

**Eleventh Edition  
January 2015**



**Research Department**  
Minnesota House of Representatives  
600 State Office Building, St. Paul, MN 55155  
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January 2015**

**Minnesota  
Government  
in  
Brief**

**Research Department**  
Minnesota House of Representatives  
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The Research Department is the research and legal services office of the Minnesota House of Representatives. It is a nonpartisan office serving the entire membership of the House and its committees. The department conducts legal and policy research, collects and publishes information for use by House members, and assists members and committees in developing, analyzing, drafting, and amending legislation.

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# **Introduction**

Welcome to the eleventh edition of the Minnesota Government in Brief. This book is a collective effort by House Research to provide legislators with important factual information about Minnesota.

Using the most recent data available, Minnesota Government in Brief provides details about such items as the state's population, the number of people the state employs, and how state revenues are allocated. Designed as an easy reference to state information, the publication is divided into four major sections: demographic and economic data; government organization and employment; government finance; and major government functions and services. Please refer to the table of contents on the following page for a more detailed list of what's covered in each section. Also refer to the index at the end of the book.

Minnesota Government in Brief is also available with supplementary information on our website ([www.house.mn/hrd/](http://www.house.mn/hrd/)).

We hope you find the 2015 edition of Minnesota Government in Brief to be a valuable resource.



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**Demographic and Economic Data**



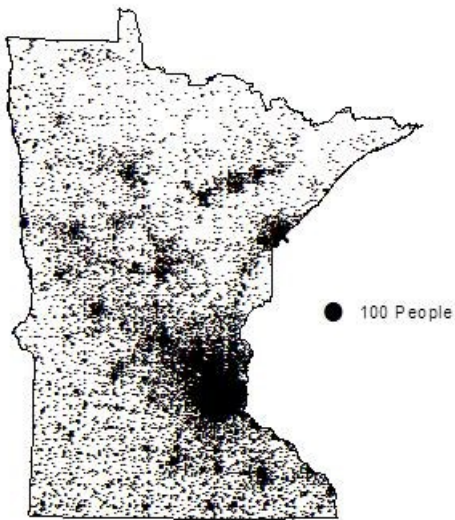
## Minnesotan 2013 Population Profile (estimates)

Age	Under 18	18-64	65+
<b>Total</b>	<b>1,168,932</b>	<b>3,268,644</b>	<b>747,988</b>
White	979,773	2,897,137	719,177
African American	101,034	181,079	12,414
American Indian & Alaska Native	19,050	35,781	4,353
Asian	68,460	153,540	12,013
Native Hawaiian & Pacific Islander	615	1,107	31
Two or more races	79,358	62,470	4,933
Hispanic	107,523	152,583	6,744

Note: Hispanic-origin persons can be of any race.

Source: U.S. Census Bureau

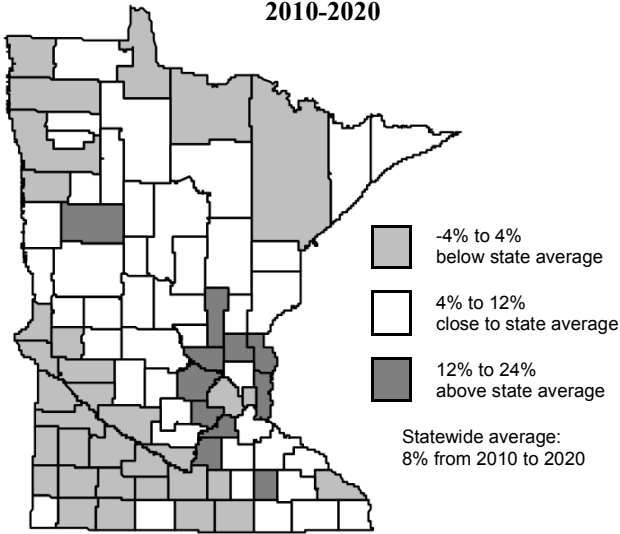
## Minnesota Population (5.4 million in 2013)



## Ten Most Populous Cities in 2013

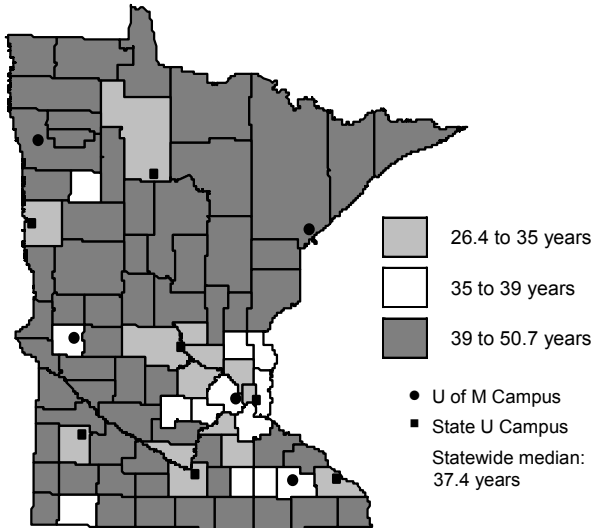
Minneapolis	400,938	Brooklyn Park	77,989
St. Paul	296,542	Plymouth	72,969
Rochester	110,393	Eagan	66,301
Duluth	86,139	St. Cloud	66,219
Bloomington	85,935	Woodbury	65,746

## Estimated County Population Change 2010-2020



Source: Minnesota State Demographic Center

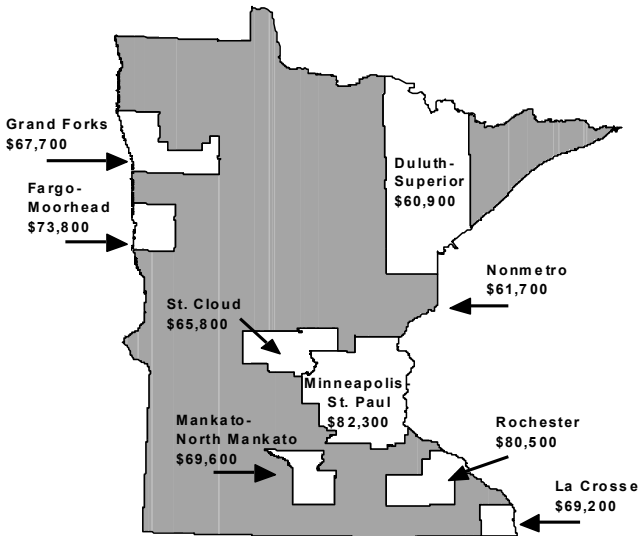
## Median Age by County, 2010, and Public 4-year Universities



Source: U.S. Census, 2010

Median age is typically lower in counties with a public four-year university. Median age for counties is only calculated every ten years, as part of the decennial census.

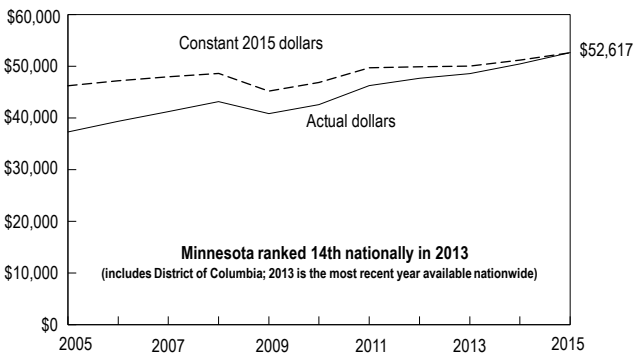
## Median Family Income for Metropolitan Areas, 2013



Source: U.S. Department of Housing and Urban Development

“Family income” is defined as the total income from all sources of a family of four as reported in the 2006-2010 American Community Survey (ACS) by the U.S. Census Bureau and adjusted to 2013 levels based on the average annual change in incomes from 2005 to 2010.

## Minnesota Per Capita Personal Income (\$52,617 in CY 2015)



Source: Minnesota Management and Budget, Price of Government, February 2014.

## Annual Average Employment by Industry, 2011-2013

Industry Type	Number of Jobs		
	2011	2012	2013
<b>Total Employment</b>	<b>2,603,526</b>	<b>2,644,935</b>	<b>2,691,838</b>
Natural Resources and Mining	25,042	26,386	26,814
Construction	98,604	101,595	107,369
Manufacturing	300,879	305,611	307,237
Trade, Transportation, and Utilities	514,269	518,682	525,073
Information	57,211	57,275	57,017
Financial Activities	172,026	175,981	179,660
Professional and Business Services	332,381	339,431	348,262
Education and Health Services	641,181	651,479	665,302
Leisure and Hospitality	255,827	261,491	265,904
Other Services	84,410	84,607	85,345
Public Administration	121,477	122,373	123,852
Unclassified	219	24	3

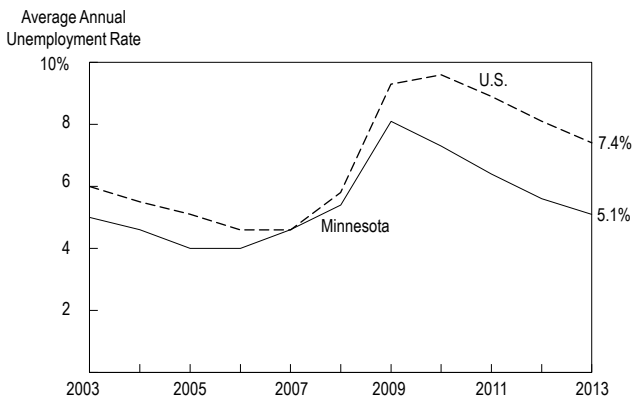
Source: Department of Employment and Economic Development and U.S. Department of Labor, Bureau of Labor Statistics, Quarterly Census of Employment and Wages

## Gross State Product by Industry, 2011-2013

Industry Type	Gross State Product (millions)		
	2011	2012	2013
<b>Total Gross State Product</b>	<b>\$285,670</b>	<b>\$298,271</b>	<b>\$312,082</b>
Agriculture, Forestry, Fishing, and Hunting	7,921	10,305	14,066
Mining	2,886	2,704	2,701
Utilities	4,900	5,346	5,771
Construction	10,760	11,515	12,357
Manufacturing	40,826	42,795	43,744
Wholesale Trade	19,683	20,741	21,680
Retail Trade	15,442	15,642	16,249
Transportation and Warehousing	7,996	8,185	8,413
Information	11,051	10,814	10,847
Finance, Insurance, Real Estate, Rental, and Leasing	56,229	59,158	61,971
Professional and Business Services	35,069	36,215	37,655
Educational Services, Health Care, and Social Assistance	27,879	28,868	29,895
Arts, Entertainment, Recreation, Accommodation, and Food Services	9,173	9,483	9,810
Other Services (Except Government)	6,013	6,165	6,323
Government	29,842	30,335	30,600

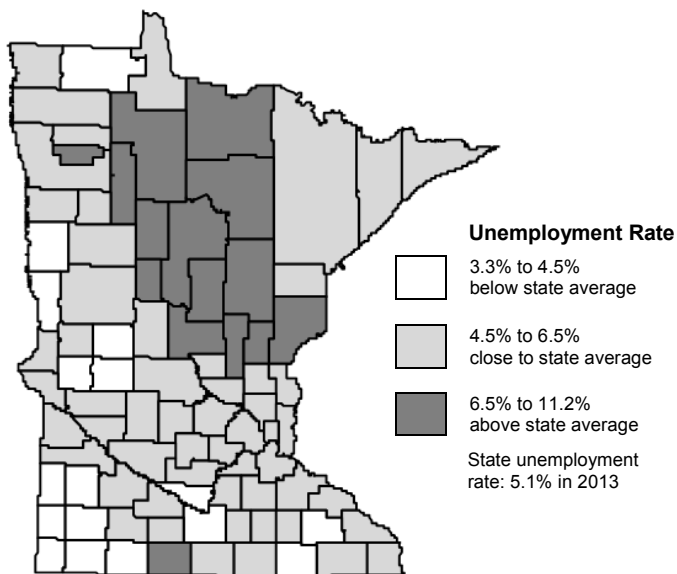
Industry data based on North American Industry Classification System (NAICS)  
Source: U.S. Department of Commerce, Bureau of Economic Analysis  
Data based on BEA update to all data, including historical, as of June 2014

## Unemployment Rate (MN: 5.1% in 2013; U.S.: 7.4% in 2013)



Source: U.S. Bureau of Labor Statistics

## Unemployment by County, 2013



Source: U.S. Bureau of Labor Statistics





## **Government Organization and Employment**

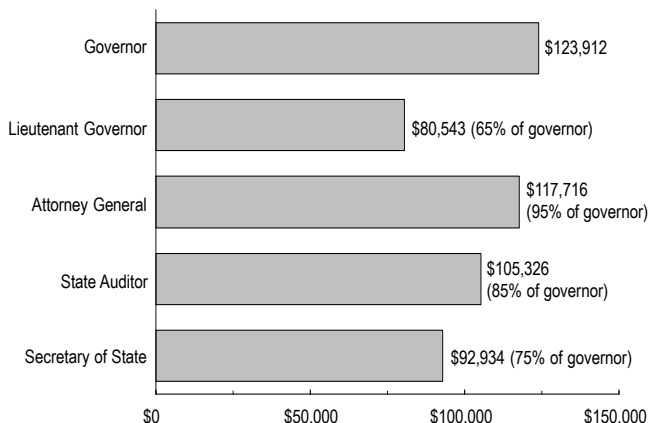
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# State Executive Branch

## Salary of Elected Constitutional Officers, January 2015

Salaries of constitutional officers are set in law as a percentage of the governor's salary. (Laws 2001, 1st spec. sess., ch. 10, art. 1, § 2.)



Constitutional officer salaries will increase 3% in January 2016.

## Major State Departments

- Each department is headed by a commissioner appointed by the governor.

### Administration and Finance

Administration  
Management and Budget  
Revenue

### Environment

Natural Resources  
Pollution Control

### Public Safety and Transportation

Corrections  
Military Affairs  
Public Safety  
Transportation

### Business and Employment

Agriculture  
Commerce  
Employment and Economic Development  
Labor and Industry  
Mediation Services

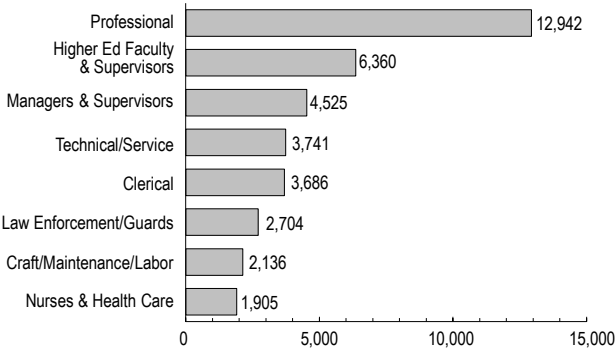
### Education, Health, and Human Services

Education  
Health  
Human Rights  
Human Services  
Housing Finance  
Veterans Affairs

**Other Executive Branch Agencies**

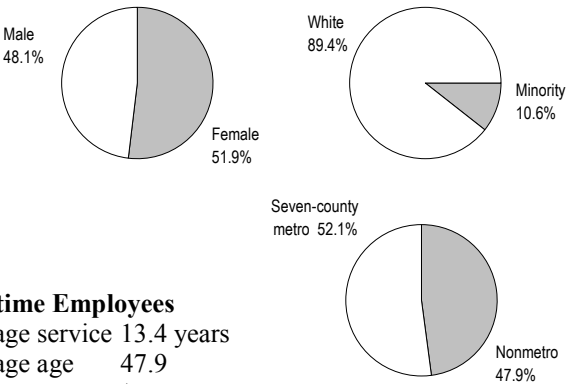
- There are dozens of boards, councils, commissions, and task forces, including about two dozen occupational licensing boards.
- Most of these groups are advisory to a major state agency.

**Full-time Executive Branch Employees  
(39,201 in July 2014)**



(Does not include approximately 14,000 part-time or temporary employees or 1,202 employees who cannot be allocated to any of the occupational categories)

**Characteristics of Executive Branch Employees  
(includes part-time and temporary employees  
as of July 2014)**



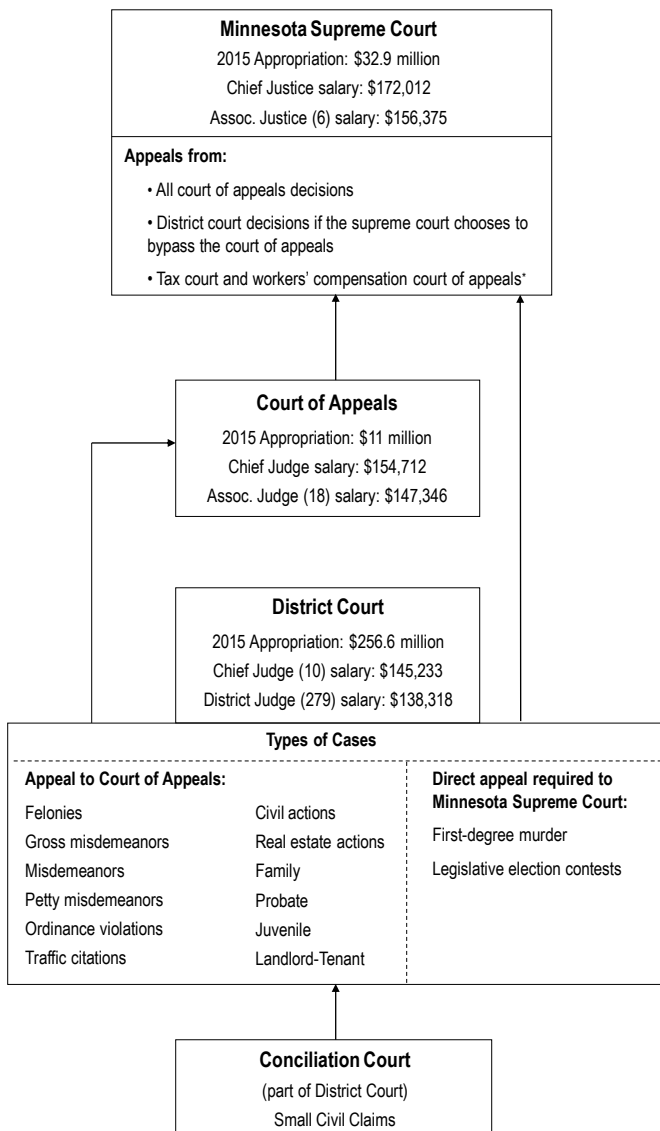
**Full-time Employees**

Average service 13.4 years  
Average age 47.9  
Average pay\* \$28.88/hour

\* Does not include MnSCU Faculty  
Source: Department of Management and Budget

# State Judicial Branch

## State and Local Funding, Employees, Jurisdiction (\$300.5 million in state funding, FY 2015)



\* Tax court and workers' compensation court are executive agencies outside the state court system.

