

BUDGET MESSAGE OF GOVERNOR HAROLD E. STASSEN DELIVERED TO A JOINT
SESSION OF THE SENATE AND HOUSE OF REPRESENTATIVES AT 12:00 O'CLOCK
NOON ON FEBRUARY 1st, 1939.

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Mr. President, Mr. Speaker, Members of the Senate and House of
Representatives:

The laws of Minnesota provide, I quote: "The Governor shall, as soon as may be, after his inauguration, submit to the legislature a budget, embracing the amounts in detail recommended by him to be appropriated for each department or agency of the state government, for each of the years of the next ensuing biennium, the estimated revenue from taxation and other sources, and an estimate of the amount to be raised by taxation."

I meet with you today for the purpose of fulfilling this statutory responsibility. I meet with you personally, because this problem of our budget, our expenditures, and our tax program, is the most vital problem that is before us and affects to a major extent every citizen of our state and every business and activity of our people.

The preparation for fulfilling this responsibility of the budget recommendations of the executive, were started almost immediately after election day. I requested and secured the assistance of the staff of the Minnesota Institute of Governmental Research to work with me in securing factual material on the fiscal problems of the state. This staff has spent many long hours in gathering together factual information and data on various state problems. Every state institution and every state department has been visited, and its officials conferred with, regarding their budget requests, many by me personally. We have also had the advantage of advice and suggestions from many of your members and have been greatly assisted by the work of your interim committees on taxation and finance two years ago, whose published report analyzes many of the state's financial taxation problems.

The entire problem was approached with the principles in mind which we presented to the people of the state during the past year and upon which they placed their decisive stamp of approval on last November 8th. We were determined that we should spend less money in the next biennium than we had in the past biennium. In approaching our problem with this in mind, we found in the first instance that we were confronted with the absolute need of increasing certain appropriations. We found that it will be necessary to make a larger appropriation for old age assistance than was done two years ago. We are recommending that the appropriation be raised from 9,800,000 dollars, appropriated by the 1937 legislature, to 10,500,000 dollars for the next biennium.

A study of the operation of the old age assistance department leads to the conclusion that in addition to an increased appropriation, the entire functioning of this law should be subjected to careful analysis by you. It appears to me that the ~~present~~ provision providing for a maximum limitation of \$3500 in unencumbered property for eligibility should be changed, and made more liberal in this respect, by raising the amount of property permitted to \$5000. I make this suggestion because it is my observation that the present limitation has worked a hardship and a restriction particularly upon the aged men and women in the rural sections of our state who are living on small farms quite heavily encumbered, but who still find themselves excluded by the present pension law, when from the principles involved in the legislation they should be included. It also is my observation that for the proper functioning of the law and for maintaining it on a sound basis, in accordance with the experience of other states, and the analysis made by our old age assistance department here in Minnesota, the law should be further revised providing for a reasonable property lien provision, and providing for a more workable method of carrying out the children's responsibility section, as to new applicants. A careful study of this law, and the amendment of it, is of primary importance if we are

to maintain old age assistance on a sound basis so that it will continue to give needed help to the aged men and women who through their long lives have made a great contribution to the building of the state and the nation.

Another major portion of our budget is that portion dealing with relief. In this instance, I am recommending to you the appropriation of the full amount recommended by the relief administrator of the last administration, to-wit: 10,900,000 dollars for the biennium, plus a further sum of 1,100,000 dollars to care for the relief needs of the veterans and for high school and university student aids which were caused under the calamity act fund of the executive council and the soldiers relief fund. It is suggested that these funds should be obtained by borrowing, as we will be paying off during the biennium a similar amount of past relief debt.

A further major section of our budget is the matter of school aid, which in the current biennium will total 36,382,992 dollars. This amount was paid out to the 7,700 school districts of the state.

Of this amount, \$7,456,000 will represent an apportionment of the endowment and current school fund paid on the basis of average daily attendance in public schools. It is my recommendation that we do not endeavor to economize by reducing school aid. I recommend that the amount appropriated for school aids be maintained at the same level.

It should be observed, however, that only about one-fifth of the monies that are paid out in school aid are paid out in what is known as supplemental aid, that is to school districts in which there is serious difficulty in securing sufficient revenue to maintain a reasonably satisfactory educational program.

