

Money Matters

A Publication of the Minnesota House Fiscal Analysis Department on Government Finance Issues

A GLOSSARY OF FISCAL TERMS AND ACRONYMS

Abstract: This issue of Money Matters is a resource document containing terms and acronyms commonly used by and in legislative fiscal committees, and in the discussion of state budget and tax issues.

The first section contains terms and abbreviations used in all fiscal committees and divisions. The remaining sections contain terms for particular budget categories and accounts, organized according to fiscal subject areas.

For further information, please contact the Chief Fiscal Analyst, or a fiscal analyst assigned to the respective House fiscal committee/division. A directory of the House Fiscal Analysis Department personnel and their committee/division assignment appears on the last page.

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General Terms and Acronyms

Appropriation S Authorization by the Legislature to spend money from the state treasury for purposes established in law. The Minnesota Constitution prohibits payment of money out of the treasury unless authorized by an appropriation. (Also see *standing appropriation* and *direct appropriation*.)

Appropriations Cap S Legislatively-placed limits on spending in the biennium following the budget period under consideration (i.e., budget “*tails*”). Caps allow spending projections to be lower than they would otherwise be under current law; that is, lower than if current spending levels were projected forward. In the 1993 session, caps were placed on FY 1996-97 spending in human services, K-12 education and higher education finance bills. In the 1995 session, caps were placed on FY 1998-99 spending on the K-12 education finance bill.

Allotment S Administratively-placed limits on the amount to be spent or encumbered for a legislatively-authorized purpose. Agencies develop a spending plan based on appropriations; then money is allotted for each expenditure. In the accounting system, allotments act as a control, prohibiting spending beyond the established limits.

Annualization S The practice of adjusting spending totals to determine the annual costs of programs that were funded for only a portion of the previous year. For example, the annualized cost of a program that cost \$500,000 for six months of operation is \$1,000,000.

Base S Usually calculated from the most recent amount spent by an agency for a program, the base is the agency’s current spending level with adjustments made for costs not likely to recur. As part of the state budget process, the Department of Finance defines the base, and may change the way it is calculated.

Biennial Budget Documents S Budget documents containing narrative and fiscal information at the budget activity level for each state agency are distributed in loose-leaf notebooks. *M.S. 16A.11* requires the Governor to submit his budget message and a detailed operating budget by the 4th Tuesday in January in odd-numbered

years. The Department of Finance is required to submit the final budget format, a report on departmental earnings, and agency plans and requests to the Legislature by November 30 of the year prior to release of the Governor’s budget. The Finance Department is also required to seek the involvement of the Legislature in developing budget forms and instructions, and in designing the budget document format.

Biennial Budget System BBS S refers to the information system used by the Department of Finance to prepare the budget documents, and by the executive and legislative branches of government to keep track of appropriations.

Biennium S Minnesota has a two year (biennial) budget period. The Legislature appropriates the major portion of the budget in the odd-numbered year session, and makes adjustments as needed during even-numbered years. For example, the FY 1996-97 biennium began at midnight on June 30, 1995 and ends at midnight June 30, 1997.

Budget S The plan or authorization for revenues and expenditures in a fixed period of time. State law (*M.S. 16A.11 subd.2*) requires the Governor to present a balanced budget to the Legislature for consideration. The budget is submitted in three parts: (1) the Governor’s budget message, including a summary and the Governor’s recommendation on state financial policy, (2) the detailed operating budget and (3) the detailed capital budget.

“Off-budget” S Non-General Fund revenues and expenditures, pass-through funds, certain dedicated monies, intergovernmental revenues and inter-fund transfers.

“On budget” S Part of the General Fund.

Supplemental Budget – Refers to either (1) the budget passed in even-numbered years or (2) changes to the original budget documents submitted by the Governor in odd-numbered years (usually based on revised estimates of forecasted revenues and expenditures).

Budget Resolution S The *Permanent Rules of the House* (5.12), require that within 15 days following the release of a revenue and expenditure forecast during that session,

the House Ways and Means Committee must adopt a resolution which sets maximum limits on General Fund expenditures and revenues, and establish the amount of the Budget Reserve. Subsequently, the Ways and Means Committee reconciles finance and revenue bills, to ensure that the budget resolution limits are not exceeded.

Budgetary Balance – The amount of money left on the bottom line of the General Fund balance after expenditures and money set aside in the Reserve/Cash Flow Account have been subtracted from revenues.

Capital Project Funds S Three funds are used for the acquisition or construction of major capital facilities: General Project Funds (appropriated from the General Fund for maintenance, building or capital improvement projects), Transportation Fund (which receives proceeds of transportation bonds, General Fund appropriations and federal grants for the construction or reconstruction of state- and locally-owned bridges) and the Building Fund (which receives revenue from the sale of state bonds to provide funds for the maintenance, acquisition and betterment of other public land and buildings).

Cancellations S Money unspent and unencumbered at the end of a biennium, which is added back to the General Fund.

Carryforward S The practice of allowing agencies to use unspent money in the year following the year for which it was appropriated. Upon the approval from the Finance Department, agencies may carry forward unspent and unencumbered non-grant operating balances from the first year of the biennium to the second. (The Legislature may spend an appropriation for all or part of a biennium in either year of the biennium. The Courts and Constitutional Officers may spend money from either year of the biennium if funds are insufficient in either the year.)

Cash Flow Account S State spending is not constant across the fiscal year, but rather has peaks and valleys based on patterns of receipts and expenditures. A *Cash Flow Account* (separate from the Budget Reserve) is established, in a amount specified by law, to avoid short-term borrowing during cash low points, especially in April in the second year of the biennium.

Complement S Total number of employees. The Legislature no longer sets limits on agency complements. Information on full time equivalent positions in agencies, however, must be included in the biennial budget

document.

Contingency Funds S An appropriation(s) that may be spent with approval of the Legislative Advisory Committee when the Legislature is not in session, to meet emergencies. In a typical biennium, less than \$1 million in total is available for the contingency account from the General Fund, the State Government Special Revenue Fund, and the Workers Compensation Fund

CPI-U, Consumer Price Index Urban S A measure of inflation intended to capture the increased prices facing consumers for a fixed market basket of services and goods, including food, housing, transportation, clothing, medical care, and entertainment.

Current Spending S Similar to “base” in meaning. The Department of Finance defines current spending as actual spending with adjustments, such as removing one-time appropriations or non-recurring expenditures. For most agencies, current spending is less than actual spending and usually is the base on which the budget is built.

Debt Service Fund S See “*Capital Investment*” section.

Dedicated Revenue or Expenditures S Money raised and earmarked to be spent for specific purposes.

Departmental earnings S Money collected by state agencies through service user fees, occupational license charges, regulatory charges, special taxes and assessments and other revenues. Approximately \$575 million is collected annually. In general, agencies are required to set charges at levels that “neither significantly over recovers nor under recovers costs, including overhead costs, involved in providing the services” (M.S. 16A.1285).

Direct Appropriation – An appropriation for a specific amount of money, for use during a specific time period. Most appropriations in omnibus bills are direct appropriations. Appropriations are usually for a single year of the biennium; however, legislation occasionally makes single year appropriations available either year of the biennium.

Earmark – To dedicate or designate a revenue stream for a specific purpose or expenditure. For example, the 1992 Legislature increased the rate of the cigarette tax by 5 cents per pack of 20 cigarettes, and temporarily *earmarked*, or dedicated, the receipts to the Health Care Access Fund.

Encumbrance S Commitment of money to meet an

obligation that is expected to be incurred to pay for goods or services received by the state, or to pay a grant.

Encumbrance is the accounting control device that agencies use to reserve portions of their allotments for expenditures that will soon be incurred. Agencies must encumber money before they can spend it, providing a system to keep track of outstanding obligations.

Enterprise Funds S Funds that provide money for services to the general public through programs that are expected to recover their full costs, primarily through user charges. Examples include the Higher Education Coordinating Board Student Loan Fund, the State Lottery Fund, the Chemical Dependency Treatment Fund, and the Private Employers Insurance Fund.

Executive Budget Officer, EBO S Department of Finance personnel who are assigned to specific budget areas and who are responsible for developing the Governor's budget and tracking legislative actions.

Fiduciary Funds S Account for assets held by the state in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or funds. These include pension trusts funds, nonexpendable trust funds (where the principal may not be expended, *e.g.*, the Permanent School Fund, Environmental and Natural Resources Nonexpendable Trust Fund), expendable trust funds (*e.g.*, the Municipal State-aid Street Fund, County State-aid Highway Fund Environment and Natural Resources Expendable Trust Fund, Reemployment Compensation Fund), and agency funds, such as the Deferred Compensation Fund.

Finance, Department of S The agency with broad powers to administer the financial affairs of the state, among them the responsibility to develop and present the Governor's budget, produce forecasts of state revenues, expenditures, and debt capacity, to prepare and oversee fiscal notes, and to manage the state's capital indebtedness and capital bonding. The Commissioner of Finance is designated in statute as the state's chief accounting officer, principal financial officer and the state controller.

Fiscal Note S Official estimate of costs or revenues for proposed legislation, prepared by agencies or fiscal staff. State statute (*M.S.* 3.98) requires that fiscal notes be prepared at the request of the chair of the standing committee to which a bill has been referred, or by the chair of the Ways and Means Committee of the House or

the Finance Committee of the Senate. State law defines the required components of a fiscal note. The Department of Finance is responsible for oversight of the processing, preparation, delivery and updating of fiscal notes, and for assuring their accuracy and completeness.