## **Judicial Branch Employees**

There are over 2,900 state employees of the appellate courts, district courts, and judicial agencies, including judges.

The state has taken over funding of all ten judicial districts. Counties are required by statute to continue to provide and maintain facilities for the trial courts.

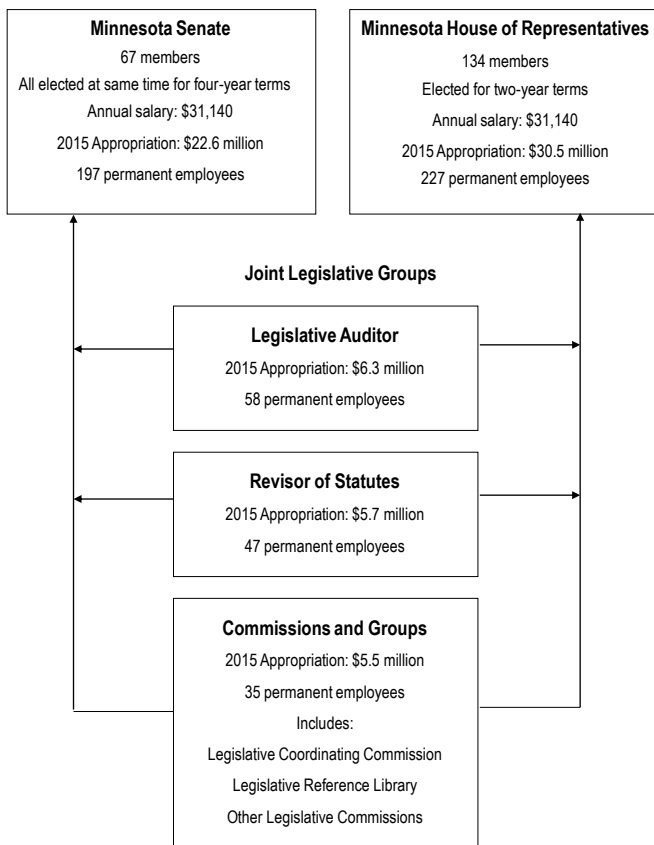
## **Public Defense System**

Total state appropriations FY 2015: \$73.612 million

- The Board of Public Defense is located in the judicial branch but is not under the authority of the Minnesota Supreme Court. It appoints the state public defender (who oversees the public defender system), the chief appellate public defender (who oversees appellate services), and the chief district public defender for each judicial district (who oversee trial work).
- There are approximately 531 full-time equivalent state employees in the district and appellate offices, of which 347 are attorneys. Approximately 137 of the attorneys are part-time. In Hennepin and Ramsey Counties, there are additional public defenders and staff who are county employees (if hired prior to January 1, 1999).

# State Legislative Branch

**201 Legislators**  
**\$70.7 million Appropriation in FY 2015**  
**564 Permanent Employees**



Each House district represents approximately 39,600 people, and each Senate district, 79,200.

# **Metropolitan Government**

In the seven-county Twin Cities metropolitan area, the legislature created regional agencies to fulfill specific functions.

## **Metropolitan Council**

- 16 members from districts and a chair from the metropolitan area at large, all appointed by and serving at the pleasure of the governor
- Plans and coordinates development of region; provides transit and wastewater collection and treatment services

## **Metropolitan Parks and Open Space Commission (MPOSC)**

- Eight members from districts and a chair, all appointed by Metropolitan Council
- Advises and assists council in planning the regional parks and open space system

## **Transportation Advisory Board (TAB)**

- 33 members, including local elected officials, citizens, and representatives of agencies and modes of transportation, with a chair appointed by the council from among the members
- Lead in the federal Metropolitan Planning Organization (MPO) transportation planning process that governs use of federal transportation funds in the metro area

## **Metropolitan Airports Commission (MAC)**

- Eight members from Twin Cities metropolitan area districts and four members from Greater Minnesota, serving staggered four-year terms, and a chair, all appointed by the governor; plus one member each from Minneapolis and St. Paul, appointed by the city's mayor
- Owns and operates Minneapolis-St. Paul International Airport and six other airports in region

## **Metropolitan Mosquito Control Commission (MMCC)**

- 18 members; all metropolitan area county commissioners appointed by their respective counties
- Monitors and controls mosquitoes and black flies, and monitors ticks in the Metropolitan Mosquito Control District to protect the public from disease and annoyance



## **Metropolitan Agency Budgets**

### **Metropolitan Council**

The proposed CY 2015 operating budget total is \$928 million, composed of:

- 9% from property taxes
- 38% from user fees
- 37% from state sources
- 9% from federal sources
- 7% from other sources

The proposed budget allocates:

- 71% for its operations (transportation, wastewater collection and treatment, community development)
- 12% for passthrough grants and loans for housing, parks, suburban transit providers, right-of-way acquisition loans, and the Metropolitan Livable Communities Act programs
- 17% for debt service for the wastewater system, transit, and parks

### **Metropolitan Airports Commission**

The proposed CY 2015 budget total is \$308.2 million, of which all but a small amount is from user fees. The proposed budget allocates:

- \$163.6 million for operating expenses
- \$97.7 million for nonoperating expenses
- \$46.9 million net revenue available for designation

### **Metropolitan Mosquito Control Commission**

The adopted CY 2014 budget was \$18.4 million, of which 98% is from property taxes and 2% from other sources, such as earnings.

# Local Government

Counties, cities, and towns represent the three kinds of general purpose local units of government in Minnesota. School districts are the most significant kind of special purpose government unit. Minnesota has about 3,285 local government units.

## 87 Counties

- Governed by a five- or seven-member elected board of county commissioners
- Structures, powers, and duties are in law, except that Ramsey County is also governed by its county home rule charter

## 853 Cities

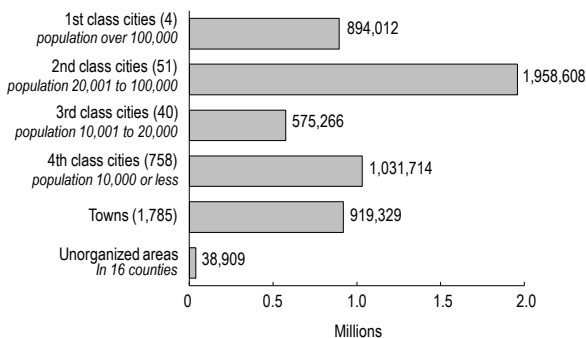
**Statutory Cities** (746) are organized and operate under the options provided in the statutory city code and other laws.

**Home Rule Charter Cities** (107) are organized and operate under their individual charters and other laws.

City boundaries may cross county lines. There are presently 46 cities whose boundaries extend into more than one county.

Cities are also classified based on population as a way for the legislature to provide powers or impose duties as appropriate

## Population by Type of Municipality, 2013 estimate



Note: Under statute, cities are classified based on the federal decennial census data, not estimates.

## 1,785 Towns

- Hold annual town meetings at which the electors exercise powers granted in law, such as setting the levy
- Governed by a three- or five-member elected board of supervisors
- May exercise “urban” town powers if population is at least 1,000 or the town is within 20 miles of Minneapolis or St. Paul city hall

## 332 School Districts

- Consolidation has eliminated 103 districts since 1990
- Most governed by six- or seven-member elected boards
- Most districts elect at-large board members for four-year terms

## Other Special Districts

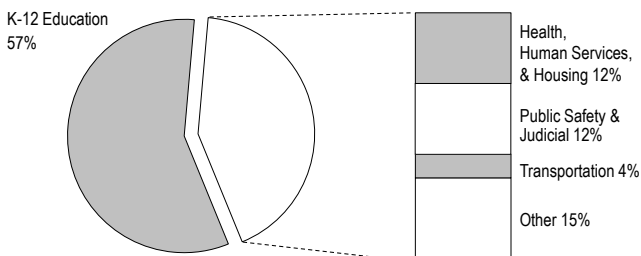
- Enabling law may be special or general, and determines financing
- Perform a single function (or several functions) as distinguished from general purpose governments
- Governance depends on the enabling law
- Examples are hospital, sanitary, and watershed districts, and housing redevelopment authorities (HRAs)

228 special taxing districts levied for taxes payable in 2014.

There are other special taxing districts that do not levy.

Examples of other special purpose districts that do not levy include subordinate service districts, special service districts, and districts established by joint powers agreements.

### Local Government Employees by Function (185,060 full-time equivalent employees, March 2012)



Source: U.S. Census Bureau, August 2014

# Minnesota Public Pension Plans

Pension Plan	Active Members	Assets (millions)	Liabilities (millions)
<b>State Employee Plans (as of June 30, 2014)</b>			
Minnesota State Retirement System (state employees)	49,663	\$10,326	\$12,445
State Patrol	858	598	800
State Correctional Employees	4,504	790	1,122
<b>Local Government Plans (as of June 30, 2014)</b>			
Public Employees Retirement Association (local gov't employees, other than police, fire, and corrections employees)	143,343	\$15,645	\$21,283
Public Employees Retirement Association (police and fire)	10,879	6,525	8,151
Local Government Correctional Employees	3,603	410	427
<b>Teacher Plans (as of June 30, 2014)</b>			
Teachers Retirement Association (teachers and administrators outside of St. Paul)	77,243	\$18,182	\$24,529
St. Paul Teachers Retirement Association	3,941	948	1,533

Other public pension plans:

- Separate plan for judges
- Individual retirement account plans for higher education faculty
- Approximately 700 volunteer firefighter plans
- The Duluth Teachers Retirement Association is merging with the Teachers Retirement Association on June 30, 2015

## **Government Finance**

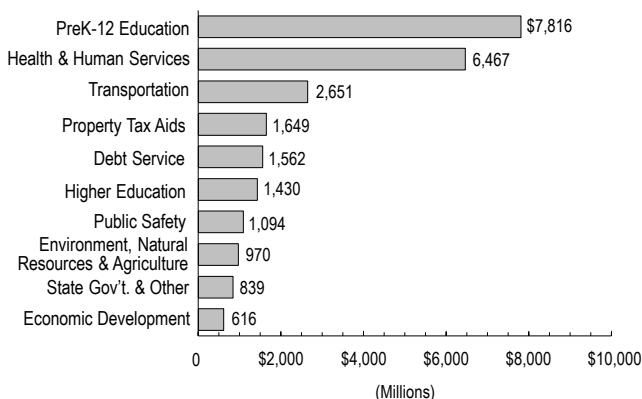
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Note: The FY 2015 data are from the Department of Finance, November 2014 forecast. Other data are from the Department of Revenue, unless otherwise noted.



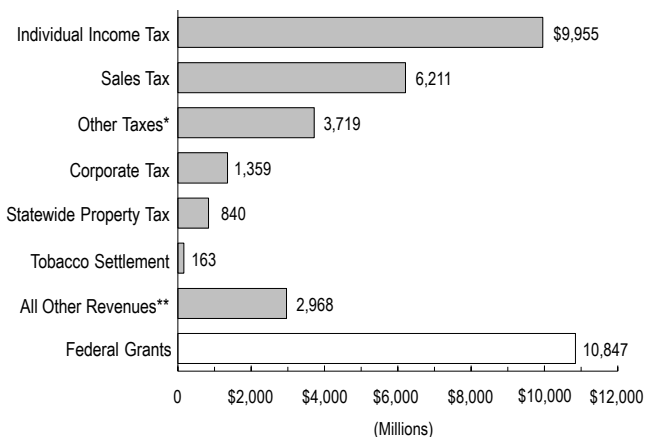
# Total State Spending and Revenues, All Funds

## Spending, Excluding Federal Funds\* (\$25,095 million in FY 2015)



\*Amounts are after reduction for \$1.8 billion in intrafund transfers allocated across spending areas.

## Revenues (\$25,214 million, state sources in FY 2015; \$10,847 million, federal grants in FY 2015)

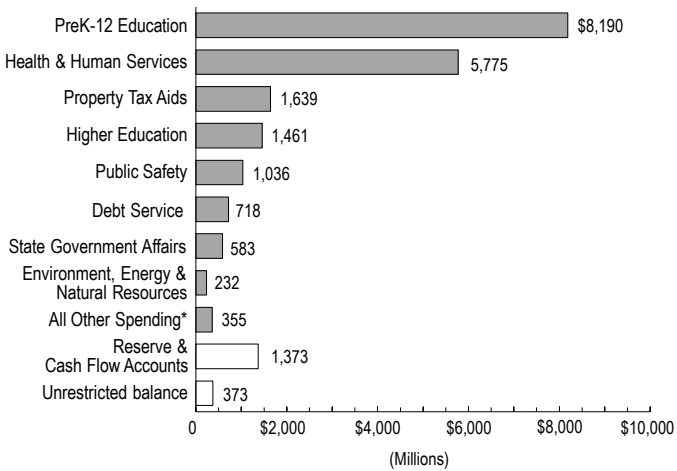


\* “Other Taxes” includes taxes on motor vehicle fuels and licenses, cigarettes and tobacco, insurance premiums, health care providers, mortgage and deed registration, and a variety of smaller taxes.

\*\* “All Other Revenues” includes investment income, MinnesotaCare premiums, and user fees such as hunting and fishing licenses. In addition to the \$25,214 million in state revenues, the state carried forward a balance of \$6,652 million to FY 2015.

Source: Consolidated Fund Statement and Fund Balance Analysis, Minnesota Management and Budget

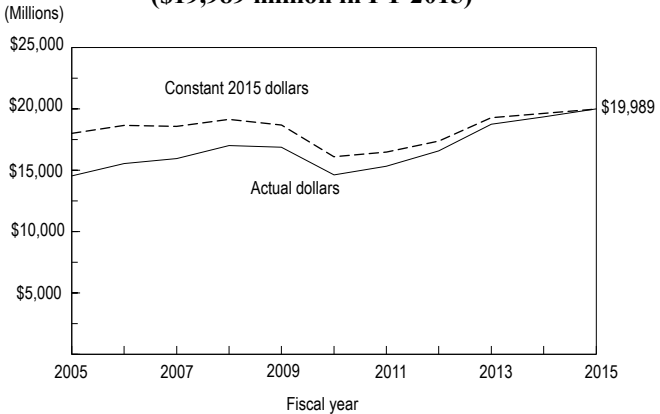
**State Spending, General Fund Only**  
**(\$19,989 million in FY 2015,**  
**excluding \$1,373 million in reserves)**



\* Includes capital projects

Source: Fund Balance Analysis, Minnesota Management and Budget

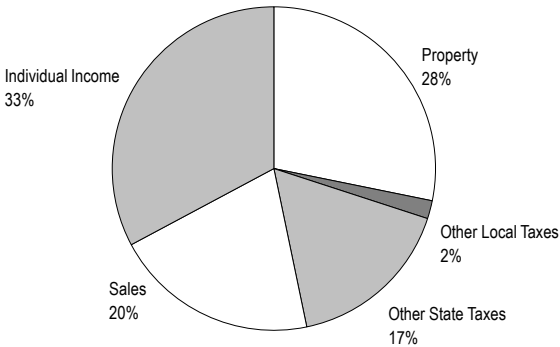
**General Fund Spending**  
**(\$19,989 million in FY 2015)**





# Taxes

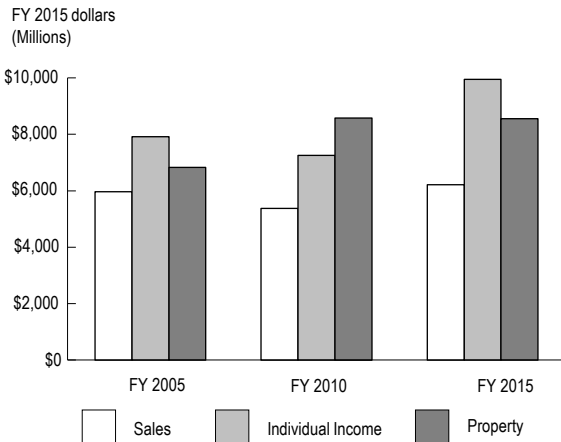
## State and Local Taxes (\$30,349 million in FY 2015)



## Minnesota State Tax Collections (\$22,083 million in FY 2015)

Individual Income	\$9,955	Cigarette & Tobacco	\$612
Sales	6,211	Insurance Premiums	443
Corporate Franchise	1,359	Mortgage and Deed	185
Motor Vehicle Fuels	866	Estate	160
State Property	817	Alcoholic Beverages	85
Motor Vehicle License	689	Gambling	45
MNCare Taxes	554	Other	102

## Income, Sales, and Property Taxes



## Individual Income Tax

The Minnesota individual income tax uses federal taxable income (income after federal deductions and exemptions) as its starting point.

### 2015 Tax Rates and Brackets

Rate	Income		
	Married Joint	Single	Head of Household
5.35%	\$0 to 36,650	\$0 to 25,070	\$0 to 30,870
7.05%	36,651 to 145,620	25,071 to 82,360	30,871 to 124,040
7.85%	145,621 to 258,260	82,361 to 154,950	124,041 to 206,610
9.85%	Over 258,260	Over 154,950	Over 206,610

Note: Head of household filers are single parents with dependents. Income brackets for each rate are adjusted annually for inflation.

Nonrefundable credits:

**Marriage Credit** **\$82.9 million in FY 2015**

**Long-term Care Credit** **\$8.1 million in FY 2015**

Refundable credits (over \$1 million):

**Dependent Care Expenses** **\$14.3 million in FY 2015**

- Up to \$720 per dependent for up to two dependents available for filers with income up to \$39,400 in tax year 2015

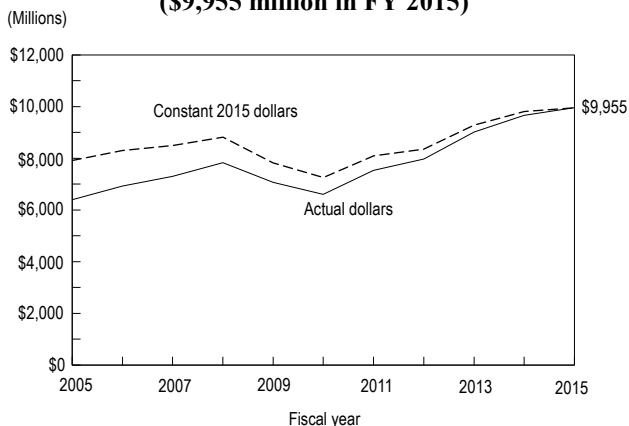
**Working Family Credit** **\$245.4 million in FY 2015**

- Equals a percentage of earned income
- Maximum credit of \$2,038 in tax year 2015

**K-12 Education Credit** **\$12.9 million in FY 2015**

**Military Combat Zone Credit** **\$2.1 million in FY 2015**

### Individual Income Tax Revenues (**\$9,955 million in FY 2015**)



## Sales Tax

The sales tax is an ad valorem tax imposed on the retail (final) sales of most goods and some services.

