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GOVERNOR WENDELL R. ANDERSON

BUDGET ADDRESS

To The
68th Session of the Legislature

January 17, 1973

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Mr. Speaker, Mr. President, Members of the 68th Session of the Minnesota Legislature, and fellow citizens of Minnesota:

Two years ago, in my first Budget Message, I stated my strong conviction that the highest test of a civilized society is the treatment it affords its disadvantaged citizens.

That test remains. It is the obligation of this Budget, and our consciences, to meet it.

Two weeks ago, in the State of the State Address, I emphasized the necessity for greater economy in state government. But I also pointed out that economy should not be sought merely for its own sake. Put very simply, "Wasted dollars do not serve human needs."

The purpose of a budget, of a Legislative Session, of government itself, is to meet the urgent human needs of the people of this state with vision and imagination.

This Budget addresses itself to those needs.

SENIOR CITIZENS

Anyone who has studied state government, its successes and its failures, must recognize that the human needs of our senior citizens have been inadequately met and often shamefully ignored.

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Our senior citizens are men and women who have worked all of their productive lives, often for 40 to 50 years. They asked no help from anyone. They provided for themselves and their families. Patiently and painfully, they saved the dollars that were necessary to own and maintain their own homes.

Now their working years are over. And they fear that high, regressive, ever increasing property taxes will force them from their homes.

We ask people to be self sufficient. Our senior citizens have been.

They do not ask for much: the right to live in dignity in the homes which they worked so hard to acquire. To deprive them of their homes diminishes the quality of their remaining years. It marks our failure as a just society.

The National Advisory Commission on Intergovernmental Relations reported last fall that real estate taxes alone take as much as 30 percent of the family income of low-income senior citizens.

Nationally, for the 20 percent of our senior citizens with the lowest incomes, property taxes take 16 percent of their total income.

In Minnesota, more than 400,000 of our citizens are over 65 years of age. Over 100,000 of them are living below the poverty level. That's 25 percent.

In Minneapolis, almost one-third of all of the homes are owned and occupied by persons 65 years or older. Many of them are poor.

Senior citizens have given much. Yet they ask very little.

We must, finally, this session, this year, guarantee to our senior citizens that none of them will ever lose their homes because of increasing property taxes.

I am recommending today that we put a permanent moratorium on property tax increases, for every Minnesotan, beginning at the age of 65.

That means no property tax increase. Period. After a homeowner reaches 65. As long as he stays in that home.

When you reach the age of 65, if your property taxes are \$100, or \$300, or \$500, or whatever they may be, they will never go up again, as long as you live in your home.

We will freeze the market value of such a homestead for tax purposes on the day the citizen becomes 65.

We will provide an additional refund if a senior citizen's taxes have still increased after he receives the regular tax credit. The state must simply pay the difference.

That is the way we will make sure that property taxes for senior citizens do not go up.

I also believe we should extend the present systems of senior citizen tax relief to more people. I recommend that we raise the income limit for homeowners and renters from \$5,000 to \$8,000 and raise the benefit an average of ten percent. This step will include 35,000 more senior citizens households in these excellent tax relief programs.

The cost of these two steps will be \$6 million in the coming biennium.

If we take them, we will end the scandal of high property tax burdens for senior citizens.

It will change our system.

It will mean that people can retire and keep their homes and their dignity.

FURTHER AID TO HOMEOWNERS, FARMERS, AND RENTERS

There is a parallel need to protect other homeowners, farmers and renters from property tax increases.

Despite the solid gains accomplished in 1971, the need remains to insure property tax relief for all individuals.

In my 1971 Budget proposal, I included bonded debt under the homestead provisions of our state tax law.

That recommendation was not accepted.

So discrimination against homeowners in rapid growth communities continues.

Furthermore, I believe we have an obligation to keep faith with our 1971 property tax relief accomplishments, and prevent them from being eroded.

I recommend a major change in the present homestead credit, which allows a credit of 35 percent of the non-debt levy, with a \$250 maximum per household.

I propose that the credit be increased to 45 percent, that it apply to the total levy, including bonded indebtedness, and that the maximum be changed to \$350, effective in 1974.

This measure will cost the state \$58 million, but provide that much property tax relief during this coming biennium. State government will make up the difference in income to local governments.

As a companion measure, I urge the Legislature to raise the renter tax credit by 11 percent, from \$90 to \$100 maximum, and the credit rate from 7.5 percent to 8.3 percent.

This will provide \$3.8 million in additional relief to renters.

At the same time, I propose that the renter credit law be made more equitable by granting credit on a pro-rated basis to those who rent for only part of a year. Under the present law, a renter must rent for the entire last six months of the year to be eligible for any credit.

OTHER AID TO SENIOR CITIZENS

This Legislature should also take several other steps to insure the dignity and security of our senior citizens, and enhance their lives.

On January 1, 1974, the federal government will take over responsibility for financial assistance to the aged, the disabled, and the blind.

At that time our state participation in those programs will end.

But this shift will bring hardship to some present aid recipients unless the state acts to prevent it.

Federal assistance for some individuals in these categories will be lower than the amount they now receive under the combined county-state-federal programs. It is tragic that the federal action to remove this responsibility from the state will provide less assistance to the most needy of our aged, disabled, and blind citizens. But that is what the federal law provides.

We must insure that no senior citizen in Minnesota loses benefits as a result of this federal action.

I recommend we guarantee the present level of benefits for those now covered. The cost is \$2 million for the biennium, and is provided for in this budget.

There is another step we should take.

For years we have allowed a humiliating and unjust practice of imposing state liens on the homes of citizens who receive Old Age Assistance.

I recommend we end that practice immediately.

A number of citizens now receiving such aid have liens on their homes. I recommend we abolish all present liens. We should also remove the requirement for those who enter the Old Age Assistance Program between now and next January. At that time, the federal takeover will end this practice permanently.

The loss in income to the state will be approximately \$450,000. I have provided for this in my budget recommendations, and I hope the Legislature will act quickly.

I also recommend two measures that will cost very little but mean a great deal to many of our senior citizens.

Two weeks ago I recommended that the compulsory retirement age for state employees be reduced from 70 to 65.

Today I am recommending that Minnesota citizens 65 and over be permitted to use our state parks free of charge, and that the age of eligibility for permanent senior citizen fishing licenses also be lowered to 65.

The income loss to the state from these measures will be more than compensated by the natural growth in income from fishing licenses and state park permits. It will also be compensated by the enrichment of the lives of our senior citizens.

I am also pleased to be able to authorize an additional 19 positions for the Governor's Citizens Council on Aging. This nearly 200 percent increase in staff will allow Minnesota to qualify for new and expanded federal programs for senior citizens.

This increase has a biennial cost of \$102,500 in state funds that will generate an additional \$300,000 in federal funds.

Another serious problem for many senior citizens is mobility. Without transportation, they cannot obtain health services, shop, visit friends, attend church, or simply visit town.

In 1971, the Legislature recognized the importance of mobility for senior citizens in the Twin Cities area by providing them with free transit service in the off-peak hours.

But that did not help those who live outstate. Their problem is even greater. With the exception of 10 cities, there is no public transportation system at all.

School buses could provide a transportation resource for these senior citizens. The possibility is worth exploring, for the need is very great.

I am requesting \$75,000 for the biennium, to be matched with federal funds, to demonstrate this idea on a pilot basis.

CARE OF THE HANDICAPPED

Senior citizens are not our only priority.

If our society is to be truly civilized, and our efforts more than minimal, we must act at once to improve the quality of care received by the handicapped in this state.

No condition, or excuse, or false economy can justify our failure to meet their needs.

Nearly 40 percent of the welfare budget in Minnesota is expended for programs and services for the 17 state residential institutions.

In terms of mental health care, this has been a time of major transition.

Just ten years ago there were more than 15,000 patients and residents in our state institutions for the mentally ill and mentally retarded. That figure has been cut by more than half.

Some remarkable breakthroughs in drug therapy permit patients to be released at an earlier date than before.

Older citizens who do not require psychiatric care are making increased use of nursing homes.

More important, local community treatment facilities are being developed to provide individualized care at the local and regional levels.

The day of the large centralized institution as the chief home of the handicapped is clearly ended -- and rightly so.

We can be grateful for these advances. We can be grateful that the population of our institutions is declining. But we must be very careful not to use this fact as a basis for cutting back programs that are still badly needed.

Statistics are only statistics. But our handicapped citizens are people, and cold numbers can hide human needs. During the 1971 session, the Legislature eliminated 545 positions in our Department of Public Welfare.

I am certain this action seemed reasonable to many at the time.

But I can tell you on the basis of careful and unforgettable personal observation that these staff cuts have caused profound hardships at many institutions. Some of the hardships are staff hardships, but the real victims are the patients and residents.

Total population is down, but those who remain in our institutions are also the most severely retarded or mentally ill. They require the most attention. The need for intensive, trained care has gone up, not down.

Of the retarded in our institutions, 77 percent are severely and profoundly retarded. They need great assistance even to dress, feed, and care for themselves.

The actual proportion of severely retarded has increased by 25 percent in our institutions over the past six years.

In addition, the number of admissions is higher than it has ever been. With more coming and going, the pressure on staff is very great.

The ratio of staff to patients at any given time is not what it seems to be on paper. On weekends, for example, one staff member may have sole responsibility for the care of 30, 40 or 50 mentally ill or mentally retarded patients in one ward. And there are even times when that staff member has more than one ward to look after.

The results have been tragic.

There has been a marked increase in patient and resident injuries and accidents.

We do not want the institutions themselves to become mere custodial facilities -- human storehouses of neglect and misery, as Governor Rolvaag so well described them.

Accordingly, I am recommending that 300 direct care positions be restored to our state institutions this biennium.

I have reserved \$1.5 million in my budget recommendations for this purpose.

I also recommend two additional programs to improve patient care at our institutions.

Federal programs are often criticized. There is one program, however, which embodies many of man's most decent and charitable instincts. That is our Foster Grandparents program.

Under this federally funded program, persons over the age of 65 are paid a small sum. In return they spend hours at a time with a young patient or resident, providing a direct one-to-one relationship on a regular basis.

I visited the Cambridge State Hospital with the Chairman of the House Appropriations Committee, Representative Fred Norton, just a month ago. We could see and feel the joy and warmth and healing that the foster grandparents brought to these young patients.

For some of the children, foster grandparents are their only contact with continuing love and attention. What makes more sense than to harness the great judgment, sensitivity and concern of our most experienced citizens -- and then put it to use on behalf of our handicapped?

I propose that we add 90 foster grandparents to this program during the biennium, almost a ten-fold increase.

We are presently receiving all of the federal funds available for this program. But with a modest state investment, we can bring new meaning to the lives of more of our retarded children. And we will be able to expand even further if more federal funds become available.

Many young people also work part-time in our institutions to help furnish special care and attention at critical hours such as mealtime and bedtime. They find these experiences rewarding, but more important, these young people are a source of valuable help. This effort needs more support. I recommend \$500,000 for the biennium for these two programs.

Institutional care, however, cannot be our only concern.

In 1971, the Minnesota Legislature took a bold new step toward improving the lives of our retarded young people.

Our State Department of Education now requires that every trainable mentally retarded person of school age must be taught by our public school systems. We have made a start during the past 18 months.

A total of 2,700 young people between 5 and 21 years of age have received training under this program -- some of them in school classrooms, some in day activity centers, some of them in our state institutions.

The cost was more than \$2.3 million. But the contribution to these 2,700 young lives is immeasurable.

They were helped to learn the most basic tasks of living. Someone cared enough for them to teach them how to care for themselves, how to work with others, how to begin to learn.

Minnesota can be proud of its commitment to these children. And we must provide more light for more young people.

During the next biennium, I recommend a major increase of more than 150 percent, or \$3.6 million in additional funds.

This will mean that 4,200 trainable mentally retarded young people will have an opportunity to learn.

I strongly support this enlightened program, which has moved Minnesota beyond custodial care to open up the future, at least a little bit, for seriously retarded young people.

Increased staffing, additional foster grandparents, more young people helping to care for those confined to our institutions, a major increase in our program for the trainable mentally retarded --

Together with placing the handicapped under the state's anti-discrimination laws, as I proposed in my State of the State Address, these measures constitute a major step toward fulfilling our commitment to the least privileged of our Minnesota citizens.

FAIR SCHOOL FINANCING

When I presented my 1971 budget message, the State of Minnesota was not living up to our State Constitution, which clearly charges us with the responsibility of providing a "general and uniform system of public schools."

We were not even moving in that direction. We were depending too heavily on unfair, inequitable local property taxes. And those taxes were out of control.

Reform of that system dominated the 1971 session.

By increasing our total state school aids from \$660 million to \$1.1 billion, we moved state support of school maintenance costs from 43 percent to approximately 70 percent.

That meant \$450 million of increased aids to our school districts.

And we also increased state aids to local governments by \$111 million.

We funded those efforts by raising non-property state taxes.

Before last year, property taxes had been rising at a rate of about 15 percent a year.

But last year they went down an average of 11.5 percent across the state. And the Department of Taxation estimates that they will remain below the 1971 level this year.

The average property tax mill rate went down in 86 of Minnesota's 87 counties, and increased only one-tenth of a mill in the 87th.

That property tax reduction meant a great deal to homeowners, farmers, and businessmen in Minnesota.

Let me give you just one example.

Joe Pfaffinger has a farming operation that is partly in Faribault County in Minnesota and partly across the border in Iowa.

His Minnesota real estate taxes dropped last year from \$1,264 to \$1,050 - a reduction of \$205, or 19 percent.

But in Iowa, they did not take the difficult, controversial, but necessary step of raising non-property taxes on liquor and cigarettes and all the rest, as we did here in 1971.

So Joe Pfaffinger's real estate taxes did not go down in Iowa. They went up - from \$1,575 to \$2,018 - an increase of \$443, or 29 percent.

Joe Pfaffinger is now paying almost twice as much on his Iowa farm as his Minnesota farm. The year before, there was only a 25 percent difference. He knows the meaning of the fair school finance bill that passed our Legislature in 1971.

You legislators who had the courage to take this step in 1971 should know what others say about it.

The President and Congress of the United States appoint the Advisory Commission on Intergovernmental Relations to advise them on federal-state-local fiscal matters.

It is one of the most respected bipartisan groups of public officials and private citizens in the country.

Last year's annual report of this group describes our fiscal accomplishment of 1971 as "The Minnesota Miracle," and rightly so.

In the next few years, other states will struggle with the problem we agonized over in 1971. They will either attempt their own reform efforts or act under court compulsion. Or do nothing.

Minnesota has done something.

We took a giant step toward equalizing the taxes that property owners pay to provide the local portion of school funding.

In 1971, the Anoka school district had to levy a tax of \$531 on a \$20,000 home to spend \$573 per pupil for school costs, while the Golden Valley school district levied only \$438 on a similar home in order to spend \$940 per pupil.

A year later, the Anoka school district could levy a tax of \$359 on the same value home to spend \$627 per pupil; and the Golden Valley school district levied \$397 to spend \$1031.

In 1971, the tax levies were \$92 apart. In 1972, they were \$38 apart. This is a reduction of 60 percent in the difference between the taxes on the comparable homes.

But the change is much greater than that. Two years ago, the Anoka tax was 21 percent higher than the Golden Valley tax. Today, the Anoka tax is 10 percent lower than the Golden Valley tax.

Two years ago, the property-poor district taxed itself more heavily than the property-rich district. Yet it raised less money for its schools. Today that situation is reversed.

That is a dramatic turnaround.

To maintain what we have accomplished and move toward equalization, we must take three steps in this Legislature.

First, the present foundation aid level of \$750 per pupil unit must be raised to \$788 in 1972-73 and to \$812 in 1973-74, increases of five percent and three percent respectively.

The coordinated local effort section of the formula must be maintained at 30 current E.A.R.C. mills, a 1971 E.A.R.C. mill for the first year and a 1972 E.A.R.C. mill for the second.

Second, those districts spending below the average must be provided additional aid, to reduce the amount they are below average by one-sixth in the first year of the biennium and an additional one-third in the second year.

This is an important next step.

In 1971, with much lower taxes than Anoka, the Golden Valley district was able to spend \$367 more per pupil. Today, with slightly higher taxes, Golden Valley spends \$404 more per pupil.

Since my 1971 plan for gradually building low-spending districts up to the average was not adopted, it is essential to take this step this year, to bring low-spending districts up to an average over a six-year period. This action will begin to equalize spending and educational opportunity.

Third, the "hold harmless" aid provision should be continued in order to protect school districts with declining enrollments from sudden losses in school aid. But the amount guaranteed should be set no higher than the amount of aid received for the current school year, 1972-73.

This proposed aid formula will cost \$176.5 million of additional funds for the next biennium, an increase of 20 percent. The total foundation aids under my proposal will be \$1.1 billion.

This is by far the largest spending increase in my 1973-75 budget recommendations. It is absolutely essential to carry out the fair school finance provisions established by the last Legislature.

REASSESSMENT MORATORIUM

In 1967, Minnesota tried to provide property tax relief by passing a sales tax. Two years later, the relief was gone. Property taxes shot upward until we took strong action in the 1971 session.

Today our state and local tax structure is basically sound, and our property taxes have been stabilized.

But there is still one uncontrolled element. I am afraid that our state reassessment laws and practices may inadvertently undo some of the progress we have made.

Some 10 years ago, the state began a process of achieving equitable assessment of property in the state.

The goal of equalized assessment of all property for tax purposes is a laudable one. Fairness dictates equal treatment. Property has not been equally assessed over the years.

But I believe something has gone wrong.

In 1970, the market value for tax purposes of non-farm homesteads over \$4,000 in value increased from \$366 million to \$587 million, or more than 60 percent.

On the other hand, non-homestead commercial and industrial property went from \$785 million to \$928 million, or 18 percent. In other words, taxable homestead property values rose more than 3 times as fast.

Even farm homesteads over \$4,000 in value rose faster than commercial-industrial property. That increase was 23 percent. The net result of this unequal increase in value was a shift of property taxes onto homes and farms.

The final figures of the 1972 reassessment are only now reaching the State Tax Department. I fear those data will show the same pattern. Homes and farms will

again bear an increasing portion of the total property tax bill.

I have never heard any homeowner say that his property taxes went down after reassessment.

That shift in tax burden cannot be allowed to continue.

Our laws can change the way reassessments are made, the frequency of reassessments, or the statutory classification of property values.

But all of those measures would constitute far-reaching reform of our property tax system. It is not easy to do justice to each class of property taxpayer, and also to those who do not own homes or other taxable property.

Such changes in our property tax system require the most intense and thoughtful attention of the Legislature, the Governor, and the public. We should not casually tinker with the system.

However, the present system appears to place increasing pressure on our homeowners and farmers. The difficulty of making changes is no excuse for allowing unfairness to continue.

I recommend two immediate actions by the Legislature to meet this critical problem.

First, I urge you to suspend all reassessment of real property for the next two years. The process would simply be stopped until 1975.

This action would not permanently freeze present inequities into our property tax system. But it would give us an opportunity to examine our reassessment laws and practices during the coming biennium.

Second, I urge the Legislature to re-establish the Tax Study Commission to study this problem and prepare recommendations to the 1975 Legislature.

CATEGORICAL AIDS

I am also requesting substantial increases in categorical aids administered by the Department of Education.

My budget provides \$51.4 million for special education aids. That is an increase of more than \$11.5 million, or 28 percent. These aids provide programs for students with special problems, including training of the mentally retarded. This increase maintains our commitment to meet the educational needs of all of our young people.

I am also recommending that the reimbursement of special education salary costs be increased from a maximum of \$5,300 to a maximum of \$5,600; and that the reimbursement fund for children in residential centers be increased from \$250,000 to \$600,000. These changes will require an additional \$2.2 million for the biennium.

For school transportation aids, I recommend \$81.1 million, an increase of \$22.6 million, or 38 percent.

This increase reflects the impact of 1971 legislation that made transportation aid available in our urban communities.

In addition, I recommend a special expenditure of \$1.5 million to improve transportation aid for special education students. It will provide 80 percent reimbursement with no maximum limit per child, in place of the present flat fee of \$225 per child.

For vocational-technical aids, the budget provides \$87.4 million, an increase of \$24.6 million, or 38 percent more than the current biennium.

When all of our recommendations for foundation and categorical aids are totaled, they increase aids to school districts for the coming biennium by more than \$237 million.

That is a substantial increase. It will maintain our 70 percent state support for school maintenance costs, and begin the other half of the job of accomplishing fair school financing in Minnesota.

The State of Minnesota will spend over \$1.3 billion during the next biennium to provide aids to the school districts of the state.

For the 1969-71 biennium, the total was \$660 million. That means the last Legislature and this one will have increased total school aids by \$664 million, or more than 100 percent in just four years.

As part of this major investment, categorical aid costs have risen rapidly in Minnesota. We need to make some changes in the way we appropriate funds for these aids.

In a real sense, neither the Legislature nor the Governor presently has much to say about them. The present law provides a reimbursement system. We are obligated to provide funds in our budget for programs already undertaken by local districts in the current year.

The present system invites fiscal chaos and uncontrolled spending. Our system of funding these aids must be changed.

As a beginning, I have asked the Department of Administration to prepare a plan to change the present reimbursement system for post-secondary vocational-technical schools. It should be changed to an appropriation system comparable to that which we require for our other state post-secondary systems.

I also recommend that the present uncontrolled local property tax levies for area vocational-technical schools outside the metropolitan area be brought under limitation.

In addition, the local tax effort section of our school aid laws needs revision.

First, the provision for local referendums to increase school taxes without penalty in state aids should be continued.

Second, we must close a loophole in our school levy limits. The present law allows an 8 E.A.R.C. mill maximum levy for capital outlay, not to increase more than 2 E.A.R.C. mills a year. In many areas this can produce an unacceptable local property tax increase.

I recommend that the present capital outlay millage in local districts be frozen.

Third, as part of our commitment to equalization of school expenditures, we must provide for the gradual reduction of the extra "grandfather" property levies of high expenditure districts. The present law works too abruptly on high expenditure districts, providing some with a full extra levy one year and none the next. My recommendation on school aid law includes a section to aid those districts already hit too severely by this provision.

EDUCATIONAL PROGRAMS AND ACCOUNTABILITY

My budget recommendations call for several steps to improve state cooperation in education.

Designated throughout the budgets of the Department of Education and the public college systems are

amounts for instructional computer use. These allocations will allow our systems to cooperate in the Minnesota Educational Computer Consortium (MECC), an effort to make computer-assisted instruction available to schools on an equal cost basis over the next several years.

A special Governor's Advisory Committee has been working over the past year to obtain commitments from the educational systems to cooperate in this effort and create a joint structure to manage it. Our goal is to make such instruction available to every public school system throughout the state by making better use of our growing public investment in computers and computer programming.

In preparing the proposed structure, cooperation of the various systems has been outstanding. I am very optimistic that the plan can succeed.