The remaining four-fifths is paid out to all districts alike without regard to their financial resources.

I am strongly in favor of the principle of equalizing educational opportunities for the school children of the state, regardless of what particular district or section of the state they may be reared. I believe that this might well be done by providing in the appropriations for aid to schools, that a somewhat larger portion of the fund be paid out upon the supplemental aid basis. The poorer districts would thereby be assisted in financing their educational opportunities and a smaller portion of the school aid would be paid out on the flat basis to all districts alike. A comparatively small shift in this regard would be of major assistance to the one thousand poorer school districts and would not have any appreciable effect upon the other 6,700 school districts in the state.

I do further recommend that the legislature provide for an interim committee to make a careful study of the state educational system, to study the entire problem of the youth of Minnesota in relation to education, and our state aid program, to be carried on in the manner suggested by that great educator, the late Lotus D. Coffman, of our own university.

I also recommend that we should not handicap our great university. It is one of the outstanding institutions of higher learning, not only of the nation, but of the world, and each year it has a higher and higher enrollment. I am therefore recommending that their appropriation be adequate and at least be maintained at the same level as of the last biennium, and that the two urgently needed buildings be allowed. Some consideration might be given to a small increase in the maintenance fund if the building program can be postponed.

We also have found certain other instances, such as the new Moose Lake Hospital, where inevitably the budget of the last biennium must be raised.

Notwithstanding these major divisions in which either increases were required or in which no reduction could be made, we have still proceeded to endeavor to effect those economies that I know the people of the state want to see. We therefore proceeded to reduce the appropriation for almost every other department and activity of the state government. May I say that included among the departments for which we are recommending a reduction in appropriations is the governor's office.

These reductions have further been made on the basis of the reorganization and simplification of our government, elimination of boards, bureaus and agencies as outlined in my inaugural message, by reducing the number and variety of inspectors that have been traveling throughout the state, by providing for the quarterly allotment budget control that should exist under good administrative procedure just as recommended by your own interim tax commission two years ago, by placing all related activities in one department, by the increased efficiency of civil service, and by the new attitude of a higher morale among the employees of the state that is spreading day by day through the realization that service to the people is what this administration expects its employees to render.

Upon this basis we have prepared a budget which we are submitting to you which calls for a reduction in expenditure for this next biennium over the last biennium of \$3,039,372, or a total of \$79,300,823 instead of \$82,340,195.80 as shown in the tables on your desk. Of this amount approximately 600,000 dollars is a direct saving in the administrative functioning of the state government and in addition, by economies, we have absorbed inevitable increases in some functions of the government.

(INFORMAL EXPLANATION)

For the revenue on the income side, refer to table "B" on your desk. It will be noted that the estimated revenues on the basis of the present tax laws for the next biennium will be \$62,824,000, which, with receipts from dedicated funds, cancelled balances and transfers, will total \$74,804,880, thus leaving us short \$4,495,943 of meeting the reduced budget. This then presents a real problem. It is my belief that a portion of this difference can and should be met by an increase in state taxes upon the iron ore resources. Approximately \$1,525,000 could be secured through the raising of the occupational and royalty rates back to the ten percent that they were two years ago, from their present eight percent level. In your consideration of this proposal, you should study the entire tax burden upon our iron ore, and I feel it would also be well, considering the unemployment on the iron range, and the importance of conserving this great natural resource, to appoint an interim committee, to make a thorough study of the problems of the iron range.

Further considering this need of more funds and our entire budget problems, we are confronted with the fact that a very large portion of the taxes and revenue collected by the state is allocated to dedicated funds over which the legislature has little budgeting control. These are found in the Conservation Department, the Highway department, and numerous other minor boards. To properly supervise most of these activities, these funds should be brought into the general revenue fund which will place them under the control of the legislature for appropriations. The other funds dedicated to special boards and to the Conservation Department, and the Highway Department, should be charged a five percent general administration fee in order that they may each bear their just portion of the general administrative expense of the state government. A portion of your time, and of the time and expense of every administrative

department is taken up with the problems and duties of these respective functions of the government within the field of the dedicated funds.

Through this administrative charge, the sum of \$1,800,000 would be available for the general administration of the state for the biennium. Likewise, all balances remaining in appropriations at the end of the year, should be lapsed and placed in the general treasury so that a clean start can be made in each biennium in the budgeting control of the legislature and the budget commissioner.

