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GOVERNOR HAROLD LEVANDER

STATE OF MINNESOTA

BUDGET ADDRESS



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to the

65th Session of the Legislature

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**REPUBLICAN STATE CENTRAL COMMITTEE
4940 Viking Drive
MINNEAPOLIS, MINNESOTA 55435**

844 of:

BUDGET MESSAGE
of
GOVERNOR HAROLD LeVANDER

DELIVERED BEFORE THE JOINT SESSION OF
THE
MINNESOTA STATE LEGISLATURE ON
JANUARY 25, 1967

Mr. Speaker, Mr. President and Members of the Sixty-fifth Session
of the Minnesota Legislature.

Thank you for this opportunity to appear again before a Joint
Session of the House and Senate. As required by Minnesota Statute 16.15,
I present to you today the budget recommendations for the 1967 - 1969
Biennium.

I would like first to thank the Budget Division of the Department
of Administration for the competent work and cooperative assistance. I am
appreciative also of the assistance of Commissioner Hatfield who will
appear before the House and explain the reasons for reducing the budget
requests. Since his statement will be available after presentation, I
will not now, in the interest of time, discuss the rationale of the budget
reductions.

I wish also to compliment the State Departments and all the
beneficiaries of State appropriations for the care and thoroughness with
which they prepare their budget requests. Months of effort have been
consumed in preparing the details. We initiated a new procedure of having
a conference with the major department heads advising them of our reductions
and I am happy to report that we obtained almost unanimous acceptance of
our reductions.

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The following recommendations represent many hours of budget hearings, conferences and discussions. It is a mammoth responsibility. Even though ultimately final determination rests upon your decision, the obligation of your Governor to recommend is taken seriously. Although certainly not in the same position, I can now readily understand the sentiment expressed by Pope John the 23rd when he said, "It often happens that I awake at night and begin to think about a serious problem and decide I must tell the Pope about it. Then I wake up completely and remember that I am the Pope."

In this kind of judgment process different individuals could come to different conclusions. I have tried to look at all of the State's needs and responsibilities and make what, in my opinion, is a fair apportionment within the financial ability of the State.

In my Inaugural Address I discussed the major features of my legislative program. We must be concerned not only in what we have done but what we must do. I sincerely believe that this is a Decade of Decision for State Government. The years ahead will determine if history shall remember Minnesota Government as vital or vestigial. I believe that the last election demonstrated that the people of Minnesota have confidence in you and that they want you to revitalize State Government. In this bold and ambitious tenor of our times it is incumbent upon us to take up the burden and give our people the blessing of a strong State, ready and willing to educate its young people, ready to oppose the onslaught of crime, to ease the unrest of racial tension, to improve the recreational opportunities of our great State so richly blessed by ample natural resources, to provide the mechanics of governing ourselves even under new

congestions of population, to provide the transportation needs of an expanding population and to encourage the climate and opportunity for our great agricultural, manufacturing, mining, and service industries.

Today, in this Budget Message, I will elaborate upon the financing of that program as well as provide a summation of the elaborate and minutely detailed budget document which had been made available to each of you as time will not permit the discussion of my recommendation with respect to every beneficiary inasmuch as there are over 120 individual budgets that go into making the composite whole.

Minnesota's financial condition is healthy. The budget I present today to the Legislature is a balanced budget reflecting a strong commitment to fiscal responsibility but it is more than that. While we will conclude the 1967 - 1969 Biennium with a surplus in both the General Revenue and Income Tax Funds, this budget also provides for improved services in the areas where I feel State Government must be re-invigorated and its importance in the framework of American Government restored. This, in short, is an action budget geared to the fiscal demands of the forthcoming Decade of Decision.

This is not to say that the Departmental requests have been accepted as submitted. Realistic estimates of revenue have necessitated a cut of over one hundred million dollars from the total requests submitted. Reductions were also necessary to accommodate changes in program emphasis.

There will be some who say I used the pruning knife too much. Others will say it should have been used more.

Underlying all of the budgets and one of the major increases recommended is to provide for the new Salary Plan which I have already

discussed with you. Because in most cases it is not possible to both provide for the salary increase and honor the request for new positions, I have placed the emphasis on increasing the salaries for existing employees and have greatly reduced the requests for new positions. Better state service seems enhanced by a competitive salary scale than a proliferation of a poor pay rate.

The budget presented today will necessitate no new major taxes nor warrant increases in the present taxes for general operating purposes. It does, moreover, provide for tax reform in vitally important areas which will be expanded upon at the conclusion of this Message. The Government, appropriating with care and the economy growing with confidence, will enable our present taxes to produce the revenue needed for increasing State responsibilities. We have furthermore reached a budgetary milestone in Minnesota, for the budget submitted today exceeds for the first time in our history the One Billion Dollar mark. I have not been unmindful of the effect of an increased expenditure level two years from now. Some will say the using up of the present surpluses will produce a crisis in the next biennium. No one can forecast with accuracy two or more years hence but it is logical to assume a continual growth in our gross national product. It is not unreasonable to expect the enactment of some form of Federal - State tax sharing but I have not relied on it. Many of the expenditures in this budget, such as the Salary Plan, the provision for computer equipment, and other non-recurring programs will not be faced in the next biennium. Therefore, I do not believe that this budget recommendation, barring an economic collapse, will prejudice the State's need of services for the future even considering the possibility of a Federal Surtax on income.

Today the magnitude of State Government expenditure is truly staggering. The Legislature and the Governor have an increasing responsibility to the tax paying public of Minnesota to see that greater efficiency and economy are achieved, that new areas of expenditure are not lightly entered into. We must demand and expect for each dollar spent an equal return in needed State services to our citizens.

THE BUDGET STRUCTURE. The operating budget of the State is divided into five sections: Education, Welfare and Corrections, Highways, State Departments, and Semi-State Activities. The capital expenditure recommendations are contained in the report of the Legislative Building Commission. There is also another area not included in any of the above, namely the Natural Resources Accounts.

By way of summary, I should like to outline the recommendations and comment on the major points of increase in each of these areas.

I. EDUCATION

The largest expenditure of State Government is for education. More than two-thirds of the total budget will be expended for this purpose. Approximately 71% of the increases I recommend are for education.

Elementary & Secondary Education

For the operation of the Department of Education, I recommend \$8,919,088.00. This is an increase of \$3,315,000.00 over the last biennium but \$2,833,000.00 less than the Department's budget request.

One of the major causes for this increase is to fund the new pay plan. Twenty-three new positions are recommended in the Salary Account and in the Vocational Rehabilitation Program. Where matching federal funds are available, a total of 110 new positions are recommended to be phased in at six month intervals.

Other increases were for sheltered workshops, to take care of increased students in the Student Lunch Program, and a substantial increase in the aid to public libraries.

With respect to aids, you provided in the present biennium for \$324 less 19 mills for the A formula, and \$98 to the B formula schools. In this school year of 1966-67, that provided for 44.5% of the adjusted maintenance costs. There has, however, accumulated a deficit because appropriations have not been sufficient to cover the aids paid for the last three bienniums. This amounts to \$17,628,000.00. I do not feel that this deficit should be continued and, therefore, am recommending that you appropriate the amount necessary to wipe out this deficit. There will be an increase in pupil units of 25,000 and 20,000 respectively for the next

two years and, in order to maintain the aids at the present level, approximately an additional \$45,000,000.00 is required. Then, to move toward the goal of 50% of state aid for the adjusted maintenance costs, I recommend that you add another \$33,859,000.00. The total increase of appropriations for the coming biennium over the last biennium is over \$102,000,000.00 for aids. The increases in the aids plus the increases in the administrative budget which total over \$105,000,000.00 make the total appropriations for elementary and secondary education close to the half-billion dollar mark. It may be of interest to note that to increase the above recommendation for aids by one percentage point would involve an estimated cost of \$9,821,000.00 for the biennium.

Higher Education

One of the most critical problems facing the University, as well as other state institutions of higher learning, is the level of faculty salaries. We are losing many of our best professors to other universities, consequently, the emphasis in my recommendation is in faculty salary increases, while continuing faculty-student ratios at approximately the same levels as currently exist. The recommended faculty salary increases of 9% each year should place the University at the average of the Big Ten and California, excluding the University of Chicago and Northwestern in calculating of these averages. To fund these suggested salary increases, I have recommended the sum of \$9,995,119.00.

Enrollments in higher education continue to rise and, therefore, 435 new enrollment-related faculty positions are recommended. These plus

24 other positions will cost \$8,431,076.00.

To provide for the cost of the new salary plan recommended by the Department of Civil Service, as well as cover merit increases for civil service employees, I am recommending \$8,621,202.00. An expansion of faculty also requires a corresponding increase in support positions, and I am recommending 372 new civil service jobs at a cost of \$3,005,220.00.

Other major items are:

- Increase for the Crookston Technical Institute, \$527,360.00.
- To strengthen our research program at the University, \$2,766,389.00, including an increase of \$414,000.00 for General Agricultural Research and \$1,650,000.00 for expansion of the University's extension activities.

Total recommendation for the University is \$132,018,779.00, an increase of \$33,742,287.00 or 34% over the current appropriation, but a decrease of \$14,010,000.00 from the original request.

State College Board

In the last twelve years, State College enrollment has expanded 332%. A burgeoning college population demands that we take the necessary steps to expand our ability to cope with the educational needs of tomorrow. The role of our State Colleges is expanding daily in Minnesota's total scheme of higher education.

In support of this expanding role, I recommend these essential increases:

- 392 new faculty positions at \$5,258,138.00.
- 179 new civil service employees, \$1,334,950.00.
- To fund the increases inherent in passage of the Salary Plan and for merit increase for civil service employees, \$996,754.00.

The recommendation for faculty salary increases is based upon reaching the mean salary paid by twenty colleges in the six Midwestern states. Salary increases have been recommended at varying rates for the different academic ranks, so that each rank would be paid at its average rate. The ranks of professor and associate professor have been provided the greatest increase. The increase average is 10% in 1968 and 6% in 1969, at a total cost of \$3,798,088.00.

Increases recommended for supplies, expense, equipment, and library book allowances total \$2,621,828.00.

The total recommended appropriation to the State College Board is \$42,237,474.00 and provides an increase of \$15,441,165.00 or 58% over the current appropriation. It will provide for operation of the five existing state colleges as well as the new Southwest State College at Marshall, which will enroll its first students in the fall of 1967.

Junior College Board

In recent years Minnesota has embarked upon a vigorous expansion of its Junior College System, providing two-year college-level instruction to far greater numbers of students throughout the state. Our desire to foster desirable growth and development of the Junior College System leads me to recommend a total appropriation for the Junior College Board of \$14,652,925.00, an increase of \$7,293,291.00 or 99% more than the 1965-67 biennial appropriation.

The Legislature has authorized 17 Junior Colleges, and while at present 14 of these are operating, International Falls and Northeast Metropolitan are scheduled to open in FY 1968 and Southwest Metropolitan is

slated to open in FY 1969.

Significant items of increase are:

- 373 new faculty at a cost of \$4,939,124.00.
- 69 new civil service employees, \$617,046.00.
- Faculty salary increases at 10% in 1968 and 6% in 1969, \$1,036,525.00.
- Cost of the new Salary Plan and merit increases for civil service, \$174,850.00

Summary

Now to quickly summarize the recommendation for higher education institutions, the total sum is \$188,909,000.00, an increase of \$56,481,000.00 over the current biennium.

The grand total for all education -- elementary, secondary and higher -- but not including the expenses of the Liaison Committee nor of the educational expenditures in the Welfare and Corrections Departments which are in excess of \$21,000,000.00, still totals the staggering sum of \$667,659,000.00 and represents an increase of \$162,119,000.00 over the present biennium.

It has been the past practice to transfer the amount of state college appropriations and a certain additional percentage from the Income Tax School Fund to the General Revenue Fund. It is my suggestion that this practice be changed to merely transferring the amount appropriated for Higher Education.

I am confident this recommendation demonstrates our dedication to education. Some will say it could have been apportioned differently. Few will say we could have done more.

II. PUBLIC WELFARE AND CORRECTIONS

I have addressed myself previously to the unmet needs of our State in the broad field of mental illness and mental retardation. Far too many Minnesotans live in an endless stream of emptiness. For too many, days are drab and depressing. My recommendations for helping were directed by the hope of greater personal and professional contact, encouragement and direction to the mentally ill and mentally retarded. For the forthcoming biennium I am recommending an increase of \$31,633,149.00 for the Department of Public Welfare, bringing its total appropriation to \$179,873,957.00. I reduced the original request by \$28,925,000.00.

A total of 1700 new positions were requested, 404 new positions are recommended, with 38 of those for our mental hospitals and 321 at institutions caring for the mentally retarded. Eighteen new positions will be allocated to the School for the Deaf and the Braille and Sight-Saving School.

The recommended new positions will give the three large institutions for the mentally retarded an overall staff ratio of 1:2.33, based on their projected populations for 1967-69. This is in contrast to the present fiscal year ratio of 1:2.58 and is an improvement needed to advance conditions at our institutions for the retarded.

Major increases are recommended in the following areas:

-- Mental Health Clinics	\$690,000.00
-- Day Care Centers for the Retarded	638,000.00
-- Categorical Aid Programs	7,597,263.00

My recommendations include a 5¢ per capita increase per day for the cost of raw food, moving from 63 to 68¢ the base rate for the mentally

ill and mentally retarded, with proportionate increases for other welfare and correctional institutions.

In addition, I have recommended more than \$350,000.00 in additional funds for the purchase of Special Equipment, including such needed items as X-ray machines, ward furniture, large office machines, and other necessary medical equipment.

Corrections

Under new leadership, it is our hope to embark on an improved corrections program which will effectively rehabilitate and prepare offenders for meaningful lives and gainful employment. A program which will efficiently enforce the law -- a program which will eventually instill a respect for law. The importance of our dedication to the law cannot be sufficiently stressed, for as the inscription reads on these outer walls "Law is the idea of God and the ideal of Man".

To administer this department, I am recommending a total of \$23,007,793.00 or an increase in appropriations of \$5,915,586.00. Significantly, this is 34.6% more than the department's previous biennial budget.

To strengthen our corrections program, I am proposing that 65.5 new positions be created at a biennial cost of \$821,861.00.

- 19 in administration and field services
- 14.5 in adult institutions
- 27 in youth institutions
- 5 in camps

Major dollar increases are also recommended in these programmatic areas:

- County Probation, \$160,920
- County Reimbursement, \$126,000
- Working Capital Fund for Hospital Care and
Psychiatric Service, \$56,000
- Personnel Training, \$60,000
- Vocational Training, \$70,000
- Foster Groups Care, \$112,800
- Transportation, \$60,250

Significantly, in the areas of county probation, county reimbursement, and foster group care, I have approved the departmental request as submitted. I believe these to be realistic increases commensurate with the improvements we seek to achieve in our correction system.

The recommendation for the Minnesota Residential Treatment Center at Lino Lakes is \$5,247,821 or \$1,398,963 more than the 1965-67 appropriation. A total of 21 new positions is recommended, 16 in corrections and 5 in administration, at a biennial cost of \$234,504.00.

III. THE DEPARTMENT OF HIGHWAYS

As we turn to consider the Highway Department, our transportation troubles come clearly to mind. Newsweek has defined the problem as "The agony of getting anywhere". Cognizant of the demand for rapid, yet safe travel, I have recommended \$315,000.00 for safety rest facilities on our interstate highway system, \$180,000.00 for information centers for aiding accurate travel, and \$860,000.00 for four double-weigh stations for better regulated travel.

One of the major thrusts of my administration will be in the field of traffic safety. The senseless slaughter and injuries on Minnesota highways must be reduced. To build some strength in our safety program, I am recommending 19 new positions in the safety division, six of these to operate a new highway patrol radio station at Mankato and the remainder to improve our safety education and accident prevention programs and to examine the increasing numbers of new drivers.

Minnesota's highways, worn by a bludgeoning volume of traffic and having to withstand our rugged climate, require growing maintenance responsibilities. To that end, I recommend \$4,486,000.00 for replacement and purchase of new motor vehicle equipment and \$1,255,000 for non-motorized equipment. To aid the department's administrative responsibilities, I have endorsed the Building Commission's recommendations of \$3,137,000.00 for three new maintenance headquarters, district headquarter improvements and various other improvements throughout the State.

For the appropriated accounts of the Highway Department, I am recommending a total of \$31,349,041.00, an increase of \$7,199,119.00 over the current biennium.

The largest portions of the recommended increase are for the Plant and Equipment account and for the new Salary Plan.

Dedicated to the acceleration of our highway construction program and notwithstanding the Federal cutback, I recommend that measures be taken to cushion the temporary withholding of these funds and in order to continue our construction program in those areas in which the State must carry all or most of the cost that we annualize the funding, permit bonding up to \$100,000,000 and finance the bonding by a one-cent increase in the gasoline tax and a simplification and modernization of our auto and truck licensing system.

