



State of Minnesota
Department of Finance

990506

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March 4, 1999

To: Senator Keith Langseth, Chairman
Senate Education Finance Committee

Senator Linda Berglin, Chairman
Senate Human Resources Finance Committee

Senator Richard Cohen, Chairman
Senate State Government Finance Committee

Representative Dave Bishop
House Ways and Means Committee

Fr: Pamela Wheelock, Commissioner

Re: Supplement Budget Items, Errata and Omissions to the Governor's 2000-01 Biennial Budget - Change Order #1 (Other Agency Budget revisions, excluding Health & Human Services, Education, Children & Families and Local Aids)

This is to advise you and your colleagues that we will follow the same procedures used in previous biennia for transmitting any changes to the Governor's Budget.

Only changes submitted under my signature should be considered as official changes in the Governor's Budget. This procedure is necessary to ensure control over the General Fund Balance as well as eliminate confusion regarding the Governor's Recommendations. This process has worked well in past legislative sessions.

Sufficient detail is provided for clarification of errata, omission or change and reference to the appropriate budget page. New numbers and language were inserted while deleting old inappropriate language or references on the budget narrative pages. New or revised pages have been copied with original budget data remaining on the opposite page side to allow for ease in inserting and removal of pages into three ring binder budget books.

AN EQUAL OPPORTUNITY EMPLOYER

Please find the following page updates:

Higher Education:

Higher Education Services Office:

Page B-3 was revised to insert MnLINK under the Governor's Recommendation column. This was an omission when typing the page. The totals were correct.

University of Minnesota:

Page B-147 was revised to insert brackets around the base adjustment for Enrollment Formula Adjustment for FY 2000. This was an error in submission. The totals were correct for the base level.

Page B-193 has language revisions under Governor's Recommendations, Financing and Outcomes headers.

Environment & Natural Resources:

Pollution Control Agency:

Program Structure/Index Pages and Pages D-2, D-5, D-11, D-15, D-16, D-25, D-26, D-49, D-51, D-74, D-75, D-76, D-79, D-82, D-83 have been revised and two new pages added D-83a & D-83b to reflect a new Governor's change item and a revised Governor's change item and forecasted revenues. Environmental Fund expenditures were revised downward by \$137.0 in FY 1999, \$79.0 for FY 2000 & \$77.0 in FY 2001 related to a new Governor's change item for listed metals, fees were also increased, see below. An Environmental Fund change item was revised downward related to feedlots in the amount of \$619.0 for FY 2000.

Pages D-17 & D-18: the Summary of Agency Revenues was revised to reflect additional non-dedicated revenue due to a new Governor's change item to raise fees for listed metals in the Environmental fund of \$100.0 in FY 2000 and \$51.0 in FY 2001 and additional non-dedicated departmental earnings revenue of \$496.0 for FY 2000 and \$1,185.0 in FY 2001 for feedlot permit fees added to the Environmental Fund due to forecast changes.

Further revisions were made to correct dedicated receipts shown for departmental earnings in the Special Revenue Fund. The correct numbers are now reflected in the Governor's recommendation columns as \$205.0 for each year of the biennium. The reduction of revenues due to the elimination of the auto emissions testing program are now reflected on the Department of Public Safety's revenue summary.

Page D-22: agency total was stated incorrectly for Estimated SFY 2000 Revenues. The total should have been \$30,948. The numbers were correct in the budget system.

Page D-72 corrects the revenue line on the change page by showing a loss of \$(140.0) for each year of the biennium. This reflects a reduction of revenues of \$65.0 each year from fleet registrations and a loss \$75.0 for interest earnings. This is a Special Revenue fund revenue loss from the original budget.

Department of Natural Resources:

Pages D-174, D-205, D-294, D-295, D-296, D-299, D-300, D-307, D-311 & D-312 were revised to correct FTE's and change the base budget reduction items. Total funding remains the same in the budget.

Department of Agriculture:

Pages D-367, D-369, D-419 & D-423 were revised to reflect forecast and Governor's recommendation changes for the Ethanol producers' payments. This revised Open appropriation increase has a net effect to the General Fund of increasing expenditures by \$1,328.0 for FY 2000 and \$2,972.0 for FY 2001.

Page D-392: the wrong fund was listed for revenues on the budget change page. The numbers were correct in the budget system.

Page D-409 was revised to correct an error related to object of expenditures. Numbers displayed under the Governor's recommendation columns for FY 2000 & FY 2001 for expenditures by category have been corrected.

Economic Development:

Department of Trade and Economic Development:

Pages E-4, E-16 & E-34 were revised to correct errors in account coding of history and base budget years. Coding errors were made to Actual FY 1997, Actual FY 1998, Budgeted FY 1999, Base FY 2000 and Base FY 2001 columns. The amounts were coded as Statutory General Fund and should have been coded as an Open General Fund appropriation. Governor's recommendations were coded correctly.

Page E-13: Agency total was stated incorrectly for Estimated SFY 2000 Revenues. The total should have been \$83,036. The numbers were correct in the budget system.

Pages E-16, E-22, E-34 & E-35 were revised to correct federal expenditures placed in the wrong budget activity. The total amount for the agency was correct.

Department of Commerce:

Pages E-179, E-183, E-184, E-185, E-209, E-210 & E-214 were revised and a new page E-216 was added to reflect a new Governor's recommendation for a State Crop Insurance Feasibility Study. This affects the fund balance, additional expenditures of \$200.0 for FY 2000.

Pages E-183, E-185, E-191, E-192 & E-193 were revised to eliminate revenues for fee increases for Sub-divided Land left in the budget in error. This affects the fund balance. The Cambridge Deposit Fund loses revenue of \$(45.0) for FY 2000 and \$(75.0) for FY 2001.

Department of Labor & Industry:

Page E-301 was revised to correct enrollment information shown on graphs.

Public Utilities Commission:

Page E-334 corrects Cambridge Deposit revenues for FY 2000 and FY 2001. The previous numbers were overstated due to a data entry error.

Minnesota Municipal Board:

Pages E-415 & E-416 were revised and a new page E-418 was developed to add a Governor's recommendation to retain the Board as a separate agency. This increases funding here and decreases similar funding previously budgeted at State Planning. Total dollars remain unchanged in the budget.

State Government:

Strategic and Long Range Planning:

Pages F-156 & F-157 were out of order in the budget book. This submission reverses the pages for proper placement of the pages.

Pages F-158, F-160, F-161 & F-162 were revised and a new page F-168 was added as a result of the Governor's recommendation to retain the Municipal Board as a separate entity. There are no new costs statewide.

Department of Administration:

Page F-227 was revised to provide set aside language in the Governor's recommendation. The revised rider language is attached to this change order.

Contingent Accounts:

Pages F-321 & F-322 have been revised due to supplemental Governor's recommendations to increase the General Fund contingent account by \$300.0 for FY 2000. There are a couple items where liabilities exist but the exact amounts are unknown for the projected budget, such as: Secretary of State's Y2K problems and a change in the child support hearings for Administrative Hearings. Furthermore, the Governor is proposing not to have a supplemental budget in the even legislative year.