This then leaves us with the necessity of raising additional amounts in excess of a million dollars to balance the budget. This can be done by a one mill levy upon real estate, not including homesteads. The necessity of raising this mill, however, together with the requirements of meeting the interest and principal on past bond issues, issued by previous administrations, would raise the total mill rate over ten mills, and this should not be done. I am therefore recommending that the special mill rate of .23 mills for the University be discontinued, and the .10 for soldiers relief should be discontinued and cared for in the general relief appropriation. And further that the one mill for road and bridge be discontinued and that in place of the funds which the local governments are securing from the one mill for road and bridge fund, the one cent additional gas tax should be reenacted so that the gas tax will remain at its present level for an additional two years. I recommend the continuation of this four cent gas tax only on the basis of its revenue taking the place of the one mill levy on real estate and on the further basis that the department is charged the general five percent administrative charge that I recommended as to all dedicated funds.

In other words, I feel that if highways are to have the exclusive and large revenues from motor vehicle taxes and gas taxes, then they should not also have an additional revenue rising from the mill tax on real estate, which is already too heavily burdened. Neither should the general revenue fund be carrying the general administrative expense properly chargeable to highways. Unless these provisions for relieving real estate and relieving the revenue fund are worked out, I am opposed to reenacting the four cent gas tax.

By following out these four recommended steps, the budget can be balanced for the next biennium and the state can be placed upon a sound financial basis for the first time in many years.

(INFORMAL DISCUSSION)

From the standpoint of the deficiencies that are required to close this biennium up to July 1st, it will be necessary to appropriate four and a half million dollars for relief, pensions, and shortages in many departments. I recommend that these deficiencies be financed from borrowed funds, and further that any additional cash shortage for the last biennium arising through insufficient revenues meet the appropriations authorized by the preceding legislature be likewise financed by borrowing. This issue of indebtedness might well be called the Farmer-Labor Deficiency Bond issue to clearly distinguish it from the problems of our own biennium. A retirement of this bond issue should be provided for over a period of years. We will retire our portion of this deficiency each year of the biennium.

We cannot raise the money for this deficiency during the next biennium and neither should we in fairness be expected to raise it out of current revenue, but should be afforded the opportunity to start out on July 1st with a clear slate.

The building program for the next biennium which will be financed from borrowing and which I am recommending is in the amount of \$1,687,500 which is shown in Table "C" on your desks, and which covers the most urgent projects of the various activities of the state government. Having in mind the urgency of some of these requests and the advantages of having some building activity with its result in employment of the building trade, I feel that we should proceed with a reasonable building program as outlined herewith. If federal grants and aid on some of these building projects can be secured and the projects are properly managed with open competitive bidding, the various departments may be able to extend somewhat further their building program under the same appropriations and subject to the approval of the department of administration and finance. In conjunction with the request of the school for the blind for a new industrial and recreational building, I have observed that the buildings at this school are in very poor shape and suggest that you consider the desirability of developing this school adjacent to and on the same general campus as the school for the deaf, which has an exceptionally beautiful campus in the City of Faribault. Some joint services such as power plant and laundry and gymnasium facilities could very well be worked out, although the schools themselves could still be operated from an educational standpoint on a separately recognized basis under good standards.

From the standpoint of the indebtedness upon schedules we have worked out, including the proposed borrowing for the building program and relief, we find that at the end of the biennium, our total state indebtedness will be reduced nine million dollars, from 132,883,045 dollars to 123,774,951 dollars, which will also fulfill another one of the major principles we discussed with the people of the state throughout the past year, and which will show a definite turning point in the financial condition of Minnesota.

In the matter of the indebtedness which we propose to incur, I have an important suggestion to make to you. We have at the present time in our trust fund for schools and other purposes over ten million dollars of funds which are not invested, but are lying idle because it is not possible to secure the type of investment specified, at the rate legally required of three percent interest. It appears to me that rather than having these ten million dollars lay idle for want of three percent investment in our trust fund, while we turn to the securities markets to float issues of indebtedness for our relief purposes, we should provide by special act that the investment board may purchase the state's own certificates of indebtedness at perhaps one and a half percent and thereby make a direct saving on that one transaction alone of approximately two hundred thousand dollars a year, part of which will go to the credit of the trust fund and part to the general revenue fund.