I recommend for the biennium \$2.4 million for the State Department of Education to get this effort under way. It is my hope that MECC will be organized and operating effectively by the end of the biennium.

I have also included funds to continue the Quality Education Council at a level of \$1 million for the coming two years, with a portion of that amount to be used for a substantial improvement in the availability of educational television programming to our schools.

Such use of ETV Programs now depends too much on the funds available in an individual school district, and we must move toward equal opportunity in this important

instructional area.

The rest of the funds in this recommended appropriation are intended to continue the innovative education grants authorized by the Legislature in 1971.

Also for innovative purposes, I have reserved \$750,000 for a program of grants by the Higher Education Coordinating Commission, to be awarded on a competitive basis to the public and private post-secondary education systems of the state.

This new program will give our institutions an incentive to work toward the Commission's goal of improved coordination of post-secondary education.

I have two other proposals to improve our educational accountability.

My budget recommendations include \$500,000 for the educational assessment effort which has been in preparation in the Department of Education for the past 18 months.

This study will compare educational achievement of a sample of our elementary and secondary students across the state, in order to determine whether major inequities exist in opportunity for our young people.

School facilities are also becoming an important management problem in our state.

Largely because of the unexpected decline in births, a number of school districts now have a surplus of classrooms - particularly at the elementary level.

But other districts, because of decaying buildings or sudden growth, are planning to construct additional facilities.

To avoid waste and duplication, we need to develop effective measures for full use of all facilities. I have asked Commissioner Casmev and the State Board of Education to establish a task force to assess future needs for elementary and secondary classrooms in Minnesota.

DECAY IN CITY SCHOOLS

We also must make special provision for another public education problem.

Education in our core city schools is in difficulty. The reality is dangerous decay:

- Large losses of students -- nearly 2,000 a year in Minneapolis, over 1,500 in St. Paul;
 - Large numbers of old buildings -- Minneapolis still uses 19 school buildings constructed over 76 years ago;
 - High concentrations of children from socially and economically deprived backgrounds - 25 percent of Minneapolis students are from AFDC families.
 - Rapid turnover of students; truancy; vandalism and discipline problems; racial tensions; large numbers of children with physical, mental or behavioral handicaps.
- The list of problems goes on and on.

To help compensate for educational overburden in our central cities, the 1971 Legislature provided extra aid for schools with students from AFDC families. It was chiefly this factor that provided increases in state aid for our largest cities. But the rapid loss of students has eroded this special aid.

The State of Minnesota cannot stand idly by while the schools of our largest cities suffer. Neither can we return to local property taxes as the answer.

I therefore recommend the sum of \$4 million to help prevent further deterioration of these schools.

Increased transportation aid for special education and increased reimbursement of special education salaries will also help.

AID TO PRIVATE AND PAROCHIAL SCHOOLS

The 1971 Legislature took a major step to assist private and parochial schools, by providing for a tax credit to the parents of elementary and secondary students.

That assistance has helped keep many of these schools from closing. My budget provides for a continuation of that effort.

RIGHT TO READ

A year ago I proposed a state Right to Read Program, largely funded by the Federal government.

I am pleased that one year later, public and non-public schools enrolling nearly 300,000 pupils are participating in this program. Further, our Minnesota Right to Read Plan has been adopted by the U.S. Office of Education as the model for other states in the nation.

My budget recommendation for the Department of Education includes help to continue this program.

EDUCATION OF HEALTH PROFESSIONALS

In my Budget Message two years ago, I noted "the particular despair with which most Minnesotans regard the shortage of trained medical personnel."

I suggested that the state could have the greatest impact in reducing this shortage at the level of medical training. This administration will continue to emphasize training of medical and health professionals.

During the last two sessions, the Minnesota Legislature steadily increased its support for the education of doctors and other health professionals.

Combined with federal construction and program funding, this legislative support has created a national health sciences center at the University of Minnesota to help meet the nationally declared health emergency.

The University added 7 percent of all the new medical students in the country under the Physicians Augmentation Program of the federal government.

No other university enrolled as many additional medical students as the University of Minnesota.

In starting the Medical School at Duluth and supporting the new medical program at the Mayo Clinic in Rochester, the state took major steps in the last legislative session. Minnesota schools are now educating 300 new medical students each year, compared to 160 just two years ago.

This is a major response to the need for doctors. And it is also an expensive response.

New health sciences facilities coming on line at the University of Minnesota alone will require more than \$1.5 million in state funds during this biennium for maintenance alone.

In addition to that commitment, the University requested more than \$10 million in additional state funds for health sciences programs.

For the University of Minnesota budget, the only new faculty positions I am recommending are in the health sciences -- 30 in the first year of the biennium and 15 in the second year, at a total cost of \$1.8 million.

I am also recommending 37 civil service positions in the first year and 15 in the second, to improve the operations of the University's Dental Clinic, a major resource of training for dentists and allied professionals, at a cost of \$550,000. These faculty and civil service positions

are essential if the University is to carry out the health science task we have given it without endangering the quality of its other programs.

At the University of Minnesota-Duluth, for a medical training program which began two years ago, I am requesting \$1.8 million, an increase of 57 percent over the previous appropriation. This will allow the school to increase its entering class from 24 to 36 students in the second year of the biennium, and is the full amount requested by the University.

For the Dental Hygiene Program at U.M.D., I am requesting a 29 percent increase over the previous biennium, the full amount requested by the University.

Two years ago, I requested and the Legislature approved the establishment of a new medical school at the Mayo Clinic in Rochester. That program has begun, and I am requesting \$1.5 million for its continuation -- an increase of nearly \$1.2 million over the 1971-73 appropriation.

I am also recommending that state support should be limited to a class of 40 students per year, but total enrollment should be allowed to expand through the use of private funds.

And I seek your continued support of the Rural Health Physicians Associate Program at the University of Minnesota. This program encourages medical students to practice in rural areas of our state by permitting them

to study and work with local doctors during their training. I propose to expand this program with an appropriation of \$700,000 -- a 94 percent increase over the last biennium.

For undergraduate instruction of medical students in the affiliated hospitals of the University of Minnesota Medical School, I am requesting \$2.7 million -- half a million dollars more than the 1971 allocation. This amount reflects the increasing numbers of medical students at the University.

For graduate residencies in family practice at affiliated hospitals, I am requesting \$4.3 million for the next biennium, some \$1.8 million more than we provided in 1971.

This program provides additional training in family practice for doctors who have completed their medical degrees, many of them already in medical practice.

For the Family Practice and Community Health Department of the University, I am requesting an increase of more than \$300,000 in the special appropriation provided by the 1971 Legislature, to further strengthen this important department.

At the University of Minnesota, the Mayo Clinic and in our state colleges, junior colleges, private schools and colleges, and vocational-technical schools, nearly 300 health training programs are now preparing health professionals in 88 allied health occupations.

These budget recommendations and others for post-secondary education will insure that the state continues to increase its supply of health professionals.

CERTIFICATION, DELEGATION, AND HMO'S

But money is not our only need in improving the accessibility and quality of health care in our state.

The laws of our state have not kept pace with our policy of training new health personnel and increasing their ability to serve our citizens.

Our laws must be modified to allow improvement in the delivery of health care.

Three actions should be taken by the 1973 Legislature.

First, the Legislature should authorize physicians to delegate medical acts, tasks, and functions to trained assistants. We should have acted last session. We must do so this time.

Second, public concern with the cost and availability of health care has prompted national attention to the creation of health maintenance organizations.

The most common form of these organizations is the prepaid medical group practice. Group Health, Inc. is a prominent Minnesota example.

In Minnesota, state laws related to the formation of health maintenance organizations, insurance, and the corporate practice of medicine have impeded some of these efforts.

If prepaid comprehensive health care plans prosper in Minnesota, they can help us achieve our goal of excellent, accessible services at a reasonable cost to our citizens.

The Legislature should act in this session to speed the development of these organizations.

Such legislation should require services to be available to a broad cross-section of our population throughout the state, protect the quality of health services provided, and insure the financial stability of these organizations.

Third, health manpower policy in Minnesota is currently formulated on a piecemeal basis, and is often the result of special interest legislation. Eleven Minnesota boards license 17 health occupations. This causes fragmentation and confusion of authority and responsibility.

We must assign this policy function to a single administrative agency, with appropriate advisory input.

I propose that the Legislature create an Advisory Committee on Health Personnel, under the State Board of Health, with the responsibility for decisions regarding certification of new health professionals.

HIGHER EDUCATION

In addition to education of health professionals, my recommendations maintain Minnesota's commitment to higher education.

I am requesting an increase of \$5.7 million in state scholarships and grants-in-aid for students at our public and private colleges, administered by the Higher Education Coordinating Commission. This is an increase of 78 percent over the current biennium.

It builds our state scholarship and grant-in-aid program to a \$13 million level, an amount that will enable the program to continue the level of support set by the 1971 Legislature.

A major new program of the 1971 session was the private college contract bill, providing four-year private colleges with \$500 and private junior colleges with \$400 in state funds for each additional Minnesota student they enroll above the 1970-71 level.

The private colleges of Minnesota will receive approximately \$2 million through this program during the current biennium.

Representatives of the Minnesota Private College Council inform me that ten Minnesota private colleges operated with deficits two years ago. The number was down to six last year, and three this year. The contract and student aid programs are credited by the Council with

making the difference between balanced and deficit budgets for three of those colleges. The Council estimates the total benefits to private colleges from these programs at more than \$5 million for the current biennium.

We should be proud of that accomplishment. I believe it shows we are on the track of strengthening the private colleges.

For the next biennium, I am anticipating an increase of \$1 million in private college contracts, or 50 percent. My appropriation request is \$2.9 million.

Total private college benefits for the next biennium will approach \$10 million, a 100 percent increase. This is a necessary state effort to keep a strong, balanced partnership between public and private higher education.

Our total dollar commitment to post-secondary education is very substantial.

I recommend that the Legislature assign responsibility to the Higher Education Coordinating Commission for review of all the budgets of the public post-secondary education systems, including our area vocational-technical schools.

The cost for this effort will be \$120,000 for the coming biennium. That amount will enable the Commission to develop a common budget reporting system, conduct its first review, and prepare recommendations in time for the 1975 session.

For the public higher education systems, my recommendations do not anticipate increases in the proportion of costs paid from tuition charges.

In Minnesota as elsewhere in the nation, our general university, state college, and junior college programs face a period of declining enrollment. This past fall, enrollments were down by more than 4,300 students at the University, the state colleges, and the junior colleges.

The adjustment will not be easy. President Moos, Chancellor Mitau, and Chancellor Helland have very difficult administrative responsibilities in our state for the next few years.

I want them, their faculties, and their students to know that my budget recommendations for their systems do not reflect any lack of commitment to excellence in their programs for the young people of this state. Despite enrollment declines, the total budgets for these systems will increase. The combined additional recommendations for the three systems total approximately \$20 million, and salary changes will substantially increase that amount.

During the next two years, the leadership of these systems will find our administration sympathetic to their new problems. Within our budget limitations, we will make every effort to be responsive.

However, the higher education systems should also consider appropriate methods of reducing the impact on their faculties of enrollment decline. For example, I believe they should give serious consideration to reducing the age for mandatory retirement, as we are proposing for other state employees.

I also recommend that the public and private post-secondary education community give increasing attention to coordination and cooperation in the interest of our total state effort, and particularly to the potential of the Higher Education Coordinating Commission.

A united effort will keep our colleges and vocational-technical schools strong. The best route to that unity is the Commission.

DRUG ABUSE AND LAW ENFORCEMENT

The State of Minnesota, like other states, continues to be plagued by drug abuse.

In my special message on this subject two years ago, I described this frightening and persistent problem.

I would like to be able to report to you today that the number of arrests on drug charges has decreased during the past two years. But the statistics of the State Bureau of Criminal Apprehension indicate otherwise.

In 1969, there were 1,196 arrests on drug charges of various kinds in the State of Minnesota, and in 1971 there were 3,573. Current figures for 1972 are not yet available, but the trend is the same.

Between 1969 and 1971, that is an increase of 199 percent. Arrests were almost tripled over the two-year period.

Convictions more than tripled over the same period, going from 304 to 1,026 for an increase of 237 percent.

The statistics do show that the increase was not as great in the second year as the first, either for arrests or for convictions.

But numbers do not begin to describe the human misery and pain of drug abuse.

Drug pushers live by making criminals of other people.

They must be stopped.

Therefore, I am recommending that we double the number of narcotics investigators in the Bureau of Criminal Apprehension and provide two additional supporting laboratory technicians as well, at a cost of \$600,000 for the biennium.

In the area of drug treatment and education, the past two years have seen some progress in Minnesota.

In 1971, the Legislature appropriated \$1.25 million to deal with problems of drug and alcohol abuse, and funded the Drug Abuse Section of the State Planning Agency.

Combined with federal and local matching funds, this appropriation generated nearly \$7 million in services to our people.

An additional \$300,000 was appropriated for a Special Drug Abuse Information and Education Program at the University of Minnesota.

My budget recommendations today propose two more years of funding for the University's Drug Abuse Information and Education Program. I also propose an increase to \$3 million in state matching funds for detoxification, halfway house, counseling, and coordinating services begun in the current biennium. This \$3 million will generate more than \$13.5 million when federal and local funds are added.

The 1971 Legislature eliminated public drunkenness as a crime, quite appropriately. But it provided few funds to establish the detoxification centers that were required.

The burden of providing these services was placed almost entirely on local government.

These funding recommendations will substantially relieve the pressure on these local communities by nearly doubling state participation.

In addition, I have assigned the Commission on Drug Abuse the responsibility for developing a comprehensive state survey and action plan for drug abuse, under federal legislation.

When this work is completed, the State of Minnesota for the first time will have comprehensive information on the drug abuse problems of the state and the various programs that attempt to deal with them.

I am making two other recommendations related to law enforcement as well.

The prevention of crime is as dangerous as it is essential. A civilized society recognizes the risks its defenders face.

I propose legislation that would provide \$50,000 compensation to the family of any peace officer, fireman, or citizen who loses his life as a result of his effort to stop a crime or assist in a public emergency.

Other states and the Congress are considering similar legislation. Minnesota should act this session.

I also recommend action to strengthen the resources of our outstate county attorneys. Many are part-time.

If we are to insure the opportunity for justice in serious criminal cases, we must give county attorneys the help they need.

I recommend that \$220,000 be appropriated for the coming biennium to provide special legal and technical assistance.

LEGISLATIVE REFERENCE LIBRARY
STATE OF MINNESOTA

CORRECTIONS

The other side of our law enforcement picture is the state's treatment of its criminal offenders.

Everyone knows the failures of the old correctional philosophy.

We put criminals in locked cells for years and then released them to the society -- with very little preparation for their return. Very little training for productive work. Very little rehabilitation.

It is easy to see why that did not work. It was self-defeating. It took people who could not function in our society and did almost nothing to change that before it sent them back. It is not surprising that so many parolees wound up behind bars again.

The primary goal of any corrections system is public safety. The old system certainly did not provide that safety, in spite of all its expense.

Chief Justice Warren Burger has said that self-reform in the institutions is essential to the imprisoned.

We now have some of that in Minnesota --

Through a temporary furlough program that has a 97 percent success score in its first year of operation;

Through a state Ombudsman for prisoners;

Through legal assistance for indigent prisoners and establishment of a law library inside prison walls;

Through recruitment of minority guards.

To take responsibility outside prison walls, our inmates must learn to take responsibility on the inside. We have moved in that direction.

Perhaps the most important further improvement we can make now is to provide for early retirement of custody officers, as I recommended in my State of the State Address two weeks ago. That step will help to strengthen the other improvements that have already begun.

There is also a need to shift emphasis to community corrections programs, as part of the retraining and rehabilitation process for our prisoners.

One of our Minnesota innovations, the federally-funded Restitution Center, has attracted nationwide attention. A small group of randomly selected, but well-screened property offenders have been moved from prison to a community facility and have negotiated contracts to repay their victims. These offenders are now taxpayers. They are repaying their debt to society by repaying their victims. They are also gainfully employed.

Other community programs are also working well.

I am recommending a twenty-five percent increase in funding for foster group care. These funds will provide improved environments for juveniles with poor home situations. They will furnish better supervision for juveniles who require control but not imprisonment.

My recommendation will care for 480 young people at a cost increase of \$203,000.

I am also recommending a 114 percent increase in funds for special community correction facilities. These facilities, known as "ports", provide an alternative to institutionalization for both adults and juveniles. One "port" is now in operation in Rochester. This new money will fund one additional "port" in the first year of the biennium and another in the second year, at a cost to the state of \$187,000 in additional funds.

Work release programs can be expanded by a twenty-five percent increase in funds that pay room and board for selected inmates of state institutions who are housed in county detention centers while working in private jobs or attending school.

The state must also improve its support of county probation officer costs, as the law promises. I recommend that funds be increased by \$435,000, or about 40 percent, for this program for the biennium. This amount will bring the state close to the 50 percent share envisioned by the law.

We must also strengthen our state parole board as the link between the prison and the community.

Real reform of our corrections system requires intensive, careful consideration of parole applications, with adequate professional participation.

My budget recommends \$100,000 in increased

funding to finance the establishment of a full-time parole board.

A full-time parole board should continue to function as a check on department policy.

And it should have follow-up responsibility, to determine the success of its decisions, analyze the reasons for parole failures, and carry out appropriate changes in policy that will enhance its success rate.

No interest is served by parole failures -- not the public's security, not the future opportunities of prisoners for a receptive community climate, not the hope for continuing reform of our corrections system.

A full-time parole board is necessary to meet the complex requirements of modern corrections.

DEVELOPMENT OF OUTSTATE MINNESOTA

In December at Moorhead, more than 1,300 people gathered to obtain more information about strengthening rural Minnesota.

I said then that no one municipality or county can meet its needs alone. People within a region must be willing to work together.

We now have three regional development commissions organized in outstate Minnesota -- the Arrowhead Commission in Northeastern Minnesota, the Headwaters Commission in North Central Minnesota, and, more recently, Region 9 in

South Central Minnesota. It appears likely that four new commissions will be organized within the next 90 days.

The State Planning Agency now predicts that all or nearly all of the 11 Regional Development Districts will be organized in this state by the end of the next biennium.

These regions will be able to set their own priorities and form real working partnerships with state and federal agencies.

Then decisions about housing, sewage treatment facilities, transportation, social services, education, job development, and a host of other services will reflect the wishes of the people in each area.

Strong regional organizations will also be able to work with our state agencies as they decentralize.

The Departments of Public Welfare, Corrections, Natural Resources, Health and the Pollution Control Agency, are all developing or implementing plans to decentralize.

For example, 21 of the 25 new staff I am recommending for the Pollution Control Agency in the first year of the biennium will be assigned to offices in outstate Minnesota.

The objective of decentralization is to improve the availability and quality of state services for the people of outstate Minnesota.

There is no question that program and service decisions will be made for outstate Minnesota. The only question is whether there will be real involvement on the part of the people of outstate Minnesota in those decisions.

For that reason, I am asking the Legislature to provide a substantial increase in the level of state support for regional development commissions, from \$150,000 in the last biennium to \$800,000 in the next biennium.

This increase in state support is vital in demonstrating to the people of rural Minnesota that state government is serious about helping them. It will demonstrate to our state agencies that we are serious about working with and responding to the regions of this state. It will also indicate to the regional development commissions already formed that we are serious about using them and their capabilities to help state government make decisions and develop programs.

If all of the regions organize during the biennium, the total cost of \$800,000 will provide the key to unlock the door of growth and development of outstate Minnesota.

The time for building strong, effective regional development commissions is now. The level of state support I am recommending today will insure that state government provides the resources necessary to build and maintain a strong regional effort in Minnesota.

STATE ARTS COUNCIL

The last legislative session provided \$360,000 to expand the use of Minnesota's cultural resources throughout the state. The State Arts Council used some of these funds to match federal and foundation resources.

At least 65 percent of the total Arts Council Budget was used to promote the arts outside of the Twin Cities area. Outstate tours and exhibitions were undertaken by the Guthrie Theatre, Minnesota Orchestra, Minnesota Opera Company, Children's Theatre, Walker Art Center, the Minneapolis Institute of Arts, St. Paul Chamber of Orchestra, and Minnesota Museum of Art.

Student ticket subsidies brought school groups from outstate areas to performances or exhibitions.

The Council also provided help for local community art centers, symphony orchestras, dance and theatre groups throughout the state.

Last year the Council helped organize a pilot regional arts council in southwestern Minnesota to foster local arts organizations in that area of the state. Four to six additional regional arts councils can be started during the next two years with the resources in my budget recommendation.

Even in a time of economy in government, increased aid for the cultural arts must be a priority item. For a small expenditure, the state has an opportunity to help its citizens lead more creative and meaningful lives.

I recommend that we double the state appropriation to the State Arts Council from \$360,000 to \$720,000 with the provision that at least 65 percent of the Council's effort continue to be devoted to outstate Minnesota.

We also urge expansion of the program for artists in residence, which fosters the development of creative talent in our state and encourages creative production.

PLANNING FOR THE FUTURE

In order that Minnesota state government be prepared to respond to the issues and problems of the 1970's, I am recommending the creation of a Commission on Minnesota's Future.

This commission will be charged with preparing a proposed strategy for state growth and development, consistent with our environment policies. It will assess the future consequences of current major policy decisions.

I am also proposing that this commission assume the responsibilities of the two existing organizations, which would be abolished: The Advisory Committee to the State Planning Agency and the Joint Legislative Reconversion Study Committee.

I recommend 1973-1975 funding of \$150,000 for this commission.

MEDICAL PAYMENT COMPUTER SYSTEM

Medical assistance represents by far the largest share of our welfare categorical aids. To monitor these costs more closely, and to provide greater accountability in their expenditure, we are installing a centralized

computerized billing and accounting system for medical payments. This will prevent duplicated payments and overpayments to physicians, dentists, hospitals, pharmacists, opticians, and all other providers of medical services.

The federal government will pay 90 percent of the cost of installing our new computerized medical payment system and will continue to fund 75 percent of its ongoing operation costs. The state's share will be \$200,000 for installation and \$500,000 per year for operating costs. When fully operational, the new system should result in a net saving of several million dollars per year.

VENEREAL DISEASE

Venereal disease is considered to be out of control in the United States. In Minnesota, its incidence has risen 68 percent in the past year.

To control its spread, the Health Department recommends the immediate establishment of 20 treatment centers statewide for the detection and treatment of venereal disease.

Adequate provision should also be made for careful followup of all treated cases, and for educational programs in the junior and senior high schools of the state.

I recommend an appropriation of \$300,000 to get these efforts underway.

FURTHER PROPOSALS

My budget contains substantial recommendations for the Department of Natural Resources, the Pollution Control Agency, and other environmental considerations. To give them the special emphasis they deserve, I will be forwarding a special message on the environment, which you will receive shortly.