Fiscal Year S The 12-month period on which the state budget is based; it runs from July 1 to June 30. County and city fiscal years are the same as the calendar year. School district fiscal years are September 1 to August 31. The federal fiscal year runs from October 1 to September 30.

Forecast S Each year in November and February or March, the Department of Finance is required to predict state revenues and expenditures based on current law. Their predictions are the "forecasts" upon which the Governor and the Legislature base their budget proposals (*M.S.* 16A.03). The State Economist uses both national economic forecasting data and Minnesota-specific data. Within the forecast process, the Department of Revenue is required to forecast revenues to be received by school districts, counties and towns. The Finance Department is also required to submit a debt capacity forecast annually, in December.

GAAP S *Generally Accepted Accounting Principles*, uniform standards for government accounts. Most state funds are accounted for using the modified accrual basis of accounting which recognizes the unique revenue and expenditure issues for some state payments.

GDP S *Gross Domestic Product*, the total value of all goods and services provided in a country by residents and non-residents of that country.

GDP Implicit Price Deflator S An inflationary measure intended to capture changes in the average price of goods and services in the U.S.. Unlike the CPI-U, which measures changes in a fixed groups of goods and services, the price deflator measures a changing mix of goods and services and includes consumer expenditures, private investment, government spending and exports net of imports.

General Fund S The largest fund in the state treasury, into which receipts from the major taxes are deposited (*e.g.*, individual and corporate income, sales, motor vehicle, cigarette and liquor, etc.). Most of the money in the General Fund is not earmarked for specific purposes. The General Fund is the major source of funding for

education, health care and human services and other major functions of state government.

GSP S Gross State Product. A measure of state economic output.

I**nternal Service Funds S** Provide a variety of services to state agencies, such as computer services, motor pool, and printing. The funds must recover the full costs of services provided.

K**-12 S** Kindergarten through grade twelve.

L**egislative Advisory Commission S** Joint House-Senate legislative commission assigned responsibility for approving the acceptance of federal grants when the Legislature is not in session and the allocation of emergency contingent funds. The LAC also advises the Governor on issues such as spending from the Reserve when receipts are less than projected expenditures.

Local Government Trust Fund, LGTF S Abolished as of July 1, 1996. See *definition under tax terms*.

M**andates S** Requirements imposed by one level of government on another. "Mandate" may refer to requirements imposed by the funding level of government that must be met by the recipient governments in order to receive funds.

O**bject Code S** The lowest level of detail provided in the biennial budget document. Examples of object codes are personal services (salaries), contracts, and capital equipment.

Omnibus bill or act – A collection of separate bills or appropriations in a single, large bill or act.

Open appropriations S A form of a standing appropriation whereby the level of funding necessary to fulfill the obligation is made available in the fiscal year. The state fund balance shows an estimate of the amount expected to be spent. Most of the programs funded by formula (*e.g.*, education aids and Homestead and Agricultural Credit Aid – HACA), and programs funded through fees, are open appropriations.

P**erformance-Based Budgeting S** A system that identifies specific goals and objectives and attempts to

measure progress toward those goals. The system is intended to focus on the outcomes, or effects, of government activities, rather than on inputs, such as the number of employees performing an operation. The original legislation (*M.S. 15.91, subdivision 2*) required agencies to submit performance reports on an annual basis. Reports are now due on a biennial basis.

Personal Income – In national economic accounting, personal income is the income received by persons: individuals, owners of unincorporated businesses (including partnerships), non-profit institutions, private trust funds, and private non-insured welfare funds. Personal income is the sum of wage and salary disbursements, other labor income, proprietors' income, rental income of persons, dividends, and personal interest income and transfer payments, less personal contributions for social insurance. (*Dictionary of U.S. Government Statistical Terms*, source: U.S. Department of Commerce, Bureau of Economic Analysis.)

Price of Government, "POG" S *M.S. 16A.02* requires the Governor and the Legislature to establish revenue targets that prescribe total revenues for state and local governments in terms of the percent of total Minnesota personal income they represent. The price of government statistic is an indicator of the capacity of the state economy to support government. The target is expressed as a ratio, the numerator of which is state and local government tax- and non-tax revenues, and the denominator of which is aggregate Minnesota personal income. For FY 1996-97, it is estimated that state and local revenues will be 18.2 percent of total personal income in the state. (See *personal income*.)

R**eal (Constant) Dollars S** The value of money after adjusting for inflation (*vs. nominal, or current value* — the price without adjusting for inflationary effects).

Reciprocity S A mutual action, exchange or agreement, usually between two states, such as mutual recognition of residency for purposes of income tax liability, eligibility for resident tuition and the like.

"Reserve," Budget Reserve (M.S. 16A.152) S The Legislature establishes a *Budget Reserve* separate from the Cash Flow Account, and appropriates to it, all, or part of any unrestricted budgetary surplus that results from a forecast. The Reserve is like a savings account and serves as a hedge against an unforeseen economic downturn. Reserve funds may be spent in the event expenditures

when expenditures are forecast to exceed revenues, but only after the Legislative Advisory Commission is consulted. The Legislature sets the amount of the Reserve, and in some budgets it appropriates part of any unrestricted balance for other specific purposes.

Revenue S Government revenue is money received by a government from external sources net of refunds and other correcting transactions, other than from the issuance of debt, liquidation of investments, and as agency and probate trust transactions. Government revenue excludes non-cash transactions such as receipt of services, commodities or other receipts in kind. Government revenue includes intergovernmental revenue. —*Dictionary of U.S. Government Statistical Terms*, source: U.S. Department of Commerce, Bureau of the Census.

The largest sources of revenue for the General Fund are the individual income tax, sales tax and corporate/bank excise taxes.

Revenue Estimate S Official fiscal analysis (similar to a fiscal note) prepared by an executive branch agency, forecasting the revenue loss or gain from the enactment of proposed tax legislation. Usually, revenue estimates are prepared by the Research Division of the Department of Revenue.

Revolving Fund S Funds established in law in which revenue (including loan payments) is credited back to the fund for the same use as the original appropriation.

Special Revenue Funds S Special revenue funds are funds for which their expenditure is restricted in law to specific purposes. Examples are the Highway User Tax Distribution Fund, Trunk Highway Fund, the Environmental Fund, Natural Resources Funds (including the Game and Fish Fund), and the Health Care Access Fund.

Spending Caps S See *appropriations cap*.

Spending Plan S Developed by state agencies after the legislative appropriation process is completed. The plans must specify the purpose and amount required for each activity and must be within the amount and purpose of the appropriation." State law (M.S. 16A.14, subdivision 3) requires that agency spending plans must be approved by the Department of Finance before any money is spent.

SWAS – Statewide Accounting System S Replaced by the Government Financial System in MnAssist.

State Aids S Defined in statute as “programs by which the government provides financial assistance to political subdivisions to assist them in delivering public services, financing public facilities or reducing property taxes in connection with state mandates, programs and procedures.”

Standing or Statutory appropriations S When language in statute authorizes ongoing payment out of the treasury for a program. In contrast to direct appropriations, statutory appropriations need not be renewed every biennium for funding to continue.

Tail –(1) The future budget effects of any appropriation or revenue provision; or (2) an appropriation, funding formula, or tax expenditure that takes effect in, or carries forward to a future biennium, at higher future costs/ revenue losses to the state treasury than in the initial biennial budget period.

Targets S In the legislative process, specific limits on spending and revenues, assigned by the House Ways and Means Committee, to reconcile the fiscal actions of committees and divisions with the Budget Resolution. The targets add up to the total limit on expenditures, revenues and the reserve level established in the Budget Resolution.

Transfers S M.S. 16A.285 allows agencies to transfer operations money between programs within the same fund. Agencies must notify the Commissioner of Finance of the transfer. A transfer must be consistent with legislative intent and must be reported by the Finance Department to the chairs of the Senate Finance and House Ways and Means committees. Agencies may transfer funds within programs, without notifying the Legislature, unless language in statute or law prohibits a specific transfer.

Unallotment S Statute allows the Commissioner of Finance, with the approval of the Governor and after consulting with the Legislative Advisory Commission, to reduce unspent allotments if a deficit would occur otherwise. The commissioner may do so only after the Reserve account is used to balance expenditures and revenues.

Veto S The State Constitution allows the Governor to veto one or more items in a bill containing several items of appropriation while approving the rest of the bill. If the

Governor signs the bill that contains vetoed provisions, he/she must attach to it a statement of the items vetoed items. If the Legislature is in session, the Governor must

transit the bill to the house where it originated and the vetoed items may be reconsidered separately.

Capital Investment Terms and Acronyms

Arbitrage S The financial gain that can be garnered by selling tax-exempt bonds and reinvesting the bond proceeds at a higher, taxable, interest rate. For example, if the principal of a 8 percent bond is invested at 10 percent, the 2 percent profit that results is the arbitrage gain. Arbitrage is regulated and limited by federal tax law.

Bond S A written promise to pay a specific sum of money (the principal) at a date or dates in the future (the maturity) together with periodic interest at a specified rate.

Bonding S Authorization to provide for issuance of debt instruments, as well as the use of money raised through the issuance for capital projects.

Bond Rating S Rating for bonds to be issued that primarily reflects the ability of the issuer to repay the bonds. Better bond ratings result in lower interest rates for the bonds issued. Bond ratings are better when the state follows its self-imposed debt management guidelines. Current bond rates for the State are AAA by Moody's, AA+ by Standard and Poor's, and AAA by Fitch.

CAPRA S **Capital Asset Preservation and Renewal Account** – Bond funds allocated to state agencies for the purpose of restoring or maintaining buildings and other items of a capital nature. (See also, *HEAPRA*.)