I know you will also be interested to hear that the actual number of bills outstanding and unpaid on the first day of the year in the State Highway Department is the sum of \$2,024,796, with only \$339,559 on hand, or a net shortage of \$1,625,236, and that the new highway commissioner and his staff are budgeting and planning on maintaining the highways of the state with the sum of \$6,000,000 in place of the sum of \$11,679,447 used last year. A budget for highway purposes will be submitted to your committees shortly. The new highway commissioner and I agree that we should have sound budgeting of highway funds.

Because of the fact that we are cutting the appropriations very closely, we are providing for a contingent fund of \$300,000 for the biennium, to be used to meet special needs that may arise and that cannot be met under the various department budgets. The elasticity of this general contingent fund can be used for any department of the state in meeting emergencies and will assist in effecting economy throughout by following a close budget procedure.

I cannot emphasize too strongly that this entire program of economy and efficiency is contingent upon the simplification of our state governmental machinery with its many scores of boards, bureaus, agencies and departments, and enactment of a good civil service law. With your cooperation in working out and placing into effect a sound, businesslike plan of the administration by grouping together related functions under single administrative heads, we can provide for the direct responsibility and efficient action that is so obviously needed in the state government today. The principal changes of this nature which are necessary I discussed with you in my inaugural address and I have discussed informally with many of your members the means of working out these necessary changes. The businesslike control of funds through a single commissioner of administration and accounting, taking the place of the present Big Three, which should be abolished, with definite quarterly allotment control and the encumbering of accounts for all liabilities when they occur, will avoid the recurring deficits which we have experienced and will be a major factor in affecting these desired results.

It should also be mandatory to reduce allotments if revenues decrease and to make regular reports to the public of the condition of the state finances.

The development of a strong, well administered department of social security and public welfare, of a department of taxation and finance, and a department of commerce, bringing in together the many inspection activities of the state, will each be of major assistance not only in effecting the economies, but in giving to the people better service in the many phases of governmental activities, notwithstanding the reduction in expenditures as set forth in this budget proposal. These changes will represent the best experience of the various state governments in effective and economical administration.

In conclusion may I state that you and your committees might develop other and better methods of meeting the financial needs. I will welcome that initiative on your part. I have endeavored, however, to fulfill the legal responsibility placed upon me, frankly, fairly, and straight from the shoulder, and I know that you in your approach to the problems will respect the fundamental principles upon which the people of the state have spoken; the desire of the people for the spending of less money, the adequate meeting of the needs of the men and women who through no fault of their own are in need of public assistance, the maintaining of our educational system, the pressing onward on a progressive program of social betterment and security, the avoiding of any new tax burdens upon real estate, the reducing of the total indebtedness of the state, and the avoiding of placing upon business and enterprise any additional burdens. By meeting these objectives, we will find that the surge of renewed commercial activity within the state, which is resulting in more jobs for our unemployed, will continue and increase, and we may together meet the citizens of our state when this session is completed with a sincere feeling that we have fulfilled the responsibilities of our joint stewardship and that we have played a part in the building of Minnesota.

Budget Recommendations of Governor Harold E. Stassen

To the 51st Regular Session of the Minnesota

State Legislature

February 1, 1939

(Submitted pursuant to provisions of Mason's
Minnesota Statutes, 1927, Sec. 53-12)

Table "A"

RECOMMENDED APPROPRIATIONS FOR BIENNIUM 1939-1941 COMPARED WITH AMOUNTS APPROPRIATED, ESTIMATED AMOUNTS AVAILABLE, AND ESTIMATED EXPENDI- TURES FOR BIENNIUM 1937-1939