### General Sales and Use Tax Rates for FY 2015

- General Sales 6.875%
- Motor Vehicle Sales 6.5%
- Liquor, Wine, and Beer Sales 6.875%\*
- Motor Vehicle Rental 21.075%

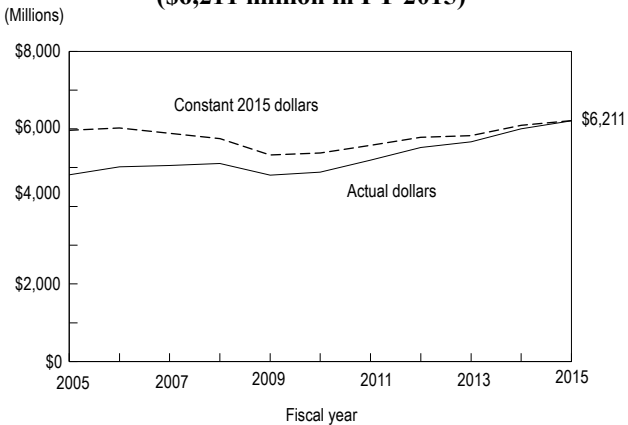
\*A 2.5% gross receipts tax is also imposed on these sales.

### Major Exemptions

- Clothing
- Most food products
- Prescription drugs and some other medicines
- Most business and personal services
- Gasoline (subject to the motor vehicle fuels tax)
- Farm and logging machinery repair parts
- Capital equipment for manufacturing industries\*
- Industrial special tooling

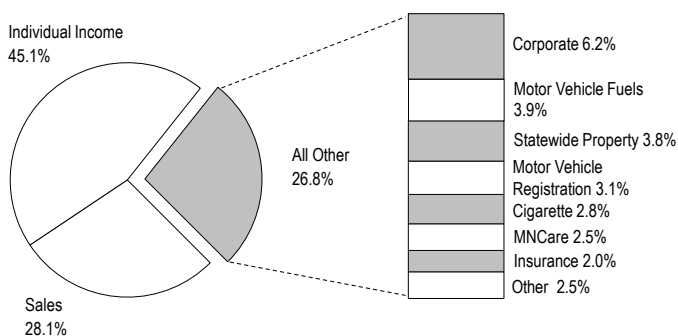
\* Businesses must pay the sales tax on capital equipment at the time of purchase and apply for a refund from the state. This will become an up-front exemption July 1, 2015.

### Sales Tax Revenues (\$6,211 million in FY 2015)



## Other State Taxes

Taxes, other than the income and sales taxes, yield over 25% of state tax revenues. Many of these taxes are minor revenue sources. Taxes that yield at least 1% of state tax revenues for FY 2015 are described following the graph.



### Corporate Franchise (Income) Tax

- 9.8% of federal taxable income after numerous adjustments
- Multistate corporations apportion income based on the percentage of their total sales that are made to Minnesota purchasers
- Credit applies to Minnesota research and development expenses
- Most volatile revenue source of any major state tax

### Motor Vehicle Fuels Tax

- \$.25/gallon
- Variable motor fuels surcharge (set at \$.035/gallon for FY 2014) to pay debt service on highway bonds
- Dedicated by constitution to the highway user trust fund

### Statewide Property Tax

- Raised \$844 million in CY 2014; adjusted annually for inflation
- Levied against commercial/industrial and seasonal recreational property only

### Motor Vehicle Registration (License) Tax

- Tax on passenger vehicles is 1.25% of the value, plus a minimum fee of \$10 (total tax cannot be less than \$35)
- Value is manufacturer's base value, reduced under a depreciation schedule after the first year
- Trucks, buses, and other vehicles pay based on weight and age
- Dedicated by constitution to the highway user trust fund

## Cigarette and Tobacco Products Tax

- \$2.83/pack of 20 cigarettes; \$22.25 million goes to the Academic Health Center fund, \$8.55 million to the medical education and research costs account, and the rest to the general fund
- Additional fee of \$0.50/pack on cigarettes made by companies not part of the legal settlement with the state
- Tax on tobacco products is 95% of wholesale price; moist snuff is subject to minimum tax of \$2.83/container; premium cigars are subject to a maximum tax of \$3.50/cigar

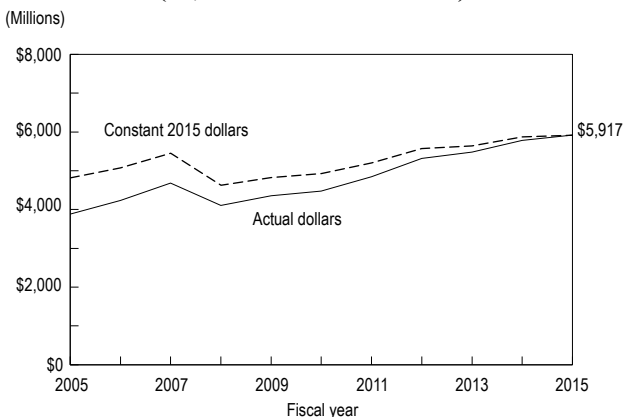
## MinnesotaCare Taxes

- 2% of gross revenues tax on hospitals, surgical centers, health care providers, and wholesale drug distributors
- Exemptions for Medicare, home health care services, and federal employee and military benefit programs
- Revenues pay for MinnesotaCare program
- Tax expires on January 1, 2020

## Insurance Premiums Tax

- Basic tax is 2% of insurance premiums
- Mutual property-casualty insurers with 12/31/89 assets of no more than \$5 million, 0.5% rate; \$1.6 billion, 1.26% rate
- HMOs and nonprofit health insurance companies (e.g., Blue Cross) are subject to a 1% rate
- Life insurance rate is 1.5%
- A “retaliatory tax” applies to non-Minnesota companies with higher home state taxes

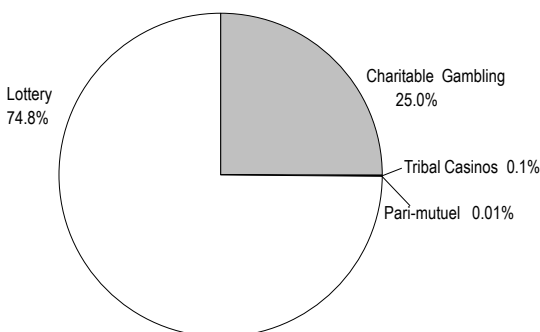
## Other State Tax Revenue (\$5,917 million in FY 2015)



## Gambling Revenue

The state receives revenues from three state-authorized forms of gambling: pari-mutuel horse racing, charitable gambling, and the state lottery. The state also receives a nominal sum from Indian tribes that operate casinos; that money partly defrays state expenses in supervising state gaming compacts.

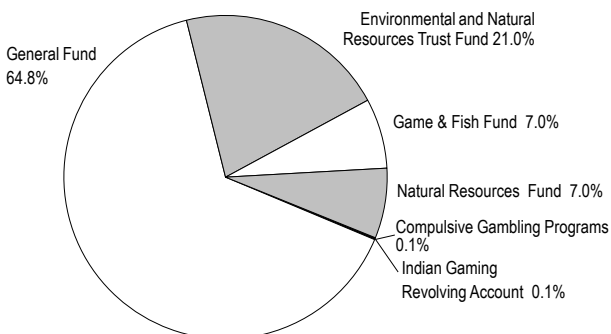
### Sources of State Revenue from Gambling (\$170.2 million in FY 2014)



The general fund is the largest beneficiary of legal gambling, but 40% of net state lottery proceeds are constitutionally dedicated to the Environmental and Natural Resources Trust Fund.

Additionally, most of the revenue from the 6.5% in-lieu sales tax on lottery proceeds is dedicated to the Game and Fish and Natural Resources funds. Revenue from charitable gambling and pari-mutuel taxes and fees is nondedicated and goes to the general fund.

### Disposition of State Revenue from Gambling (\$170.2 million in FY 2014)



## Gambling Taxes

**Lawful gambling.** The 2012 Legislature replaced existing charitable gambling taxes with a net receipts tax. This tax structure was part of legislation that also legalized electronic pulltabs and bingo. It is important to note that, although these changes were part of the Vikings stadium bill, the revenues go to the general fund and are not used directly to pay for stadium bonds.

In FY 2014, the tax on lawful gambling raised \$42.8 million. In addition to these taxes, each licensed organization pays a monthly “regulatory fee” of 0.1% of gross receipts from gambling at each of its sites. This fee is paid into a lawful gambling regulation account.

**Pari-mutuel betting.** The state tax on pari-mutuel betting is 6% of the “takeout”—the percentage deducted by the racetrack from each pari-mutuel pool before payouts on winning tickets. At Canterbury Park in Shakopee the takeout averages 20% of total betting. The first \$12 million in takeout is exempt from tax. Less than \$1 million was raised by this tax in FY 2014.

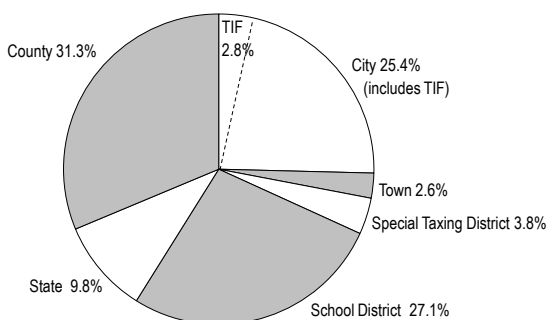
**State lottery.** In FY 2014, the lottery sent \$127.3 million to the general fund, of which \$1.1 million was dedicated to problem gambling treatment. This general fund revenue came in part from a 40% share of net proceeds from the lottery, paid out after prizes, and administration, and in part from a portion of the 6.5% in-lieu sales tax, taken out before other deductions. The lottery also funds game and fish (\$12.5 million), natural resources (\$12.5 million), and the Environmental and Natural Resources Trust Fund (\$32.6 million), in part from the in-lieu of sales tax and in part from a dedication of net proceeds after prizes and administration.

**Indian gaming.** Federal law prohibits states from taxing the proceeds of gaming on Indian land.

## Property Tax

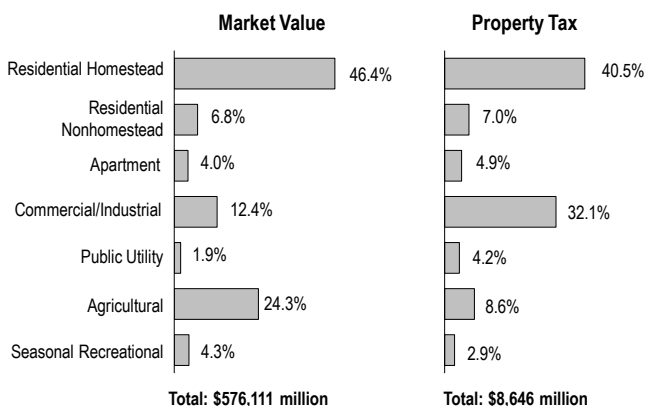
The property tax is a major source of revenue for local governments in Minnesota. The state also receives a portion of property tax revenues (from commercial-industrial and seasonal recreational properties only). Property taxes are levied annually and payable in two installments (May 15 and October/November 15).

### Property Tax Levy by Type of Government\* (\$8,646 million in CY 2014)



\* Amounts shown are after allocation of property tax credits.

### Shares of Market Value and Property Tax by Property Type (Taxes payable 2014)





## Class Rates for Taxes Payable in 2015

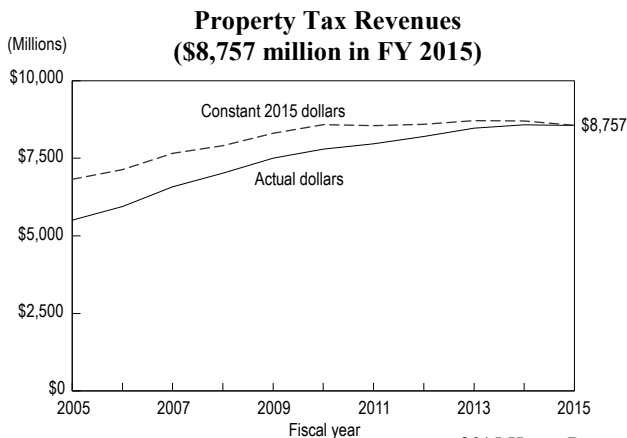
Property Type	Class Rate	Tax Code <sup>1</sup>
<b>Residential Homestead</b>		
Up to \$500,000 <sup>2</sup>	1.0%	R
Over \$500,000	1.25	R
<b>Residential Nonhomestead</b>		
Single-unit		
Up to \$500,000	1.0	R
Over \$500,000	1.25	R
Two- and three-unit	1.25	R
<b>Apartments (4 or more units)</b>	1.25	R
<b>Agricultural</b>		
Homestead		
House, garage, and one acre	1.0/1.25 <sup>3</sup>	R
Ag land and buildings		
Up to \$1,900,000 <sup>4</sup>	0.5	
Over \$1,900,000	1.0	
Nonhomestead		
Ag land and buildings	1.0	
Rural vacant land	1.0	
<b>Noncommercial Seasonal Recreational</b>		
Up to \$500,000	1.0	S2
Over \$500,000	1.25	S2
<b>Commercial/Industrial/Public Utility</b>		
Electric generation machinery	2.0	R
All other		
Up to \$150,000	1.5	S1, R
Over \$150,000	2.0	S1, R

<sup>1</sup> Tax Codes: R = Subject to school operating referenda (all property is subject to school bond referenda); S1 = subject to state commercial-industrial tax rate; S2 = subject to state seasonal-recreational tax rate.

<sup>2</sup> After subtraction of market value homestead exclusion.

<sup>3</sup> Class rates are the same as residential homestead.

<sup>4</sup> The valuation limit is annually indexed based on the statewide growth in agricultural valuation.



## Property Tax Terminology

- The assessor determines each property's **estimated market value**.
- For many properties, **taxable market value** equals estimated market value; for some types of properties, there are exclusions (such as the homestead market value exclusion) or alternative calculations that lead to taxable market value.
- Each property's **net tax capacity** is a percentage of its taxable market value; the percentage varies by type of property.
- Each local taxing jurisdiction certifies a **levy**, which is the amount of property tax revenue it intends to collect.
- Each local taxing jurisdiction's **local tax rate** is determined by dividing its levy by the net tax capacity of all properties within the jurisdiction.
- A property's **gross property tax** is determined by multiplying its net tax capacity by the local tax rates of all jurisdictions in which the property is located (called the total local tax rate).
- A property's **net property tax** is the gross property tax minus any **property tax credits** (such as the agricultural market value credit) that the property is eligible to receive.

## Major Property Tax Relief Programs

CY 15/ FY 16 Approp. (millions)	Program	Recipients
\$517	Local government aid	Cities
416	Property tax refund—homeowners	Individuals
219	Property tax refund—renters	Individuals
210	County program aid	Counties
162	Referendum equalization aid	School districts
38	Agricultural market value credit	All taxing jurisdictions
32	Payments in lieu of taxes (PILT)	Counties and towns
20	Debt service equalization aid	School districts
18	Disparity reduction aid	Counties, towns, and school districts

## **Homestead Credit Refund and Property Tax Refund for Renters**

The homestead credit refund (HCSR) and property tax refund (PTR) for renters provide property tax relief to homeowners and renters whose property taxes are high relative to their incomes. If property tax exceeds a threshold percentage of income, the refund equals a percentage of the tax over the threshold, up to a maximum. The maximum refund amount and the income brackets for both homeowners and renters are adjusted annually for inflation.

### **HCSR and PTR for Renters (\$451 million, refunds filed 2013)**

	<b>Number of Filers</b>	<b>Refund Amount (millions)</b>	<b>Average Refund</b>
Homeowners	339,197	\$270	\$797
Renters	304,016	180	594
<b>Total, All Filers</b>	<b>643,213</b>	<b>\$451</b>	<b>\$701</b>

### **Program Limits, Refunds Filed 2015**

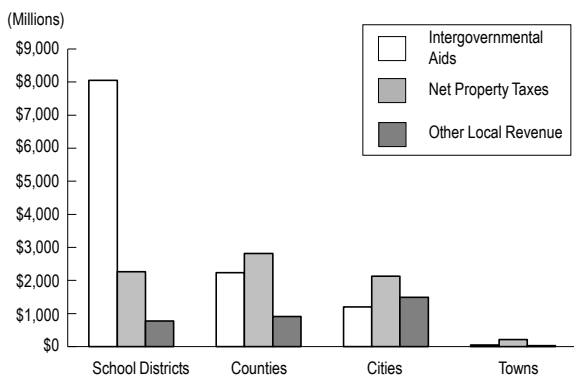
	<b>Maximum Qualifying Income</b>	<b>Maximum Refund</b>
Homeowners	\$107,150	\$2,620
Renters	\$58,060	\$2,030

### **Special Property Tax Refund (Targeting) (\$0.7 million, refunds filed 2013)**

Targeting provides property tax relief to homeowners whose property taxes increase by more than 12% over the previous year.

- Household income of taxpayer not considered
- For returns filed in 2013:
  - 6,000 returns
  - \$0.7 million total amount
  - \$118 average refund

## Local Government Revenues (\$22,144 million in CY 2012)



### Major Sources of Local Government Revenues, CY 2012

\$ in millions	School Districts*	Counties**	Cities**	Towns**
<b>Intergovt. Aid (federal, state, and local)</b>	\$8,053.0	\$2,230.6	\$1,197.0	\$44.7
<b>Net Property Taxes (including TIF)</b>	2,262.1	2,816.0	2,124.5	208.0
<b>Other Local Revenue</b>				
User Fees***	516.4	571.1	502.3	8.9
Interest Earnings	9.5	49.4	60.5	2.1
Special Assessments	- -	50.3	271.2	6.7
All Other	246.8	242.4	661.2	8.8
<b>Subtotal Other</b>	772.7	913.2	1,495.1	26.6
<b>Total</b>	<b>\$11,087.8</b>	<b>\$5,959.8</b>	<b>\$4,816.6</b>	<b>\$279.3</b>

\* School district data for school fiscal year 2013

\*\* Excludes public service enterprise funds, which are discussed below.

