

BUDGET MESSAGE and SUMMARY

of

Governor Elmer L. Andersen

1963 - 1965

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STATE OF MINNESOTA



**Delivered before a Joint Session of the
Minnesota Legislature**

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January 23, 1963

Mr. Speaker, Mr. President, and Members of the 63rd Session of the Minnesota Legislature:

Thank you for once again inviting me to appear before you.

Today, in accordance with Minnesota Statute 16.15 I present the biennial budget message. This message supplements the detailed recommendations contained in the printed document, as well as the capital outlay budget as contained in the report of the Legislative Building Commission, copies of both of which documents were distributed to you today.

The budget I am recommending to you is a balanced budget. In fact, it is more than that. It will conclude the biennium with a balance in both General Revenue and Income Tax Funds. This will be a far cry from the situation of two years ago when we had a financial crisis on our hands.

It is also significant that this budget requires no new taxes nor increase in taxes. By prudently living within our income and continuing efforts to encourage economic growth, present taxes will produce enough revenue to cover the increased expenditures I recommend.

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The Budget in Brief

The recommendations in the budget total \$673,000,000, which is an increase in direct or program appropriation over 1961-63 of \$107 million. However, in 1961 there were several non-recurring appropriations which totaled \$6 million. Therefore, the net increase which must be financed in the budget is \$101 million.

To give you the briefest possible accounting for the increase I could say that,

1. The overall increase for education, including elementary and secondary schools, children in state schools and hospitals, junior colleges, state colleges and the University amounts to \$85,800,000 or 85 per cent of the increase.
2. Increases for welfare and corrections programs together with institutional care and treatment come to \$11,000,000.
3. All other state government increases total \$10,100,000.

Another summary point deserves emphasis. Not all of this budget -- not even a majority of this budget is for operating state government. More than half of all the funds involved in this budget are grants-in-aid to local units of government.

Of the total direct appropriations recommended totaling \$673 million for the biennium, \$369 million or 55 per cent of the total will be paid to local units of government.

In somewhat more detail, but still in outline form here are major items of increase:

To provide school aids for an increase of 41,000 pupil units over the fiscal year 1963, the sum of \$19,000,000.

To increase the state contribution to the cost of primary and secondary schools, \$39,000,000, based on a formula of \$321 per pupil unit less 19 mills on EARC values with a minimum of \$97 plus \$10 census aid for the first year, \$333 less 19 mills with a minimum of \$101 plus \$10 for the second year of the biennium.

For additional faculty and staff to meet growing enrollments and expanding physical plant at the University and state colleges, 537 new teaching positions at a cost of \$6,900,000; and 545 new staff positions at a cost of \$3,555,000.

For research, principally at the state University, in the fields of agriculture, forestry, economics and business, ore beneficiation medicine, psychiatry and geology, an increase of \$1,200,000.

To provide state employee salaries which are comparable to those of similar responsibility in private enterprise and other public employment, \$9,600,000.

To increase faculty salaries at the University and the state colleges, \$5,000,000.

To staff new facilities at Brainerd State School and Hospital and the Youth Treatment Center at Lino Lakes, \$3,070,000.

For staffing improvement at other Welfare and Corrections institutions, 470 new positions at a cost of \$2,970,000.

For training in residency in state hospitals the sum of \$200,000.

For the expansion of the Community Mental Health Center program, \$600,000.

To improve services of the Bureau of Criminal Apprehension, \$200,000.

To better promote Minnesota agricultural products, advertise Minnesota as the place to vacation and to sell business and industry that our state is the place to locate, an increase of \$437,000.

In addition to these increases, the budget also includes financing for the following:

A paid life, medical, hospital and surgical insurance program for state employees.

To continue the Conservation Work Projects in Northeastern Minnesota, \$2,000,000.

To repay the Unemployment Compensation fund for benefits paid former state employees, \$434,000.

To provide adequately for the Workmen's Compensation Revolving Fund, \$350,000.

These are but some of the increased benefits that will accrue to our people from adoption of this program. Because of no new taxes or tax increases some may call it a "hold the line budget". It is hardly that, with over a \$100 million of proposed increased expenditures. To me it is

an "economic growth" budget. It shows what happens to revenue when emphasis is put on more people working, at better pay. It also proposes to invest substantially more in education, research, development and promotion on which growth depends. In addition, it provides for significant improvement in the care, treatment and rehabilitation of the mentally ill, mentally retarded, handicapped, aged and all others needing our special attention and concern. It surely does not provide for everything some think necessary but it does provide for substantial progress within our means. If to some the recommendations seem excessive I would only ask that a careful study of the facts guide your decision.

The Budget Document

You may have noticed a substantial change in the budget format. I recall as a Legislator that it required a special concern and supplementary data in order to make the printed budget document meaningful. I was delighted to learn that responsible personnel of the Department of Administration shared with me this view, and in cooperation with the Legislative Research Committee, were eager to recast the document. In the process we have reduced the need for supplemental data and at the same time, have eliminated the duplication involved in the so-called "ditto sheets" or "workbooks" necessary to the performance of the duties of the Senate Finance Committee and the House Appropriations Committee. Also, where appropriate, we have provided narrative which should assist all members of the Legislature in their review of the budget document. Wherever feasible, we have attempted to reduce the number of accounts.

While we hope to improve in the years to come, we believe that this will be a welcomed step forward. In essence, the 63rd Legislature is presented with a three-part document consisting of an operational budget for state departments and agencies; summary statements including a grants-in-aid summary outlining state assistance to local units of government; and a capital outlay budget, evidenced by the excellent report of the Legislative Building Commission which you will note bears my endorsement.

We believe that budget development has proceeded in a manner which will permit maximum discretion and judgment of the Legislators. For example, members of the Legislative staff were invited and did attend agency hearings held by the Governor and the budget staff of the Department of Administration. In this manner, it is hoped that the work of the appropriation committees will have been assisted in that a great mass of budget information has already been made available and a great deal of unnecessary duplication between the two staffs has been eliminated.

On this score, I believe it to be worth review and ultimate consideration that there be developed a closer budget working relationship between the executive and the legislative. This association should not impinge upon the principle of separation of powers and branches; should preserve a program controlled by the Legislature; and provide flexible budget execution to the executive. Such a working relationship strikes me as a useful technique, a furtherance of executive-legislative cooperation which can subordinate the importance of adopting more formal methods for satisfying the interests which both the executive and legislative branches have in the manner in which appropriated expenditures are utilized.

Fiscal Progress

One of my first concerns as Governor of Minnesota was with the fiscal condition of our State government. You may recall that two years ago we were confronted with a deficit in the income tax school fund and a deficit in the general revenue fund. I am pleased to advise that at the end of this fiscal year, June 30th, the deficit in the income tax school fund will be erased and the General Revenue fund will have a \$4-1/2 million surplus. In short, for the past two years we have been collecting, in revenue, more than we have expended for services. We have been economical, we have lived within our income as others failed to do, and have eliminated the deficits we inherited from them.

I think this is highly significant particularly in light of the fact that appropriations for the 1961-63 biennium exceeded those of the previous biennium by \$113 million.

While the per capita income of the people in Minnesota is below the national average, we have narrowed the gap by the simple fact that there are more jobs and better paying jobs in Minnesota today than there were two years ago. However, we are still currently spending more per capita per thousand dollars of income for state and local government than most other states do. A recent report of the United States Department of Commerce substantiates this, but an analysis of the report would indicate that governmental expenditures in Minnesota are about average for most programs, but are high for programs of Public Welfare and Education.

I am convinced that our people want and are willing to support a strong elementary and secondary school system. They are proud of our great University

and recognize as well the importance of the state colleges and junior colleges. They want and deserve an excellent mental health program, humanitarian welfare program, a forward-looking correctional program, fine highways, and all the other essential services state and local governments provide.

EDUCATION

Elementary and Secondary Education

Elementary and Secondary Education is a fundamental and first priority responsibility of the state and is by far the greatest user of state funds. Providing adequately for education has long been an accepted responsibility of the state, and our people have responded generously throughout our history.

In order that our recommendations might be based on greater knowledge and to insure that recommendations for that share of educational costs to be borne by the state would be equitable, interim studies were conducted with funds granted by the Hill Family Foundation, and these reports are available to you. Many recommendations are contained in these reports, and many suggested legislative proposals have resulted.

The Rossman Committee report and the Schweickhard Committee report both confirm that the financing of elementary and secondary education is one of the most pressing problems facing the states today. Minnesota is no exception.

In all, the budget provides for a total of \$324,100,000 for elementary and secondary education as follows: For the Department, \$5,600,000 providing salary increases, essential staff additions, for research and for programs for exceptional children. With respect to school aids, this budget

recommends a total of \$318.5 million. In total, my recommendation for elementary and secondary education exceeds the appropriation of 1961-63 by \$58.5 million, and provides that the state will be participating to the extent of 46.4 per cent of the cost of maintaining and operating our schools, which percentage moves us closer to the 50 per cent that is my goal.

State College Board

State colleges of Minnesota continue to be confronted with an increased and accelerating student enrollment. Since 1956 state college enrollments have doubled and will double again before 1970. This budget provides new staff positions and faculty related to the operation and maintenance of expanding physical plant and rapidly increasing enrollments. Increases, based on accepted formulae, are included for educational supplies and teaching equipment.

The budget includes 286 new positions to meet growing enrollments and added facilities, improvement in faculty and staff salaries and an increase for equipment and books. The total recommended increase is \$4,800,000 or an improvement over the current biennium of 32 per cent.

The recommended increase over the previous biennial appropriation is the largest ever recommended to our Legislature and will provide for real progress. I would hope there would be no disposition to reduce the amount recommended. I assure you that we have reviewed every figure carefully and feel that no less than the amount recommended is adequate for the biennium ahead. Indeed, a far higher figure would be easy to justify.

Our regionally located state colleges provide accessibility which is a strong factor in determining the percentage of high school graduates who go on to college. I believe a state college should be established in southwestern Minnesota. If you will establish the policy and the mechanics of selecting location we can work out the initial financing without dislocation to the budget.

Junior Colleges

Junior colleges are an increasingly important part of our system of higher education and are deserving of your increasing attention and aid. On my recommendation two years ago, you established state aid at \$300 per year per student.

No representations have been made to me seeking to justify an increase. This budget extends the current level of support but provides an increase of \$650,000 to cover higher enrollment.

The real challenge in Junior College expansion is how the state can share in capital costs so new Junior Colleges can be provided where needed, and not interfere with the local control which is such a prized possession of present junior college communities.

The University of Minnesota

The University of Minnesota is a great educational, cultural and economic resource for everyone in our state. It needs increased support not only to provide for a rapidly increasing undergraduate enrollment but also to put greater emphasis on graduate school development and research expansion. Graduate training and research has obvious benefits to the individuals involved. It has less obvious but enormously significant influence on our economic growth.

Scientific and technical industries producing highly developed products tend to cluster around institutions of higher learning particularly strong in research and graduate training. Attracting a fair share of Federal expenditures in space research and exploration alone would justify a substantial state investment.

The budget includes 796 new positions, strengthens faculty salaries by providing increases at the rate of 6 per cent per year, and expands research programs substantially. The total recommended increase is \$17 million or 26.6 per cent greater than the current biennium. This is by far the greatest increase any Governor ever recommended but I believe it is the minimum necessary to protect the integrity of the University and to more fully use its great potential in achieving the new dimension we seek to give Minnesota in the decisive years of this decade.

Public Welfare

Next to education, the greatest demand upon available resources is in the area of Public Welfare. This is not relief to poor people as so many think of welfare, worthy as direct relief is, but a far broader program of social service that touches every family in our state. It is not for the less worthy and undesirable, nor the less deserving, if there be such among us. It is a program that reaches those needs of all people they cannot meet themselves. I am proud of the Minnesota social service program and you can be too. Minnesota is one of the few states which meets fully the medical needs of people on Old Age Assistance.

Although we fall short of all that would be desirable, we are doing a great deal and doing it well. I earnestly request your careful consideration.

of my budget in this area and urge that you make your decisions again, on facts and personal knowledge, and eschew prejudice and unfounded general charges against all welfare activities.

Despite an increasing number of admissions to our mental hospitals, the patient population is dropping dramatically. Our efforts toward treatment as opposed to domiciliary care are being rewarded as more and more patients respond to the new concepts and return to happier lives in their communities and with their families.

Treatment programs do require more staff and with the reducing numbers of long-term patients who contributed their labor to hospital services, the hospitals are finding the need for additional employees more and more acute. We have attempted to develop a staffing formula based on the number of admissions and discharges, rather than patient population, and for this biennium 100 new positions are recommended to test the formula at Anoka State Hospital, an accredited hospital.

Another program which warrants special mention and support is the one proposed as Training-in-Residency, the foundation for which has been laid carefully at Rochester State Hospital, also an accredited hospital. This would appear to be the most hopeful method of obtaining professional personnel so desperately needed in our system in order to continue a quality treatment program. If we can succeed in the development of this program, not only will we have the services of skilled professional persons during their period of residency, but in addition, we will improve the probability of retaining those thus trained in the system. In addition to the existing stipend training, the budget includes \$200,000 for professional training while resident in the state hospital.

Overall, the budget provides for 483 new positions at an increased cost of \$2,759,277. Of these new positions 245 are provided to strengthen and improve care and treatment of mentally retarded children, and to staff new facilities at Brainerd State School and Hospital.

The community health centers, now established and developing in seventeen communities have contributed measurably to the decline in resident populations of our seven state hospitals. To expand existing clinics and to develop new centers the budget includes an increase of \$600,000.

I suggest that from the remaining balance in the general revenue fund additional funds for day care centers for the mentally retarded be provided. Other improvements in our fight against mental retardation -- to discover what causes it, to prevent it, and to provide adequately for those who are mentally retarded, have been included in the Welfare Budget. The Department of Public Welfare will present a bill for day care centers which will have my support. I hope you will have opportunity to see the film my advisory committee on mental retardation developed.

With the rapid decline in the incidence of T.B., sanatoriums have seen a reduction in patient populations to a point of uneconomic operation. I do not suggest that this is the time to discontinue these facilities, but I do wish to direct the attention of the legislature to the problem and suggest that perhaps now is the time to begin seeking a solution. One solution might be to concentrate all patients in one institution and utilize for some other purpose those institutions thus vacated.

Department of Corrections

The Department of Corrections receives from the courts convicted law violators who are incarcerated in order to protect society. The Department

also receives commitments of youthful offenders for whom it is hoped that probation supervision is sufficient discipline to correct their behavior patterns.

In both instances, it is our philosophy to impose the discipline necessary to make the violator fully aware of his wrongdoing. At the same time, the program contemplates rehabilitation of the individual and the correction of attitudes and motivations so that violations will not recur. We want offenders to live decent law abiding lives when they return to society. If this seems obvious I can only say that the percentage of repeaters has been very high in the past.

This budget proposes increases in probation and parole service.

To reduce serious overtime requirements for many employees at the Girls Training School at Sauk Centre, and to eliminate the demoralizing split-shifts at the Boys Training School at Red Wing, additional positions are provided.

The County Probation Service, enacted in 1959, is proving a most helpful method of supervising delinquents, and the budget continues support of this program.

It is important that we credit the Legislative Interim Commissions and the members of the Legislature who implemented the recommendations which have so greatly improved the services of this Department.

Minnesota Youth Treatment Center

I should like to make special reference to the new institution for children which will be opened this year at Lino Lakes in Anoka County. The Minnesota Youth Treatment Center will provide for the first time new modern facilities designed for the care and treatment of emotionally disturbed psychotic and delinquent boys and girls.

With proper guidance and direction, proper financial support, prudent use of professional resources, including direct interest and close association with the University of Minnesota, the Youth Treatment Center can become an example for the nation to follow.

Many hours of consultation, program review and careful budget analysis has led up to the recommendation contained in this budget. Administrators of the Department of Public Welfare and the Department of Corrections have made sincere efforts to adopt realistic program and staffing goals; and, keeping those goals clearly in focus, request for this biennium only that which could be reasonably and skillfully utilized. To do this it was necessary to take into account the difficulties which undoubtedly will be encountered in recruiting the numbers and quality of personnel necessary for intensive treatment programs.

I am reasonably satisfied that, in light of the physical layout of the institution together with the character and nature of the program planning, this is a reasonable budget. Although it will be a high cost institution, the rapidly increasing caseload of emotionally disturbed and psychotic children must be met forthrightly. Furthermore, the alarming increase in juvenile delinquency and juvenile crime demands early diagnosis and treatment.

The budget as submitted is unique in state annals for the reason that two separate programs will be conducted by two separate departments of state government at the same facility. A single physical plant will serve both as the Corrections Reception and Diagnostic Center, as well as the Department of Public Welfare's Residential Treatment Center, but with the two departments sharing much of the facility in common, thus reducing administrative and overhead cost.

Department of Conservation

In developing this budget we propose to more completely extend to Conservation a policy you have established for almost all other departments -- finance current operations from current revenues and provide for capital improvements through long-term financing. I believe this is good public policy.

I wrote you a special letter recommending a twenty-year \$55 million bond issue for long-range natural resource planning, acquisition and development, \$10,450,000 to be expended in this biennium. Copy of that communication is included with this message for easy reference.

When you relate rising costs to the low rate at which Minnesota can borrow money -- and correlate this to the enormous growth in outdoor recreational interest -- and how this all ties in to Minnesota economic growth -- it is perfectly clear, I believe, we should accelerate our capital acquisition and development program. There is no time to be lost. A tremendous job could be done in ten years, with enormous benefit to our people without sacrifice nor strain on economic resources. Bonds issued would be retired on a normal debt service basis from pledged revenues. No new taxes, and no levy on property, are required to launch the program in this biennium. I am sure you are already aware how popular this program can be.

I should like to make special mention of our important topographic mapping program and equally important programs of the Minnesota Geological Survey. From 1895 until 1934, only 45 partial topographic maps of the state had been completed and these covered only 11 per cent of the State area. With the program that began in 1949, we had, by January 1, 1960, completed 232 topographic quadrangle maps or 34 per cent of the area. In 1961, I urged

the Legislature to expand this activity and to provide additional funds for the Minnesota Geological Survey as well. The Legislature responded and I am now pleased to report that we have completed 647 topographic quadrangle maps; and the increased appropriations to the Minnesota Geological Survey have permitted the beginning of a number of new projects, particularly in the metropolitan area, a stepping up of the publication services of that agency, and an analysis of well cuttings.