Capital Iceberg S See *deferred maintenance*.

Construction S The phase of a building project following predesign and design. Usually accounts for more than 91 percent of the spending on a project, and is the implementation of the predesign and design stage decisions.

Debt Management Guidelines S Guidelines that the State imposes on itself to control its capital investment. Following the guidelines will generally result in a better bond rating for the state, and thus, lower interest rates for state borrowing. The guidelines include: (1) total annual debt service cannot exceed 3 percent of annual non-dedicated receipts; (2) total debt cannot exceed 2 percent of total State personal income; (3) State agency debt cannot exceed 3.5 percent of State personal income, and ; (4) general obligation debt, moral obligation debt, bond guarantees, equipment capital leases and real estate leases cannot exceed 5 percent of State personal income.

Debt Capacity S The ability of the state to sell additional bonds to pay for bonding projects. Debt capacity is based on the amount of money available to pay off the bonds which is based on a limit of approximately 3 percent of the state's General Fund expenditures.

Debt Service S Money appropriated to pay the interest and principal on the money borrowed by the state for its capital projects.

Deferred Maintenance S Backlog or catch-up maintenance of state buildings. The Department of Administration estimates that the state currently has \$1.5 billion in deferred maintenance needs.

Design S The second phase of a project, before construction, after predesign. Design usually is less than 8 percent of the total budget of a project, and consists of 3 phases: schematic design, design development and construction documents. The bulk of the spending during a project during the design phase is on architectural and engineering programming.

General Obligation Bonds, "GO Bonds" S Bonds that the state stands behind with its taxing powers.

H**EAPRA S** Higher Education Asset Preservation and Renewal Account. Bond funds allocated to the higher education systems for the purpose of restoring or maintaining buildings and other items of a capital nature. (See also *CAPRA*.)

Pre-design S First stage of a building project. Usually accounts for less than 1 percent of total project spending. This stage is intended to determine a project's feasibility, define the essential aspects of the project and prepare instructions for the design phase. The pre-design documents should include the rationale for the project, its use components, costs and scheduled cash flow. In addition, pre-design should address possible operating budget implications of the project.

R**efinance S** Similar to home owners who refinance their home loans during periods of low interest rates, the state can issue bonds at a lower rate to pay off bonds issued earlier at a higher rate. However, the older bonds

P**lanned Maintenance S** Preventative maintenance of a corrective and planned nature to repair and prevent building problems.

can not be repurchased until their call date, the earliest date that bond holders have been told the bonds would be refinanced, has been reached.

Revenue Bonds S Bonds for which the debt service is paid by a specific revenue stream, and not out of the General Fund. Revenue bonds are primarily issued by the Minnesota Housing Finance Agency, which makes home loans with the bond funds, for example, and uses the mortgage repayments of those loans to service its debt, and the University of Minnesota and the Minnesota State College and Universities system, which might issue bonds for the purpose of building a parking lot or dorm, and service those bonds with lot fees, or dorm rents.

Education Terms and Acronyms

K-12 Education Finance Terms and Acronyms

A**NTC** *Adjusted Net Tax Capacity* S The property value used for assessing most school taxes. ANTC adjusts for differences in assessment practices and reflects the application of the classification rates to the market value of property.

AP/IB *Advanced Placement/International Baccalaureate* S Programs that require more rigorous student achievement than regular programs and often will count for college credit.

C**ompensatory or AFDC revenue** S A portion of the general education formula based on the number of students in a school district that come from families receiving AFDC (Aid to Families for Dependent Children).

E**CFE** *Early Childhood Family Education* – Programs for children younger than traditional school age.

Enrollment Options “Open Enrollment” S The program that allows students to attend a school district other than the one in which they reside.

F**ormula Allowance** S Usually refers to the basic general education formula allowance. For example, \$3,505 per pupil unit in 1996-97.

G**eneral education allowance** – The funding formula that provides school districts with a majority or their revenue. For example, the general education formula allowance for the 1996-97 school year is \$3,505 per pupil unit. A district’s formula revenue is made up of a local property tax levy share and a state aid share.

H**SGI** *High School Graduation Incentives* S A group of alternative education programs designed to encourage students to complete graduation requirements.

I**EP** *Individual Education Plan* S The learning plan required to be developed for each student with disabilities.

ITV *Interactive Television* S Communications connections between school sites that allow two way video and audio communications between those sites.

L**EP** *Limited English Proficient* S The term applied to students who have limited English speaking ability.

M**arket Value** S The value assigned to property by an assessor. The market value is intended to reflect the sales value of the property.

MARRS *Minnesota Automated Reporting Student System* – An automated process for school districts to report pupil data to the state. This data is used for funding calculations and other purposes.

P**SEO**, Post Secondary Enrollment Options. (See *higher education terms*.)

Pupil Units S A weighted count of pupils used to determine revenue in many formulas:

One Kindergarten Pupil	=	0.53 pupil units
One Elementary Pupil (grade 1-6)	=	1.06 pupil units
One Secondary Pupil (grade 7-12)	=	1.30 pupil units

R**evue & Comment** S A process by which the commissioner of Children, Families and Learning education reviews and comments on the feasibility and practicality of school district building projects.

S**parsity revenue** S The portion of the general education formula that provides additional revenue to school districts for schools that have relatively small enrollments and are relatively far from other school buildings.

T**&E** *Training and Experience revenue* S A portion of the general education formula that compensates school district for a portion of the training or education levels and experience (number of years of service) levels of school

district staff.

Tax Capacity Rate S The rate of taxation for a specific program. Tax capacity rates are expressed as a percent of

U FARS *Uniform Financial Accounting and Reporting Standards* – A statewide accounting procedure that must be used by school districts to record financial transactions and report financial information to the State Department of Education.

W ADM *Weighted Average Daily Membership* –

the adjusted net tax capacity. Many tax capacity rates are set in law.

The acronym used to indicate pupil units.

Y outh Works and AmeriCorps S The state and federal programs that provide learning opportunities for students in conjunction with providing services to their communities.

Higher Education Terms & Acronyms

Board of Regents S Board which has governance authority over the University of Minnesota. The members of the Board of Regents are elected by both houses of the legislature meeting in joint convention.

Board of Trustees of the Minnesota State Colleges and Universities S Also known as the *Higher Education Board (HEB)*, or “*the Merger Board.*” Newly created (1991) board that has governance authority over the State Universities, Community Colleges and Technical Colleges after the formal merging of these three systems on July 1, 1995. Members of the Board of Trustees are appointed by the governor.

Design for Shared Responsibility S Defines how state financial aid is allocated to Minnesota undergraduate students. This policy distributes the responsibility for paying the cost of attending college among the student, the student’s family, and the state and federal governments. Shared Responsibility expects the student to finance 50 percent of the cost; the family is expected to pay the other half. In general, grant aid from the federal and/or state government applies to the family share and loans or workSstudy apply to the student share.

Funding Formula S Method by which the legislature determines system allocations. Minnesota is in the process of converting from a formula that was known as “Average Cost Funding,” which based funding on the full average

cost per student and was entirely dependent on enrollment volume. The new formula is being called a “fixed and variable” cost model which recognizes that a portion of the cost of running a college does not vary greatly with minor differences in enrollment.

FYE S Full Year Equivalents. A measure of enrollment equating total creditSbased enrollment (including full and part time students) to the equivalent number of full time students. Calculated by taking total credit hours generated and dividing by 45.

Headcount S Total number of students regardless of their enrollment status (number of bodies).

HESO *Higher Education Services Office*, formerly the Higher Education Coordinating Board) – State agency that is responsible for administering state financial aid programs and collecting statewide data on enrollments and aid distribution.

Instructional Expenditure S Includes both direct (*e.g.* faculty salaries) and indirect costs (*e.g.* heat) assignable to academic programs.

Legislative Intent Tuition S Estimate of revenues collected by the higher education systems attributable to the student (tuition) portion of the formula (see *Uniform Cost Related Tuition*). Because system boards have authority in statute to set their own tuition rates, the

revenue they collect may vary some from the tuition assumptions made by the funding formula and the legislature. The difference (if positive) is sometimes referred to as excess tuition.

NonInstructional Expenditure S Includes funding for activities such as research, athletics, financial aid, and community service. NonInstructional activities, as a percentage of total state appropriations, vary greatly by system and mission.

PSEO S *Postsecondary Enrollment Options*. State program that allows high school juniors and seniors to enroll in postsecondary courses. These students are accepted on a space available basis and are funded at marginal (32 percent) cost in the higher education funding formula.

Reciprocity S Agreements that Minnesota has with other states and provinces that allow students to attend colleges in those areas at lower than nonresident cost and

vice versa. The agreements vary by state as to scope and cost, but most include a provision for equalization payments between states based on enrollment volume.

State Spending S Equals appropriations plus tuition. Tuition money is not appropriated, but is treated as dedicated revenue that is retained by the higher education systems.

Because Minnesota links tuition and state funding levels (see *Uniform Cost Related Tuition*), the higher education funding bill appropriates the state share of costs, but also sets an expectation for overall state spending (see *Legislative Intent Tuition*).

Uniform Cost Related Tuition S Relates the price of public higher education (tuition) to the cost of providing instruction. The state is expected to fund two-thirds of the cost of instruction (slightly more at the Technical Colleges) and students are expected to pay one-third.

Environment and Natural Resources

Terms and Acronyms

Environment and Natural Resources Expendable Trust Fund – Fund in the state treasury that receives the investment earnings and a portion of the net lottery proceeds deposited in the Environment and Natural Resources Nonexpendable Trust Fund to be expended in for natural resources purposes.