\*\*\* User fees consist of direct charges for government services, including tuition and payments received by a local government for services it provides to another local government.

### Public Service Enterprise Revenues (\$5,250 million in CY 2012)

	Counties	Cities	Towns
<b>Operating Revenue (Charges)</b>	\$1,412.4	\$3,530.6	\$6.5
<b>Other Revenue</b>	77.0	220.1	3.9
<b>Total</b>	<b>\$1,489.4</b>	<b>\$3,750.7</b>	<b>\$10.3</b>

Local governments use public service enterprises to provide a variety of goods and services that are funded almost entirely from revenues derived from the sales of those goods and services. The majority of enterprise funds are public utilities, liquor stores, and economic development and housing redevelopment programs.

## Local Sales and Use Taxes

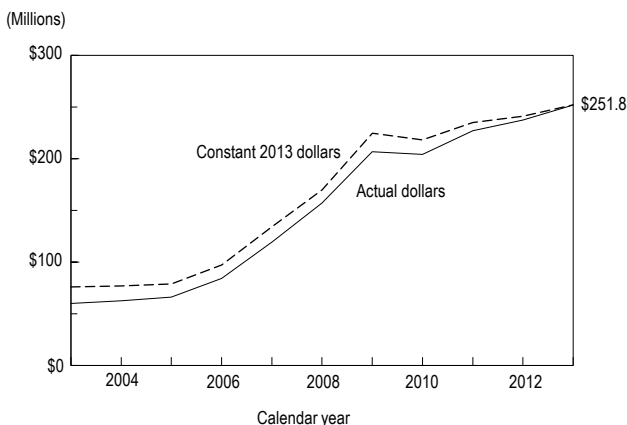
As of October 1, 2014, the following seven local sales and use taxes are imposed for transportation and transit purposes in these areas:

- 0.5%:** Becker, Beltrami, Douglas, Olmstead, Rice, and Wadena counties
- 0.25%:** Metropolitan Transit Improvement area (Anoka, Dakota, Hennepin, Ramsey, and Washington counties)

As of October 1, 2014, the following 28 local sales and use taxes are imposed to fund other specified projects in these areas:

- 1.0%:** Duluth, Hermantown, Cook County
- 0.5%:** Albert Lea, Austin, Baxter, Bemidji, Brainerd, Clearwater, Cloquet, Central Minnesota (Sartell, Sauk Rapids, St. Augusta, St. Cloud, St. Joseph, Waite Park), Fergus Falls, Hutchinson, Lanesboro, Mankato, Marshall, Medford, Minneapolis, New Ulm, North Mankato, Owatonna, Proctor, Rochester, St. Paul, Two Harbors, Willmar, Worthington
- 0.15%:** Hennepin County (for ballpark)

## Local Sales and Use Tax Revenues (\$251.8 million in CY 2013)



### Other major nonproperty tax revenues (CY 2012):

- Franchise taxes (mainly cities): \$114.5 million
- Lodging taxes (mainly cities and towns): \$65.9 million
- Local share of taconite taxes: \$39.3 million

# Government Debt

## State Debt

### State Obligations Outstanding (August 12, 2014, dollars in millions)

<b>General Obligation (G.O.) Bonds</b>	\$6,679
<b>Equipment Leases</b>	28
<b>Real Estate Financing</b>	116
<b>Certificates of Participation – equipment, software</b>	39
<b>Certificates of Participation – real estate</b>	85
<b>G.F. Appropriation bonds</b>	1,084
<b>G.F. Appropriation debt by agencies</b>	347
<b>Agency Obligations</b>	
Housing Finance Agency	1,954
University of Minnesota	992
Office of Higher Education	536
State Colleges and Universities Board	307
Higher Education Facilities Authority	866
State Armory Commission	2
Rural Finance Authority	35
Public Finance Authority	971
Agricultural and Economic Development Board	411
Minnesota Management and Budget	145
<b>        Total Agency Obligations</b>	<b>6,219</b>
<b>        Total, All Obligations</b>	<b>\$14,597</b>
G.O. Debt authorized but not yet issued	1,627
G.F. Appropriation debt by agency authorized but not issued	80

Source: Minnesota Management and Budget

## Capital Investment Guidelines

- Total tax-supported principal outstanding shall be 3.25% or less of total state personal income. As of November 30, 2014, the total was 3%.
- Total amount of principal (both issued and authorized but unissued) for state general obligations, state moral obligations, equipment capital leases, and real estate capital leases are not to exceed 6% of state personal income. As of November 30, 2014, the total was 4.27%.
- 40% of general obligation debt shall be due within five years and 70% within ten years, if consistent with the useful life of the financed assets and market conditions.

## State Bond Ratings

For the August 12, 2014, general obligation bond sale, Standard & Poors Ratings Group and Fitch Ratings, each rated the state's bonds at "AA+" (one grade lower than the highest rating of AAA), indicating the state's capacity to pay interest and repay principal is strong. Similarly, Moody's Investors Services, Inc., rates the state's bonds as Aa1. As the bond sale statement says, these ratings are subject to change or withdrawal by the rating agencies at any time. In general, the higher the rating the less interest the state has to pay.

## Local Government Debt

### Bonded Debt of Local Governments (\$19,541 million in CY 2012/FY 2013)

	General Obligation	Revenue	Total Bonded Indebtedness
Cities	\$6,460	\$1,232	\$7,692
Counties	2,714	552	3,266
Towns	46	0	46
School Districts	8,537	0	8,537
<b>Total</b>	<b>\$17,757</b>	<b>\$1,784</b>	<b>\$19,541</b>

Special district debt data is not available. School district data is for school fiscal year 2013.

Source: State Auditor's reports; Department of Education, except the Minneapolis number, which is reported by the district.

**General obligation bonds** are secured by the full faith and credit of the issuing governmental unit; the issuing governmental unit agrees to levy whatever property taxes are needed to pay the bonds.

**Revenue bonds** are backed by the revenues from a project or facility. They may also be secured by a general obligation pledge (**general obligation revenue bonds**).

Amounts in the local government table do not include long-term debt not backed by bonds, such as long-term leases, or **conduit bonds**, such as IDB (industrial development bonds) or mortgage revenue bonds. These bonds are paid by private individuals, businesses, and other organizations. The governmental unit issues the bonds to confer its federal and state tax exemptions on the private borrowers but is not legally responsible to repay the bonds. Most analysts consider conduit bonds to be obligations of the private individuals or entities who pay them.

**Twin Cities Metropolitan Regional Government Debt  
(\$3,055 million net outstanding)**

**Metropolitan Council  
(\$1,700 million net outstanding general  
obligation bonds as of December 31, 2014)**

Wastewater	\$1,300.0
Transit	387.5
Parks	12.5
<b>Total</b>	<b>\$1,700.0</b>

**Metropolitan Airports Commission (MAC)  
(\$1,354.8 million net outstanding as of January 1, 2015)**

General Airports Revenue Bonds	\$1,304.2
Notes Payable	50.6
<b>Total</b>	<b>\$1,354.8</b>

The Metropolitan Council and the MAC are authorized to issue debt. Both agencies have top ratings for their debt. The MAC may issue general obligation revenue bonds as well as general airports revenue bonds and short-term debt, but at this time the MAC does not have any outstanding. The MAC has not levied property taxes to pay general obligation revenue bonds since 1969.

The Metropolitan Council may issue an unlimited amount of debt for the wastewater collection and treatment system. As of December 31, 2014, the Metropolitan Council could issue \$165.2 million more for transit fleet and facilities and \$27.5 million for regional parks.



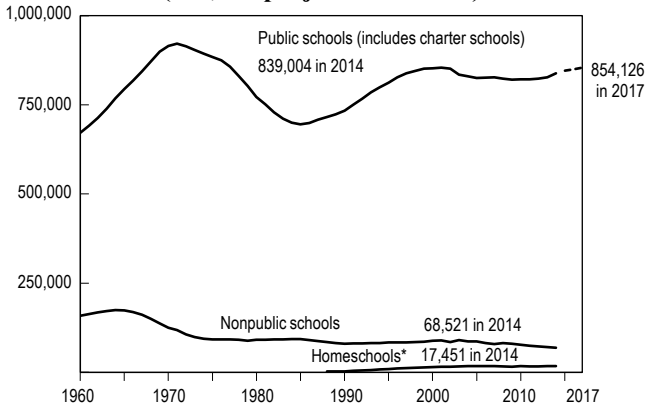
## **Major Government Functions & Services**

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# K-12 Education

## Student Enrollment (854,126 projected for 2017)



Enrollment projections for nonpublic schools and homeschools only available through 2014.

\* Homeschool counts are not available prior to 1988.

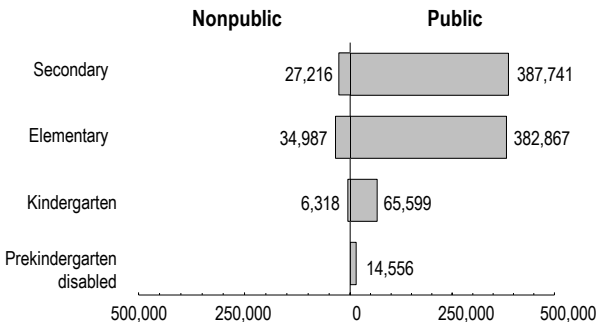
## Enrollment Options Programs

- 69,706 open enrollment students - FY 2014
- 9,176 postsecondary (PSEO) students - FY 2014
- 23,583 college in high school students - FY 2013

## Charter Schools 2014-2015

- 157 charter schools in operation as of September 2014
- 48,274 students as of September 2014
- 223 charters granted as of November 2014

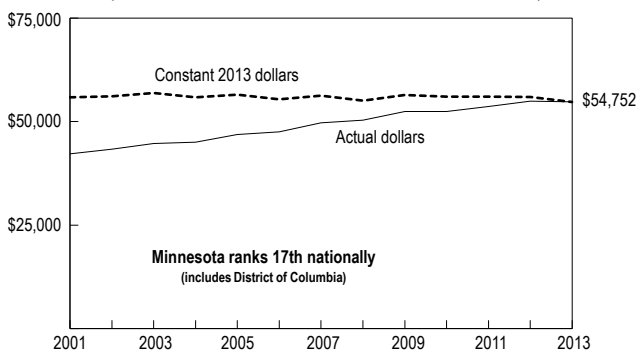
## Students by Grade, 2013-2014 (68,521 nonpublic; 850,763 public)



## Teacher Characteristics 2013-2014

- 98.4% of teachers are fully certified and licensed
- 56.2% have advanced degrees
- 59.7% have taught more than ten years

### Average Minnesota Public School Teacher Salary (\$54,752 in 2013; 54,252 FTE teachers)



Sources: National Center for Education Statistics (Ranking of the States 2012-2013); Minnesota Department of Education, salary data, 2012-2014

Teacher salary is negotiated by individual districts and typically is based on years of experience and educational attainment.

## Teacher Licensure and Qualifications

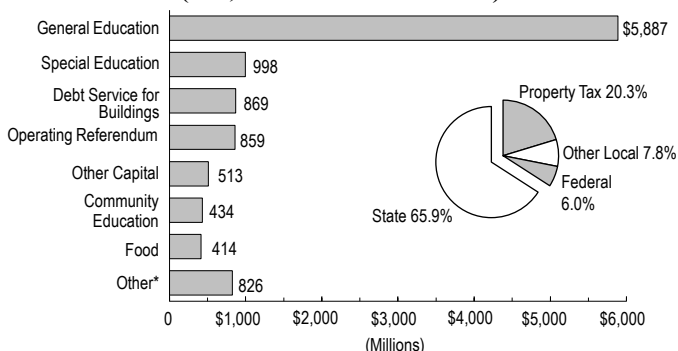
- The State Board of Teaching oversees teacher preparation requirements and licensure. The licensure system complements high school graduation standards.
- Teacher candidates must pass skills exams in math, reading, and writing or attain the requisite ACT or SAT composite score, and pass exams on general pedagogical knowledge and skills and licensure-specific content.
- Teachers with initial licenses must pay for and undergo a BCA-conducted criminal history background check.
- New teachers are considered probationary employees for the first three years of consecutive employment.
- Teachers renew continuing licenses every five years.
- All teachers of core academic subjects must be fully licensed in each subject area to be “highly qualified” under No Child Left Behind (NCLB). Paraprofessionals with instructional duties must complete two years of college or pass a rigorous state competency exam.
- Teachers must complete 125 clock hours of continuing education to renew a five-year professional license for another five-year period.

## Administrator Licensure and Qualifications

- The Board of School Administrators oversees administrator preparation and licensure.

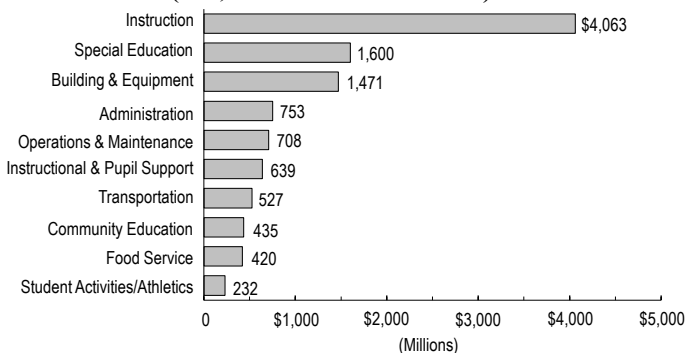
## K-12 Revenue and Expenditures

### School District Revenue (\$10,800 million in FY 2013)



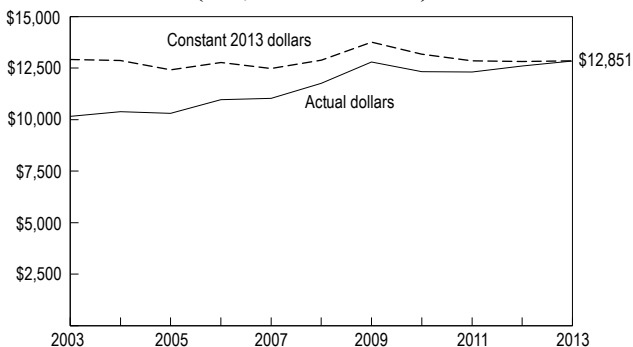
\*“Other” includes federal aid (excluding special education, community education and food funds), interest, interdistrict transfers, local revenues such as fees for hot lunches, athletics, and other categorical funding programs.

### Public School District Expenditures (\$10,848 million in FY 2013)\*



\*The difference between revenue and expenditures primarily represents bond refundings and fund balance changes carried forward to FY 2014.

### Average Total Expenditures per Public School Pupil (\$12,851 in FY 2013)



Source: Department of Education, school district profiles

## Minnesota's K-12 Academic Standards and Assessments

Minnesota requires students to meet standards in seven subject areas in order to graduate.

Subject	No. of credits, students entering 9th grade	Assessment required?
Language arts	4	Yes
Mathematics	3	Yes
Science	3	Yes
Social studies	3.5	No; prohibited
Arts	1	No; prohibited
Health		No; locally developed
Physical education		No; prohibited

The Commissioner of Education must build technology and information literacy standards into the state's academic standards and graduation requirements and include American Indian contributions in the required standards.

The federal No Child Left Behind Act makes state academic standards in language arts, mathematics, and science applicable to all public school students, except for the few students with disabilities for whom an individualized education program team determines alternative standards and assessments are appropriate.

### Benchmarks

The commissioner must publish grade-level benchmarks that specify the academic knowledge and skills that schools must offer and students must achieve to satisfy the standards. The commissioner must review and revise required academic standards, related benchmarks, and elective standards every ten years. Benchmarks are used to develop tests.

### Assessments

Students in grades 3 through 8 and at the high school level began taking annual language arts and mathematics assessments in the 2005-2006 school year. Students began taking science assessments one time in each grade span 3-5, 6-9, and 10-12 in the 2007-2008 school year. The state and local districts must publicly report student, school, district, and state assessment results. The commissioner must include in the assessment results a value-added component that measures medium and high growth in student achievement over time.

### Elective Requirements

Students also must complete at least seven elective course credits. Districts must establish local elective standards for and offer courses in vocational and technical education and world languages.

## Required Federal and State Tests

The federal No Child Left Behind Act of 2001 (NCLB) and the 2012 to 2015 NCLB waiver require public school students to take statewide reading and math tests in grades 3 through 8, a reading test in grade 10, a math test in grade 11, and science tests in grades 5 and 8 and in high school. The Minnesota Comprehensive Assessments (MCAs) are annual summative tests that measure student performance and growth on state academic standards. Students with the most significant cognitive disabilities take the Minnesota Test of Academic Skills (MTAS). English learners take the ACCESS and English learners who receive special education services take the Alternate ACCESS, which measure students' progress in meeting state English language proficiency standards in reading, writing, listening, and speaking.

A new state testing law calls for nationally available career and college ready assessments for students in grades 8 through 11. These tests focus on math, reading, writing, and career expectations and college readiness and let students know how well they must perform to have a reasonable chance to succeed in a career or college without need for remediation. The 8th grade Explore and the 10th grade Plan are predictive of the ACT college entrance exam students must take in 11th grade. Students who are not career and college ready based on their 8th and 10th grade test results must take the Compass, a college placement diagnostic test that provides information for targeted instruction. The new law allows students who previously did not pass a "high stakes" test to take an alternate assessment in order to graduate.

### Minnesota Statewide Testing Program

Assessment	K	1	2	3	4	5	6	7	8	9	10	11	12
MCA and MTAS													
• Reading				♦	♦	♦	♦	♦	♦		♦		
• Math				♦	♦	♦	♦	♦	♦			♦	
• Science						♦			♦			♦	
ACCESS for ELLS (English Learners only)	■	■	■	■	■	■	■	■	■	■	■	■	■
Explore and Plan (Math, Reading, English & Science)									•		•		
Compass												•	
ACT												•	
♦ Required for federal and state accountability. Developed and administered by the state (includes MCAs and special education assessments). ■ Required for English Learners for federal Title III accountability. Used as exit criterion for state funding. An alternate assessments is available for ELs with significant cognitive disabilities. • Nationally available assessment required as part of Career & College assessments													

Source: Minnesota Department of Education

## High School Test Results by Student Ethnicity

When students' MCA results in math and reading are categorized by student ethnicity, significant differences in performance appear. Minnesota's NCLB waiver includes a goal of reducing the student achievement gap between all students and historically underperforming groups of students by 50% by 2017.