Debt Service:

Page F-323 has revised Governor's recommendations related to debt service costs.

Department of Revenue:

Page F-398 was revised to correct errors displayed under Department of Revenue Staff Positions.

Department of Military Affairs:

Page F-473: the total typed in for the change item of facilities maintenance was in error for the biennium. The numbers were correct in the budget system and totals were correct on the brief.

Department of Veteran Affairs:

Page F-517, the change item for the Guardianship Activity Increase was stated in error on the typed budget brief. The numbers in the budget system and on the budget book report pages are correct.

Page F-530, expenditures were stated in error between the State Operations categories on the budget page. This revision reflects the proper expenditures by State Operations categories. The total expenditures for the activity have not changed.

Racing Commission:

Page F-564 was revised to display revenue at the budget activity level. The dollars were in the system at the agency level, but programmatic coding was missing for proper display at the activity level.

Minnesota State Retirement System:

Page F-572 was revised to reflect forecast changes. This revised Open appropriation increase has a net effect to the General Fund of increasing expenditures by \$1,885.0 for FY 2000 and \$2,036.0 for FY 2001.

Minneapolis Employees' Retirement Fund:

Page F-586 was revised due to a forecast change for FY 1999. The General Fund net effect is a reduction to expenditures of \$1.0.

Local Police & Fire Amortization Aid:

Page F-588 was revised due to an error for the expenditures shown for FY 1999. The fund balance was correct.

Transportation & Other Agencies:**Department of Transportation:**

Page G-73, replaces an old version of this program level that was submitted in error. The numbers were correct in the budget system and on other budget book reports.

Department of Public Safety:

Page G-160: the total for Governor's recommendation for FY 2001 was typed in error on the

budget brief. The numbers were correct in the budget system.

Pages G-155, G-156, G-164, G-165, G-166, G-250, G-251, G-255 & G-256 have been revised to reflect the loss of receipts and reduced expenditures related to ending the vehicle emission testing program. The revised pages reflect expenditure reductions of \$88.0 for each year of the biennium in the Special Revenue fund and revenue reductions of \$7,393.0 for FY 2000 and \$8,000.0 for FY 2001 for the Special Revenue fund.

Pages G-155, G-156, G-165, G-166, G-282 & G-283 were revised to reflect increased federal funds with the transfer of the Office of Drug Policy from the Department of Education, Children and families.

Criminal Justice:

Department of Corrections:

Pages H-117, H-118, H-120, H-121, H-129, H-130, H-131, H-170, H-171 & H-172 are replacements to reflect revised Governor's recommendations. The department has found savings to reduce the amount of funding needed for the expansion of mental health and infirmary units at MCF-Oak Park Heights costs presented as a change item on page H-172. The net effect to the General fund is a decrease of expenditures of \$3,169.0 for the biennium.

**Errata
Departmental Earnings Report**

Pollution Control Agency:

Pages 157, 168, 169, 180, 181 & 182 were revised to correct errors and align the departmental earnings report to the Governor's budget for listed metals and feedlot initiative.

Commerce Department:

Pages 355 & 378 remove the receipts related to the Sub-Divided Land fee.

Labor and Industry:

Page 409 was revised to correct an error.

Municipal Board:

Pages 459 & 460 were revised related to the Governor's recommendations to reestablish the Board as a separate agency.

State Planning:

Pages 503 & 504 were revised related to the Governor's recommendations to reestablish the Municipal Board as a separate agency.

Department of Public Safety:

Page 596 revised as part of Governor's initiative for Motor Vehicle Transfers at the Pollution Control Agency.

Additional Rider and Enabling Language:

Pollution Control Agency - Protecting the Land.

Department of Agriculture - Ethanol Development Fund transfer.

Department of Commerce - Crop Revenue Feasibility Study language.

Municipal Board - Language to retain as a separate agency.

Legislature - Delete rule note requirements.

Department of Administration - Revised Year 2000 System language.

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State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HIGHER EDUCATION SVCS OFFICE

Agency Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000			F.Y. 2001		
				Base	Agency Request	Governor Recomm.	Base	Agency Request	Governor Recomm.
EXPENDITURES BY PROGRAM:									
STUDENT FINANCIAL AID	105,865	112,137	137,040	132,659	147,028	131,296	132,697	154,061	134,694
STATE STUDENT LOANS	32,690	40,512	59,457	62,522	62,522	62,522	67,532	67,532	67,532
RESEARCH & PROGRAM SERVICES	1,476	1,654	1,681	1,717	1,977	1,717	1,753	2,013	1,753
LIBRARIES AND TECHNOLOGY	8,787	9,279	25,182	10,392	15,021	12,017	10,393	14,962	11,943
AGENCY & LOAN ADMINISTRATION	6,804	1,849	12,810	12,599	12,688	12,636	12,656	12,745	12,693
Total Expenditures	155,622	165,431	236,170	219,889	239,236	220,188	225,031	251,313	228,615

FINANCING BY FUND:									
CARRY FORWARD:									
GENERAL	571	14	18,287	30	30	30	30	30	30
DIRECT APPROPRIATIONS:									
GENERAL	111,782	118,497	141,750	140,707	160,054	141,006	140,828	167,110	144,412
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	125	215	237	184	184	184	186	186	186
FEDERAL	1,477	2,310	1,595	1,595	1,595	1,595	1,595	1,595	1,595
AGENCY	3,092	2,977	3,356	3,356	3,356	3,356	3,356	3,356	3,356
HIGHER EDUCATION SERV OFFICE LOAN FUND	38,575	41,418	70,945	74,017	74,017	74,017	79,036	79,036	79,036
Total Financing	155,622	165,431	236,170	219,889	239,236	220,188	225,031	251,313	228,615

FTE BY EMPLOYMENT TYPE:									
FULL TIME	48.4	60.2	63.7	63.7	68.9	63.7	63.7	68.9	63.7
PART-TIME, SEASONAL, LABOR SER	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Full-Time Equivalent	48.6	60.2	63.7	63.7	68.9	63.7	63.7	68.9	63.7