	(1)	(2)	(3)	(4)
	Appropriations Made on Old Basis (Needs Minus Balances and Re-Appropriated Receipts) \$	Amounts Available Including Beginning Bal- ances and Re-Appropriated Receipts and Transfers	Estimated Expenditures (Actual First Year, Estimated Second Year)	Administration's Appropriation Recommendations for Biennium
	1937-1939	1937-1939	1937-1939	1939-1941
Legislature	\$549,500.00	\$698,664.19	\$651,808.56	\$403,500.00
Bank Tax Commission	4,000.00	5,296.16	5,296.16	
District Courts	639,242.25	652,949.59	652,928.39	642,242.00
Supreme Court	211,885.75	213,943.24	212,351.46	207,400.00
Retired Judges	49,498.18	49,499.04	49,499.04	60,000.00
Law Library	46,000.00	47,194.55	46,051.38	44,000.00
Judicial Council	2,000.00	2,000.00	1,038.89	2,000.00
State Board of Law Examiners	22,500.00	35,254.59	35,254.59	25,000.00
Governor	60,800.00	61,597.54	61,538.50	58,000.00
Lieutenant Governor's Contingent Fund		2,079.52	60.00	
Secretary of State—Corporation Division	61,580.00	65,708.38	65,047.10	68,100.00
Publishing Constitutional Amendments	19,250.00	19,250.00	19,250.00	
State Auditor	162,500.00	164,875.59	161,803.42	160,000.00
State Treasurer	81,000.00	82,483.56	76,676.47	85,424.00
State Treasurer—Liquor Stamps	220,000.00	224,596.51	222,186.90	180,000.00
Attorney General	226,500.00	253,642.68	229,720.97	222,000.00
Administration and Finance	115,500.00	115,551.94	115,551.94	230,000.00
Bureau of Buildings (formerly Public Property)	520,107.86	535,067.74	534,698.28	577,000.00
Capitol Extension (formerly under Executive Council)	7,500.00	8,250.00		8,250.00
Civil Service Commission	None	None		240,000.00
Central Mailing Room	8,000.00	8,000.00	8,000.00	10,300.00
Comptroller	106,000.00	132,230.35	123,390.55	
State Resources Commission (formerly State Plan- ning Board)	None*			50,000.00
Board of Investment	800.00	1,037.42	1,037.42	800.00
Railroad and Warehouse Commission	305,400.00	317,016.47	317,016.47	298,000.00
Telephone Rate Investigation	25,000.00	25,000.00	25,000.00	†Revolving
Truck Permit Fees	D. F.	84,791.03	66,782.03	56,000.00
Labor & Industry Commission	552,539.82	536,484.65	534,530.89	466,000.00
State Compensation Claims		238,722.65	236,564.22	253,000.00
Steamfitting Standards	D. F.	9,279.34	6,849.22	6,000.00
Painting Standards	D. F.	92,186.13	58,292.90	70,000.00
Special Compensation Claims	D. F.	46,638.19	20,311.48	20,000.00
Department of Commerce				
Administration				20,000.00
Securities Division	57,000.00	65,898.44	60,948.60	54,000.00
Insurance Division	94,000.00	98,713.59	98,713.59	140,000.00
Insurance Fee Account	D. F.	60,489.62	60,489.62	
Fire Marshal	D. F.	150,302.33	108,321.07	110,000.00
Oil Inspection Division	410,886.01	415,624.81	415,624.81	320,000.00
Liquor Control	260,000.00	278,472.32	274,381.51	200,000.00
Banking Division	222,500.00	255,372.75	241,928.10	200,000.00
Hotel Inspection	90,000.00	92,006.55	92,006.55	60,000.00
Compensation Insurance Board	18,450.00	20,097.76	18,976.96	17,500.00
Weights & Measures	75,000.00	82,638.96	82,638.96	50,000.00
Aid to Fire Departments	350,000.00	362,837.89	329,285.88	360,000.00
Department of Taxation				
General	518,020.00	560,923.62	520,550.64	564,000.00
Municipal Statistics & Local Audit		158,833.74	158,833.74	170,000.00
Secretary of State—Motor Vehicle Division	830,000.00	793,104.59	793,104.59	800,000.00
Secretary of State—Chauffeurs' Licenses	D. F.	99,520.77	60,918.10	66,000.00
Department of Education—General	345,350.00	377,658.04	377,505.65	349,000.00
Special Aid to Schools	14,359,000	15,368,140.37	15,363,352.37	15,459,000.00
Income Tax Aid	D. F.	13,033,512.75	13,033,512.75	10,600,000.00
Rural Credit Lands Tax	200,000.00	207,148.87	122,878.80	130,000.00
Gross Earnings Tax Aid to Schools	295,000.00	307,225.37	307,225.37	310,000.00
Aid to Common Schools	100,000.00	100,000.00	100,000.00	100,000.00
University Support (appropriation only)	7,000,000.00	7,000,000.00	7,000,000.00	7,000,000.00
University General Hospital—Reimbursement from counties	D. F.	382,456.58	382,456.52	370,000.00
University Hospital—State's Share				370,000.00
University Phychopathic Hospital	(	(	(	125,000.00
University Miscellaneous	(1,022,500.00	(1,191,329.84	(1,191,329.84	
University—Agricultural Extension	(	(	(	80,000.00
University—County Extension Agents	(	(	(	188,000.00
University—General Research	(	(	(	250,000.00