In this budget, we have provided funds for the printing and distribution of the Conservation Volunteer bi-monthly, and urge the Legislature to restore this publication to six issues per year.

Human Rights

All over the world the struggle for equality among men makes news. Much of it is bad news in the sense that solutions are being hammered out of conflict and bloodshed. In Minnesota the matter of human rights is good news -- progress is being made in a setting of peace and good will. We need to continue that progress. You have done well in establishing statutory principles. I ask you to consider favorably the increases requested for the Governor's Human Rights Commission and the State Commission Against Discrimination so your declared principles can be implemented through education and guidance.

Department of Business Development

If Minnesota is to achieve the economic growth necessary to provide the financial support of its local and state governments, new jobs and payrolls must be created. A major role in this effort can and should be played by the State Department of Business Development.

To meet the substantial competition of other states, regionally and nationwide, Minnesota must step up the quantity and quality of its services. In the critical area of industrial development, Minnesota ranks 36th in the expenditures made for this purpose. Of the states neighboring Minnesota, only South Dakota and Nebraska spend less. Minnesota ranks 29th among the continental 48 states in total state budget invested for tourist promotion; and here, our neighboring states and principal competitors for tourist travel dollars all spend considerably more.

The budget I recommend to the Legislature provides for an increase of \$437,000 in order to provide a greatly stepped-up program of advertising the state's tourist attractions, to promote Minnesota agricultural products, and to sell the business and industrial advantages of our State. This sum will permit also the printing of more urgently needed industrial, economic and tourist literature aimed at attracting national business, and advertising Minnesota as the place for vacation and travel. It provides some increased support for the Northern Great Lakes Area Council, and will permit expanded photographic and promotional services to all news and advertising media.

The Department of Highways

The Department of Highways operates under open appropriations except for Administration, Plant and Equipment, and Safety which units were subjected to appropriation control by the 1961 Legislature.

Existing statutes require that the full amount of the state's share of the cost of a highway contract be encumbered at the time the contract is awarded.

This procedure was designed to protect against over-expenditure and was established at a time when most contracts were completed in one year. Present contracts are frequently very large and extend over several years. It does not make sense to accumulate the taxpayers money in one year to cover a contract extending from two to five years, and at the same time ask the taxpayer to pay increased taxes to match Federal ABC and Interstate allotments. A law that was good when passed needs adjustment to today's conditions.

Under our proposal each year's commitments would be fully covered, but we could release cash now tied up unnecessarily. This cash would finance more highway construction without the necessity of higher taxes.

This can be accomplished by authorizing the Commissioner of Highways, subject to the approval of the Commissioner of Administration and the State Auditor, to certify the amount of money not needed for payment of the state's portion of contracts in the current year. Once approved, this amount would be carried as a budget credit to encumber additional contracts.

The public and the contractor would continue to be protected, but the "idle cash" thus freed would more than finance the ABC construction program and leave a balance for matching any additional Federal funds which might become available.

With this change and with anticipated highway user revenues we can finance our budgeted program and match all available ABC trunk highway funds.

I believe we should accelerate trunk highway construction faster than mere matching of Federal ABC funds. I will present this to you later in a special communication.

Bureau of Criminal Apprehension

During the current biennium, we have made real progress toward providing for this important function. The Bureau was moved from dingy, inadequate quarters, to more adequate space remodeled for their need. The 1961 increase in appropriations exceeded any of the three previous sessions, and this money has been put to good use. The amount recommended in this budget is even greater, and I feel that this is an important investment which becomes crucial in the face of a rising crime rate and its staggering cost. In order to make the necessary inroads on the incidence of undetected crime, the increase recommended in this budget is essential.

Department of Civil Defense

Two international incidents in the past biennium highlight the need for this activity and a continuing effort toward preparedness. Two years ago, we doubled our effort; and although a sound case can be developed for further expansion, it is my recommendation to extend the current program level for two more years, during which time continued progress will be made. One major need is for an alternate seat of government in a hardened site. Plans are being developed for your later consideration.

Personnel

I repeat a long-time conviction that better paid employees will get the job done, and that thereby the continuing expansion of the number of employees needed will be held to an irreducible minimum.

In a continuing effort to keep state employee compensation from lagging too far behind that of employees of private enterprise and other public authorities, and following completion and analysis of the biennial salary survey, the Civil Service Board recommended to me the adjusting of rates of pay for 845 classes affecting 92 per cent of the employees. The cost of these adjustments are included in each agency budget and totals \$9,600,000 about one-half of which is from General Revenue and one-half either dedicated funds or Federal contributions.

The salaries of most department heads are set by statute, and were last increased by rider in 1961. In addition to the compression in the upper levels of the Civil Service pay plan, many subordinate classified employees are paid at rates higher than their department head. A corrective bill will be submitted for Legislative action, the cost of which, with a few exceptions, can be absorbed in the appropriations recommended for each state agency.

I believe that the cost of living statute which you eliminated by appropriation rider in 1961 should be re-established.

Paid employee insurance programs are increasingly common in private industry and among other public employers today. I consider State financed hospital and medical insurance as a needed and most important part of our personnel program. The Civil Service survey indicates that the average employer contribution is \$12.39 per month per employee.

This budget includes \$2-1/2 million as the state's contribution to such a program for state employees whose salaries are paid from the General Revenue fund, and resources are available in the dedicated funds for coverage of employees paid from those accounts. The plan which has been developed by an advisory committee of insurance experts and representatives of employee groups for the Insurance Board would cost an estimated \$11.00 per month per employee. Appropriate committees will receive complete details.

The present appropriations act also includes a rider limiting merit increases. I would urge that this limiting rider be removed. I can appreciate the sense of frustration with which the legislature has found itself in confronting the merit increase policy. However, the current provision is essentially negative in operation and has resulted in losing our better employees. I propose rather a more flexible positive program of merit increase administration tied in to performance standards, calculated to provide incentive for the better employee, and to encourage administrators to make necessary judgments.

The budget is based on a reversion of 2 per cent of salary appropriations, and it is recommended that with this provision intact, the administrators must choose between merit increases and filling vacant positions.

Consideration should be given also to the state employees retirement program and to the fact that retirement annuities are based on the first \$4800 of salary per year maximum, regardless of the level of employment. To attract and hold essential competent and trained personnel, particularly in upper levels, among professional people and college faculty, the retirement program must be made more attractive. Most employers, including many public authorities and some states, have already moved to repair this deficiency.

I urgently invite the Legislature to increase a ceiling which in the 1960's is no longer realistic, and to broaden the coverage to include unclassified employees and elected officials.

The Need for Planning

All states, including Minnesota, are feeling the pressures of financing increased services brought about largely by population growth, the fact that larger percentages of our population are in the below-21 and over-65 year age groups, complex problems resulting from the continuing trend toward urbanization, greater mobility and a rising standard of living. These service demands and their costs present serious and challenging problems to legislators and taxpayers alike.

The costs of existing expenditures, as well as contemplated new and expanding programs, must be honestly projected and presented to the people. Furthermore, it is essential that orderly and planned programs be developed and tied to cost. Finally, actual spending must be clearly related to taxes. Once this is done, the aim, the purpose, and the cost of the program must be made crystal clear to all of our citizens.

With this in mind, I proposed to department heads over a year ago that each of them sit down with their staff people, and using every resource, project essential programs through 1970. We believe that this is the first effort on the part of state department heads to make long-range projections, assess priorities, evaluate the programs, estimate cost and suggest methods of finance. Twenty-nine state departments responded, and the results of their efforts are now in the process of publication. Much of this material

makes exciting reading for students of state government, and will be of especial interest to legislators. This document "New Dimensions for Minnesota," will be available shortly from the Documents Division, Department of Administration.

This initial and valuable effort in long-range planning will serve many purposes; but, above all, it highlights the need for an agency at the state level to coordinate planning, to encourage long-range planning at all levels of state government, and to serve as a clearing house between state agencies, political subdivisions and the Federal government.

I ask the Legislature to review carefully and to consider favorably proposed legislation which will be put before you in the interest of creating a state planning department.

Unemployment Compensation

In my Progress Report, I discussed the need for action with respect to the Unemployment Compensation Fund. The following refers only to the act as it relates to State employees.

The 1957 Legislature authorized the payment of unemployment benefits to employees of the State, with certain exemptions. First payments were made for the first half of calendar year 1958, and through the first half of calendar year 1962 now total \$2,439,534.

State agencies may reimburse the Unemployment Compensation Fund out of available dedicated receipts or legislative appropriations, and \$2,004,723 has already been paid to date. Where sufficient moneys are not available, the amounts due are certified by the Commissioner of Employment Security to the Commissioner of Administration for inclusion in the biennial budget. \$430,000 is included in this budget to repay the unemployment compensation fund.

It may be that the Legislature will wish to review this program especially as it applies to benefits being paid to temporary, seasonal, and retired state employees.

Workmen's Compensation

It is important that your attention be directed to the State Compensation Revolving Fund, created in 1933 to pay workmen's compensation claims of state employees injured in the pursuit of their duties. This fund is constantly on the verge of insolvency, and currently it is necessary to curtail medical payments in order to pay injured worker claims. This is not fair to the doctors, hospitals and druggists, who in good faith have performed their professional services.

Over the years, the fund has been increased by legislative appropriations in varying amounts and now totals \$650,000. The last increase of \$50,000 was made in 1957. Since that time, the number of employees, wages, and medical and hospital costs have all increased, resulting in much heavier demands on the fund.

I would therefore suggest adding \$350,000, making a total revolving fund of \$1,000,000.

Capital Outlay

The Legislative Building Commission has distributed its report to each legislator today. You will note that I concur in the recommendations of the Commission. It is the Capital Outlay Budget.

I believe a word of commendation is due the members of the Commission, for I know of no group in or out of state government which has so selflessly

given of their time and counsel, nor one which has faced up so sincerely to a mass of truly difficult decisions. Their report is the product of 60 days of meetings at 81 state installations, for the purposes of which each member has taken time from his vocation, as well as nights and week-ends from his family and for which no compensation was received or asked.

With increasing enrollments growing at accelerated rates at our University and in our state colleges; a waiting list among mentally retarded children; urgently needed replacement facilities in our mental hospitals, and a greater incidence of juvenile delinquency demanding treatment and housing units, the problems faced by the Building Commission are staggering. To assess priorities and establish an orderly program has been equally difficult, and it would be hard to suggest where changes should be made in their recommendations.

With the large need ahead of us, and the heavy property tax burden, this Legislature may wish to review traditional methods of financing, and the administration will be happy to work with you to explore alternate methods. In speaking of no new taxes and no increases, I refer to the state's operating budget, not the building bill. To enact the bill the Building Committee recommends and to finance it in the regular way would increase the state levy for this purpose.

Financing the Budget

The total net appropriation within this budget from the two principal funds, Income Tax and General Revenue, including open appropriations is \$711,600,000. This sum includes \$5 million for items recommended from balances.

Estimates of revenue, as shown in the summary statement, indicate that existing taxes at current rates, including temporary taxes and surtaxes, will produce \$711,900,000.

We have based our estimates of revenue on the assumption that there will be continued economic growth in the United States and that Minnesota's share of that growth will continue not less than the rate achieved in 1962.

Occupation tax estimates are based on the assumption that the Legislature will continue to encourage the mining of natural ores which should result in the producing and shipping of the same taxable tonnages as in the current biennium.

We will begin the biennium with a surplus in the General Revenue fund. In addition, we anticipate a reduction of Federal corporate and personal income taxes which will produce an increase in state revenues of approximately \$23 million.

In short, additional receipts from existing taxes and surtaxes will produce enough revenue to finance all recommendations, adequately finance open appropriations, and still provide a small surplus. Summary statements attached develop this in detail.

In view of the promise of and the strong support for a Federal tax cut to spur the national economy, I consider it to be unthinkable that we increase taxes in Minnesota. I believe that future funds for public services must, as much as possible, come from economic growth -- more people working at higher pay. Even though there is sufficient revenue to finance the budget, I urge the Legislature to consider needed tax reform to ease tax burdens where there are inequities, to stimulate business and to provide jobs.

The Governor's Tax Advisory Committee has worked long and hard - - not in an attempt to project needs and then provide the taxes to meet them; but rather has taken a hard look at the Minnesota tax structure in order to suggest various ways to improve upon it. Your attention is respectfully and urgently invited to this report. This work, coupled with the work of the Citizens Committee headed by Mr. J. Cameron Thompson, provide clear avenues for improvement.

Conclusion

Even in a message as long as this, I can give you only the most concise summary of all that is incorporated in the budget, and have not even reached some departments for comment.

This budget represents our judgment as to the needs and requirements of state agencies as related to available revenues. In your deliberations of these requests and recommendations, I shall be happy to work with you, and will make available to you any information the administration has. As was the case two years ago, the Department of Administration and all other state agencies responsible to me as Governor, are prepared to cooperate with you. We have again requested state department people to give you their best professional judgment regardless of whether or not it reflects the administration position.

It is our belief that we have provided adequately for essential services at reasonable levels of spending. If the Legislature concurs, and enacts appropriations as outlined in the budget document, the administration will get the job done. In the process, we will move forward toward New Dimensions for Minnesota.

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

THE BUDGET DOCUMENTS

The 1963-65 Biennial Budget is presented in three parts: the "Budget Message and Summary", the "Detailed Estimates" and the Capital Outlay Budget.

The 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. They 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 charts and table included in the "Budget Message" present the highlights of the budget. They provide a comparison of the 1963 recommendations and the 1961 appropriations on the more significant items in the budget.

The Consolidated Statement on page 30 shows the combined expenditures from the General Revenue and Income Tax funds by major function. From this information the charts on page 31 and 32 were developed. It is interesting to note on the General Revenue Fund chart that the amount appropriated for educational purposes has increased from 31.8% of the total in 1961 to 36% in 1963. In the Income Tax School Fund comparison, the percentage of the total appropriation which is recommended for Education Aids is about the same as in 1961, despite a \$58,000,000 increase in appropriation.

Probably the most significant point in the budget is presented by the comparisons of Grants-in-Aid which are shown on pages 33, 34 and 35. The grants-in-aid from

direct appropriations increased from \$295,399,626 in 1961-63 to \$369,121,102 in 1963-65 or from 52% to 55% of the direct appropriation. The total grants-in-aid increased from \$555,988,863 in 1961-63 to \$640,957,420 in 1963-65 but remain at about the same percentage of the total direct and open appropriations.

Generally the Legislative and Executive branches of government are most concerned with the direct appropriations. The chart on page 36 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 56.6% of the total expenditures as compared to 43.4% for direct appropriations.

The chart on page 37 shows the relative size of the General Revenue Fund and the dedicated funds for the 1961-63 and 1963-65 bienniums. In both periods the Income Tax School Fund is the largest and the General Revenue Fund second largest.

SUMMARY OF ACTUAL DEBT ACTIVITY 1960-62

	Outstanding 6-30-60	Authorized & Unissued 6-30-60	Year Ended 6-30-61 Bonds and Certificates			Outstanding 6-30-61	Authorized & Unissued 6-30-61	Year Ended 6-30-62 Bonds and Certificates			Outstanding 6-30-62	Authorized & Unissued 6-30-62
			Authorized	Issued	Retired			Authorized	Issued	Retired		
Payable from Property Taxes:												
Minnesota State Building												
Laws 1949, C. 470	2,496,353	108,288			582,872	1,913,481	108,288			582,872	1,330,609	108,288
Laws 1949, C. 742	4,957,268	67,000			1,143,067	3,814,201	67,000			1,143,067	2,671,134	67,000
Laws 1951, E.S.C. 3	552,819	746			388,919	163,900	746			163,900		746
Laws 1953, C. 758	3,858,505	100,332			1,027,835	2,830,670	100,332			1,027,835	1,802,835	100,332
Laws 1955, C. 855	22,844,213	217,432			1,435,446	21,408,767	217,432		190,055	1,526,964	20,071,858	27,377
Laws 1957, E.S.C. 2	49,607,448	2,297			2,756,097	46,851,351	2,297			2,756,097	44,095,254	2,297
Laws 1959, E.S.C. 90	52,020,000	2,280			2,601,000	49,419,000	2,280			2,601,000	46,818,000	2,280
State Veterans Service Building		50,000		50,000	50,000							
Rural Credit Deficiency	8,850,000				1,350,000	7,500,000				1,350,000	6,150,000	
Rural Credit Deficiency of 1953	2,000,000				500,000	1,500,000				500,000	1,000,000	
Minnesota Seaway Property Conservation	4,334,000				334,000	4,000,000				333,000	3,667,000	
Minnesota School Aid ('59 E.S.C. 27)	1,270,000	1,230,000	2,500,000	3,365,000	166,667	4,468,333	365,000		350,000	333,333	4,485,000	15,000
Executive Council			2,600	2,600	2,600							
Total	152,790,606	1,778,375	2,502,600	3,417,600	12,338,503	143,869,703	863,375		540,055	12,318,068	132,091,690	323,320
Payable from Dedicated Receipts:												
Minnesota Aeronautics												
Laws 1949, C. 608	325,000				65,000	260,000					260,000	
Laws 1951, C. 506	60,000				20,000	40,000					40,000	
Laws 1953, C. 636	360,000					360,000					360,000	
Laws 1955, C. 719	736,000					736,000				57,000	679,000	
Laws 1957, C. 931	3,040,000	800			211,300	2,828,700	800		800	129,800	2,699,700	
Laws 1959, C. 629	826,000					826,000				118,000	708,000	
Laws 1961, C. 706								850,000				850,000
Payable from State Park Permit Fees												
Minnesota State Park Certificates												
Laws 1955, C. 781	420,000				52,500	367,500				52,500	315,000	
Total	5,767,000	800			348,800	5,418,200	800	850,000	800	357,300	5,061,700	850,000
Payable from Motor Vehicle Taxes:												
Highway Department Office Building												
Laws 1955, C. 717	4,800,000				600,000	4,200,000				600,000	3,600,000	
Trunk Highway Bridges and Approaches												
Laws 1955, C. 748	19,600,000				700,000	18,900,000				1,050,000	17,850,000	
Right of Way Acquisition												
Laws 1957, C. 750	20,000,000				900,000	19,100,000				1,050,000	18,050,000	
City of St. Paul												
Laws 1959, C. 538			8,000,000	1,250,000		1,250,000	6,750,000		3,500,000		4,750,000	3,250,000
Total	44,400,000		8,000,000	1,250,000	2,200,000	43,450,000	6,750,000		3,500,000	2,700,000	44,250,000	3,250,000
Payable from General Revenue Receipts:												
General Revenue Deficiency			10,000,000	10,000,000	10,000,000			10,000,000	10,000,000	10,000,000		
Payable from Income Tax School Receipts:												
Income Tax School Deficiency												
Total		50,000,000	40,000,000				90,000,000	120,000,000				120,000,000
		50,000,000	50,000,000	10,000,000	10,000,000		90,000,000	130,000,000	10,000,000	10,000,000		120,000,000
GRAND TOTAL	202,957,606	51,779,175	60,502,600	14,667,600	24,887,303	192,737,903	97,614,175	130,850,000	14,040,855	25,375,368	181,403,390	124,423,320