**2000-01 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Higher Education Services Offices (HESO)

Fund: General

	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>Biennium</u>
<u>BASE-YEAR (F.Y. 1999)</u>			
Appropriations (F.Y. 1999)	\$141,752	\$141,752	\$283,504
<u>BASE ADJUSTMENT</u>			
One-Time Appropriations	(1,156)	(1,156)	(2,312)
Doc. Space Rental/Lease	58	130	188
2000-01 Salaries & Benefit Base	50	99	149
Statewide Administration Systems	5	5	10
Uniform Pension Bill Reduction	(2)	(2)	(4)
<u>BASE LEVEL (for 2000 and 2001)</u>	\$140,707	\$140,828	\$281,535
<u>CHANGE ITEMS</u>			
Midwestern Higher Education	17	17	34
Interstate Tuition Reciprocity	500	500	1,000
State Grants	10,840	17,160	28,000
MINITEX	1,455	1,395	2,850
Learning Network of Minnesota	2,677	2,677	5,354
HESO Technology	47	47	94
Minnesota Minority Education	42	42	84
National Service Scholarship	290	290	580
MnLINK	497	497	994
Post-secondary Service Learning	260	260	520
Student Parent Information	150	150	300
Get Ready Outreach Effort	275	350	625
Intervention Investment Program	500	500	1,000
Minnesota Promise Scholarship	500	1,000	1,500
Child Care Grants	641	641	1,282
Work Study	656	756	1,412
AGENCY REQUEST	\$160,054	\$167,110	\$327,164
<u>GOVERNOR'S RECOMMENDATION</u>			
Midwestern Higher Education	17	17	34
Interstate Tuition Reciprocity	500	500	1,000
State Grants	(1,855)	1,505	(350)
Work Study	250	250	500
HESO Technology	37	37	74
MINITEX	425	350	775
MnLINK	450	450	900
Learning Network of Minnesota	750	750	1,500
Sunset Nursing Grants	(275)	(275)	(550)
TOTAL	\$141,006	\$144,412	\$285,418

Brief Explanation of Budget Decisions:

- The agency spends approximately \$140 million in state funds annually. Of this amount, 90% of the base budget is for state post-secondary financial aid programs.
- The remaining 10% of state operation funding pays for core administrative functions and several major HESO sponsored projects such as Learning Network of Minnesota regional grants, and the MINITEX program.

- Base adjustments include one-time appropriations for MnLINK; increases for space rental and lease due to the required move out of the Capitol Square Building to a new office in Energy Park in St. Paul; salary and benefit adjustments; and decreases required under the uniform pension bill reductions.

The agency budget recommendations are designed to strengthen those services that contribute to post-secondary education access for Minnesotans. Change items involve funding requests to address the following strategies:

- Strengthen financial access to help students pursue and achieve their higher education objectives through proposed increases in the State Grant, Work Study, Child Care Grant, and Interstate Tuition Reciprocity Programs;
- Early intervention and information initiatives to help get students to the door of post-secondary education through proposed increases in the Get Ready! Outreach Effort and the Student/Parent Information effort, funding for an Intervention Investment Program for College Attendance, creation of a Minnesota Promise Scholarship Program, and additional funding for the Minnesota Minority Education Partnership;
- The promotion of access to community service opportunities to help foster citizen involvement through continued funding for the National Service Scholars Program and increased funding for the Post-secondary Service Grant Program;

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: UNIVERSITY OF MINNESOTA

Agency Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000			F.Y. 2001		
				Base	Agency Request	Governor Recomm.	Base	Agency Request	Governor Recomm.
EXPENDITURES BY PROGRAM:									
MAINTENANCE & OPERATIONS	605.150	692.911	729.888	695.019	767.282	738.574	699.849	821.870	774.054
UNIVERSITY SPECIALS	88.203	69.834	70.483	69.483	71.613	71.479	69.483	71.843	71.509
OTHER APPROPRIATIONS	17.479	9.407	4.467	4.762	8.185	358.109	6.303	8.456	8.301
Total Expenditures	710.832	772.152	804.838	769.264	847.080	1,168.162	775.635	902.169	853.864

FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT & NATURAL RESOURCE	0	2,573	0	0	1,997	1,997	0	1,998	1,998
GENERAL	493.124	540.769	570.923	539.447	613.840	584.998	542.610	666.991	618.841
MINNESOTA RESOURCES	0	1,724	0	0	1,150	1,150	0	0	0
HEALTH CARE ACCESS	2,482	2,537	2,537	2,537	2,613	2,537	2,537	2,692	2,537
SPECIAL REVENUE	0	120	0	0	200	200	0	0	0
TOBACCO SETTLEMENT	0	0	0	0	0	350,000	0	0	0
STATUTORY APPROPRIATIONS:									
GENERAL	209.729	221,976	229,740	225,055	225,055	225,055	226,722	226,722	226,722
AGENCY	5,497	2,453	1,638	2,225	2,225	2,225	3,766	3,766	3,766
Total Financing	710.832	772.152	804.838	769.264	847.080	1,168.162	775.635	902.169	853.864

**2000-01 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: University of Minnesota (U of M)

Fund: General

	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>Biennium</u>
<u>BASE-YEAR (F.Y. 1999)</u>			
Appropriations (F.Y. 1999)	\$570,706	\$570,706	\$1,141,412
<u>BASE ADJUSTMENT</u>			
One-time Appropriations	(28,021)	(28,021)	(56,042)
Uniform Pension Bill Reduction	(75)	(75)	150
Enrollment Formula Adjustment	<u>(3,163)</u>	<u>0</u>	<u>(3,163)</u>
<u>BASE LEVEL (for 2000 and 2001)</u>	\$539,447	\$542,610	\$1,082,057
<u>CHANGE ITEMS</u>			
Enriching the Undergraduate Experience	8,130	24,470	32,600
Financing Health Professional Education	16,940	20,060	37,000
Connecting the University to the Community	9,230	11,310	20,540
Excellence Through Quality Services	8,660	15,930	24,590
Competitive Compensation	33,000	62,900	95,900
Tuition Revenue Model	<u>(1,567)</u>	<u>(10,289)</u>	<u>(11,856)</u>
<u>AGENCY REQUEST</u>	\$613,840	\$666,991	\$1,280,831
<u>GOVERNOR'S RECOMMENDATION</u>			
Competitive Compensation	25,900	44,275	70,175
Enriching the Undergraduate Experience	5,340	14,705	20,045
Financing Health Professional Education	2,500	2,500	5,000
Connecting the U to the Community	5,520	5,020	10,540
Excellence Through Quality Services	6,625	10,065	16,690
Sunset: County Papers Special	<u>(334)</u>	<u>(334)</u>	<u>(668)</u>
TOTAL	\$584,998	\$618,841	\$1,203,839

Brief Explanation of Budget Decisions:

The University of Minnesota's 2000-2001 Biennial Budget Proposal is designed to increase the strength of the University as it enters a new century and a new millennium.

The University's 2000-2001 biennial budget proposal provides resources to:

- Provide competitive compensation for all employee groups with a 3% base compensation increase and a 2% compensation strategy pool;
- Enrich the undergraduate experience using strategies including expanded freshmen seminar offerings, enhanced academic advising, increased undergraduate research opportunities, expanded use of technology enhanced learning, further investments in libraries, increased student study abroad opportunities, and classroom enhancements;
- Address changes in the design, delivery, and financing of health professional education to assure that the State of Minnesota has the right types and numbers of health professionals, with the rights skills and training, practicing in the right locations, and serving the right populations of Minnesotans;
- Connect the University to the community at large by building efficient and effective technology transfer processes to support economic growth, link research from all areas of the University to solve important state problems and address important needs, and expand on University initiatives that promote further access to education and research; and
- Provide a climate of quality University services by improving preventive maintenance, upgrading and preserving facilities, and increasing training and recognition programs for employees.