IV. STATE DEPARTMENTS

Department of Conservation

The Department of Conservation has broad management authority in ensuring the wise use of our natural heritage in forestry, game and fish, waters, lands and minerals and state parks. As our population grows, we witness increasing pressures placed upon our natural resources and greater responsibilities imposed upon this Department. And, while the success of our stewardship can only be judged by future generations, we must continue now to conserve and to develop judiciously those resources which account for Minnesota's pre-eminent position in recreation, tourism, and mining.

I am recommending a total appropriation for the Department of \$29,367,195.00, an increase of \$7,913,927.00 or 37% more than the present biennial appropriation. The greatest share of this increase, 63.5% is for salary costs, while increases in the supplies and expense account for almost 30% of the total recommended increment.

In brief, some of the major items are:

- 54 new positions at a cost of \$743,000.00
- \$120,505.00 for motorized and other equipment for the Section of Game.
- \$123,150.00 for the purchase of supplies, equipment and materials for the Division of State Parks.
- \$50,000.00 to complete the renovation of the Conservation Building on the State Fair Grounds.
- \$75,000.00 for assistance to private land owners who undertake wildlife habitat improvement projects.
- \$170,000.00 for trucks, car and other units for the Division of Forestry.

Bureau of Criminal Apprehension

A major increase in the incidence of crime in Minnesota has been immeasurably destructive to our social order. The social and economic costs of crime and delinquency have soared in our State as well as throughout the nation. One of my pre-eminent concerns is that respect for law be restored and that crime be reduced. This will be good economy.

The State Bureau of Criminal Apprehension is a vital adjunct to the law enforcement activities of local units of government. The Bureau's expertise and ability to utilize effectively modern crime detection techniques must be enhanced. Toward that goal, I am recommending a total of 15 new positions at a cost of \$194,442.00. Three of the 15 are to expand the functions and activities of the Police Training Division in keeping with the mandatory police training program I have proposed. In addition, I am recommending an expenditure of an additional \$24,000.00 for laboratory equipment for the Crime Bureau. These increases will ultimately result in a saving to our people through improved law enforcement and a concomitant reduction in crime and delinquency.

The total recommended appropriation for this Bureau is \$1,151,000 or an increase of \$460,000 over what you appropriated for the current biennium.

Department of Business Development

It is becoming increasingly apparent that Minnesota must do more to promote the growth of industries, particularly in the outstate, and expand our tourism. Job opportunities must be provided if we are to stop our brain drain. The Department of Business Development must be re-energized to do the job that lies ahead and I am confident that the new Commissioner

is developing a recommendation for your consideration for expanded efforts in advertising, printing, promotion, and matching grants. Modifications in the budget requirements for this Department will be submitted to you later in the Session.

I am further recommending that enforcement of the Fair Trade Law be transferred from the Department to the Attorney General and that the Planning Section of this Department be transferred to the State Planning Agency.

Department of Human Relations

In the Inaugural Message, I indicated my desire to see the presently operating agencies in the field of civil rights, the State Commission against Discrimination, the Governor's Human Rights Commission, the Indian Affairs Commission, and the Governor's Commission on the Status of Women, merged into one Department within State Government. This proposed Department of Human Relations would be better equipped to deal with problems of human relations than the present separate organizations and would provide greater coordination of our human rights programs. To fund this Department, I am recommending \$599,054.00 which includes \$150,000.00 for grants. The budget provides for the continuation of the present staff of the four agencies, numbering a total of 16, as well as for 7 new positions in order to strengthen all four of the former agencies.

Division of Insurance

Minnesota cannot afford a repeat of the scandal that shook the insurance industry just recently. It is incumbent upon us to protect the people and the industry against such abuses and the crippling financial

losses which are inflicted upon helpless citizens. The people have a right to expect that their investments in insurance will purchase and ultimately provide the protection they need at the time it is needed.

I am recommending that almost all of the Division's request be honored, thus providing for three new auditors and two insurance investigators, along with three clerical positions to meet the increased volume and complexity of today's insurance industry. In the Fire Marshal Section, I am suggesting that two additional fire investigators be added to its present staff.

Department of Health

To carry on the increased responsibilities of the State Board of Health, I am recommending a total appropriation for 1967-69 of \$4,665,117 or an increase of \$1,322,621 over the 1965 appropriation.

Major items of increase are:

- The new pay plan
- 16 new jobs at a biennial cost of \$332,628.00.
- Expansion of the Department's work on air and water pollution, including three additional positions, \$393,321.00.
- Staffing of the Unit on Alcoholism, including three new jobs, \$67,947.00.

The social and economic costs of alcoholism continue to grow, and I strongly believe that we must give this problem its rightful attention at the State level. Should you determine these funds can more effectively be administered by another existing agency or commission, I would have no objection. I am concerned that the program be funded.

Administration Electronic Data Processing

Electronic data processing is and should be popular in Minnesota as we are fortunate in having some of the industry's largest plants. We

have both an opportunity and responsibility to see that the most effective electronic data processing systems are utilized in the operation of complex functions of State Government. Care and attention must be given toward the development of a totally integrated, highly centralized system with satellite installations. While we now have computers in the Department of Employment Security, the Highway Department, the Division of Motor Vehicles, and certain State Colleges, and the Department of Administration, I am instructing the Department of Administration to maintain close vigilance of future direction and growth of our computer operation with a view to developing a central computer service available to all State agencies so as to avoid drifting into multiple electronic centers with their associated waste and increased cost. I am recommending appropriations totaling over \$1,000,000.00 for electronic data processing, \$521,000.00 to the Department of Administration's Central Services and \$484,000.00 for the Department of Highways and Division of Motor Vehicles to provide greater efficiency in drivers' license records and renewals, speed up our processing of motor vehicle licensing and to meet the requirements of the Bureau of Public Roads and the Central Traffic Records Safety Center under the Highway Safety program and to advance the Department's efficiency in general.

Minnesota State Arts Council

We must not be so caught up with the solution of our daily problems that we become unmindful of our cultural development. Access to and encouragement of the fine arts should command our attention. This will be an inducement also to our large industries in attracting managerial personnel. The Minnesota State Arts Council received an appropriation of \$10,000.00 in the last biennium. I am recommending an appropriation of

\$200,000.00, an increase of \$190,000.00. This may appear to be a substantial increase but it is only a fraction of the original budget request. The major portion of the increase would be used for administration and for grants to establish art organizations in the State, for programs designed for state-wide audiences, to assist smaller communities to schedule live performances and for visual arts programs which these communities could not otherwise afford. Opportunity will also be provided for Minnesota artists by helping to develop more knowledgeable and appreciative audiences throughout the State.

V. SEMI-STATE AGENCIES

The Semi-State Appropriations Bill includes 30 beneficiaries for which I am recommending a total appropriation of \$3,194,000.00, an increase of \$772,000.00 over the current appropriation. The most significant of the increases are those provided for the Minnesota Historical Society where the increase is \$322,000.00, most of which is attributable to the new Salary Plan.

While we are busy looking to the future, we must not forget the past. We have a rich history from which we should learn and we are also daily making history which should be preserved for the benefit of future generations.

The Soldiers' Home and the Agricultural Societies Aid are some of the principal other beneficiaries.

VI. NATURAL RESOURCES

Expenditures in these areas come from dedicated funds. I have included in the budget substantially the same amount as was appropriated in the last biennium. Further recommendations as to this item will have to await the MORC report which will be submitted to you shortly.

TAX REFORM AND AIDS

Without further discussion of details, let me now draw some conclusions. According to the estimates furnished by the Department of Taxation, the total available for appropriation in the next biennium is \$1,164,114,025.00. The total net appropriations direct and open with school aids at the present level is \$1,057,945,736.00. The difference between these sums is \$106,168,289.00 available for tax reform and increased aids. How shall it be done?

First, I have already stated earlier in this Message that I recommend that \$33.8 million should go to local school districts to increase the state aids to elementary and secondary education. This is substantial real estate tax relief because the local districts will not have to raise this amount by taxing property within the local district. One of the fundamental points of all tax reform discussion is how to stop increases in property taxes or effect their reduction. The effect that this will have on both residential property and business property will be salutary. It is with full recognition of this objective that I have approached the total question of tax reform.

Second, the area where real estate tax relief is most essential is to the home owner who is a senior citizen on a fixed income, largely from pensions or social security. My second recommendation is that we adopt the general principles of the Wisconsin plan to give tax relief to the home owning senior citizen whose income is less than \$3,500 a year. I suggest that credits be given on income tax and, if no income tax is paid, the credit would be a cash refund. The total cost of this reform would be approximately \$6,000,000.00.

Thirdly, still having in mind the onerous property taxes as well as the present deficiencies in the teacher retirement program, I recommend that one-half of the state mill levy for teacher retirement be paid out of the income tax fund and that to make an equitable treatment to all areas of the state that the cities of the first class be reimbursed out of the income fund for an amount equal to 4-1/2 mills or 1/2 of their levy for teacher retirement, whichever is less, applied to their taxable valuations. This will mean that cities of the first class, as well as other parts of the state, will be treated on the same basis. This will give a property tax relief estimated at \$22,000,000.00. These three recommendations will give needed property tax relief totaling \$61.8 million.

The fourth recommendation is that \$1,000,000.00 be used for a state scholarship program. These scholarships would be available on the basis of academic standing and financial need after both the recipient's and his parents' finances have been considered and his borrowing power exhausted. It will enable the recipient to go to the school of his choice. This will put us in the same category as Wisconsin, Illinois, New York, California, and many other states where it can be said that no qualified student shall be deprived of the opportunity of higher education because of inadequate financial resources.

Fifth, personal property taxes, particularly as they relate to livestock and farm machinery and wholesalers' and manufacturers' inventories, should be reduced. Because of our high property taxes, Minnesota's farmers, wholesalers and manufacturers have found it difficult to compete in our national markets. We need to have our industries grow in order to provide employment for our young people, to help our farmers and our businesses to meet competition, and to encourage new industries to come into our state.

I recommend that personal property taxes on livestock, farm machinery, wholesalers' and manufacturers' inventories be reduced 25%. The reduction on livestock and farm machinery would amount to \$8.6 million for the next biennium, and the reduction for the wholesalers and manufacturers will amount to \$7.8 million for the biennium. I suggest that this reduction be accomplished by providing the taxpayers with a credit on their personal property tax statement, and providing that the county auditors certify this credit to the state for reimbursement out of the General Revenue Fund. I have instructed the Tax Department to draw the necessary legislation to implement this proposal.

Sixth, the capital expenditures recommended by the Legislative Building Commission have customarily been financed by a state mill levy on real estate. If this were to be continued, we would, to some extent, negate the relief afforded by a transfer of the teachers' retirement from real estate to the income tax fund. I, therefore, recommend that instead of increasing the state mill rate, that the building program be financed out of the general revenue fund and, if the recommended \$61 million building program is approved, this would require approximately \$5,000,000.00 in the next biennium.

Seventh, one of the pressing needs stems from the plight of our cities and villages. They are in much the same position as the school districts. They are straining their local taxing powers and yet unable to meet municipal needs. I stated on many occasions during the campaign that one of the elements of tax reform was a greater return on the part of the state to the local levels of government. In order to treat all municipalities, large and small, on an equitable basis, I recommend that \$4 per year per

capita be distributed to all 849 cities and villages, which will require approximately \$20,000,000.00 for the biennium, based on the 1960 census.

Another plan, which with appropriate modifications, could either be integrated with or substituted for the plan I have recommended, and by which aid could be extended to counties and townships as well as cities and municipalities, which I am not, at this juncture, ready to recommend, although I have given it much study and which, I think, merits your examination, is the establishment of a State Aid to Local Governments' Fund. The money in this fund would be allocated to cities, villages and counties on a per capita basis -- \$15 per person in each city and village, excluding those with their own gas or electric system, and \$7.50 per person to counties for the citizens in their county residing outside of an incorporated area. Using the 1960 census, this would provide aid totaling \$37-1/2 million per year to the cities and villages, and \$6-1/2 million per year to the counties for distribution to unincorporated areas.

The money required to be put into this fund to make these payments would come from three sources: (1) the present gross earnings tax paid by the telephone companies which is presently assigned to the General Revenue Fund; (2) in lieu of all real and personal property taxes now paid by investor-owned electric utilities, a gross earnings tax be levied which would be equivalent to the present relationship between the total gross earnings and the amount of real and personal property taxes paid, which is 12%; (3) in lieu of all real and personal property taxes now paid by the gas distribution utilities, a gross earnings tax be levied which would be equivalent to the present relationship between the total gross earnings and the amount of real and personal property taxes paid, which is 7%.

This would produce approximately \$15 million, \$30 million, and \$6 million respectively, and would be deposited in the General Revenue Fund. From this fund, a transfer of \$38 million would be made to the State Aid to Local Government's Fund in order to make the per capita distribution. Payments made to the counties would then be distributed by the county auditors to each taxing district in their counties outside of the corporate limits in proportion to the taxes levied on such utilities due and payable in 1966.

813 out of the 849 cities and villages would receive more than the taxes presently paid to these communities on real and personal property taxes on the utilities property in their area. The 36 cities which would receive less than they are now receiving would have to have their loss made up out of the tax revenue received in excess of the amount required to make the per capita aid payments. Any unincorporated areas who would sustain a loss would be treated in the same fashion and the amount necessary to reimburse the cities, villages or townships for their loss would also be transferred from the General Revenue Fund into the State Aid to Local Governments' Fund for the purpose of making these reimbursements. This would require approximately \$5,000,000.00.

Some of the characteristics of such a plan would be its simplicity of administration, and elimination of controversy regarding the proper basis of assessing and valuing these complicated types of property. There would be no penalty during the time in which new facilities are not being fully utilized. There would be a more equitable distribution of taxes to the persons who use and pay for such a service. There are a number of other characteristics and safeguards which would have to be built into such a plan

on which I have strong convictions and without which it would not receive my approval. It should be noted, however, that this is not a proposal for an increase in taxes, but is a different method of collecting and distributing them. Further discussion or delineation of the details does not properly belong in this Message, but are subjects for later conferences and exploration.

The sum total of the above 8 recommendations is \$104.4 million leaving a balance of \$1.7 million. I further recommend that the salaries of the state department heads and elected officials be adjusted to be commensurate with the new State Pay Plan. Only a small portion of the remaining balance will be needed to fund these increases. The balance also will be sufficient to fund any increases which will be necessary to finance the Business Development Department's adjusted budget which will be subsequently submitted.

CONCLUSION

What does this budget do for Minnesota's domestic welfare and its competitive business position?

It continues to emphasize education.

It demonstrates a compassionate concern for the unfortunate.

It underscores improved transportation along with greater highway safety.

It recognizes the need for crime control and better correction.

It proves we understand and are willing to cope with the changes and pressures of urbanization.

It recognizes the problems of the cities and villages. To the seven-county metropolitan area alone, the \$4.00 per capita, the teacher retirement reimbursement, and the increased school aids total 38 Million.

It is mindful of business promotion.

It shows we seek the total climate conducive to business so as to produce more jobs for our highly skilled labor force and our educated young people.

It provides substantial tax reform in the most critical areas.

It seeks to make Minnesota a better place in which to live, to work and to play.

It seeks to make us proud of Minnesota.

AND, it does all this without any major new taxes.

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

THE UNIVERSITY OF CHICAGO

DEPARTMENT OF THE HISTORY OF ARTS

CHICAGO, ILLINOIS

YOUNG, J. H. (1871-1941)
ARTS AND CRAFTS

THE BUDGET DOCUMENTS

The 1967-69 Biennial Budget is presented in three parts: the "Budget Message and Summary", 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 departmental requests and Governor's 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 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 Message" 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 1967 recommendations and the 1965 appropriations on the more significant items.

The Consolidated Statement on page 33 shows the combined expenditures from the General Revenue and Income Tax funds by major function. From this information the charts on pages 34 and 35 were developed. It is interesting to note on the General Revenue Fund chart that the amount appropriated for educational purposes has increased from 38% of the total in 1965 to 41.6% in 1967.

The comparisons of Grants-in-Aid shown on pages 36, 37 and 38 indicate that aid from direct appropriations increased from \$434,202,000 in 1965-67 to \$528,679,063 in 1967-69. The total grants-in-aid increased from \$865,052,454 in 1965-67 to \$1,058,922,162 in 1967-69,

Generally the Legislative and Executive branches of government are most concerned with the direct appropriations. The chart on page 39 compares the relative size of open and direct appropriations and clearly demonstrates that open appropriations which are not subject to periodic legislative review and analysis, comprise 58.1% of the total expenditures as compared to 41.9% for direct appropriations.

The chart on page 40 shows the relative size of the General Revenue Fund and the dedicated funds for the 1965-67 and 1967-69 bienniums. In both periods the Income Tax School Fund is the largest.