### % of Math-Proficient Students in Grades 3 to 8 by Ethnicity

	<b>American Indian</b>	<b>Asian/Pacific Islander</b>	<b>Hispanic</b>	<b>Black</b>	<b>White</b>
<b>2013</b>	37%	61%	39%	35%	70%
<b>2014</b>	38	62	40	35	71

### % of Math-Proficient Students in Grade 11 by Ethnicity

	<b>American Indian</b>	<b>Asian/Pacific Islander</b>	<b>Hispanic</b>	<b>Black</b>	<b>White</b>
<b>2014</b>	24%	48%	25%	20%	57%

### % of Reading-Proficient Students in Grades 3 to 8 and 10 by Ethnicity

	<b>American Indian</b>	<b>Asian/Pacific Islander</b>	<b>Hispanic</b>	<b>Black</b>	<b>White</b>
<b>2013</b>	34%	49%	34%	32%	65%
<b>2014</b>	36	52	36	33	67

Source: Department of Education

Students who demonstrate proficiency on the MCAs do not necessarily meet the preparation requirements for two- or four-year colleges and universities.

### Public School Graduates Taking Developmental Courses Within Two Years of Graduation

<b>Higher Ed Public Institutions</b>	<b>High School Graduating Class</b>										
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012*</b>
U of M	8%	8%	8%	7%	5%	3%	3%	3%	2%	2%	2%
Two-year	46	45	47	49	49	53	55	53	57	55	47
Four-year	29	29	29	27	25	26	24	21	20	18	14

Source: 2014 Getting Prepared: MN Statewide Longitudinal Data Systems, p. 23

\*Preliminary data



## **2001 No Child Left Behind Act; 2012 Federal Waiver**

Minnesota public schools are subject to the federal 2001 No Child Left Behind Act that seeks to ensure all students, and specific subgroups of students, achieve state reading and math proficiency by 2014. NCLB school improvement requirements apply to high-poverty schools receiving federal Title I funds.

In 2012, Minnesota received a two-year NCLB waiver that was extended for one year, through the end of the 2014-2015 school year. The waiver of federal law replaces the goal of 100% of students proficient in reading and math by 2014 with a goal of reducing Minnesota's student achievement gap by 50% by 2017. It also replaces the federal adequate yearly progress (AYP) measure with an annual multiple measures rating (MMR) based on student graduation rates, student academic proficiency and growth measures, and school success in reducing the achievement gap for specific student subgroups.

Schools that receive Title I and School Improvement Grant funding receive one of the following school designations:

**Priority Schools:** The bottom 5% of the most persistently low-performing schools.

**Focus Schools:** The 10% of schools with the largest student achievement gap and high schools with graduation rates below 60%.

**Continuous Improvement Schools:** The bottom 25% of lowest performing schools, including most priority and focus schools.

Priority, focus, and continuous improvement schools must develop a school turnaround or improvement plan and set aside 20% of their Title I funds to implement the plan.

**Celebration Schools:** The 10% of schools with MMR ratings between the 60th and 85th percentile in their category of school.

**Reward Schools:** The top 15% of highest performing schools.

Under the waiver, schools need not provide supplemental education or transportation services for intradistrict transfers, are no longer sanctioned for failing to make AYP, and have greater flexibility in allocating Title I funds. If the U.S. Congress reauthorizes NCLB before the waiver period ends, the reauthorization may affect the status of the waiver.

## Early Childhood Programs

### Early Childhood Family Education (ECFE)

- School districts and tribal schools operate classes to strengthen families with children from birth to age five.

### Early Learning Scholarships

- Income-eligible children may apply for scholarships for early learning services offered by school districts, Head Start programs, and other qualifying public and private preschool programs.

### School Readiness

- School districts operate child development programs to enable children ages three-and-one-half to five, after a developmental screening, to enter school with the skills and behaviors necessary for success.

### Head Start

- Federal program that provides early education and health and social services for families in poverty.
- Families at or below the federal poverty guidelines with children ages three to five are eligible to participate.

### Interagency Early Intervention (Part C)

- Federally funded comprehensive, coordinated interagency program to provide services to eligible children with disabilities from birth to age two, and their families.

## Funding for Early Childhood Programs

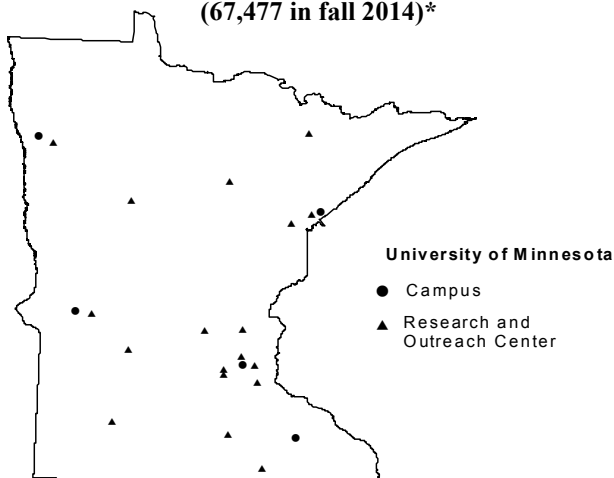
Program (ages eligible)	Funding FY 15 (in millions)	Participants FY 15
<b>ECFE</b> (up to kindergarten)	\$27.1 state aid 22.1 property tax	329 out of 332 districts
<b>Early Learning Scholarships</b>	27.9 state aid	5,000 children expected to be served
<b>School Readiness</b> (3½ to kindergarten)	12.2 state aid	332 out of 332 districts
<b>Head Start</b> (3 to 5)	97.9* federal aid 20.1 state aid	35 grantees, serving 16,500 children*
<b>Part C</b> (up to age 2)	7.3* federal aid	5,167 children served*
<b>Total For Listed Programs</b>	\$105.2 federal aid \$87.3 state aid \$22.1 property tax	

\* FY 14

# Higher Education

## University of Minnesota

### Enrollment by Campus (67,477 in fall 2014)\*



\* Includes enrollment of 6,550 nondegree students not included in the table below.

	Undergraduate	Graduate	Professional	Total
Twin Cities	30,135	12,711	3,733	46,579
Duluth	9,120	715	355	10,190
Crookston	1,876			1,876
Morris	1,803			1,803
Rochester	479			479
<b>Total</b>	<b>43,413</b>	<b>13,426</b>	<b>4,088</b>	<b>60,927</b>

### Other facilities

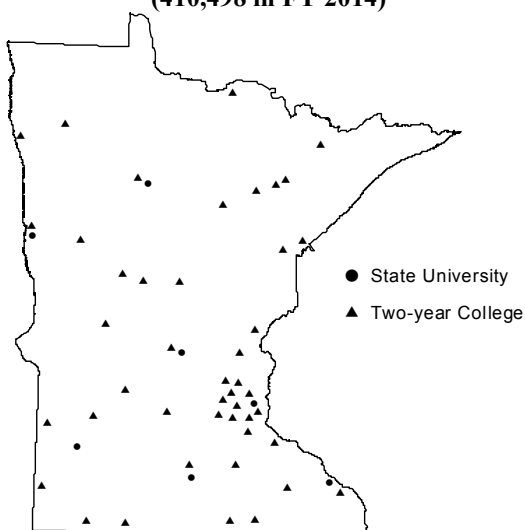
The university conducts agricultural, biological, forestry, and other types of research and education programs through its regional extension offices in Austin, Becker, Bethel, Chanhassen, Cloquet, Crookston, Duluth, Excelsior, Grand Rapids, Lake Itasca, Lamberton, Minneapolis, Morris, Rosemount, St. Paul, Soudan, Waseca, and Willmar.

### Governance

- The university is governed by a 12-member Board of Regents elected by the state legislature.
- Eight members of the Board of Regents must represent the state's congressional districts, each representing one district.
- Four members are elected from the state at-large, including a university student.
- The university president is the ex officio president of the Board of Regents.

## Minnesota State Colleges and Universities (MnSCU)

### Enrollment by Institution Type (410,498 in FY 2014)\*



Note: Enrollment based on MnSCU data

\* Includes enrollment of 145,978 nondegree students not included in the table below.

### FY 2014 Enrollment by Level

	Undergraduate	Graduate	Total
<b>2-year state colleges (24)</b>	183,139		183,139
Community Colleges	51,424		51,424
Technical College	21,509		21,509
Comprehensive Colleges	110,206		110,206
<b>4-year state universities (7)</b>	72,652	8,729	81,381
<b>Total Enrollment</b>	<b>255,791</b>	<b>8,729</b>	<b>264,520</b>

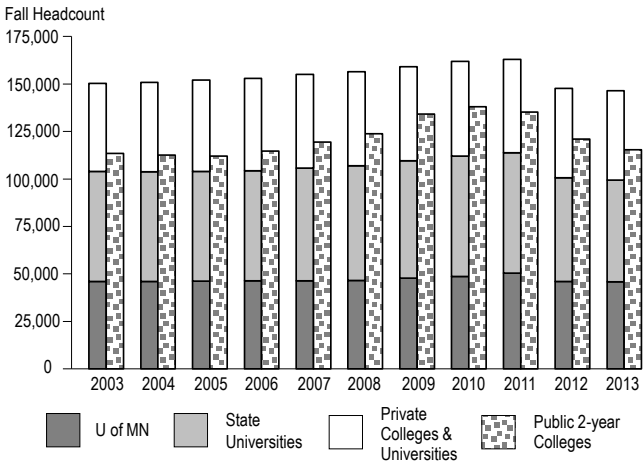
### Campuses

MnSCU's 31 institutions operate 54 campuses in 47 communities. An institution is one or more campuses with a single president.

### Governance

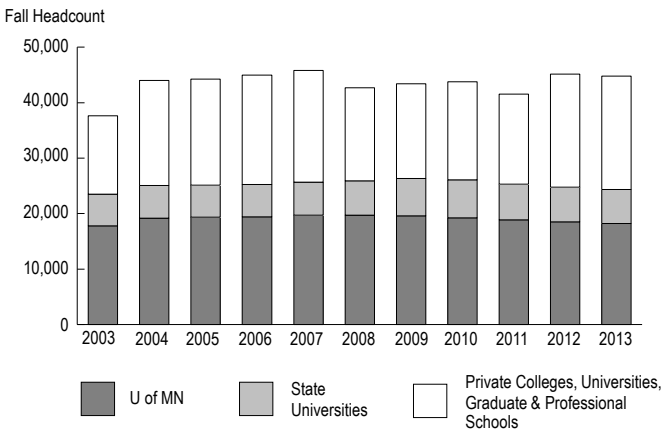
- MnSCU consolidated the operation of public two-year colleges and four-year universities in 1995.
- MnSCU is governed by a 15-member Board of Trustees appointed by the governor with the advice and consent of the Senate, and a chancellor appointed by the board. Trustees serve staggered six-year terms.
- Eight members of the Board of Trustees must represent the state's congressional districts, each representing one district.
- Three members must be MnSCU students or recent graduates.

## Undergraduate Enrollment (282,674 in 2013\*)



\* Includes private career school enrollment of 20,698 undergraduates and 16,147 at private online schools, including institutions with national enrollments, not included in the graph.

## Graduate Enrollment (113,608 in 2013\*)



\* Includes 68,834 graduate students at private online career schools, including institutions with national enrollments, not included in the graph.

## Minnesota Office of Higher Education (OHE)

### Governance and Responsibilities

- Commissioner appointed by governor
- Administers student aid programs and agreements
- Registers and licenses private institutions
- Collects and maintains enrollment and aid data
- Provides information to students and families
- Provides support for technology and library programs

### Private Postsecondary Institutions

**Registration:** A postsecondary school operating in Minnesota must register annually with OHE if it is a private institution that grants baccalaureate or higher degrees, or an institution with academy, college, institute, or university in its name. Out-of-state public institutions must register if they offer courses or programs in Minnesota.

**Licensing:** Most private career schools must be licensed by OHE to offer in-state programs below the baccalaureate level.

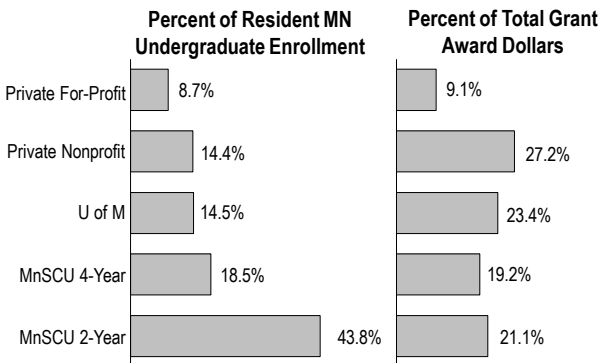
### Minnesota State Grant Program

Grants are awarded to eligible undergraduate Minnesota residents based on financial need, the price of postsecondary education, and available appropriations. In the grant program, parents, students, and taxpayers share responsibility for the cost of postsecondary education. The state grant covers all or a portion of the price of postsecondary education after deducting the federal Pell grant and the student and family share.

#### Participation in State Grant Program FY 2013

(223,945 resident undergraduate enrollees;

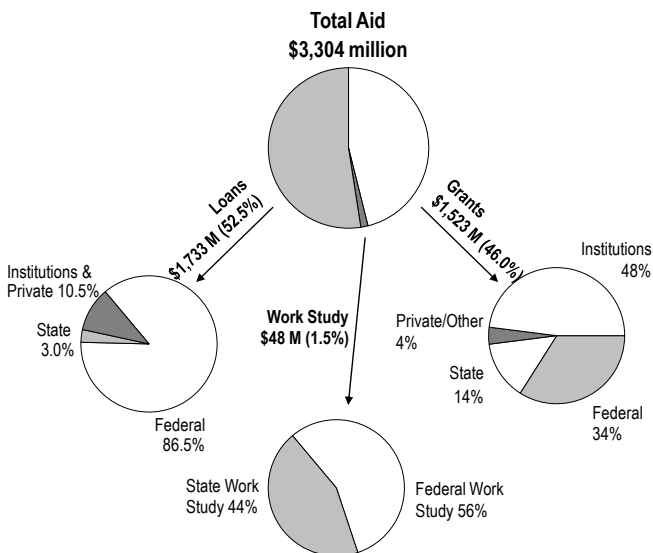
99,440 with grants; \$161 million in grants)



Total resident enrollees: 223,945

Total grants: \$161 million

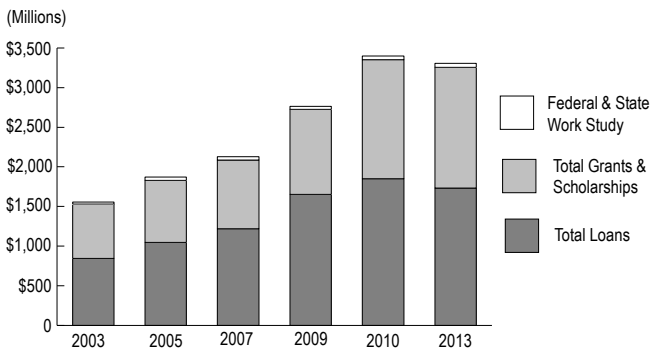
## Type and Source of Financial Aid Received by Minnesota Students (\$3,304 million in FY 2013)



### 2013 Student Aid Awards

	Number of MN Undergraduates	Average Award
Federal Pell Grant (\$5,550 maximum)	151,400	\$3,117
State Grant Program	99,440	\$1,623

## Student Financing for Higher Education (\$3,304 million in FY 2013)



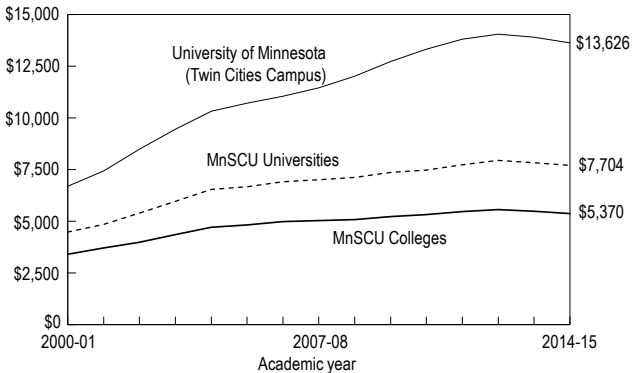
## Annual Undergraduate Resident Tuition and Fees Range 2014-15\*

Institution	Lowest	Highest
<b>Public</b>		
MnSCU Colleges	\$4,957 (Lake Superior College)	\$5,709 (Normandale College)
MnSCU Universities	\$6,642 (Metropolitan State)	\$8,747 (Winona State)
University of Minnesota	\$11,468 (Crookston)	\$13,626 (Twin Cities)
<b>Private*</b>		
Colleges and Universities	\$11,730 (Northwestern Health Sciences University)*	\$47,736 (Carleton College)
Career Schools	\$5,150 (American Indian OIC)	\$18,550 (Aveda Institute, Minneapolis)

\* Office of Higher Education data, reflecting institutions participating in the Minnesota State Grant Program. Data for a limited number of private institutions reflects 2013-14 tuition and fees, the most recent data available at the time it was collected.

## Average Annual Full-time Undergraduate Resident Tuition and Fees at Public Institutions in Minnesota\*

(Thousands)



\* Inflation-adjusted dollars



## Tuition Reciprocity Programs

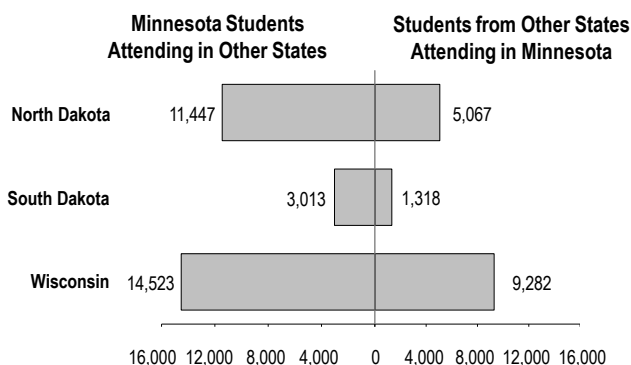
OHE administers the reciprocity agreements that provide reduced tuition for nonresident students.