SUMMARY OF ESTIMATED DEBT ACTIVITY 1963-65

	Fiscal Year 1963			Authorized	Fiscal Year 1964			Authorized	Fiscal Year 1965			Authorized
	Bonds and Certificates Issued	Retired	Outstanding & Unissued 6-30-63	6-30-63	Bonds and Certificates Issued	Retired	Outstanding & Unissued 6-30-64	6-30-64	Bonds and Certificates Issued	Retired	Outstanding & Unissued 6-30-65	6-30-65
<u>Payable from Property Taxes:</u>												
Minnesota State Building												
Laws 1949, C. 470		582,872	747,737	108,288		582,872	164,865	108,288		164,865		
Laws 1949, C. 742		1,143,067	1,528,067	67,000		1,143,067	385,000	67,000		385,000		
Laws 1953, C. 758		1,027,835	775,000	100,332		775,000						
Laws 1955, C. 855		1,435,446	18,636,412	27,377		1,435,447	17,200,965	27,377		1,435,447	15,765,518	27,377
Laws 1957, E.S.C. 2		2,756,097	41,339,157	2,297		2,755,157	38,584,000	2,297		2,756,000	35,828,000	2,297
Laws 1959, E.S.C. 90		2,601,000	44,217,000	2,280		2,601,000	41,616,000	2,280		2,601,000	39,015,000	2,280
Laws 1961, E.S.C. 72	29,361,000		29,361,000			2,601,000	41,616,000	2,280		2,601,000	39,015,000	2,280
Rural Credit Deficiency		1,350,000	4,800,000			1,468,050	27,892,950			1,468,050	26,424,900	
Rural Credit Deficiency of 1953		250,000	750,000			1,350,000	3,450,000			1,350,000	2,100,000	
Minnesota Seaway Property Conservation		333,000	3,334,000			500,000	250,000			250,000		
Minnesota School Aid		333,334	4,151,666	15,000		334,000	3,000,000			333,000	2,667,000	
Total	29,361,000	11,812,651	149,640,039	322,574	13,277,926	136,362,113	222,242		11,076,695	125,285,418	46,954	
<u>Payable from Dedicated Receipts:</u>												
<u>Payable from Aeronautics Fund</u>												
Laws 1949, C. 608		65,000	195,000			65,000	130,000			65,000	65,000	
Laws 1951, C. 506		20,000	20,000			20,000						
Laws 1953, C. 636		60,000	300,000			60,000	240,000			60,000	180,000	
Laws 1955, C. 719		35,000	644,000			92,000	552,000			92,000	460,000	
Laws 1957, C. 931		39,800	2,659,900			380,100	2,279,800			380,100	1,899,700	
Laws 1959, C. 629			708,000			118,000	590,000			118,000	472,000	
Laws 1961, C. 706			850,000			170,000	680,000			170,000	510,000	
Subtotal	850,000		850,000		905,100	4,471,800			885,100	3,580,700		
Payable from State Park Permit Fees												
Minn. State Park Certificates												
Laws 1955, C. 781		52,500	262,500			52,500	210,000			52,500	157,500	
<u>Payable from Trunk Highway Fund</u>												
Highway Dept. Office Building												
Laws 1955, C. 717		600,000	3,000,000			600,000	2,400,000			600,000	1,800,000	
Trunk Highway Bridges and Approaches												
Laws 1955, C. 748		1,050,000	16,800,000			1,150,000	15,050,000			1,150,000	14,500,000	
Right of Way Acquisition												
Laws 1957, C. 750		1,050,000	17,000,000			1,050,000	15,950,000			1,050,000	14,900,000	
City of St. Paul												
Laws 1959, C. 538			4,750,000	3,250,000		50,000	4,700,000	3,250,000		230,000	4,470,000	3,250,000
Subtotal	2,700,000		41,550,000	3,250,000	2,850,000	38,700,000	3,250,000		3,030,000	35,670,000	3,250,000	
Total	850,000	2,972,300	47,189,400	3,250,000	3,807,600	43,381,800	3,250,000		3,967,600	39,414,200	3,250,000	
GRAND TOTAL	30,211,000	14,784,951	196,829,439	3,572,574	17,085,526	179,743,913	3,472,242		15,044,295	164,699,618	3,296,954	

SUMMARY OF FUND STATEMENTS

ACTUAL AND ESTIMATED RESOURCES	1960-61	1961-62	1962-63	1963-64	1964-65
Balances Forward July 1	153,070,731	106,959,774	84,005,206	125,999,824	106,845,370
Receipts by Funds:					
General Revenue - Nondedicated Receipts	112,221,330	99,092,569	106,163,064	108,535,433	110,874,061
General Revenue - Dedicated Receipts	21,498,685	23,517,037	24,865,549	25,737,239	27,427,115
Building	14,427,500	12,192,186	41,617,729	14,486,158	11,696,146
Iron Range Resources and Rehabilitation	1,034,767	696,702	602,690	624,425	626,374
Minnesota Aeronautics and State Airports	1,818,268	2,785,415	3,879,424	4,615,300	3,584,800
Soldiers' Relief	162,655	178,434	163,000	163,000	163,000
Game and Fish	4,299,390	4,410,870	4,322,161	4,294,000	4,324,000
Income Tax School	130,117,489	166,126,931	219,699,400	236,751,021	246,049,021
Highway	117,265,970	121,637,341	123,598,000	123,492,000	125,592,000
Miscellaneous Special Revenue	16,339,536	17,016,047	17,024,106	17,677,252	18,073,794
Federal	129,237,736	126,135,890	133,886,427	145,103,757	169,573,712
Consolidated Conservation Areas	157,527	168,083	220,600	165,750	163,120
Rural Credit	2,132,227	1,985,815	1,971,697	1,918,760	1,473,180
Agency	116,796,963	132,176,519	111,090,409	117,509,038	120,854,066
Trust	12,529,433	11,264,692	15,370,487	5,239,163	5,068,779
Revolving	4,145,055	4,839,204	5,625,048	5,579,589	6,473,947
Prison Revolving	<u>3,420,534</u>	<u>3,575,350</u>	<u>3,199,540</u>	<u>3,079,531</u>	<u>2,934,861</u>
Receipts Subtotal	687,605,074	727,799,094	813,299,334	814,971,419	854,951,979
Accrual of Federal Aid for Highways	(15,621,585)	5,867,371	29,727,358	32,372,551	29,831,423
Appropriation and Receipts Transfers	<u>4,103,970</u>	<u>3,397,628</u>	<u>2,474,173</u>	<u>1,575,931</u>	<u>2,157,021</u>
TOTAL RESOURCES	829,158,191	844,023,869	929,506,073	974,919,726	993,785,793

SUMMARY OF FUND STATEMENTS (Cont.)

ACTUAL AND ESTIMATED EXPENDITURES	1960-61	1961-62	1962-63	1963-64	1964-65
Expenditures by Funds:					
General Revenue - Nondedicated Receipts	107,027,005	126,517,531	125,828,212	140,822,353	146,878,456
General Revenue - Dedicated Receipts	21,498,339	23,511,768	24,878,639	25,741,807	27,427,115
Building	45,903,758	26,516,170	17,951,274	30,827,832	26,955,529
Iron Range Resources and Rehabilitation	734,493	880,963	1,122,322	613,318	620,381
Minnesota Aeronautics and State Airports	2,415,055	2,971,908	3,589,049	4,621,591	3,432,180
Soldiers' Relief	173,390	180,067	178,529	175,480	175,156
Game and Fish	4,034,804	4,457,381	3,959,354	4,465,254	4,196,099
Income Tax School	147,489,841	148,200,055	175,114,313	203,474,316	215,424,726
Highway	125,769,911	121,429,296	130,807,472	126,958,503	119,654,386
Miscellaneous Special Revenue	15,640,323	16,141,180	16,506,834	16,707,986	17,165,092
Federal	112,931,585	132,570,583	164,322,327	177,416,238	199,163,017
Consolidated Conservation Areas	98,533	88,568	115,000	90,000	90,000
Rural Credit	2,025,641	1,991,890	1,707,572	1,930,437	1,671,490
Agency	113,576,357	131,669,725	110,339,946	117,277,794	120,106,566
Trust	12,514,978	11,347,241	15,351,025	5,231,313	5,046,188
Revolving	4,609,104	4,501,876	5,527,701	6,630,869	6,004,463
Prison Revolving	<u>3,071,834</u>	<u>3,412,701</u>	<u>3,214,464</u>	<u>3,148,714</u>	<u>3,001,371</u>
Expenditures Total	719,514,961	756,388,910	800,514,040	866,133,808	897,012,220
Appropriation and Receipts Transfers	2,683,456	3,629,751	2,992,208	1,940,546	2,686,773
Balances Forward July 1	<u>106,959,774</u>	<u>84,005,206</u>	<u>125,999,824</u>	<u>106,845,370</u>	<u>94,086,799</u>
TOTAL EXPENDITURES, TRANSFERS & BALANCES	829,158,191	844,023,869	929,506,073	974,919,726	993,785,793

Note: In all fund statements the detail will not add to the totals due to dropping the cents column.

GENERAL REVENUE FUND - NONDEDICATED RECEIPTS

ACTUAL AND ESTIMATED RESOURCES	1960-61	1961-62	1962-63	1963-64	1964-65
Free Balances July 1	(4,398,030)	3,289,043	(1,384,662)	4,653,155	5,881,366
Receipts:					
State Property Tax	113,955	89,888	89,000	89,000	89,000
Gross Earnings Taxes	21,650,127	20,858,061	21,673,200	21,975,500	22,262,600
Insurance Gross Premium Tax	9,821,606	10,423,635	11,000,000	11,600,000	12,200,000
Iron Ore Occupation Tax	9,300,758	5,876,713	4,743,000	4,905,000	4,725,000
Iron Ore Royalty Tax	3,209,236	2,297,351	1,901,700	1,900,000	1,800,000
Taconite Taxes	213,973	247,769	567,300	616,750	568,300
Inheritance and Gift Taxes	8,060,604	7,537,609	9,880,000	8,084,000	8,540,000
Liquor and Beer Taxes	15,279,078	15,710,955	16,314,200	16,927,000	17,280,625
Cigarette Tax	15,898,482	18,222,188	19,440,450	19,989,450	20,398,950
Tobacco Products Tax	1,597,467	859,869	875,000	880,000	900,000
Documents Tax	785,820	853,706	900,000	936,000	984,000
Grain Inspection Fees	2,470,818	2,451,774	2,650,000	3,021,930	3,021,930
Institutions - Care of Persons	3,423,939	4,199,373	5,910,130	6,836,310	7,113,280
Income - Surtax	8,908,591				
Bank Excise Tax	829,165	866,733	1,252,500	1,289,000	1,319,400
All Other Receipts	<u>7,493,163</u>	<u>7,564,054</u>	<u>8,166,584</u>	<u>8,485,493</u>	<u>8,670,976</u>
Receipts Subtotal	109,056,791	98,059,685	105,363,064	107,535,433	109,874,061
Transfers:					
Invested Treasurer's Cash	3,164,539	1,032,884	800,000	1,000,000	1,000,000
Attributable Costs	641,432	720,650	577,016	589,500	594,500
Motor Vehicle Transfer of Ownership	317,544	288,053	295,740	248,030	243,440
Gas Tax Collections Costs Reimbursement	617,681		610,000		615,000
All Other Transfers	<u>916,090</u>	<u>1,874,105</u>	<u>827,257</u>	<u>677,601</u>	<u>704,081</u>
Transfers Subtotal	<u>5,657,288</u>	<u>3,915,694</u>	<u>3,110,013</u>	<u>2,515,131</u>	<u>3,157,021</u>
Receipts & Transfers Subtotal	114,714,079	101,975,379	108,473,077	110,050,564	113,031,082
Legislative Transfers:					
State Colleges		7,356,713	7,815,871		
Junior Colleges		<u>882,720</u>	<u>960,780</u>		
Subtotal		8,239,433	8,776,651		
Income Tax 7.25%		<u>11,629,012</u>	<u>14,496,302</u>		
Transfers Subtotal		19,868,445	23,272,953	32,000,000	33,000,000

GENERAL REVENUE FUND - NONDEDICATED RECEIPTS (Cont.)

Swamp Land Fund Interest Transfer			<u>120,000</u>		
Total Revenue & Transfers	<u>114,714,079</u>	<u>121,843,824</u>	<u>131,866,030</u>	<u>142,050,564</u>	<u>146,031,082</u>
TOTAL RESOURCES	110,316,049	125,132,868	130,481,367	146,703,719	151,912,448

ACTUAL AND ESTIMATED EXPENDITURES

Legislative Appropriations:

Miscellaneous Commissions	23,440	22,750	22,200	29,300	29,850
Sheriff's Expense Conveying Prisoners	23,000	33,185	33,185	37,500	37,500
Special Semi-State Agricultural Societies	238,825	238,650	238,650	238,850	238,850
Bear Bounties	1,000	1,000	1,000	500	500
Soldiers' Home	281,695	263,660	260,225	296,948	286,834
Miscellaneous Veterans' Associations	16,200	16,200	16,200	16,200	16,200
Historical Society	232,460	257,500	260,998	328,153	331,051
Sibley House, Science, and Art Associations	9,912	11,632	11,632	21,632	11,632
Special Aid to Cities, Counties, and Towns	154,000	204,000	204,000	204,000	204,000
Legislature	2,123,078	883,000	1,746,000	899,500	1,763,000
Governor	141,441	118,222	120,830	160,994	165,639
Civil Defense	143,189	137,774	139,646	131,423	132,584
Lieutenant Governor	9,200	5,900	6,300	5,800	5,800
State Auditor	315,624	331,486	338,789	390,334	412,932
Contributory Share - PERA	70,113				
Civil Air Patrol	10,000	10,000	10,000	10,000	10,000
State Treasurer	175,046	181,629	182,941	225,528	217,495
Public Examiner	226,447	232,459	236,249	263,907	266,620
Department of Taxation	1,099,923	1,135,138	1,097,804	1,229,295	1,225,574
Board of Tax Appeals	21,200	23,273	23,283	29,670	29,614
Attorney General	292,833	348,286	339,463	341,332	340,689
Bureau of Criminal Apprehension	219,590	250,793	251,299	374,156	355,383
District Courts	911,115	898,500	920,313	909,000	909,000
Retired Supreme and District Court Judges	116,450	113,000	132,102	131,263	126,513
Supreme Court	301,493	313,106	312,520	326,170	326,121
Revisor of Statutes	117,650	78,236	119,515	131,431	82,487
Department of Administration	2,121,917	2,275,361	2,327,665	2,617,206	2,711,843
Executive Council	6,543	1,700	1,700	1,000	1,000
Board of Investment		44,865	46,765	62,959	63,873

GENERAL REVENUE FUND - NONDEDICATED RECEIPTS (Cont.)

Secretary of State	327,431	251,731	351,897	238,894	292,465
Civil Service	309,539	338,483	341,990	368,983	370,566
Archives Commission	35,365	49,300	46,716	86,813	86,836
Municipal Commission		19,424	24,738	24,100	24,414
Adjutant General	989,097	1,107,822	1,119,990	1,192,384	1,213,302
Banking	382,295	405,904	410,517	459,233	463,879
Insurance	364,880	390,112	391,039	468,617	473,256
Securities	65,288	70,003	70,715	103,069	103,752
Railroad and Warehouse Commission	3,075,836	3,705,720	3,063,391	3,946,092	3,216,694
Labor and Industry	727,056	784,843	790,897	876,086	884,962
Board of Law Examiners	15,000				
Liquor Control	245,837	250,197	254,100	263,548	266,464
Labor Conciliator	108,953	118,956	120,374	124,968	124,770
Business Development	325,664	390,279	379,321	628,579	578,009
Compensation Insurance Board	22,459	24,098	23,825	25,508	25,661
Department of Agriculture	1,128,403	1,179,127	1,156,161	1,282,349	1,273,931
Department of Conservation - Administration	270,866	271,724	270,332	298,491	296,114
Waters	208,253	242,588	224,242	241,512	244,078
Forestry	1,830,184	2,052,723	2,083,289	2,316,256	2,279,992
Lands and Minerals	465,020	457,397	464,565	507,372	511,466
Parks	422,715	435,077	439,101	590,146	575,575
Surveyor General	84,494	87,602	87,407	85,433	86,678
State Mapping Advisory Board	36,000	36,000	36,000	100,000	100,000
Water Resources Board	20,544	24,517	20,945	21,508	21,299
Soil Conservation Commission	205,947	267,238	267,922	278,569	280,113
Health	1,311,537	1,307,145	1,317,923	1,469,696	1,482,078
Livestock Sanitary Board	750,959	1,063,804	615,846	1,003,694	707,348
Governor's Human Rights Commission	15,045	15,061	15,107	37,732	37,475
State Commission Against Discrimination	33,458	33,203	34,000	63,996	64,584
Veterans' Affairs	836,765	986,040	888,918	1,015,780	906,613
Law Library	69,839	109,588	52,494	114,351	55,931
Revenue Deficiency - Interest	190,000	150,000		130,000	
Athletic Commission				5,000	5,000
Public Welfare - Administration	24,189,982	23,169,105	25,274,113	23,893,029	24,805,909
Anoka State Hospital	2,485,057	2,623,939	2,675,768	3,053,898	3,352,761
Fergus Falls State Hospital	2,863,480	3,070,458	3,048,178	3,308,520	3,349,630
Hastings State Hospital	1,871,900	2,083,344	2,054,138	2,146,557	2,140,240
Moose Lake State Hospital	1,764,060	1,964,225	1,945,413	2,128,505	2,152,577
Rochester State Hospital	2,727,493	2,875,089	2,856,998	3,167,277	3,196,072
St. Peter State Hospital	3,478,632	3,794,646	3,789,338	4,065,774	4,100,212
Willmar State Hospital	2,094,966	2,231,320	2,215,527	2,376,105	2,426,259

GENERAL REVENUE FUND - NONDEDICATED RECEIPTS (Cont.)