SUMMARY OF ACTUAL DEBT ACTIVITY 1964-66

	Outstanding 6-30-64	Year Ended 6-30-65 Bonds and Certificates Issued Retired		Outstanding 6-30-65	Year Ended 6-30-66 Bonds and Certificates Issued Retired		Outstanding 6-30-66
<u>Payable from Property Taxes:</u>							
Minnesota State Building							
Laws 1957, E.S.C.2	21,838,000		2,756,000	19,082,000		2,756,000	16,326,000
Laws 1959, E.S.C.90	38,416,000		2,601,000	35,815,000		2,601,000	33,214,000
Capital Improvement Bonds							
('61x-72,'63-1)	27,893,000		1,468,000	26,425,000		1,468,000	24,957,000
Rural Credit Deficiency-1941	2,775,000		1,350,000	1,425,000		1,350,000	75,000
State Building Refunding of							
1963 (C.677)	40,600,000			40,600,000		2,140,000	38,460,000
School Loan of 1963 (C.601)	19,800,000			19,800,000			19,800,000
Minn. State Bldg. of 1963							
(C.839)	33,990,000		1,790,000	32,200,000		1,790,000	30,410,000
Minn. State Bldg. of 1965-C882					54,790,000		54,790,000
School Loan of 1965 (C.875)					10,400,000		10,400,000
TOTAL	185,312,000		9,965,000	175,347,000	65,190,000	12,105,000	228,432,000
<u>Payable from Dedicated Receipts:</u>							
Minnesota Aeronautics							
Laws 1963, C.791 (Bonds)	6,600,000		80,000	6,520,000		280,000	6,240,000
Minnesota State Park Certificates							
Laws 1955, C.781	210,000		52,500	157,500		52,500	105,000
Employment and Security Bldg. Bonds							
Laws 1965, C-532					3,000,000		3,000,000
TOTAL	6,810,000		132,500	6,677,500	3,000,000	332,500	9,345,000
<u>Payable from Motor Vehicle Taxes:</u>							
Highway Department Office Building							
Laws 1955, C.717	2,400,000		600,000	1,800,000		600,000	1,200,000
Trunk Highway Bridges and							
Approaches Laws 1955, C.748	15,650,000		1,150,000	14,500,000		1,150,000	13,350,000
Right of Way Acquisition							
Laws 1957, C.750	15,950,000		1,050,000	14,900,000		1,150,000	13,750,000
City of St. Paul Laws 1959,C.538	4,700,000	2,270,000	230,000	6,740,000		240,000	6,500,000
TOTAL	38,700,000	2,270,000	3,030,000	37,940,000		3,140,000	34,800,000
GRAND TOTAL	230,822,000	2,270,000	13,127,500	219,964,500	68,190,000	15,577,500	272,577,000

SUMMARY OF ESTIMATED DEBT ACTIVITY 1967-69

	Fiscal Year 1967 Bonds and Certificates		Outstanding 6-30-67	Fiscal Year 1968 Bonds and Certificates		Outstanding 6-30-68	Fiscal Year 1969 Bonds and Certificates		Outstanding 6-30-69
	Issued	Retired		Issued	Retired		Issued	Retired	
<u>Payable from Property Taxes</u>									
Minnesota State Building									
Laws 1957, E.S.C.2		2,756,000	13,570,000		2,756,000	10,814,000		2,756,000	8,058,000
Laws 1959, E.S.C.90		2,601,000	30,613,000		2,601,000	28,012,000		2,601,000	25,411,000
Capital Improvement Bonds ('61x-72, '63-1)		1,468,000	23,489,000		1,468,000	22,021,000		1,468,000	20,553,000
Rural Credit Deficiency - 1949		75,000							
State Building Refunding of 1963, (C.677)		2,140,000	36,320,000		2,140,000	34,180,000		2,140,000	32,040,000
School Loan of 1963, (C.601)			19,800,000			19,800,000			19,800,000
Minn. State Bldg. of 1963, (C.839)		1,790,000	28,620,000		1,790,000	26,830,000		1,790,000	25,040,000
Minn. State Bldg. of 1965, (C.882)		2,890,000	51,900,000		2,890,000	49,010,000		2,890,000	46,120,000
School Loan of 1965, (C.875)			10,400,000			10,400,000			10,400,000
TOTAL	13,720,000		214,712,000	13,645,000		201,067,000	13,645,000		187,422,000
<u>Payable from Dedicated Receipts</u>									
Minnesota Aeronautics									
Laws 1963, C.791 (Bond)		290,000	5,950,000		300,000	5,650,000		310,000	5,340,000
Minnesota State Park Certificates									
Laws 1965, C.781		105,000							
Employment and Security Bldg. Bonds									
Laws 1965, C.532			3,000,000			3,000,000			3,000,000
TOTAL	395,000		8,950,000	300,000		8,650,000	310,000		8,340,000
<u>Payable from Motor Vehicle Taxes</u>									
Highway Department Office Bldg.									
Laws 1955, C.717		600,000	600,000		600,000				
Trunk Highway Bridges and Approaches, Laws 1955, C.748		1,250,000	12,100,000		1,250,000	10,850,000		1,350,000	9,500,000
Right of Way Acquisition									
Laws 1957, C.750		1,250,000	12,500,000		1,250,000	11,250,000		1,350,000	9,900,000
City of St. Paul									
Laws 1959, C.538		240,000	6,260,000		330,000	5,930,000		330,000	5,600,000
TOTAL	3,340,000		31,460,000	3,430,000		28,030,000	3,030,000		25,000,000
GRAND TOTAL	17,455,000		255,122,000	17,375,000		237,747,000	16,985,000		220,762,000

SUMMARY OF FUND STATEMENTS

ACTUAL AND ESTIMATED RESOURCES	1964-65	1965-66	1966-67	1967-68	1968-69
Balances Forward July 1	125,798,205	126,539,807	211,883,926	228,424,313	212,280,237
Receipts by Funds:					
General Revenue-Non-dedicated Receipts	117,844,548	125,772,508	131,597,798	135,335,735	137,849,083
General Revenue-Dedicated Receipts	34,595,330	43,477,218	45,999,587	52,037,126	55,358,118
Income Tax School	250,194,076	337,728,096	337,050,000	362,850,000	396,250,000
Building	7,256,011	61,875,540	6,718,890	67,868,356	6,502,502
Bond	9,638,457	9,369,491	14,776,679	11,204,748	12,719,582
Miscellaneous Special Revenue	14,212,299	30,737,671	16,014,338	16,114,295	16,156,700
Iron Range Resources & Rehabilitation	695,272	827,073	829,624	542,659	441,455
Rural Credit	1,656,805	1,372,644	1,202		
Game and Fish	5,200,589	5,105,929	5,051,283	5,336,000	5,326,000
Natural Resources	3,736,543	3,794,328	3,780,000	3,900,000	3,900,000
Consolidated Conservation Areas	164,954	160,070	138,910	136,960	136,460
State Airports	3,860,780	4,414,948	4,596,500	4,719,440	4,900,620
Trunk Highway	10,999,854	10,188,736	12,600,000	13,075,000	12,750,000
Highway User Tax and County-Municipal Aid	139,009,150	147,933,735	152,758,700	158,147,200	163,622,800
Soldiers' Relief	176,095	175,839	175,000	175,000	175,000
Trust	2,868,964	2,618,489	2,716,871	2,779,424	2,708,960
Agency	102,997,064	119,728,607	135,364,297	147,901,222	162,798,248
Revolving	6,702,934	6,095,875	8,275,928	8,396,931	8,858,207
Prison Revolving	3,045,460	3,695,166	2,753,110	2,918,070	3,203,070
Federal	<u>196,952,958</u>	<u>250,792,310</u>	<u>265,221,412</u>	<u>320,395,226</u>	<u>337,223,993</u>
Receipts Subtotal	911,808,149	1,165,864,279	1,146,420,133	1,313,833,395	1,330,880,799
Accrual of Federal Aid for Highways	(1,865,991)	(329,701)	13,138,270		
Appropriation and Receipts Transfers	6,924,003	11,700,090	14,230,413	7,926,476	7,659,947
Junior College Receipts Transferred	<u>911,403</u>				
TOTAL RESOURCES	1,043,575,770	1,303,774,476	1,385,672,743	1,550,184,184	1,550,820,984

SUMMARY OF FUND STATEMENTS (Cont.)

ACTUAL AND ESTIMATED EXPENDITURES	1964-65	1965-66	1966-67	1967-68	1968-69
Expenditures by Funds:					
General Revenue-Non-dedicated Receipts	147,327,247	168,354,025	178,061,401	225,093,534	239,598,392
General Revenue-Dedicated Receipts	35,480,566	43,363,272	45,908,592	50,831,305	55,260,399
Income Tax School	210,169,462	244,127,507	272,026,843	292,841,416	315,193,663
Building	7,360,928	62,224,753	7,018,387	68,259,230	6,666,840
Bond	7,052,584	11,276,038	14,194,235	13,958,220	13,721,915
Miscellaneous Special Revenue	14,101,751	19,961,813	17,614,104	14,383,004	14,704,923
Iron Range Resources and Rehabilitation	633,633	521,397	872,478	758,347	774,598
Rural Credit	1,393,583	1,371,145	78,323		
Game and Fish	4,237,843	5,505,352	4,610,055	6,313,048	5,847,311
Natural Resources	1,922,629	7,594,174	(34,566)	7,890,302	
Consolidated Conservation Areas	138,245	110,733	73,455	72,480	72,230
State Airports	3,357,520	3,761,230	4,099,278	6,749,980	3,480,527
Trunk Highway	109,089,635	87,791,269	114,928,488	99,451,786	97,582,491
Highway User Tax & County-Municipal Aid	57,621,460	59,703,187	65,226,605	67,895,222	69,917,998
Soldiers' Relief	170,655	184,866	182,638	187,736	178,464
Trust	3,022,872	2,739,987	2,717,292	2,791,620	2,712,625
Agency	103,976,173	114,313,117	133,773,406	143,450,639	156,559,033
Revolving	6,455,845	7,450,582	6,608,544	8,642,774	7,122,215
Prison Revolving	2,520,083	3,118,926	2,741,538	3,008,649	3,255,038
Federal	<u>197,116,477</u>	<u>244,558,836</u>	<u>278,444,494</u>	<u>321,594,107</u>	<u>332,824,482</u>
Expenditures Subtotal	913,149,201	1,088,032,217	1,149,145,594	1,334,173,401	1,325,473,146
Appropriation & Receipts Transfers	3,886,761	3,858,332	8,102,835	3,730,545	4,593,098
Balances Forward June 30	<u>126,539,807</u>	<u>211,883,926</u>	<u>228,424,313</u>	<u>212,280,237</u>	<u>220,754,739</u>
TOTAL EXPENDITURES, TRANSFERS, & BALANCES	1,043,575,770	1,303,774,476	1,385,672,743	1,550,184,184	1,550,820,984

Note: In all 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 REVENUE FUND - NONDEDICATED RECEIPTS

ACTUAL AND ESTIMATED RESOURCES	1964-65	1965-66	1966-67	1967-68	1968-69
Free Balances, July 1	9,686,625	4,208,555	26,869,806	50,313,463	47,453,299
Receipts:					
State Property Tax	78,939	101,785	81,000	81,000	81,000
Gross Earnings Taxes	23,995,175	25,002,309	25,840,400	26,750,000	27,752,400
Insurance Gross Premium Tax	12,879,375	13,796,147	14,380,000	15,480,000	16,080,000
Iron Ore Occupation Tax	5,895,398	7,056,138	7,065,000	5,625,000	4,950,000
Iron Ore Royalty Tax	1,951,569	2,106,590	1,600,000	1,400,000	1,300,000
Taconite Taxes	368,751	504,536	1,072,000	1,190,000	1,246,000
Inheritance & Gift Taxes	11,826,454	12,209,148	10,750,000	10,750,000	10,750,000
Liquor and Beer Taxes	17,590,939	18,611,695	21,356,331	22,079,052	22,820,250
Cigarette Tax	19,576,019	19,915,372	20,300,000	20,500,000	20,700,000
Tobacco Products Tax	1,052,262	968,074	980,000	990,000	1,000,000
Real Estate Transfer Tax	1,115,942	1,227,177	1,200,000	1,200,000	1,200,000
Grain Inspection Fees	2,515,411	3,094,588	3,360,000	4,213,780	4,213,780
Institutions - Care of Persons	6,539,577	7,174,422	10,000,000	10,129,090	10,328,256
University - Reimbursement from Counties	2,331,851	2,316,549	2,523,374	2,161,559	2,143,090
Bank Excise Tax	1,165,941	1,928,320	1,333,200	1,454,400	1,575,600
Oleomargarine Tax	2,479,184	2,681,035	2,700,000	3,200,000	3,300,000
All Other Receipts	<u>6,481,752</u>	<u>7,078,617</u>	<u>7,056,493</u>	<u>8,131,854</u>	<u>8,408,707</u>
Receipts Subtotal	117,844,548	125,772,508	131,597,798	135,335,735	137,849,083
Transfers:					
Invested Treasurer's Cash	2,463,327	6,114,570	6,000,000	3,500,000	2,500,000
State Parks Receipts		335,159	301,500	512,838	467,000
Attributable Costs	696,312	784,544	750,000	820,625	849,090
Motor Vehicle Transfer of Ownership	338,537	452,621	374,134	254,805	212,084
Gas Tax Collection Costs Reimbursment	699,145		725,000		750,000
All Other Transfers	<u>1,803,350</u>	<u>1,683,943</u>	<u>3,526,626</u>	<u>1,051,386</u>	<u>1,061,696</u>
Transfers Subtotal	<u>6,000,673</u>	<u>9,370,840</u>	<u>11,677,260</u>	<u>6,139,654</u>	<u>5,839,870</u>
Receipts and Transfers Subtotal	123,845,221	135,143,348	143,275,058	141,475,389	143,688,953
Legislative Transfers:					
Higher Education	9,891,529	12,539,616	15,000,000	80,757,981	92,438,895
Income Tax	<u>8,112,426</u>	<u>43,332,311</u>	<u>43,230,000</u>		
Legislative Transfers Subtotal	18,003,955	55,871,927	58,230,000	80,757,981	92,438,895
Total Revenue and Transfers	<u>141,849,177</u>	<u>191,015,275</u>	<u>201,505,058</u>	<u>222,233,370</u>	<u>236,127,848</u>
TOTAL RESOURCES	151,535,802	195,223,831	228,374,864	272,546,833	283,581,147

GENERAL REVENUE FUND - NONDEDICATED RECEIPTS (Cont.)

ACTUAL AND ESTIMATED EXPENDITURES	1964-65	1965-66	1966-67	1967-68	1968-69
Legislative Appropriations:					
Miscellaneous Commissions	29,800	56,850	31,850	57,120	56,250
Sheriff's Expense Conveying Prisoners	34,000	32,000	32,000	32,000	32,000
Special Semi-State Agricultural Societies	234,425	232,100	232,100	244,750	244,750
Bear Bounties	100				
Soldiers' Home	274,331	300,855	219,527	286,883	314,074
Miscellaneous Veterans Associations	16,200	17,000	17,000	19,000	19,000
Minnesota Historical Society	319,468	364,721	368,589	529,518	526,173
Sibley House and Academy of Science	7,632	7,700	7,700	15,318	15,318
Special Aid to Cities Counties & Towns	204,000	209,000	209,000	209,000	209,000
Legislature	1,805,300	1,254,000	2,177,000	1,692,500	2,976,500
Governor	291,094	183,322	188,664	263,300	269,213
Civil Defense	116,919	120,112	121,605	153,046	156,562
Lieutenant Governor	5,800	6,550	9,200	17,100	17,100
State Auditor	398,674	402,206	416,092	508,906	526,861
Contributory Share - P.E.R.A.	43,840				
Civil Air Patrol	10,000	10,000	10,000	25,000	25,000
State Treasurer	209,846	218,980	214,625	219,415	230,417
Public Examiner	263,707	269,458	281,548	360,248	371,379
Department of Taxation	1,185,088	1,609,526	1,285,373	1,804,881	1,779,577
Tax Court	28,163	29,586	29,794	37,252	37,752
Attorney General	353,673	363,030	353,841	520,114	494,335
Bureau of Criminal Apprehension	300,814	341,784	349,300	547,485	603,995
District Courts	1,058,760	1,279,000	1,279,000	1,279,000	1,279,000
Retired Supreme & District Court Judges	167,763	257,500	170,500	245,000	245,000
Supreme Court	363,337	431,006	400,303	459,131	453,226
Revisor of Statutes	108,388	146,015	108,330	177,129	101,466
Department of Administration	2,559,589	3,330,288	2,905,085	4,224,201	4,426,165
Executive Council	51,000	1,000	1,000	700	800
Board of Investment	62,852	69,180	70,922	93,041	94,424
Secretary of State	301,857	250,853	309,536	297,764	363,204
Civil Service	365,311	382,304	387,901	510,097	521,835
Archives Commission	65,288	73,980	75,829	81,636	84,503
Municipal Commission	23,957	25,030	25,275	41,604	41,578
Adjutant General	1,311,421	1,363,332	1,288,581	1,565,131	1,593,945
Banking	461,073	540,832	542,687	761,430	778,779
Insurance	438,583	508,560	518,215	677,733	691,699
Securities	78,125	97,720	99,399	125,398	127,952
Railroad and Warehouse Commission	3,199,843	4,069,472	3,470,453	5,797,844	4,050,286

GENERAL REVENUE FUND - NONDEDICATED RECEIPTS (Cont.)