I will provide further recommendations on transportation, consumer protection, and other state needs at a later date.

In addition, members of the Legislature can expect individual comments and proposals, as legislation develops through my office or in the Legislature, particularly in relation to the legislative recommendations of the Loaned Executives Action Program.

I commend the budget materials which accompany this message for your serious study and consideration. They contain specific recommendations and data which form a necessary supplement to this message.

THE STATE'S RESOURCES

I am recommending a total budget for the next biennium of \$3.5 billion.

That's a lot of dollars.

It is \$667 million more than the spending level for the current biennium.

Now, where will the money come from?

I recommend the continuation of our existing taxes and fees, with the minor exceptions which are identified later in this message. This results in an increase in state income of \$544 million for the 1973-75 biennium.

Combined with \$123 million of revenue-sharing funds, it means that the State of Minnesota will have \$667 million in additional resources for the coming biennium.

With that growth, our state programs can be adequately funded without increasing state taxes. That is what I am recommending today. This budget calls for no new tax increases.

We are committed to the achievement of social justice for the people of this state. We must begin with the awareness that high, regressive taxes are one of the most extreme forms of social injustice inflicted on our society.

In this budget, I am also proposing a number of specific changes in our tax system, where intelligent policy and practice suggest that individual items should be adjusted.

SALES TAX REDUCTIONS

I am today proposing to eliminate four classes of goods from our state sales tax laws.

There is no justification for a tax on the basic tool a student needs for learning. Textbooks purchased by students should be exempt from the state sales tax.

Economic pressure has forced the consolidation of many newspapers in Minnesota and the nation. In our democracy, the diversity of journalism plays a vital role.

It is essential that the sales tax on newsprint and ink be abolished. This is a small price to pay to help independent newspapers survive.

In this day of increasing concern for the environment, it seems inappropriate that our sales tax is charged against returnable bottles, but does not apply to non-returnable containers.

Our law contains a built-in four percent price advantage for non-returnable containers, the reverse of appropriate state environmental policy. The tax penalty on using returnable bottles should be removed.

I also propose the exemption from the sales tax on advertising material shipped out of Minnesota.

Until a recent State Supreme Court decision, Minnesota taxed goods bought and delivered in Minnesota but destined to be used out of state. As applied to advertising

material printed in Minnesota, bought by a Minnesota business, to distribute out-of-state to sell Minnesota products, this is clearly an injustice.

The court decision leaves the existing statutes ambiguous in their definition of what is exempt. I propose the statutes be clarified as to what is exempt and what is not, and that advertising material shipped out-of-state be exempted.

These four new exemptions in sales tax law will result in a reduction in tax revenue of about \$6.1 million.

PROPERTY TAX ADJUSTMENTS

Several adjustments are necessary in the application of our property tax laws.

The Minnesota Supreme Court has declared that a large amount of property currently taxed as real estate under the "Fixed Machinery" classification is tax exempt as personal property. The state petitioned for rehearing and the decision is pending again.

Whatever the court's new decision, I urge you to clear up the ambiguity in our present law which caused the court action. That property must remain in the tax base.

The removal of this property would adversely affect other property taxpayers all over the state. It would require an automatic property tax increase of one percent on all other taxpayers, businesses, homes and farms, on a state-wide basis.

However, in some areas of the state the effect would not be one percent. It would be two percent in the City of Duluth; three percent in Clay, Crow Wing, Lake and Polk Counties; five percent in Benton County; eleven percent in Carlton and Itasca Counties, and an astounding thirty-nine percent increase in Koochiching County.

The Legislature must act to keep this property in the tax base.

To reduce friction with local officials and guard our restraints on property taxes, I urge several changes in our levy limits for municipalities and counties:

The present six percent per year limit on increases in per capita spending, with certain exemptions, should be retained. But the statutory language should be clarified.

The existing exemption of court judgments against a unit of government, the exemption of the "Guidelines" Act Pension Levies, Firemen's Relief Levies (1971 Law), Bond Levies, and Natural Disasters are clear enough. However, the exemption for costs of complying with a lawful order of the state should be clarified. It should cover state stipulation agreements, and exempt only those activities for which the locality has no other source of revenue and no choice whether to perform the task.

Exemption of matching funds should clearly exempt only the amount required to qualify for matching funds, and not total expenditures for an activity which requires some matching funds.

The welfare levy exemption should exempt only levies for local costs of direct assistance to clients, and not all activities called "Welfare."

Our school levy limits provide for a referendum vote of local citizens to raise property taxes above the limits without penalty. Municipalities and counties lack this option, and the referendum provision should be extended to these bodies.

The law should allow the referendum to raise the per capita limit permanently. To minimize the cost of such elections, it should allow them at the time of the November general elections.

With a referendum provision enacted, I suggest elimination of the Tax Commissioner's discretionary authority to forbid an illegal levy or to allow it with a penalty. Instead, the local body should be able to exceed the limit without referendum, but a mandatory minimum penalty of thirty-three percent should be imposed to discourage such action. This parallels the present school levy limit provisions.

In addition, we must recognize the special problems of local governments in dealing with the costs of desired growth and development. Two major problems need to be resolved.

One is the increased costs of service as the result of annexation and consolidation due to orders of the Minnesota Municipal Commission. The Minnesota Municipal Commission should indicate in its orders:

1. Increased costs to the municipality that would require a special levy.
2. A time period for the special levy that permits assumption of new costs at no penalty to the taxpayers in the affected units.

This should be a new special levy for a designated period of time.

Second is the cost of providing basic services such as streets, sewer, water, police and fire protection to new industrial and commercial development. Municipal governments assume special costs. This proposal will help them to foster increased economic development and new jobs. Such a special levy should also have a limited duration.

I also urge the Legislature to provide for more due process in the administration of the levy limits. Presently the tax commissioner alone carries the burden of enforcement. The tax commissioner should continue to administer the law, but a review board should be established consisting of the chairman of the Municipal Commission, the tax commissioner and one public member, to resolve questions that require review or to hear appeals by local officials who disagree with administrative rulings.

CORPORATE INCOME TAX

I am also proposing a change in the way in which the Minnesota corporate income tax is computed. This change

will benefit a number of Minnesota-based corporations with no net loss in revenue to the state.

All states with corporate income taxes have allocation formulas, to tax fairly the income of a corporation operating across state lines. Each state cannot tax the total income of a multi-state corporation. The income must be "allocated" to each state.

Most states use the "arithmetic" formula. This formula weights equally (33.3 percent) the property, payroll, and sales a corporation has in the taxing state compared to what it has elsewhere. For example, in Wisconsin, which uses this formula, a multi-state manufacturing corporation with 40 percent of its property, 60 percent of its payroll, and 10 percent of its sales in Wisconsin, would find 37 percent of its income taxed in Wisconsin ($.40 \times .333, + .60 \times .333, + .10 \times .333 = .37$).

However, the identical Minnesota-based multi-state manufacturer has a choice. It can use the arithmetic formula or use the Minnesota weighted formula. The Minnesota weighted formula has a built-in tax break for corporations which locate plant and payroll in Minnesota and sell their products nationally.

That same corporation in Minnesota would therefore use the weighted formula which gives only a 15 percent weight to property and payroll and a 70 percent weight to sales. Using the weighted formula we find the corporation

would pay taxes on only 22 percent of its total income, 40 percent less than in Wisconsin! ($.40 \times .15, + .60 \times .15, + .10 \times .70 = .22$).

This obscure allocation formula is the reason that much of what is said about high Minnesota corporate income taxes is unwarranted. The Minnesota tax rate contains a built-in tax break, drastically reducing the real tax paid by our large multi-state manufacturing corporations.

A corporate income tax study done late last summer shows the effect of this allocation formula very well. For an out-of-state company selling into Minnesota, or a company whose total market is in Minnesota, our corporate income tax rated second in the nation. However, for a multi-state manufacturer, locating plant and jobs in Minnesota and selling his products elsewhere, the rating drops to 24th.

Virtually all of Minnesota's large corporations use the weighted allocation formula to their advantage. I do not object to this existing tax break for exporters.

What I am suggesting today is that we change the law to allow others to use the formula. Presently, our law determines the location of a sale or of payroll, two factors of the formula, by the office through which the sale or payroll goes. Most states use the location of the customer or the job. This latter method is known as "destination" sales and payroll.

This provision is of little interest to our largest corporations because they possess offices all over the nation and the world. All of their out-of-state sales move through out-of-state offices.

However, certain small and medium-sized Minnesota corporations do not possess out-of-state offices. In spite of the fact that 90 percent of their customers might be out-of-state, all of their sales are attributed to Minnesota.

This means the pro-exporter allocation formula does not help them. They are defined erroneously as entirely in-state firms.

By changing our definition to "destination," we would greatly benefit these small and medium-sized Minnesota corporations which sell in a national market. Their corporate income tax will drop drastically in some cases.

But the state will not lose revenue. The change to "destination" sales will lose revenue from in-state corporations, but generate balancing revenue from out-of-state corporations. Some out-of-state corporations now sell to Minnesota customers, but run the sales through out-of-state offices in Chicago or Madison, and thus escape Minnesota's taxation. This tax advantage by non-Minnesota corporations would be ended.

There would be no net change in state revenue. Taxation of many Minnesota-based corporations would be reduced, while non-Minnesota corporations would pay higher taxes.

I recommend this change to improve the fairness of our tax laws for some of our Minnesota-based corporations.

MINIMUM CORPORATE INCOME TAX

The minimum corporate income tax is \$10. It has remained unchanged since 1947. In 1970, the last year for which we have an up-to-date count, 47 percent of all corporations which filed returns paid only the minimum \$10 tax.

This minimum fee does not even compensate the state for the cost of auditing the return.

I recommend that we close this loophole and increase the minimum charge to corporations filing state income tax returns to \$300. The \$5.5 million of revenue from this charge would be nearly sufficient to offset the tax reductions already described.

INDIVIDUAL INCOME TAX RECIPROCITY

My final proposal in the area of state tax law changes is the repeal of income tax reciprocity with Wisconsin and North Dakota.

The reason for this recommendation is basic. There is no advantage and a great deal of loss to Minnesota in the present arrangement. Many residents of Wisconsin and North Dakota now earn their income in Minnesota and pay their income tax to their home states.

Requiring them to pay their tax where they earn their income would net Minnesota \$4,000,000. There would be no increase in tax on Minnesota residents.

TAX AMENDMENTS

Two constitutional amendments in the area of taxation have been recommended as high priority items by the Constitutional Study Commission. Both of them should be placed on the 1974 general election ballot.

Our present Constitution presently binds the hands of the Legislature in the area of taxation of railroad property.

Railroad land is exempt from property taxation. In lieu of both income and property taxation, the state levies a 5 percent gross earnings tax, specified in our Constitution. We cannot change either the gross earnings rate or the method of taxation without a constitutional amendment.

This is an awkward and unfair way to deal with tax policy. Other businesses are subject to legislative action setting rates and types of taxation.

This section of the Constitution should be stricken, as I proposed in my 1971 message on constitutional reform.

We also need to reform and simplify our state income tax structure.

Federal revenue-sharing legislation allows the Internal Revenue Service to collect state income taxes. The Internal Revenue Service would perform this service without charge to the state, which could then dispose of its entire administrative cost. In our case, that is some \$4 to \$6 million.

In addition to the large cost savings to the state, there would be significant benefits to our people and businesses. The state tax return would amount to a few additional lines of the federal return. Taxpayers would figure their tax only once, rather than twice. Businesses would have only one withholding system to administer, rather than two.

To avoid any possible legal objections to such change, however, we must amend our state Constitution, which may prohibit such measures. An amendment would not place any system in operation, but would make it possible for the Legislature to do so at a future time.

I strongly recommend that the Legislature propose such an amendment to the people of the state.

Furthermore, I recommend that the reconstituted Tax Study Commission study this matter in detail.

It is my hope that a piggy-back state income tax could be considered during the 1974 portion of this legislative session.

AIDS TO LOCAL GOVERNMENTS

I recommend a number of changes in our system of aids to local governments. They include consolidation of seven separate small aids into one existing aid program and one new aid program.

Seven separate shared tax aids should be consolidated and two others changed. In 1974, the state should abolish the shared cigarette tax (\$8,000,000), shared liquor tax (\$5,800,000), the shared electric co-operative tax (\$57,000), three small gross earning aids to non-school local units (\$500,000), and shared bank excise tax (\$9,200,000). The shared inheritance tax should be changed from a 75 percent - 25 percent state-local split to an 87.5 percent - 12.5 percent split in 1973 (\$4,000,000), and the shared mortgage registry tax to a 95 percent state, 5 percent county split in 1974 (\$4,100,000).

This would create a state pool of \$30.1 million of aid that now goes directly to local governments in the state. They would be replaced as follows:

Beginning in 1974, I recommend that the state rebate 50 percent of the state gross earning taxes on telephone and railroad companies to local governments.

Presently, large amounts of telephone and railroad company property cannot be taxed by local governments. Instead, the state levies a gross earning tax.

Yet, with the exception of a small gross earning aid we now pay to a handful of localities, the state does not reimburse localities for their loss of property tax base. In Minneapolis alone the amount of exempt railroad property exceeds 1,100 acres.

The rebate formula should consider each locality's portion of tax exempt property. All areas of the state would share in this, but areas with large proportions of this property would receive larger proportional benefits.

The aid to local governments provided by this rebate system would total \$22.1 million annually.

The remainder of the \$30.1 million reduction in aids to local government would be repaid under the \$58 million homestead exemption proposal described earlier.

I also recommend that we change the payment date of aids to local government from February to July, beginning this year, and change the payment date of the one-half agricultural property tax differential aid from May to July, beginning in 1974.

These measures will produce additional state resources of \$35.9 million in this biennium, without adversely affecting local governments, which operate on a calendar year rather than a fiscal year basis.

REVENUE SHARING PROTECTION

Local governments in Minnesota have already received some \$68 million in federal revenue sharing funds. They will receive an additional \$77 million this year and at least that much in future years.

Some local government officials are concerned that they might be penalized in future years for using revenue sharing funds to reduce taxes, because tax effort is a 1/3 part of the formula for distributing the aid.

Our state government has a policy of de-emphasizing the property tax. It is contrary to that policy to penalize someone for lowering property taxes.

The federal law gives the state the authority to change the distribution formula for revenue sharing funds within the state. If state action is necessary to protect local governments, we can take that action.

THE STATE'S ECONOMY

I am pleased that unemployment has moved substantially downward in Minnesota, and is now below the national average.

That is good news for the economy of the state. But it is even better news for our working people, who relish the opportunity to support their families and enjoy constructive work.

And it also is good news for those of us in state government who have a constant concern for the soundness of the state's economy and the state tax system.

We can be optimistic about the future.

But we cannot be complacent. Some areas of our state suffer from problems of chronic unemployment and low incomes.

We must provide incentives for desirable business growth in these areas. I believe it is appropriate to provide such incentives, and I will shortly be proposing legislation to accomplish this.

FISCAL NOTES ON BILLS

The Legislature must also recognize the new interdependence between state and local government brought about by the actions of the last session of our Legislature.

Local bills with fiscal implications are no longer just local bills, because our levy limitations place restrictions on the amount of new revenue that local jurisdictions can raise. We also must be careful not to pass state laws without considering the fiscal effects on local

jurisdictions. Otherwise our new state-local fiscal system could be seriously upset.

I ask the Legislature to identify the potential state or local government cost with a fiscal note on each bill coming out of committee.

Open and responsive government requires that step.

I want to express my special appreciation to Commissioner Brubacher, Assistant Commissioner LaVelle, and the staff of the Budget Division of the Department of Administration.

They have devoted long hours of intensive work to the development of this budget and this Budget Address, working with my staff and the staff of the State Planning Agency.

I refer you particularly to the addendum to the written message describing the process we have used over the last year in preparing the budget together.

Finally, I want to tell you that I have asked the Legislative Buildings Commission to reconsider some of its recommendations, especially in light of new information on enrollments in higher education. The Commission's final

recommendations and my comments will be forwarded directly to you by the Commission.

We have worked very hard to provide for our human and fiscal priorities.

We have accomplished this without increasing taxes.

As the session develops, there will be pressure to add to these recommendations: from inside the Legislature and outside it, from departments, from special interests, from individual citizens and citizen groups.

That is the way the Legislature works. It is the way government works. It is a good system that tells us what we need to know.

But you must be aware of this:

Our total resources are limited.

Each time that you decide to add to this budget, you will be taking funds away from somebody else.

You must consider what that does to the most urgent priorities facing this state and its people.

We began today by reminding ourselves that the highest test of a civilized society is the treatment it affords its disadvantaged citizens. This budget accepts that test and is designed to meet it.

Thank you.

SENIOR CITIZEN, RENTER TAX RELIEF
1967-1975

	<u>1967-69</u>	<u>1969-71</u>	<u>1971-73</u>	<u>1973-75</u>
<u>Total Payments</u>				
Senior Citizens	\$494,000	\$ 5,400,000	\$19,000,000	\$25,000,000*
Renters	-0-	14,000,000	27,900,000	37,200,000*

	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>
<u>Total Claimants</u>							
Senior Citizens	30,000	44,000	52,000	97,000	104,000*	115,000*	170,000*
Renters	129,000	150,000	155,000	172,000	189,000*	208,000*	229,000*

*--Estimated

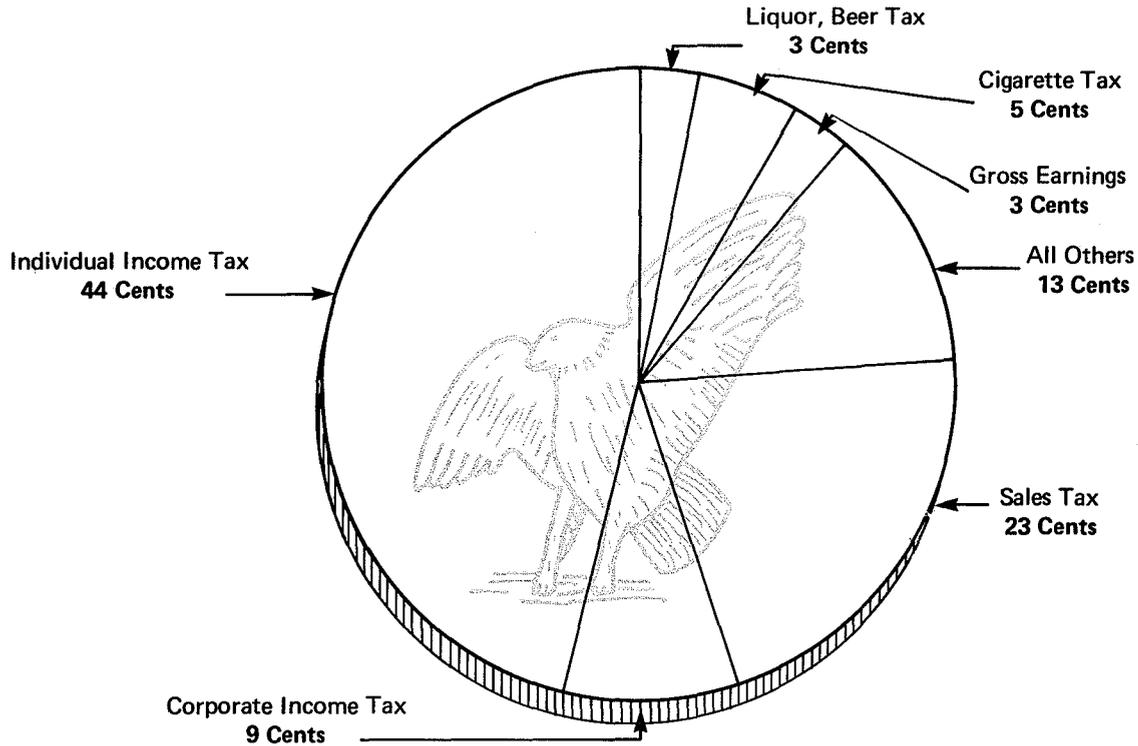
Source: Minnesota Department of Taxation