	(1)	(2)	(3)	(4)
	Appropriations Made on Old Basis (Needs Minus Balances and Re-Appropriated Receipts) §	Amounts Available Including Beginning Bal- ances and Re-Appropriated Receipts and Transfers	Estimated Expenditures (Actual First Year, Estimated Second Year)	Administration's Appropriation Recommendations for Biennium
	1937-1939	1937-1939	1937-1939	1939-1941
Surveyor-General Scaling Fee Account.....	D. F.	13,935.79	9,603.36	.....
Christmas Tree Law Enforcement.....	D. F.	37,521.35	27,086.35	24,000.00
Drainage Assessments	None	128,796.70	14,432.80	20,000.00
Adjutant General	632,516.37	648,489.21	645,907.01	594,800.00
Bureau of Criminal Apprehension.....	172,500.00	222,120.08	192,628.14	174,000.00
Board of Pardons.....	4,600.00	4,787.74	4,787.74	4,600.00
Historical Society	99,000.00	102,270.72	100,270.72	107,000.00
Minnesota Department, G. A. R.....	1,800.00	3,200.00	3,200.00	1,800.00
Sibley House Association	8,000.00	8,000.00	8,000.00	6,000.00
Presidential Electors				250.00
Sheriffs' Expenses	29,000.00	35,719.89	35,098.11	34,600.00
Miscellaneous Aid to Subdivisions	266,000.00	266,000.00	263,000.00	262,000.00
Upper Mississippi & St. Croix Impr. Ass'n	13,000.00	13,983.76	12,746.53	.....
Tri-State Waters Commission.....	1,500.00	3,000.00	2,972.03	.....
Executive Council	16,600.00	23,253.24	18,457.60	.....
Interest on Certificates	200,000.00	200,000.00	.....	34,307.00
General Contingent Fund				300,000.00
Reserve for Standing Appropriations.....	208,848.96	208,848.96	208,848.96	360,000.00
	\$61,316,419.64	\$83,849,416.88	\$82,340,195.80	\$79,300,823.00

*Paid for out of relief funds.

†Commission to be authorized to bill utilities for investigational costs every two months.

‡Relief Bond Issue to carry this expense.

§Includes deficiency appropriations.

¶Pro-rate.

D. F. indicates a dedicated fund.

The above figures omit receipts and expenditures from federal aids. Receipts and expenditures from Swamp Land Interest also excluded.

Table "B"

ESTIMATE OF REVENUE FOR BIENNIUM INCLUDING TAXES, MISCELLANEOUS NON-RE-APPROPRIATED RECEIPTS AND BALANCES

General Property Taxes (Including money and credits and delinquent property taxes—\$700,000) ..	\$ 1,200,000
Income Taxes	22,000,000
Gross Earnings Taxes:	
Railroads	11,000,000
Telephone Co.	2,750,000
Freight Lines	280,000
Express Co.	77,000
Sleeping Car Co.	89,000
Telegraph Co.	158,000
Occupation Taxes	4,900,000
Royalty Taxes	1,200,000
Inheritance and Gift Taxes	2,900,000
Insurance Taxes	4,000,000
Liquor Taxes	12,000,000
Chain Store Taxes	210,000
Vessel Tonnage Taxes	60,000
Total from Taxes	\$62,824,000
Miscellaneous Receipts not reappropriated to departments under existing laws.....	1,950,000
Miscellaneous Receipts from activities now conducted wholly or partly with dedicated income.....	6,125,000
Cancelled Balances:	
(a) Of activities now conducted with dedicated income (unobligated)	350,000
(b) Of appropriations accounts to be lapsed (unobligated)	950,000
(c) Of sinking funds	1,088,880
Transfers from other funds:	
General School Fund	1,000,000
Prison Revolving Fund	403,000
Soldiers' Welfare Investment Fund cancelled	114,000
Total	\$74,804,880

NEW SOURCES OF REVENUE

Assessment of 5% on Trunk Highway, Game and Fish and Examining Board Funds	1,800,000
One Mill Property Levy—each year.....	1,237,500*
Increased Occupational Tax 8% to 10%.....	1,225,000
Increased Royalty Tax 8% to 10%.....	300,000
Total Revenue	\$79,367,380
Appropriation Total	\$79,300,823
Surplus	\$66,557

*One Mill estimated to raise \$1,125,000, but revenue from both levies will bring only \$1,237,500 into the treasury during biennium period due to the spread of tax payment dates.