Environmental Fund – Fund in the state treasury that accounts for activities that monitor and control environmental problems using taxes and fees from activities and industries contributing to environmental problems.

Game and Fish Fund – Fund in the state treasury that receives revenues from license fees and fines related to hunting and fishing that are spent for related purposes.

Minnesota Resources Fund – Fund in the state treasury that receives a portion of the cigarette and tobacco taxes that are appropriated for various natural resource development purposes.

Natural Resources Funds – Fund in the state treasury that receives taxes from fuel used in recreational vehicles, fees and donations that are used to fund management of the related natural resource programs.

Petroleum Tank Cleanup Fund – Fund in the state treasury that receives funding from a fee imposed on petroleum distributors for the purpose of reimbursing responsible parties for most of their costs to cleanup environmental contamination from petroleum tanks.

Health and Human Services

Terms and Acronyms

Human Services Terms

Note to the Health and Human Services section: The enactment of federal welfare reform legislation in 1996 eliminated some of the programs and entitlements referred to in this section. Since state human services laws currently refer to those provisions, and those terms will be a part of the discussion of state human services reform, the definitions and acronyms are retained in this edition of the fiscal glossary.

ACG, Alternative Care Grants pay for health care in the home of an elderly person who is at risk of requiring nursing facility care. Program funding comes from the General Fund.

ADL, Activities of Daily Living refers to an index measuring a patient's degree of independence in bathing, dressing, toileting, eating, and moving about. The index is used to determine the level of care needed in a nursing home or other residential facility. Payment rates for some services are based on ADL's.

AFDC, Aid to Families with Dependent Children provides a maintenance cash grant for very low income families when one parent is absent, incapacitated or unemployed. The federal Government pays for approximately 54 percent of the grant.

AFDCSEA, Emergency Assistance helps families respond to a crisis that could result in risking the health and safety of the children if immediate aid is not provided. This assistance is available once/year. Each state determines the eligibility and the assistance provided. The federal share is 50 percent.

AFDC-UP, Aid to Families with Dependent Children-Unemployed Parent. Under certain circumstances, a two-parent family may qualify for AFDC if the second parent is unemployed.

Carve out An arrangement whereby specific services are eliminated from health insurance coverage under a capitated rate. The carved-out services may then be obtained on a fee-for-service basis.

Case Management The planning, referral, monitoring,

and coordination of services provided to clients with complex needs and services.

Child Care Fund The AFDC Child Care Program, Transition Year, and ACCESS are subsidized child care programs for AFDC and former AFDC caretakers engaged in employment or training leading to employment. Federal reimbursement provides about 54 percent of the costs of the subsidy. The Basic Sliding Fee program is a subsidized child care program for low income families not on AFDC. The funding is a combination of General Funds and federal grants.

CD, Chemical Dependency related to alcohol, prescription drugs, other drugs.

CCDTF, Consolidated Chemical Dependency Treatment Fund – combines a variety of state and federal funds into one fund. Counties are given an allocation from which to pay for CD treatment of their residents.

CSIS, Community Services Information System is a computerized social service tracking caseloads and services. (See SSIS.)

CSSA, Community Social Services Act M. S. 256E specifies a planning process for the provision of social services administered by the boards of county commissioners under the supervision of the Commissioner of Human Services. The Legislature also provides a discretionary grant to counties to carry out these services.

CSE Acronym for **Child Support Enforcement**.

DT&H, Development Achievement Centers, also known as **DT&H, Day Training and Habilitative** – services for persons with developmental disabilities.

DD, Developmentally Disabled – Persons diagnosed with mental retardation or a related condition who have substantial functional limitations or deficits in adaptive behavior and who manifest these conditions before their twenty-first birthday.

DHS S Acronym for the Minnesota **Department of Human Services**.

DME, Durable Medical Equipment. Includes such things as beds, wheel chairs, etc.

DRG, Diagnosis-related Group. Refers to the classification of procedures used to sort hospital patients by discharge diagnosis into categories that are medically similar and have approximately equivalent lengths of stay. DRGs are used in determining MA and GAMC payment levels.

DSM III R S Diagnostic and Statistical Manual of Mental Disorders, Third Edition Revised. American Psychiatrist's Association official manual of mental disorders. Manual contains glossary of descriptions of the diagnostic categories.

EPSDT S Early and Periodic Screening Diagnosis, and Treatment. Screening by medical, dental, and other health care experts for possible physical, emotional, or developmental problems manifested in an infant or child. Treatment is aimed toward preventing correcting, or ameliorating conditions if found. Treatment may be authorized for any MA service allowed by the State Plan.

F_{FP S} Federal Financial Participation. Federal monies, matched by state and sometimes local monies, used to provide services to eligible individuals in federally authorized programs, e.g., AFDC and MA.

FMAP, Federal Medical Assistance Participation S The federal share of payments for eligible Medical Assistance services. The share is also applied to AFDC and foster care maintenance reimbursements. The FMAP rate is based on the economy of each state and ranges from 50–83 percent. Minnesota is generally at 53–54 percent while Mississippi is at 78 percent.

FS, Food Stamps – Coupons used to purchase food and food products in approved stores. The Food Stamp program increases the food purchasing power of low-income households.

GA, General Assistance – State program providing

financial assistance to eligible people who are unable to provide for themselves and dependents. The grant for a single adult living independently is \$203/month.

GA–EA, General Assistance Emergency Assistance S (also known as EGA) Money provided to eligible persons with a crisis situation that could result in severe hardship except for the provision of Emergency Assistance. Applicants must be eligible for GA.

GAMC, General Assistance Medical Care – State funded health care coverage program for individuals who are either General Assistance recipients or who do not meet the categorical requirements of Medical Assistance. Typically these are adults under age 65 and financially destitute.

HCFA, Health Care Financing Administration S The federal umbrella agency for the Medicaid program, which is part of the U.S. Department of Health and Human Services.

HHS S Acronym for the U.S. Department of **Health and Human Services**.

ICF, Intermediate Care Facility S a licensed institution providing health-related care and services to person who do not require the degree of care provided by a hospital or nursing home.

ICF/MR S Intermediate Care Facility [for the Mentally Retarded]. Facility certified by the State Department of Health to provide health or rehabilitative services for mentally retarded individuals or persons with related conditions who require active treatment but not the level provided in a hospital or nursing home.

ISP, Individual Service Plan, is developed by the county case manager for a person receiving services for mental retardation or a related condition. An ISP lists short-term objectives related to the client's annual and long-term goals and the services and methods for achieving the objectives. This is done before the IPP is developed.

IPP, Individual Program Plan – A detailed plan by the service provider specifying methods to reach the short and long term goals of the ISP.

ITP, Individual Treatment Plan S is a plan of intervention, treatment and services for a person with mental illness developed by a service provider under the

clinical supervision of mental health professional on the basis of a diagnostic assessment. The plan identifies goals and objectives of treatment, treatment strategy, a schedule for accomplishing the goals and the individual responsible for providing treatment to the person.

IMD, Institution for Mental Diseases – A hospital, nursing facility, or other institution of more than 16 beds, that is primarily engaged in providing diagnosis, treatment, or care of persons with mental diseases, including medical attention, nursing care, and other services. IMD's are not eligible for MA funding.

LTC, Long Term Care – generally refers to facilities for persons who are elderly, handicapped or developmentally disabled and expected to need care for an extensive period of time. The facilities provide a range of medical and supportive services.

MA, Medical Assistance is a federal aided, state-operated and administered program providing medical benefits for AFDC, pregnant women with children, aged, blind, or disabled and who meet certain income requirements. States have broad discretion to determine the benefits covered, program eligibility, payment rates, and administration. The federal financial share is about 54 percent.

Medical Assistance 1915 Waivers authorized by state law and approved by HCFA; the waivers “waive” federal requirements for institutional care. Many waivers provide services in a community setting with a lower cost than could be provided in a hospital, institution, or nursing home. Waivers may also allow reimbursement for services not usually covered by MA but are provided to help an individual stay out of an institution. The waivers are also referred to as **Home and Community Based Waivers (HCBW)**.

Waiver categories include:

- ▶ **ACS, Alternative Community-Based Services** – Waiver pays for health care in the home of a person with developmental disabilities who was formerly placed inappropriately in a nursing facility or ICF-MR or who needs the level of care provided in an ICF-MR.
- ▶ **CAC, Community Alternative Care** pays for health care in the home of an individual who requires the level of care of a hospital.
- ▶ **CADI, Community Alternatives for Disabled**

Individuals – pays for health care in the home to a person who requires the level of care of a nursing facility.

MAXIS Minnesota Axis. A computer system that tracks and makes payments for public assistance benefits for Aid to Families with Dependent Children (AFDC), Medical Assistance (MA), General Assistance (GA), Food Stamps (FS), and Minnesota Supplemental Assistance (MSA).

MDH S Acronym for **Minnesota Department of Health**

MFIP Minnesota Family Investment Plan is a redesigned public assistance program that consolidates benefits (AFDC and Food Stamps), streamlines requirements and provides incentives to stay employed and move off public assistance.

MMIS II Medicaid Management Information System, which processes claims for the health care programs in Minnesota.

MR/RC Mental Retardation and Related Conditions. (See *DD*.)

MSA Minnesota Supplemental Assistance is a state program providing supplemental financial assistance to recipients of SSI. In some cases, the assistance is a supplemental cash grant; in others, it is in the form of payment to a provider of residential services where the recipient lives.

PA, Prior Authorization – refers to the review and authorization of MA and GAMC payment for certain restricted services, prior to the services being provided.