Faribault State School and Hospital	3,725,989	4,018,529	4,011,068	4,585,476	4,736,163
Cambridge State School and Hospital	2,608,792	3,061,490	3,063,447	3,463,683	3,574,834
Owatonna State School	15,000	28,331	15,000	31,680	16,000
Shakopee Home for Children	63,335	67,947	68,035	70,831	71,139
Brainerd State School and Hospital	908,522	1,239,692	1,429,238	1,710,789	2,049,675
Braille and Sight Saving School	6,000	6,950	5,000	9,560	4,000
School for the Deaf	9,000	35,000	20,000	25,000	11,850
Gillette State Hospital	475,220	545,518	535,826	611,551	603,858
Ah-Gwah-Ching Nursing Home	1,047,496	1,167,855	1,361,865	1,492,622	1,501,365
Glen Lake Sanatorium-Oak Terrace Nursing Home		768,808	1,596,292	1,954,566	1,958,515
Department of Corrections	1,162,083	1,290,763	1,270,115	1,489,568	1,509,682
State Prison	1,533,218	1,935,183	1,913,434	2,117,058	2,131,133
Reformatory for Men	1,686,306	1,799,402	1,793,753	2,041,861	2,029,867
Reformatory for Women	162,186	176,800	173,214	197,538	192,823
State Training School for Boys	3,750	15,000		29,760	3,975
Home School for Girls	3,000	8,000	4,000	15,935	5,320
Youth Conservation Camps	408,186	448,308	451,525	565,032	553,935
Contingent Fund for State Institutions		250,000		250,000	
Department of Education	125,000	132,000	125,000	257,000	250,000
State College Board		7,356,713	7,843,171	9,615,189	10,360,566
University of Minnesota	27,292,490	31,653,198	32,797,194	38,725,629	42,619,657
Nursing Scholarships	75,000	100,000	100,000	100,000	100,000
School Aid - Counties a/c Non-Tax areas	48,000	48,000	48,000	48,000	48,000
Aid to Junior Colleges		877,800	1,059,065	1,200,000	1,300,000
Workmen's Compensation	136,739		55,769		
Unemployment Compensation	369,553		518,408		
Conservation Work Projects	1,500,000				
Miscellaneous State Parks		138,300			
Claims Commission Awards	31,858		41,348		
Veterans' Bonus	101,221				
Volstead Lands			148,180		
Jackson Armory		40,000			
Motor Pool		838,000			
Facilities - Governor-Elect			15,000		
Great Lakes Diversion		82,316			
Camp Ripley Acquisition		500,000			
Remodeling Glen Lake Sanatorium		400,000			
Legislative Claims	215,094				
Building Bill - Laws 1961, E.S. Chapter 59		29,500			
Building Bill - Laws 1961, E.S. Chapter 60		1,536,023			
Area Redevelopment		1,500,000			

GENERAL REVENUE FUND - NONDEDICATED RECEIPTS (Cont.)

Daytime Pilot Project		12,000	24,000		
Aid to Fire Departments	732,736	831,233	876,338	926,000	976,000
Surcharge for Firemen's Relief	191,141	184,981	210,000	235,000	260,000
University Maintenance	1,001,564	150,679			
University Hospitals County Reimbursement	100,000	87,837			
Revenue Refunds	99,341	103,564	100,000	100,000	100,000
Miscellaneous Open Appropriations	<u>25,069</u>	<u>136,142</u>	<u>30,414</u>	<u>30,550</u>	<u>30,550</u>
Appropriations Subtotal	111,616,578	130,471,002	130,328,212	143,822,353	149,878,456
Less Cancellations	<u>4,589,572</u>	<u>3,953,471</u>	<u>4,500,000</u>	<u>3,000,000</u>	<u>3,000,000</u>
Net Appropriation Liability	107,027,005	126,517,531	125,828,212	140,822,353	146,878,456
Free Balance June 30	<u>3,289,043</u>	<u>(1,384,662)</u>	<u>4,653,155</u>	<u>5,881,366</u>	<u>5,033,992</u>
 TOTAL EXPENDITURES AND BALANCES	 110,316,049	 125,132,868	 130,481,367	 146,703,719	 151,912,448

GENERAL REVENUE FUND - DEDICATED RECEIPTS

ACTUAL AND ESTIMATED RESOURCES	1960-61	1961-62	1962-63	1963-64	1964-65
Reappropriated Balances July 1	292,844	293,190	298,460	285,369	280,801
Receipts - Dedicated:					
Departmental Earnings	227,737	247,590	216,975	236,626	238,120
Care and Maintenance of Inmates	164,216	172,094	170,000	161,100	161,100
Institutions - Employees' Maintenance	387,614	390,260	413,300		
Welfare Program Recoveries - State Share	548,683	512,072	497,500	482,500	482,500
State Colleges - Tuition and Fees	2,901,503	3,237,252	3,530,800	3,842,651	4,125,507
University of Minnesota - Maintenance	12,984,659	14,221,782	15,253,890	16,104,196	17,432,851
University of Minnesota - Hospitals	4,253,694	4,701,752	4,730,009	4,822,106	4,899,977
Objects of Private Trust	1,350	7,164	26,985	61,000	60,000
Other Receipts	29,225	27,068	26,088	27,060	27,060
Receipts Subtotal	<u>21,498,685</u>	<u>23,517,037</u>	<u>24,865,549</u>	<u>25,737,239</u>	<u>27,427,115</u>
TOTAL RESOURCES	21,791,530	23,810,228	25,164,009	26,022,609	27,707,917
ACTUAL AND ESTIMATED EXPENDITURES					
Expenditures of Dedicated Receipts and Balances:					
Department of Military Affairs				60,000	60,000
Department of Agriculture	203,731	225,712	195,840	215,451	216,945
Division of Forestry	16,010	16,162	15,283	16,000	16,000
Division of State Parks	9,833	9,931	39,505	13,100	9,800
Division of Waters			9,179	2,267	
Department of Public Welfare	550,298	512,072	498,000	482,500	482,500
Institutions - Employees' Maintenance	403,903	407,294	430,300	8,100	8,100
Soldiers' Home Board	170,867	176,598	174,435	174,435	174,435
State College Board	2,901,503	3,237,252	3,530,800	3,842,651	4,125,507
University of Minnesota	17,238,007	18,924,580	19,983,795	20,926,302	22,332,828
All Other	4,183	2,165	1,500	1,000	1,000
Expenditures Subtotal	<u>21,498,339</u>	<u>23,511,768</u>	<u>24,878,639</u>	<u>25,741,807</u>	<u>27,427,115</u>
Reappropriated Balances June 30	<u>293,190</u>	<u>298,460</u>	<u>285,369</u>	<u>280,801</u>	<u>280,801</u>
TOTAL EXPENDITURES AND BALANCES	21,791,530	23,810,228	25,164,009	26,022,609	27,707,917

RURAL CREDIT FUNDS

ACTUAL AND ESTIMATED RESOURCES	1960-61	1961-62	1962-63	1963-64	1964-65
Reappropriated Balances July 1	2,752,509	2,859,096	2,853,021	3,117,147	3,105,470
Receipts - Dedicated:					
Property Tax	2,047,608	1,919,122	1,921,697	1,887,260	1,447,980
Sale of Land and Buildings	46,611	40,718	33,000	20,000	16,500
Payments on Mortgages and Contracts for Deed	27,143	18,453	12,000	8,000	6,000
Interest on Mortgages and Contracts for Deed	9,505	7,399	4,975	3,475	2,675
Other	<u>1,359</u>	<u>121</u>	<u>25</u>	<u>25</u>	<u>25</u>
Receipts Subtotal	2,132,227	1,985,815	1,971,697	1,918,760	1,473,180
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TOTAL RESOURCES	4,884,737	4,844,911	4,824,719	5,035,907	4,578,651
ACTUAL AND ESTIMATED EXPENDITURES					
Expenditures of Legislative Appropriations:					
Department of Rural Credit	14,461				
Division of Banking		7,874	8,872	11,262	9,115
Expenditures of Dedicated Receipts and Balances:					
Department of Rural Credit	1,379	115	400	400	400
Debt and Interest	<u>2,009,800</u>	<u>1,983,900</u>	<u>1,698,300</u>	<u>1,918,775</u>	<u>1,661,975</u>
Expenditures Subtotal	2,025,641	1,991,890	1,707,572	1,930,437	1,671,490
Reappropriated Balances June 30	<u>2,859,096</u>	<u>2,853,021</u>	<u>3,117,147</u>	<u>3,105,470</u>	<u>2,907,161</u>
TOTAL EXPENDITURES AND BALANCES	4,884,737	4,844,911	4,824,719	5,035,907	4,578,651

MISCELLANEOUS SPECIAL REVENUE FUND*

ACTUAL AND ESTIMATED RESOURCES	1960-61	1961-62	1962-63	1963-64	1964-65
Reappropriated Balances July 1	6,920,224	6,827,100	6,372,592	6,394,494	6,936,387
Receipts - Dedicated:					
Property Tax	660,182	801,572	908,438	1,002,438	910,659
Iron Ore Occupation Tax and Surtax	2,166,953	1,386,518	1,151,669	1,196,500	1,146,000
Boxing Exhibition Tax and Fees	5,435	3,352	3,352	3,000	3,000
Departmental Earnings	1,481,894	1,480,866	1,568,061	1,602,224	1,606,614
Occupational Permits and Licenses	284,687	260,297	286,465	277,470	279,300
Nonoccupational Permits and Licenses	730,619	708,880	727,193	717,671	772,957
Examining Boards' Earnings	987,575	1,041,889	1,055,860	1,076,075	1,098,105
State Agricultural Society Receipts	435,702	581,114	650,000	650,000	650,000
Sale of Timber, etc.	311,309	169,038	368,248	362,685	360,685
Sale of Certificates of Indebtedness	52,600				
Objects of Private Trust	26,427	20,787	16,750	18,000	18,000
Permanent School Trust Fund Income	6,983,258	7,708,180	8,061,932	8,589,912	8,931,410
Permanent University Trust Fund Income	1,291,900	1,609,061	1,608,791	1,791,940	1,908,258
Swamp Land Trust Fund Income	811,239	924,907	240,000		
Interest on School Loans	5,340	194,635	259,635	272,427	271,897
All Other Receipts	104,409	124,944	117,709	116,909	116,909
Receipts Subtotal	16,339,536	17,016,047	17,024,106	17,677,252	18,073,794
Transfers from General Revenue Fund	101,221	76,818	1,200		
TOTAL RESOURCES	23,360,982	23,919,967	23,397,899	24,071,746	25,010,182

ACTUAL AND ESTIMATED EXPENDITURES

Expenditures of Legislative Appropriations:					
Division of Game and Fish	338,999	341,998	342,000	342,000	342,000
Legislative Claims	8,903		120		
Department of Veteran Affairs	101,221				
Expenditure of Dedicated Receipts and Balances:					
Department of Administration	2,742	8,380	10,114	13,168	13,313
Secretary of State	318,435	319,116	342,639	376,759	383,373
Department of Military Affairs	84,334	23,892			
State Athletic Commission	10,505	8,837	9,341	4,854	4,979
Division of Banking	15,000	15,000	15,000	15,000	15,000
Division of Insurance	6,244	3,452	11,991	12,000	12,000
Division of Securities	64,944	70,961	89,312	92,072	91,702
Railroad and Warehouse Commission	462,854	474,811	506,220	536,026	540,473

MISCELLANEOUS SPECIAL REVENUE FUND*(Cont.)

Department of Labor and Industry	12,336	12,934	14,923	16,351	16,264
Examining Boards	869,721	897,990	920,076	941,565	960,140
Department of Agriculture	444,844	446,327	455,251	472,024	469,537
State Agricultural Society	465,141	512,770	660,000	650,000	650,000
Department of Conservation - Administration	122,392	114,704	250,040	194,433	231,259
Division of Forestry	53,573	68,125	363,264	266,773	366,246
Division of Lands and Minerals	55,021	53,237	91,706	96,023	95,939
Division of Game and Fish	36,627	4,677	37,765		
Division of State Parks	68,015	111,846	65,162	60,000	65,000
Department of Health	62,516	68,666	75,211	76,384	78,842
Department of Public Welfare	45,321	45,041	50,000	50,200	50,200
Owatonna State School		8,745	6,621		
Department of Employment Security	800	812	15,900	900	900
Department of Veterans' Affairs	43,145	3,132	14,172		
Veterans Service Building Commission	13,468	17,310	14,781	11,658	
Apportionment Aid to Schools	7,251,927	8,027,028	8,250,000	8,500,000	8,750,000
Institutions - Swamp Land Fund Income	201,051	226,427	58,754		
State College Board - Swamp Land Fund Income	52,518	61,585	15,981		
University of Minnesota	3,583,822	3,171,056	2,806,224	2,988,440	3,054,258
Debt and Interest	843,891	1,022,306	1,014,260	991,355	973,666
Expenditures Subtotal	15,640,323	16,141,180	16,506,834	16,707,986	17,165,092
Transfers to General Revenue Fund	893,558	1,406,194	453,610	427,371	407,237
Transfers to Building Fund			42,960		
Reappropriated Balances June 30	6,827,100	6,372,592	6,394,494	6,936,387	7,437,851
TOTAL EXPENDITURES, TRANSFERS, AND BALANCES	23,360,982	23,919,967	23,397,899	24,071,746	25,010,182

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

IRON RANGE RESOURCES AND REHABILITATION COMMISSION

ACTUAL AND ESTIMATED RESOURCES	1960-61	1961-62	1962-63	1963-64	1964-65
Reappropriated Balances July 1	933,623	1,233,896	1,049,635	530,003	541,110
Receipts - Dedicated:					
Occupation Tax on Iron Ore	1,032,719	652,548	530,000	530,000	530,000
Revenue from Use of Property, etc.	<u>2,047</u>	<u>44,154</u>	<u>72,690</u>	<u>94,425</u>	<u>96,374</u>
Receipts Subtotal	1,034,767	696,702	602,690	624,425	626,374
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TOTAL RESOURCES	1,968,390	1,930,599	1,652,325	1,154,428	1,167,484
ACTUAL AND ESTIMATED EXPENDITURES					
Expenditures of Legislative Appropriation:					
Department of Agriculture	7,500				
Department of Health	15,000				
University of Minnesota	150,000	159,000	165,000		
Legislative Claims	1,661				
Cancellations	(2,450)				
Expenditures of Dedicated Receipts and Balances:					
Department of Business Development	14,635		30,000		
Iron Range Resources & Rehabilitation Commission	<u>548,147</u>	<u>721,963</u>	<u>927,322</u>	<u>613,318</u>	<u>620,381</u>
Expenditures Subtotal	734,493	880,963	1,122,322	613,318	620,381
Reappropriated Balances June 30	<u>1,233,896</u>	<u>1,049,635</u>	<u>530,003</u>	<u>541,110</u>	<u>547,103</u>
TOTAL EXPENDITURES AND BALANCES	1,968,390	1,930,599	1,652,325	1,154,428	1,167,484

BUILDING FUND

ACTUAL AND ESTIMATED RESOURCES	1960-61	1961-62	1962-63	1963-64	1964-65
Reappropriated Balances July 1	56,554,125	25,087,867	10,154,702	33,864,117	17,522,442
Receipts - Dedicated:					
Property Tax for Debt Service	14,395,670	12,002,130	12,256,729	14,486,158	11,696,146
Sale of Certificate of Indebtedness		190,055	29,361,000		
Other Receipts	<u>31,830</u>				
Receipts Subtotal	14,427,500	12,192,186	41,617,729	14,486,158	11,696,146
Allocations from General Contingent Fund	10,000				
Transfer from Veterans Service Building Fund			<u>42,960</u>		
TOTAL RESOURCES	70,991,626	37,280,053	51,815,391	48,350,275	29,218,588
ACTUAL AND ESTIMATED EXPENDITURES					
Expenditures of Legislative Appropriations:					
Unemployment Compensation	5,257				
Expenditures of Dedicated Receipts and Balances:					
Department of Administration	20,967,077	10,716,814	4,662,943	11,609,720	10,000,000
Department of Military Affairs	15,924		12,191		
Division of State Parks	260,270	103,251	1,680	479,000	
University of Minnesota	10,507,427	1,969,688		3,500,900	4,000,000
Debt and Interest	<u>14,147,800</u>	<u>13,726,416</u>	<u>13,274,458</u>	<u>15,238,212</u>	<u>12,955,529</u>
Expenditures Subtotal	45,903,758	26,516,170	17,951,274	30,827,832	26,955,529
Transfers to General Revenue Fund		609,180			
Reappropriated Balances June 30:					
Building Accounts	18,615,968	6,016,270	30,743,413	15,153,793	1,153,793
Tax Accounts for Debt Service	<u>6,471,898</u>	<u>4,138,432</u>	<u>3,120,703</u>	<u>2,368,648</u>	<u>1,109,265</u>
TOTAL EXPENDITURES, TRANSFERS, AND BALANCES	70,991,626	37,280,053	51,815,391	48,350,275	29,218,588