LEGISLATIVE REFERENCE LIBRARY
STATE OF MINNESOTA

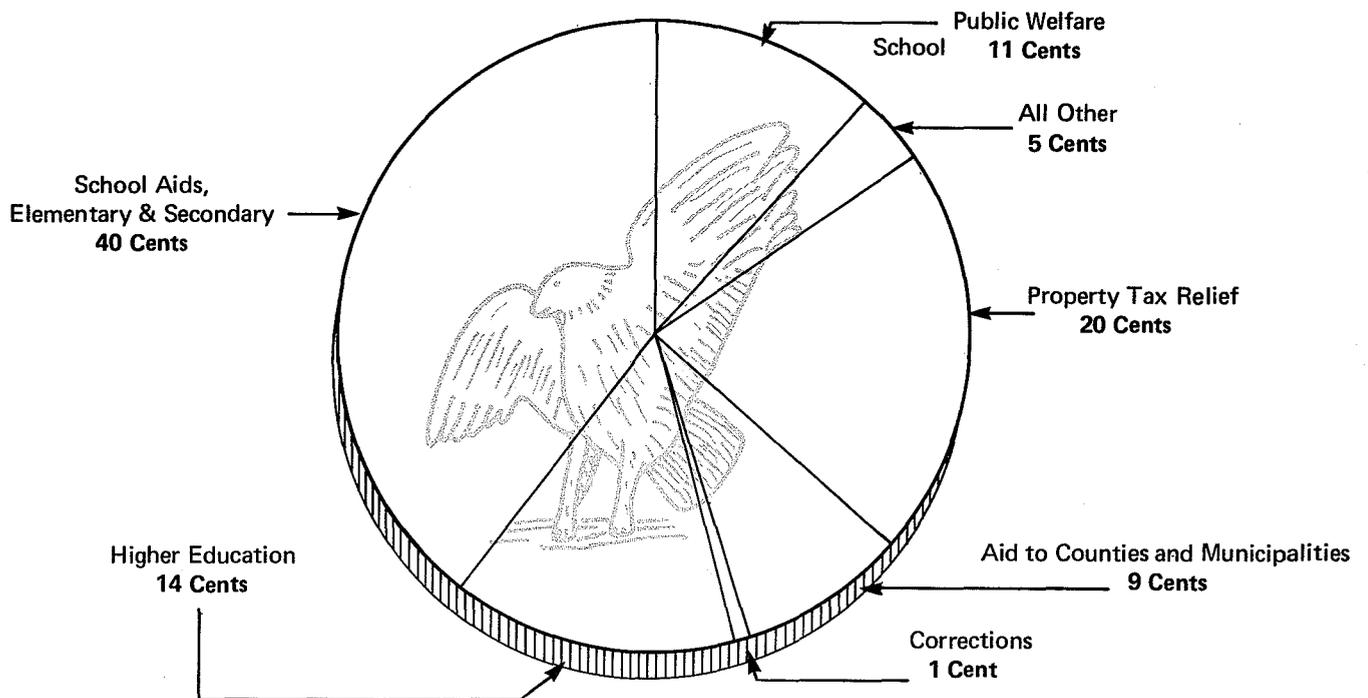
YOUR STATE TAX DOLLAR

1973-75 General Fund

WHERE IT COMES FROM*



WHERE IT GOES*



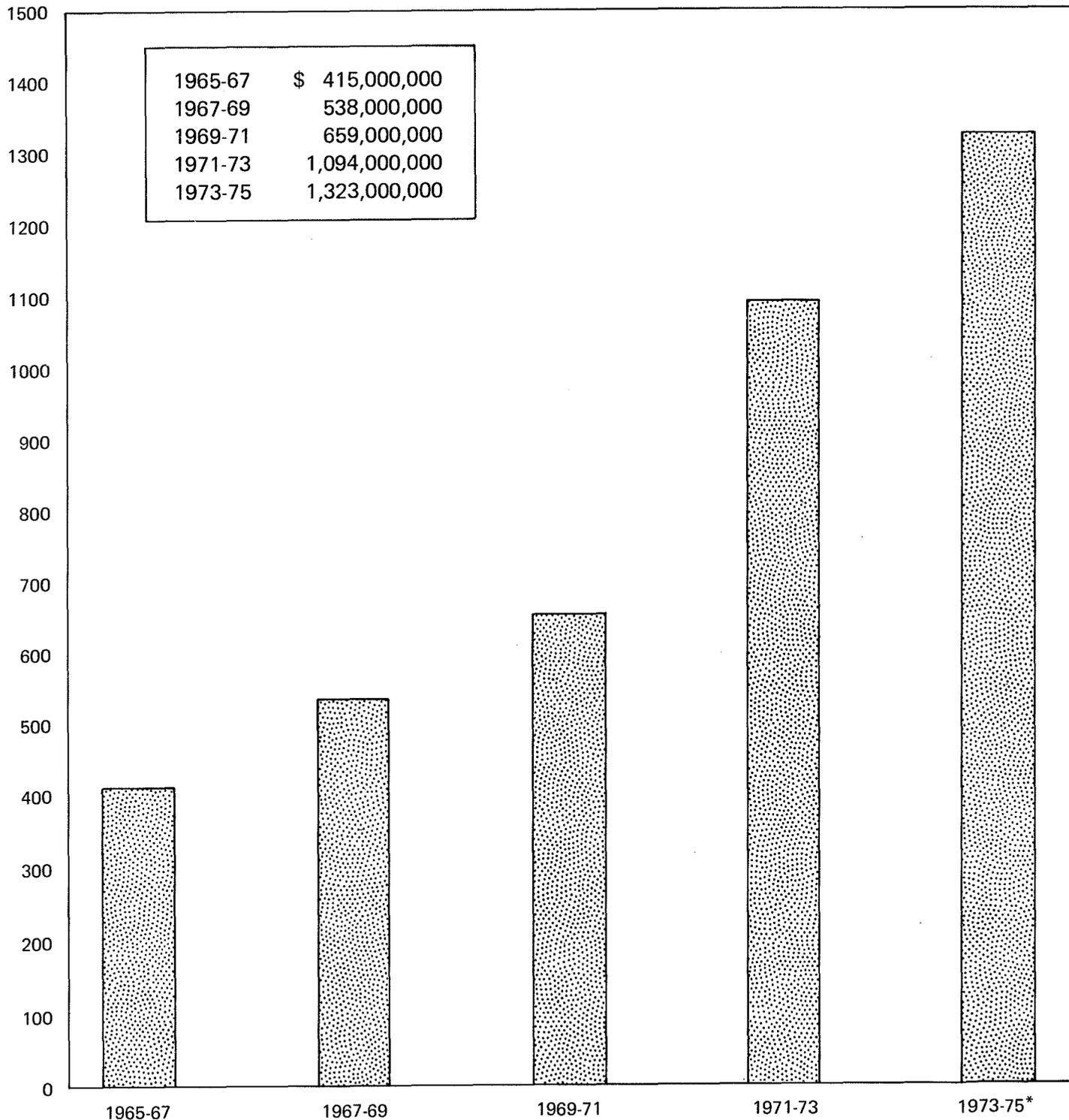
*EXCLUDING REGULAR REFUNDS

SOURCE: BUDGET AND MANAGEMENT DIVISION, DEPARTMENT OF ADMINISTRATION

ILLUSTRATION 1

STATE SCHOOL AIDS
Elementary-Secondary
1965-1975
(Direct State Aid to School Districts)

DOLLARS
(In Millions)



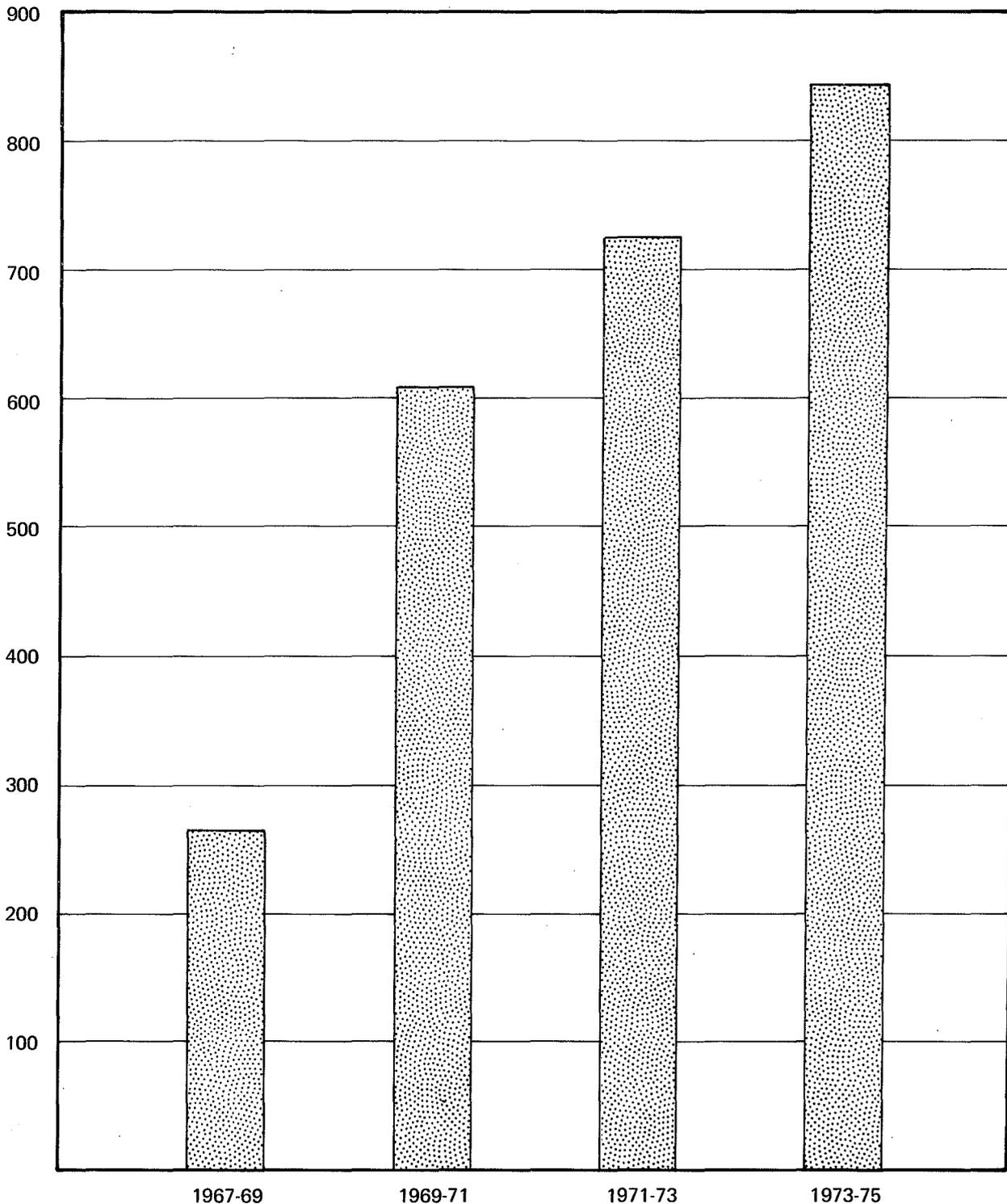
*ESTIMATED

SOURCE – BUDGET DIVISION, DEPT. OF ADMINISTRATION

ILLUSTRATION 2

LOCAL GOVERNMENT AIDS* 1967-1975

DOLLARS
(In Millions)

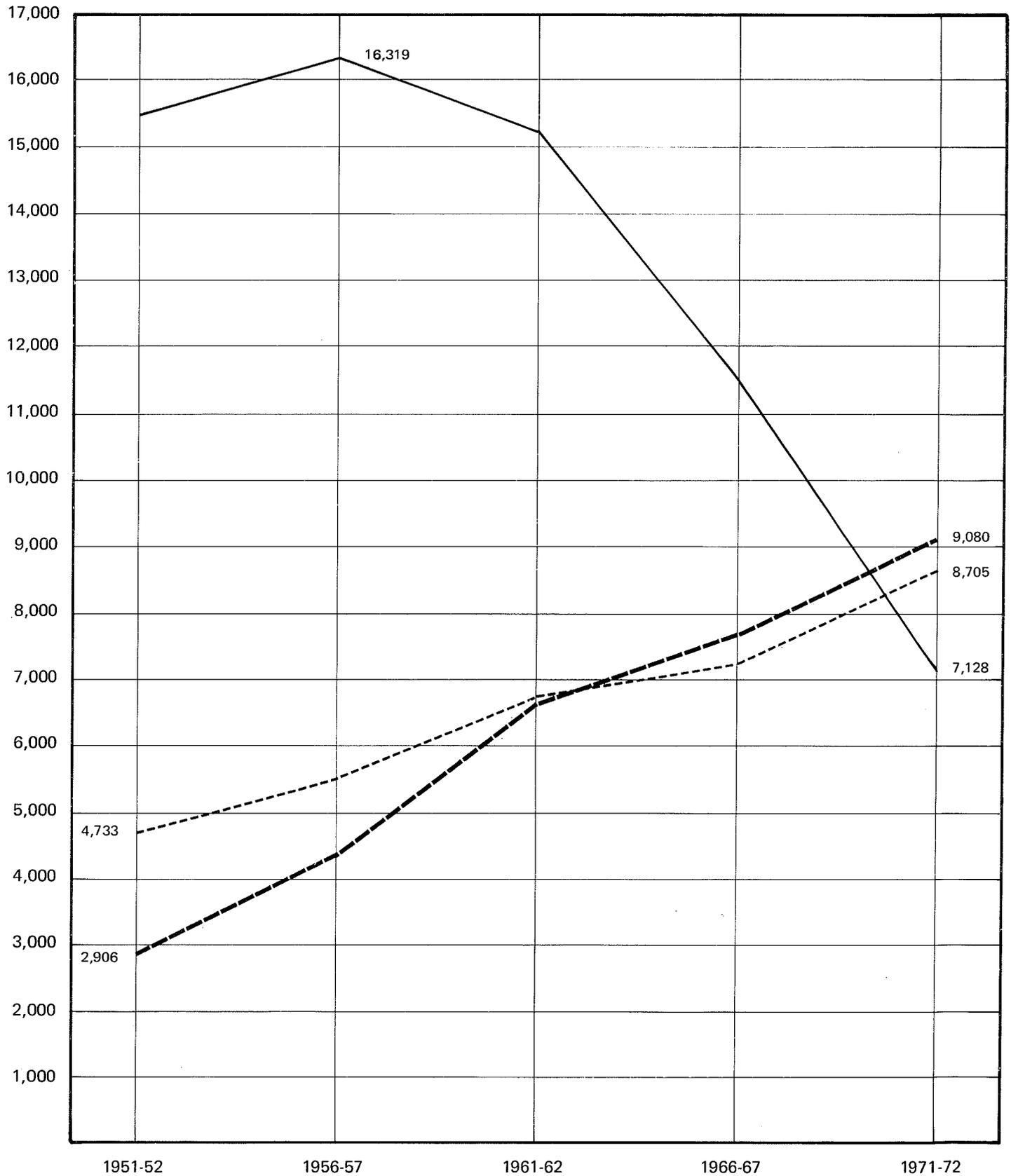


*Local aids include homestead credit, 1971 local government aid formula aids, shared taxes (cigarette, liquor, bank excise, electric cooperative, gross earnings), exempt property reimbursement, replacement of state property levy, state contribution to local police, fire pension funds.

SOURCE: MINNESOTA DEPARTMENT OF TAXATION

ILLUSTRATION 3

**STATE HOSPITALS FOR MENTALLY ILL,
MENTALLY RETARDED AND ALCOHOL, DRUG-ADDICTED**



KEY

- Average daily population (MI, MR, Inebriates)
- - - Admissions, readmissions
- · - Releases

A D D E N D U M

THE BUDGET AND THE BUDGET PROCESS

About \$2 billion passes through the state treasury each year of a biennium.

Therefore, Legislators set biennial budgets that affect about \$4 billion in public funds. About 60 percent of this amount is collected from various state taxes. About 20 percent comes from the federal government. The remaining 20 percent is made up of state charges for services provided to specific users and by earnings from the investment of funds.

This money is spent to provide various services to the citizens of the state. About a billion dollars each biennium, or 25 percent of this total, is returned to individuals through tax refunds and credits or to local units of general government in the form of shared taxes. About \$2 billion goes to local units of government, for education, welfare, parks, law enforcement, health services, and other services. This leaves about \$1 billion, or 25 percent, for total resources to finance direct state services.

A recent study of the executive budget divided expenditures for two biennia into twelve major functions. The study covered \$3.7 billion for the 1971-73 biennium. It excluded expenditures of the University of Minnesota, the Judicial and Legislative branches, and the Constitutional Officers.

The largest portion of the state's resources, the study shows, are spent for education purposes. Thirty-two percent of our resources were spent on education in the 1969-71 biennium and this grew to thirty-seven percent in the 1971-73 biennium. About 50 percent of the total increase in state resources between the two biennia was used for education. The state spent 36 percent of this money and the remaining 64 percent was given to local school districts. Including University of Minnesota expenditures would further increase the proportion of our budget devoted to this function.

The next largest portion of our resources is spent for social services that attempt to serve needy and disadvantaged persons. Expenditures for this function took 19.7 percent of our resources in the 1969-71 biennium and 21 percent in 1971-73. About 25 percent of the growth in revenues was devoted to this function. Only four percent of this money was administered directly by the state; 96 percent was given to the counties for administration.

About 18 percent of our resources go back to general local units of government, either in direct grants or in the form of services provided, and 99 percent of this money is provided in direct grants. Of the total increase in revenue, 17 percent was returned to general local units of government.

The next largest expenditure of state resources is for the purpose of developing and maintaining the state's system of transportation. This required about 15 percent of our resources in 1969-71 and 12 percent in 1971-73. About 5 percent of the total revenue growth was used for this purpose.

These four functions used 88 percent of the state's resources in the current biennium; 37 percent to education, 20 percent to social services, 18 percent for local government, and 12 percent for transportation. Of the total growth in resources between 1969-71 and 1971-73, 97 percent was used for these functions.

The remaining 12 percent of our resources is divided among protection of persons and property, management of our environment, provision of health services, promotion of our economy, protection of the consumer of goods and services, developing the state's manpower resources, and the necessary administrative and other supportive services required for the internal operations of state government.

The Department of Administration has published a comprehensive report of this analysis, which has been made available for your examination. It shows two major trends. The first is an increased emphasis on social services and education. From 1970 to 1973, expenditures for education increased 94 percent and expenditures for social services increased nearly 84 percent. This trend required nearly

75 percent of the total additional resources available to the state.

The second major trend reflects a change in the manner in which we spend the resources. In 1971, grants-in-aid represented 59 percent of total state expenditures. By the end of 1973, this will have increased to 67 percent. A greater percentage of the state's available resources are being given to local units of government to administer.

Both of these trends, of course, reflect the greater state contribution to the costs of public schools established by the 1971 Legislature. These funds go directly to school districts.

When I became Governor and assumed the responsibility of managing the administration of these functions, I was already convinced by twelve years in the Minnesota Legislature that our executive branch does some things very well and that there is room for improvement in a great many others. Two years as Governor have confirmed my belief.

We have too few incentives to make the extra effort for a truly responsive government.

We have too little analysis, review, and control of what happens to the money we spend on our programs.

As I indicated two weeks ago in my State of the State Address, we brought 100 loaned executives into our state government to tell us how to improve that.

And in the Fall of 1971, after the Legislature finally adjourned, we directed the Budget Division and our department heads to improve our preparation of budgets and examination of programs.

We instituted Activity Analysis, breaking our state operations down into more than 1,000 components that could be carefully examined and compared across departments.

Then we required our department heads to prepare preliminary budget requests, using this new analysis method. We asked appropriate staff members in the State Planning Agency to join my staff and the budget staff in examining these requests at early hearings last summer.

On the basis of those hearings, we issued new instructions to prepare final budget requests that would set priorities and develop program changes from potential savings in existing resources. We also made it clear that state government would try to live within existing resources, since we did not intend to seek any tax increases.

Over the last two months, our formal budget hearings and allocation sessions have been devoted to the most intensive examination that this state government has ever made in preparing the Governor's budget recommendations.

As a result, we are making our recommendations today with better information, and after more careful

examination, than ever before. We have achieved our goal of intensive budget examination and recommendations that will require no tax increases.

To take the greatest possible advantage of this progress already made in budget analysis will require a further step, recommended by L.E.A.P. and identified in my State of the State Message.

I am asking the Legislature to create a Department of Finance, to bring our major budgeting, revenue-raising and executive auditing functions under one commissioner. Combined with the development of a central accounting system, already under way on an accelerated basis, this department will bring together our fiscal responsibilities, improve our budget process, and insure administrative accountability.

You will soon have this proposed legislation before you.

If the Legislature will develop its own auditing system as well, the state's overall fiscal management system will be greatly improved.

**FUND STATEMENTS,
GRANTS-IN-AID SUMMARY,
AND CHARTS**

THE BUDGET DOCUMENTS

The 1973-75 Biennial Budget is presented in three parts: the "Budget Address", the "Detailed Estimates", and the Capital Outlay Budget.

The large document containing the detailed estimates is intended as a work book primarily for the use of the Senate Finance and House Appropriations Committees. It includes the Governor's budget recommendations for each account requiring a "direct appropriation". A direct appropriation is defined as one made for a definite amount and period of time. An "open appropriation", on the other hand, continues in force until repealed and usually does not state a definite amount. Open appropriations include such items as property tax relief fund distributions, income tax refunds, school census aid and aid to fire departments. Since they do not require legislative action, detailed estimates are not included in the budget document, but the total expenditures of open appropriations are included in the Fund Statements.

The "Budget Address" contains a statement for each fund or group of funds. The total of receipts and expenditures from all funds is presented in the "Summary of Fund Statements".

The Charts and tables included in the "Budget Message" present the highlights of the budget. They provide a comparison of the 1973 recommendations and the 1971 appropriations on the more significant items.

Included in the detailed estimates are budgets for three departments (Administration, Agriculture, and Education) which are expressed in terms of service provided. The material for these departments are printed on pink paper. The first page before the detail presented for most departments is an activity summary. This is printed on blue paper and expresses the total department requests in terms of service provided. This material has been prepared to illustrate to the legislature the results of a change in the manner of presenting budget recommendation.

The comparisons of Grants-in-Aid shown on page 32, 33 and 34 indicate that aid from direct appropriations increased from \$1,228,009,245 in 1971-73 to \$1,446,360,993 in 1973-75. The total grants-in-aid increased from \$2,564,423,018 in 1971-73 to \$2,868,197,247 in 1973-75.

Generally the Legislative and Executive branches of government are most concerned with the direct appropriations. The chart on page 35 compares the relative size to open and direct appropriations and clearly demonstrates that open appropriations which are not subject to periodic legislative review and analysis, comprise 49.8% of the total expenditures as compared to 50.2% for direct appropriations.