The University's 2000-2001 Biennial Budget Proposal represents an increase of \$198,774,000 over adjusted base level funding. The total biennial appropriation request is \$1,280,831,000. The University's F.Y. 1998-99 biennial appropriation base is \$1,141,412,000. The adjusted base or starting point for F.Y. 2000-01 is \$1,082,057,000. The University's requested increase in funding has been calculated from this adjusted base funding level, arrived at by removing \$56 million of non-recurring funds and a one-time enrollment adjustment of \$3.1 million from the University's F.Y. 1999 appropriation.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: UNIVERSITY OF MINNESOTA

Program: OTHER APPROPRIATIONS

Activity: SPECIAL PROJECTS

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000			F.Y. 2001		
				Base	Agency Request	Governor Recomm.	Base	Agency Request	Governor Recomm.
<u>EXPENDITURES BY CATEGORY:</u>									
LOCAL ASSISTANCE	9,500	0	292	0	0	350,000	0	0	0
Total Expenditures	9,500	0	292	0	0	350,000	0	0	0
<u>CHANGE ITEMS:</u>	<u>FUND</u>								
(B) HEALTH PROF ED & RESEARCH ENDOWMENT	TSF					350,000			
Total Change Items						350,000			
<u>FINANCING BY FUND:</u>									
<u>DIRECT APPROPRIATIONS:</u>									
GENERAL	9,500	0	292	0	0	0	0	0	0
TOBACCO SETTLEMENT	0	0	0	0	0	350,000	0	0	0
Total Financing	9,500	0	292	0	0	350,000	0	0	0

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: University of Minnesota
PROGRAM: Other Appropriations
ACTIVITY: Special Projects

ITEM TITLE: Health Professional Education and Medical Research Endowment

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
Tobacco Settlement Fund				
General Fund				
- State Operations	\$-0-	\$-0-	\$-0-	\$-0-
- Grants	\$350,000	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ____ No X

If yes, statutes(s) affected:

☐ New Activity ☒ Supplemental Funding ☐ Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of 350 million in F.Y. 2000 from the Tobacco Settlement fund to the University of Minnesota to establish the Health Professional and Medical Research Endowment Fund. The endowment will be managed by the University's Minnesota Medical Foundation and will generate income to support health professional education and medical research at the Academic Health Center (AHC).

The Governor recommends that the University be allowed to draw an annual return of up to 5%, with 75% of that income budgeted for the instruction costs of health professional education programs at the AHC. The remaining 25% will be available for medical research if matched dollar for dollar with non-state funds.

The University would be required to submit an annual report to the governor and legislature describing how the endowment earnings have been spent--including an independent financial audit of the fund--and to include endowment income and

expenditures in the biennial budget document. The endowment would be subject to review and sunset in F.Y. 2010.

RATIONALE:

Rising costs and declining revenue have created a \$70 million to \$80 million projected budget gap in the instructional programs of the AHC. The endowment would provide a stable source of income to support the education and research programs of the AHC.

FINANCING:

Assuming the Foundation realizes an average annual rate of return of 8%, a 5% draw would provide \$17.5 million in the first year and \$18 million in the second year, for a total of \$35.5 million over the biennium.

OUTCOMES:

Together with the Governor's recommendation providing funding for compensation increases, income from the Health Professional Education Endowment will provide the Academic Health Center with resources sufficient to close its projected budget gap with modest internal reallocations and restructuring.

2000-01 Biennial Budget
Bill Summary: Environment and Natural Resources
(Continued)

Base Adjustments by Category	F.Y. 2000		F.Y. 2001	
	General Fund	All Funds	General Fund	All Funds
Attorney General Costs	61	95	122	192
New Programs to Agency Base	658	1,450	591	1,383
Biennial Appropriations	1,046	7,446	1,046	1,046
Capital Project Operating Costs	63	63	188	188
Fund Change/Consolidation	(1,522)	0	(1,522)	0
Receipt Adjustments	0	(213)	0	(243)
Dedicated Receipts Offset	0	85	0	(192)
Leg. Comm. On Minnesota Resources	0	(500)	0	(500)
One-Time Appropriations	(3,218)	(3,970)	(3,848)	(4,600)
Open Appr. Forecast Adj.	5,922	5,922	2,755	2,755
Doc. Space Rental/Lease	233	285	302	388
Small Agency Operational Expense	2	3	4	6
Statewide Administration System	172	316	172	316
2000-01 Sal. & Ben. Base	2,882	5,222	5,843	10,601
1999 Salary Sup. Transfers	308	449	345	502
Program/Agency Sunset	(1,029)	(1,081)	(1,029)	(1,081)
Transfers Between Agencies	200	200	200	200
Uniform Pension Bill Red.	(142)	(142)	(142)	(142)
Totals	5,636	15,630	5,027	10,819

Note: Individual base adjustments may be positive or negative depending on the item and adjustment category; all category amounts shown here are net figures.

2000-01 Biennial Budget
PROGRAM STRUCTURE/INDEX

AGENCY: Pollution Control Agency (PCA)	PAGE
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REVISED

2000-01 Biennial Budget Agency Executive Summary

AGENCY: Pollution Control Agency (PCA)

AGENCY MISSION AND VISION:

■ **Mission:**

To protect Minnesota's air, land, and water from pollution to improve the quality of life for its citizens as provided under M.S. 116.

■ **Vision:**

Clean and clear air; fishable and swimmable lakes and rivers; uncontaminated ground water and land; sustainable ecosystems.

STRATEGIES AND PERFORMANCE:

- Form alliances with regulated parties, environmental partners, and the public (i.e., stakeholders) to achieve shared goals. PCA's role in the alliances varies depending on the requirements, expertise, and resources of other participants.

- Strengthen and expand successful state/local partnerships such as the Clean Water Partnership, the Citizen Lake Monitoring Program, and the new Citizen Stream Monitoring Program.

- Evaluate the current condition of the state's environment in a local, state, regional, and global context; integrate data and trend analysis into PCA planning and decisions; and measure outcomes.

- Address water quality on a watershed basis, examining relationships between land and water, point and nonpoint sources and considering each water quality problem not in isolation but as part of interconnected systems. The successful Minnesota River Project has already resulted in significant reductions in pollutant loadings to one of the state's most troubled yet important water resources.

- Develop shared goals with our stakeholders to establish a comprehensive plan of action to protect the environment. Ensure that all stakeholders have access to best available scientific information to effectively participate in managing human health and environmental risks.