GAME AND FISH FUND

ACTUAL AND ESTIMATED RESOURCES	1960-61	1961-62	1962-63	1963-64	1964-65
Reappropriated Balances July 1	578,982	561,779	256,746	387,163	169,400
Receipts - Dedicated:					
Fines and Forfeits	62,147	81,854	65,000	65,000	65,000
Occupational Licenses	123,707	115,911	115,000	110,000	110,000
Nonoccupational Licenses	3,782,779	4,064,026	3,985,000	3,964,000	3,994,000
Rents and Miscellaneous	56,689	53,791	52,161	55,000	55,000
Sale of Fish, etc.	<u>274,067</u>	<u>95,286</u>	<u>105,000</u>	<u>100,000</u>	<u>100,000</u>
Receipts Subtotal	4,299,390	4,410,870	4,322,161	4,294,000	4,324,000
Repayment of Loan				<u>60,800</u>	
TOTAL RESOURCES	4,878,373	4,972,650	4,578,908	4,741,963	4,493,400
ACTUAL AND ESTIMATED EXPENDITURES					
Expenditures of Legislative Appropriations:					
Department of Conservation - Administration	406,302	407,585	405,499	447,738	444,412
Division of Forestry		40,000	40,000		
Division of Waters		116,500			
Division of Game and Fish	3,260,058	3,678,982	3,387,305	3,814,533	3,634,097
Wolf, Fox, Lynx, and Bobcat Bounties	140,000	140,000	140,000		
Department of Health	50,000	50,000	50,000		
Legislative Claims	7,090		750		
Game and Fish Contingent Fund	50,000	100,000		100,000	
Department of Administration - Payroll Preparation		5,231	5,231	5,500	5,500
Unemployment Compensation	38,698		33,286		35,000
Cancellations	(223,996)	(200,000)	(200,000)		
Expenditures of Dedicated Receipts and Balances:					
Division of Game and Fish	<u>306,652</u>	<u>119,083</u>	<u>97,282</u>	<u>97,483</u>	<u>77,090</u>
Appropriations and Expenditures Subtotal	4,034,804	4,457,381	3,959,354	4,465,254	4,196,099
Appropriation Transfers to:					
Pittman-Robertson & Dingell-Johnson Accounts	250,000	159,000	189,000	62,309	59,064
General Revenue Fund - Administrative Charges	31,788	38,721	43,390	45,000	45,000
State Parks Capital Improvement Fund		60,800			
Reappropriated Balances June 30	<u>561,779</u>	<u>256,746</u>	<u>387,163</u>	<u>169,400</u>	<u>193,237</u>
TOTAL EXPENDITURES, TRANSFERS, AND BALANCES	4,878,373	4,972,650	4,578,908	4,741,963	4,493,400

MINNESOTA AERONAUTICS AND STATE AIRPORTS FUND

ACTUAL AND ESTIMATED RESOURCES	1960-61	1961-62	1962-63	1963-64	1964-65
Reappropriated Balances July 1	1,451,890	851,884	662,121	949,168	939,477
Receipts - Dedicated:					
Flight Property Tax	101,678	93,379	237,000	306,400	375,800
Aviation Fuel Tax	1,574,878	2,529,333	2,630,000	2,880,000	3,010,000
Aircraft Registration Tax	135,670	138,969	156,800	170,900	185,000
Hangar Construction Reimbursements	6,040	22,934	5,624	14,000	14,000
Sale of Certificates of Indebtedness		800			
Sale of General Obligation Bonds and Certificates			850,000	1,244,000	
Receipts Subtotal	1,818,268	2,785,415	3,879,424	4,615,300	3,584,800
TOTAL RESOURCES	3,270,158	3,637,300	4,541,545	5,564,468	4,524,277
ACTUAL AND ESTIMATED EXPENDITURES					
Expenditures of Legislative Appropriations:					
Department of Aeronautics	198,660	191,448	194,038	253,932	254,334
Cancellations	(4,170)	(819)	(240)		
Expenditures of Dedicated Receipts and Balances:					
Department of Aeronautics	444,950	377,628	996,202	1,258,000	14,000
Debt and Interest	466,825	468,772	395,049	915,659	869,846
Revenue Refunds	1,308,789	1,934,878	2,004,000	2,194,000	2,294,000
Expenditures Subtotal	2,415,055	2,971,908	3,589,049	4,621,591	3,432,180
Transfers to General Revenue Fund	3,219	3,270	3,327	3,400	3,500
Reappropriated Balances June 30	851,884	662,121	949,168	939,477	1,088,597
TOTAL EXPENDITURES, TRANSFERS, AND BALANCES	3,270,158	3,637,300	4,541,545	5,564,468	4,524,277

LEGISLATIVE REFERENCE LIBRARY
STATE OF MINNESOTA

INCOME TAX SCHOOL FUND

ACTUAL AND ESTIMATED RESOURCES	1960-61	1961-62	1962-63	1963-64	1964-65
Free Balances July 1	(603,069)	(17,975,421)	(19,916,990)	1,395,142	2,671,847
Receipts - Dedicated:					
Income Tax - Individual & Fiduciary	89,087,295	126,898,312	176,800,000	181,600,000	188,700,000
Income Tax - Corporation	32,484,503	33,679,213	38,300,000	39,300,000	40,700,000
Iron Ore Occupation Tax	8,272,693	5,225,068	4,216,000	4,360,000	4,200,000
Taconite Occupation Tax	271,730	321,004	383,400	426,000	384,000
Other Income - Dedicated Receipts	1,266	3,331		65,021	65,021
Increase due to Federal Cut-back				11,000,000	12,000,000
Receipts Subtotal	130,117,489	166,126,931	219,699,400	236,751,021	246,049,021
Legislative Transfers:*					
State Colleges		7,356,713	7,815,871	9,642,489	10,360,566
Junior Colleges		882,720	960,780	1,200,000	1,300,000
General Revenue 7.25%		11,629,012	14,496,302	21,157,511	21,339,434
Transfers Subtotal		(19,869,445)	(23,272,953)	(32,000,000)	(33,000,000)
Receipts Less Legislative Transfers	130,117,489	146,258,486	196,426,447	204,751,021	213,049,021
TOTAL RESOURCES	129,514,419	128,283,064	176,509,456	206,146,163	215,720,868

ACTUAL AND ESTIMATED EXPENDITURES

Legislative Appropriations - Direct:					
Aid to Common School Districts	50,000	50,000	50,000	50,000	50,000
Administration - Payroll Preparation		9,359	9,359	9,000	9,000
Department of Taxation	3,142,804	2,602,357	2,453,857	3,429,244	3,365,029
Faribault School and Hospital	408,721	357,465	360,547	502,334	523,142
Cambridge School and Hospital	336,143	443,368	448,402	408,694	426,191
Owatonna State School	826,992	876,205	882,087	979,883	992,665
Braille and Sight Saving School	322,757	340,080	342,823	377,214	383,395
School for the Deaf	614,659	638,056	645,268	744,348	750,744
Gillette Hospital for Crippled Children	840,479	891,912	901,349	1,010,283	1,023,103
State Training School for Boys	817,449	905,169	917,436	1,006,895	1,057,841
Home School for Girls	476,107	552,234	558,770	647,609	690,730
St. Croix Camp	11,667	13,436	13,964		
Residential Treatment Center				1,324,834	1,871,092
Department of Education	2,773,849	2,597,975	2,435,802	2,735,592	2,907,128

INCOME TAX SCHOOL FUND (Cont.)

State College Board	6,156,641				
University of Minnesota	65,000	52,000	50,000	45,000	45,000
Board of Tax Appeals		100,000		8,000	8,000
Aid to Public School Districts	120,060,620	123,663,000	132,613,000	152,018,386	162,244,666
Gross Earnings Aid	1,493,051	1,493,000	1,493,000	1,493,000	1,493,000
Exempt Land Special School Aid	340,000	425,000	425,000	425,000	425,000
Aid to Certain School Districts	100,000	125,000	125,000	125,000	125,000
Aid to Junior Colleges	670,000				
School Census Aid	7,490,510	7,750,820	8,100,000	8,400,000	8,500,000
Attributable Costs	37,545	31,359	33,590	34,000	34,000
Income Tax Refunds	1,022,734	7,701,356	27,200,000	28,200,000	29,000,000
All Other Revenue Refunds	156	1,263			
Unemployment Compensation	5,720				
Workmen's Compensation	8,301		20,415		
Appropriations Direct and Open Subtotal	148,071,906	151,620,415	180,079,669	203,974,316	215,924,726
Less Cancellations	582,065	3,420,360	4,965,356	500,000	500,000
Net Appropriation Liability	147,489,841	148,200,055	175,114,313	203,474,316	215,424,726
Free Balances June 30	(17,975,421)	(19,916,990)	1,395,142	2,671,847	296,142
TOTAL EXPENDITURES AND BALANCES	129,514,419	128,283,064	176,509,456	206,146,163	215,720,868

* This extends previous legislative policy another biennium though at an increased rate of less than 2%.

HIGHWAY FUNDS

ACTUAL AND ESTIMATED RESOURCES

	1960-61	1961-62	1962-63	1963-64	1964-65
Reappropriated Balances July 1	66,105,914	56,316,471	55,391,461	46,378,730	41,762,907
Receipts - Dedicated:					
Gasoline Tax	67,027,568	67,824,793	70,928,000	72,020,000	73,500,000
Motor Vehicle Tax	42,823,141	43,519,107	44,662,000	45,544,000	46,444,000
Drivers License Fees	1,717,216	1,507,097	1,600,000	2,100,000	1,800,000
Statutory Fines	562,190	581,847	580,000	600,000	620,000
Interest on Investments	2,091,375	2,227,191	1,700,000	1,700,000	1,700,000
Miscellaneous	1,794,477	2,477,304	1,528,000	1,528,000	1,528,000
Deposit from City of St. Paul	1,250,000	3,500,000	2,600,000		
Federal Aid	<u>59,860,750*</u>	<u>53,867,211*</u>	<u>60,000,000*</u>	<u>70,000,000*</u>	<u>95,000,000*</u>
Receipts Subtotal	117,265,970	121,637,341	123,598,000	123,492,000	125,592,000
Accrual of Federal Aid	<u>(15,621,585)*</u>	<u>5,867,371*</u>	<u>29,727,358*</u>	<u>32,372,551*</u>	<u>29,831,423*</u>
TOTAL RESOURCES	183,371,884	177,953,813	178,989,461	169,870,730	167,354,907

ACTUAL AND ESTIMATED EXPENDITURES

Expenditures of Legislative Appropriations:

Secretary of State	1,564,764	2,561,656	1,547,324	1,945,571	2,552,891
Division of Waters		14,000			
Owatonna State School-Right of Way	28,000	54,000			
Department of Highways		10,068,291	8,673,404	10,806,586	9,873,967
Motor Vehicle Contingent		25,000			
Legislative Claims	10,546		46,756		
State Employees' Unemployment Compensation	8,202				
Retirement Contributions	3,201				

Expenditures of Dedicated Receipts and Balances:

Department of Highways -					
State Share of Construction, etc.	111,062,481	96,112,458	106,777,576	99,808,896	92,723,178
Federal Share of Construction	<u>44,239,165*</u>	<u>59,734,583*</u>	<u>89,727,358*</u>	<u>102,372,551*</u>	<u>124,831,423*</u>
Revenue Refunds - Gasoline Tax	9,307,851	8,634,214	9,500,000	10,000,000	10,000,000
Revenue Refunds - Motor Vehicle Tax	448,946	476,438	550,000	550,000	550,000
Debt and Interest	<u>3,394,650</u>	<u>3,839,250</u>	<u>3,768,350</u>	<u>3,847,450</u>	<u>3,954,350</u>
Appropriations and Expenditures Subtotal	125,828,643	121,785,308	130,863,410	126,958,503	119,654,386
Less Cancellations	<u>58,732</u>	<u>356,012</u>	<u>55,938</u>		
Net Appropriation Liability	125,769,911	121,429,296	130,807,472	126,958,503	119,654,386

HIGHWAY FUNDS (Cont.)

	1960-61	1961-62	1962-63	1963-64	1964-65
Transfers to General Revenue Fund:					
Administrative Service Charges	348,355	373,542	325,625	350,000	365,000
Highway Building Maintenance	302,216	323,799	341,276	354,237	383,521
Cost of Collection of Gasoline Tax	619,929		700,000		800,000
Reimbursement for Contingent Fund Allocation	15,000				
Transfers of Motor Boat Gasoline Tax		435,713	436,356	445,083	453,990
Reappropriated Balances June 30:					
State Highway Accounts	27,928,997	25,687,778	15,967,047	10,843,224	14,070,327
County and Municipal Aid Funds	<u>28,387,474</u>	<u>29,703,682</u>	<u>30,411,682</u>	<u>30,919,682</u>	<u>31,627,682</u>
TOTAL EXPENDITURES, TRANSFERS, AND BALANCES	183,371,884	177,953,813	178,989,461	169,870,730	167,354,907

* The amounts shown for Federal Aid Receipts and Accruals and Federal Share of Construction Expenditures are not included in the totals in this fund statement, but are included in the Federal Funds statement.

FEDERAL FUNDS

ACTUAL AND ESTIMATED RESOURCES	1960-61	1961-62	1962-63	1963-64	1964-65
Reappropriated Balance July 1	5,659,578	6,238,979	5,671,658	4,731,420	4,791,490
Receipts - Dedicated:					
Grants in Aid from United States Government	128,637,530	125,660,042	133,289,911	144,813,987	169,282,242
National Forest and Land Income	290,796	262,805	256,602	252,000	252,000
Sale of Nursery Tree Stock and Timber	282,976	187,290	322,883	18,000	18,000
Refunds and Miscellaneous	<u>26,433</u>	<u>25,752</u>	<u>17,030</u>	<u>19,770</u>	<u>21,470</u>
Receipts Subtotal	129,237,736	126,135,890	133,886,427	145,103,757	169,573,712
Accrual of Federal Aid for Highways	(15,621,585)	5,867,371	29,727,358	32,372,551	29,831,423
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL RESOURCES	119,275,729	138,242,242	169,285,445	182,207,728	204,196,625

ACTUAL AND ESTIMATED EXPENDITURES

Expenditures of Dedicated Receipts and Balances:

Department of Administration - Building	37,900				
Department of Military Affairs	173,425	169,484	229,261	229,302	231,196
Department of Civil Defense	481,258	437,221	462,839	444,277	445,438
Bureau of Criminal Apprehension		1,607	1,017		
Department of Business Development	43,800	54,879	113,818	69,000	69,000
Department of Aeronautics	770,911	2,196,367	1,855,075	1,057,000	1,057,000
Department of Agriculture	60,425	69,884	68,014	74,506	74,976
Division of Forestry	500,911	561,521	633,827	538,454	430,436
Division of Game and Fish	470,023	777,752	693,000	841,000	822,000
Department of Health	4,558,119	4,580,625	4,903,275	4,885,437	4,846,630
Department of Public Welfare	41,684,262	44,120,194	46,078,993	46,799,364	46,791,813
Cambridge State School and Hospital	4,418	8,573	12		
Department of Employment Security	4,776,984	5,410,415	5,681,209	5,990,383	6,086,554
Soldiers Home Board	232,744	235,069	234,000	234,000	234,000
Department of Education	7,630,377	8,527,601	9,266,851	9,619,464	8,990,551
State Colleges	67,818	90,769	117,171	9,500	
Department of Highways	51,147,408	65,065,809	93,727,358	106,372,551	128,831,423
National Forest and Land Aid to Counties	<u>290,796</u>	<u>262,805</u>	<u>256,602</u>	<u>252,000</u>	<u>252,000</u>
Expenditures Subtotal	112,931,585	132,570,583	164,322,327	177,416,238	199,163,017
Transfers to General Revenue Fund	105,164		231,698		
Reappropriated Balances June 30	<u>6,238,979</u>	<u>5,671,658</u>	<u>4,731,420</u>	<u>4,791,490</u>	<u>5,033,607</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL EXPENDITURES, TRANSFERS, AND BALANCES	119,275,729	138,242,242	169,285,445	182,207,728	204,196,625

CONSOLIDATED CONSERVATION AREAS FUND

ACTUAL AND ESTIMATED RESOURCES	1960-61	1961-62	1962-63	1963-64	1964-65
Reappropriated Balances July 1	12,247	71,242	50,756	56,356	32,106
Receipts - Dedicated:					
Sale of Trees and Timber	119,277	119,108	182,000	126,600	126,500
Sale of Land and Buildings	25,062	30,269	27,000	29,000	27,000
Other	<u>13,188</u>	<u>18,705</u>	<u>11,600</u>	<u>12,150</u>	<u>9,620</u>
Receipts Subtotal	157,527	168,083	220,600	165,750	163,120
TOTAL RESOURCES	<u>169,775</u>	<u>239,325</u>	<u>271,356</u>	<u>222,106</u>	<u>195,226</u>
ACTUAL AND ESTIMATED EXPENDITURES					
Expenditures of Legislative Appropriations:					
Legislative Claims	13,717				
Expenditures of Dedicated Receipts and Balances:					
Consolidated Conservation Areas	3,150	4,681	5,000	5,000	5,000
Distributions to Counties	<u>81,666</u>	<u>83,887</u>	<u>110,000</u>	<u>85,000</u>	<u>85,000</u>
Expenditures Subtotal	98,533	88,568	115,000	90,000	90,000
Transfers to General Revenue Fund		100,000	100,000	100,000	75,000
Reappropriated Balances June 30	<u>71,242</u>	<u>50,756</u>	<u>56,356</u>	<u>32,106</u>	<u>30,226</u>
TOTAL EXPENDITURES, TRANSFERS, AND BALANCES	169,775	239,325	271,356	222,106	195,226

TRUST FUNDS

ACTUAL AND ESTIMATED RESOURCES	1960-61	1961-62	1962-63	1963-64	1964-65
Reappropriated Balances July 1	142,467	156,922	74,372	93,834	101,684
Receipts - Dedicated:					
Royalty Tax on Iron Ore	3,565,593	2,850,127	2,072,900	1,872,800	1,838,800
Revenue from Use of Money, etc.	861,003	585,063	624,913	466,363	463,979
Redemption or Sale of Investments	<u>8,102,837</u>	<u>7,829,501</u>	<u>12,672,673</u>	<u>2,900,000</u>	<u>2,766,000</u>
Receipts Subtotal	<u>12,529,433</u>	<u>11,264,692</u>	<u>15,370,487</u>	<u>5,239,163</u>	<u>5,068,779</u>
TOTAL RESOURCES	12,671,900	11,421,614	15,444,860	5,332,997	5,170,463
ACTUAL AND ESTIMATED EXPENDITURES					
Expenditures of Dedicated Receipts and Balances:					
Permanent School Fund	10,491,039	6,762,920	8,450,000	3,380,000	4,100,000
Permanent University Fund	645,577	3,184,585	4,680,000	1,840,000	930,000
Swamp Land Fund	1,361,250	1,330,825	2,200,000	*	*
Internal Improvement Land Fund	273	13	4,962		5,000
Institutional Trust Accounts	8,091	48,862	3,809	1,780	1,780
State College Trust Accounts	<u>8,745</u>	<u>20,034</u>	<u>12,254</u>	<u>9,533</u>	<u>9,408</u>
Expenditures Subtotal	12,514,978	11,347,241	15,351,025	5,231,313	5,046,188
Reappropriated Balance June 30:					
Permanent Trust Funds	62,021	20,032	33,931	33,491	47,681
Institutional and State College Trust Accounts	<u>94,900</u>	<u>54,340</u>	<u>59,902</u>	<u>68,192</u>	<u>76,593</u>
TOTAL EXPENDITURES AND BALANCES	12,671,900	11,421,614	15,444,860	5,332,997	5,170,463
INVESTMENTS: (Not Included Above)					
Permanent Trust Funds	306,461,499	309,331,970	312,875,052	315,550,452	317,911,852
Institutional and State College Trust Funds	333,128	338,648	338,648	338,648	338,648

* Swamp Land Fund was merged into Permanent School Fund by Constitutional Amendment Number 1, in the general election of November 6, 1962.

