pack of 20

Recent Collections:* FY 1996 \$ 166,320,000
FY 1997 \$ 178,695,000

Disposition: Debt service on specified bonds (paid first) 2 cents per pack to Future Resources Fund, balance to General Fund

* Revenue includes tobacco products which are taxed at 35% of wholesale price.

Gambling Taxes:

Lawful Gambling Tax

Tax Base: Gross receipts of a licensed organization from lawful gambling (bingo, raffles, and paddle wheels) less prizes actually paid out

Tax Rate: 10%

Pull-Tab and Tipboard Tax

Tax Base: Ideal gross of each pull-tab or tipboard deal sold by a distributor

Tax Rate: 2%

Combined Receipts Tax

Tax Base: Gross receipts from all lawful gambling, except bingo, raffles, and paddle wheels, at the following rates:

Receipts	Rate
\$ 0 - 500,000	0%
500,001 - 700,000	2%
700,001 - 900,000	4%
900,001 and over	6%

Recent Collections: FY 1996 \$ 67,025,000
FY 1997 \$ 66,587,000

Disposition: General Fund

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