	1964-65	1965-66	1966-67	1967-68	1968-69
Labor and Industry	873,622	952,490	979,524	1,144,745	1,162,410
Liquor Control	266,004	269,150	271,559	327,010	337,875
Labor Conciliator	101,533	110,159	113,098	180,433	185,266
Business Development	576,224	699,285	741,500	800,784	841,133
Compensation Insurance Board	26,161	22,879	23,256	25,902	26,403
Agriculture	1,278,606	1,391,595	1,357,368	1,697,641	1,721,635
Conservation - Administration	272,128	202,501	195,899	575,512	529,912
Conservation - Waters	199,993	309,144	283,933	351,783	356,263
Conservation - Forestry	2,170,329	2,334,774	2,281,937	3,517,391	3,380,403
Conservation - Lands and Minerals	483,714	515,673	523,105	644,153	657,089
Conservation - Parks	567,151	1,345,631	1,332,745	1,891,014	1,933,551
Surveyor General	84,979	97,755	99,413	100,885	103,475
State Mapping Advisory Board	25,000				
Water Resources Board	20,509	19,522	20,495	26,061	26,694
Soil Conservation Commission	278,970	293,410	302,447	362,168	383,006
Health	1,499,761	1,753,187	1,570,854	2,495,684	2,128,665
Livestock Sanitary Board	660,210	1,010,352	807,769	1,164,305	863,906
Human Relations				295,765	303,289
Governor's Human Rights Commission	24,569	18,034	17,988		
State Commission Against Discrimination	52,529	81,326	79,364		
Veteran's Affairs	905,606	1,004,785	934,274	1,015,636	1,022,016
Law Library	62,271	119,433	66,032	137,121	70,063
Revenue Deficiency - Interest	130,000				
Public Welfare - Administration	27,524,248	34,099,947	34,338,051	37,090,026	40,568,435
Anoka State Hospital	2,840,880	2,944,050	3,013,257	3,590,184	3,653,967
Fergus Falls State Hospital	3,141,105	3,267,475	3,288,982	3,932,896	3,931,211
Hastings State Hospital	1,938,792	2,075,071	2,050,382	2,581,112	2,554,376
Moose Lake State Hospital	2,008,769	2,191,897	2,224,494	2,807,229	2,764,800
Rochester State Hospital	2,923,854	3,131,660	3,122,114	3,755,448	3,762,197
St. Peter State Hospital	3,938,498	3,720,516	3,755,718	4,514,348	4,494,976
Willmar State Hospital	2,203,702	2,392,056	2,419,560	2,957,246	2,952,734
Faribault State School and Hospital	4,581,973	5,046,423	5,461,321	7,082,406	7,505,533
Cambridge State School and Hospital	3,348,007	3,614,575	3,794,045	4,686,163	4,781,650
Owatonna State School	15,100	23,890	14,500	37,715	14,050
Shakopee Home for Children	69,937	72,429	73,395	84,668	86,267
Brainerd State School and Hospital	2,135,020	2,491,439	2,769,663	3,773,278	4,076,765
Braille and Sight Saving School	4,000	6,566	4,000	44,914	42,846
School for the Deaf	10,350	30,262	11,250	39,207	17,600
St. Peter Security Hospital		490,036	481,839	621,120	615,484

GENERAL REVENUE FUND - NONDEDICATED RECEIPTS (Cont.)

	1964-65	1965-66	1966-67	1967-68	1968-69
Gillette State Hospital	586,324	621,870	610,877	777,615	749,975
Ah Gwah Ching Nursing Home	1,456,549	1,518,004	1,602,761	1,893,665	1,906,521
Glen Lake Sanatorium					
Oak Terrace Nursing Home	1,890,417	1,885,504	1,901,628	2,239,413	2,247,854
Corrections	1,413,519	2,056,296	1,710,816	2,640,982	2,343,351
State Prison	2,029,395	2,123,489	2,121,800	2,674,506	2,666,381
Reformatory for Men	1,913,707	2,042,561	2,080,724	2,588,113	2,590,273
Reformatory for Women	188,250	217,073	217,076	274,185	279,500
State Training School for Boys	3,975	20,120		26,080	
Home School for Girls	2,950	18,206		26,841	
Youth Conservation Camps	511,089	601,816	613,988	803,651	815,704
State Institutions Contingent Fund		250,000		250,000	
State Institutions Contingent Fund for Food		75,000		75,000	
Education	450,000	215,000	205,500	962,500	720,000
State College Board	9,875,624	13,306,846	14,118,863	19,685,368	22,352,106
Contingent Fund for State & Junior Colleges				400,000	
University of Minnesota	39,851,935	46,529,274	51,502,218	61,637,028	70,017,951
Nursing Scholarships	100,000	100,000	100,000	125,000	125,000
School Aid - Counties for Non-Tax Areas	48,000	48,000	48,000	48,000	48,000
Junior College Board	2,188,000	3,222,862	4,136,772	6,750,708	7,702,217
Liaison Commission for Higher Education		60,000	60,000	100,000	100,000
Workmen's Compensation	605,153		635,441		
Unemployment Compensation	422,119		211,926		
Claims	278,475		141,569		
Compensation Revolving Fund Increase	350,000				
Public Defender		130,000		129,849	129,849
Minnesota Residential Treatment Center		11,889		37,744	
Interest Upon Certificates		50,000			
State Arts Council		10,000		100,000	100,000
Insurance and Health Benefit Plan		25,000	50,000		
Judicial Council				2,775	3,500

GENERAL REVENUE FUND - NONDEDICATED RECEIPTS (Cont.)

	1964-65	1965-66	1966-67	1967-68	1968-69
Legislative Interim Commission	60,000	15,000	15,000		
Aid to Fire Departments	980,440	1,020,737	1,086,833	1,150,000	1,210,000
Surcharge for Firemen's Relief	204,354	211,079	225,000	240,000	255,000
Revenue Refunds	223,376	240,353	200,000	200,000	200,000
Miscellaneous Open Appropriations	21,560	22,881	11,958	11,900	11,900
Consolidated Conservation- Transfer	75,000		75,000	75,000	75,000
University Maintenance Adjustment	114,804				
Military Forces Emergency	116,893	27,103	9,945		
Administration-Highway Building Acquisition	20,000	20,000	20,000	20,000	20,000
Judges' Salary Increase	280,500				
Bond Sales Expense and Collection Fees	2,315	3,648	1,860	3,000	3,000
F.I.C.A. & S.E.R.A. Employer Contributions		351,435	500,000		
Colored Oleomargarine Research		125,000	125,000	125,000	125,000
College Board - Economic Opportunity Act		42,170	121,285	279,178	365,523
Junior Colleges - Economic Opportunity Act			16,500	51,944	64,281
Tax Relief on Account of Airports		5,250	5,250	5,250	5,250
Legislative Retirement		100	10,812	12,576	12,576
Excutive Council Emergency		5,321			
T.E.R.A. Pioneer Teachers	1,918	16,712	14,640	14,640	14,640
Athletic Commission	4,000	19,300	19,400	15,000	15,000
Employees Retirement Commission	15,425				
Recommended Insurance Program			1,500,000	4,909,395	5,082,977
Abandoned Bank Deposit Escheats'					125,000
Appropriations Direct & Open Subtotal	150,280,197	174,269,133	183,061,401	229,593,534	244,098,392
Less Cancellations	<u>2,952,950</u>	<u>5,915,108</u>	<u>5,000,000</u>	<u>4,500,000</u>	<u>4,500,000</u>
Net Appropriation Liability	147,327,247	168,354,025	178,061,401	225,093,534	239,598,392
Free Balance Forward	<u>4,208,555</u>	<u>26,869,806</u>	<u>50,313,463</u>	<u>47,453,299</u>	<u>43,982,755</u>
TOTAL EXPENDITURES AND BALANCES	151,535,802	195,223,831	228,374,864	272,546,833	283,581,147

GENERAL REVENUE FUND - DEDICATED RECEIPTS

ACTUAL AND ESTIMATED RESOURCES	1964-65	1965-66	1966-67	1967-68	1968-69
Reappropriated Balances July 1	672,453	698,620	812,566	903,561	2,109,382
Receipts - Dedicated:					
Departmental Earnings	204,134	222,123	206,000	240,500	240,500
Care and Maintenance of Inmates	170,330	189,046	232,300	232,300	232,300
Welfare Program Recoveries - State Share	552,993	453,142	290,300	214,500	150,200
Objects of Private Trust	128,000				
State Colleges - Tuition, Fees, etc.	5,816,033	7,809,949	8,671,866	10,664,624	11,604,839
State Junior Colleges - Tuition, Fees, etc.		1,657,387	1,951,281	2,598,807	3,130,956
College Employees' Annuity Contributions	203,591	263,807	293,273	323,000	353,000
University of Minnesota - Maintenance	19,994,403	24,673,697	25,353,982	27,375,091	28,929,722
University of Minnesota - Hospital Receipts	7,490,838	8,169,984	8,973,599	10,358,514	10,686,811
Other Receipts	<u>35,005</u>	<u>38,078</u>	<u>26,985</u>	<u>29,790</u>	<u>29,790</u>
Receipts Subtotal	34,595,330	43,477,218	45,999,587	52,037,126	55,358,118
State Junior College Receipts Transferred	<u>911,403</u>				
TOTAL RESOURCES	36,179,186	44,175,839	46,812,154	52,940,688	57,467,500

ACTUAL AND ESTIMATED EXPENDITURES

Expenditures of Dedicated Receipts and Balances:

Department of Agriculture	172,625	168,714	175,350	210,250	210,250
Division of Forestry	17,938	20,053	15,000	16,000	16,000
Division of State Parks	141,196	12,922	10,860	13,000	13,000
Department of Public Welfare	552,993	453,142	290,300	214,500	150,200
Welfare Institutions	61	17,129			
Corrections Institutions	9,910	12,408	10,000	10,000	10,000
Soldiers' Home Board	189,254	207,643	250,840	250,840	250,840
State College Board	5,798,727	7,703,772	8,586,619	9,461,484	11,509,619
State Junior College Board	911,403	1,657,387	1,951,281	2,598,807	3,130,956
College Employees' Tax-Sheltered Annuities	195,816	256,511	287,526	320,319	350,501
University of Minnesota	27,484,154	32,843,208	34,327,581	37,733,605	39,616,533
All Other	<u>6,482</u>	<u>10,375</u>	<u>3,235</u>	<u>2,500</u>	<u>2,500</u>
Expenditures Subtotal	35,480,566	43,363,272	45,908,592	50,831,305	55,260,399
Reappropriated Balances June 30	<u>698,620</u>	<u>812,566</u>	<u>903,561</u>	<u>2,109,382</u>	<u>2,207,101</u>
TOTAL EXPENDITURES AND BALANCES	36,179,186	44,175,839	46,812,154	52,940,688	57,467,500

INCOME TAX SCHOOL FUND

ACTUAL AND ESTIMATED RESOURCES	1964-65	1965-66	1966-67	1967-68	1968-69
Free Balances July 1	(16,037,220)	5,956,669	43,685,331	50,478,488	39,729,091
Receipts - Dedicated:					
Income Tax - Individual & Fiduciary	200,330,452	261,388,492	275,000,000	302,000,000	331,000,000
Income Tax - Corporation	44,116,690	69,332,937	55,000,000	55,000,000	60,000,000
Iron Ore Occupation Tax	5,249,159	6,274,374	6,280,000	5,000,000	4,400,000
Taconite Occupation Tax	483,968	700,977	720,000	800,000	800,000
Other Income - Dedicated Receipts	<u>13,805</u>	<u>31,314</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
Receipts Subtotal	250,194,076	337,728,096	337,050,000	362,850,000	396,250,000
Legislative Transfers:					
Higher Education Transfers	(9,891,529)	(12,539,616)	(15,000,000)	(80,757,981)	(92,438,895)
General Revenue Fund	(8,112,426)	(43,332,311)	(43,230,000)		
Appropriation Transfers	<u>(26,766)</u>				
Transfers Subtotal	<u>(18,030,722)</u>	<u>(55,871,927)</u>	<u>(58,230,000)</u>	<u>(80,757,981)</u>	<u>(92,438,895)</u>
Receipts Less Legislative Transfers	<u>232,163,353</u>	<u>281,856,169</u>	<u>278,820,000</u>	<u>282,092,019</u>	<u>303,811,105</u>
TOTAL RESOURCES	216,126,132	287,812,839	322,505,331	332,570,507	343,540,196
Actual and Estimated Expenditures					
Legislative Appropriations - Direct:					
Aid to Common School Districts	50,000	50,000	50,000	50,000	50,000
Administration - Education Organization Study		25,000			
Administration - Payroll Preparation, etc.	9,000	35,154	38,289	42,372	43,766
Department of Taxation	3,167,073	3,564,297	3,473,150	4,697,601	4,781,938
Faribault School and Hospital	412,624	450,322	489,195	628,454	674,637
Cambridge School and Hospital	490,875	524,563	553,826	672,541	693,893
Owatonna State School	941,644	947,947	959,674	1,167,373	1,188,837
Braille and Sight Saving School	378,006	386,864	394,014	500,598	517,151
School For the Deaf	731,977	809,690	816,777	984,247	1,003,654
Gillette Hospital for Crippled Children	991,099	1,029,632	1,042,772	1,224,293	1,253,210
State Training School For Boys	963,514	1,050,243	1,132,422	1,628,277	1,675,775
Home School For Girls	678,450	694,503	725,544	957,338	976,097

INCOME TAX SCHOOL FUND (Cont.)

	1964-65	1965-66	1966-67	1967-68	1968-69
Minnesota Residential Treatment Center	1,629,816	1,891,942	1,945,021	2,561,523	2,648,554
Department of Education	2,435,697	2,558,360	2,614,444	3,349,118	3,887,470
University of Minnesota	45,000	40,000	40,000	34,400	29,400
Aid to Public School Districts (Note 1)	157,047,000	176,392,000	202,744,449	213,226,000	232,541,000
Aid to Public School Districts - Special Tax Court	5,000	1,500,000		2,000,000	
Gross Earnings Aid to Schools	1,493,000	1,500,000	1,600,000	1,500,000	1,500,000
Exempt Land - Special School Aid	375,000	375,000	375,000	375,000	375,000
Aid to Certain School Districts	120,000	120,000	120,000	120,000	120,000
School Census Aid	8,381,400	8,563,050	8,750,000	8,900,000	9,000,000
Attributable Costs	214,286	277,376	287,396	298,000	309,000
Income Tax Refunds	30,368,324	42,015,958	44,000,000	48,000,000	52,000,000
Unemployment Compensation	43,003		13,189		
Workmen's Compensation	31,534		57,810		
Miscellaneous Appropriations	1,374	1,728	1,437	1,500	1,500
Insurance Program			191,000	422,781	422,781
Retirement Contributions			111,427		
Appropriations Direct & Open Subtotal:	211,004,701	244,803,630	272,526,843	293,341,416	315,693,663
Less Cancellations	<u>835,238</u>	<u>676,122</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Net Appropriation Liability	210,169,462	244,127,507	272,026,843	292,841,416	315,193,663
Free Balance Forward June 30	<u>5,956,669</u>	<u>43,685,331</u>	<u>50,478,488</u>	<u>39,729,091</u>	<u>28,346,533</u>
TOTAL EXPENDITURES & BALANCES	216,126,132	287,812,839	322,505,331	332,570,507	343,540,196

(Note 1) - Aid to Public School Districts:

\$4,706,171.52 of the 1964-65 appropriation was used to pay school aids for the year ending June 30, 1964 and \$511 of the 1963-64 appropriation was brought forward.

\$12,884,611.13 of the 1965-66 appropriation was used to pay school aids for the year ending June 30, 1965 and the like amount from the 1966-67 appropriation was used to pay the aids for the year ending June 30, 1966.