SOLDIERS' RELIEF FUND

ACTUAL AND ESTIMATED RESOURCES	1960-61	1961-62	1962-63	1963-64	1964-65
Reappropriated Balances July 1	59,833	49,097	47,464	31,935	19,454
Receipts - Dedicated:					
Property Tax - 1/10 Mill Levy	<u>162,655</u>	<u>178,434</u>	<u>163,000</u>	<u>163,000</u>	<u>163,000</u>
TOTAL RESOURCES	222,488	227,532	210,464	194,935	182,454
ACTUAL AND ESTIMATED EXPENDITURES					
Expenditures of Legislative Appropriations:					
Soldiers Home Board	60,000	55,000	55,000	50,000	50,000
Expenditures of Dedicated Receipts and Balances:					
Soldiers Home Board	<u>113,390</u>	<u>125,067</u>	<u>123,529</u>	<u>125,480</u>	<u>125,156</u>
Expenditures Subtotal	173,390	180,067	178,529	175,480	175,156
Reappropriated Balances June 30	<u>49,097</u>	<u>47,464</u>	<u>31,935</u>	<u>19,454</u>	<u>7,297</u>
TOTAL EXPENDITURES AND BALANCES	222,488	227,532	210,464	194,935	182,454

AGENCY FUNDS*

ACTUAL AND ESTIMATED RESOURCES	1960-61	1961-62	1962-63	1963-64	1964-65
Reappropriated Balances July 1	15,523,254	18,646,644	19,049,545	19,716,845	19,872,068
Receipts - Dedicated:					
Property Tax for Teachers' Retirement	6,379,608	8,694,418	10,063,850	12,426,550	13,037,940
Special Taxes Redistributed to Local Subdivisions -					
Gross Earnings Tax on Railroads	766,992	919,127	1,015,000	1,128,000	1,198,500
Rural Electric Cooperative Tax	22,006	22,244	23,000	23,000	23,000
Bank Excise Tax	4,157,538	4,076,253	4,000,000	4,000,000	4,000,000
Inheritance Tax	1,796,123	1,542,159	1,716,000	1,931,000	2,096,000
Occupation Tax on Taconite	863,174	939,179	1,080,900	1,166,750	1,199,700
Iron Ore Royalties	267,993	199,967	190,830	190,830	190,830
Intoxicating Liquor Tax	3,764,572	3,867,855	4,028,500	4,206,000	4,293,750
Cigarette Tax	5,314,780	6,079,055	6,480,150	6,663,150	6,799,650
Vessel Tonnage Tax	10,251	4,957	5,600	5,600	5,600
Mobile Homes Tax	617,286	733,278	769,942	806,606	843,270
Service Fees		115,424			
Sale of Timber	42,718	37,317	45,000	50,000	50,000
Redemption or Sale of Investments	5,554,169	6,894,468	8,035,037	8,820,315	9,737,315
Income from Investments	35,523,430	46,267,625	22,582,621	20,678,758	19,807,115
Objects of Private Trust	715,120	672,794	586,133	547,949	547,749
Deposits from Other Civil Divisions	6,778,327	4,774,685	4,558,424	4,558,516	4,558,855
Inmates' Deposits	1,535,232	1,681,819	1,757,976	1,837,625	1,857,275
Retirement Contributions -					
Teachers Retirement Association	6,918,444	6,394,449	6,414,900	6,355,820	6,470,240
State Employees Retirement Association	7,874,111	8,326,278	8,637,000	8,647,148	8,677,296
Public Employees Retirement Association	19,217,600	20,054,538	18,921,000	21,290,100	23,371,410
Federal Insurance Contributions	8,500,611	9,692,365	10,000,000	12,000,000	12,000,000
Sale of Stores for Resale	101,938	113,832	110,332	109,780	110,280
All Other Receipts	74,930	72,422	68,212	65,540	66,040
Receipts Subtotal	116,796,963	132,176,519	111,090,409	117,509,038	120,941,816
TOTAL RESOURCES	132,320,218	150,823,164	130,139,955	137,225,883	140,813,884

AGENCY FUNDS* (Cont.)

ACTUAL AND ESTIMATED EXPENDITURES

Expenditures of Dedicated Receipts and Balances:

Department of Labor and Industry	102,897	85,047	224,271	225,017	225,150
Department of Business Development	40,274	72,731	15,861	40,000	40,000
Department of Aeronautics	34,773	28,016			
Department of Health	56,095	6,910	3,214		
Department of Education	59,172	27,914	9,500		
Department of Highways	6,879,267	5,715,949	3,500,000	4,000,000	4,000,000
Special Tax Aids	15,719,095	18,380,264	19,151,660	20,118,625	20,562,037
Social Welfare Deposits	1,739,158	1,849,368	1,975,484	2,052,408	2,003,043
Retirement Associations -					
Teachers	26,454,747	32,113,118	33,558,454	35,779,183	35,579,258
State Employees	14,894,524	19,054,056	12,440,603	11,743,487	11,741,402
Highway Patrolmen and State Police Officers	608,349	1,154,573	847,850	948,021	1,021,446
Public Employees	35,294,233	41,560,480	23,290,000	26,097,000	28,660,000
Federal Insurance Contributions	11,412,342	11,357,831	15,000,000	16,000,000	16,000,000
Return of Deposits	240,424	195,849	262,000	240,500	241,000
All Other	41,000	67,614	61,024	33,552	33,230
Recommended Deficiency - Legislative Claims			22		
Expenditures Subtotal	113,576,357	131,669,725	110,339,946	117,277,794	120,106,566
Transfers to General Revenue Fund	97,216	103,893	83,163	76,021	78,135
Reappropriated Balances June 30	18,646,644	19,049,545	19,716,845	19,872,068	20,541,432
 TOTAL EXPENDITURES, TRANSFERS, AND BALANCES	 132,320,218	 150,823,164	 130,139,955	 137,225,883	 140,726,134

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

REVOLVING FUNDS*

ACTUAL AND ESTIMATED RESOURCES	1960-61	1961-62	1962-63	1963-64	1964-65
Reappropriated Balances July 1	863,587	1,882,531	2,642,222	2,697,769	1,569,364
Receipts - Dedicated:					
Service Fees	1,206,599	1,288,602	1,719,979	1,747,309	1,784,567
Sale of State Park Permits	155,958	178,180	209,500	215,000	223,000
Sale of Manufactures	610,728	1,303,810	759,426	1,027,980	1,334,880
Sale of Stores for Resale	935,184	940,142	1,091,188	1,070,000	1,079,000
Deposits and Reimbursements for Postage	498,719	641,945	700,000	800,000	800,000
Automobile Rentals		119,736	300,000	315,000	330,000
Payments on Area Redevelopment Loans			6,000	36,000	84,000
Reimbursements for Employees Compensation	686,571	332,228	810,000	330,000	800,000
Other	<u>51,295</u>	<u>34,558</u>	<u>28,954</u>	<u>38,300</u>	<u>38,500</u>
Receipts Subtotal	4,145,055	4,839,204	5,625,048	5,579,589	6,473,947
Appropriation Transfers - General Revenue Fund	<u>1,500,000</u>	<u>438,000</u>			
TOTAL RESOURCES	6,508,643	7,159,736	8,267,271	8,277,358	8,043,311

ACTUAL AND ESTIMATED EXPENDITURES

Expenditures of Dedicated Receipts and Balances:					
Public Examiner	412,512	450,885	514,769	632,790	642,977
Department of Administration	1,871,702	2,444,275	2,996,499	3,010,347	3,132,454
Area Redevelopment Loans		35,989	163,589	244,030	242,593
Department of Agriculture	15,965	12,746	15,665	15,675	15,675
Division of State Parks	405,011	447,248	400,548	472,912	517,192
Department of Public Welfare	24,490	17,014	20,500	20,200	21,000
Institutions - Diversified Labor	194,812	219,386	254,458	263,394	274,005
Reformatory - Manufacturing License Plates	1,200,783	271,849	540,696	1,414,212	521,190
State Employees' Workmen's Compensation	<u>483,826</u>	<u>602,481</u>	<u>620,975</u>	<u>557,308</u>	<u>637,377</u>
Expenditures Subtotal	4,609,104	4,501,876	5,527,701	6,630,869	6,004,463
Transfers to General Revenue Fund	17,007	15,636	41,799	16,325	16,325
Transfers to Game and Fish Fund				60,800	
Reappropriated Balances June 30	<u>1,882,531</u>	<u>2,642,222</u>	<u>2,697,769</u>	<u>1,569,364</u>	<u>2,022,523</u>
TOTAL EXPENDITURES, TRANSFERS, AND BALANCES	6,508,643	7,159,736	8,267,271	8,277,358	8,043,311

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

PRISON REVOLVING FUND

ACTUAL AND ESTIMATED RESOURCES	1960-61	1961-62	1962-63	1963-64	1964-65
Reappropriated Balances July 1	220,747	569,447	732,095	717,171	647,988
Receipts - Dedicated:					
Manufacturing	3,400,195	3,551,905	3,175,000	3,054,991	2,910,321
All Other Receipts	<u>20,339</u>	<u>23,444</u>	<u>24,540</u>	<u>24,540</u>	<u>24,540</u>
Receipts Subtotal	<u>3,420,534</u>	<u>3,575,350</u>	<u>3,199,540</u>	<u>3,079,531</u>	<u>2,934,861</u>
TOTAL RESOURCES	<u>3,641,282</u>	<u>4,144,797</u>	<u>3,931,635</u>	<u>3,796,702</u>	<u>3,582,849</u>
ACTUAL AND ESTIMATED EXPENDITURES					
Expenditures of Legislative Appropriations:					
State Prison Support	175,000				
Cancellations	(1,271)				
Expenditures of Dedicated Receipts and Balances:					
Prison Industries	<u>2,898,106</u>	<u>3,412,701</u>	<u>3,214,464</u>	<u>3,148,714</u>	<u>3,001,371</u>
Expenditures Subtotal	<u>3,071,835</u>	<u>3,412,701</u>	<u>3,214,464</u>	<u>3,148,714</u>	<u>3,001,371</u>
Reappropriated Balances June 30	<u>569,447</u>	<u>732,095</u>	<u>717,171</u>	<u>647,988</u>	<u>581,478</u>
TOTAL EXPENDITURES AND BALANCES	<u>3,641,282</u>	<u>4,144,797</u>	<u>3,931,635</u>	<u>3,796,702</u>	<u>3,582,849</u>

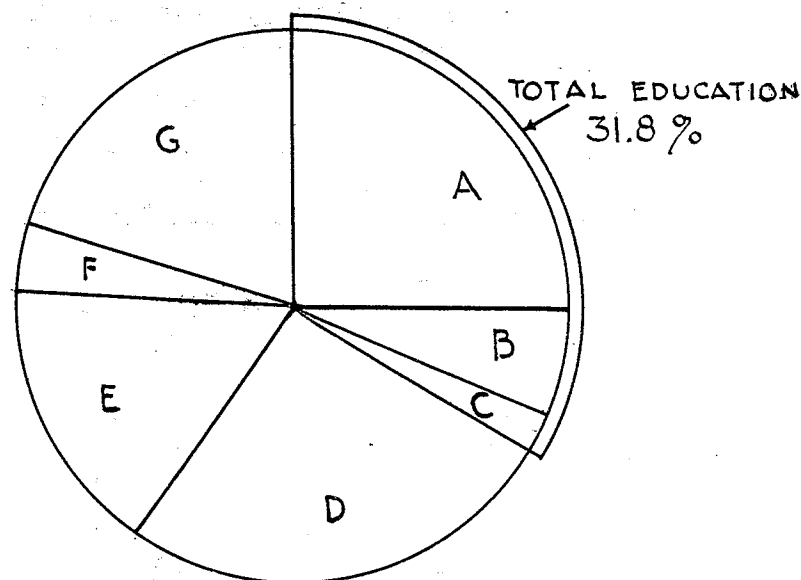
Note: This statement does not include accounts receivable or the unpaid balance of \$50,000 of the loan to the License Plate Manufacturing account at the Reformatory for Men.

Consolidated Statement
General Revenue and Income Tax School Funds
Direct Appropriations
Actual 1961 - Recommended 1963
Excluding Deficiencies

	1961			1963			Increase (Decrease) 1963/1961		
	Gen'l. Rev.	Income Tax	Total	Gen'l. Rev.	Income Tax	Total	Gen'l. Rev.	Income Tax	Total
University of Minnesota	64,450,392		64,450,392	81,345,286		81,345,286	16,894,894		16,894,894
State Colleges	15,172,584		15,172,584	19,975,755		19,975,755	4,803,171		4,803,171
Other Educational Aids	2,389,500		2,389,500	3,296,000		3,296,000	906,500		906,500
Aid to Schools		260,564,000	260,564,000		318,539,052	318,539,052		57,975,052	57,975,052
Department of Education		5,039,777	5,039,777		5,648,720	5,648,720		608,943	608,943
Institutions - Educational		10,088,571	10,088,571		14,720,997	14,720,997		4,632,426	4,632,426
Subtotal Education	82,012,476	275,692,348	357,704,824	104,617,041	338,908,769	443,525,810	22,604,565	63,216,421	85,820,986
Institutions - Welfare and Corrections	69,242,891		69,242,891	79,581,781		79,581,781	10,338,890		10,338,890
Welfare Aids	44,429,715		44,429,715	43,597,500		43,597,500	(832,215)		(832,215)
Welfare and Corrections Administration	6,567,381		6,567,381	8,100,688		8,100,688	1,533,307		1,533,307
Subtotal Welfare- Corrections	120,239,987		120,239,987	131,279,969		131,279,969	11,039,982		11,039,982
Department of Taxation		5,168,932	5,168,932		6,822,273	6,822,273		1,653,341	1,653,341
General Government and Other*	55,002,144*		55,002,144	55,145,699		55,145,699	143,555		143,555*
Total	257,254,607	280,861,280	538,115,887	291,042,709	345,731,042	636,773,751	33,788,102	64,869,762	98,657,864

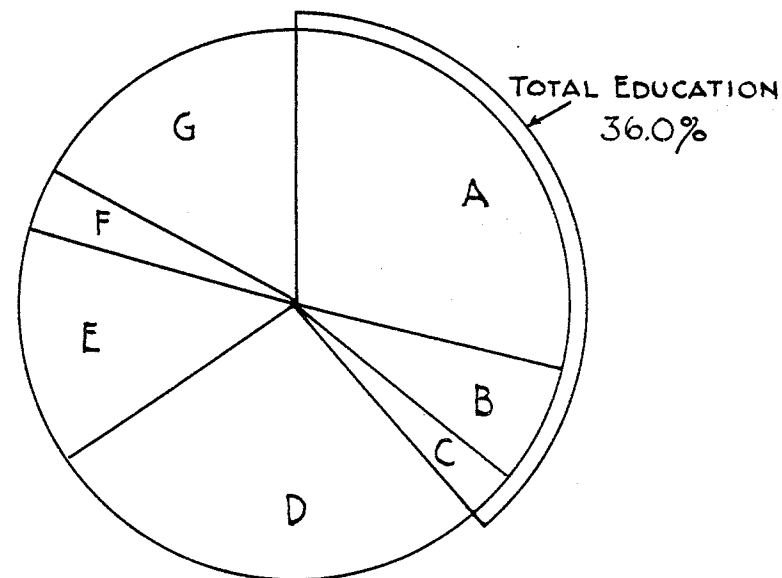
* This includes special, non-recurring appropriations in the amount of \$5,248,320 for 1961. When these amounts are excluded the increase of 1963 over 1961 is \$5,391,875 rather than \$143,555. With this addition, the total increase in General Revenue and Income Tax appropriations becomes \$103,906,184.