	(1)	(2)	(3)	(4)
	Appropriations Made on Old Basis (Needs Minus Balances and Re-Appropriated Receipts) \$	Amounts Available Including Beginning Bal- ances and Re-Appropriated Receipts and Transfers	Estimated Expenditures (Actual First Year, Estimated Second Year)	Administration's Appropriation Recommendations for Biennium
	1937-1939	1937-1939	1937-1939	1939-1941
Teachers' College Board	3,600.00	3,806.99	3,806.99	3,600.00
Bemidji Teachers' College	258,400.00	282,724.08	282,724.08	281,400.00
Duluth Teachers' College	310,800.00	352,713.05	352,713.05	350,000.00
Mankato Teachers' College	336,000.00	391,758.38	391,758.38	380,000.00
Moorhead Teachers' College	304,000.00	362,650.80	362,313.09	358,000.00
St. Cloud Teachers' College	442,000.00	517,323.20	516,937.84	514,000.00
Winona Teachers' College	312,833.96	350,748.41	350,278.41	340,000.00
Department of Public Institutions—				
Administration & General	100,000.00	103,037.62	103,037.62	80,000.00
Deporting Non-residents	2,000.00	6,522.60	1,822.60	2,400.00
Contingent Fund	50,000.00	101,073.99	70,673.99	
Employees' Maintenance	185,000.00	Trnsf. to Institutions		
Prevention of Cruelty	7,000.00	7,972.24	7,972.24	
Tuberculosis Division	20,000.00	23,476.29	23,476.29	20,000.00
Maintenance, Soldiers' Welfare	30,000.00	49,018.76	49,018.76	\$
Disabled American Veterans	20,000.00	29,550.00	29,550.00	20,000.00
Relief, Soldiers' Welfare	60,000.00	111,434.34	46,434.34	\$
Maintenance, Research Division	10,000.00	34,127.49	28,427.49	32,000.00
Employees' Compensation	17,152.08	17,152.08	17,152.08	
Care, Relief & Support of Blind		33,832.42	20,967.49	
Board of Parole	47,500.00	50,117.26	50,090.76	132,000.00
Aid to Sanatoria	850,000.00	962,997.06	962,090.76	850,000.00
Division of Public Assistance—				
Children Needing Specialized Care	180,000.00	188,166.39	188,166.39	180,000.00
Old Age Assistance—Aid	10,521,583.36	10,764,918.81	10,764,918.81	10,500,000.00
Blind Assistance—Aid	260,000.00	260,158.00	167,812.00	205,000.00
Dependent Children—Aid	1,805,915.18	1,806,233.06	1,806,233.06	2,300,000.00
Administration of Public Assistance—				
Soldier's Relief (Soldiers' Home Board Relief)	D. F.	254,034.37	254,034.37	200,000.00
Children's Bureau	110,000.00	116,797.12	116,797.12)
Care of Defectives	16,000.00	17,468.61	17,468.61)
Old Age Assistance	14,000.00	36,515.42	36,515.42	) 260,000.00
Aid to the Blind	20,000.00	20,141.01	19,955.14)
Aid to Dependent Children	80,000.00	80,010.86	77,317.01)
Education Aid—War Orphans	8,000.00	11,885.11	5,791.92	6,000.00
Support of Insane Collection Expense	D. F.	78,733.24	78,733.24	70,000.00
Anoka State Hospital	471,799.00	483,293.39	471,546.03	482,000.00
Moose Lake State Hospital	440,000.00	440,084.75	363,555.39	550,000.00
Hastings State Hospital	415,000.00	468,991.04	468,991.04	473,000.00
Willmar State Hospital	390,600.00	452,366.15	452,366.15	449,000.00
Fergus Falls State Hospital	883,098.50	925,684.65	912,514.65	859,500.00
Rochester State Hospital	765,500.00	782,804.94	771,286.94	768,500.00
St. Peter State Hospital	1,009,000.00	1,097,939.68	1,097,939.68	1,131,000.00