BUILDING FUND

ACTUAL AND ESTIMATED RESOURCES	1964-65	1965-66	1966-67	1967-68	1968-69
Reappropriated Balances July 1	2,738,614	2,519,510	2,381,052	2,014,260	1,623,386
Receipts - Dedicated:					
Property Tax for Debt Service	7,255,552	7,084,300	6,717,235	6,449,681	6,502,502
Refunds and Miscellaneous	459	1,240	1,655		
Sale of General Obligation Bonds		54,790,000		61,418,675	
Federal Grants		509,638*	3,275,081*	14,126,662*	
Receipts Subtotal	7,256,011	61,875,540	6,718,890	67,868,356	6,502,502
Transfer from Revolving Fund		250,000			
TOTAL RESOURCES	9,994,625	64,645,051	9,099,943	69,882,616	8,125,888
ACTUAL AND ESTIMATED EXPENDITURES					
Expenditures of Legislative Appropriations:					
Unemployment Compensation			4,117		
Expenditures of Dedicated Receipts and Balances:					
Department of Administration	459	36,194,035		39,357,787	
State College Board		3,000,000			
University of Minnesota		15,820,656		22,060,888	
Redemption of Debt - Bond Principal	5,357,000	5,357,000	5,357,000	5,357,000	5,357,000
Interest on Debt	1,999,700	1,825,985	1,652,270	1,478,555	1,304,840
Bond Expense	3,769	30,338	5,000	5,000	5,000
Cancellations		(3,260)			
Federal Grants		509,638*	3,275,081*	14,126,662*	
Expenditures Subtotal	7,360,928	62,224,753	7,018,387	68,259,230	6,666,840
Transfers to Bond Fund	114,185	39,244	67,295		
Reappropriated Balances June 30:					
Building Accounts	397,789	363,354	293,202	293,202	293,202
Debt Service Accounts	2,121,721	2,017,698	1,721,058	1,330,184	1,165,846
TOTAL EXPENDITURES, TRANSFERS, AND BALANCES	9,994,625	64,645,051	9,099,943	69,882,616	8,125,888

Federal Grant amounts are excluded from the totals above; they are included in the Federal Funds statement.

Note: There is a balance of \$97,720 in the State Building of 1959-1978 Certificate Proceeds Account due to the veto of a specific item. It is recommended that the Legislature direct the State Auditor to transfer this balance to the corresponding Tax Account and reduce the subsequent tax levy accordingly.

BOND FUND

ACTUAL AND ESTIMATED RESOURCES	1964-65	1965-66	1966-67	1967-68	1968-69
Reappropriated Balance July 1	3,009,192	6,145,826	5,639,705	8,570,303	7,230,653
Receipts - Dedicated:					
Property Tax for Debt Service	9,638,457	8,978,052	14,323,574	10,770,448	12,285,282
Income From Temporary Investments		235,069	453,105	434,300	434,300
Premiums and Accrued Interest on Bonds Sold		154,000			
Forfeits		2,369			
Receipts Subtotal	9,638,457	9,369,491	14,776,679	11,204,748	12,719,582
Transfers from:					
Building Fund	114,185	39,244	67,295		
State Airports Fund	261,308	468,100	469,835	471,280	472,435
Employment Security Building Account		42,985	97,942	97,942	97,942
School Loan Accounts	175,267	850,095	1,713,080	844,600	816,700
TOTAL RESOURCES	13,198,411	16,915,744	22,764,538	21,188,873	21,337,313
ACTUAL AND ESTIMATED EXPENDITURES					
Expenditures of Dedicated Receipts and Balances:					
Redemption of State Bonds	3,338,000	5,678,000	8,578,000	8,588,000	8,598,000
Interest on State Bonds	3,714,337	5,598,038	5,616,235	5,370,220	5,123,915
Bond Sale Expense	246				
Expenditures Subtotal	7,052,584	11,276,038	14,194,235	13,958,220	13,721,915
Reappropriated Balances June 30	6,145,826	5,639,705	8,570,303	7,230,653	7,615,398
TOTAL EXPENDITURES AND BALANCES	13,198,411	16,915,744	22,764,538	21,188,873	21,337,313

MISCELLANEOUS SPECIAL REVENUE FUND*

ACTUAL AND ESTIMATED RESOURCES	1964-65	1965-66	1966-67	1967-68	1968-69
Reappropriated Balances July 1	8,141,160	7,495,534	16,670,948	12,529,081	12,683,322
Receipts - Dedicated:					
Gasoline Tax - Motorboat	426,957	430,333	435,000	435,000	435,000
Departmental Earnings, Permits & Licenses	2,685,031	2,924,118	3,140,766	3,247,003	3,309,581
Examining Boards Earnings	1,191,593	1,234,371	1,235,000	1,235,000	1,235,000
Sale of Land & Buildings	999	900	425,659		
Sale of Timber, etc.	381,027	302,753	285,938	231,890	231,890
Sale of Livestock	68,393	100,859	55,350	50,350	44,775
Permanent School Fund Income	9,018,673	9,313,039	9,350,000	9,500,000	9,750,000
Repayments and Interest on School Loans	364,558	2,944,141	850,357	1,222,094	1,076,921
Interest on Temporary Investments			150,000	120,000	
Sale of General Obligation Bonds		13,400,000			
All Other Receipts	75,065	87,154	86,268	72,958	73,533
Receipts Subtotal	14,212,299	30,737,671	16,014,338	16,114,295	16,156,700
Transfers from General Revenue Fund		3,000			
TOTAL RESOURCES	22,353,459	38,236,205	32,685,286	28,643,376	28,840,022
ACTUAL AND ESTIMATED EXPENDITURES					
Expenditures of Legislative Appropriations:					
Conservation Admin. - Boat & Water Safety				381,581	384,268
Division of Game and Fish	341,215	253,951	342,000	342,000	342,000
Workmen's Compensation	6,390				
Unemployment Compensation	11,116		1,785		
Expenditures of Dedicated Receipts and Balances:					
Minnesota Voting Machine Commission		150			
Department of Administration	31,920	39,909	58,288	27,373	28,357
Secretary of State	407,697	445,247	499,516	623,303	667,121
Department of Military Affairs	57,208	21,819	79,873		
Division of Banking	15,000	15,000	15,000	15,000	15,000
Division of Insurance	9,992	8,430	12,000	12,000	12,000
Division of Securities-Real Estate Section	90,033	95,272	118,131	123,000	126,000
Railroad and Warehouse Commission	469,762	469,199	509,172	576,477	584,399
Department of Labor and Industry	15,560	15,696	19,855	21,780	21,586
Examining Boards	1,130,019	1,065,636	1,066,000	1,119,000	1,130,000
State Athletic Commission	3,342				
Department of Agriculture	390,428	413,900	469,389	569,542	559,989
Conservation Administration - Boat and Water Safety	376,945	340,293	372,464		

MISCELLANEOUS SPECIAL REVENUE FUND* (Cont.)

	1964-65	1965-66	1966-67	1967-68	1968-69
Division of Forestry	251,223	319,571	518,533	345,325	357,356
Division of Lands and Minerals	63,255	70,907	102,264	146,263	149,466
Division of Game and Fish	182,347	171,193	200,000	193,775	193,992
Division of State Parks	205,971	248,535	232,468	225,000	220,000
Department of Health	75,906	84,968	100,958	106,685	109,539
Department of Public Welfare	39,417	39,985	31,500	30,000	29,000
Owatonna State School	27,766				
Department of Corrections		450	1,000	1,000	1,000
Department of Employment Security	890	355,068	3,023,075		
Veterans Service Building Commission	5,595				
Endowment School Apportionment	8,664,807	9,274,895	9,350,000	9,500,000	9,750,000
School Loan Committee	1,152,015	6,137,286	367,062	1,900	1,850
University of Minnesota	18,000	18,000	18,000	22,000	22,000
Debt and Interest	<u>57,922</u>	<u>56,443</u>	<u>105,768</u>		
Expenditures Subtotal	14,101,751	19,961,813	17,614,104	14,383,004	14,704,923
Transfers to General Revenue Fund	543,405	710,362	731,078	634,507	536,491
Transfers to Game and Fish Fund	37,500				
Transfers to Bond Fund	175,267	893,080	1,811,023	942,542	914,642
Reappropriated Balances June 30	<u>7,495,534</u>	<u>16,670,948</u>	<u>12,529,081</u>	<u>12,683,322</u>	<u>12,683,965</u>
TOTAL EXPENDITURES, TRANSFERS, AND BALANCES	22,353,459	38,236,205	32,685,286	28,643,376	28,840,022

*This statement does not include the following account groups which are incorporated in separate fund statements:
 Rural Credit, Iron Range Resources and Rehabilitation
 Soldiers' Relief, State Airports, and Natural Resources.

Note: Receipts and expenditures shown above are net of temporary investment maturities and reinvestments.

IRON RANGE RESOURCES AND REHABILITATION COMMISSION

ACTUAL AND ESTIMATED RESOURCES	1964-65	1965-66	1966-67	1967-68	1968-69
Reappropriated Balances July 1	636,768	697,848	1,003,098	959,744	744,056
Receipts - Dedicated:					
Occupation Tax on Iron Ore	655,044	784,015	785,000	500,000	400,000
Revenue from Use of Property	30,497	38,666	43,924	42,659	41,455
Sale of Lands, Buildings, & Equipment	9,731	4,391	700		
Federal Grants		<u>361,464*</u>	<u>332,226*</u>	<u>81,213*</u>	
Receipts Subtotal	<u>695,272</u>	<u>827,073</u>	<u>829,624</u>	<u>542,659</u>	<u>441,455</u>
TOTAL RESOURCES	1,332,041	1,524,921	1,832,722	1,502,403	1,185,511

ACTUAL AND ESTIMATED EXPENDITURES

Expenditures of Legislative Appropriations:					
Commission on Taxation and Production of Iron Ore		10,000			
University of Minnesota	197,686	80,000	80,000	150,000	150,000
Expenditures of Legislative Receipts and Balances:					
Iron Range Resources & Rehabilitation Commission	435,947	431,397	792,478	608,347	624,598
Federal Grants		<u>361,464*</u>	<u>332,226*</u>	<u>81,213*</u>	
Expenditures Subtotal	633,633	521,397	872,478	758,347	774,598
Transfers to General Revenue Fund	558	425	500		
Reappropriated Balances June 30	<u>697,848</u>	<u>1,003,098</u>	<u>959,744</u>	<u>744,056</u>	<u>410,913</u>
TOTAL EXPENDITURES, TRANSFERS, AND BALANCES	1,332,041	1,524,921	1,832,722	1,502,403	1,185,511

*Federal grant receipts and expenditures are not included in the totals in this fund statement, but are included in the Federal Funds statement.

RURAL CREDIT FUND

ACTUAL AND ESTIMATED RESOURCES	1964-65	1965-66	1966-67	1967-68	1968-69
Reappropriated Balances July 1	2,478,787	2,742,009	2,743,508		
Receipts - Dedicated:					
Property Tax	1,640,243	1,357,573			
Sale of Land and Buildings	10,459	10,959	972		
Payments on Mortgages	3,860	2,070	74		
Interest and Other Receipts	<u>2,241</u>	<u>2,041</u>	<u>155</u>		
Receipts Subtotal	1,656,805	1,372,644	1,202		
TOTAL RESOURCES	4,135,592	4,114,654	2,744,710		
ACTUAL AND ESTIMATED EXPENDITURES					
Expenditures of Legislative Appropriations:					
Division of Banking	3,437	2,658	2,686		
Cancellations	(1,291)				
Expenditures of Dedicated Receipts and Balances:					
Debt and Interest	<u>1,391,437</u>	<u>1,368,487</u>	<u>75,637</u>		
Expenditures Subtotal	1,393,583	1,371,145	78,323		
Transfers to General Revenue Fund			2,666,387		
Reappropriated Balances June 30	<u>2,742,009</u>	<u>2,743,508</u>			
TOTAL EXPENDITURES, TRANSFERS AND BALANCES	4,135,592	4,114,654	2,744,710		

GAME AND FISH FUND

ACTUAL AND ESTIMATED RESOURCES

	1964-65	1965-66	1966-67	1967-68	1968-69
Reappropriated Balance July 1	1,311,261	2,189,104	1,750,866	2,151,795	1,133,247
Receipts - Dedicated:					
Fines, Forfeits, & Seizures	54,401	79,664	65,000	80,000	60,000
Occupational Licenses	136,628	127,286	130,000	150,000	150,000
Nonoccupational Licenses	4,844,732	4,759,421	4,736,000	4,958,000	4,968,000
Rents and Miscellaneous	52,614	53,273	50,283	50,000	50,000
Sale of Fish, etc.	112,211	86,283	70,000	98,000	98,000
Federal Grants	<u>776,097*</u>	<u>425,068*</u>	<u>725,000*</u>	<u>980,000*</u>	<u>980,000*</u>
Receipts Subtotal	5,200,589	5,105,929	5,051,283	5,336,000	5,326,000
Repayment of Loan	<u>37,500</u>				
TOTAL RESOURCES	6,549,350	7,295,033	6,802,150	7,487,795	6,459,247

ACTUAL AND ESTIMATED EXPENDITURES

Expenditures of Legislative Appropriation:					
Department of Conservation - Administration	408,192	607,502	587,698	575,511	529,912
Division of Waters		107,500			
Division of Game & Fish	4,551,042	5,230,199	4,863,972	6,559,995	6,239,857
Game and Fish Contingent		100,000		100,000	
Wolf, Fox, Lynx, & Bobcat Bounties	140,000			100,000	100,000
Legislative Claims	3,359				
Kandiyohi County		65,000			
Department of Administration-Payroll Preparation	5,500	6,000	6,000	7,500	7,500
State Agency Revolving		340	340	376	376
Unemployment Compensation	61,810		43,973		
Workmen's Compensation	653		33,072		
Open Appropriation - Insurance Plan				99,666	99,666
Cancellations	(156,617)	(186,120)	(200,000)	(150,000)	(150,000)
Federal Receipts Portion of Expenditures	<u>(776,097)*</u>	<u>(425,068)*</u>	<u>(725,000)*</u>	<u>(980,000)*</u>	<u>(980,000)*</u>
Expenditures Subtotal	4,237,843	5,505,352	4,610,055	6,313,048	5,847,311
Transfers to State Parks Capitol Improvement	37,500				
Transfers to General Revenue Fund	84,902	38,814	40,300	41,500	42,500
Reappropriated Balances June 30	<u>2,189,104</u>	<u>1,750,866</u>	<u>2,151,795</u>	<u>1,133,247</u>	<u>569,436</u>
TOTAL EXPENDITURES, TRANSFERS, AND BALANCES	6,549,350	7,295,033	6,802,150	7,487,795	6,459,247

*Federal grant receipts are not included in the totals in this fund statement, but are included in the Federal Funds statement.

NATURAL RESOURCES FUND

ACTUAL AND ESTIMATED RESOURCES	1964-65	1965-66	1966-67	1967-68	1968-69
Reappropriated Balances July 1	(569,603)	328,687	(3,471,863)	341,902	(3,649,199)
Receipts - Dedicated:					
Cigarette Tax	3,729,330	3,793,404	3,780,000	3,900,000	3,900,000
Other Receipts	7,212	923			
Federal Grants	<u>46,193*</u>	<u>28,607*</u>		<u>30,000*</u>	<u>30,000*</u>
TOTAL RESOURCES	3,166,939	4,123,015	308,136	4,241,902	250,800
ACTUAL AND ESTIMATED EXPENDITURES					
Expenditures of Legislative Appropriations:					
Recommendation to be Detailed Later				7,832,207	
Governor - Legislative Advisory Commission		1,384,000			
Department of Administration		2,940,445			
Department of Taxation	30,000	51,000		58,095	
Department of Business Development		341,100			
Minnesota Outdoor Recreation Resources Commission		100,000			
Department of Conservation-Natural Resources	1,887,000	2,385,461			
Minnesota River Development Corporation		15,000			
University of Minnesota		102,000			
Minnesota Historical Society		457,204			
Unemployment Compensation	28,505		450		
Workmen's Compensation			222		
Cancellations	(22,875)	(182,035)	(35,238)		
Federal Grants	<u>46,193*</u>	<u>28,607*</u>		<u>30,000*</u>	<u>30,000*</u>
Expenditures Subtotal	1,922,629	7,594,174	(34,566)	7,890,302	
Transfer to:					
General Revenue Fund-Repayment of Loan	900,000				
General Revenue Fund-Service Charges	15,622	705	800	800	800
Reappropriated Balances June 30	<u>328,687</u>	<u>(3,471,863)</u>	<u>341,902</u>	<u>(3,649,199)</u>	<u>250,000</u>
TOTAL EXPENDITURES, TRANSFERS, AND BALANCES	3,166,939	4,123,015	308,136	4,241,902	250,800

Note: The overdraft balances shown above are due to making the major share of appropriations available in the first year of each biennium, in advance of tax collections. Transfers from the receipts account to the appropriation accounts were made in installments as funds became available. Federal grant receipts and expenditures are not included in the totals in this fund statement, but are included in the Federal Funds statement.