PAS/ACG The Pre-admission Screening-Alternative Care Grants Program screens persons before entering nursing facilities to recommend home care or nursing care. Where home care is recommended, they may receive an ACG to fund services if they are eligible for MA or would be soon after entering a nursing facility.

PCA S Personal Care Assistant.

QMB S Qualified Medicare Beneficiary is a person entitled to Medicare Part A, whose income is below the federal poverty level and whose assets are below two times the SSI asset limit. This is a MA category of eligibility, which entitles the person to MA coverage of Medicare cost-sharing.

RTC's, *Regional Treatment Centers* - State residential institutions providing 24-hour care and treatment for people diagnosed as developmentally disabled, mentally ill, or chemically dependent. Formerly known as state hospitals.

SILS, *Supervised Independent Living Services* – Residential programs for people with developmental disabilities allowing them to live semi-independently with supportive services.

SOCS S *State Operated Community Services* that are Community ICFs/MR with fewer than 6 beds operated by DHS.

Social Security Act provides a variety of funding and program Titles:

- ▶ **Title 1** – covers Old Age Assistance (OAA).
- ▶ **Title IV–A** – covers AFDC, child care associated with the Federal JOBS program, and emergency Assistance (EA) requirements and funding.
- ▶ **Title IV– B** – covers child welfare services and funding in the form of a block grant.
- ▶ **Title IV–D** –covers Child Support for AFDC requirements and funding.
- ▶ **Title IV–E** – covers foster care, training, and related case management requirements and funding.
- ▶ **Title V** – covers Maternal and Child Health for maintaining, promoting, planning, and evaluating health care services to low-income women and children.
- ▶ **Title X** – covers Aid to the Blind.
- ▶ **Title XVI** – Supplemental Security Income (SSI), (previously, Aid to Disabled).
- ▶ **Title XVII** – Medicare
- ▶ **Title XIX** – Medicaid

- ▶ **Title XX** – Social Services Block Grant.

SSI or SSDI, Supplemental Security Income S is a federal program providing a monthly maintenance cash grant to qualified age, blind, and disabled adults and children.

SSIS, Social Services Information System – a computerized child welfare system tracking caseloads and services.

SNF (Skilled Nursing Facility) or NF (Nursing Facility) S A nursing home, certified by the State Department of Health, which must meet Medicare Assistance and Medicare provider requirements related to service, staffing, and safety.

STRIDE, Success Through Reaching Individual Development and Employment S is Minnesota's version of the federally mandated JOBS program for AFDC recipients.

TEFRA–**Tax Equity and Fiscal Responsibility Act**–1982 federal law that authorized Medical Assistance to children with disabilities, regardless of their parents' income, to enable them to receive services in their own homes, instead of having to be institutionalized.

TBI or BI S Traumatic Brain Injury or Brain Injured – Individuals with deficits in adaptive behavior or substantial functional limitations caused by injury to the brain .

TPR S Termination of Parental Rights severs the parent –child relationship under *M. S. 260.221*.

WIC *Women, Infants and Children* program: A supplemental food program for nutritionally at-risk pregnant or nursing women, infants and children up to age 6. Federal monies currently provide over 95 percent of the funding for the program.

WR S Work Readiness, cash grant program which was intended to assist adults to become employable and self-sufficient. The program was terminated July 1, 1995.

MinnesotaCare Terms

1115 Waiver S A waiver of section 1115 of the federal Social Security Act, was pursued and received by the state as part of the MinnesotaCare program. It also will

have a significant impact on the Medicaid program. The waiver allows the state to develop Medicaid reforms, reduce expenditure growth, include both short- and long-

term care in managed care delivery systems, eliminate barriers to access, and coordinate and integrate the delivery of services to those with special needs. The waiver also allows the state to capture federal participation for services provided to children currently enrolled in the MinnesotaCare program.

Capitation **S** A method of payment for health services in which an individual or institutional provider is paid a fixed amount for each person served, without regard to the actual number or nature of services provided in a set period of time. HMOs characteristically use this payment method.

CHB Community Health Board S A local board of health established for better coordination of local health needs. CHBs must have jurisdiction over a minimum population and geographical area.

CHP S Children's Health Plan – The precursor to MinnesotaCare.

CISN S Community Integrated Service Network – Similar in intent to an ISN (see above), but expected to serve a more limited population, less than 50,000 members. Also allowed to form earlier than ISN's.

Community Rating S A method of calculating health plan premiums using the average cost of actual or anticipated health services for all enrollees within a specific area. No variance for different group characteristics such as age or sex are allowed.

ERISA **S** The *Employee Retirement Income Security Act of 1974*. A federal law that preempts state regulation of self-funded health benefit plans.

Experience Rating S A method of adjusting health plan premiums based on their historical utilization data and the distinguishing characteristics of a specific subscriber group.

Fee-for-Service **S** A method of paying for health services under which a physician or other practitioner charges separately for each patient encounter or service rendered, as opposed to the capitated method of payment.

Gatekeeper **S** The primary care practitioner in managed care organizations who determines whether a patient needs to see a specialist, or needs other non-routine services. The goal is to guide the patient to

appropriate services while avoiding unnecessary and costly referrals to specialists.

HCAF (*Health Care Access Fund*) – Funded by provider taxes and enrollee premiums, this fund is the source of money for payments to providers of Minnesota Care Services, administration of the MinnesotaCare programs, and related activities.

HMO (Health Maintenance Organization) – An organization that provides health services to its enrolled group in a geographic area for a predetermined fixed price.

Indemnity **S** Health insurance benefits provided in the form of cash payments rather than services. An indemnity insurance contract usually defines the maximum amounts that will be paid for covered services.

ISN Integrated Service Network – Created in the 1993 MinnesotaCare legislation, ISN's are responsible for arranging or delivering a full range of health care services for a defined population. Can be formed by providers, HMOs, insurance companies, employers, or government subdivisions.

MCHA *The Minnesota Comprehensive Health Association* – A state operated insurance program for people whose health coverage was either denied or terminated because of severe or chronic illness.

PPO *Preferred Provider Organization* – A managed care plan that provides for out-of-network services at a higher rate, and charges experience rated fees.

PPS Prospective Payment System – A payment system in which payments are not retroactively settled, but are paid under a fixed fee schedule.

RAPO, *Regulated All-Payer Option* – Repealed in the 1995 MinnesotaCare bill, a regulatory mechanism for insurers and providers that do not join ISNs. Intended to provide cost containment and utilization controls for services provided outside of ISNs in a fee-for-service environment.

RCB's Regional Coordinating Boards in Minnesota – Six boards created to provide a forum for evaluating regional health care needs and delivery systems. Include insurers, employers, unions, elected officials and consumer.

S**CHSAC State Community Health Services Advisory Committee** – Responsible for providing advice and counsel to the Commissioner of Health on issues related to the development, funding and evaluation of community health services.

U**ncompensated Care** S Health care provided without payment from a patient or third-party payer. Includes charity care and care for people unwilling or unable to pay their bill.

Judiciary Finance Terms and Acronyms

B**oard On Judicial Standards** S This independent state agency receives and acts upon complaints about Minnesota judges for judicial misconduct or wrongdoing. The board also handles judicial disability matters.

C**hallenge Incarceration (“Boot Camp”)** – Program operated by the Department of Corrections at Willow River, emphasizing discipline, education and counseling of convicted felons.

CCA Community Corrections Act S Thirty-one counties participate in the CCA (“CCA counties”). They receive a subsidy from the state and are responsible for developing, implementing and evaluating both traditional and non-traditional local corrections programs. Each jurisdiction adopts an annual plan and submits it to the Department of Corrections.

County Probation Officer Counties S “CPO Counties,” Thirty-four counties are under this designation. In these counties the juvenile and misdemeanor probation officers are employees of the county. Each of these counties receives a subsidy from the state that pays up to one half of the salaries for these officers. Felony probation and supervised release cases in these counties are handled by probation officers employed by the state.

D**OC S Department of Corrections.** The Department was created in 1959 to consolidate state correctional functions under one agency.

G**uardian ad Litem** S A person appointed by the juvenile court to represent the best interests of a child in a court proceeding.

P**arole/Probation Officer** S A person employed by the state or county who supervises and counsels persons who have been

convicted of a misdemeanor, gross misdemeanor or felony offense, and have been placed on probation by the court. Most are also responsible for the supervision of convicted felons released from prison. There really is no distinction between a probation officer and a parole officer.

POST S Peace Officer Standards and Training Board. The Board is responsible for licensing peace officers; determining selection standards; determining standards of professional conduct; regulating training and educational requirements for peace officers; and investigating allegations of professional misconduct.

PSI, Presentence Investigation – A formal report, prepared for the court by a probation officer, that provides background information and assessment data on a convicted offender. The Courts use the PSI in deciding the appropriate sanction and follow-up treatment and programmatic needs of the offender.

Probation S A court-ordered sanction placing conditions on a convicted offender, which could include some local jail or workhouse time, but allowing the offender to remain in the community under the supervision of a probation officer.

S**entencing Guidelines** S A system of determining and setting out presumptive sentences for persons convicted of crimes. Minnesota’s guidelines apply only to felony offenses. The guidelines, developed by an 11 member legislatively mandated commission, determine which offenders should go to prison and for how long, and which ones should remain in the community. The various recommended sentences are set forth on a grid which takes into account the severity of the crime and the offender’s criminal history.

STS, Sentencing-to-Serve S A sentencing option available to most courts wherein a convicted offender works off his/her fine by performing a supervision of a work crew leader employed by the state or local corrections agency. Some courts also sentence offenders to STS rather than jail or workhouse time.