School for Feeble-Minded	922,480.00	1,209,913.26	1,201,865.26	1,128,150.00
Colony for Epileptics	488,300.00	586,952.98	574,581.29	509,000.00
School for Blind	157,500.00	167,631.10	156,714.49	153,150.00
School for Deaf	375,120.00	388,540.96	383,988.96	328,350.00
State Public School	424,000.00	439,947.02	430,019.02	435,100.00
State Training School	489,200.00	502,498.56	492,251.56	418,600.00
Home School for Girls	303,000.00	312,115.96	311,525.96	326,500.00
Reformatory for Men	957,000.00	1,085,155.78	1,080,375.59	960,000.00
Reformatory for Women	89,000.00	102,768.73	94,121.73	94,000.00
State Prison	311,500.00	1,330,151.08	1,330,151.08	1,349,000.00
Sanatorium for Consumptives	209,800.00	693,896.23	678,304.25	675,000.00
Hospital for Crippled Children	495,100.00	523,639.05	519,965.84	502,000.00
Department of Health	446,913.66	477,054.32	476,124.32	457,500.00
Embalmers' Licenses	D. F.	24,190.39	14,616.56	17,000.00
Plumbers' Licenses	D. F.	38,076.19	31,435.41	26,000.00
Soldiers' Home	420,123.19	425,871.40	425,871.50	430,000.00
Ladies G. A. R. Home	11,000.00	11,147.70	11,147.70	13,000.00
Department of Agriculture, Dairy & Food	500,465.64	703,170.79	689,115.11	678,000.00
Auditing Cooperatives	D. F.	53,685.02	48,129.59	46,000.00
Seed Potato Inspection	D. F.	42,001.61	30,766.76	30,000.00
Feeding Stuffs	D. F.	82,068.13	78,552.78	80,000.00
Beverage Inspection	D. F.	23,085.34	12,633.03	15,000.00
Wholesale Dealers	D. F.	77,624.53	76,007.69	73,400.00
Public Stockyards	7,000.00	7,000.00	7,000.00	7,000.00
Grain Inspection	D. F.	1,405,473.64	1,309,896.12	1,300,000.00
Livestock Weighing	D. F.	241,977.56	210,432.41	200,000.00
Livestock Sanitary Board	211,586.60	612,829.45	609,755.64	481,600.00
Hog Cholera Fund	D. F.	8,218.87	4,218.51	4,000.00
Minnesota Poultry Improvement Board	5,600.00	21,141.24	19,206.44	18,000.00
State Agricultural Society	80,000.00	80,000.00	80,000.00	70,000.00
Aids to Agricultural Societies, etc.	359,400.00	376,379.09	376,235.00	379,400.00
Livestock Premiums, Boys & Girls	8,000.00	11,324.98	8,945.26	7,000.00
Conservation—Administration	36,000.00	49,991.58	49,265.07	50,000.00
Contingent Fund	100,000.00	106,455.03	105,617.05	
Drainage & Waters	64,500.00	75,704.02	75,704.02	93,000.00
Lands & Minerals	260,460.24	317,354.10	300,162.48	300,000.00
State Parks	100,010.89	180,345.45	178,425.82	218,000.00
Tourist Bureau	115,000.00	115,028.11	115,028.11	100,000.00
Forestry & Fire Protection	709,882.14	736,037.80	709,589.66	689,000.00
Surveyor-General	11,520.00	13,078.12	12,695.96	12,800.00

Table "C"
PROPOSED BUILDING PROGRAM FOR 1940-1941
 To be Financed by Borrowing.

	1939—1940	1940—1941
Field Crop Building—University	\$450,000	.....
Class Room Building—University		\$450,000
School Building—Boys Training School.....		110,000
School Building—School for Feeble Minded.....	150,000	.....
Power Plant—Fergus Falls		290,000
Unit "B"—Bemidji Teachers College.....	190,000	.....
Soldiers' Home—Sewage System.....	47,500	.....
	<u>\$837,500</u>	<u>\$850,000</u>
Total	\$1,687,500	