SUMMARY OF ACTUAL DEBT ACTIVITY 1970 - 72

	Outstanding 6-30-70	Year Ending 6-30-71		Outstanding 6-30-71	Year Ending 6-30-72		Outstanding 6-30-72
		<u>Bonds and Certificates</u> Issued	Retired		<u>Bonds and Certificates</u> Issued	Retired	
Payable from General Fund:							
Minnesota State Building							
Laws 1957, E.S.C. 2	5,302,000		956,000	4,346,000		956,000	3,390,000
Laws 1959, E.S.C. 90	22,810,000		2,601,000	20,209,000		2,601,000	17,608,000
Capital Improvement Bonds							
('61 x -72, '63 - 1)	19,085,000		1,468,000	17,617,000		1,468,000	16,149,000
School Loan of 1967, (C. 583)	2,800,000			2,800,000			2,800,000
State Building Refunding							
(1963, C. 677)	29,900,000		2,140,000	27,760,000		2,140,000	25,620,000
School Loan of 1963, (C. 601)	19,800,000			19,800,000			19,800,000
Minnesota State Building 1963,							
(C. 839)	23,250,000		1,790,000	21,460,000		1,790,000	19,670,000
Minnesota State Building 1965,							
(C. 882)	43,230,000		2,890,000	40,340,000		2,890,000	37,450,000
School Loan 1965, (C. 875)	10,400,000			10,400,000			10,400,000
Minnesota State Building 1967 (x-8)	62,214,000		1,580,000	60,634,000		1,580,000	59,054,000
School Loan Bonds 1969, (C. 1056)	10,200,000			10,200,000			10,200,000
State College Bonds 1969 (C. 1157)	4,500,000	7,500,000	55,000	11,945,000		165,000	11,780,000
Minnesota State Building 1969,							
(C. 1159)	48,206,000	91,780,000	600,000	139,386,000		2,600,000	136,786,000
Minnesota State Building 1971,							
(C. 963)					60,000,000		60,000,000
TOTALS	301,697,000	99,280,000	14,080,000	386,897,000	60,000,000	16,190,000	430,707,000
Payable from Dedicated Receipts:							
Minnesota Aeronautics							
Laws 1963, C. 791 (Bonds)	5,030,000		320,000	4,710,000		330,000	4,380,000
Employment and Security Building							
Laws 1965, C. 532 (Bonds)	2,825,000		175,000	2,650,000		175,000	2,475,000
Employment Security Building							
Laws 1967, (x-c.8) Bonds	300,000			300,000		15,000	285,000
TOTALS	8,155,000		495,000	7,660,000		520,000	7,140,000
Payable from Motor Vehicle Taxes:							
Trunk Highway Bridges and							
Approaches, Laws 1955, C. 748	8,050,000		1,550,000	6,500,000		1,150,000	5,350,000
Right of Way Acquisition							
Laws 1957, C. 750	8,550,000		1,350,000	7,200,000		1,250,000	5,950,000
City of St. Paul Laws 1959, C. 538	6,210,000		360,000	5,850,000		390,000	5,460,000
Public Highway System 1967, C. 873	61,000,000	39,000,000	1,000,000	99,000,000		2,000,000	97,000,000
TOTALS	83,810,000	39,000,000	4,260,000	118,550,000		4,790,000	113,760,000
GRAND TOTAL	393,662,000	138,280,000	18,835,000	513,107,000	60,000,000	21,500,000	551,607,000

SUMMARY OF ESTIMATED DEBT ACTIVITY 1971 - 73

	Fiscal Year 1973		Outstanding 6-30-73	Fiscal Year 1974		Outstanding 6-30-74	Fiscal Year 1975		Outstanding 6-30-75
	Bonds and Certificates Issued	Retired		Bonds and Certificates Issued	Retired		Bonds and Certificates Issued	Retired	
<u>Payable from General Fund:</u>									
Minnesota State Building									
Laws 1957, E.S.C.2	956,000		2,434,000	956,000		1,478,000	956,000		522,000
Laws 1959, E.S.C.90	2,601,000		15,007,000	2,601,000		12,406,000	2,601,000		9,805,000
Capitol Improvement Bonds ('61 x -72, '63-1)	1,468,000		14,681,000	1,468,000		13,213,000	1,468,000		11,745,000
School Loan 1957. (c. 583)			2,800,000			2,800,000			2,800,000
State Building Refunding (1963, c 677)	2,140,000		23,480,000	2,140,000		21,340,000	2,140,000		19,200,000
School Loan 1963. (c. 601)			19,800,000	640,000		19,160,000	640,000		18,520,000
Minnesota St. Building 1963, (c.839)	1,790,000		17,880,000	1,790,000		16,090,000	1,790,000		14,300,000
Minnesota St. Building 1965, (c.882)	2,890,000		34,560,000	2,890,000		31,670,000	2,890,000		28,780,000
School Loan 1965. (c.875)			10,400,000			10,400,000			10,400,000
Minnesota St. Building 1967. (x-8)	3,468,555		55,585,445	3,468,555		52,116,890	3,468,555		48,648,335
School Loan Bonds 1969. (c.1056)			10,200,000			10,200,000	2,000,000		12,200,000
State College Bonds 1969. (c.1157)	180,000		11,600,000	190,000		11,410,000	195,000		11,215,000
Minnesota St. Building. 1969. (c.1159)	7,341,444		129,444,556	7,336,444		122,108,112	7,336,444		114,771,668
Minnesota St. Building. 1971. (c.963)			60,000,000	3,650,000	44,900,000	101,250,000	3,650,000		97,600,000
Voyager National Park 1971 (c.852)	5,870,000		5,870,000	600,000		5,270,000	600,000		4,670,000
Water Pollution Control 1971(x-20)	25,000,000		25,000,000	1,250,000		23,750,000	1,250,000		22,500,000
TOTALS	30,870,000	22,834,999	438,742,001	44,900,000	28,979,999	454,662,002	2,000,000	28,984,999	427,677,003
<u>Payable from Dedicated Receipts:</u>									
Minnesota Aeronautics									
Laws 1963, c.791, (Bonds)	340,000		4,040,000	350,000		3,690,000	360,000		3,330,000
Employment and Security Building Laws 1965, c.532, (Bonds)	175,000		2,300,000	175,000		2,125,000	175,000		1,950,000
Employment Security Laws 1967, (x-C.8)	15,000		270,000	15,000		255,000	15,000		240,000
TOTALS	530,000		6,610,000	540,000		6,070,000	550,000		5,520,000
<u>Payable from Motor Vehicle Taxes:</u>									
Trunk Highway Bridges and Approaches, Laws 1955, c.748	1,150,000		4,200,000	1,150,000		3,050,000	800,000		2,250,000
Right of Way Acquisition Laws 1957, c.750	1,250,000		4,700,000	1,250,000		3,450,000	900,000		2,550,000
City of St. Paul Laws 1959, c.538	420,000		5,040,000	420,000		4,620,000	430,000		4,190,000
Public Highway System 1967. c873	2,000,000		95,000,000	5,000,000		90,000,000	5,000,000		85,000,000
TOTALS	4,820,000		108,940,000	7,820,000		101,120,000	7,130,000		93,990,000
GRAND TOTAL	30,870,000	28,184,999	554,292,001	44,900,000	37,339,999	561,852,002	2,000,000	36,664,999	527,187,003

SUMMARY OF FUND STATEMENTS

ACTUAL AND ESTIMATED RESOURCES	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>
Free Balance Forward July 1	304,372,031	289,131,199	191,271,550	192,186,712	211,973,825
Receipts by Funds					
General Fund - Non-Dedicated	1,002,545,988	1,249,520,792	1,641,693,386	1,664,891,589	1,803,084,869
General Fund - Dedicated	88,063,989	97,170,639	95,828,068	98,322,897	100,429,424
Building	96,409,490	64,465,288	4,274,980	49,055,265	4,035,550
Bond	2,955,480	5,307,088	3,976,509	3,626,793	3,621,681
Miscellaneous Special Revenue	29,475,290	29,725,511	30,040,636	33,496,227	33,084,055
Iron Range Resources & Rehabilitation	559,575	630,014	802,742	779,724	698,874
Game and Fish	8,079,918	7,104,481	8,975,342	9,076,803	9,076,803
Consolidated Conservation Areas	320,369	250,771	211,525	252,950	224,550
State Airports	12,677,197	14,402,434	14,173,890	15,517,890	15,639,400
Trunk Highway	55,395,230	18,480,813	18,675,000	17,450,000	16,700,000
Highway User Tax Distribution	123,196,801	128,769,853	134,534,032	140,856,672	148,868,272
County State Aid Highway	57,113,957	57,707,207	61,391,152	64,873,557	67,912,208
Municipal State Aid Street	18,716,076	18,871,300	20,083,370	21,250,771	22,275,520
Trust	4,012,888	3,108,553	3,324,900	3,224,900	3,124,900
Agency	216,262,945	224,422,673	239,785,001	258,198,950	274,575,137
Revolving	12,052,720	13,233,744	17,321,081	17,286,606	18,896,732
Prison Revolving	1,863,745	1,805,933	1,868,800	1,754,800	1,865,800
Federal	385,200,875	456,375,987	529,064,713	562,803,898	597,479,313
Receipts Subtotal	<u>2,114,902,533</u>	<u>2,391,353,081</u>	<u>2,826,025,127</u>	<u>2,962,720,292</u>	<u>3,121,593,088</u>
Appropriation & Receipts Transfers	<u>20,886,189</u>	<u>23,941,245</u>	<u>35,551,686</u>	<u>43,971,803</u>	<u>43,558,739</u>
TOTAL RESOURCES	2,440,160,753	2,704,425,525	3,052,848,363	3,198,878,807	3,377,125,652

SUMMARY OF FUND STATEMENTS (Cont.)

ACTUAL AND ESTIMATED EXPENDITURES	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>
Expenditures by Funds:					
General Fund - Non-Dedicated	1,083,697,291	1,351,536,221	1,544,464,803	1,662,129,200	1,681,641,859
General Fund - Dedicated	88,063,989	97,170,639	95,828,068	98,322,897	100,429,424
AD Building	62,706,424	54,813,768	56,807,690	43,553,221	43,374,306
Bond	23,928,660	29,550,023	40,276,475	48,340,766	47,916,190
Miscellaneous Special Revenue	24,539,108	25,692,951	26,466,387	27,968,596	27,042,772
Iron Range Resources & Rehabilitation	654,021	611,616	806,283	943,280	644,368
Game and Fish	6,306,313	7,032,083	7,343,889	9,010,522	8,230,555
Consolidation Conservation Areas	105,166	166,372	131,685	112,062	132,775
State Airports	10,179,111	20,271,978	11,444,240	18,730,406	11,932,762
Trunk Highway	153,225,866	151,614,594	173,435,182	145,950,041	157,495,545
Highway User Tax Distribution	4,238,731	3,574,929	4,717,107	4,594,504	5,880,073
County, State Aid Highway	58,517,897	56,908,181	60,023,892	62,849,600	73,519,200
Municipal State Aid Street	16,736,114	17,363,476	19,827,116	20,342,400	20,924,800
NO Trust	4,146,137	3,186,197	3,498,952	3,222,000	3,122,000
NO Agency	215,886,625	227,583,907	235,780,455	249,989,207	265,472,346
Revolving	10,892,630	13,166,716	15,731,816	17,494,244	17,885,531
NO Prison Revolving	2,256,596	2,340,128	2,403,350	1,808,880	1,876,800
Federal	<u>378,021,406</u>	<u>436,447,400</u>	<u>543,585,680</u>	<u>561,825,854</u>	<u>596,338,568</u>
Expenditures Subtotal.	2,144,102,085	2,499,031,179	2,842,573,070	2,977,187,680	3,063,859,874
Appropriation & Receipts Transfers	6,927,422	14,122,830	18,088,577	9,717,301	10,234,156
Balance Forward June 30	<u>289,131,199</u>	<u>191,271,550</u>	<u>192,186,712</u>	<u>211,973,825</u>	<u>303,031,620</u>
TOTAL EXPENDITURES, TRANSFERS AND BALANCES	2,440,160,753	2,704,425,525	3,052,848,363	3,198,878,807	3,377,125,652

Note: In most of the fund statements the detail will not add to the totals due to dropping of cents columns.
Receipts and expenditures are net of temporary investment purchases, sales, and maturities.

GENERAL FUND - NONDEDICATED RECEIPTS

ACTUAL AND ESTIMATED RESOURCES	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>
FREE BALANCE FORWARD JULY 1	117,060,635	35,909,332	(66,106,095)	31,122,486	33,884,875
Receipts:					
Gross Earnings	33,720,612	36,396,377	39,208,000	42,376,000	44,776,000
Insurance Gross Premium	29,078,652	29,089,649	29,600,000	30,100,000	30,600,000
Iron Ore Occupation Tax	9,190,330	8,343,808	8,517,000	6,800,000	6,800,000
Iron Ore Royalty Tax	1,647,165	1,840,282	1,000,000	1,000,000	1,000,000
Taconite Taxes	932,039	1,482,857	6,467,500	5,330,000	5,330,000
Inheritance & Gift Taxes	18,498,181	21,373,807	23,945,000	18,265,000	18,265,000
Liquor & Beer Taxes	30,456,427	41,187,477	38,670,000	40,647,500	42,647,000
Cigarette Tax	48,667,732	57,932,399	74,100,000	75,031,000	76,545,000
Tobacco Products Tax	2,085,384	2,083,596	2,290,000	1,990,000	1,980,000
Grain Inspection Fees	2,620,396	2,517,831	2,661,464	2,738,860	2,738,860
Institutions - Care of Persons	26,182,627	28,097,963	44,095,995	43,486,125	41,316,125
University - Reimbursement from Counties	1,198,998	1,006,652	1,200,000	1,200,000	1,200,000
Bank Excise Tax	7,331,917	15,249,497	20,400,000	16,700,000	16,900,000
Oleomargarine Tax	3,696,009	4,002,356	3,500,000	4,000,000	4,000,000
Income Taxes					
Individual & Fiduciary	459,011,414	589,150,411	758,350,000	798,800,000	901,600,000
Corporation	78,709,314	107,983,752	168,000,000	153,000,000	164,000,000
Sales & Use Tax	212,721,267	270,127,620	303,300,000	308,200,000	325,200,000
Deed Tax	2,751,258	3,738,750	3,400,000	4,000,000	4,000,000
Motor Vehicle Excise Tax			36,000,000	37,500,000	39,200,000
All Other Receipts	<u>14,578,925</u>	<u>15,970,302</u>	<u>16,415,858</u>	<u>22,341,992</u>	<u>21,723,772</u>
Receipts Sub TOTAL	983,078,656	1,237,575,394	1,581,120,817	1,613,506,477	1,749,821,757
Transfers:					
Invested Treasurer's Cash	11,323,422	4,168,077	6,000,000	6,000,000	6,000,000
Attributable Costs	1,121,112	123,135	2,100,000	1,100,000	1,100,000
Motor Vehicle Transfer of Ownership	982,019	625,828	841,652	1,008,000	1,450,000
Gas Tax Collection Reimbursement	1,203,927		1,337,600		1,404,000
State Parks Receipts	618,112	752,477	640,700	865,500	865,500
Revenue Sharing			45,222,124	38,984,557	38,984,557
All Other Transfers	<u>4,218,737</u>	<u>6,275,880</u>	<u>4,430,493</u>	<u>3,427,055</u>	<u>3,459,055</u>
Transfer Sub TOTAL	19,467,332	11,945,398	60,572,569	51,385,112	53,263,112
Receipts & Transfer Sub TOTAL	<u>1,002,545,988</u>	<u>1,249,520,792</u>	<u>1,641,693,386</u>	<u>1,664,891,589</u>	<u>1,803,084,869</u>
TOTAL RESOURCES	1,119,606,624	1,285,430,125	1,575,587,290	1,696,014,075	1,836,969,744

GENERAL FUND - NONDEDICATED RECEIPTS (Cont.)

ACTUAL AND ESTIMATED EXPENDITURES	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>
<u>SEMI - STATE AGENCIES</u>					
Miscellaneous Commissions	82,925	137,710	99,247	108,310	108,910
Special Semi-State Agricultural Societies	273,150	275,650	276,150	276,150	276,150
Miscellaneous Veteran's Associations	19,000	19,990	19,990	21,490	21,490
Special Aids to Cities, Counties & Towns	240,250	241,500	244,000	246,500	249,000
National Governor's Conference	6,000	8,500	8,500	8,500	8,500
Sheriff's Expense Conveying Prisoners	32,000	36,000	36,000	28,000	28,000
Minnesota Veteran's Home	465,450	610,549	623,644	519,924	519,122
Minnesota Historical Society	745,222	1,168,856	1,166,505	1,503,976	1,461,486
Sibley House and Academy of Science	22,250	27,250	27,250	27,475	27,475
Aid to School Districts	50,000	50,000	50,000	50,000	50,000
Minnesota State Arts Council	115,150	160,000	200,000	360,000	360,000
Civil Air Patrol		32,415	27,115	27,000	27,000
Minnesota Experimental City				300,000	
Capitol Area Architectural & Planning Commission				45,000	
<u>STATE DEPARTMENTS</u>					
Legislature	4,309,645	6,566,550	6,264,950	8,896,000	10,325,000
Governor	488,167	639,615	553,622	682,067	764,857
Civil Defense	175,071				
Lieutenant Governor	20,000	21,957	21,957	147,100	147,100
State Auditor	608,914	596,775	587,058	1,647,241	1,457,101
Contributory Share-Pera	6,708		204		
State Treasurer	245,357	286,890	299,527	333,552	330,971
Public Examiner	447,247	493,996	519,314	534,114	538,059
Department of Taxation	10,456,589	11,756,168	12,522,249	12,335,345	12,339,843
Tax Court	40,510	47,592	48,515	52,138	51,844
Attorney General	754,858	1,001,286	1,040,750	1,120,086	1,042,859
Bureau of Criminal Apprehension	1,176,695				
District Court	1,699,775	1,684,700	2,528,196	2,100,000	2,100,000
Retired Supreme & District Court Judges	307,000	307,000	378,370	379,000	379,000
Supreme Court	686,491	765,992	774,393	991,879	993,663
Judicial Council	1,000	4,800		4,950	
Public Defender	156,691	209,000	210,000	258,279	261,223
Revisor of Statutes	248,538	534,506	401,484	903,176	343,323
Department of Administration	5,468,498	8,192,572	6,548,931	8,458,182	8,556,155

GENERAL FUND - NONDEDICATED RECEIPTS (Cont.)

ACTUAL AND ESTIMATED EXPENDITURES	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>
Executive Council	655	649	649		
Governor's Comm. on Employment of Handicapped	27,628	33,954	34,514	51,513	51,863
Public Safety		2,569,144	2,642,341	3,560,971	3,915,032
Board of Investment	179,708	286,005	264,489	147,560	146,845
Secretary of State	461,995	235,062	344,308	282,756	399,161
Department of Civil Service	771,570	960,542	787,206	1,083,008	1,111,476
Archives Commission	118,923	104,941	111,335		
Municipal Commission	66,058	69,197	70,533	78,616	78,626
Adjutant General	1,811,718	1,999,005	2,095,119	2,128,416	2,164,116
Public Service Commission	3,257,563	3,814,265	4,052,574	4,222,224	4,202,024
Labor and Industry	1,652,707	2,082,361	2,133,118	2,329,331	2,399,693
Liquor Control Department	385,803	427,275	441,982	378,695	375,415
Bureau of Mediation Services	237,015	297,633	305,573	475,305	470,630
Economic Development	1,497,752	1,646,000	1,685,000	1,683,274	1,684,774
Department of Agriculture	2,090,306	2,305,292	2,405,965	2,380,711	2,392,446
Natural Resource Administration	1,170,708	3,208,928	1,416,579	2,495,721	2,338,422
Natural Resources Water, Soils & Minerals	963,969	1,601,024	1,365,395	2,004,002	1,600,317
Natural Resources Lands & Forestry	3,960,697	4,260,862	4,509,019	4,289,664	4,291,688
Natural Resources Parks & Recreation	2,102,976	2,538,175	2,630,634	2,642,818	2,639,064
Natural Resources Enforcement & Field Service		766,857	681,459	72,500	
Minnesota Water Resources Board	48,722	49,042	51,018	55,274	54,726
State Soil & Water Conservation Commission	341,460	375,119	387,214	384,112	384,643
Board of Health	2,110,212	2,654,750	2,651,740	3,209,105	3,243,910
Livestock Sanitary Board	917,573	1,289,473	888,779	1,032,194	841,922
Governor's Human Rights Commission	245,269	302,909	312,825	436,458	434,321
Veteran's Affairs	1,086,683	1,238,959	1,407,871	1,397,434	1,452,367
State Law Library	93,084	191,339	94,600	266,569	149,182
Commission on Alcohol Problems	47,100	64,435	64,944	65,222	65,022
State Planning Agency		608,000	618,000	4,651,738	650,997
Department of Commerce	2,043,926	2,153,194	2,240,355	2,295,219	2,290,643
Brd. of Examiners - Nursing Home Admin.		63,867	48,265	54,576	54,896
State Zoological Board		75,016	75,821	75,806	75,821
Natural Resources Acceleration		18,126,740		16,600,000	
Pollution Control Agency	867,740	2,172,647	2,620,566	2,720,831	2,958,447
Commissioner of Corrections		175,000			
Civil Air Patrol	13,350				
Claims Commission Awards			138,944		
Governor's Crime Commission				62,222	73,333

GENERAL FUND - NONDEDICATED RECEIPTS (Cont.)

ACTUAL AND ESTIMATED EXPENDITURES	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>
<u>WELFARE AND CORRECTIONS</u>					
Department Public Welfare	67,177,827	82,842,300	98,598,500	100,436,968	109,762,296
State Hospitals	49,944,162	52,895,000	54,120,000	54,068,848	52,271,202
Braille and Sight Saving School	677,557	747,900	779,900	752,324	752,734
School for the Deaf	1,308,989	1,484,800	1,545,300	1,518,742	1,518,742
Gillette State Hospital	2,287,697	2,487,500	2,607,500	2,562,291	2,582,291
Ah-Gwah-Ching Nursing Home	2,215,537	2,377,000	2,522,000	2,441,287	2,441,287
Glen Lake Sanatorium	2,634,030	2,851,600	3,022,100	2,925,118	2,926,318
Special Equipment		100,000		122,264	
Department of Corrections	3,370,155	5,650,134	4,183,472	6,241,418	4,883,423
Adult Institutions	6,659,387	8,032,008	8,058,476	8,681,596	8,576,548
Youth and Juvenile Institutions	6,921,953	7,860,000	8,286,000	6,355,794	6,290,044
Regional Juvenile Detention Center		800,000			
Special Projects		300,000			
Commissioner of Administration		490,000			
Contingent for State Institutions		750,000		500,000	
 <u>EDUCATION</u>					
Department of Education	5,030,204	6,058,371	6,396,602	612,846,796	616,744,600
State College Board	36,814,852	42,160,512	43,276,336	40,795,666	40,501,555
University of Minnesota	88,041,584	97,376,627	102,584,157	109,040,417	110,378,799
Minnesota Board of Nursing	125,000	125,000	125,000	125,000	125,000
Aid to Schools	298,831,442	454,547,460	607,133,340		
Aid to School - Additional	500,000	1,920,000	1,870,000		
Minn. Higher Education Coord. Commission	1,988,000	3,567,880	5,317,334	9,308,071	9,219,071
Minn. State Board of Medical Examiners		100,000			
Council on Quality Education		750,000			
ISD #280 Hennepin County		49,341			
School Aid-Counties a/c Non Tax Areas	48,000	48,000	48,000	48,000	48,000
Gross Earnings Aid	1,780,000	1,080,000	900,000	900,000	900,000
Exempt Land Special School Aid	400,000	400,000	400,000	400,000	400,000
Aid to Certain School District	145,000	145,000	145,000		
State Junior College Board	14,597,397	16,856,502	18,430,760	18,302,344	17,792,681
Mayo Medical School				608,000	928,000

GENERAL FUND - NONDEDICATED RECEIPTS (Cont.)

ACTUAL AND ESTIMATED EXPENDITURES	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>
Employee Compensation	750,960		943,494		
Unemployment Compensation	285,282		440,084		
<u>MISCELLANEOUS APPROPRIATIONS</u>					
Veterans Home Building	215,000				
Toilet Facilities Along North Shore	1,000				
National Legislative Conference Expenses	85,000				
Claims Commission Awards	79,877				
Manpower Survey of Unemployed Proff.	7,800				
Emergency School Aid	4,317,000				
State Building Code - Administration		650,000			
Acquisition & Admin. of Historic Sites	6,000				
Regulation of Pest Control Services	25,000				
Midwestern Board for Med.-Allied Educ.		4,000			
Lower St. Louis Basin Sanitary District		300,000			
Advisory Council on Fire Serv. Educ.		7,500	7,500		
Housing Development Agency		250,000			
Minn. River Basin Commission		30,000			
World Ploughing Contest		50,000			
Interim Study Commission	175,000				
Sam Brown Memorial (MHS)		1,000			
Mayo Foundation a/c Undergraduate		320,000			
Grants for Child Care Services		250,000			
Minn. Experimental City Authority	140,000				
MHECC for private college grants		2,700,000			
U. of Minn. Med.-Educ. Facilities @ St. Paul		40,170			
Admin. of Motor Vehicle Excise Tax		300,000			
Parks & Monuments (MHS)		1,000			
Willow River Dam Repairs		20,000			
Environmental Inf. Center		25,000			
Alcoholism & Drug Abuse Control Program		1,425,000			
Community School Program		560,000			
State Camp Revolving		500,000			
Commission on Judicial Stds.		10,000			
MHS for Science Museum Support		100,000			
Contingent for Game & Fish Fund		500,000			
Staples a/c Loss of Gross Earnings		20,000			
Dev. & Planning of Public Trsp. Demonstration		50,000			
Tax Assessors Instructional Courses		40,000			
Assessment of Omitted Property		500,000			

GENERAL FUND - NONDEDICATED RECEIPTS (Cont.)