COMPARISON of 1961 GENERAL REVENUE FUND DIRECT APPROPRIATIONS AND 1963 RECOMMENDATIONS, EXCLUDING DEFICIENCIES



1961 DIRECT LEGISLATIVE APPROPRIATIONS
\$ 257,254,607

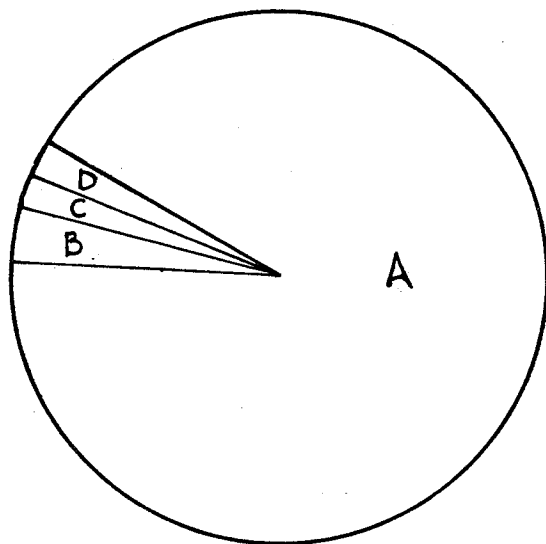
A. UNIVERSITY OF MINNESOTA	25.0%
B. STATE COLLEGES	5.9
C. OTHER EDUCATIONAL AIDS	0.9
D. INSTITUTIONS	26.9
E. WELFARE AIDS	17.3
F. WELFARE & CORRECTIONS ADMINISTRATION	2.6
G. GENERAL GOV'T. AND OTHERS	21.4
TOTAL	100.0%



1963 RECOMMENDATIONS
\$ 291,042,709

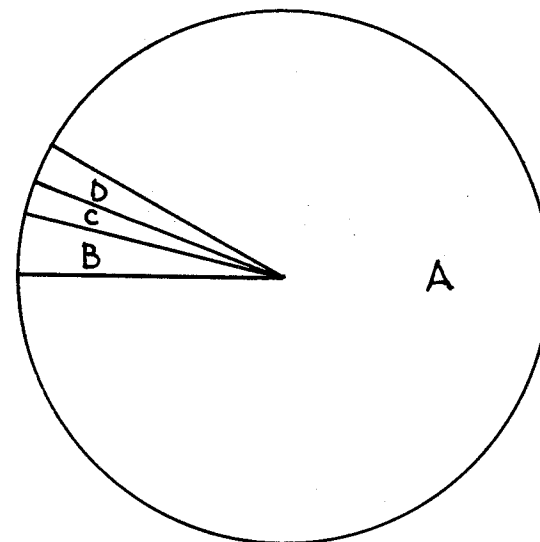
A. UNIVERSITY OF MINNESOTA	28.0%
B. STATE COLLEGES	6.9
C. OTHER EDUCATIONAL AIDS	1.1
D. INSTITUTIONS	27.3
E. WELFARE AIDS	15.0
F. WELFARE & CORRECTIONS ADMINISTRATION	2.8
G. GENERAL GOV'T. AND OTHERS	18.9
TOTAL	100.0%

COMPARISON of 1961 INCOME TAX SCHOOL FUND DIRECT APPROPRIATIONS AND 1963 RECOMMENDATIONS, EXCLUDING DEFICIENCIES



1961 DIRECT LEGISLATIVE APPROPRIATIONS
\$ 280,861,280

A. EDUCATION AIDS	92.8%
B. INSTITUTIONS	3.6
C. DEPARTMENT OF EDUCATION	1.8
D. DEPARTMENT OF TAXATION	1.8
TOTAL	100.0%

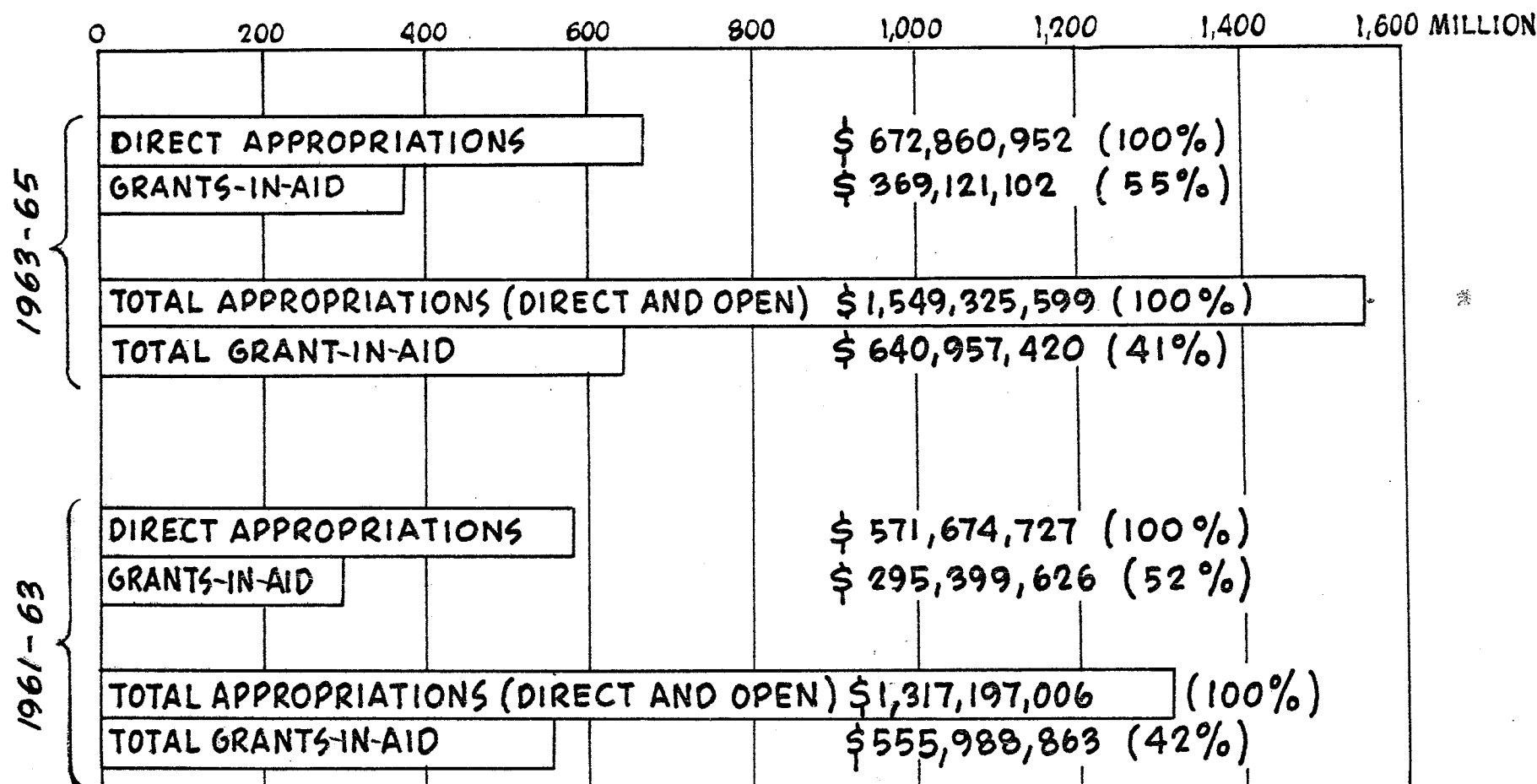


1963 RECOMMENDATIONS
\$ 345,731,042

A. EDUCATION AIDS	92.1%
B. INSTITUTIONS	4.3
C. DEPARTMENT OF EDUCATION	1.6
D. DEPARTMENT OF TAXATION	2.0
TOTAL	100.0%

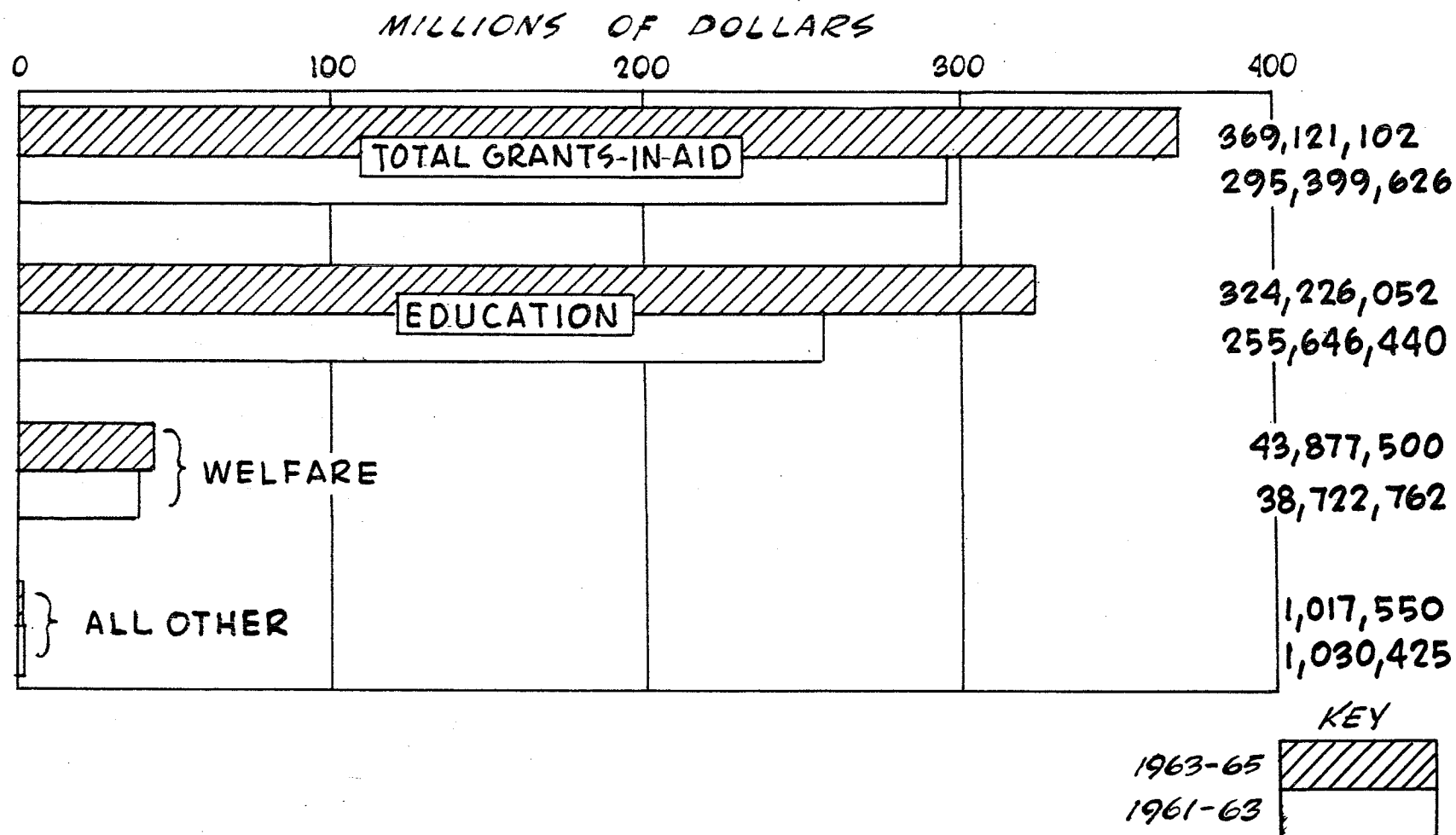
COMPARISON OF GRANTS-IN-AID TO APPROPRIATIONS

1961-63 *and* 1963-65 BIENNIUM



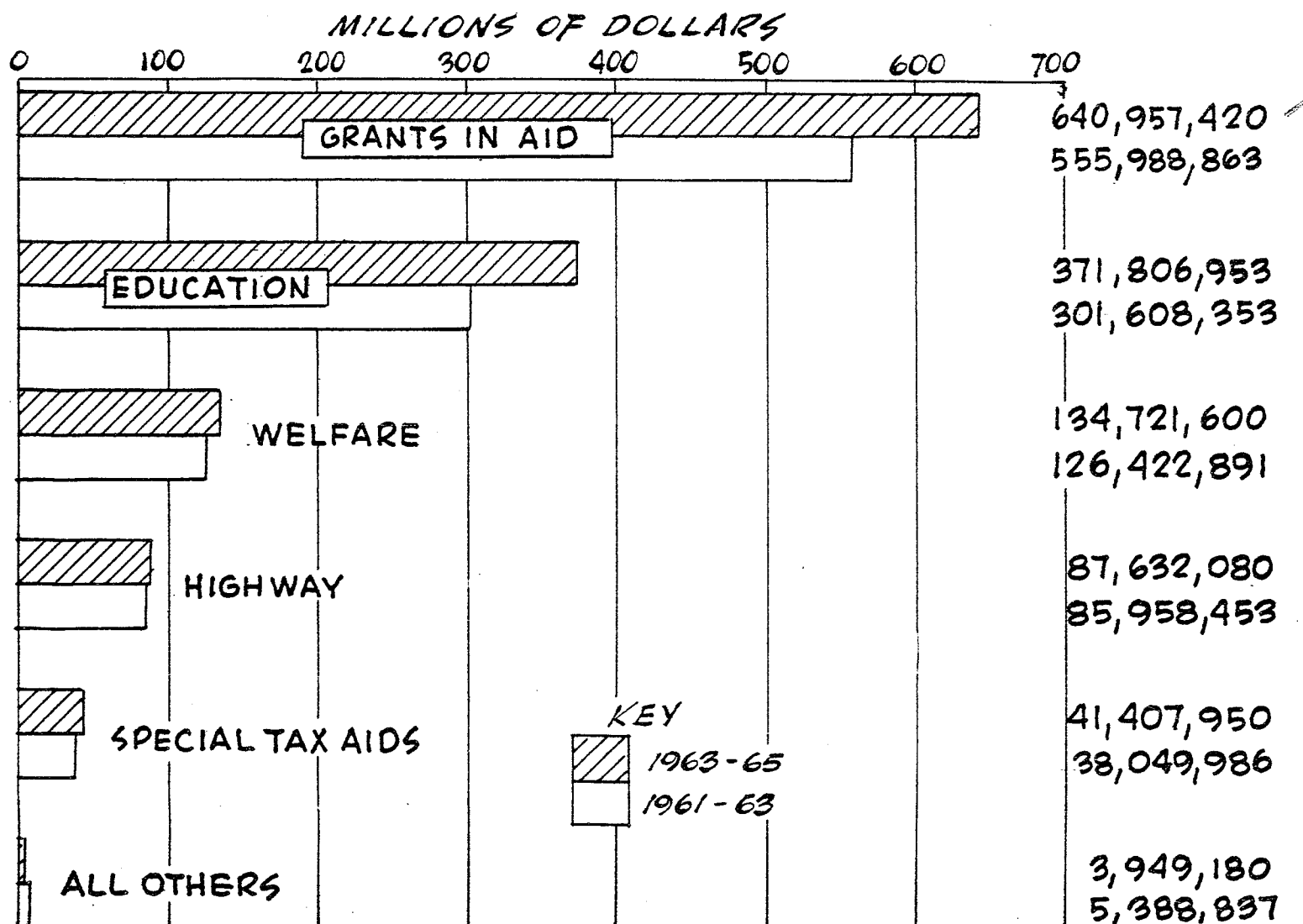
COMPARISON OF GRANTS-IN-AID BY FUNCTION FROM DIRECT APPROPRIATIONS RECOMMENDED(1963)AUTHORIZED(1961)

TOTAL RECOMMENDED APPROPRIATIONS 1963 \$ 672,860,952
TOTAL AUTHORIZED APPROPRIATIONS 1961 \$ 571,674,727



COMPARISON OF GRANTS-IN-AID BY FUNCTION FROM DIRECT AND OPEN APPROPRIATIONS RECOMMENDED(1963) AUTHORIZED (1961)

TOTAL RECOMMENDED DIRECT and OPEN APPROPRIATIONS 1963 \$1,549,325,559
TOTAL AUTHORIZED DIRECT and OPEN APPROPRIATIONS 1961 \$1,317,197,006



COMPARISON of APPROPRIATIONS REQUIRING LEGISLATIVE ACTION (DIRECT) AND APPROPRIATIONS NOT REQUIRING LEGISLATIVE ACTION (OPEN), EXCLUDING DEFICIENCIES.

	AUTHORIZED	1961 *	<u>\$1,317,197,006</u>
DIRECT		43.4 %	\$ 571,674,727
OPEN		56.6 %	\$ 745,522,279

	RECOMMENDED	1963 *	<u>\$1,549,325,559</u>
DIRECT		43.4 %	\$ 672,860,952
OPEN		56.6 %	\$ 876,464,607

* The above Total differs from the total expenditures reported on the Summary of Fund Statements due to the Subtraction of \$239,705,944 in 1961 and \$213,820,469 in 1963. These amounts have been subtracted because they are Inter-departmental transactions which have been reflected only in the fund in which the original expenditure occurs.

STATE RESOURCES BY FUND 1961 - 1963

INCOME TAX SCHOOL	22.2%	\$ 342,684,933
GENERAL REVENUE	19.6%	302,092,440
TRUNK HIGHWAY	15.9%	245,235,341
FEDERAL	16.9%	260,022,317
AGENCY	15.8%	243,266,928
BUILDING	3.5%	53,809,915
TRUST	1.7%	26,635,179
ALL OTHER	4.4%	67,351,375
TOTAL		\$ 1,541,098,428

1963-1965

INCOME TAX SCHOOL	25.0%	\$417,800,042
GENERAL REVENUE	20.4%	341,246,000
TRUNK HIGHWAY	14.9%	249,084,000
FEDERAL	18.9%	314,677,469
AGENCY	14.3%	238,363,104
BUILDING	1.6%	26,182,304
TRUST	0.6%	10,307,942
ALL OTHER	4.3%	72,262,537
ESTIMATED TOTAL		\$ 1,669,923,398

APPENDIX



STATE OF MINNESOTA

EXECUTIVE OFFICE

SAINT PAUL 1

ELMER L. ANDERSEN
GOVERNOR

January 17, 1963

Dear Legislator:

A major item in my program for Minnesota is a comprehensive and accelerated development program for our natural resources to insure maximum economic and recreational use.

The specific phase I want to emphasize here is a twenty-year \$55 million bond issue for long-range planning, acquisition and development.

The portion to consider for this biennium is \$10,450,000 which can be financed from present revenues, no levy on property.