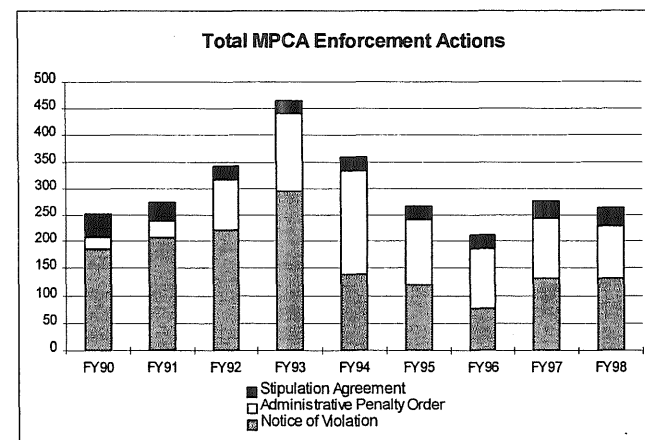
- Innovative awareness, education, and assistance efforts in the Lake Superior Basin helped reduce hazardous waste releases to zero.

- Assist in developing solutions to current and future environmental issues by proactively addressing these issues whenever local resource management and planning decisions are under consideration.

- In Baxter, Minnesota, PCA is sampling and evaluating the risk to ground water and surface water from conventional septic systems in this area. This information can be used by local governments in their land-use planning and zoning decisions.

- Continuously improve processes to measure true environmental outcomes of our activities and use the full range of rewards and penalties to achieve the desired outcomes.

- PCA's enforcement record remains strong. The number of cases settled and monetary penalties collected has remained relatively steady; in the past 2 years, the 2 largest penalties for environmental violations in Minnesota have been levied.



**2000-01 Biennial Budget
Agency Executive Summary**

AGENCY: Pollution Control Agency (PCA)
(Continuation)

- Ensure that cleanups and restoration activities return sites and resources to a condition appropriate to the site's present and future use, and are performed efficiently and in a cost effective manner.
 - Over 3,000 acres were returned to productive use by our cleanup activities in the last 2 years.

OPERATING ENVIRONMENT:

- PCA was created in 1967 to respond to water and air quality issues caused by point source pollution and solid waste management issues.
- PCA's authorities have been greatly expanded by the Legislature during its 31 year history. Some of the major additions include: hazardous waste program (1974), Superfund (1983), underground storage tanks (1985), water quality nonpoint source program (1987), motor vehicle inspection program (1988) and landfill cleanup program (1994).
- With significant reductions in point sources of pollution and successful clean up programs, the PCA has begun to shift its environmental focus to nonpoint sources of pollution.
- We have moved to a multi-media, geographic-based approach that focuses on identifying and resolving the most critical local environmental problems, rather than narrowly focusing on a single environmental media.

ORGANIZATION/PROGRAM STRUCTURE:

COMMISSIONER'S OFFICE	8.0 FTE
— Policy and Planning	110.1 FTE
— Environmental Outcomes	119.7 FTE
— Administrative Services	92.6 FTE
— Fiscal Services	23.8 FTE
— Metro District	225.8 FTE
— North District	150.9 FTE
— South District	130.0 FTE
F.Y. 1999 Total FTEs:	860.9

GOVERNOR'S RECOMMENDATION:

The Governor recommends the agency base level. In addition, the Governor recommends the change items listed below. These change items are outlined on the following budget brief pages as well as detailed on individual change item pages within this document.

<u>Change Item/Fund</u>	<u>Biennial Total</u>
General Fund	
Feedlots	\$901,000
WQ Wastewater Infrastructure	206,000
Research - Malformed Frogs	800,000
Clean Water Partnership Grants	2,000,000
Mercury Reduction	425,000
Mobile Source Pollution	400,000
Establishing TMDL Limits to Protect WQ	1,500,000
Information System Optimization	<u>700,000</u>
General Fund Total	\$6,932,000

Petroleum Tank Release Cleanup Fund	
Continuation of LUST Initiative	\$1,100,000

Special Revenue Fund	
Mobile Source Pollution (direct)	\$(1,553,000)
Mobile Source Pollution (statutory)	(13,944,000)

Environmental Fund	
Feedlots	\$1,602,000
Information System Optimization	943,000
Listed Metals	<u>(156,000)</u>
Environmental Fund Total	\$2,389,000

Metro Landfill Contingency Fund	
Closed Landfills & Environmental Assess. (direct)	\$(291,000)
Closed Landfills & Environmental Assess. (statutory)	(10,000)

Solid Waste Fund	
Closed Landfills & Environmental Assess. (direct)	\$981,000
Closed Landfills & Environmental Assess. (statutory)	\$5,071,000

The Governor makes no recommendation regarding the LCMR projects put forward by the Pollution Control Agency.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: POLLUTION CONTROL AGENCY

Agency Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY PROGRAM:									
PROTECTING THE WATER	16,713	19,477	23,796	23,099	26,746	22,283	26,705	10,178	23.5%
PROTECTING THE AIR	16,899	17,785	19,121	18,322	11,310	18,000	10,340	(15,256)	-41.3%
PROTECTING THE LAND	34,440	35,598	57,139	77,683	80,965	56,465	59,978	48,206	52.0%
ADMINISTRATIVE SUPPORT	10,497	11,124	11,253	11,479	11,829	11,252	12,545	1,997	8.9%
Total Expenditures	78,549	83,984	111,309	130,583	130,850	108,000	109,568	45,125	23.1%

FINANCING BY FUND:							
CARRY FORWARD:							
ENVIRONMENTAL	56	0	0	20	20	38	38
DIRECT APPROPRIATIONS:							
ENVIRONMENT & NATURAL RESOURCE	111	463	665	122	652	0	530
GENERAL	10,366	12,111	15,524	14,078	17,482	14,121	17,649
MINNESOTA RESOURCES	757	853	0	0	100	0	0
PETROLEUM TANK RELEASE CLEANUP	3,076	2,801	3,603	2,783	3,333	2,843	3,393
STATE GOVERNMENT SPECIAL REVENUE	59	26	59	44	44	45	45
SPECIAL REVENUE	599	599	556	769	0	784	0
ENVIRONMENTAL	20,165	16,771	20,745	26,540	26,957	20,569	22,541
METRO LANDFILL CONTINGENCY	185	130	141	144	0	147	0
SOLID WASTE	6,388	5,357	6,847	6,282	6,772	6,438	6,929
STATUTORY APPROPRIATIONS:							
PUBLIC FACILITIES AUTHORITY	595	678	785	785	785	785	785
PETROLEUM TANK RELEASE CLEANUP	1,338	1,585	3,758	2,000	2,000	2,000	2,000
STATE GOVERNMENT SPECIAL REVENUE	0	1	1	1	1	1	1
SPECIAL REVENUE	10,237	13,718	12,511	11,993	5,317	12,070	4,802
FEDERAL	11,677	13,499	17,651	26,749	26,749	16,986	16,986
ENVIRONMENTAL	1,116	2,304	3,624	3,782	3,782	3,482	3,482
METRO LANDFILL CONTINGENCY	5	5	5	5	0	5	0
SOLID WASTE	11,771	13,075	24,834	34,486	36,856	27,686	30,387
GIFT	48	8	0	0	0	0	0
Total Financing	78,549	83,984	111,309	130,583	130,850	108,000	109,568