ACTUAL AND ESTIMATED EXPENDITURE	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>
Range Center Inc.		100,000			
Indian Aid to Counties		100,000			
Health - Employee Training Programs		27,000			
Pilot Foster Grandparents Program		50,000			
Water Control Structures - Kanabec Co.		50,000			
Mobile Health Clinic		40,000			
Minn. State Water Pollution Control		9,750,000			
Miscellaneous Claims	126,932				
Building Repairs		6,401,198		3,382,890	
Omnibus Tax		100,000			
<u>OPEN APPROPRIATIONS</u>					
Revenue Funds	1,395,051	1,243,388	1,000,000	1,000,000	1,000,000
Cancelled Warrants Suspense	5,652	14,301	10,000	10,000	10,000
Military Forces Emergency	815	39,991	5,941		
R. Weber Compensation	1,200	1,200	1,200	1,200	1,200
Aid to Fire Departments	2,187,199	2,459,455	2,721,781	3,500,000	4,000,000
Surcharge Firemens Relief	341,166	384,177	400,000	425,000	450,000
Employer Contributions MSRS/FICA	46,785	11,017	200		
Employer Contributions Insurance	39,225				
Dairy Research & Marketing	125,000	125,000	125,000	125,000	125,000
Soudan State Park	500	500	500	500	500
EDA Work Study Program State Colleges	322,047	372,685	371,000	375,000	375,000
EDA Work Study Program - Junior College Bd	77,205	95,431	89,033	115,430	129,010
Aid to 150# 16-Anoka County	5,250	5,250	5,250	5,250	5,250
Executive Council Emergency	100,731		300,000		
Athletic Commission	20,000	20,000	20,000	20,000	20,000
Legislative Retirement	59,097	103,423	99,067	108,000	108,000
MSRS Supplemental Retirement	167,069	153,338	150,000	140,000	130,000
TRA Supplemental Retirement	298,658	15,681	14,500	12,000	10,000
PERA Supplemental Retirement	154,707	140,752	128,300	117,000	105,000
Constitutional Officers Rtmt.	36,229	31,150	28,755	28,755	28,755
Legislative Rtmt. Study Commission	25,000				
Land Exchange Review Board	35,000	25,000	25,000	25,000	25,000
TRA Sup. Rtmt. for State & Junior Colleges	703,252	912,606	1,146,103	1,284,975	1,412,623
Security Protection to Governor	218,847	229,568	230,000	230,000	230,000
Bond Sales Expense	7,054	2,637	3,000	3,000	3,000

GENERAL FUND - NONDEDICATED RECEIPTS (Cont.)

ACTUAL AND ESTIMATED EXPENDITURES	1970-71	1971-72	1972-73	1973-74	1974-75
✓ Census Aid	9,125,000				
School Aid a/c Military Lands	2,471	2,514	2,000	2,000	2,000
X Income Tax Refunds	103,709,871	117,983,189	174,200,000	192,000,000	223,000,000
Less Renter Credits	(7,000,000)	(12,675,000)			
Sr. Citizen Credits	(2,000,000)	(8,905,000)			
Non Public Credits		(7,392,000)			
Elimination of State Mill Levys:					
First Class Cities	8,105,618	8,834,990	8,896,700	9,450,000	9,745,000
✓ Teachers Retirement (Statewide)	45,582,085	48,402,880	52,361,645	56,532,000	59,868,000
Bond Fund	23,527,223	26,117,306	38,100,000	45,700,000	46,000,000
Exempt Property Reimbursement	79,002,624	39,594,530			
Renter Credit	7,000,000	12,675,000			
Senior Citizen Credit	2,000,000	8,905,000			
✓ Per Capita Aids	58,152,422	31,749,387			
✓ Homestead Credit	107,214,358	126,876,963	115,571,509	116,600,000	123,000,000
Special Comp. a/c Uninsured employers		251,015			
Unclassified Pay Plan		8,696	6,500		
Natural Res. Reimb. Fed. Match		175,454			
Apportionments: Bank Excise		3,960,208	9,600,000	7,898,000	7,990,000
Cigarette		3,424,024	7,848,000	7,946,000	8,107,000
Liquor		3,195,892	6,570,000	6,910,000	7,250,000
Non-Public School Credit		7,392,000			
Aid to Local Government		24,687,740	100,700,000	106,482,977	106,482,977
25 Mill Agriculture Land Differential		7,917,634	17,000,000	18,000,000	18,000,000
Aid to Police Departments			2,884,305	3,500,000	4,000,000
Voyageurs' National Park			52,000	39,000	26,000
Personal Property Tax Reimbursement			10,000,000	10,000,000	
X Sales Tax Refunds			200,000	200,000	200,000
Appropriations Direct and Open Subtotals	1,096,430,069	1,364,319,268	1,597,664,803	1,677,129,200	1,696,641,859
Less Cancellations	(12,732,778)	(12,783,047)	(53,200,000)	(15,000,000)	(15,000,000)
Net Appropriation Liability	1,083,697,291	1,351,536,221	1,544,464,803	1,662,129,200	1,681,641,859
Free Balance Forward June 30	35,909,332	(66,106,095)	31,122,486	33,884,875	155,327,885
TOTAL EXPENDITURES AND BALANCES	1,119,606,624	1,285,430,125	1,575,587,290	1,696,014,075	1,836,969,744

GENERAL FUNDS - DEDICATED RECEIPTS

ACTUAL AND ESTIMATED RESOURCES	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>
Receipts - Dedicated:					
Maintenance Charges -Veteran's Home	313,291	395,825	432,000	509,280	509,280
Welfare Program Recoveries - State Share	323,560	481,746	212,000	95,700	21,000
State Colleges - Tuition Fees, Etc.	15,241,444	16,115,595	16,154,205	16,133,511	16,447,063
State Junior Colleges - Tuition Fees, Etc.	5,730,897	6,615,723	6,668,529	5,738,938	5,738,938
College Employees' Annuity Contributions	923,416	941,355	972,000	950,000	950,000
University of Minnesota	64,968,721	72,096,738	70,935,611	74,564,162	76,451,430
Departmental Earning	562,658	523,653	453,723	331,306	311,713
TOTAL RESOURCES	88,063,989	97,170,639	95,828,068	98,322,897	100,429,424
ACTUAL AND ESTIMATED EXPENDITURES					
Expenditures of Dedicated Receipts and Balance					
Department of Agriculture	148,572	161,925	170,165	185,191	185,598
Division of Lands and Forestry	41,042	20,494	48,104	19,000	44,000
Division of State Parks and Recreation	13,945	15,710	15,000	15,000	15,000
Department of Public Welfare - Recoveries	323,560	481,746	212,000	95,700	21,000
Welfare Institutions	253,034	183,021	103,019		
Corrections Institutions	46,609	66,255	38,837	62,115	62,115
Veterans Home Board	313,291	395,825	432,000	509,280	509,280
State College Board	15,241,444	16,115,595	16,154,205	16,133,511	16,447,063
State Junior College Board	5,730,897	6,615,723	6,668,529	5,738,938	5,738,938
College Employers' Tax-Sheltered Annuities	923,416	941,355	972,000	950,000	950,000
University of Minnesota	64,968,721	72,096,738	70,935,611	74,564,162	76,451,430
Capitol Area Arch. Commission	6,608	50,000		45,000	
Civil Service (Testing)	5,295	6,125	5,000	5,000	5,000
Minn. Higher Education Coord. Committee	46,879		73,598		
Military Affairs	671	20,120			
TOTAL EXPENDITURES	88,063,989	97,170,639	95,828,068	98,322,897	100,429,424

BUILDING FUND

ACTUAL AND ESTIMATED RESOURCES	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>
FREE BALANCE FORWARD-July 1	<u>44,603,976</u>	<u>78,608,838</u>	<u>87,122,425</u>	<u>34,389,715</u>	<u>39,691,759</u>
Receipts - Dedicated:					
General Fund Transfers In	4,514,410	4,394,695	4,274,980	4,155,265	4,035,550
Sale of General Obligation Bonds	91,780,000	60,000,000		44,900,000	
Federal Grants*	3,489,706	1,623,678	125,890	96,000	155,200
Refunds and Miscellaneous	115,080	70,593			
Receipts Subtotals	<u>96,409,490</u>	<u>64,465,288</u>	<u>4,274,980</u>	<u>49,055,265</u>	<u>4,035,550</u>
TOTAL RESOURCES	<u>141,013,467</u>	<u>143,074,127</u>	<u>91,397,405</u>	<u>83,444,980</u>	<u>43,727,309</u>
ACTUAL AND ESTIMATED EXPENDITURES					
Expenditure of Dedicated Receipts & Balance Forward					
Department of Administration	35,732,395	34,312,333	28,235,657	21,176,743	21,176,743
State College Board		21,297	130,083	97,562	97,562
University of Minnesota	25,827,749	17,709,121	24,292,860	18,219,651	18,219,651
Legislature	121,575				
Redemption on Debt -Bond Principal	3,557,000	3,557,000	3,557,000	3,557,000	3,557,000
Interest on Debt	957,410	837,695	717,980	598,265	478,550
Federal Grants*	(3,489,706)	(1,623,678)	(125,890)	(96,000)	(155,200)
Expenditure Subtotals	<u>62,706,424</u>	<u>54,813,768</u>	<u>56,807,690</u>	<u>43,553,221</u>	<u>43,374,306</u>
Net Transfers	<u>(301,796)</u>	<u>1,137,933</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
FREE BALANCE FORWARD- June 30	<u>78,608,838</u>	<u>87,122,425</u>	<u>34,389,715</u>	<u>39,691,759</u>	<u>153,003</u>
TOTAL EXPENDITURES, TRANSFERS AND BALANCE	<u>141,013,467</u>	<u>143,074,127</u>	<u>91,397,405</u>	<u>83,444,980</u>	<u>43,727,309</u>

* Federal Grant amounts are excluded from amounts above; they are included in the Federal Funds Statements.

BOND FUND

ACTUAL AND ESTIMATED RESOURCES

	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>
Cash and Unencumbered Investments (1)	<u>5,299,268</u>	<u>5,212,227</u>	<u>4,910,587</u>	<u>4,162,307</u>	<u>3,420,137</u>
Receipts Dedicated:					
Property Taxes	32,859	21,938	-	-	-
Income from Temporary Investments	2,284,858	4,461,211	3,150,000	2,800,000	2,800,000
Premiums & Accrual Interest or Bond Sold	133,014	7,810	-	-	-
General Obligation Bonds	198,025	-	-	-	-
State Colleges	306,724	816,128	826,509	826,793	821,681
Receipts Subtotal	<u>2,955,480</u>	<u>5,307,088</u>	<u>3,976,509</u>	<u>3,626,793</u>	<u>3,621,681</u>
Transfers From:					
State Airports Fund	464,310	464,885	-	-	-
Manpower Services Building Account	275,398	284,430	-	-	-
School Loan Account	1,106,552	1,435,618	1,720,445	2,340,057	2,340,435
General Fund & Delinquent Property Taxes	19,039,927	21,756,311	33,831,241	41,631,746	41,218,304
Transfers Subtotal	<u>20,886,189</u>	<u>23,941,245</u>	<u>35,551,686</u>	<u>43,971,803</u>	<u>43,558,739</u>
TOTAL RESOURCES	<u><u>29,140,938</u></u>	<u><u>34,460,611</u></u>	<u><u>44,438,783</u></u>	<u><u>51,760,904</u></u>	<u><u>50,600,557</u></u>

ACTUAL AND ESTIMATED EXPENDITURES

Redemption of State Bonds	10,963,000	13,153,000	19,807,999	25,962,999	25,977,999
Interest on State Bonds	12,933,259	16,372,902	20,468,476	22,377,767	21,938,191
Bond Expense	37,638	22,430			
Expenditure Subtotal	<u>23,933,897</u>	<u>29,548,332</u>	<u>40,276,475</u>	<u>48,340,766</u>	<u>47,916,190</u>
Investment Adjustment	(5,237)	1,691			
Cash & Unencumbered Investments(1)	5,212,278	4,910,587	4,162,307	3,420,137	2,684,367
TOTAL EXPENDITURES	<u><u>29,140,938</u></u>	<u><u>34,460,611</u></u>	<u><u>44,438,783</u></u>	<u><u>51,760,904</u></u>	<u><u>50,600,557</u></u>

(1) Includes Investments based on maturity value.

(2) Receipts and Disbursements do not include investment turnover.

MISCELLANEOUS SPECIAL REVENUE FUND

ACTUAL AND ESTIMATED RESOURCES	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>
FREE BALANCE FORWARD JULY 1	3,311,674	5,341,302	4,879,804	4,870,178	4,954,375
Receipts - Dedicated					
Departmental Earnings, Permits Licenses	3,693,644	4,097,692	4,674,314	5,160,395	5,696,693
Examining Board Earnings	2,596,888	2,977,679	3,039,125	3,110,425	3,194,525
Sale of Natural Resources	505,444	457,140	402,000	402,000	402,000
Use of Property	162,193	110,307	112,200	113,600	115,000
Statutory Fines		1,513,951	1,700,000	1,800,000	1,900,000
Sales of Livestock	14,505	8,636	16,900		
Permanent School Fund Income	13,856,701	15,634,973	15,742,749	16,346,887	16,805,887
Repayment & Interest on School Loans	8,377,915	4,607,113	4,050,000	6,100,000	2,500,000
Sale of General Obligation Bonds					2,000,000
Object of Private Trusts	104,549	114,514	133,300	300,000	300,000
All Other	<u>163,447</u>	<u>203,502</u>	<u>170,048</u>	<u>162,920</u>	<u>169,950</u>
Receipts Subtotal	<u>29,475,290</u>	<u>29,725,511</u>	<u>30,040,636</u>	<u>33,496,227</u>	<u>33,084,055</u>
TOTAL RESOURCES	32,786,965	35,066,813	34,920,441	38,366,405	38,038,430
ACTUAL AND ESTIMATED EXPENDITURES					
Expenditures of Legislative Appropriation					
Division of Game and Fish	314,371	557,562	565,000	550,000	550,000
Expenditure of Dedicated Receipts and Balances					
Department of Administration	50,587	48,188	58,000	58,000	58,000
Department of Public Safety	773,330	2,477,647	2,941,878	3,360,750	3,492,534
Department of Military Affairs	1,036	23,260	40,680		
Department of Commerce	226,859	257,942	269,936	275,639	280,499
Department of Public Service	414,095	455,136	444,394	453,487	456,780
Department of Labor and Industry	22,530	16,817	22,415	53,666	53,666
Examining Boards	1,915,666	2,106,922	2,215,000	2,305,000	2,410,000
Department of Agriculture	577,214	633,529	737,073	774,459	776,653
Manpower Services Contingent	9,904	5,067	8,000	8,000	8,000
School Loan Committee	7,071,783	4,842,970	4,201,409	4,746,887	3,055,887
Division of Forestry	498,160	391,067	502,682	488,300	488,300
Water, SOils and Minerals	79,957	100,909	188,426	133,796	134,651
Division of Game and Fish	9,924	(130,982)	14,340		
Department of Health	116,384	113,619	126,155	140,612	154,902
Livestock Contingent	10,059	5,472	16,900		
Department of Corrections	70,615	79,745	95,000	100,000	100,000

MISCELLANEOUS SPECIAL REVENUE FUND (Cont.)

	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>
Endowment School Apportionment	12,376,345	13,686,069	13,999,284	14,500,000	15,000,000
Livestock Sanitary Board		30	400		
All Other	281	21,974	19,414	20,000	22,500
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Expenditure Subtotal	24,539,108	25,692,951	26,466,387	27,968,596	27,042,772
Transfers to General Fund	1,799,446	1,464,242	1,928,875	2,193,434	2,668,257
Transfers to Bond Fund	1,107,108	3,029,815	1,655,000	3,250,000	3,250,000
FREE BALANCE FORWARD JUNE 30	<u>5,341,302</u>	<u>4,879,804</u>	<u>4,870,178</u>	<u>4,954,375</u>	<u>5,077,401</u>
TOTAL EXPENDITURES, TRANSFERS AND BALANCE	32,786,965	35,066,813	34,920,441	38,366,405	38,038,430

IRON RANGE RESOURCES AND REHABILITATION COMMISSION

ACTUAL AND ESTIMATED RESOURCES	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>
FREE BALANCE FORWARD JULY 1	612,686	518,245	536,643	533,102	369,546
RECEIPTS - DEDICATED:					
Occupation Tax on Iron Ore	465,600	364,586	325,000	300,000	228,000
Revenue From Use of Property	39,555	42,252	66,862	69,454	69,404
Sales of Crop and Equipment	4,922	1,037			
Tax on Taconite and Iron Sulphides		168,887	337,774	337,774	337,774
Reimbursements and Reductions of Expenditures	49,500	53,250	73,106	72,496	63,696
Federal Grants	<u>*137,005</u>	<u>*14,753</u>		<u>*10,588</u>	
RECEIPTS SUBTOTAL	<u>559,579</u>	<u>630,014</u>	<u>802,742</u>	<u>779,724</u>	<u>698,874</u>
 TOTAL RESOURCES	 1,172,266	 1,148,259	 1,339,385	 1,312,826	 1,068,420
 ACTUAL AND ESTIMATED EXPENDITURES					
Expenditure of Legislative Appropriations:					
University of Minnesota	150,000	75,000	75,000	150,000	150,000
Expenditure of Dedicated Receipts & Balance:					
Iron Range Resources & Rehabilitation Commission	<u>591,442</u>	<u>549,204</u>	<u>730,533</u>	<u>803,118</u>	<u>493,618</u>
EXPENDITURE SUBTOTAL	741,442	624,204	805,533	953,118	643,618
Transfers Out:					
General Fund	230	728	750	750	750
Division of Waters, Soils and Minerals	50,000				
Department of Taxation		1,436			
Transfers In:	(646)				
Federal Grants:	(137,005)*	(14,753)*		(10,588)*	
TOTAL EXPENDITURES & TRANSFERS	654,021	611,616	806,283	943,280	644,368
Free Balance Forward June 30	<u>518,245</u>	<u>536,643</u>	<u>533,102</u>	<u>369,546</u>	<u>424,052</u>
TOTAL EXPENDITURES, TRANSFERS & BALANCES	<u><u>1,172,266</u></u>	<u><u>1,148,259</u></u>	<u><u>1,339,385</u></u>	<u><u>1,312,826</u></u>	<u><u>1,068,420</u></u>

* Federal grant receipts are not included in receipt total in this fund statement, but are included in the Federal Fund statement.

GAME AND FISH FUND

ACTUAL AND ESTIMATED RESOURCES	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>
FREE BALANCE FORWARD JULY 1	357,374	2,091,497	2,091,821	3,163,274	3,169,555
Receipts - Dedicated:					
Fines and Seizures	96,356	86,727	95,000	90,000	90,000
Occupational Licenses	128,057	135,144	140,000	127,885	127,885
Non-Occupational Licenses	7,699,130	6,728,027	8,596,000	8,734,918	8,734,918
Rents and Miscellaneous	84,525	83,956	64,342	54,000	54,000
Sale of Fish, etc.	71,851	70,627	80,000	70,000	70,000
Federal Grants	<u>1,623,941*</u>	<u>140,197*</u>			
Receipts - Subtotal	<u>8,079,918</u>	<u>7,104,481</u>	<u>8,975,342</u>	<u>9,076,803</u>	<u>9,076,803</u>
TOTAL RESOURCES	8,437,293	9,195,978	11,067,163	12,240,077	12,246,358

ACTUAL AND ESTIMATED EXPENDITURES

EXPENDITURE OF LEGISLATIVE APPROPRIATION:

Dept. of Natural Resources-Administration	610,709	734,875	766,456	836,834	833,750
Division of Game and Fish	4,952,763	5,866,289	5,973,538	6,621,646	6,134,821
Division of Enforcement and Field Service	2,231,621	2,117,595	1,939,077	2,870,434	2,829,984
Game and Fish Contingent		100,000		100,000	
Legislative Claims	4,143	6,960			
State Agency Revolving	14,561	11,109	11,608	11,608	12,000
Unemployment Compensation	40,542		120,744		
Workmen's Compensation	26,231		30,966		
Public Hunting Grounds	56,705	178,992	120,000	120,000	120,000
Conservation Expansion Program		100,000			
Cancellations	(7,021)	(640,646)	(662,000)	(600,000)	(600,000)
Transfers In-Federal		(1,302,894)*	(956,500)*	(950,000)*	(1,100,000)*
Federal Grants	<u>(1,623,941)*</u>	<u>(140,197)*</u>			
Expenditure Subtotal	6,306,313	7,032,083	7,343,889	9,010,522	8,230,555
Transfer to General Fund	39,483	72,074	560,000	60,000	60,000
Free Balance Forward	<u>2,091,497</u>	<u>2,091,821</u>	<u>3,163,274</u>	<u>3,169,555</u>	<u>3,955,803</u>
TOTAL EXPENDITURES, TRANSFERS AND BALANCES	8,437,293	9,195,978	11,067,163	12,240,077	12,246,358

*Federal Funds are not included in this fund statement but are included in the Federal Fund Statement

CONSOLIDATED CONSERVATION AREAS FUND

ACTUAL AND ESTIMATED RESOURCES	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>
ACTUAL AND ESTIMATED RESOURCES					
Free Balance Forward	86,338	301,541	385,940	465,780	606,668
Receipts: Dedicated:					
Use of Property	4,603	8,505	5,000	5,000	5,000
Sale of Natural Resources Increment	259,214	181,938	164,975	206,400	178,000
Sale of Real Property	46,775	47,873	40,000	40,000	40,000
Interest & Miscellaneous	<u>9,777</u>	<u>12,455</u>	<u>1,550</u>	<u>1,550</u>	<u>1,550</u>
Receipts Subtotal	<u>320,369</u>	<u>250,771</u>	<u>211,525</u>	<u>252,950</u>	<u>224,550</u>
TOTAL RESOURCES	406,707	552,312	597,465	718,730	831,218
ACTUAL AND ESTIMATED EXPENDITURES					
Expenditures of Dedicated Receipts and Balances					
Consolidated Conservation Areas	5,086	5,932	6,300	6,300	6,300
Distribution to Counties	<u>100,080</u>	<u>160,440</u>	<u>125,385</u>	<u>105,762</u>	<u>126,475</u>
Expenditures Subtotal	105,166	166,372	131,685	112,062	132,775
Free Balance Forward	<u>301,541</u>	<u>385,940</u>	<u>465,780</u>	<u>606,668</u>	<u>698,443</u>
TOTAL EXPENDITURES AND BALANCES	<u><u>406,707</u></u>	<u><u>552,312</u></u>	<u><u>597,465</u></u>	<u><u>718,730</u></u>	<u><u>831,218</u></u>