CONSOLIDATED CONSERVATION AREAS FUND

ACTUAL AND ESTIMATED RESOURCES	1964-65	1965-66	1966-67	1967-68	1968-69
Reappropriated Balances July 1	60,366	87,076	36,414	26,869	16,349
Receipts - Dedicated:					
Sale of Trees and Timber	110,695	107,432	104,200	103,500	103,000
Sale of Land and Buildings	41,770	50,948	24,450	22,850	22,950
Interest and Miscellaneous	<u>12,488</u>	<u>11,689</u>	<u>10,260</u>	<u>10,610</u>	<u>10,510</u>
Receipts Subtotal	<u>164,954</u>	<u>160,070</u>	<u>138,910</u>	<u>136,960</u>	<u>136,460</u>
TOTAL RESOURCES	225,321	247,147	175,324	163,829	152,809
ACTUAL AND ESTIMATED EXPENDITURES					
Expenditures of Legislative Appropriations:					
Legislative Claims	39,094				
Division of Waters	10,000	26,000			
Expenditures of Dedicated Receipts and Balances:					
Consolidated Conservation Areas	6,672	4,697	4,000	4,000	4,000
Distributions to Counties	<u>82,477</u>	<u>80,035</u>	<u>69,455</u>	<u>68,480</u>	<u>68,230</u>
Expenditures Subtotal	138,245	110,733	73,455	72,480	72,230
Transfers to General Revenue Fund*		100,000	75,000	75,000	75,000
Reappropriated Balances June 30	<u>87,076</u>	<u>36,414</u>	<u>26,869</u>	<u>16,349</u>	<u>5,579</u>
TOTAL EXPENDITURES TRANSFERS, AND BALANCES	225,321	247,147	175,324	163,829	152,809

* The first three amounts shown as transfers to the General Revenue Fund are obligations of years prior to those in which the transfers were made. These transfers apply specifically to the years ending June 30, 1963, 1965, and 1967, respectively.

STATE AIRPORTS FUND

ACTUAL AND ESTIMATED RESOURCES	1964-65	1956-66	1966-67	1967-68	1968-69
Reappropriated Balances July 1	3,756,494	3,978,188	4,167,458	4,186,752	1,680,882
Receipts - Dedicated:					
Flight Property Tax	419,359	606,376	750,000	800,000	850,000
Aviation Fuel Tax	3,171,011	3,527,387	3,548,400	3,600,000	3,700,000
Aircraft Registration Tax	166,970	177,176	185,000	194,000	200,000
Sale of Equipment	200				
Hangar Construction Reimbursements	19,139	13,520	13,100	35,440	50,620
Income from Investments	<u>84,099</u>	<u>90,487</u>	<u>100,000</u>	<u>90,000</u>	<u>100,000</u>
Receipts Subtotal	3,860,780	4,414,948	4,596,500	4,719,440	4,900,620
Allocations from General Contingent Fund	<u>11,835</u>	<u>4,095</u>			
TOTAL RESOURCES	7,629,110	8,397,231	8,763,958	8,906,192	6,581,502
ACTUAL AND ESTIMATED EXPENDITURES					
Expenditures of Legislative Appropriations:					
Department of Administration-Payroll Preparation	150	175	239	270	283
Department of Aeronautics	217,155	283,972	161,258	381,760	328,344
Independent School District No. 16, Anoka County		9,750	9,750	9,750	9,750
Cancellations	(4,582)	(14,151)	(752)		
Expenditures of Dedicated Receipts and Balances:					
Department of Aeronautics - Construction	548,929	665,037	905,837	3,278,150	82,100
Department of Aeronautics - Hangar Revolving	19,917	11	80,000	80,050	60,050
Bond Sales Expense	5,028				
Revenue Refunds - Aviation Fuel Tax	<u>2,570,922</u>	<u>2,816,435</u>	<u>2,942,946</u>	<u>3,000,000</u>	<u>3,000,000</u>
Expenditures Subtotal	3,357,520	3,761,230	4,099,278	6,749,980	3,480,527
Transfers to General Revenue Fund	32,093	442	8,091	4,050	4,200
Transfers to Bond Fund	261,308	468,100	469,835	471,280	472,435
Reappropriated Balances June 30	<u>3,978,188</u>	<u>4,167,458</u>	<u>4,186,752</u>	<u>1,680,882</u>	<u>2,624,340</u>
TOTAL EXPENDITURES, TRANSFERS AND BALANCES	7,629,110	8,397,231	8,763,958	8,906,192	6,581,502

Note: The balances shown above include temporary investments, and the receipts and expenditures are net of temporary investment maturities and reinvestments.

TRUNK HIGHWAY FUND

ACTUAL AND ESTIMATED RESOURCES	1964-65	1965-66	1966-67	1967-68	1968-69
Reappropriated Balances July 1	40,738,937	18,493,045	23,006,958	5,045,476	6,472,168
Receipts - Dedicated:					
Statutory Fines	598,642	668,571	600,000	725,000	750,000
Driver License Fees	1,899,317	1,883,149	1,700,000	2,200,000	1,950,000
Miscellaneous	3,756,197	3,834,981	3,800,000	3,800,000	3,800,000
Interest on Investments	2,555,696	2,952,033	2,800,000	3,250,000	3,250,000
City Bond Sale Advances	2,190,000	850,000	3,700,000	3,100,000	3,000,000
Federal Aid	98,140,512*	99,185,742*	72,400,000*	105,444,963*	106,750,463*
Accrual of Federal Aid	<u>(1,865,991)*</u>	<u>(329,701)*</u>	<u>13,138,270*</u>		
Receipts Subtotal	10,999,854	10,188,736	12,600,000	13,075,000	12,750,000
Transfers from Highway User Tax Fund	<u>76,549,417</u>	<u>82,844,854</u>	<u>85,152,000</u>	<u>88,643,477</u>	<u>91,175,801</u>
TOTAL RESOURCES	128,288,210	111,526,636	120,758,964	106,763,954	110,397,969
ACTUAL AND ESTIMATED EXPENDITURES					
Expenditures of Legislative Appropriations:					
Department of Highways	9,651,337	13,303,878	10,840,444	18,285,758	12,745,187
Highway Safety Account	192,000	192,000	192,000	192,000	192,000
Legislative Claims	81,491		43,205		
Highway Interim Commission		40,000			
Mississippi River Parkway Commission	5,000	5,000	5,000	5,000	5,000
Department of Health	12,103	11,486	11,799	19,827	19,717
Patrol Retirement Deficiency			318,096		
State Agency Revolving		2,425	2,425	2,600	2,700
Expenditures of Dedicated Receipts and Balances:					
Maintenance & Construction Operations	45,486,161	55,659,024	52,938,279	53,381,079	54,347,322
Engineering Standards				2,292,953	2,356,362
Planning & Programming				1,785,769	1,745,172
Construction	146,193,179	119,320,805	131,800,000	124,470,177	128,677,834
Federal Share of Construction, etc.	(96,274,521)	(98,856,040)	(85,538,270)	(105,444,963)	(106,750,463)
Debt and Interest	3,959,350	3,994,000	4,172,350	4,309,250	4,088,000
Patrol Fines Expense	15,452	15,000	18,000	20,000	21,000
Employee Insurance			125,160	132,336	132,660
Less Cancellations	<u>(231,917)</u>	<u>(5,896,309)</u>			
Expenditures Subtotal	109,089,635	87,791,269	114,928,488	99,451,786	97,582,491
Transfers to General Revenue Fund	705,529	728,408	785,000	840,000	880,000
Reappropriated Balances June 30	<u>18,493,045</u>	<u>23,006,958</u>	<u>5,045,476</u>	<u>6,472,168</u>	<u>11,935,478</u>
TOTAL EXPENDITURES, TRANSFERS, AND BALANCES	128,288,210	111,526,636	120,758,964	106,763,954	110,397,969

*Federal Aid Receipts & Accruals are excluded from totals shown above but are in the Federal Funds statement.

HIGHWAY USER TAX FUND AND COUNTY AND MUNICIPAL STATE AID FUNDS

ACTUAL AND ESTIMATED RESOURCES	1964-65	1965-66	1966-67	1967-68	1968-69
Reappropriated Balances July 1	37,402,524	41,452,687	46,751,133	48,237,133	49,737,133
Receipts - Dedicated:					
Gasoline Tax	88,264,629	93,151,564	95,965,000	98,865,000	101,765,000
Motor Vehicle Tax	49,334,953	53,151,418	55,293,700	57,768,200	60,343,800
Miscellaneous Income	14,856	20,217			
Interest on Investments	1,394,710	1,610,534	1,500,000	1,514,000	1,514,000
Receipts Subtotal	139,009,150	147,933,735	152,758,700	158,147,200	163,622,800
Less Transfers to Trunk Highway Fund	(76,549,417)	(82,844,854)	(85,152,006)	(88,643,477)	(91,175,801)
TOTAL RESOURCES	99,862,257	106,541,568	114,357,827	117,740,855	122,184,132
ACTUAL AND ESTIMATED EXPENDITURES					
Expenditures of Legislative Appropriations:					
Motor Vehicle Division	2,650,610	2,431,059	2,605,656	2,861,507	3,082,646
Motor Vehicle Contingent		25,000		25,000	
Legislative Claims	3,302		6,370		
Workemn's Compensation	4,809				
Unemployment Compensation	3,851				
Driver Improvement Training		10,000	10,000		
State Agency Revolving		125	125	200	200
Expenditures of Dedicated Receipts and Balances:					
Motor Vehicle Division - Insurance			30,912	31,138	31,888
County Construction, Maintenance, etc.	34,804,255	34,707,386	39,042,002	40,642,260	41,802,908
Municipal Construction, Maintenance, etc.	9,460,007	11,650,689	12,281,539	12,785,116	13,150,355
Revenue Refunds - Gasoline Tax	10,141,738	10,385,784	10,700,000	11,000,000	11,300,000
Revenue Refunds - Motor Vehicle Tax	555,682	523,096	550,000	550,000	550,000
Cancellations	(2,796)	(29,954)			
Expenditures Subtotal	57,621,460	59,703,187	65,226,605	67,895,222	69,917,998
Transfers to General Revenue Fund:					
Administrative Service Charges, etc.	88,963	87,247	103,000	108,500	115,000
Cost of Collection of Gasoline Tax	663,426		754,088		875,000
Mailing Gas Tax Refunds	35,719		37,000		39,000
Reappropriated Balances June 30	41,452,687	46,751,133	48,237,133	49,737,133	51,237,133
TOTAL EXPENDITURES, TRANSFERS, AND BALANCES	99,862,257	106,541,568	114,357,827	117,740,855	122,184,132

SOLDIERS' RELIEF FUND

ACTUAL AND ESTIMATED RESOURCES	1964-65	1965-66	1966-67	1967-68	1968-69
Reappropriated Balance July 1	31,000	36,440	27,414	19,775	7,039
Receipts - Dedicated:					
Property Tax - 1/10 Mill Levy	<u>176,095</u>	<u>175,839</u>	<u>175,000</u>	<u>175,000</u>	<u>175,000</u>
TOTAL RESOURCES	207,096	212,280	202,414	194,775	182,039
ACTUAL AND ESTIMATED EXPENDITURES					
Expenditures of Legislative Appropriations:					
Soldiers' Home Board	50,000	45,000	45,000	45,000	35,000
Expenditures of Dedicated Receipts and Balances:					
Soldiers' Home Board	<u>120,655</u>	<u>139,866</u>	<u>137,638</u>	<u>142,736</u>	<u>143,464</u>
Expenditures Subtotal	170,655	184,866	182,638	187,736	178,464
Reappropriated Balance June 30	<u>36,440</u>	<u>27,414</u>	<u>19,775</u>	<u>7,039</u>	<u>3,575</u>
TOTAL EXPENDITURES AND BALANCES	207,096	212,280	202,414	194,775	182,039

TRUST FUNDS

ACTUAL AND ESTIMATED RESOURCES	1964-65	1965-66	1966-67	1967-68	1968-69
Reappropriated Balances July 1	431,512	277,604	156,105	155,684	143,488
Receipts - Dedicated:					
Iron Ore Royalties	2,271,146	1,913,980	1,577,800	1,644,900	1,586,931
Other Income from Trust Fund Lands	351,176	268,680	224,470	220,535	211,340
Amortization of Discounts on Sales, Premiums,	188,703	387,483	856,275	856,275	856,275
Income from Investments, etc.	<u>57,939</u>	<u>48,345</u>	<u>58,325</u>	<u>57,713</u>	<u>54,413</u>
Receipts Subtotal	<u>2,868,964</u>	<u>2,618,489</u>	<u>2,716,871</u>	<u>2,779,424</u>	<u>2,708,960</u>
TOTAL RESOURCES	3,300,476	2,896,093	2,872,976	2,935,108	2,852,449

ACTUAL AND ESTIMATED EXPENDITURES

Expenditures Dedicated Receipts and Balances:					
Permanent School Fund	2,413,420	1,981,516	2,350,000	2,200,000	2,100,000
Internal Improvement Land Fund	4,557	4	4,064	4,000	
Institutional Trust Funds	16,256	55,031	1,835	1,835	1,835
State Colleges Trust Funds	9,062	15,939	11,393	10,785	10,790
Remitted to University of Minnesota	<u>579,575</u>	<u>687,495</u>	<u>350,000</u>	<u>575,000</u>	<u>600,000</u>
Expenditures Subtotal	3,022,872	2,739,987	2,717,292	2,791,620	2,712,625
Reappropriated Balance June 30:					
Permanent Trust Funds	190,681	120,103	112,435	92,996	82,093
Institutional & State College Trust Funds	<u>86,923</u>	<u>36,002</u>	<u>43,249</u>	<u>50,492</u>	<u>57,730</u>
TOTAL EXPENDITURES AND BALANCES	3,300,476	2,896,093	2,872,976	2,935,108	2,852,449

INVESTMENTS: (Not Included Above)

Permanent School Fund	262,109,811	261,649,115	263,999,115	266,199,115	268,299,115
Internal Improvement Land Fund	420,000	420,000	424,000	428,000	428,000
Institutional & State College Trust Funds	346,591	346,591	346,591	346,591	346,591

Note: Administration of Permanent University Trust Fund investments was transferred to the Board of Regents of the University of Minnesota, July 15, 1963, pursuant to Laws 1963, Chapter 567; therefore, only proceeds from University Trust Fund lands received by other State departments are included here.
Receipts and expenditures shown above are net of investment maturities and sales.

AGENCY FUNDS*

ACTUAL AND ESTIMATED RESOURCES	1964-65	1965-66	1966-67	1967-68	1968-69
Reappropriated Balances July 1	22,000,096	20,925,577	26,553,347	28,219,606	32,953,639
Receipts - Dedicated:					
Property Tax for Teachers' Retirement	11,178,120	13,645,046	16,797,380	18,719,041	22,717,663
Special Taxes Redistributed to Local Sub-Divs:					
Gross Earnings Tax on Railroads	1,223,460	1,257,246	1,259,600	1,410,000	1,447,600
Rural Electric Cooperative Tax	23,408	23,822	23,750	23,750	23,750
Bank Excise Tax	3,710,371	6,043,220	4,166,800	4,545,600	4,924,400
Inheritance Tax	2,217,168	2,543,505	2,250,000	2,250,000	2,250,000
Occupation Tax on Taconite	1,340,740	1,478,781	1,578,000	1,910,000	2,004,000
Intoxicating Liquor Tax	4,375,867	4,704,345	5,594,037	5,761,868	5,934,695
Cigarette Tax	6,525,339	6,638,457	6,700,000	6,800,000	6,900,000
Vessel Tonnage Tax	3,651	7,298	8,000	8,000	8,000
Mobile Homes Tax	1,113,533	1,371,885	1,404,000	1,447,875	1,580,796
Iron Ore Royalties	299,196	228,482	218,395	372,570	488,300
Sale of Timber, Etc.	62,191	71,007	47,275	47,285	47,330
Income from Investments	11,372,619	12,903,256	13,743,756	15,369,006	17,207,131
Objects of Private Trust	653,262	713,492	812,849	601,860	583,970
Deposits from Other Civil Divisions	6,123,061	5,480,306	8,296,286	8,381,000	8,390,000
Inmates Deposits	933,492	1,000,836	1,087,361	1,217,800	1,278,600
Retirement Contributions-					
Teachers' Retirement Association	6,115,147	8,086,174	11,000,000	10,000,000	10,500,000
State Employees' Retirement Association	8,912,901	11,057,783	11,767,999	12,386,666	13,000,000
Public Employees' Retirement Association	21,268,822	23,203,792	25,433,200	29,223,180	33,555,407
Highway Patrolmen's Retirement Association	316,206	413,057	655,000	690,000	725,000
State Police Officers' Retirement Fund	134,568	194,368	234,125	255,000	285,000
Judges' Survivors Retirement Compensation	54,496	53,573	54,000	54,000	54,000
College Personnel Supplemental Retirement		174,489	201,000	372,721	432,606
Federal Insurance Contributions	15,009,943	18,406,546	22,000,000	26,020,000	28,425,000
Sale of Stores for Resale	14,835	16,645	22,900	26,200	27,200
All Other Receipts	<u>14,656</u>	<u>11,184</u>	<u>8,582</u>	<u>7,800</u>	<u>7,800</u>
Receipts Subtotal	102,997,064	119,728,607	135,364,297	147,901,222	162,798,248
Appropriation Transfers from Gen. Revenue Fund	<u></u>	<u>321,730</u>	<u>205,000</u>	<u>373,000</u>	<u>433,000</u>
TOTAL RESOURCES	124,997,160	140,975,914	162,122,645	176,493,829	196,184,887

AGENCY FUNDS* (Cont.)