State Contract Counties S In the remaining 22 counties that

are not CCA or CPO counties, the juvenile and misdemeanor probation officers are employees of the State Department of Corrections. The funding is just the reverse of CPO Counties in that the counties pay the state for up to one-half of the salaries of the officers.

Workhouse S A correctional institution operated by a

county or group of counties for the incarceration of persons convicted of misdemeanor, gross misdemeanor or felony offenses to which the court has sentenced them for up to one year. The difference between a jail and a workhouse is that workhouses hold only sentenced offenders. In those counties that do not have workhouses, both pre- and post conviction offenders are held in jails.

State Government Finance Terms and Acronyms

ADA, Americans with Disabilities Act S Requires governments and businesses to eliminate discrimination against people with disabilities in employment and in the provision of public services. There are timetables established for the removal of structural barriers that prevent people with disabilities from entering buildings or participating in public services.

ADMIN S Acronym for Dept. of Administration.

CAAPB, Capitol Area Architectural Planning Board S designed to preserve and enhance the dignity, beauty and architectural integrity and open spaces of the capitol complex. Further, the CAAPB is responsible for pedestrian and vehicle transit approaches that achieve maximum accessibility to the capitol complex and for establishing a flexible framework for growth in the capitol complex.

DOER S Acronym for Dept. of Employee Relations.

FINREP, Financial Reporting Project S IISAC (see definition below) project to improve local government reporting.

IISAC, Intergovernmental Information Systems Advisory Council. This council was created in 1972 to develop a plan that would be the guidelines for “coordinating and facilitating services, techniques, procedures and standards for the collection, utilization and dissemination of data by and between various spheres of Government.” IISAC was also to develop

recommendations for the expeditious gathering and reporting of certain tax related data from local governments.

Internal Service Fund S Account for the financing of goods and services provided by one state agency to other state agencies on a recurring cost reimbursement basis. These funds do not generate additional receipts to total state revenues because the goods or services are internal to state government agencies only.

IPO, Information Policy Office – a division of the Department of Administration responsible for: a) ensuring that the state’s information resources are not duplicitous and that the use of technology is maximized for the benefit of the state’s citizens; and b) responding to public policy requirements relating to information. IPO also reviews all state agency information resource budget requests before they are submitted to the legislature.

LCC, Legislative Coordinating Commission S coordinates the administrative activities of the legislative commissions, the Senate and the House of Representatives.

Master Lease S this is a lease-purchase option only available to the Department of Administration. It is used to finance purchases by the commissioner of administration with money from an internal service fund or to refinance equipment already purchased under a master lease. Additionally, it may be used to finance purchases of capital equipment valued over \$100,000 with a useful life of more than ten years. The Legislature does have authority to specifically authorize certain purchases

to be financed using a master lease as long as the purchase is for major equipment with a capital value of more than \$10,000. This process allowed less administrative work by the agencies, and it created significant decreases in interest rates paid by the agencies.

MnASSIST S (replaces term **SSP**), defined as the inter-agency support organization for the operation and maintenance of the new information systems (see **SSP**).

Mnet S the name of the network deployed to deliver **STARS**, the state's public sector telecommunications system.

P **EIP, Public Employees Insurance Plan** –trust fund holding premium deposits received from employers participating in the plan. This money pays for insurance premiums, claims, refunds, other related service costs and administrative costs.

Pension Systems:

- ▶ **TRA S** Teachers Retirement Association, provides coverage for public school teachers throughout the state, except for teachers in the first class cities, and some teachers in community colleges, state universities, and technical colleges.
- ▶ **PERA S** Public Employees Retirement Association, administers various pension plans that cover local, county, and school district non-teaching employees.
- ▶ **MSRS S** Minnesota State Retirement System, administers various pension plans that cover state employees
- ▶ **DTRFA S** Duluth Teachers Retirement Fund Association

- ▶ **MTRFA S** Minneapolis Teachers Retirement Fund Association
- ▶ **MERF S** Minneapolis Employees Retirement Fund, only applies to employees hired before July 1, 1978.
- ▶ **STPTRFA S** St. Paul Teachers Retirement Fund Association.
- ▶ **IRAP S** Individual Retirement Account Plan, defined contribution plan primarily covering many recently hired state university, community college, and technical college personnel.
- ▶ **SBI S** State Board of Investment, constitutionally established to invest state assets, including pension fund assets of TRA, MSRS, and PERA.

S **SP, Statewide Systems Project S** renamed **MnAssist** – executive branch, statewide, computerized business systems, which replaced agencies' outdated accounting procurement and payroll systems. The system includes MAPS (an accounting and procurement system), GFS (*Government Financial System*), SEMA 4 (human resources management system) and AGPS (*Advanced Government Purchasing System*). The system is administered by the Department of Finance.

STARS S **Statewide telecommunications access and routing system** which carries voice, data, video and facsimile information over high speed public telephone network facilities.

Statewide Indirect Costs S All General Fund expenditures made by any state agency attributable to providing general support services to any other state agency.

Tax Terms and Acronyms

Ad valorem Tax – A tax that is measured by value; that is, calculated based on the value of the asset, good or transaction; for example the *ad valorem* property tax, the mortgage registration tax. (The other types of taxes include those based on consumption (e.g., sales), volume (e.g., gas) and ability to pay (e.g., income).)

AGI, Adjusted Gross Income – An intermediate amount between total annual income and taxable income for income tax purposes. (AGI includes wages, salary, tips, certain pension benefits, interest, dividends, rents royalties and self-employment income minus business expenses, depreciation, and adjustments for the cost of goods sold, IRA and Keogh deductions.) Also see: **FAGI**, Federal Adjusted Gross Income; **MAGI**, Minnesota Adjusted Gross Income.

AMT, Alternative Minimum Tax – The tax laws give special treatment to some kinds of income and allow special deductions and credits for some kinds of expenses. Taxpayers who benefit from these laws may have to pay at least a minimum amount of tax through an additional tax ... called the *alternative minimum tax*. –IRS, *Publication 17*.

Apportionment of Income – A method by which businesses with income from within and without a state allocate that income between or among states.

Assess – (1) Establish a value. (2) Impose a tax, charge, fee, fine, interest or penalty.

Assessment – (1) Appraisal or estimation of value, specifically the arms-length market value of taxable real or personal property. (2) The amount of tax imposed, particularly by (3) a tax for improvements that directly benefit property as in “a special assessment.”

Audit – Examination of tax returns, accounts or financial records to verify their correctness.

Basis – A taxpayer’s interest in a property, used to determine the gain or loss for tax purposes from the sale or other disposition of the property.

Capital Gain or Loss – Net amount of income realized or lost from the sale or exchange of property defined by law

as a capital asset (e.g., stocks and bonds).

CRV, Certificate of Real Estate Value – A form that is required to be filed (M.S. 272.115) with the county auditor whenever real estate is sold for consideration in excess of \$1,000. The certificate, or “CRV” must show the property class and full price paid, or to be paid, including any liens assumed and other information (such as the value of personal property conveyed with real property) that is necessary to determine the fair market value of the property. Information from CRV’s is used in the state *sales ratio study* for purposes of property *equalization* for the state *school aid formula* and property tax *assessment*.

Child and Dependent Care Credit – An income tax credit for expenses paid to someone who cares for the taxpayer’s child under age 13, or for a spouse or dependent who is not capable of self-care, to enable the taxpayer to work or look for work.

Children’s Credit – An income tax credit for married parents of infants less than one year of age. The credit may be claimed in the child’s birth year only, provided that the parents do not take the child care credit or use an employer plan to pay for child care from pre-tax income.

“Circuit Breaker” – Direct state property tax relief to owners of residential and farm homestead property on the basis of local property tax burden relative to household income, in the manner that an electrical circuit breaker relieves an overburden on a circuit. (See *Property Tax Refund*.)

Class, or Property Classification – The Minnesota property tax system imposes different property tax burdens on different types, or classifications, of property. For example, residential property, commercial industrial property, rental property, and seasonal recreational property are separate classifications of property and are treated differently under the Minnesota property tax system.

Class Rate – A state-determined rate that establishes the relative property tax burdens among different classes of property. For example, property classified as “homestead residential up to \$72,000 in value” has a class rate of 1 percent, and “homestead residential value over \$72,000” has a class rate of 2 percent. Therefore, homestead residential market value over \$72,000 has two times the

tax as the value under \$72,000 (all else held equal).

Combined Receipts Tax – Applies at graduated rates to gross receipts over \$500,000 per year from a non-profit organization's (gambling) sales of pull tabs and/or tipboards.

Controlled Substances Tax ("Gross Tax") – An excise tax imposed by weight or dosage unit. Applies to marijuana and illegal controlled substances held, transported, possessed, transferred, sold or offered for sale in Minnesota.

Corporation Franchise Tax – The state tax on domestic and foreign (i.e. non-Minnesota based) corporations and financial institutions (including state and national banks) that do business in Minnesota.

Contamination Tax – A property tax on the contamination value of taxable real property (up to the estimated cost of a response plan), applicable to market value reductions in effect during the taxable year.

Deduction – A sum or amount subtracted, or allowed by law to be subtracted, from otherwise taxable income; amounts subtracted from adjusted gross income for documented, specific uses of money (itemized deductions), and fixed amounts varying by filing status that filers may subtract in lieu of itemized deductions.

Deed Transfer Tax – A tax paid at the time of transfer to the county treasurer by a person who grants, assigns, transfers or conveys real estate.