STATE AIRPORTS FUND

ACTUAL AND ESTIMATED RESOURCES	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>
FREE BALANCE FORWARD JULY 1	3,594,724	5,620,446	(724,164)	1,513,813	(2,175,368)
Receipts - Dedicated:					
Flight Property Tax	1,663,138	1,626,050	1,700,000	1,800,000	1,900,000
Aviation Fuel Tax	10,149,318	11,922,448	11,500,000	12,700,000	12,700,000
Aircraft Registration Tax	375,847	442,609	450,000	455,000	460,000
Airman Registration	8,164	2,261	8,500	2,500	9,000
Aircraft Dealers Plates	330	390	390	390	400
Income From Investments	409,616	306,854	400,000	425,000	425,000
Runway Striping Reimbursements	7,228	13,248	15,000	15,000	15,000
RePayment of Loans to Municipalities	63,554	88,572	100,000	120,000	130,000
Receipts Subtotal	<u>12,677,197</u>	<u>14,402,434</u>	<u>14,173,890</u>	<u>15,517,890</u>	<u>15,639,400</u>
TOTAL RESOURCES	16,271,921	20,022,881	13,449,725	17,031,703	13,464,031
ACTUAL AND ESTIMATED EXPENDITURES					
Expenditure of Legislative Appropriations:					
Department of Aeronautics	402,927	9,583,069	471,437	7,189,923	542,279
Payroll Preparation	646	537	562	562	562
Indep. School District No. 16 Anoka	9,750	9,750	9,750	9,750	9,750
Expenditure of Dedicated Receipts and Balances:					
Dept. of Aeronautics - Hanger Revolving	76,490	(324,860)	350,000	300,000	150,000
Revenue Refunds - Aviation Fuel Tax	8,660,417	10,585,842	10,000,000	11,200,000	11,200,000
Dept. of Aeronautics (Investments)	1,062,356	442,047	626,149	30,171	30,171
Less Cancellations	(33,475)	(13,717)	(13,658)		
Less Transfer In		(10,691)			
Expenditure Subtotal	<u>10,179,111</u>	<u>20,271,978</u>	<u>11,444,240</u>	<u>18,730,406</u>	<u>11,932,762</u>
Transfers to General Fund	8,053	10,182	26,502	11,500	11,500
Transfers to Bond Fund	464,310	464,885	465,170	465,165	464,870
FREE BALANCE FORWARD JUNE 30	<u>5,620,446</u>	<u>(724,164)</u>	<u>1,513,813</u>	<u>(2,175,368)</u>	<u>1,054,898</u>
TOTAL EXPENDITURES, TRANSFERS AND BALANCES	16,271,921	20,022,881	13,449,725	17,031,703	13,464,031

TRUNK HIGHWAY FUND

ACTUAL AND ESTIMATED RESOURCES	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>
Free Balance Forward July 1	21,409,473	41,516,057	29,957,847	3,000,000	10,368,631
Dedicated Receipts:					
Drivers License	2,360,000	4,767,904	5,910,000	5,800,000	5,900,000
Patrol Fines	1,307,099	(effective 7/1/71 accounted for as transfer in)			
Misc. Cash Receipts	1,688,898	1,764,294	1,900,000	1,950,000	2,000,000
Accounts Receivable	3,929,479	5,578,126	5,600,000	5,700,000	5,800,000
Interest on Investments	5,254,693	6,370,489	5,265,000	4,000,000	3,000,000
Sale of Bonds	39,409,146				
Advance by Municipalities	1,250,000				
Insurance Refund	195,915				
*Federal Aid	90,005,154	93,636,331	48,000,000	80,000,000	80,000,000
Receipts Subtotal	55,395,230	18,480,813	18,675,000	17,450,000	16,700,000
Transfers from Hwy. User Tax Fund	118,834,903	121,662,848	129,538,032	136,938,672	143,350,272
TOTAL RESOURCES	<u>195,639,606</u>	<u>181,659,718</u>	<u>178,170,879</u>	<u>157,388,672</u>	<u>170,418,903</u>

ACTUAL AND ESTIMATED EXPENDITURES

Expenditure of Legislative Appropriations:					
Department of Highways	11,074,307	86,400,368	94,805,233	92,752,689	91,117,522
Other State Departments	9,491,804	16,330,712	15,631,247	17,889,250	17,805,460
Minnesota Safety Council Inc.	40,000	45,000	45,000	47,500	47,500
Highway Safety Account	331,010	(transferred to special revenue fund)			
Mississippi River Pkwy. Comm.	4,666	3,313	5,000	5,000	5,000
Legislative Claims	74,542		83,335		75,000
State Agency Revolving	2,667	2,667	2,667	3,000	3,000
Expenditure of Dedicated Receipts:					
Department of Highways	68,364,262	(Established by appropriation, years 1972-75)			
Construction	154,790,603	139,843,770	142,252,000	105,557,801	119,821,620
Debt and Interest	8,254,880	9,590,000	9,471,700	12,323,500	11,354,800
Repayment of Advance	355,000	1,265,397	529,000	429,000	429,000
Weigh & Vehicle Inspection		286,000	310,000	319,157	319,157
Patrol Arrest Expense	13,500	(transferred to Dept. of Public Safety)			
Cancellations	(9,343,337)	(6,314,441)	(3,000,000)		
Less Transfers In	(222,884)	(2,201,861)	(2,700,000)	(3,376,856)	(3,482,514)
Federal Aid	(90,005,154)	(93,636,331)	(84,000,000)	(80,000,000)	(80,000,000)
Expenditure Subtotal	153,225,866	151,614,594	173,435,182	145,950,041	157,495,545
Transfer to General Fund	897,683	87,277	1,735,697	1,070,000	1,105,000
Free Balances Forward June 30	41,516,057	29,957,847	3,000,000	10,368,631	11,818,358
TOTAL EXPENDITURES, TRANSFERS & BALANCES	<u>195,639,606</u>	<u>181,659,718</u>	<u>178,170,879</u>	<u>157,388,672</u>	<u>170,418,903</u>

* Federal Aid receipts are excluded from totals shown above but are in the Federal Fund Statement.

HIGHWAY USER TAX DISTRIBUTION FUND

ACTUAL AND ESTIMATED RESOURCES	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>
Free Balance Forward July 1			3,504,275	3,504,275	2,639,908
Dedicated Receipts:					
Motor Fuel Tax	129,061,056	135,075,191	143,000,000	151,000,000	160,000,000
Motor Vehicle Tax	<u>66,141,724</u>	<u>67,910,028</u>	<u>70,564,000</u>	<u>73,386,000</u>	<u>76,321,000</u>
Receipts Sub TOTAL	195,202,780	202,985,219	213,564,000	224,386,000	236,321,000
Less Transfers to Trunk Hwy. Fund	118,834,903	121,662,848	129,538,032	136,938,672	143,350,272
Less Transfers to County Highway Fund	54,465,997	55,762,138	59,371,598	62,763,557	65,702,208
Less Transfers to Municipal Street Fund	17,139,650	17,547,526	18,683,370	19,750,771	20,675,520
Less Transfers to Natural Resources	<u>400,332</u>	<u>905,702</u>	<u>975,000</u>	<u>1,015,000</u>	<u>1,075,000</u>
TOTAL RESOURCES	<u><u>4,361,898</u></u>	<u><u>7,107,005</u></u>	<u><u>8,500,275</u></u>	<u><u>7,422,275</u></u>	<u><u>8,157,908</u></u>
ACTUAL AND ESTIMATED EXPENDITURES					
Actual & Estimated Expenditures of Legislative Appropriations					
Department of Public Safety	3,024,229	3,175,647	3,396,970	4,544,367	4,429,936
Special Computer Projects		229,000			
Postage Contingent		125,000		125,000	
Interstate Registration & Reciprocity		50,000		50,000	
Operating Contingent		25,000		25,000	
Advolorem Tax Administration		125,000			
Legislative Claims	1,106				
State Agency Revolving	137	137	137	137	137
Refund from Prior Year Appropriation		(154,855)		(150,000)	
Expenditure Subtotal	<u>3,025,472</u>	<u>3,574,929</u>	<u>3,397,107</u>	<u>4,594,504</u>	<u>4,430,073</u>
Transfers to General Fund	123,167	27,801	278,893	187,863	204,000
Cost of Collection Gasoline Tax	1,213,259		1,320,000		1,450,000
Reserve		<u>3,504,275</u>	<u>3,504,275</u>	<u>2,639,908</u>	<u>2,073,835</u>
TOTAL EXPENDITURES, TRANSFERS & BALANCES	<u><u>4,361,898</u></u>	<u><u>7,107,005</u></u>	<u><u>8,500,275</u></u>	<u><u>7,422,275</u></u>	<u><u>8,157,908</u></u>

COUNTY STATE AID HIGHWAY FUND

ACTUAL AND ESTIMATED RESOURCES	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>
Free Balance Forward July 1	44,171,435	42,767,495	43,566,521	44,933,781	46,957,738
Dedicated Receipts:					
Interest on Investments	2,634,859	1,920,568	2,000,000	2,100,000	2,200,000
Life Insurance Premiums	1,285	70			
Internal Improvement Land-Interest	<u>11,816</u>	<u>24,431</u>	<u>19,554</u>	<u>10,000</u>	<u>10,000</u>
Receipts Sub TOTAL	2,647,960	1,945,069	2,019,554	2,110,000	2,210,000
Transfers from Hwy. User Tax Fund	54,465,997	55,762,138	59,371,598	62,763,557	65,702,208
TOTAL RESOURCES	<u>101,285,392</u>	<u>100,474,702</u>	<u>104,957,673</u>	<u>109,807,338</u>	<u>114,869,946</u>
ACTUAL AND ESTIMATED EXPENDITURES	58,517,897	56,908,181	60,023,892	62,849,600	73,519,200
Free Balance Forward June 30	42,767,495	43,566,521	44,933,781	46,957,738	41,350,746
TOTAL EXPENDITURES, AND BALANCES	<u>101,285,392</u>	<u>100,474,702</u>	<u>104,957,673</u>	<u>109,807,338</u>	<u>114,869,946</u>

MUNICIPAL STATE AID STREET FUND

ACTUAL AND ESTIMATED RESOURCES	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>
Free Balance Forward July 1	24,506,986	26,486,948	27,994,772	28,251,026	29,159,397
Dedicated Receipts:					
Interest on Investments	1,576,117	1,323,759	1,400,000	1,500,000	1,600,000
Insurance Refund	<u>309</u>	<u>15</u>			
Receipts Sub TOTAL	1,576,426	1,323,774	1,400,000	1,500,000	1,600,000
Transfers from Hwy. User Tax Fund	17,139,650	17,547,526	18,683,370	19,750,771	20,675,520
TOTAL RESOURCES	<u>43,223,062</u>	<u>45,358,248</u>	<u>48,078,142</u>	<u>49,501,797</u>	<u>51,434,917</u>
ACTUAL AND ESTIMATED EXPENDITURES	16,736,114	17,363,476	19,827,116	20,342,400	20,924,800
Free Balance Forward June 30	26,486,948	27,994,772	28,251,026	29,159,397	30,510,117
TOTAL EXPENDITURES AND BALANCES	<u>43,223,062</u>	<u>45,358,248</u>	<u>48,078,142</u>	<u>49,501,797</u>	<u>51,434,917</u>

TRUST FUNDS

ACTUAL AND ESTIMATED RESOURCES	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>
Free Balance Forward July 1	444,311	311,062	233,400	59,347	62,247
Receipts - Dedicated:					
Iron Ore Royalties	1,892,824	1,630,772	1,580,000	1,480,000	1,380,000
Other Income From Trust Fund Lands	473,794	410,809	422,300	422,300	422,300
Amortization of Discounts on Sales Premiums	232,317	7,051	60	60	60
Income From Investments, etc.	414,581	(283,042)	12,540	12,540	12,540
Profit from Sale of Stock	991,026	1,293,018	1,300,000	1,300,000	1,300,000
Objects of Private Trust	8,343	49,926	10,000	10,000	10,000
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Receipts Subtotal	4,012,888	3,108,553	3,324,900	3,224,900	3,124,900
TOTAL RESOURCES	4,457,199	3,419,598	3,558,300	3,284,247	3,187,147
ACTUAL AND ESTIMATED EXPENDITURES					
Expenditures of Dedicated Receipts and Balances:					
Permanent School Fund	2,623,398	2,067,112	2,391,938	2,393,000	2,393,000
Internal Improvement Land Fund	903	882	900	900	900
Remitted to University of Minnesota	1,502,775	1,065,212	1,083,614	805,600	705,600
Endowment Investment Income	19,059	52,991	22,500	22,500	22,500
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Expenditure Subtotal	4,146,137	3,186,197	3,498,952	3,222,000	3,122,000
REAPPROPRIATED BALANCE JUNE 30	311,062	233,400	59,347	62,247	65,147
TOTAL EXPENDITURES AND BALANCES	4,457,199	3,419,598	3,558,300	3,284,247	3,187,147

Note: Receipts and Expenditures shown above are net of investment maturities and sales.

AGENCY FUND

ACTUAL AND ESTIMATED REOURCES	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>
FREE BALANCE FORWARD JULY 1	32,494,955	32,683,210	23,406,678	27,213,134	35,139,590
Receipts - Dedicated:					
Special Taxes Redistributed to Local Subdivisions					
City Sales Taxes	1,487,691	1,629,992	1,700,000	1,750,000	1,750,000
Gross Earning Tax on Railroads	948,001	1,959,254	1,692,000	1,974,000	1,974,000
Rural Electric Cooperative Tax	26,814	27,720	28,000	28,500	28,500
Bank Excise Tax	9,172,773				
Inheritance Tax	3,734,825	4,687,758	5,000,000	4,000,000	4,000,000
Occupation Tax on Taconite	4,909,581	7,470,978	7,829,500	8,714,000	8,714,000
Intoxicating Liquor Tax		2,859,388			
Vessel Tonnage Tax	3,251	1,880			
Mobile Home Tax	4,144,604	618,389	13,908		
Iron Ore Royalties	321,152	653,066	427,600	926,800	866,600
Sale of Timber, Etc.	67,616	66,821	66,200	66,200	66,200
Copper-Nickel Royalties	108,583	40,753	21,775	36,000	17,800
Use of Property	8,534	14,681	9,000	9,000	9,000
Other	5,616	5,613	4,355	4,355	4,355
Retirement Contributions					
Teachers Retirement Association	20,179,278	23,740,284	25,454,110	24,640,000	25,333,000
Minn. State Retirement System	16,970,063	18,158,711	19,000,000	19,830,000	20,300,000
Public Employees Retirement Association	38,228,775	42,276,755	39,225,000	41,225,000	43,225,000
Highway Patrolmens Retirement Association	1,836,688	2,014,250	2,050,000	2,155,000	2,160,000
Judges Survivors Retirement Compensation	69,159	74,271	77,700	81,700	85,700
College Personnel Supplement Retirement	706,180	950,980	1,146,103	1,284,975	1,412,623
PERA - Police & Fire	4,245,665	5,072,649	4,910,000	5,010,000	5,110,000
Federal Insurance Contributions	61,396,957	70,738,538	85,418,000	96,621,000	106,283,000
Sale of Stores for Resale	243,186	245,726	235,122	203,400	203,400
Income from Investments	23,412,244	27,571,307	31,309,223	34,905,055	37,929,994
Object of Private Trust	1,174,295	1,906,059	1,702,965	1,778,517	1,687,023
Deposits from Other Civil Divisions	12,436,600	8,969,256	9,398,503	9,832,666	10,340,720
Inmate Deposits	2,445,592	2,296,596	2,629,915	2,633,490	2,635,930
All Other	7,979,211	370,984	436,020	489,291	438,291
Receipts Sub total	<u>216,262,945</u>	<u>224,422,673</u>	<u>239,785,001</u>	<u>258,198,950</u>	<u>274,575,137</u>
TOTAL RESOURCES	<u>248,757,901</u>	<u>257,105,884</u>	<u>263,191,679</u>	<u>285,412,084</u>	<u>309,714,727</u>

AGENCY FUND (Cont.)

ACTUAL AND ESTIMATED EXPENDITURES	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>
Expenditure of Dedicated Receipts and Balance					
Department of Labor and Industry	634,199	372,804	857,548	1,307,646	1,607,646
State Planning Agency	37,814	46,311	(39,464)		
Department of Natural Resources	16,596	71,263	70,643		
Public Welfare (Gift)	1,549,763	1,569,039	1,724,670	1,604,106	1,604,340
Corrections (Gifts)	8,596	7,324	171,774	1,000	1,000
Public Welfare - Social Welfare	2,804,557	2,238,572	2,486,145	2,403,095	2,403,095
Corrections - Social Welfare	800,117	807,616	779,931	783,461	783,866
Education	10,457	42,689	16,178	170,000	151,986
State College Board	12,088	49,626	98,688	3,180	2,690
Junior College Board	148,415	198,766	235,800	242,879	242,800
Arts Council	50,679	40,081	8,084	5,000	5,000
Governor	216	5,015	58,114		
Retirement Associations					
Teachers Retirement	30,683,605	31,740,944	38,524,733	38,949,579	40,757,380
College Supplement Retirement	690,763	901,547	1,248,897	1,250,025	1,442,377
Minn. State Retirement	21,605,231	23,918,519	24,900,000	25,990,000	26,720,000
Public Employees	45,428,178	51,469,079	49,725,000	53,225,000	56,225,000
Highway Patrol	2,033,018	2,540,247	2,200,000	2,400,000	2,500,000
Judges Survivors	98,430	105,375	112,000	119,000	136,000
PERA - Police & Fire	5,176,768	6,046,559	6,255,000	6,655,000	7,010,000
Return of Deposits	473,088	493,706	482,100	484,200	485,200
Special Tax Aids to Local Subdivisions	25,252,142	25,854,815	17,160,488	17,341,438	17,436,368
Department of Health	33,996	45,432	45,683	35,073	35,073
Federal Insurance Contributions	60,190,063	70,657,085	80,405,000	88,816,000	97,713,000
Education Employees Rmt. Annuity	124,107	123,722	136,000	160,000	165,000
Highway	17,986,129	8,200,030	7,923,012	8,000,000	8,000,000
All Other	37,601	37,730	42,426	43,525	44,525
Expenditures Sub TOTAL	<u>215,886,625</u>	<u>227,583,907</u>	<u>235,780,455</u>	<u>249,989,207</u>	<u>265,472,346</u>
Transfer to General Fund	188,064	6,115,299	198,090	283,287	273,427
Free Balance Forward June 30	32,683,210	23,406,678	27,213,134	35,139,590	43,968,954
TOTAL EXPENDITURES, TRANSFERS AND BALANCES	<u><u>248,757,901</u></u>	<u><u>257,105,884</u></u>	<u><u>263,191,679</u></u>	<u><u>285,412,084</u></u>	<u><u>309,714,727</u></u>

REVOLVING FUNDS

ACTUAL AND ESTIMATED RESOURCES	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>
Free Balance Forward July 1	1,477,447	1,751,131	1,091,756	1,914,080	751,142
Receipts - Dedicated:					
Service Fees	4,617,992	5,531,979	7,103,004	7,660,892	7,783,517
Sales of Manufactures	188,567	186,239	207,834	46,800	46,800
Stores for Resale	2,258,832	2,293,402	2,795,232	2,833,976	3,026,498
Deposits and Reimbursements for Postage	1,440,721	1,785,238	2,000,000	2,127,319	2,205,671
Automobile Rentals	835,596	1,027,329	1,055,526	1,126,228	1,167,708
Area Redevelopment Loan Repayment & Interest	73,325	72,903	115,000	75,000	75,000
Reimbursement for Employees Workmans Comp.	1,387,142	467,925	1,500,000	550,000	1,650,000
Use of Property	207,634	545,414	1,041,000	1,118,071	1,154,323
Other Receipts	1,042,908	1,323,311	1,503,485	1,748,320	1,787,215
Receipts Subtotal	12,052,720	13,233,744	17,321,081	17,286,606	18,896,732
TOTAL RESOURCES	<u>13,530,167</u>	<u>14,984,875</u>	<u>18,412,838</u>	<u>19,200,686</u>	<u>19,647,874</u>
ACTUAL AND ESTIMATED EXPENDITURES					
Expenditures of Dedicated Receipts:					
Department of Public Examiner	692,263	801,365	997,669	1,037,412	1,043,859
Department of Taxation	210,085	56,170	57,230	300,000	265,000
Department of Administration	8,409,886	10,649,707	12,356,566	13,904,049	14,416,153
Area Redevelopment Lands & Administration	130,477	237,548	61,127		
Division of State Parks	183,285	396,938	427,800	400,000	400,000
Department of Agriculture	6,987	9,230	8,500	9,575	9,575
Institutional - Diversified Labor	189,424	209,299	211,360	46,258	45,675
State Employees Workmans Compensation	1,014,736	764,835	1,446,731	1,637,269	1,637,269
Education - Storage Revolving	292	6,380	500		
Revisor of Statutes	13,113	(49,465)	90,972	95,681	
Blind Vending Stands	42,078	84,707	73,361	64,000	68,000
Expenditure Subtotal	10,892,630	13,166,716	15,731,816	17,494,244	17,885,531
Transfers to General Funds	886,405	726,402	766,941	955,300	956,350
Free Balance Forward June 30	1,751,131	1,091,756	1,914,080	751,142	805,993
TOTAL EXPENDITURES TRANSFERS & BALANCES	<u>13,530,167</u>	<u>14,984,875</u>	<u>18,412,838</u>	<u>19,200,686</u>	<u>19,647,874</u>

* This statement does not include the Prison Revolving Fund which is presented in a separate fund statement.