ACTUAL AND ESTIMATED EXPENDITURES	1964-65	1965-66	1966-67	1967-68	1968-69
Expenditures of Dedicated Receipts and Balances:					
State Public Defender		15,623	14,626		
Department of Labor and Industry	94,569	122,063	124,442	226,918	328,257
Department of Business Development	90,464	51,908	134,308	275,000	75,000
Division of Waters	14,280	16,030	22,870	22,870	7,270
Division of Game and Fish	12,324	5,566	23,498	20,557	20,945
Institutional Bequests	57,902	44,522	76,140	11,160	11,160
Department of Education	7,000	20,152	36,011	50,000	50,000
Winona State College	7,982	8,502	171,954		
Southwest State College			15,500		
State Junior College Board			22,865	2,540	
Department of Highways	6,092,282	5,514,454	7,000,000	7,000,000	7,300,000
Special Tax Aids to Local Sub-Division	21,871,188	22,385,968	23,146,177	23,727,446	25,108,923
Social Welfare Accounts	922,142	1,028,347	1,044,004	1,115,655	1,176,596
Retirement Associations-					
Teachers	17,540,290	18,292,950	23,656,156	21,563,651	23,024,831
State Employees	11,935,854	14,346,689	15,135,611	15,828,207	16,628,822
Highway Patrolmen	400,999	578,501	799,563	556,510	546,510
State Police Officers	170,366	217,301	289,068	320,265	343,470
Public Employees	25,607,768	28,058,736	30,733,200	35,318,180	40,552,157
Judges Survivors	47,842	51,361	56,500	56,500	56,500
College Personnel Supplemental		328,787	436,000	800,000	960,000
Federal Insurance Contributions	18,773,677	22,857,176	29,293,235	34,999,168	38,804,442
County Medicare Payments Forwarded			1,200,000	1,206,000	1,215,000
Return of Deposits	313,643	356,474	320,000	345,500	345,500
All Other	<u>15,594</u>	<u>11,996</u>	<u>21,674</u>	<u>4,510</u>	<u>3,650</u>
Expenditures Subtotal	103,976,173	114,313,117	133,773,406	143,450,639	156,559,033
Transfers to General Revenue Fund	95,410	109,449	129,632	89,550	115,064
Reappropriated Balances June 30	<u>20,925,577</u>	<u>26,553,347</u>	<u>28,219,606</u>	<u>32,953,639</u>	<u>39,510,789</u>
TOTAL EXPENDITURES, TRANSFERS, AND BALANCES	124,997,160	140,975,914	162,122,645	176,493,829	196,184,887

*This fund statement does not include the Consolidated Conservation Areas and Rural Credit account groups Which are presented in separate fund statements.

The receipts and expenditures shown above are net of investment maturities and reinvestments.

REVOLVING FUNDS*

ACTUAL AND ESTIMATED RESOURCES	1964-65	1965-66	1966-67	1967-68	1968-69
Reappropriated Balances July 1	2,646,857	3,229,472	1,624,517	2,950,107	2,363,465
Receipts - Dedicated:					
Service Fees	1,884,201	1,942,675	2,421,293	2,758,900	2,864,607
Sale of Manufactures	1,473,934	1,242,125	1,471,600	1,410,100	1,633,100
Sale of Stores for Resale	1,066,396	1,165,622	1,471,500	1,470,931	1,521,000
Deposits and Reimbursements for Postage	765,704	857,515	950,000	1,000,000	1,050,000
Automobile Rentals	377,251	440,146	482,700	487,000	510,000
Area Redevelopment Loan Repayments & Int.	17,251	22,443	40,052	40,000	45,000
Employees' Workmen's Comp. Reimbursements	1,056,481	383,384	1,406,391	1,200,000	1,200,000
Other Receipts	<u>61,713</u>	<u>41,961</u>	<u>32,391</u>	<u>30,000</u>	<u>34,500</u>
Receipts Subtotal	6,702,934	6,095,875	8,275,928	8,396,931	8,858,207
Appropriation Transfers from Gen. Rev. Fund	<u>350,000</u>	<u>350,000</u>			
TOTAL RESOURCES	9,699,792	9,675,348	9,900,446	11,347,039	11,221,672
ACTUAL AND ESTIMATED EXPENDITURES					
Expenditures of Legislative Appropriations:					
Unemployment Compensation	31,711				
Expenditures of Dedicated Receipts and Balances:					
Department of Public Examiner	490,270	483,044	659,000	813,133	839,676
Department of Taxation	135,432	262,715	251,615		
Department of Administration	3,067,879	3,412,123	3,889,903	4,334,462	4,482,653
Area Redevelopment Loans & Admin.	385,447	254,895	89,001	55,126	56,455
Department of Agriculture	11,920	12,570	12,575	12,750	12,750
Division of State Parks	484,214	265,283	268,500	285,000	285,000
Department of Public Welfare	26,998	12,337	21,400	23,000	25,000
Institutions - Diversified Labor	238,406	216,441	255,755	240,475	240,475
Reformatory - Manufacturing License Plates	840,801	1,763,725	319,860	1,980,713	231,643
State Employees' Workmen's Compensation	<u>742,762</u>	<u>767,445</u>	<u>840,934</u>	<u>898,115</u>	<u>948,563</u>
Expenditures Subtotal	6,455,845	7,450,582	6,608,544	8,642,774	7,122,215
Transfers to General Revenue Fund	14,473	350,247	341,794	340,800	340,950
Transfers to Building Fund		250,000			
Reappropriated Balances June 30	<u>3,229,472</u>	<u>1,624,517</u>	<u>2,950,107</u>	<u>2,363,465</u>	<u>3,758,507</u>
TOTAL EXPENDITURES, TRANSFERS, AND BALANCES	9,699,792	9,675,348	9,900,446	11,347,039	11,221,672

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

PRISON REVOLVING FUND

ACTUAL AND ESTIMATED RESOURCES	1964-65	1965-66	1966-67	1967-68	1968-69
Reappropriated Balances July 1	579,266	1,029,642	1,530,882	1,467,454	1,201,875
Receipts - Dedicated:					
Manufacturing	3,016,035	3,654,568	2,722,000	2,887,000	3,172,000
All Other Receipts	<u>29,424</u>	<u>40,597</u>	<u>31,110</u>	<u>31,070</u>	<u>31,070</u>
Receipts Subtotal	<u>3,045,460</u>	<u>3,695,166</u>	<u>2,753,110</u>	<u>2,918,070</u>	<u>3,203,070</u>
TOTAL RESOURCES	3,624,726	4,724,808	4,283,992	4,385,524	4,404,945
ACTUAL AND ESTIMATED EXPENDITURES					
Expenditures of Dedicated Receipts & Balances:					
Prison Industries	2,520,083	3,118,926	2,741,538	3,008,649	3,255,038
Transfers to General Revenue Fund	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	<u>175,000</u>	<u>175,000</u>
Expenditures and Transfers Subtotal	2,595,083	3,193,926	2,816,538	3,183,649	3,430,038
Reappropriated Balances June 30	<u>1,029,642</u>	<u>1,530,882</u>	<u>1,467,454</u>	<u>1,201,875</u>	<u>974,907</u>
TOTAL EXPENDITURES, TRANSFERS, & BALANCES	3,624,726	4,724,808	4,283,992	4,385,524	4,404,945

FEDERAL FUNDS

ACTUAL AND ESTIMATED RESOURCES	1964-65	1965-66	1966-67	1967-68	1968-69
Reappropriated Balances July 1	6,083,108	4,047,703	9,944,672	9,852,850	8,646,954
Receipts - Dedicated:					
Grants in Aid from U. S. Government	194,823,928	250,168,328	278,065,436	320,101,026	336,929,793
National Forest and Land Income etc.	<u>263,038</u>	<u>294,280</u>	<u>294,245</u>	<u>294,200</u>	<u>294,200</u>
TOTAL RESOURCES	201,170,075	254,510,313	288,304,354	330,248,076	345,870,947

ACTUAL AND ESTIMATED EXPENDITURES

Expenditures of Dedicated Receipts and Balances:

Department of Admin.-Building Fund		509,638	3,275,081	14,126,662	
State Planning Agency		62,000	382,928	510,000	380,000
Department of Military Affairs	2,381,643	7,469,170	414,277	347,490	374,628
Department of Civil Defense	442,674	411,502	600,471	741,834	747,893
Department of Business Development	271,190	275,674	412,902	283,000	283,000
Department of Aeronautics	1,325,890	705,605	1,048,466	4,326,700	300,000
Department of Agriculture	68,017	111,752	93,625	87,333	88,448
Soil Conservation Commission			175,785	35,745	
Department of Conservation-Administration	819,358	1,793,970	2,028,269	2,179,985	2,179,985
Division of Waters	7,205				
Division of Forestry	600,720	653,942	766,111	622,131	615,685
Division of Game and Fish	803,407	473,239	790,750	1,033,348	1,033,773
Division of State Parks	5,808	158,912	4,801		
Iron Range Resources & Rehab. Commission		361,464	332,226	81,213	
Department of Health	8,140,837	8,955,784	15,059,063	7,453,794	7,348,583
Department of Public Welfare	59,529,077	73,026,387	95,859,696	96,659,466	108,283,132
Welfare Institutions	340,748	590,640	1,560,793	495,817	410,366
Department of Employment Security	6,204,146	7,234,403	8,296,122	8,889,274	9,160,087
Soldiers' Home Board	261,972	306,825	303,000	310,000	315,000
Department of Education	13,360,040	37,102,532	53,458,955	69,978,442	78,441,967
State College Board	248,814	960,595	1,306,572	1,863,154	2,302,674
State Junior College Board		21,175	206,047	68,434	50,000
Higher Education Liaison & Facilities Comm.			227,178	289,322	292,798
Minnesota, Arts Council			37,053		
Department of Highways	102,068,970	103,104,007	91,538,270	110,944,963	119,950,463
National Forest & Land Aid to Counties	<u>235,949</u>	<u>269,611</u>	<u>266,045</u>	<u>266,000</u>	<u>266,000</u>
Expenditures Subtotal	197,116,477	244,558,836	278,444,494	321,594,107	332,824,482
Transfers to General Revenue Fund	5,895	6,804	7,010	7,015	7,015
Reappropriated Balances June 30	<u>4,047,703</u>	<u>9,944,672</u>	<u>9,852,850</u>	<u>8,646,954</u>	<u>13,039,450</u>
TOTAL EXPENDITURES AND BALANCES	201,170,075	254,510,313	288,304,354	330,248,076	345,870,947

CONSOLIDATED STATEMENT
GENERAL REVENUE AND INCOME TAX SCHOOL FUNDS
DIRECT APPROPRIATIONS
Actual 1965 - Recommended 1967

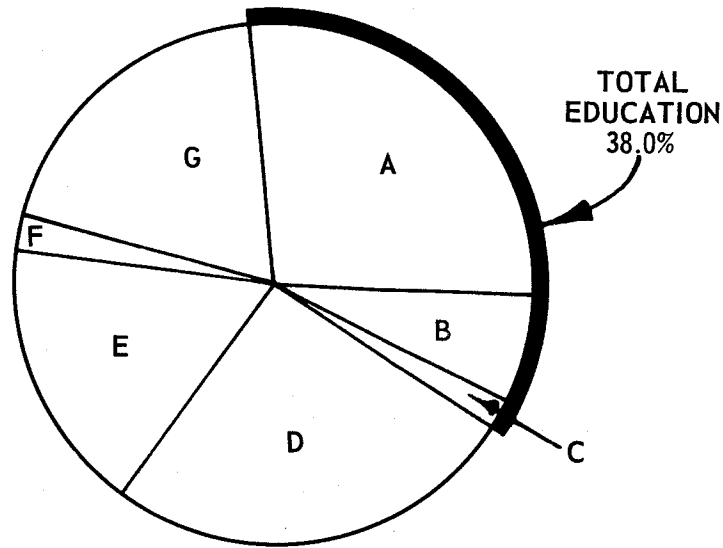
	1965 Legislative Appropriations			1967 Governor's Recommendation			Increase (Decrease) 1965/1967		
	Gen'l. Rev.	Income Tax	Total	Gen'l. Rev.	Income Tax	Total	Gen'l. Rev.	Income Tax	Total
University of Minnesota	98,031,492	80,000	98,111,492	131,654,979		131,654,979	33,623,487	(80,000)	33,543,487
State Colleges	26,796,309		26,796,309	42,237,474		42,237,474	15,441,165		15,441,165
Junior Colleges	7,359,634		7,359,634	14,652,925		14,652,925	7,293,291		7,293,291
Department of Education		5,197,804	5,197,804		7,236,588	7,236,588		2,038,784	2,038,784
Institutions - Educational		15,844,957	15,844,957		20,956,452	20,956,452		5,111,495	5,111,495
Aid to Schools		360,648,000	360,648,000		445,767,000	445,767,000		85,119,000	85,119,000
Other Educational Aids	836,500 ^a	6,550,000	7,386,500	2,228,500	6,153,800	8,382,300	1,392,000	(396,200)	995,800
Education - Subtotal	133,023,935	388,320,761	521,344,696	190,773,878	480,113,840	670,887,718	57,749,943	91,793,079	149,543,022
Institutions-Welfare & Corrections	82,347,337		82,347,337	104,685,411		104,685,411	22,338,074		22,338,074
Welfare Aids	64,692,500		64,692,400	72,979,763		72,979,763	8,287,263		8,287,263
Admin.-Welfare & Corrections	6,622,079		6,622,079	9,663,031		9,663,031	3,040,952		3,040,952
Welfare & Corrections-Subtotal	153,661,916		153,661,916	187,328,205		187,328,205	33,666,289		33,666,289
Department of Taxation	2,534,899	7,028,447	9,563,346	3,584,458	9,479,539	13,063,997	1,049,559	2,451,092	3,500,651
General Government	58,123,900	71,172 ^b	58,195,072	77,307,355	86,138	77,393,493	19,183,455	14,966	19,198,421
Non-Recurring Appropriation	2,583,994	9,000	2,592,994				(2,583,994)	(9,000)	(2,592,994)
TOTAL	349,928,644	395,429,380	745,358,024	458,993,896	489,679,517	948,673,413	109,065,252	94,250,137	203,315,389

a. Includes rural libraries, nursing scholarships, special school aids, higher education liaison committee, manpower trainee and long term sheltered workshops.

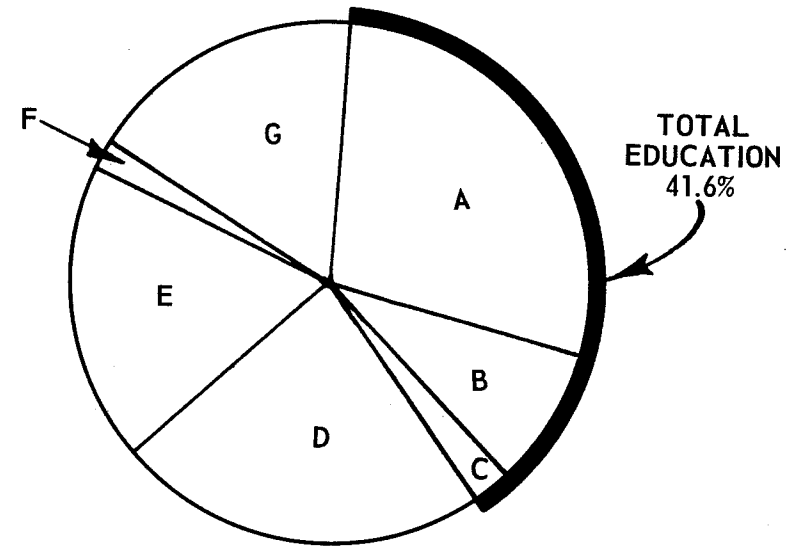
b. Cost of payroll preparation for agencies supported by income tax school funds.

This table and all following charts exclude deficiencies.