Dependent – A member of a taxpayer's household (other than a spouse), whom the taxpayer supported and who is a U.S. citizen or resident during the calendar year.

Depreciation – Recovery through an income tax deduction, spread over several years, of some or all of the amount a taxpayer paid for property that is used to produce income (such as rental property or an automobile).

DOR/MDOR — Minnesota Department of Revenue. The agency that administers the state tax system, revenue collections and refunds, state aid to municipalities, and oversees local property tax assessment, property equalization, and administrative practices.

Education Deduction – A Minnesota income tax itemized deduction for eligible school expenses of a dependent child enrolled in a public or non-public school, grades K-12.

EITC, Earned Income Tax Credit – A federal income tax credit for low-income persons who work, primarily those with children, to partly-offset the burden of Social Security taxes and a rising cost-of-living. The credit reduces the amount of taxes owed (if any) or, if the credit is more than the taxpayer's liability the difference is paid as a refund. Minnesota's "piggyback" credit of 15 percent is called the *Working Family Credit*.

Elasticity – A measure or estimate of consumer response (the incremental change in consumption) to an incremental change in a tax or in the cost of a product or service at retail including the change in tax. More elastic goods are ones where the price can be increased with little effect on demand (e.g., cigarettes).

"Elderly Subtraction" or "Senior Subtraction" – A mechanism in the Minnesota income tax that allows eligible persons age 65 and older (and permanently and totally disabled taxpayers of any age) whose income is primarily from taxable sources to reduce their taxable income on the state return.

Equalization – The process of: (1) reducing tax rate or tax base disparities among different taxing jurisdictions; or (2) reducing net tax disparities among different properties within the same class in a given taxing jurisdiction. (See *State Board of Equalization, State Board Order*.)

(1) **Tax Rate or Tax Base Equalization** – Two different taxing jurisdictions with similar spending needs but vastly disparate tax bases would be required to set local tax rates at substantially different levels in order to raise the same total revenue. Tax Rate or Tax Base Equalization is the process of providing additional state aid to the taxing jurisdiction with the lesser taxable base.

(2) **Equalization (of property values)** – A property's assessed value represents the baseline for determination of the payable property tax. Since the assessed value is determined by local property tax assessors, the system does not guarantee that values will be interpreted consistently by all property assessors in the state. Equalization is the term that is used to describe the process of ensuring that **all** taxable property is assessed at or near its actual market value as required by state law.

Estate Tax – Applies to estates with gross federal estate value more than \$600,000. Known as the "*pick-up tax*" because the state tax amount is equal to Minnesota's portion of the federal estate tax credit for state taxes.

EMV, Estimated Market Value – The value that a local assessor determines to be the amount that the property could sell for in an open market (in an arms-length transaction), less any deductions or adjustments provided by law. This value is multiplied by the appropriate class rate to arrive at the tax capacity of the property.

Estimated Tax – The method used to pay income tax on income that is not subject to withholding.

Excise Tax – A tax on the sale, consumption or manufacture of a product or substance; usually, a tax measured by unit or volume (*rather than by value*).

Exemption – the exclusion from an individual's taxable income of a specified amount for that person and each of his/her dependents; the amount specified to be free of tax liability.

FTI, Federal Taxable Income – Adjusted Gross Income minus personal exemptions and deductions.

Fiscal Disparities (“FD”) Program – Often referred to simply as “FD,” requires every taxing jurisdiction within a geographic area, *e.g.*, the seven county metropolitan area and the taconite relief area, to contribute 40 percent of the growth (measured from a specified base year) in the commercial/industrial property taxable base to an area wide pool. This tax base is distributed among all taxing jurisdictions in the geographic area on the basis of population and taxable real property. The principle concept behind FD was to discourage unbalanced development, especially the concentration of new development in high property wealth/ low-tax areas, and to redress the imbalance between public service needs and financial resources in certain communities.

Franchise Tax – See *Corporation Franchise Tax*.

FUTA, Federal Unemployment Tax Act – Imposes a federal tax on employers, for purposes of financing unemployment insurance (which is administered by the states).

Gas Tax – Technically the motor fuels excise tax, applies to gasoline and diesel fuels used in highway vehicles, aircraft, boats, snowmobiles and all-terrain vehicles at a statutory rate per gallon. An annual fee by vehicle weight and mileage applies to compressed natural gas, propane and other alternative highway fuels. Proceeds are required in the State Constitution to go to the Highway Users fund for road construction, airport improvements

and maintenance, leaking underground storage tank clean up, petroleum grade inspection.

HACA, Homestead Agricultural Credit Aid – A state property tax relief program to all municipal governments, school districts, and special taxing districts in the state. The program was initially designed to replicate the amount of relief formerly provided by the separate homestead and agricultural credits under the property tax system in place prior to the 1988 property tax reforms.

Head of household – Income tax filing status for unmarried persons who provide more than half the cost of keeping up a home for a qualifying dependent. Qualifies for a tax rate lower than those for single or married-filing-separate filing status.

Impact of Taxation – The person, company or transaction on which a tax initially is levied; person, company or transaction having a legal responsibility to remit the tax to the government.

Incidence of Taxation – The final burden of a tax or taxes. *Incidence* usually refers to the individual, company, demographic unit or group, economic sector or income stratum that ultimately bears the burden of a tax or total taxes. The person or entity with an initial tax impact will attempt to pass the tax to others, with success dependent on a variety of factors.

Income – “Income has different meanings depending on both the agency or department collecting income data, as well as the specific program under which the data is being collected. ... The concept of income can vary not only between federal [state] departments but within a department itself. ... Even if the definition is the same in two programs, there may be methodological differences in collected the data. To really understand income data, it is essential to identify the source of data and to be aware of the specific definitions and limitations in effect for that program at the time the data was collected.”

— *U.S. Department of Commerce, Bureau of the Census.*

- ▶ **Income before taxes** (“*pretax income*”) – In the *Consumer Expenditure Survey* includes: wages and salaries; self-employment income including losses; Social Security, private and government retirement income; interest, dividends, rental income and other property income; unemployment and workers’ compensation; veterans’ benefits; public assistance,

supplemental security income and food stamps; regular contributions for support including alimony and child support, foster care payments; cash scholarships, fellowships, stipends; meals and rent as pay.

- ▶ **Disposable Personal Income** – Personal income less personal tax and non-tax payments, a measure that represents a portion of personal income available to persons for spending and saving. .
- ▶ **Personal Income** – In national economic accounting, personal income is the income received by persons: individuals, owners of unincorporated businesses (including partnerships), non-profit institutions, private trust funds, and private non-insured welfare funds. Personal income is the sum of wage and salary disbursements, other labor income, proprietors' income, rental income of persons, dividends, and personal interest income and transfer payments, less personal contributions for social insurance.

—*Dictionary of U.S. Government Statistical Terms*, source: U.S. Dept. of Commerce, Bureau of Economic Analysis.

- ▶ **Self-Employment Income** – A type of money income which comprises the net income received by persons from an unincorporated business, profession, or from the operation of a farm as a farm owner, tenant or sharecropper. **Net income** is gross receipts minus operating expenses. —*Dictionary of U.S. Government Statistical Terms*, source: U.S. Department of Commerce, Bureau of the Census.

Income Tax – A tax levied on *taxable income* of individuals and businesses (*taxable income* is defined by law).

Indexation, Indexing – A mechanism for periodic adjustment of tax thresholds and/or progressive tax brackets to keep taxes constant in real terms (*e.g.*, after inflation). In Minnesota, some tax benefits thresholds, such as property tax refunds and certain tax credits also are indexed.

IRA, Individual Retirement Account – A tax-deferred savings vehicle whereby an annual contribution may be tax deductible and the investment growth value is tax-deferred until proceeds are withdrawn, usually after retirement.

- ▶ A “**back-loaded**” **IRA** provides for income taxes to be paid on the initial investment, which, after a specified minimum holding period, may be withdrawn tax-free together with any profits.

IRC – The Federal *Internal Revenue Code*.

IRS – *Internal Revenue Service*, U.S. Department of Treasury.

LGA, Local Government Aid – A primary source of state property tax relief aid to cities and townships. Most of the aid is distributed on a grandfathered basis. Need factors include population, the percent of commercial and industrial property in the taxable base, and the percentage of older housing.

Lawful Gambling Tax – State tax paid by organizations that legally conduct bingo, raffles and paddle wheels, with exemptions for limited occasional sales, small raffles and certain fairs and festivals. Applies to gross receipts minus actual prizes paid from these fundraising activities

Levy – (1) The total dollar amount raised in property taxes by a local unit of government. (2) A tax, fee or surcharge. (3) The imposition of such a charge.

Local Government Trust Fund S Formerly, an earmarked fund-within-the-General-Fund into which part of the proceeds of the general sales tax were deposited, from which the state issued payments for several forms of property tax relief aids to local units of government and direct property tax relief payments to individuals. Established in 1991, and sunset June 30, 1996.

M-1 and M-1A – Minnesota income tax return forms for individuals. M-1 is the long form, M-1A is the short form.

MAGICC, Minnesota Adjusted Gross Income Childcare Credit. Taxable and nontaxable income as reported for purposes of the Minnesota income tax child and dependent care credit (form M-1CR, line 6), commonly used in research and analysis as “household income” data.

MinnesotaCare Taxes – Provider tax applied to hospitals and surgical centers, health care providers, prescription drugs, medical supplies and equipment at wholesale. Proceeds fund the MinnesotaCare health insurance program.