Minnesota, North Dakota, South Dakota, and Wisconsin have tuition reciprocity agreements for all public postsecondary institutions.

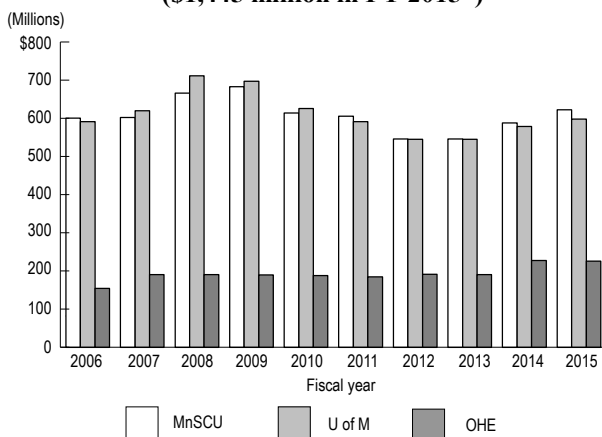
The North Dakota and Wisconsin agreements require interstate payments based, in part, on relative enrollments.

Wisconsin paid Minnesota \$9.6 million in academic year 2012-13 under the reciprocity program, and Minnesota paid \$5.8 million in academic year 2012-13 to North Dakota for tuition reciprocity.

### Fall 2012 Headcount Reciprocity Enrollment



### State Higher Education General Fund Appropriation (\$1,445 million in FY 2015\*)



\* Includes reductions and additions to appropriations by the governor and the legislature for FY 2008 to 2011. FY 2010 appropriations exclude federal American Recovery and Reinvestment Act appropriations.

## **Family Assistance**

The principal assistance programs funded by the state for low-income families are:

- Medical Assistance (MA)
- MinnesotaCare (MNCare)
- Children's Health Insurance Program (CHIP)
- Minnesota Family Investment Program (MFIP)
- Group Residential Housing (GRH)
- General Assistance (GA)
- Minnesota Supplemental Aid (MSA)
- Child Care Assistance
- State Housing Assistance

Other assistance programs are funded entirely by the federal government:

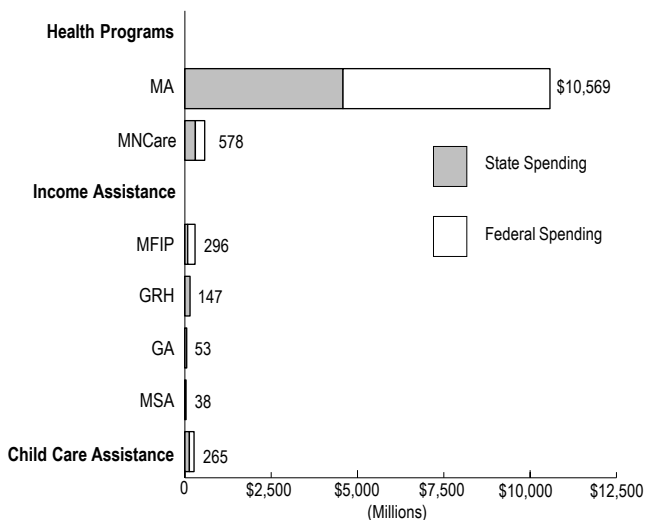
- HUD Rental Housing Assistance
- Food Support (Food Stamps) (FS)
- Supplemental Security Income (SSI)
- MNsure subsidized coverage

Note: The FY 2015 projections listed in this section are from the Department of Human Services, November 2014 forecasts of family self-sufficiency and medical programs. Other data are from DHS, MDE, MHFA, and other sources.

### **Funding and Administration**

- MA, MFIP, GA, MSA, GRH, Child Care Assistance, and Food Support are administered by counties under the supervision of the state Department of Human Services (DHS).
- MA, MNCare, CHIP, MFIP, and Child Care Assistance are funded jointly by the federal and state governments.
- GA, MSA, and GRH are state-financed.
- MNCare is administered directly by DHS; some counties have elected to process applications and determine eligibility.
- Food Support and SSI are federally financed.
- SSI is administered by the federal Social Security Administration.
- MNsure subsidized coverage is administered by the federal Internal Revenue Service and the MNsure board.

## Family Assistance State and Federal Spending\* (\$11,947 million in FY 2015)



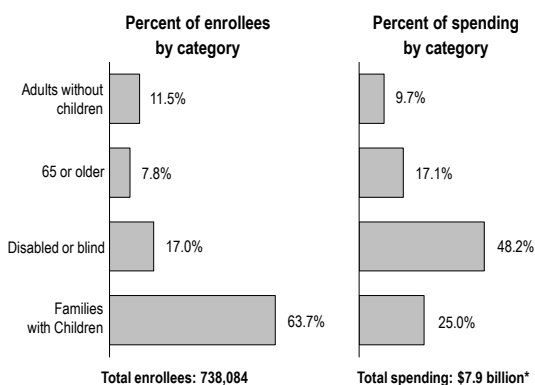
Note: MA spending total includes Children's Health Insurance Program (CHIP). State MNCare spending includes enrollee premiums and drug rebates.

\* Excludes SSI and Food Support programs. The state spending figure includes any county share.

## Medical Assistance (MA)

- A federal-state Medicaid program that pays for health care services for eligible individuals with income and assets below program limits.
- Eligible groups are low-income families; needy children in foster care; aged, blind, or disabled persons; pregnant women; adults without children; and certain other low-income children and adults.
- Minnesota has implemented the federal option to expand program eligibility to adults without children with income not exceeding 133% of FPG, effective January 1, 2014.
- MA provides all federally mandated services and most services designated by the federal program as optional.
- As of July 2014, 714,414 enrollees received services through prepaid health plans.

### Minnesota Medical Assistance Eligible - SFY 2013



\* Does not include consumer support grant expenditures, pharmacy rebates, and adjustments.

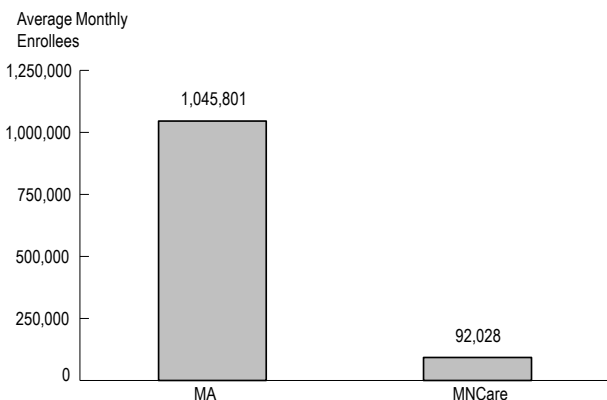
Source: Department of Human Services

Persons who are disabled, blind, or elderly, made up 24.8% of enrollees but accounted for 65.3% of expenditures in FY 2013.

## MinnesotaCare (MNCare)

- A federal-state program that provides subsidized health coverage mainly for low-income parents and adults without children with incomes greater than 133% but not exceeding 200% FPG.
- Subject to federal approval, will receive federal funding as the state's Basic Health Program under the federal Affordable Care Act.
- Covered services provided through prepaid health plans.
- Enrollee premiums are based on a sliding scale.
- Current state funding comes from a 2% tax on gross revenues of health care providers and a 1% premium tax on nonprofit health plans.

### Projected Health Care Enrollees (1,137,829 in FY 2015)



## Subsidized MNsure Coverage

- The federal government provides premium tax credits to eligible persons with incomes greater than 200% but not exceeding 400% of FPG, to subsidize the purchase of qualified health plans through MNsure, the state's health insurance exchange.
- Persons with incomes greater than 200% but not exceeding 250% of FPG may also qualify for federal subsidies that reduce enrollee cost-sharing under a qualified health plan.

### **Children's Health Insurance Program (CHIP)**

- A federal-state program that provides enhanced federal funding for: (1) MA services to children under age 2 with household incomes between 275% and 283% of FPG; (2) MA services to uninsured pregnant women who are nonimmigrants or undocumented, through the period of pregnancy, including labor and delivery and 60 days postpartum; (3) MinnesotaCare services to children with household incomes greater than or equal to 133% but not exceeding 200% of FPG; and (4) MA services to children with incomes greater than or equal to 133% but not exceeding 275% of FPG.

### **Minnesota Family Investment Program (MFIP)**

- MFIP is a state program begun in January 1998 that replaced the Aid to Families with Dependent Children (AFDC) entitlement program.
- MFIP provides cash assistance and employment and training services to eligible families with children.
- With some exceptions, MFIP is provided for no more than 60 months. In July 2002, families began reaching that 60-month limit. However, some of these families received exemptions or extensions. Exempt families may receive assistance without that month counting toward the 60-month time limit. Families with extensions may continue to receive cash assistance, but that month of assistance counts toward the 60-month time limit. Families without extensions and with more than 60 months of assistance are ineligible to receive assistance.
- Eligible families must be citizens or qualified noncitizens, have income and assets below limits set by the legislature, and include at least one minor child or pregnant woman and the child's parents or stepparents.
- MFIP caregivers are expected to meet hourly work requirements. The program provides supports to make work possible (including child care assistance) and imposes sanctions for noncompliance.
- MFIP is funded by the federal Temporary Assistance for Needy Families (TANF) block grant and by state appropriations.
- The legislature sets benefit levels, which include cash and food assistance portions. Benefits vary by family size; a family with one adult and one child receives up to \$745 per month. The food portion is adjusted as needed to reflect cost-of-living adjustments in the federal Food Support program.

## Group Residential Housing (GRH)

- A state program that assists in housing certain MSA-eligible and GA recipients who live in group residences such as adult foster homes and housing with services establishments.

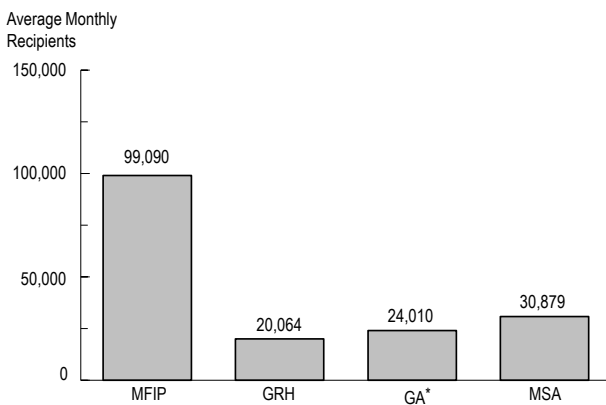
## General Assistance (GA)

- A state program that provides cash assistance to disabled or unemployable persons ineligible for MSA or SSI.
- GA recipients are single adults or childless couples. A single GA recipient receives up to \$203 per month. GA-eligible persons living in group residential housing facilities receive a small monthly personal needs allowance.

## Minnesota Supplemental Aid (MSA)

- A state program that provides supplemental cash assistance to needy aged, blind, and disabled persons who are SSI recipients or who would qualify for SSI except for excess income.
- Amount of monthly benefit varies with housing arrangement. A nursing home resident receives a small monthly personal needs allowance; a recipient living at home receives a larger grant for shelter and basic needs.
- MSA recipients automatically receive MA.

### FY 2015 Income Assistance Projections for MFIP, GRH, GA, MSA



\*Data for GA is available by cases only, not by number of individual recipients.

### Child Care Assistance Programs

Federal, state, and county funds subsidize child care costs for eligible families with:

- incomes at or below 47% of state median income at program entry, up to 67% of state median income at program exit; and
- children under 13 years old (age 15 for children with disabilities).

Families with incomes above 75% of the federal poverty guidelines must pay a copayment.

### Basic Sliding Fee (BSF) Program for Working Families

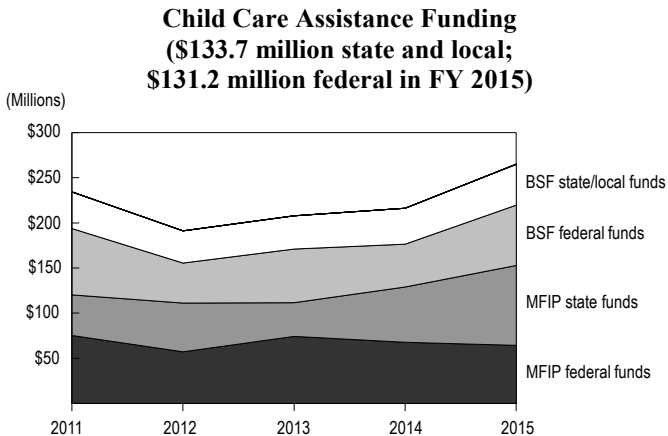
- Assistance is limited by funding
- Waiting lists exist in some counties
- Priority is given to non-MFIP parents without a GED or diploma, families completing the MFIP transition year, and families receiving assistance from the portability pool

### MFIP Child Care

- Eligible MFIP families, including families that forego the cash portion of the MFIP grant
- Assistance provided for activities in an approved individual plan (job search support or employment plan) and for employment
- Assistance is fully funded; no waiting lists for assistance

### Transition Year Child Care

- Provides 12 months of child care assistance for former MFIP families who received assistance for three of the previous six months





## Child Care Assistance

The monthly average number of families receiving child care assistance in FY 2013 was 16,998.

### Assistance may be provided for care by:

- Licensed family child care providers
- Licensed child care centers
- Legal nonlicensed caregivers including school district programs and registered caregivers who are related or unrelated adults

### Child Care Assistance Profile, FY 2013

<b>Type of Care (% of children)*</b>	<b>BSF &amp; MFIP</b>	
Legal nonlicensed	6.5%	
Registered center	8.0%	
Licensed family day care home	28.7%	
Licensed child care center	56.8%	
<b>Type of Parental Activity (% of families)</b>	<b>BSF</b>	<b>MFIP</b>
Students	5.0%	NA
Employment	84.1%	43.4%
Education and Training	10.9%	6.3%
Education, Employment, and Training	NA	7.2%
Other MFIP Activity	NA	7.8%
Transition Year	NA	35.3%
<b>Average families/month</b>	8,609	8,389
<b>Average cost per family</b>	\$9,731	\$13,402

Note: MFIP includes transition year and transition year extension child care

\* Percentages do not add to 100% due to the use of more than one type of care per child.

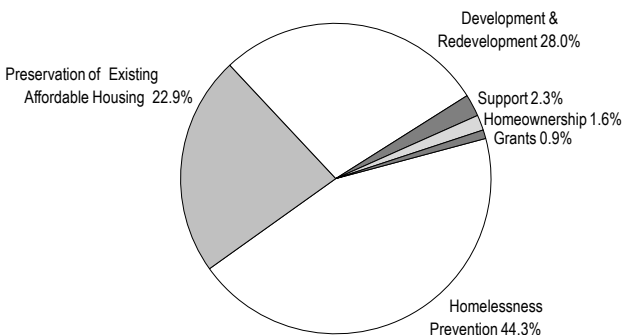
Source: Department of Human Services

## State Housing Assistance

The Minnesota Housing Finance Agency (MHFA) is a state agency that provides various forms of housing-related financial assistance, primarily oriented toward programs for low- and moderate-income families. State appropriations to the MHFA are less than 10% of the agency's total budget. (The largest revenue sources are mortgage revenue bond proceeds and federal funding.) MHFA activities with state funding include:

- **Development and Redevelopment.** Funds new construction and rehabilitation of rental and ownership housing.
- **Homeless Prevention and Supportive Housing.** Funds housing development and rental assistance and homeless prevention for very low-income families and individuals, many with other difficulties in achieving independent living.
- **Homeownership.** Funds down payment and closing cost assistance programs.
- **Preservation of Existing Affordable Housing.** Preserves the existing affordable housing stock, including federally assisted rental housing that may be lost as affordable housing due to opting out of federal programs or because of physical deterioration.
- **Resident and Organization Support.** Provides operating funds for organizations that develop affordable housing, offer homebuyer education and foreclosure prevention assistance, or coordinate regional planning efforts.

**State Appropriations to MHFA**  
**(\$101.5 million for 2014-2015 biennium)**



## U.S. Department of Housing and Urban Development

### HUD Rental Housing Assistance

(This page covers only direct subsidies from HUD. It does not include information on other rental assistance or home ownership programs.)

HUD rental housing assistance programs are generally for persons with incomes up to 50%, or in some cases 80%, of the area median income, where median incomes are adjusted for family size. (See page 11 for the median incomes.)

The tenant's portion of rent payment generally equals 30% of adjusted income, and HUD pays the balance up to the actual amount of rent due or fair market rent (FMR). FMRs are essentially caps on rent subsidies under various HUD programs.

HUD sets FMRs each year for each metropolitan area and each county outside metropolitan areas. FMRs are adjusted for the number of bedrooms. FMRs for 2014 range from a low of \$437 for an efficiency in a nonmetropolitan county to a high of \$1,573 for a four-bedroom unit in the Twin Cities metropolitan area.

### HUD Programs

HUD programs providing direct subsidies to renters, owners, or developers of affordable housing include:

- **Public housing.** Operating and modernization funding for housing owned, operated, and managed by public housing authorities.
- **Housing Choice Vouchers (Section 8).** The primary assistance for rent subsidies is in the form of certificates or vouchers that tenants can take with them when they move. Long-term rental subsidies for the owners of units of affordable rental housing ("project-based rental assistance") are also provided.
- **Community Development Block Grants (CDBG).** Formula-based block grants to local governments that may be used for a wide variety of purposes, including housing; \$48.82 million in FY 2014.
- **HOME Investment Partnership Program.** Aid allocated by formula grants to communities to partner with local nonprofits to build, buy, or rehabilitate affordable housing for low-income households; \$14.29 million in 2014.

## **Other Federal Assistance**

### **Food Support (FS)**

- A federal USDA program providing food purchasing assistance to low-income households; there is also a Minnesota Food Assistance Program for certain persons not eligible for the federal program.
- Eligible households must be citizens or qualified noncitizens; have assets and gross income below specified limits; and have net monthly income at or below the federal poverty guidelines.
- Most able-bodied adults must meet work requirements.
- Federal government sets benefit levels. Benefits are provided in electronic debit card (EBT) format, eliminating the traditional paper food stamp coupons.
- In FY 2013, an average of 259,081 Minnesota households received food support benefits each month. These benefits were worth a total of \$756.1 million for the fiscal year.