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: POLLUTION CONTROL AGENCY

Agency Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
<u>FTE BY EMPLOYMENT TYPE:</u>							
FULL TIME	764.2	748.9	851.9	821.1	851.7	810.1	839.7
PART-TIME, SEASONAL, LABOR SER	39.2	31.8	8.6	5.7	5.7	5.6	5.6
OVERTIME PAY	1.2	1.5	0.4	0.4	0.4	1.4	1.4
Total Full-Time Equivalent	804.6	782.2	860.9	827.2	857.8	817.1	846.7

**2000-01 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Pollution Control Agency (PCA)

Fund: Environmental

	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>Biennium</u>
<u>BASE-YEAR (F.Y. 1999)</u>			
Appropriations (F.Y. 1999)	\$19,705	\$19,705	\$39,410
<u>BASE ADJUSTMENT</u>			
Attorney General Costs	21	43	64
2000-01 Salary & Benefit Base	393	800	1,193
Statewide Administration Systems	21	21	42
Biennial Appropriation	<u>6,400</u>	<u>-0-</u>	<u>6,400</u>
<u>BASE LEVEL (for 2000 and 2001)</u>	\$26,540	\$20,569	\$47,109
<u>CHANGE ITEMS</u>			
Feedlots	\$496	\$1,106	\$1,602
M.S. 116.073 Field Citation Authority	-0-	-0-	-0-
Information Sytem Optimization	-0-	943	943
Listed Metals	<u>(79)</u>	<u>(77)</u>	<u>(156)</u>
GOVERNOR'S RECOMMENDATION	\$26,957	\$22,541	\$49,498

Brief Explanation of Budget Decisions:

- There is a base adjustment allowed to partner agencies to cover increased costs of Attorney General services.
- There is a base adjustment for compensation inflation of the allowed percentages of 3% in F.Y. 2000 and 6.1% in F.Y. 2001. This will be offset in receipt earning areas by dedicated receipts.
- There is a base adjustment to partially cover the costs related to the operation of statewide administrative systems.
- There is a \$6.4 million base adjustment from the Motor Vehicle Transfer Account required to comply with the mandate in Laws of 1997, Ch.246, sect.4, subd.3. Once appropriated, it is transferred to MERLA (the state superfund) for cleanup.

GOVERNOR'S RECOMMENDATION(S):

The Governor recommends the agency base level funding and the following change items.

- Address growing industry and public concerns that are being caused by changes in growth in the animal agriculture industry. The initiative would provide for an increased level of effort at the PCA subdistrict offices located in greater Minnesota. This initiative would also to increase the level of effort at the county level to address feedlot issues. This change item also has a General Fund component.
- Expansion of the M.S. 116.073 authority for PCA staff to issue Field Citations when necessary to spur responsible parties to action and/or to establish an enforcement history to use in subsequent failures. Revenue generated is projected to be \$5,000 in F.Y. 2000 and \$25,000 in F.Y. 2001. There are no additional expenditures.
- Information system optimization which will allow for a percentage of the personal computing platform (life cycle) to be routinely upgraded to meet business requirements, optical imaging capabilities to distribute paper files quickly to staff and stakeholders in areas outside of the metro area, improve data quality of the environmental databases, and enhance remote conferencing capabilities. This change item also has a General Fund component.
- Reduction in administrative expenditures for the agency's activities relating to administration of the listed metals program. In addition, increase the annual product review report fee from \$295 to \$750 and transfer \$75,000 each year from the Motor Vehicle Transfer Account to the Listed Metals Account for administrative expenses.

**2000-01 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Pollution Control Agency (PCA)

Fund: Metro Landfill Contingency

	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>Biennium</u>
<u>BASE-YEAR (F.Y. 1999)</u>			
Appropriations (F.Y. 1999)	\$140	\$140	\$280
<u>BASE ADJUSTMENT</u>			
2000-01 Salary & Benefit Base	4	7	11
<u>BASE LEVEL (for 2000 and 2001)</u>	\$144	\$147	\$291
<u>CHANGE ITEMS</u>			
Closed Landfills and Environ. Assessments	(144)	(147)	(291)
GOVERNOR'S RECOMMENDATION	\$-0-	\$-0-	\$-0-

Brief Explanation of Budget Decisions:

- The only base adjustment is for compensation inflation of the allowed percentages of 3% in F.Y. 2000 and 6.1% in F.Y. 2001.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the agency base level funding and the following change item:

- The closed landfills change item for the Solid Waste Fund shifts administrative costs from the Metro Landfill Contingency Fund to the Solid Waste Fund.

**2000-01 Biennial Budget
Agency Level Revenue Summary**

Agency: Pollution Control Agency (PCA)

REVENUE SOURCES:

The PCA collects both dedicated and non-dedicated revenue. Non-dedicated revenue is generated primarily through fees paid by the regulated community for air, water, and hazardous waste permits. In the 1998-99 biennium, fees deposited to the environment funds comprise 85% of all non-dedicated revenue. In addition, a solid waste tax is paid by households and businesses. Other non-dedicated receipts are generated from penalties, restitutions, and interest earned on specific accounts. Non-dedicated revenue is projected to remain fairly steady.

In the 1998-99 biennium, federal funds comprise 66% of all dedicated revenue. Another 14% comes from penalties, fines, and restitutions, the majority of which are associated with the Superfund program. Most of the remaining revenues are from seminar and workshop fees, interest earned on specific funds, and income agreements for specific work. Dedicated receipts are projected to increase by about 31%.

FEE STRUCTURE:

The PCA collects water, air, and hazardous waste generator fees from municipalities and industries regulated by the PCA. In order to protect and improve Minnesota's water, air, and land, the PCA issues permits to parties who are emitting pollutants harmful to the environment. The fees paid for the permits are used to provide programs to set standards, determine pollutant loadings, assist fee payers with compliance, and provide enforcement.

It is important to note that not all revenue to fund PCA programs is collected by the PCA. The Department of Revenue collects taxes paid by residents and businesses to waste haulers which support landfill cleanup, ground water monitoring, and solid waste administration and a hazardous waste generator tax based on the size of the generator. The Department of Commerce collects fees paid at the wholesale level to support the Petroleum Cleanup Fund. The Department of Public Safety collects fees to support the Inspection and Maintenance program and the Motor Vehicle Transfer account.

Water fees deposited to the environmental fund include those paid for discharges from municipal and industrial facilities based on flow, storm water fees, feedlot permits fees, and licenses for individual sewage treatment system professionals. These are all non-dedicated fees. Wastewater operators also pay a certification fee which is deposited to the state government special revenue fund. Other than the license and certification fees, water fees are set by rule.

Air fees are primarily paid by industry. The Clean Air Act Amendments are prescriptive in the amount of funds to be collected based on emissions.