MTI, Minnesota Taxable Income – Federal Taxable Income minus any U.S. Bond interest, qualifying K-12 education expenses, elderly exclusion income, Railroad Retirement income, previously-taxed retirement contributions, plus any non-Minnesota state-municipal bond interest and state tax refunds.

Mortgage Registry Tax – An *ad valorem* tax on principal debt secured by a mortgage of real property, paid by the lender who records or registers the mortgage.

“MVET” – Formerly, the **Motor Vehicle Excise Tax**, now officially, the “*Sales Tax on Motor Vehicles*” or “*STMV*” (see below).

Motor Vehicle Registration Tax – Tax imposed at registration, then annually, on motor vehicles using the public streets and highways, evidenced by a license plate with current-year tag. The tax is in lieu of a property tax. Administered by the Department of Public Safety, revenues are deposited in the Highway User Tax Distribution Fund.

Nexus – Economic connections or links to a state that result in a legal liability to pay or remit taxes to that state.

Property Tax Refund (PTR) – Property tax relief programs administered as direct payments to individuals: the “Circuit Breaker” refund for homeowners and the “Renters Credit” are based on net property taxes relative to income; the “Targeting” Refund for homeowners is based on the percentage increase in tax above a statutory dollar threshold.

Pull-Tab and Tipboard Tax – A state tax on lawful gambling activities that applies at a 2 percent rate to each “deal” (package or game) of pull tabs or tipboards sold by a distributor.

Renters Credit – A property tax relief program provided to occupants of rental property, complement to the homeowners’ “circuit breaker.” The credit is based on property taxes in rent paid and renters’ household income. (See *Property Tax Refund*.)

RRTA – Rail Road Retirement Act. Tier I railroad retirement is an employer–employee tax in lieu of the Social Security Tax (OASDI/HI), on railroad employment.

Revenue Estimate — Official fiscal analysis (similar to a fiscal note) prepared by an Executive branch agency, forecasting the revenue loss or gain from the enactment of proposed tax legislation. Usually prepared by the Research Division of the Department of Revenue.

Sales Ratio – This is the term for a type of analysis (“sales ratio study”) used by the Department of Revenue to

measure the “accuracy” of local assessors’ estimates of taxable property values. A sales ratio of 100 percent suggests that the aggregate estimated market values of properties selling within a geographical boundary are exactly equal to the actual sales prices of those properties. When the sales ratio for a particular class of property falls below 90 percent or exceeds 105 percent, the *state Board of Equalization* is authorized to issue a *State Board Order* increasing or decreasing the taxable values of all properties in that class and assessment area by a flat percentage across the board, in order to achieve greater *equalization* of taxes among like properties.

Sales and Use Tax – A tax on the purchase of taxable goods and services used or consumed in Minnesota, paid by the final consumer. Sales tax is paid by the purchaser to the seller who remits the tax to the state. The use tax normally is paid directly by the purchaser to the state.

STMV, Sales Tax on Motor Vehicles – Applies to purchases of motor vehicles required to be registered in Minnesota; applies at the same rate as the state sales and use tax. Receipts are deposited in the general fund. (Formerly, the Motor Vehicle Excise Tax, or “MVET.”)

Self-Employment Tax – A tax that applies to earnings from self-employment *in lieu* of the Social Security Tax (OASDI/HI). A self-employed individual pays both the employer and employee share.

Severance Taxes – Taxes imposed distinctively on the removal of natural products from land or water and measured by value of quantity of products removed or sold. These natural products include oil, gas, minerals, timber and fish.

Special Assessment – A means of collecting compulsory contributions from property owners benefitted by a municipal improvement to real property (such as installation or repair of a sidewalk or sewer) where the assessment is proportional to benefit, and the property owner has the option to spread the charges over multiple years and pay the bill with property taxes.

Special Taxes – Taxes on cigarettes, tobacco, beer, wine, liquor, and gambling products, hazardous and solid waste, insurance taxes and certain fees.

State Board of Equalization – A board of review led by the Commissioner of Revenue which oversees property assessment practices around the state. The Board uses a “*sales ratio study*” to evaluate and —when necessary— to adjust taxable market values for a specific class within a

specific geographical boundary when market values are found to be inconsistent with actual sales prices.

State Board Order – An order issued by the *State Board of Equalization* requiring that assessed values for a given class within a given geographical boundary be adjusted—usually upward—to reflect the true estimated market value of the class of property in question, based on actual sales prices and other information from the *CRV*.

Targeting Refund – A state property tax relief program that ‘refunds’ part of the property tax bill to the owners of residential homestead property, when there is a relatively large one-year increase in property taxes.

Taxes – Compulsory contributions exacted by a government for public purposes.

Tax Capacity – A term used to describe the “property taxable base” of a geographic unit or a single parcel of property. The tax capacity is defined as the estimated market value of a parcel of property multiplied by the appropriate class rate. The tax capacity of a county, for example, is the sum of the tax capacity of all parcels of property in that county. (Also see *ANTC*, Education section.)

Tax Expenditure — Revenue losses attributable to tax preferences such as a tax exemptions, deductions, reduced rates, credits and deferrals of liability. Tax expenditures are alternatives to direct expenditures or mandates in promoting public policy goals. Unlike direct appropriations, tax expenditures usually are not time-limited and need not be re-enacted. The Department of Revenue calls a provision a *tax expenditure* if it meets *all* of these criteria. It: (1) has an impact on a tax that is applied statewide; (2) confers preferential treatment; (3) results in reduced tax revenue in the applicable fiscal years; (4) is not an appropriation; (5) is included in the defined tax base; (6) is not subject to an alternative tax; and (7) can be amended or repealed by a change in state law alone.

Tax Preference – Nontaxability of an otherwise-taxable item of income, consumption or expenditure.

Tax Rate – Percentage or proportional application of a tax.

- ▶ **ETR, Effective Tax Rate** – Total tax payments as a percent of income. (The definition of individual income normally is gross income.) May apply to a given tax, such as the individual income tax, or to the

total tax burden for an individual, couple, family, household, income group or, an economic sector.

- ▶ **Local Tax Rate** – The rate of tax determined by dividing the amount of a local government’s *levy* by the total *tax capacity* of all taxable properties within that local government’s taxing jurisdiction.

Total Local Tax Rate – The sum of *local tax rates* levied on a parcel of property. A property located in a county with a 50 percent tax rate, a city with a 25 percent tax rate, a school district with a 25 percent tax rate, and special taxing district with a 5 percent tax rate is said to have a total local tax rate of 105 percent.

- ▶ **Marginal Tax Rate** – The rate of tax on an incremental unit of income (*e.g.*, “the last taxable dollar” or, “the next dollar earned”).

TIF, Tax Increment Financing – A development tool used by city governments which applies the additional property taxes generated by a new or improved development (known as the “tax increment”) to pay for the costs of the development. Thus, the added property taxes generated from a development pay for the cost of acquiring the land, preparing the site, or other development costs instead of paying for the cost of general government provided by all units of government in which the development is located. Only after a pre-designated term do the property tax revenues flow to the local governments.

Truth-in-Taxation – A process designed to involve citizens in local government before budget and tax decisions are made by local units of government. Each December, notices are sent to homeowners and published in local newspapers informing citizens of proposed property tax increases. Citizens are invited to attend a public hearing with local elected officials to voice their opinion about proposed levies and budgets, or other concerns.

Unemployment Insurance Tax – An employer tax, deposited in the Minnesota Unemployment Compensation Fund to pay benefits to eligible unemployed workers. Administered by the Dept. of Economic Security under federal law (see *FUTA*).

UBIT, Unrelated Business Income Tax – A federal and state tax paid by tax-exempt organizations on income attributable to activities unrelated to their exempt purposes.

Use Tax – Complement to the sales tax, applies to use or consumption in Minnesota by individual and business consumers who purchase or lease taxable goods and services out of state or from out-of-state firms. The tax is meant to prevent evasion of the sales tax, equalize the tax burden on those who make purchases from within and without their state of residence and to treat competing sellers equitably. An individual may purchase up to \$770 worth of items in a calendar year exempt from the use tax, under the *de minimis* exemption enacted in 1996.

UTJ, Unique Taxing Jurisdiction – A geographical region with a unique total local tax rate, meaning that the sum of

the county, city or township, school district, and any special taxing district is unique. In other words, any two properties located in the same county, city or township, school district, and all special taxing districts are said to be in the same UTJ.

Withholding – Taking out part of an employee's wage or salary as a deposit for future tax liability.

Withholding Tax – A tax paid by employees through payroll deduction of part of their wages or salaries.

Transportation Terms and Acronyms

HUTDF, Highway User Tax Distribution Fund – A fund established by the Minnesota Constitution to distribute motor fuels tax and vehicle registration tax revenues. The distribution of the combined tax revenue is 62 percent to the Trunk Highway Fund, 29 percent to the County State-Aid Fund and 9 percent to the Municipal State Aid Fund.

I RRRB, Iron Range Resource and Rehabilitation Board – a state agency that uses revenues from a tax on taconite production to stimulate the Iron Range economy.

ISTEA, "Ice Tea" – The **Intermodal Surface Transportation Efficiency Act** is a federal law that set the funding formulas for the distribution of federal gas tax

revenues to the states. The act expires September 30, 1997.

MCTO, Metropolitan Council Transit Operations – agency that supplies bus service to the Twin Cities metro area. Formerly known as the MTC, or Metropolitan Transit Commission.

Metro Mobility – The provider of transit services for disabled commuters in most of the Twin Cities area.

Trunk Highway Fund – A fund established by Article XIV, Section 6 of the State Constitution to pay for the Minnesota Trunk Highway System.

House Fiscal Analysis Department

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