COMPARISON OF 1965 GENERAL REVENUE FUND DIRECT APPROPRIATIONS and 1967 RECOMMENDATIONS



1965 DIRECT LEGISLATIVE APPROPRIATIONS
\$349,928,644

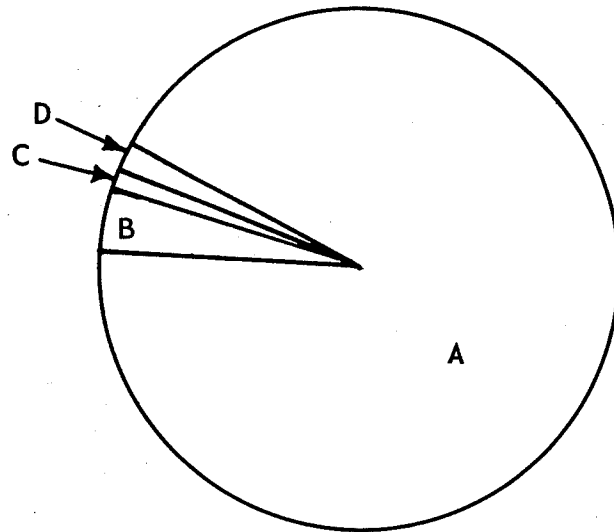


1967 RECOMMENDATIONS
\$458,993,896

A UNIVERSITY OF MINNESOTA	28.0%
B STATE COLLEGES	7.7%
C JR. COLLEGES AND OTHER EDUCATIONAL	2.3%
D INSTITUTIONS	23.5%
E WELFARE AIDS	18.5%
F WELFARE AND CORRECTIONS ADMINISTRATION	1.9%
G GENERAL GOVERNMENT AND NON-RECURRING	18.1%
TOTAL	100.0%

A UNIVERSITY OF MINNESOTA	28.7%
B STATE COLLEGES	9.2%
C JR. COLLEGES AND OTHER EDUCATIONAL	3.7%
D INSTITUTIONS	22.8%
E WELFARE AIDS	15.9%
F WELFARE AND CORRECTIONS ADMINISTRATION	2.1%
G GENERAL GOVERNMENT	17.6%
TOTAL	100.0%

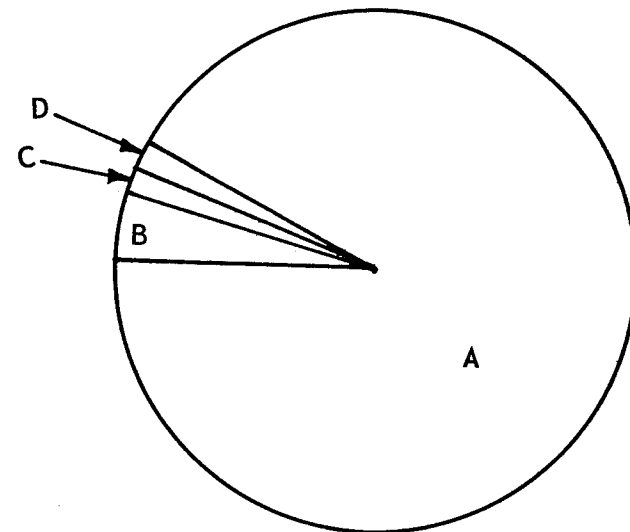
COMPARISON OF 1965 INCOME TAX SCHOOL FUND DIRECT APPROPRIATIONS and 1967 RECOMMENDATIONS



1965 DIRECT LEGISLATIVE APPROPRIATIONS
\$395,429,380

A EDUCATION AIDS	92.9%
B INSTITUTIONS	4.0%
C DEPARTMENT OF EDUCATION	1.3%
D DEPARTMENT OF TAXATION	1.8%
E UNIVERSITY OF MINNESOTA AND GENERAL GOVERNMENT	*
	100.0%

* LESS THAN 0.1 PERCENT



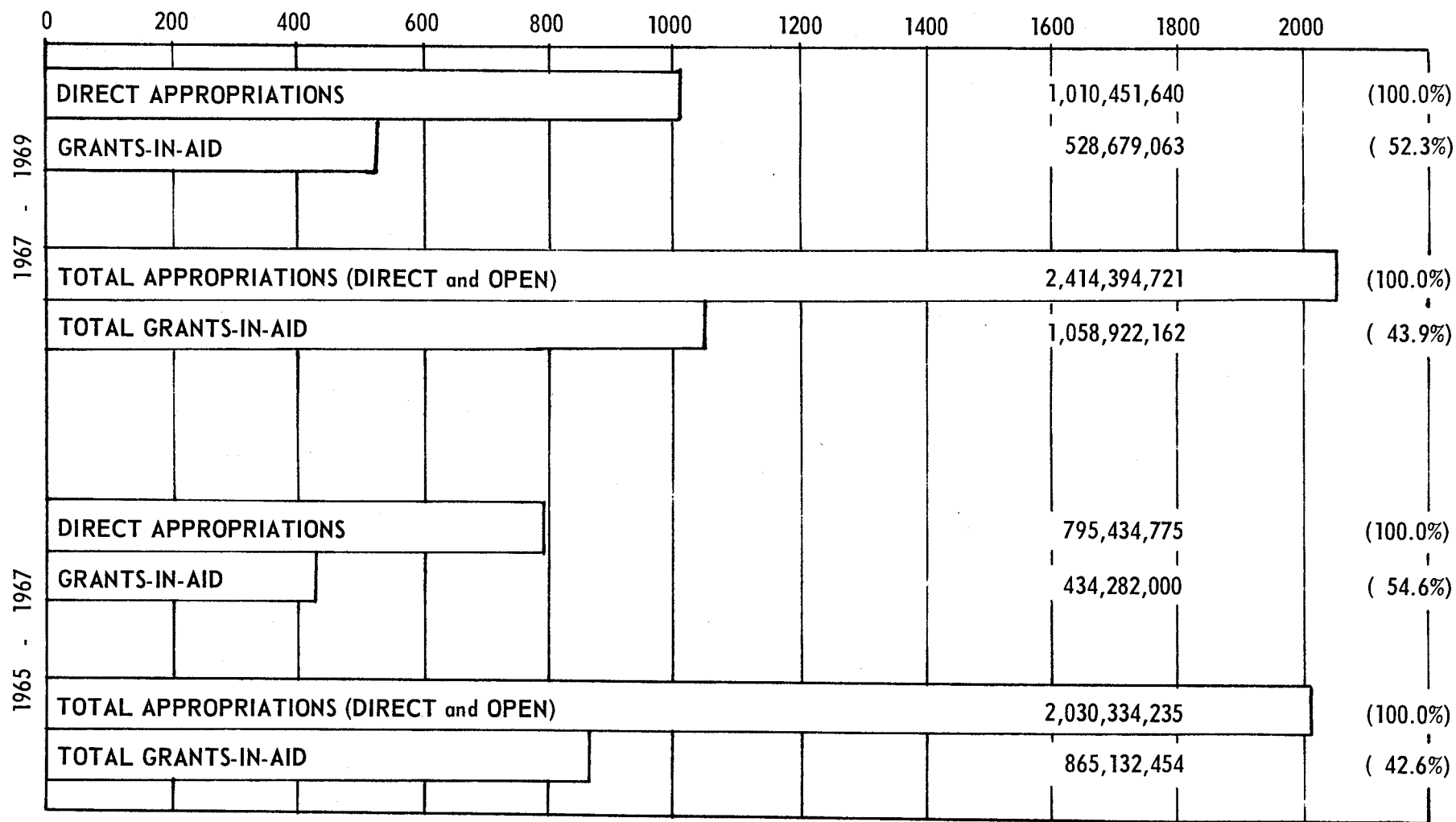
1967 RECOMMENDATIONS
\$489,679,517

A EDUCATION AIDS	92.3%
B INSTITUTIONS	4.3%
C DEPARTMENT OF EDUCATION	1.5%
D DEPARTMENT OF TAXATION	1.9%
E UNIVERSITY OF MINNESOTA AND GENERAL GOVERNMENT	*
	100.0%

COMPARISON OF GRANTS-IN-AID TO APPROPRIATIONS

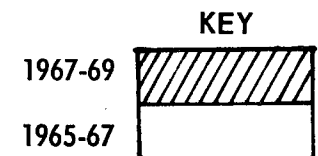
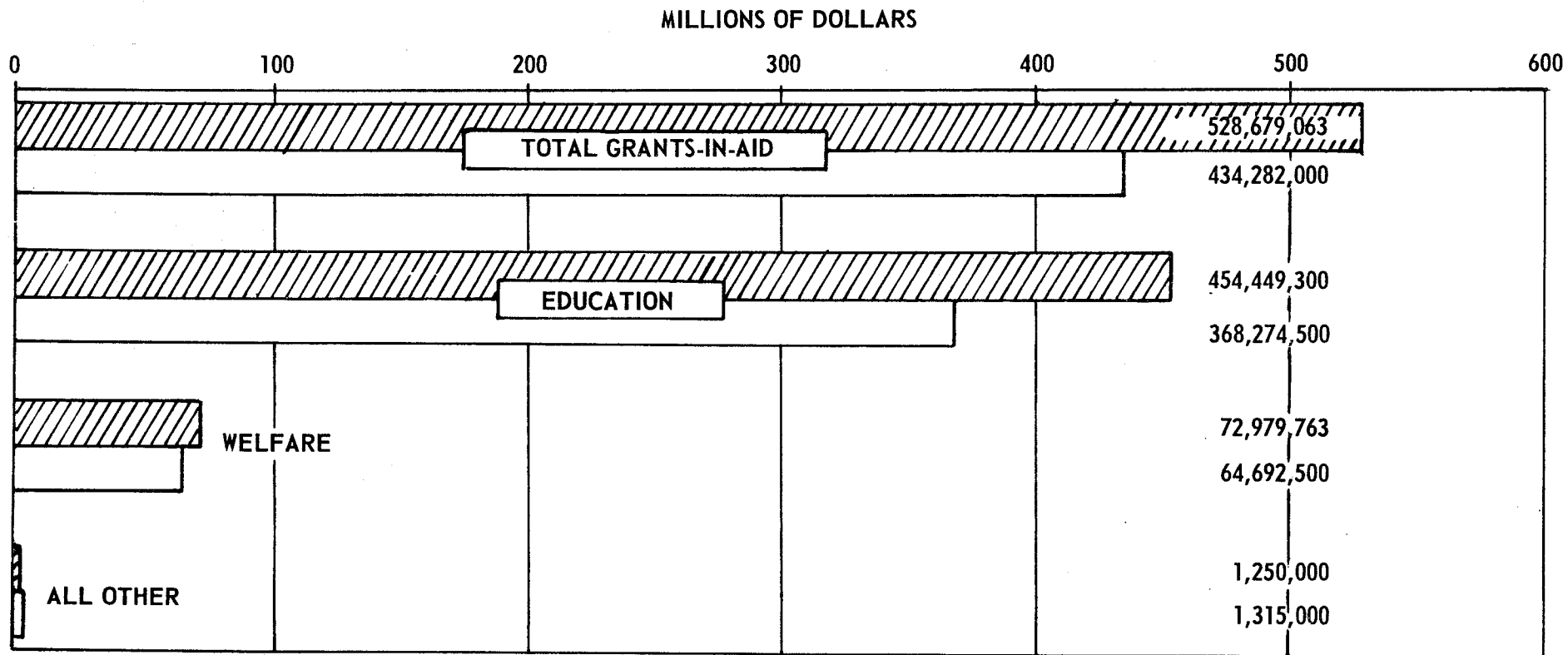
1965-67 and 1967-69 BIENNIUM

MILLIONS OF DOLLARS



COMPARISON OF GRANTS-IN-AID BY FUNCTION FROM DIRECT APPROPRIATIONS RECOMMENDED (1967) AUTHORIZED (1965)

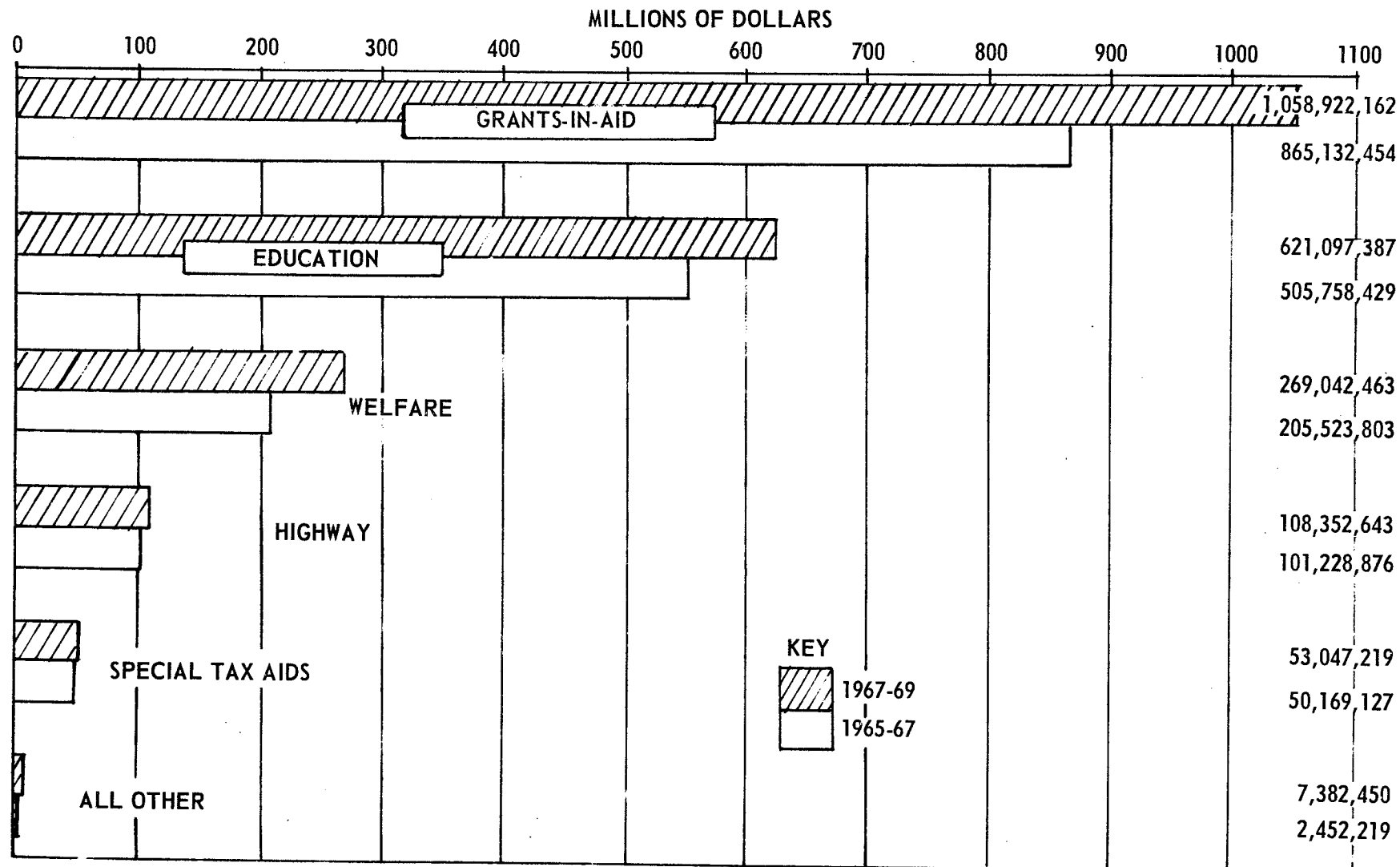
TOTAL RECOMMENDED APPROPRIATIONS 1967 \$1,010,451,640
TOTAL AUTHORIZED APPROPRIATIONS 1965 \$ 795,434,775



COMPARISON OF GRANTS-IN-AID BY FUNCTION FROM DIRECT AND OPEN APPROPRIATIONS RECOMMENDED (1967) AUTHORIZED (1965)

TOTAL RECOMMENDED DIRECT and OPEN APPROPRIATIONS 1967 \$2,414,394,721

TOTAL AUTHORIZED DIRECT and OPEN APPROPRIATIONS 1965 \$2,030,334,235



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

	AUTHORIZED	1965*	\$ 2,030,334,235
DIRECT		39.2%	\$ 795,434,775
OPEN		60.8%	\$ 1,234,899,460

	RECOMMENDED	1967*	\$ 2,414,394,721
DIRECT		41.9%	\$ 1,010,451,640
OPEN		58.1%	\$ 1,403,943,081

* THE ABOVE TOTAL DIFFERS FROM THE TOTAL EXPENDITURES REPORTED ON THE SUMMARY OF FUND STATEMENTS DUE TO THE SUBTRACTION OF \$206,843,576 IN 1965 & \$245,251,826 IN 1967. THESE AMOUNTS HAVE BEEN SUBTRACTED PRINCIPALLY TO AVOID DUPLICATE REPORTING OF EXPENDITURES.

STATE RESOURCES BY FUND

1965-1967

INCOME TAX SCHOOL	24.0%	\$ 560,676,169
GENERAL REVENUE	20.7%	481,997,138
HIGHWAY	13.9%	323,481,171
FEDERAL	22.7%	528,822,289
AGENCY	10.9%	255,092,904
BUILDING	2.9%	68,594,430
ALL OTHER	4.9%	114,668,411
TOTAL		\$ 2,333,332,512

1967-1969

INCOME TAX SCHOOL	22.1%	\$ 585,903,124
GENERAL REVENUE	21.3%	565,756,462
HIGHWAY	13.1%	347,595,000
FEDERAL	24.7%	657,619,219
AGENCY	11.7%	310,699,470
BUILDING	2.8%	74,370,858
ALL OTHER	4.3%	114,749,585
ESTIMATED TOTAL		\$ 2,656,693,718