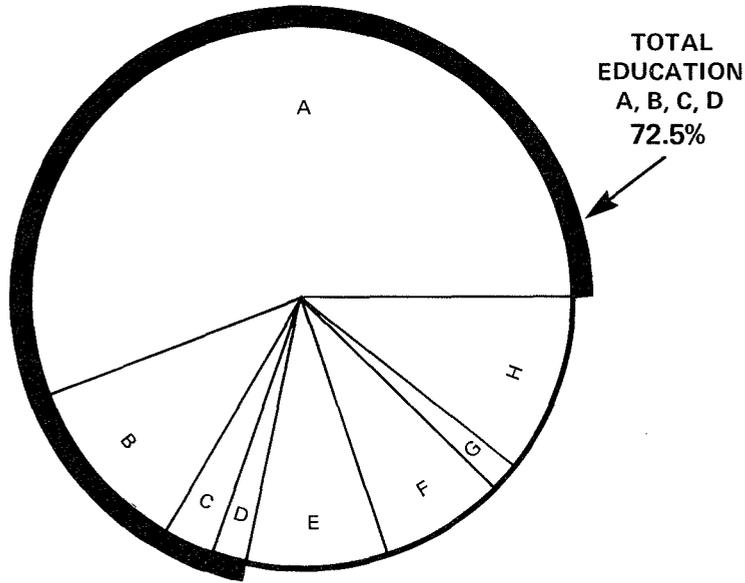
PRISON REVOLVING FUND

ACTUAL AND ESTIMATED RESOURCES	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>
FREE BALANCE FORWARD JULY 1	1,880,676	1,287,824	678,630	69,080	15,000
Receipts - Dedicated:					
Manufacturing	1,799,009	1,773,709	1,637,000	1,723,000	1,834,000
All Other Receipts	<u>64,736</u>	<u>32,224</u>	<u>231,800</u>	<u>31,800</u>	<u>31,800</u>
Receipts Subtotals	<u>1,863,745</u>	<u>1,805,933</u>	<u>1,868,800</u>	<u>1,754,800</u>	<u>1,865,800</u>
TOTAL RESOURCES	3,744,421	3,093,758	2,547,430	1,823,880	1,880,800
ACTUAL AND ESTIMATED EXPENDITURES					
Expenditures of Dedicated Receipts and Balances:					
Prison Industries	2,256,596	2,340,128	2,403,350	1,808,880	1,876,800
Transfer to General Fund	<u>200,000</u>	<u>75,000</u>	<u>75,000</u>	<u> </u>	<u> </u>
Expenditures and Transfers Subtotals	2,456,596	2,415,128	2,478,350	1,808,880	1,876,800
FREE BALANCE FORWARD JUNE 30	<u>1,287,824</u>	<u>678,630</u>	<u>69,080</u>	<u>15,000</u>	<u>4,000</u>
TOTAL EXPENDITURES, TRANSFERS, AND BALANCES	3,744,421	3,093,758	2,547,430	1,823,880	1,880,800

FEDERAL FUND

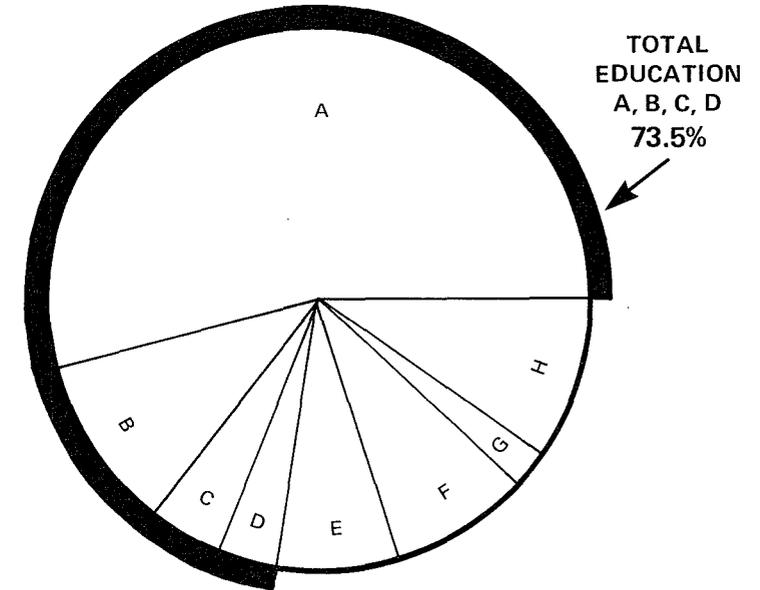
ACTUAL AND ESTIMATED RESOURCES	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>	<u>1973-74</u>	<u>1974-75</u>
FREE BALANCE FORWARD JULY 1	3,060,073	8,724,044	27,740,710	3,021,334	2,958,625
Receipts - Dedicated:					
Grant in Aid from U.S. Government	384,090,513	455,190,764	528,012,944	561,789,398	596,464,813
National Forest & Land Income, Etc.	<u>1,110,362</u>	<u>1,185,223</u>	<u>1,051,769</u>	<u>1,014,500</u>	<u>1,014,500</u>
TOTAL RESOURCES	<u>388,260,950</u>	<u>465,100,032</u>	<u>556,805,424</u>	<u>565,825,232</u>	<u>600,437,938</u>
ACTUAL AND ESTIMATED EXPENDITURES					
State Planning Agency	3,938,987	1,233,028	2,110,542	1,330,000	1,345,000
Manpower Services	14,260,973	18,112,659	21,711,479	21,824,051	21,938,011
Department of Aeronautics	1,439,680	2,643,545	4,419,314	3,448,260	6,982,830
Department of Agriculture	382,293	182,187	215,512	229,595	229,595
Department of Natural Resources	2,511,529	2,606,413	2,620,986	2,228,367	2,230,367
Iron Range Resources & Rehab. Comm.	137,005	14,753		10,588	
Public Welfare - Central Office	173,920,204	212,193,932	321,089,246	324,129,281	351,579,557
Public Welfare - Institutions	679,483	783,547	584,225	455,241	360,612
Junior College Board	521,921	618,928	1,104,206	887,384	815,886
Higher Education Coordinating Committee	212,084	293,469	329,786	300,014	300,252
Minnesota State Arts Council	131,099	217,948	332,950	485,000	535,000
Department of Public Safety	2,431,521	2,323,402	2,532,974	1,654,019	1,577,506
Office of the Governor	83,804	5,798,573	10,023,989	594,313	308,935
Department of Economic Development		97,603	130,000		
Military Affairs	2,310,254	1,273,344	507,318	556,963	580,097
Department of Education	60,532,256	68,246,317	58,905,513	88,175,765	90,096,041
Nat'l Forest & Land Aid to Counties	411,089	413,465	408,000	417,000	417,000
Governor's Crime Commission		5,801,887	8,436,851	10,000,000	12,176,000
State College Board	5,288,194	2,812,791	5,811,324	5,300,000	5,300,000
Department of Civil Service				215,075	103,223
Department of Health	6,738,633	6,675,207	7,147,872	8,025,221	7,987,918
Department of Highways	97,871,136	101,093,031	92,087,892	88,200,000	88,500,000
Department of Administration-Bldg. Fund	3,489,706	1,623,678	125,890	96,000	155,200
Pollution Control Agency	326,538	445,628	905,404	850,880	765,770
Veteran's Home	379,074	400,249	420,000	450,000	465,000
Department of Public Service	2,536	4,307			
Department of Corrections	12,439	13,185	13,550	13,750	13,750
Commission on Alcohol Problems	8,959	411,482	1,422,848	1,305,167	931,099
Minnesota Historical Society		69,094	77,847	75,000	75,000
Department of Labor & Industry		43,738	110,157	568,919	568,919
Expenditure Subtotal	<u>378,021,406</u>	<u>436,447,400</u>	<u>543,585,680</u>	<u>561,825,854</u>	<u>596,338,568</u>
Transfers to General Fund	1,515,499	911,920	10,198,409	1,040,752	1,040,752
Free Balance Forward June 30	<u>8,724,044</u>	<u>27,740,710</u>	<u>3,021,334</u>	<u>2,958,625</u>	<u>3,058,618</u>
TOTAL EXPENDITURES, TRANSFERS AND BALANCES	<u>388,260,950</u>	<u>465,100,032</u>	<u>556,805,424</u>	<u>565,825,232</u>	<u>600,437,938</u>

COMPARISON OF 1971 GENERAL FUND DIRECT APPROPRIATIONS and 1973 RECOMMENDATIONS



1971 DIRECT LEGISLATIVE APPROPRIATIONS*
\$1,947,050,355

A	ELEMENTARY & SECONDARY EDUCATION		55.4%
B	UNIVERSITY OF MINNESOTA		10.2%
C	STATE COLLEGES		4.4%
D	JR. COLLEGES AND OTHER EDUCATION		2.5%
E	INSTITUTIONS (WELFARE & CORRECTIONS)		8.2%
F	WELFARE CATEGORICAL AIDS		7.2%
G	OTHER WELFARE & CORRECTIONS		2.1%
H	GENERAL GOVERNMENT AND NON-RECURRING		10.0%
	TOTAL		100.0%



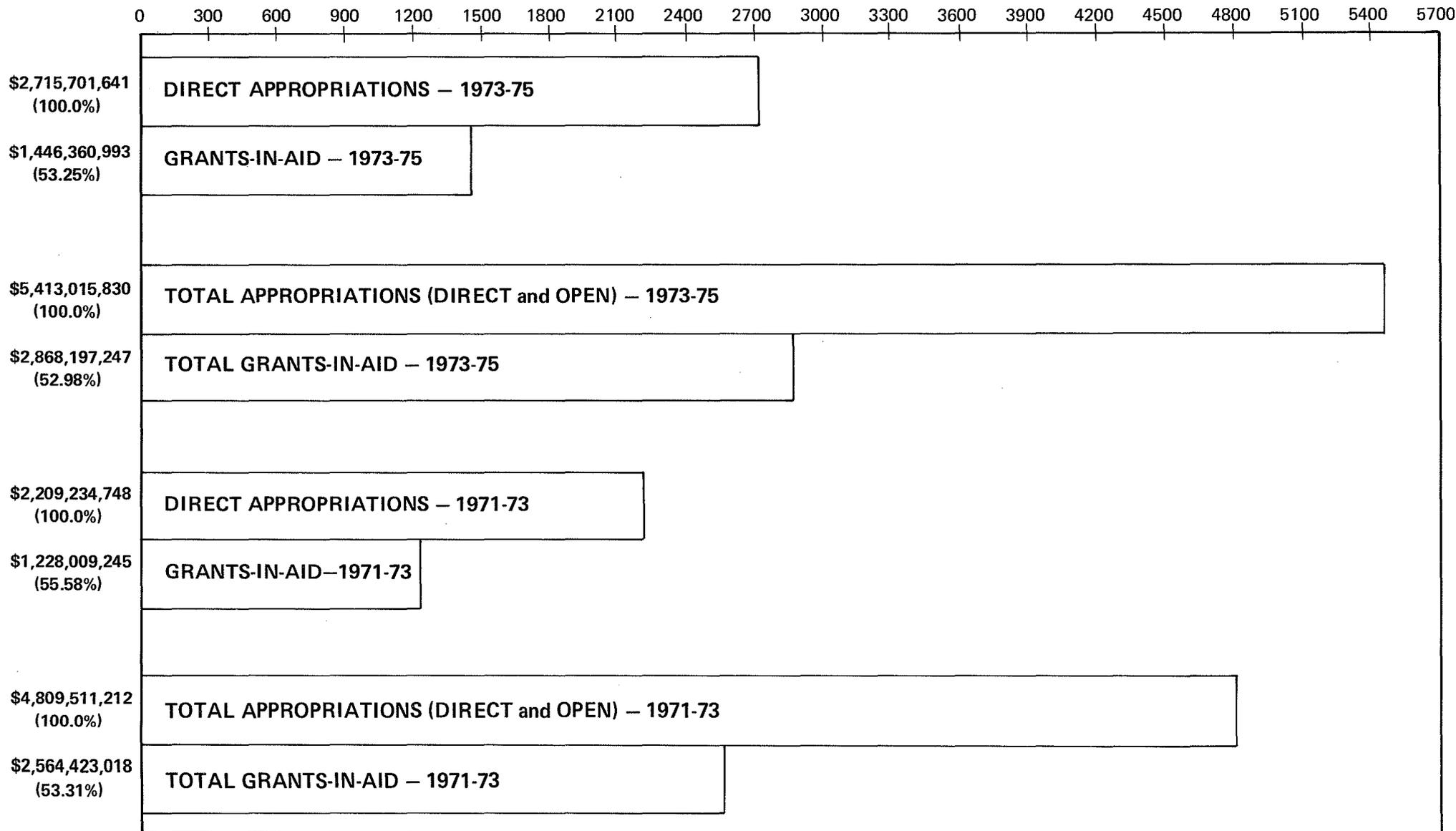
1973 RECOMMENDATIONS*
\$2,163,145,657

A	ELEMENTARY & SECONDARY EDUCATION		56.8%
B	UNIVERSITY OF MINNESOTA		10.2%
C	STATE COLLEGES		3.8%
D	JR. COLLEGES AND OTHER EDUCATION		2.7%
E	INSTITUTIONS (WELFARE & CORRECTIONS)		7.2%
F	WELFARE CATEGORICAL AIDS		8.2%
G	OTHER WELFARE & CORRECTIONS		2.1%
H	GENERAL GOVERNMENT		9.0%
	TOTAL		100.0%

*DOES NOT INCLUDE DEFICIENCY APPROPRIATIONS.

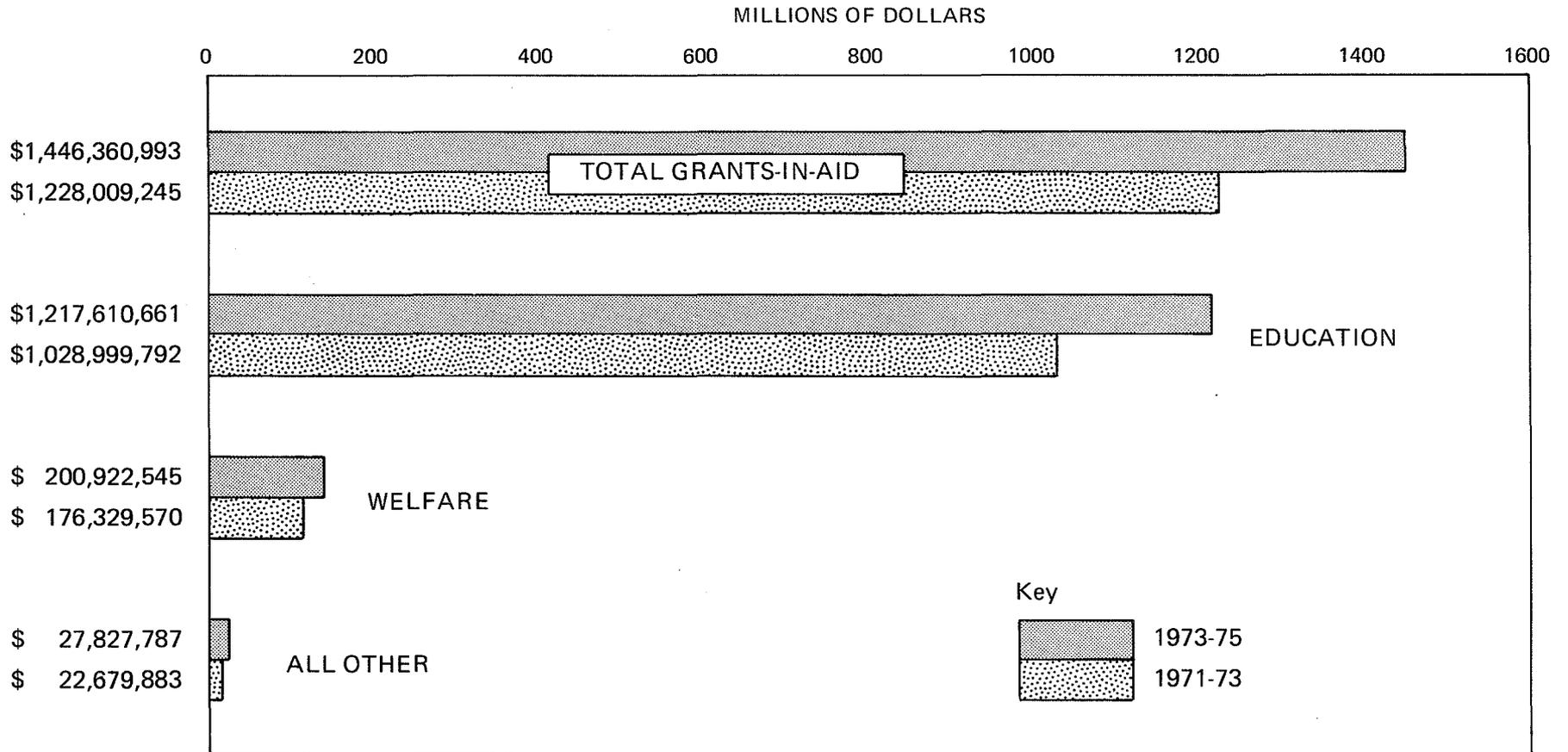
COMPARISON OF GRANTS-IN-AID TO APPROPRIATIONS 1971-73 and 1973-75 BIENNIUM

MILLIONS OF DOLLARS



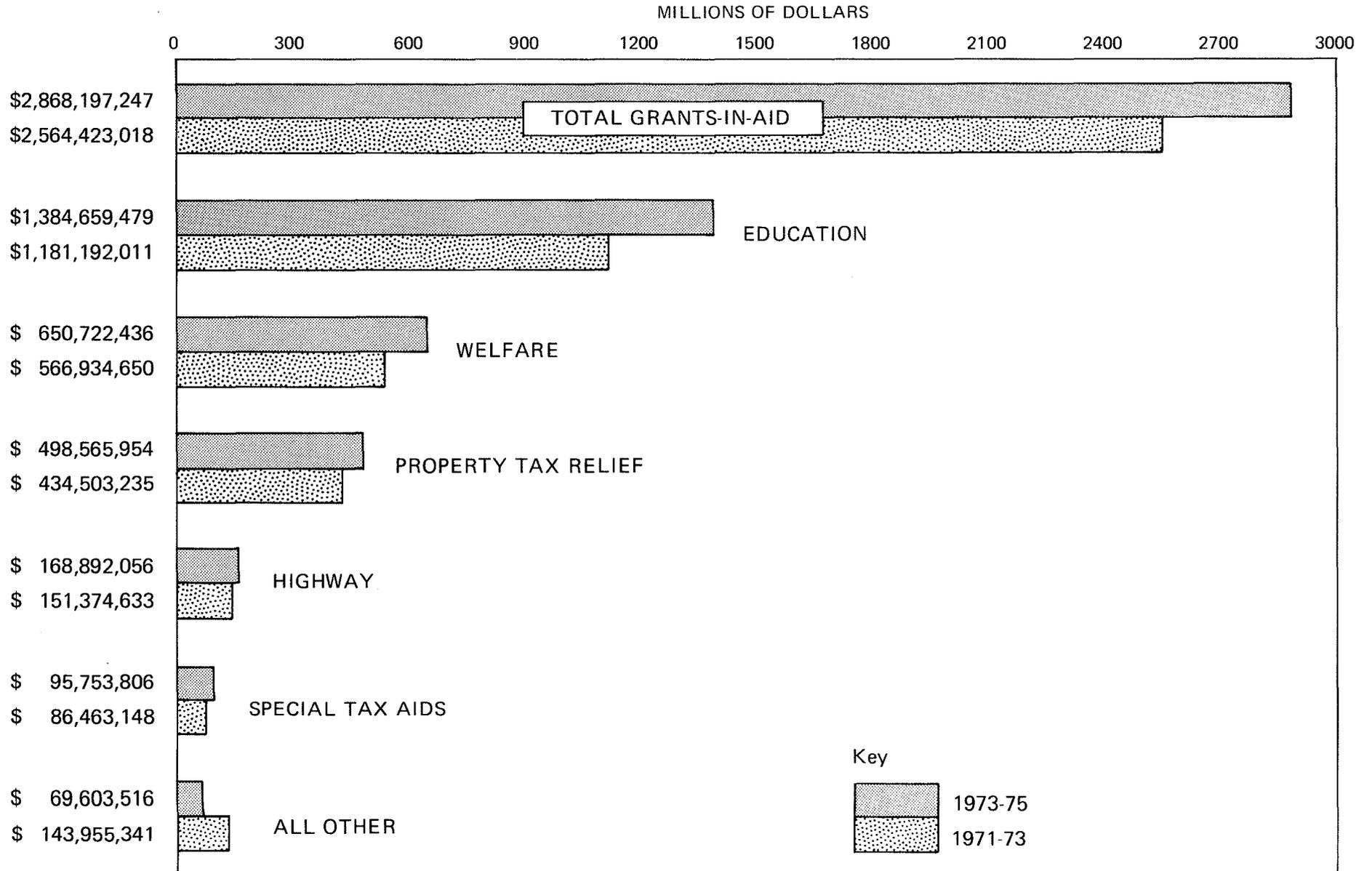
COMPARISON OF GRANTS-IN-AID BY FUNCTION FROM DIRECT APPROPRIATIONS RECOMMENDED (1973) AUTHORIZED (1971)

TOTAL RECOMMENDED APPROPRIATIONS 1973 \$2,715,701,641
TOTAL AUTHORIZED APPROPRIATIONS 1971 \$2,209,234,748



COMPARISON OF GRANTS-IN-AID BY FUNCTION FROM DIRECT AND OPEN APPROPRIATIONS RECOMMENDED (1973) AUTHORIZED (1971)

TOTAL RECOMMENDED DIRECT and OPEN APPROPRIATIONS 1973 \$5,413,015,830
TOTAL AUTHORIZED DIRECT and OPEN APPROPRIATIONS 1971 \$4,809,511,212



COMPARISON OF APPROPRIATIONS REQUIRING LEGISLATIVE ACTION (DIRECT) and APPROPRIATIONS NOT REQUIRING LEGISLATIVE ACTION (OPEN)

AUTHORIZED 1971*		\$ 4,809,511,212
DIRECT	45.9%	\$ 2,209,234,748
OPEN	54.1%	\$ 2,600,276,464

RECOMMENDED 1973*		\$ 5,413,015,830
DIRECT	50.2%	\$ 2,715,701,641
OPEN	49.8%	\$ 2,697,314,189

*THE ABOVE TOTAL DIFFERS FROM THE TOTAL EXPENDITURES REPORTED ON THE SUMMARY OF FUND STATEMENTS DUE TO THE SUBTRACTION OF \$ 532,093,037 IN 1971 & \$ 628,031,724 IN 1973. THESE AMOUNTS HAVE BEEN SUBTRACTED PRINCIPALLY TO AVOID DUPLICATE REPORTING OF EXPENDITURES.

STATE RESOURCES BY FUND

1971 - 1973

GENERAL FUND	59.1%	\$3,084,212,885
FEDERAL	18.9%	\$ 985,440,700
HIGHWAY	8.8%	\$ 458,512,727
AGENCY	8.9%	\$ 464,207,674
BUILDING	1.3%	\$ 68,740,268
ALL OTHER	3.0%	<u>\$ 156,263,954</u>
TOTAL		\$5,217,378,208

1973 - 1975

GENERAL FUND	60.2%	\$3,666,728,779
FEDERAL	19.1%	\$1,160,283,211
HIGHWAY	8.2%	\$ 500,187,000
AGENCY	8.8%	\$ 532,774,087
BUILDING	.9%	\$ 53,090,815
ALL OTHER	2.8%	<u>\$ 171,249,488</u>
ESTIMATED TOTAL		\$6,084,313,380