Hazardous waste generators pay a fee set by rule which supports permitting, monitoring, inspection, and enforcement expenses of the PCA relative to hazardous waste management. The tax—collected by the Department of Revenue—provides partial support for the Superfund program.

The PCA receives an appropriation for environmental enforcement from the penalties and fines which are collected. Funds up to the amount appropriated are deposited to the Environmental Fund. Additional funds collected are deposited to the Cambridge Deposit Fund.

RECENT CHANGES:

Fee revenues fluctuate from year to year depending on permitting cycles. Based on analysis of anticipated revenues, the Water Quality Fee Program anticipates a \$162,000 deficit in F.Y. 1999. Anticipated revenues in future years will eliminate the deficit.

Based on an analysis of anticipated revenues from 1997 to 1999, the PCA will reimburse the \$120,000 appropriation from the environmental fund for the Individual Sewage Treatment System (ISTS) program by 6-30-99 as required by state law.

Due to recent large environmental enforcement cases, an 611% increase in revenues was deposited to the Cambridge Deposit Fund in F.Y. 1998 compared to F.Y. 1997.

The listed metals product review fee was intended to recover the costs of operating the listed metals advisory council, administration by the PCA and technical assistance from the office of environmental assistance over the life of the program (8 years). As a result of several factors, the activity has collected 15% of the revenue expected, but has also reduced the duration of the council's work to less than half of that expected. The PCA and the interested parties have discussed how to resolve this funding shortfall by 2002 and a budget change item is proposed.

**2000-01 Biennial Budget
Agency Level Revenue Summary**

AGENCY: Pollution Control Agency (PCA)
(Continuation)

FORECAST BASIS:

Overall revenue is expected to remain fairly stable. In F.Y. 2000, federal revenues increase mainly due to anticipated Superfund cleanup activities for 2 existing sites in the Superfund program and Brownfields cleanup.

CHANGE ITEMS:

There is a change item to end the requirement for the annual vehicle emission inspections in the Twin Cities, contingent on EPA approval of the carbon monoxide redesignation request. An alternative to the vehicle emission testing program is requested as a change item from the General Fund for a voluntary clean fuels program and to establish a public/private task force to evaluate options for reducing pollution from motor vehicles.

There is a change item to reduce administrative expenditures for the agency's activities relating to administration of the listed metals program. In addition, increase the annual product review report fee from \$295 to \$750 and transfer \$75,000 each year from the Motor Vehicle Transfer Account to the Listed Metals Accounts for administrative expenses.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: POLLUTION CONTROL AGENCY

Summary of Agency Revenues	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Forecast	Governor Recomm.	Forecast	Governor Recomm.	Dollars	Percent
NON-DEDICATED REVENUE:									
DEPARTMENTAL EARNINGS (INTER-AGENCY):									
ENVIRONMENTAL	89	0	0	0	0	0	0	0	
DEPARTMENTAL EARNINGS:									
PETROLEUM TANK RELEASE CLEANUP	8	9	8	8	8	8	8	(1)	-5.9%
STATE GOVERNMENT SPECIAL REVENUE	33	36	34	36	36	38	38	4	5.7%
CAMBRIDGE DEPOSIT FUND	11	9	8	8	8	8	8	(1)	-5.9%
ENVIRONMENTAL	13,226	13,375	13,873	14,977	15,077	16,207	16,258	4,087	15.0%
OTHER REVENUES:									
GENERAL	23	7	10	10	10	10	10	3	17.6%
PETROLEUM TANK RELEASE CLEANUP	10	309	285	285	285	285	285	(24)	-4.0%
CAMBRIDGE DEPOSIT FUND	156	1,011	250	250	250	250	250	(761)	-60.3%
ENVIRONMENTAL	589	649	615	615	620	615	640	(4)	-3%
METRO LANDFILL CONTINGENCY	31	53	25	25	25	25	25	(28)	-35.9%
SOLID WASTE	1,384	1,850	1,200	700	4,700	700	4,747	6,397	209.7%
TAXES:									
GENERAL	0	0	1	1	1	1	1	1	100.0%
Total Non-Dedicated Receipts	15,560	17,308	16,309	16,915	21,020	18,147	22,270	9,673	28.8%
DEDICATED RECEIPTS:									
DEPARTMENTAL EARNINGS:									
SPECIAL REVENUE	732	494	447	270	205	270	205	(531)	-56.4%
ENVIRONMENTAL	75	69	56	47	47	39	39	(39)	-31.2%
GRANTS:									
SPECIAL REVENUE	4,229	1,502	2,500	2,500	2,500	2,500	2,500	998	24.9%
FEDERAL	12,334	13,094	17,645	28,637	28,637	17,031	17,031	14,929	48.6%
OTHER REVENUES:									
GENERAL	7	77	52	0	0	0	0	(129)	-100.0%
SPECIAL REVENUE	1,282	1,434	1,868	1,841	1,766	1,864	1,789	253	7.7%
FEDERAL	46	39	5	5	5	5	5	(34)	-77.3%
ENVIRONMENTAL	2,569	4,101	2,936	2,954	2,954	2,956	2,956	(1,127)	-16.0%

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: POLLUTION CONTROL AGENCY

Summary of Agency Revenues	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Forecast	Governor Recomm.	Forecast	Governor Recomm.	Dollars	Percent
DEDICATED RECEIPTS:									
OTHER SOURCES:									
FEDERAL	(11)	0	0	0	0	0	0	0	
ENVIRONMENTAL	35	60	120	125	125	146	146	91	50.6%
Total Dedicated Receipts	21.298	20.870	25.629	36.379	36.239	24.811	24.671	14.411	31.0%
Agency Total Revenues	36.858	38.178	41.938	53.294	57.259	42.958	46.941	24.084	30.1%

**2000-2001 Biennial Budget
Federal Funds Summary (Cont.)
(\$ in Thousands)**

Agency: Pollution Control Agency (PCA)

Federal Program	Related State Spending	Primary Purpose	SFY 1998 Revenues	SFY 1999 Revenues	Estimated SFY 2000 Revenues	Estimated SFY 2001 Revenues
Reimbursement of Technical Services	N	State Operations	320	688	746	746
Air Pollution Control Program Support	Y	State Operations	331	-0-	-0-	-0-
Lake Restoration Cooperative Agreement	Y	Grants-Political Subd.	56	18	38	-0-
Construction Management Assistance	N	Grants-Political Subd	10	-0-	-0-	-0-
Water Quality Management Planning	N	State Operations	189	316	167	194
Non-point Source Implementation	Y	Grants-Political Subd	3,317	1,910	4,102	3,613
Non-point Source Implementation	Y	State Operations	38	2,146	2,632	2,722
Wetlands Protection-State Development Grants	Y	State Operations	128	223	154	86
National Pollutant Discharge Elimination	Y	State Operations	731	505	32	-0-
Great Lakes	Y	State Operations	16	101	-0-	-0-
Environmental Protection-Consolidated Research	Y	State Operations	-0-	42	-0-	-0-
Air Pollution Control Research	Y	State Operations	99	275	242	-0-
Wastewater Pollution Control Research	Y	State Operations	251	405	-0-	-0-
Performance Partnership Grants	Y	State Operations	2,885	4,984	4,762	4,573
Environment Protection Consolidation Grants	Y	State Operations	439	-0-	-0-	-0-
Special Purpose "X" Grants, Surveys, Investigations	Y	State Operations	120	597	572	276
Training and Fellowship Grants	Y	State Operations	57	51	35	36