This bold approach to a great opportunity is the result of enormous work by many people. To a great degree it grows out of the attached report of the Minnesota Natural Resources Council. I appointed the council following a recommendation of the Hill Foundation financed Dana study, published as "Minnesota Land". Senator Henry McKnight has done an excellent job as Chairman as has Parker Anderson as executive secretary. This survey is a remarkable document. It is probably the most comprehensive blueprint yet devised, showing how recreation, game and fish, land, water, forests and minerals can better serve the people of our state.

The proposal has deep roots in careful consideration. Another contributing force is "Project 70" which will be soon published as "New Dimensions for Minnesota". Every state department was asked to project plans to 1970 and write a report analyzing trends and needs -- indicating what we must do now to have an orderly approach to the 1970 goal. The Conservation Department share in that study has contributed much to the proposed bond issue.

Wisconsin recently launched a \$50 million program, the voters of New York approved a \$200 million program and many other states are hard at work developing plans.

Our program, while extensive, is prudent in that early acquisition and development will mean substantial savings. The plan will bring great benefit to our people without sacrifice nor strain on economic resources.

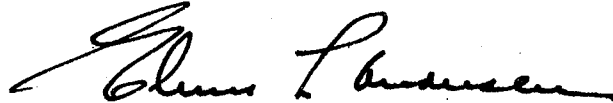
Page 2 -

You will soon have "New Dimensions for Minnesota", you will be thrilled to read the attached Natural Resources Council report, and also enclosed is a summary of the recommendations for this biennium.

You will hear and receive much more about this -- but I wanted to give this subject the spotlight of this special communication to you.

It was intended you would have this letter before the subject was publicly reported but the long week-end recess prevented this.

Cordially yours,

A handwritten signature in dark ink, appearing to read "Elmer L. Andersen". The signature is fluid and cursive, with a long horizontal stroke at the end.

Elmer L. Andersen
GOVERNOR

ELA:dp
encl.

RECOMMENDED NATURAL RESOURCES PROGRAM FOR MINNESOTA

The 1963-65 budget proposes an expenditure of \$10,450,000 of which \$5,650,000 is earmarked for acquisition of lands for new state parks, state forests, wetlands and wildlife areas and accesses to lakes. State aid to towns and counties for park acquisition amounting to \$1,000,000 is included in the acquisition total.

The \$4,350,000 balance provides \$4,050,000 for development and \$300,000 for planning. The \$4,050,000 for development provides the necessary funds to start the development work on the acquired lands.

Vital to the entire program is the item of \$1,000,000 for topographic mapping. With only 39% of the state mapped a crash program of mapping is mandatory in order to carry out all phases of the expanded program. Special emphasis has been placed on reforestation, additional roads for hunting, fishing and timber management and establishment of camps to carry out some phases of this work. Funds to start the development work on state parks, wildlife management areas and state forests are provided and should not lag behind the acquisition program.

Planning which is essential to the entire program is provided for as well as expanded water research and hydrologic studies.

The 10 year summary is as follows:

	<u>1963-65</u> <u>Biennium</u>	<u>* Page</u> <u>Reference</u>	<u>10 year</u> <u>Program</u>
1. <u>ACQUISITION</u>			
Memorial Hardwood Forests	\$ 200,000	Page 13	\$ 1,000,000
Parks Acquisition	2,900,000	" 18	3,750,000
State Aid to Counties and Municipalities	1,000,000	" 19	5,000,000
Wetlands	1,460,000)	" 23-24	
Access	200,000)	" 21	8,750,000
Spawning Areas	90,000)	" 24	
Contributions for public benefit under Soil Conserva- tion District programs	250,000	" 32	2,500,000
Sub-Totals	\$6,100,000		\$21,000,000
2. <u>PLANNING</u>			
State-wide recreational planning	50,000	Page 18	150,000
Hydrologic Studies	150,000	" 36	1,500,000
Water Research	100,000	" 36	1,000,000
Sub-Totals	\$ 300,000		\$ 2,650,000
3. <u>DEVELOPMENT</u>			
Topographic Mapping	1,000,000	Page 36	10,000,000
Reforestation	300,000	" 43	2,650,000
Forest Roads	260,000	" 44	1,300,000
Aerial Photos	14,600	" 45	100,000
Tree Planting aid to Counties	-	" 46	500,000
State Parks Development	275,000	" 17-18	9,800,000
Development of Wildlife Management Areas	965,400	" 23	2,800,000
Youth Work Camps	600,000	" 43-Project 70	3,000,000
Buildings - new regional headquarters & Adm. Sites	635,000	" 26-Project 70	1,200,000
Sub-Totals	\$4,050,000		\$31,350,000
TOTAL PROGRAM	\$10,450,000		\$55,000,000

Appendix to Budget Message

We believe it desirable to direct the attention of the Legislature toward a number of important matters deserving consideration in this Legislative Session. I am listing a number of proposals in a variety of areas upon which action is desirable.

There will be many other worthy proposals which will deserve your consideration, but it is important that those which follow should not be overlooked. Many suggestions already contained in the text of the budget document or in the report of the Building Commission, which have my approval and support are not listed here.

Department of Public Welfare

1. Old Age Assistance Ceiling: To remove the ceiling on old age assistance and aid to disabled grants, as is currently the case with aid to the blind and aid to dependent children.

2. Aid to Disabled: To relieve counties of full cost by utilizing available federal funds, the definition of "total disability" under existing state laws pertaining to the aid to disabled should be clarified thus permitting unemployable persons now on relief to transfer to the aid to disabled program.

3. Indian Relief: To the extent that responsibility is not met from federal funds, the state should assume responsibility and relieve the counties of the cost of furnishing relief to Indians.

4. Medical Care Fees: In order to approximate area rate levels and to reduce total cost medical care, fees should be established by each county welfare board and not be imposed by the Commissioner of Public Welfare.

5. Aid to Dependent Children Program: To adequately provide for need, to relieve counties of the total cost of the present relief load, and to qualify for additional available federal funds, the legislature will wish to review carefully proposed changes in existing laws relating to aid for dependent children, including the areas of unemployed fathers, payment to both parents, and providing for jobs on work relief projects.

6. Earnings of OAA Recipients: To comply with the new federal regulation, legislative action is required which would exempt up to \$30 per month of earned income in determining the grant of an old age assistance recipient.

7. Boarding Home Care: The state should provide partial reimbursement to counties for the cost of boarding care furnished to children committed to state guardianship as mentally retarded, who are being cared for outside of state institutions.

8. Mentally Retarded Group Homes: To ascertain whether the cost of care can be reduced, and in the hope of reducing the need for additional institutional beds, a pilot project might be established on a trial basis which would involve state operation of two or three small group homes. These group homes each would house 8 to 10 adult mentally retarded patients. These are patients currently in a state institution who do not appear to need further institutional care, but for whom no other appropriate living arrangements can now be made in the community.

9. Interim Commission: To study children's laws; commitment statutes with respect to mentally ill and mentally retarded; clarification of the tuberculosis law and other problems within the jurisdiction of the Department of Public Welfare, a legislative interim commission should be established.

10. Medical Care: Medical care as available to OAA recipients should be made available to persons of low income.

Education

1. Southwestern State College: Legislation is needed which would provide a state college in Southwestern Minnesota.
2. Consolidation: A reasonable deadline should be established by which time every school district in Minnesota would offer courses of instruction through grade 12.
3. Transportation Aid: The numbers or kinds of transportation aid paid to school districts should be reduced from 7 currently, to 2.
4. Area Vocational Schools: Legislation is needed which would encourage an increase in the number of area vocational schools, giving special emphasis to post high school and adult education programs.
5. Junior Colleges: Legislation is needed which would encourage an increase in the number of junior colleges.
6. Special Instruction: If we are to encourage special instruction in the educational program for handicapped children, the state contribution to the school district for the employment of essential personnel should be increased.
7. Remedial Reading: To encourage remedial reading instruction in all schools of the state, the state should provide the same reimbursement to school districts as currently paid for special education.

Agriculture

1. European Common Market: The Legislature should memorialize Congress to protect Midwest agricultural products from European common market tariff discrimination and any reduction of Midwest agricultural imports.
2. Inspection of Foodstuffs: Authorize the Department of Agriculture to inspect, certify and charge fees for their services in connection with the sale

of food stuffs by salvage companies.

3. Meat Inspection Service: Provide for a voluntary plan of state meat inspection which would recognize and coordinate both U.S.D.A. inspection and municipal inspection.

4. Memorialize Congress to re-examine the Federal order pricing structure for Class I milk in Eastern areas. Unrealistic, high prices for Class I milk established under this order system has resulted in a surplus of Class I milk in these areas. This in return places Minnesota manufactured dairy products at a competitive economic disadvantage in the market place.

Conservation

1. Department Organization and Personnel: To provide continuity of services, and to attract and retain professionally trained people, division directors of the Department of Conservation should be in the Civil Service. To provide for efficient, functional and economic organization, organizational authority should be granted the Commissioner and eliminate statutory divisions.

2. Federal Aid for Parks: Authorize the Commissioner of Conservation to accept grants from the Federal government for the purchase and development of land for state parks and in behalf of counties and municipalities.

3. State Aid for County Parks: The legislature should consider providing matching state funds which would encourage counties to develop county parks.

4. Wetlands Acquisition: To encourage the acquisition of wetlands, it would seem prudent to increase state payments to counties in lieu of taxes.

5. Campgrounds in Forests: That we may meet the growing need for recreation and vacation sites, authorize the establishment of campgrounds in state forests and provide for the charging of appropriate fees to users of the camp sites.

6. Sale of Pulpwood: To encourage sale and reduce administrative costs, the Commissioner of Conservation should be authorized either to sell aspen and hardwood pulpwood on an estimated scaling as is presently done with fuel wood, or to accept a mill scale on this type of product.

7. Public Access to Lakes: Alter existing statutes governing access sites to provide for a minimum limit of two acres and a maximum of 10 acres per site, and lower limit on size of lake to include 120 acres.

8. Seasons and Bag Limits: The Commissioner of Conservation should be authorized to set seasons and establish bag limits for the taking of wildlife.

9. Fisheries Research: The Commissioner of Conservation should be authorized to establish special regulations for experimental management on a limited number of lakes and streams, not more than one in any one county nor more than 15 total.

10. Mineral Reservations: Owners of mineral reservations should be required to register such ownership in the county in which the land is located and pay a fee per acre sufficient to provide revenue to the county. Legislation should also provide that after ample effort, adequate public notice and public hearing if necessary, the mineral rights would revert to the fee owner. Legislation should also provide for a penalty for failure or refusal to register.

11. Roadside Parking and Picnic Areas: To develop roadside park and picnic areas and to improve or build state park roads, legislation should be provided which would permit the Highway Department and the Conservation Department to exchange land of equal value.

12. Expand Park System: To provide needed state parks and expand existing parks, the Commissioner of Conservation should be authorized to purchase land and develop it, such projects to be financed from a bond issue pledging future receipts from non-highway use of gasoline tax revenues. Projects would include

expansion of the Minnesota Hardwood Forest, and parks at Fort Snelling, Beau Head, Beaver Creek, Big Stone, Blue Mounds, Camden, Crow Wing, Father Hennepin, Fort Ridgely, Helmer Myre, Interstate, Itasca, John Latsch, Lake Carlos, Lake Shetek, Mille Lacs Kathio, Savanna Portage, Sibley, St. Croix, and Wm. O'Brien. Land for new parks should be acquired as follows: Benning Town Site, Pine County; Forestville, Fillmore County; Lake Louise, Mower; Lake Maria, Wright; Little Elboe, Mahnomen; Maplewood, Ottertail; Reiley Lake, Itasca; Rice Lake, Steel and Dodge; Sakatah Lake, LeSueur and Rice; Signalness Hill, Pope; Upper Sioux, Yellow Medicine; and White Pine, Isanti.

13. Canoe Trails: Authorize the Commissioner of Conservation to acquire land and easements and to establish hiking and cycling paths and canoe trails along selected rivers; permit the installation of informational signs along the route; and provide for the establishment and maintenance of campgrounds on a fee basis for their use.

14. Ground Water Use: To minimize waste and insure efficient use of ground water and to regulate and control its use for air conditioning and industrial purposes, certain powers should be given the Commissioner of Conservation.

15. Water Resources Board: To clarify and strengthen the authority of the Water Resources Board and to provide that Board decisions on questions of water policy shall be binding.

16. Abandoned Wells: To protect the public health and safety from injury or harm by reason of abandoned and open wells, the Commissioner of Conservation should be granted authority to issue permits before abandonment.

17. Lake Emily: Provide for the raising of the lake level of Lake Emily in Pope County.

18. Conservation Work Projects: To partially relieve problems of Northeastern Minnesota and to continue the excellent work already accomplished,

appropriate funds to continue the excellent conservation work projects program in distressed counties.

Department of Highways

1. Construction Detours: Provide for the use of trunk highway funds for the improvement of bypass streets and highways carrying non-trunk highway traffic around trunk highway construction projects when such projects block regular routes.
2. Junk Yard Bill: Adopt legislation to control, regulate and screen from view motor vehicle junk yards which are located along state trunk highways.
3. Contract Penalty: Authorize the Commissioner of Highways to provide for penalties in lieu of liquidated damages in the event that a contractor fails to complete a project within the time required by the contract.

Traffic Safety

1. Youthful Driver Education: Provide that a drivers license could be issued to persons under 17 years of age only in the event of the successful completion of an approved course of driver education.
2. Highway Patrol: To provide the Commissioner of Highways with the authority to increase the number of Highway Patrol officers automatically, based on traffic volume but subject to appropriation control.
3. Strengthen Implied Consent Law: Restore the language of the implied consent bill introduced in the 1961 Legislature which would permit an officer to make an arrest upon reasonable and probable grounds. The present law should be amended so that the charge of driving under the influence of intoxicating liquor may be placed under a municipal ordinance as well as under the state law; clarify existing language as to the number and kinds of tests that must be available and provide that hearings on the Commissioner's order of revocation be held in the county in which the offense was committed.

4. Mandatory Seat Belts: New motor vehicles sold in Minnesota, beginning with 1964 models should be equipped with front seat belts meeting an adequate specification.

5. Annual Vehicle Inspection: Provide for motor vehicle inspection and establish a reasonable charge at either licensed stations or at state highway installations.

6. Driving after Revocation: Strengthen laws relating to penalties for those drivers who deliberately drive after license suspension or after license revocation.

Corrections

1. Revised Criminal Code: The revised criminal code, a long term project to which fine legal talent has contributed generously, should be adopted.

2. Commission Compensation: The compensation of members of the Adult Corrections Commission and the members of the Youth Conservation Commission should be increased.

Personnel

1. Additional Ranges: To relieve the compression now existing at the upper levels of the State's salary plan, two additional ranges should be added.

2. Assignment of Positions: The Civil Service Board should be authorized to assign classes of employment to a consecutive number of individual rates rather than to a specific range, thus providing a more logical method of setting salaries to fit particular occupations.

3. Teacher Pay: In order that elementary and secondary teachers in the state system may be accorded rates of pay based on academic accomplishment and years of experience, one more range should be added providing a three-range

spread. This will enable the state to meet the competition for teachers with graduate degrees and reverse the current trend of losing the more experienced and the better trained teachers.

General

1. Ancient Village of Kathio: To authorize the Historical Society to acquire an area of land known as Cormorant Point on Mille Lacs Lake, which area comprises part of the ancient Sioux village of Kathio, and which adjoins 112 acres of land presented to the Society as a gift. Cormorant Point is a highly scenic, prominent peninsula jutting into Mille Lacs Lake and urgently needed to complete the preservation of the total site and the development of the Mille Lacs Indian museum.

2. Elections: The office of Governor and Lieutenant Governor should be linked so that in future elections both offices will be filled by candidates of one party.

3. Archeological Remains: Transfer responsibility for the regulations of Archeological remains of value (The Minnesota Antiquities Act of 1937) from the Department of Conservation to the Minnesota Historical Society.

Northeastern Minnesota

1. Taconite: Adopt a taconite tax constitutional amendment to give long range assurance of stabilized tax policy and couple it with a statute to record immediate policy.

2. Registration of Reserves: Provide escalated taxes on taconite and semi-taconite holding reserves beginning ten years from now. Provide for annual registration of mineral reservations with a modest fee per acre and reversion of mineral rights to fee owners on registration default for a term of years.

3. Foreign Ore Quotas: Memorialize Congress to establish import quotas on foreign ore and steel.

4. Carrier Subsidy: Memorialize Congress to subsidize domestic lake ore carriers to the extent of the difference in their cost and those of foreign vessels hauling ore.

5. Aid Industry: Memorialize Congress to review tax concessions to U.S. companies operating abroad, and to urge an increase in Minnesota's share of defense contracts.

6. Geological Survey: Ores should be reclassified upon metallurgical test data and evidence of plans to build processing facilities. Further expand the Minnesota Geological Survey, continue deep drilling on state lands and require data reporting on all drill holes.

7. Research: Greatly expand research efforts in the mineral industry, particularly in the development of new methods of concentrating and agglomerating the semi-taconites and taconites. Market studies and economic appraisals of direct reduction should be continued. Increase research on the utilization of lignite and natural gas for magnetic roasting of ores and the pre-reducing of pellets.

8. Rights of Workers: A plan should be devised to protect seniority rights of mining employees moving from one phase of mining operation to another. Worker retraining should be expanded and present labor force favored on re-employment. I urge extension of the term of unemployment compensation benefits and qualifying legislation for aid to dependent children of unemployed parents.

9. Conservation Work Projects: Enact a \$2,000,000 conservation works program as previously mentioned and consider providing \$3,000,000 in long term loans to communities needing help to match Federal public works money.

10. Youth Camps: Establish summer camps for youth employment for forestry, park and game and fish habitat development.

11. Business Promotion: Substantially expand appropriations for tourist promotion, forest product utilization research, Duluth Port Authority promotion, action against discriminatory freight rates and for general business development.

12. Highway Work: Continue accelerated highway program in northeastern Minnesota.

13. Expand Service: A hospital for the mentally retarded should be constructed on the Iron Range, medical care now available to old age recipients should be extended to people of low income, the ceiling on Old Age assistance should be abolished and special state aids to supplement local funds should be made available to counties with severe relief loads.