### **Supplemental Security Income (SSI)**

- A federal program providing cash assistance to needy aged, blind, and disabled persons.
- Eligible persons must be citizens or noncitizens meeting certain criteria; have assets and income below federal limits; and be 65 or older or meet program criteria for blindness or disability.
- The amount of monthly benefit varies with housing arrangement.
- Some SSI recipients also receive a state supplement to their SSI grant through the state MSA program. Most SSI recipients are eligible for MA.
- In federal FY 2013, an average of 92,934 Minnesotans received SSI each month. During federal FY 2013, \$622.9 million in federal SSI benefits were paid to Minnesota recipients.

# Corrections

## Minnesota's Crime, Incarceration, and Probation Rates, and State Rankings (2013)

	Rate per 100,000	Rank Among States
Crime Rate, Total	2,643	33rd
Violent*	223	42nd
Property**	2,420	31st
Incarceration Rate, State Prisoners	189	49th
Probation Rate, Adults	2,625	5th

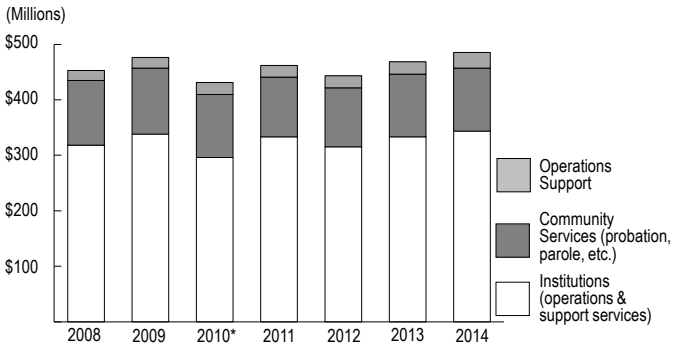
\* Murder, forcible rape, robbery, aggravated assault

\*\* Burglary, larceny, motor vehicle theft (excludes arson)

Sources: *Crime: State Rankings 2013*, CQ Press (based on U.S.

Department of Justice data); *Prisoners in 2013*, U.S. Department of Justice, September 2014

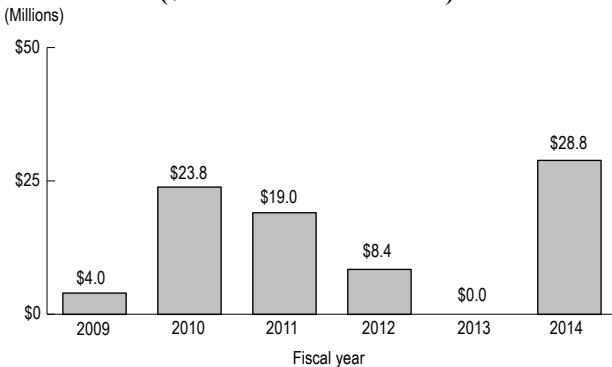
## Department of Corrections Expenditures (\$485 million in FY 2014)



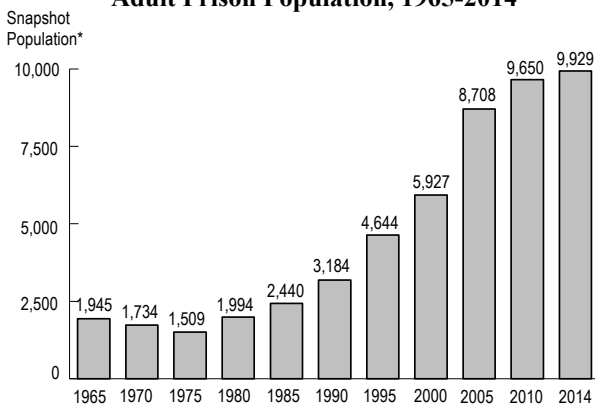
\* Excludes \$38 million in federal stimulus funds

Source: Biennial Budget Book

## Department of Corrections Bonding Authority (\$28.8 million in FY 2014)



## Adult Prison Population, 1965-2014



\* Data is by calendar year through 2000; and as of July 1 thereafter.

### Expansions to the Prison System

**2000-2002:** Oak Park Heights, 60-bed administrative control unit; Red Wing, conversion of 14-bed unit for mental health

**2003-2004:** Lino Lakes, 416-bed unit; Shakopee, conversion of an independent living center into 48-bed general living unit

**2005:** Faribault Phase 1, 701 beds; Willow River, 90 beds

**2006:** Faribault Phase 2, 181 beds; Stillwater segregation unit, 150 beds; Shakopee, 92 beds

**2009:** Willow River, 90 beds

**2013-2014:** Faribault, 121 beds; Lino Lakes, 15 beds; Moose Lake, 10 beds; Rush City, 30 beds; St. Cloud, 53 beds; Stillwater, 6 beds; Shakopee, 14 beds

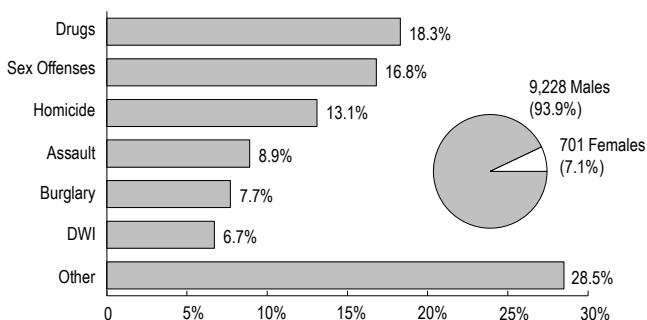
### Level of Custody Definitions

<b>Level 5 (Maximum security)</b>	Oak Park Heights	Single cells Secure perimeter
<b>Level 4 (Close-custody)</b>	Rush City St. Cloud Stillwater	Single/Double cells Secure perimeter
<b>Level 3 (Medium security)</b>	Faribault Lino Lakes Moose Lake	Double cells Multiple occupancy Secure perimeter
<b>Level 2 (Minimum security)</b>	Faribault MSU*	Multiple occupancy Electronic monitoring
<b>Level 1 (Minimum security)</b>	Red Wing MSU* Willow River CIP** Lino Lakes MSU* Stillwater MSU* Togo CIP**	Multiple occupancy No fence Electronic monitoring for Lino Lakes and Stillwater MSUs
<b>Level 1-5 (All security levels)</b>	Shakopee	Multiple occupancy No fence

\* MSU stands for minimum security unit.

\*\* CIP stands for Challenge Incarceration Program, commonly called “boot camp.”

## Adult Prison Population by Offense and Gender (9,929 as of July 1, 2014)



## Adult Prison Population by Facility and Cost per Offender FY 2014

Facility	Number <sup>1</sup>	Percent	Per diem <sup>2</sup>	Annual <sup>3</sup>
Faribault	2,003	20.5%	\$71.07	\$25,941
Stillwater	1,616	16.6	78.78	28,755
Lino Lakes	1,289	13.2	84.81	30,956
Moose Lake	1,041	10.7	79.99	29,196
Rush City	997	10.2	82.76	30,207
St. Cloud	1,002	10.3	97.12	35,449
Shakopee	615	6.3	92.28	33,682
Oak Park Heights	384	3.9	191.39	69,857
Willow River	171	1.8	106.62	38,916
Red Wing	43	0.4	70.55	25,751
Togo	37	0.4	151.23	55,199
Male Work Release	172	1.8	65.53	23,918
Female Work Release	21	0.2	65.53	23,918
Contract Beds <sup>4</sup>	334	3.4	57.99	21,166
ICWC	24	0.2	62.79	22,918
<b>Total/Average</b>	<b>9,749</b>	<b>100%</b>	<b>\$86.47</b>	<b>\$31,562</b>

<sup>1</sup> Average daily population for FY 2014.

<sup>2</sup> Daily costs per offender based on FY 2014 operational per diem. Per diem includes facility operations, mental health care, and health care expenses.

<sup>3</sup> Annual cost per offender.

<sup>4</sup> Contract bed are rental beds, including operational and health care costs.

## Adults Under Community Supervision (107,178 on December 31, 2013)

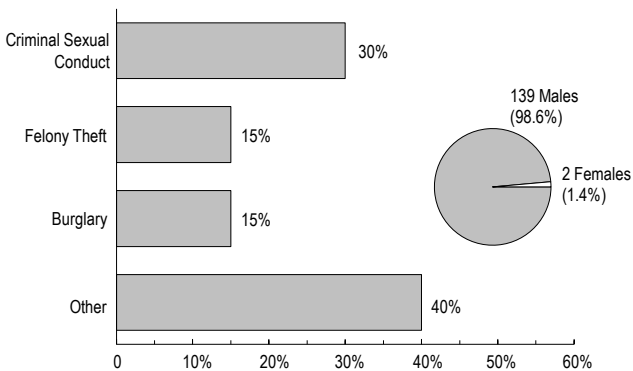
Supervision provided by the state (DOC), Community Corrections Act (CCA), or county probation officers (CPO).

Type	DOC	CCA/CPO	Number of Adults
Probation	16,827	84,935	101,762
Supervised Release	1,508	3,908	5,416
<b>Total</b>	<b>18,335</b>	<b>88,843</b>	<b>107,178</b>

## Juvenile Offenders

Juvenile offenders are defined as those beginning their sentences when under age 18 and not certified as adults. Many juvenile offenders are held by DOC as a precursor to future supervision on the streets, but remain under the supervision of the presiding court. Others have been committed to the supervision and jurisdiction of DOC. The sentences for some serious crimes require that the offender be committed to DOC; other juvenile offenders are committed to DOC at the discretion of the supervising judge.

### Juvenile State Correctional Facility Population (by offense for 20 males and 2 females committed to DOC; by gender for 141 in total population on January 1, 2014)



### Juveniles under Community Supervision (7,477 as of December 31, 2013)

Type of Supervision	Number of Juveniles
Probation	7,471
Parole	6
<b>Total*</b>	<b>7,477</b>

\* 1,012 are supervised by state agents; the remainder (6,465) by local agents.



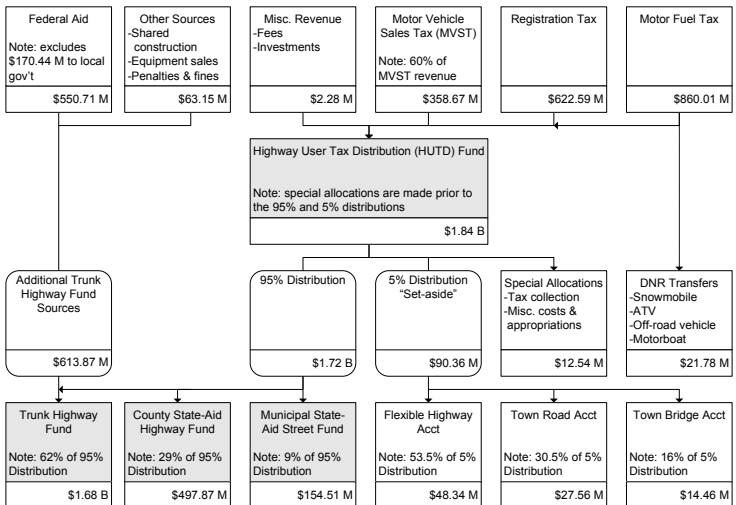
# Transportation

## Highway Finance Framework

The Minnesota Constitution establishes a basic framework for financing state highways. It (1) dedicates certain funding to be “used solely for highway purposes” through authorized taxes on motor fuels, motor vehicle registration, and motor vehicle sales; (2) establishes various accounting funds for distributing the tax revenues; (3) allocates revenues among state, county, and municipal roads; and (4) establishes requirements related to use of the funds as well as characteristics of each road system.

State statutes further specify finance and policy elements such as taxation rates, allocation formulas, and local aid program requirements. A portion of the motor vehicle sales tax revenue goes to transit, while the registration tax and motor fuels tax revenue (after some deductions) go exclusively to state and local highways.

## Highway Funding Sources and Distribution (\$2.64 billion in FY 2013)



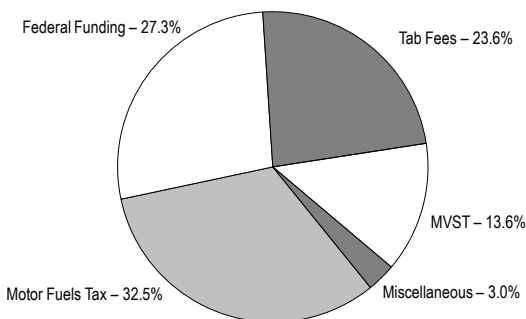
Note: Excludes (1) proceeds from trunk highway and other general obligation bonds, and (2) \$14.4 million in motor vehicle lease sales tax revenue.

## Highway Funding Sources

Most funding for the trunk highway system, as well as for state assistance to local governments for their roads, comes from transportation-related taxes and federal aid.

- The **motor fuels tax** is imposed at a per-gallon rate of 28.5 cents for gasoline and diesel (and at rates for other types of fuel that are proportionally adjusted based on energy content). A law passed in 2008 phased in an 8.5-cent tax increase over FY 2008 to 2013.
- The **registration tax** (also known as tab fees) applies annually to motor vehicles domiciled in Minnesota that use public streets and highways. For passenger vehicles, the tax depends on the vehicle's original value and its age. Other vehicles, such as trucks, are mainly taxed on the basis of weight and age.
- The **motor vehicle sales tax**, or MVST, is a 6.5% tax applied to the sale of new and used motor vehicles based on the purchase price of the vehicle. Voters in 2006 approved a constitutional amendment that dedicates all MVST revenue to transportation purposes, phased in over FY 2008 to 2012.
- **Federal aid** is another significant highway funding source for both state and local road systems.

### State and Federal Highway Funding (\$2.64 billion in FY 2013)



## Transit Systems

Throughout **Greater Minnesota** there are nearly 60 transit systems. Each one is placed under state law into one of four classes based on its location and system characteristics.

Class	Count	Examples
Urbanized	6	Duluth, Moorhead, St. Cloud
Small urban	12	Hibbing, Northfield, Winona
Rural	39	Arrowhead, Becker, Steele
Elderly/disabled	5	E. Grand Forks, Rochester

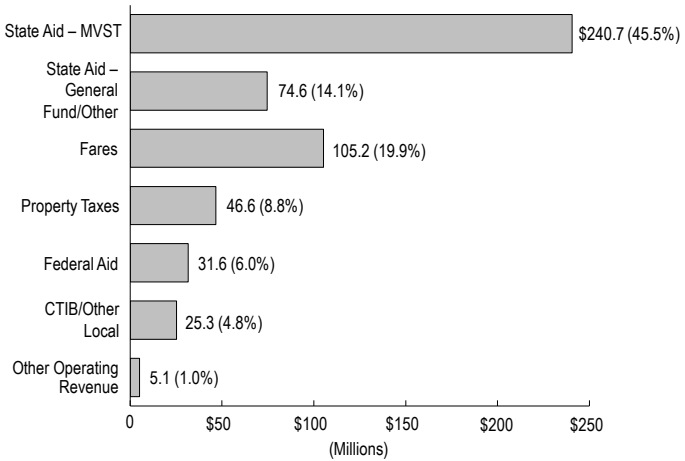
The **metropolitan area** is served by several transit options:

- Metro Transit, encompassing an extensive bus system as well as the state's light rail transit (LRT) lines and only commuter rail line
- Metro Mobility paratransit for those with disabilities or health conditions
- Transit Link dial-a-ride minibus or van service for the general public in those parts of the metropolitan area not served by regular route transit
- "Opt-out" systems consisting of seven suburban transit providers that replace Metro Transit regular route service in several metropolitan cities
- Other operators like the University of Minnesota

### Transit Riders (106.2 million in CY 2013)

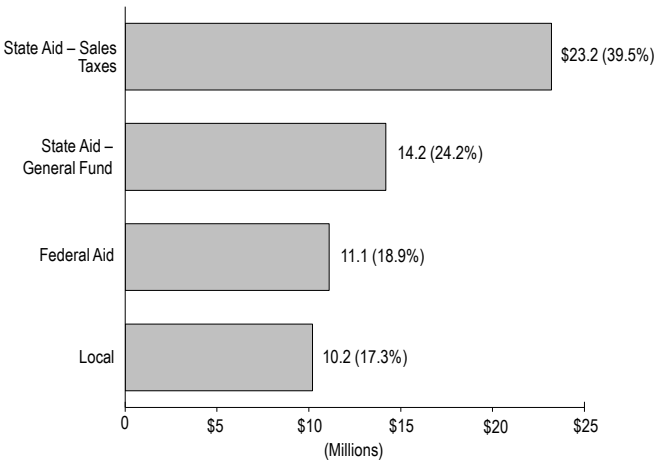
Category	Ridership (in millions)	Percent
Met Council Bus	72.9	68.6%
LRT	10.2	9.6
Commuter Rail	0.8	0.7
Opt-Outs	5.2	4.9
Other Twin Cities	5.3	5.0
Greater MN	11.9	11.2
<b>Total</b>	<b>106.2</b>	<b>100.0%</b>

**Revenue Sources**  
**Metropolitan Council Transportation Division**  
**(\$529.0 million in CY 2013)**



Source: Metropolitan Council, 2014 Unified Budget

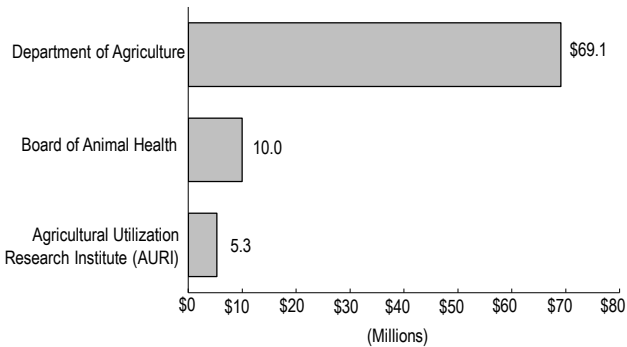
**Revenue Sources**  
**Greater Minnesota Transit**  
**(\$58.6 million in CY 2013)**



Source: Department of Transportation, 2013 Transit Report

# Agriculture

## General Fund Agriculture Appropriations (\$84.4 million in FY 2014-2015)



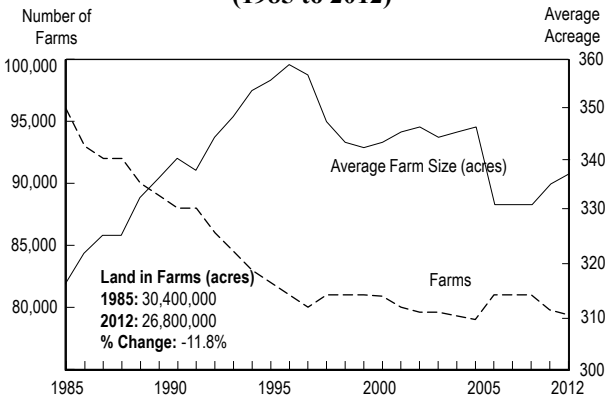
## Minnesota Farming Facts

Minnesota is ranked highly among the states in several areas of production:

- First in oats, sugarbeets, and sweet corn for processing
- Second in corn, green peas for processing, and hogs marketed
- Third in soybeans, spring wheat, hogs and pigs, and pig crop
- Fourth in dry edible beans and flaxseed
- Fifth in all sunflowers, canola, and honey

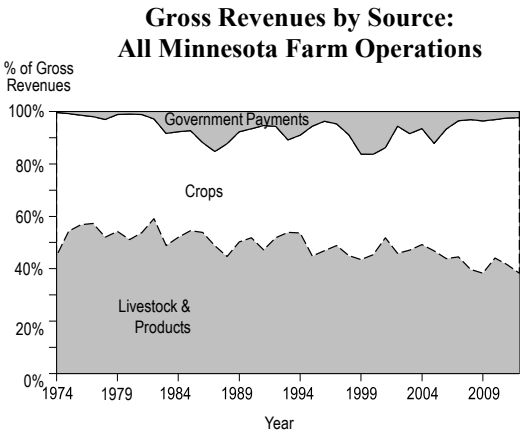
In 2012, the state was home to approximately 79,000 farms totaling 26.8 million acres, for an average acreage of 338.

## Farm Numbers and Average Size (1985 to 2012)



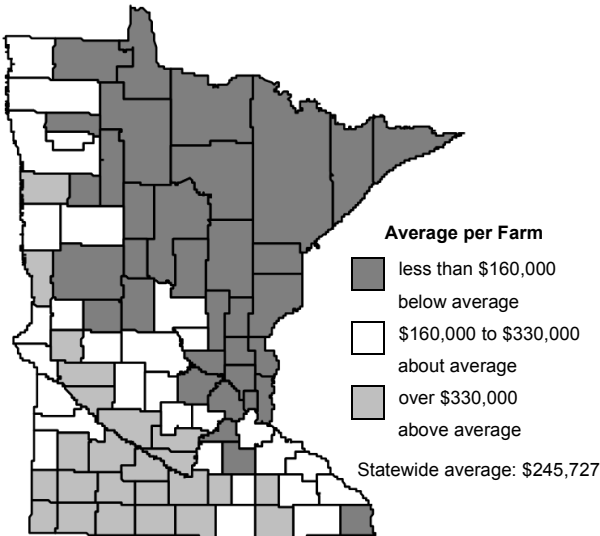
Source: U.S. Department of Agriculture; Minnesota 2013 Agricultural Statistics

In 2012, Minnesota farmers grossed over \$21 billion from the sale of livestock and crops and \$535 million from government payments.



Source: U.S. Department of Commerce, Bureau of Economic Analysis

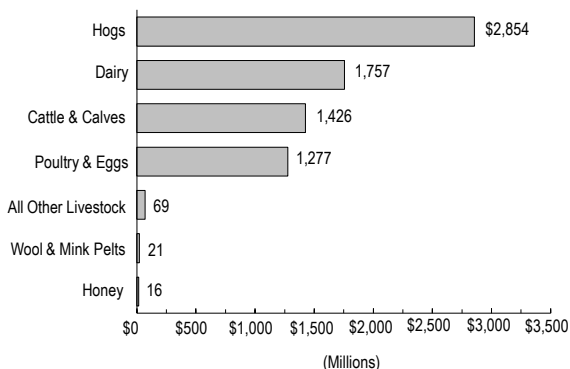
**Farm Geography: Market Value of Agricultural  
Products Sold, Average Per Farm 2011**



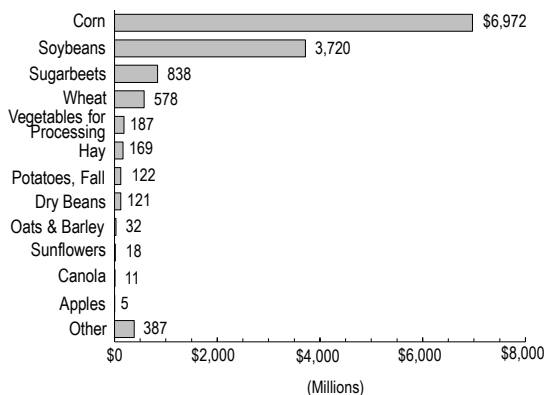
The average value of Minnesota farmland (including buildings) was \$4,750 per acre on January 1, 2013. That’s an increase of 17.3% over 2012; U.S. average growth was 9.4%.

In 2011, 218,726 acres of farmland were sold statewide, down from 220,404 in 2010. In the first nine months of 2012, the average price per acre ranged from a high of \$6,220 in south central Minnesota to a low of \$1,615 in north central Minnesota.

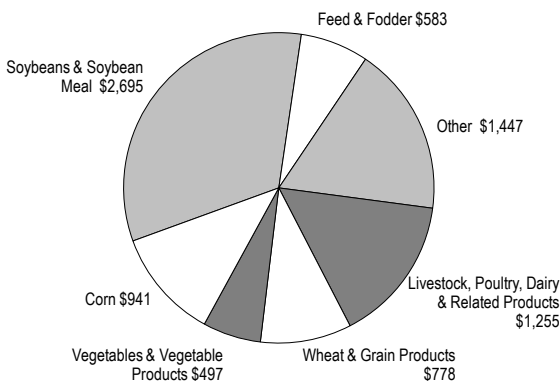
## Cash Receipts from Livestock and Products (\$7.4 billion in 2012)



## Cash Receipts from Crops and Vegetables (\$13.2 billion in 2012)

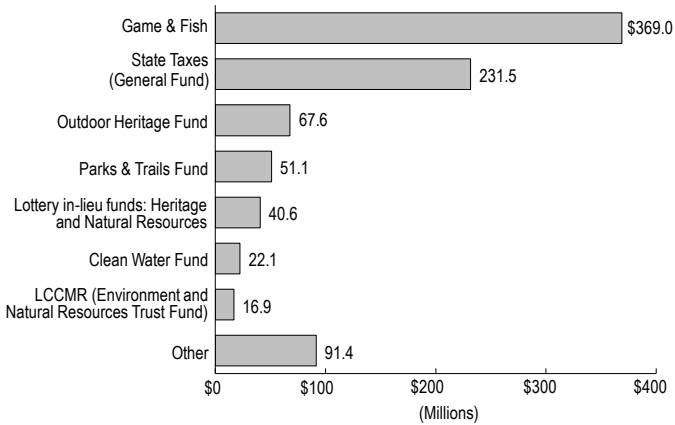


## Minnesota Agricultural Exports (\$8.2 billion in FY 2012)



# Natural Resources

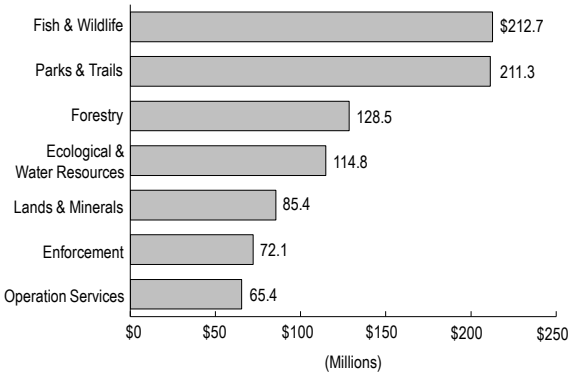
## DNR State Revenues for Budgeted Expenditures, by Source (\$890.2 million in FY 2014-15)



Source: Department of Natural Resources

The Department of Natural Resources (DNR) general fund budget is about 0.6% of total general fund spending.

## DNR Expenditures by Program (\$890.2 million in FY 2014-15)



Source: Department of Natural Resources

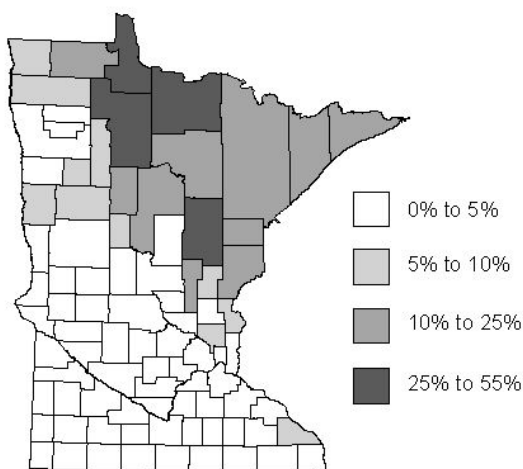


## Natural Resources Facts

### Minnesota has

- 5,586,300 acres of DNR land, about 10% of Minnesota's land area
- 3,415,117 acres of lakes administered by the DNR
- 10,620,000 acres of wetlands
- 69,200 miles of rivers and streams administered by the DNR
- 2,684 full-time equivalent DNR employees
- 1,500,000 licensed anglers
- 580,000 licensed hunters and trappers
- 810,000 recreational boats
- 66 state parks and seven state recreational areas; second oldest state park system in the United States, after New York

**State Land Ownership**  
(approximate percentage of state land ownership in each county)



### Public Lands and Recreational Facilities Administered by the DNR

- 4,800,000 state forest acres
- 1,300,000 wildlife management acres
- 185,000 scientific and natural area acres
- 231,300 state park, state recreation area, and state wayside acres
- 45,000 aquatic management area acres
- 4,100 miles of hiking/biking/motorized trails and 22,000 miles of snowmobile trails
- 1,495 public water access sites

## **Board of Water and Soil Resources (BWSR)**

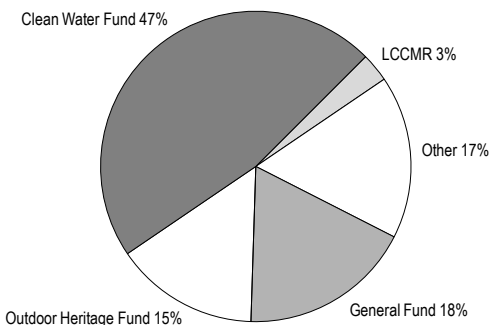
The mission of BWSR is to improve and protect water and soil resources by working with local organizations and private landowners. There are 20 board members of BWSR, 100 staff in the metro area, and eight field offices in Greater Minnesota.

BWSR provides financial, technical, and administrative assistance to local government units, so that state conservation policy is implemented with local priorities in mind. BWSR programs include Conservation Cost-Share, Clean Water Fund Competitive Grants, Reinvest in Minnesota (RIM) Reserve, Wetland Conservation Act (WCA), and Comprehensive Local Water Management. These programs are administered locally by the state's soil and water conservation districts (SWCDs), counties, watershed districts, metropolitan watershed management organizations, and other local government units.

BWSR is responsible for implementing conservation and clean water projects and practices that restore impaired waters and protect high-quality lakes, rivers, streams, and wetlands by providing grants to local governments. The Clean Water Legacy Act initially allocated over \$16 million in funds for these purposes. The clean water fund, established by the clean water, land, and legacy constitutional amendment, allocated over \$65 million for these purposes in 2014-2015.

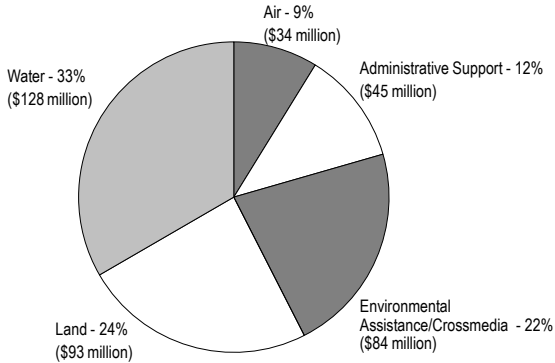
The RIM Reserve conservation easement program improves soil conservation and water quality and provides wildlife habitat on privately owned lands. BWSR began enrolling lands in the RIM Reserve program in 1986 and currently holds approximately 6,000 easements on over 243,000 acres at a cost of nearly \$215 million in state funds.

### **BWSR Budget (\$140.6 million in FY 2014-2015, excluding bonding authorization)**



# Pollution Control

## PCA Authorized Budget by Program (\$383.1 million in FY 2014-2015)



### Land Program activities include:

- Issuing permits to solid waste landfills and hazardous waste facilities and generators
- Managing 112 closed solid waste landfills for which the state has assumed responsibility
- Distributing grants to counties to support recycling, composting, and hazardous waste collection
- Overseeing cleanup activities at 74 Superfund sites and 1,100 petroleum-contaminated sites

### Water Program activities include:

- Permitting and inspecting 1,100 animal feedlots and 1,700 facilities that discharge to state water bodies
- Developing and enforcing water quality standards
- Issuing permits requiring cities, industrial facilities, and construction sites to reduce the amount of stormwater runoff carrying sediment and pollution to surface and ground water
- Monitoring water quality in surface water and groundwater

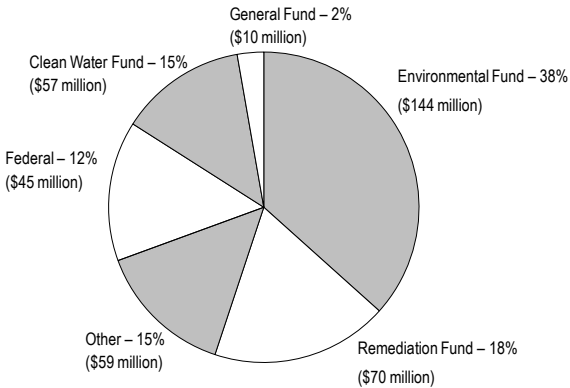
### Air Program activities include:

- Permitting and inspecting air emission sources
- Monitoring ambient air quality statewide
- Developing and enforcing air quality standards

### Environmental Assistance and Crossmedia Program activities include:

- Providing scientific and technical support for all PCA programs
- Assisting Minnesota businesses to implement pollution prevention programs

## **PCA Authorized Budget by Fund (\$383.1 million in FY 2014-2015)**



Pollution-based fees and taxes in the Environmental and Remediation funds account for more than half of PCA's 2014-2015 budget.

The Environmental Fund collects revenues from the following major sources:

- Solid waste management taxes paid by individuals and businesses
- Fees paid by hazardous waste generators
- Air and water permit fees
- Motor vehicle transfer fee

The Remediation Fund collects revenues from the following major sources:

- Reimbursement for cleanup activities at Superfund sites
- A portion of funds recovered from insurance companies for remediation at closed landfills
- A fee of 2 cents per gallon on petroleum products stored in tanks (Petrofund)

Revenues from the Remediation Fund support PCA's Land Program exclusively, while the Environmental Fund contributes to all programs.

Federal funds make up 12% of PCA's budget; the state's General Fund contributes 2%, about \$1.75 per state resident. The Clean Water Fund, created by a ballot referendum in 2008 that added three-eighths of 1% to the state sales tax, contributes about \$57 million to PCA's Water Program.

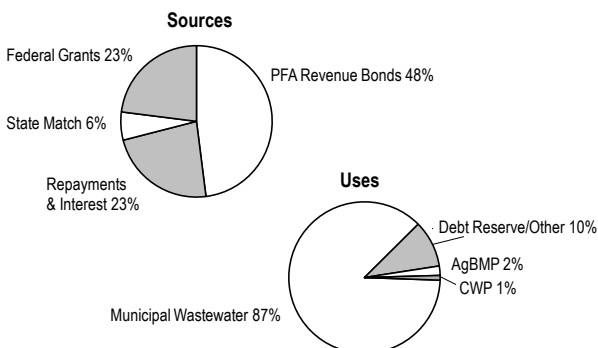
## Public Facilities Authority

The Public Facilities Authority (PFA), in coordination with other state agencies and the federal government, administers and oversees municipal financing programs for public infrastructure, primarily facilities for clean water, including wastewater, stormwater, and drinking water. The PFA board consists of the commissioners of employment and economic development (chair), management and budget, pollution control, agriculture, health, and transportation. Funded projects must be approved by the appropriate agency.

**Clean Water Revolving Fund:** \$3.1 billion 1989-2014. Sources include federal grants, state matching funds, PFA revenue bonds (principal amount of revenue bonds issued and outstanding at any time may not exceed \$1.5 billion), and interest earnings. Loans are for:

- public wastewater treatment facilities projects;
- the agricultural best management practices (AgBMP) loan program to address nonpoint rural water pollution associated with agricultural production, administered by the Department of Agriculture;
- clean water partnership (CWP) loan program to address nonpoint pollution affecting specific bodies of water, administered by the Pollution Control Agency; and
- tourism loan program.

### Clean Water Revolving Fund (\$3.1 billion in 1989-2014)



## Other PFA Programs

**Drinking Water Revolving Fund:** Capitalized with \$827.1 million 1998-2014; 40% federal, 8% state, 34% revenue bonding, 18% net revenues. For loans to municipalities to provide safe drinking water. The PFA estimates it has an average lending capacity of \$41 million per year.

**Wastewater Infrastructure Program (WIF):** \$240.9 million appropriated 1995-2014. Provides supplemental assistance grants to municipalities for wastewater treatment projects, based on need. Grants are provided together with revolving fund loans or to match grants provided by USDA Rural Development.

**Clean Water Legacy Fund:** For Point Source Implementation grants to local governments to reduce wasteloads under a Total Maximum Daily Load (TMDL) plan, to reduce phosphorus discharge, and to implement other water-quality-based effluent projects. Also for grants and loans under the Small Community Wastewater Treatment program that helps replace noncompliant septic systems and straight pipes with publicly owned systems.

**Transportation Revolving Loan Fund:** Established in 1997 to take advantage of the federal State Infrastructure Bank (SIB) program. Administered by the PFA and MnDOT to provide below-market-rate loans of federal and state funds to state and local government entities for projects approved by MnDOT.

**City and County Credit Enhancement Program:** Provides a limited state guarantee for certain bonds issued by counties to build jails, correctional facilities, law enforcement facilities, social and human services facilities, solid waste facilities, and qualified housing projects, and for certain bonds issued by cities and counties for wastewater, drinking water, and stormwater facilities, and for publicly owned infrastructure funded in part by various programs administered by the Department of Employment and Economic Development. As of August 12, 2014, the total principal on bonds, plus interest on the bonds, enrolled in the program through 2040 was approximately \$632 million. The maximum amount of outstanding principal debt allowed under this program is \$1 billion.

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