**2000-2001 Biennial Budget
Federal Funds Summary (Cont.)
(\$ in Thousands)**

Agency: Pollution Control Agency (PCA)

Federal Program	Related State Spending	Primary Purpose	SFY 1998 Revenues	SFY 1999 Revenues	Estimated SFY 2000 Revenues	Estimated SFY 2001 Revenues
One Stop Reporting	Y	State Operations	3	100	350	-0-
Toxic Substances Compliance Monitoring	N	State Operations	58	-0-	-0-	-0-
Pollution Prevention Grants Program	Y	State Operations	103	60	60	60
Hazardous Waste Mgmt State Program	Y	State Operations	624	-0-	-0-	-0-
Superfund State Site Co-Op Agreements	Y	State Operations	2,045	3,791	13,075	3,449
State Underground Storage Tank Trust Fund	Y	State Operations	45	28	-0-	-0-
Underground Storage Tank Trust Fund	Y	State Operations	1,222	1,191	1,191	1,191
Technical Assistance Grants Program	N	State Operations	6	-0-	-0-	-0-
Brownsfield Pilot Cooperative Agreements/ Grants	N	Grants-Political Subd.	-0-	150	200	-0-
Clean Water Training	Y	State Operations	1	-0-	-0-	-0-
Special Project Grant	Y	State Operations	39	69	90	90
Total (Federal Direct)			13,133	17,650	28,448	17,036
Total (Federal Indirect - Special Revenue)			1,502	2,500	2,500	2,500
PCA Total			14,635	20,150	30,948	19,536

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: POLLUTION CONTROL AGENCY

Program: PROTECTING THE WATER

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY ACTIVITY:									
ASSESS ENVIRONMENTAL OUTCOMES	2,933	3,693	5,192	4,008	5,238	3,774	5,004	1,357	15.3%
WATERSHED ASST./PLNG & POL DEV	7,025	8,052	9,314	11,065	12,065	10,339	11,339	6,038	34.8%
REDUCING POINT SOURCE PLTN	4,090	4,514	4,707	3,749	4,130	3,836	4,011	(1,080)	-11.7%
REDUCING NONPOINT SOURCE PLTN	2,665	3,218	4,583	4,277	5,313	4,334	6,351	3,863	49.5%
Total Expenditures	16,713	19,477	23,796	23,099	26,746	22,283	26,705	10,178	23.5%

CHANGE ITEMS:	FUND				
(B) FEEDLOTS	ENV			496	1,106
(B) FEEDLOTS	GEN			265	636
(B) WQ WASTEWATER INFRASTRUCTURE FUND	GEN			206	
(B) CONTINUING RESEARCH - MALFORMED FROGS	GEN			400	400
(B) CLEAN WATER PARTNERSHIP GRANT PROGRAM	GEN			1,000	1,000
(B) ESTABLISHING TMDL LIMITS TO PROTECT WQ	GEN			750	750
(B) LCMR - ON-SITE SEWAGE TREATMENT ALTERNAT	EVT			275	275
(B) LCMR- BY-PRODUCTS APPLICATION	EVT			175	175
(B) LCMR- DAKOTA CO WETLAND HEALTH MONIT PRG	EVT			80	80
Total Change Items				3,647	4,422

FINANCING BY FUND:							
DIRECT APPROPRIATIONS:							
ENVIRONMENT & NATURAL RESOURCE	0	250	253	122	652	0	530
GENERAL	7,139	8,976	11,828	10,458	13,079	10,472	13,258
MINNESOTA RESOURCES	443	543	0	0	0	0	0
STATE GOVERNMENT SPECIAL REVENUE	59	26	59	44	44	45	45
SPECIAL REVENUE	0	65	0	0	0	0	0
ENVIRONMENTAL	2,957	2,164	2,888	2,616	3,112	2,680	3,786
STATUTORY APPROPRIATIONS:							
PUBLIC FACILITIES AUTHORITY	595	678	785	785	785	785	785
SPECIAL REVENUE	457	561	486	300	300	323	323
FEDERAL	5,063	6,214	7,497	8,774	8,774	7,978	7,978

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: POLLUTION CONTROL AGENCY

Program: PROTECTING THE WATER

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
Total Financing	16,713	19,477	23,796	23,099	26,746	22,283	26,705
FTE BY EMPLOYMENT TYPE:							
FULL TIME	218.2	215.3	237.7	220.8	239.8	214.0	230.0
PART-TIME, SEASONAL, LABOR SER	8.5	10.5	4.1	1.2	1.2	1.1	1.1
OVERTIME PAY	0.1	0.9	0.0	0.0	0.0	0.0	0.0
Total Full-Time Equivalent	226.8	226.7	241.8	222.0	241.0	215.1	231.1

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: POLLUTION CONTROL AGENCY
Program: PROTECTING THE WATER
Activity: REDUCING NONPOINT SOURCE PLTN

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY CATEGORY:</u>									
STATE OPERATIONS									
PERSONAL SERVICES	2,095	1,981	2,199	2,257	2,556	2,333	2,931	1,307	31.3%
OPERATING EXPENSES	214	165	688	472	669	455	963	779	91.3%
TRANSFERS	0	0	855	855	855	855	855	855	100.0%
SUBTOTAL STATE OPERATIONS	2,309	2,146	3,742	3,584	4,080	3,643	4,749	2,941	49.9%
LOCAL ASSISTANCE	356	1,072	841	693	1,233	691	1,602	922	48.2%
Total Expenditures	2,665	3,218	4,583	4,277	5,313	4,334	6,351	3,863	49.5%

<u>CHANGE ITEMS:</u>	<u>FUND</u>				
(B) FEEDLOTS	ENV			496	1,106
(B) FEEDLOTS	GEN			265	636
(B) LCMR - ON-SITE SEWAGE TREATMENT ALTERNAT	EVT			275	275
Total Change Items				1,036	2,017

<u>FINANCING BY FUND:</u>									
DIRECT APPROPRIATIONS:									
ENVIRONMENT & NATURAL RESOURCE	0	0	0	0	275	0	275		
GENERAL	1,554	2,039	4,052	3,650	3,915	3,692	4,328		
MINNESOTA RESOURCES	298	538	0	0	0	0	0		
ENVIRONMENTAL	507	197	264	377	873	388	1,494		
STATUTORY APPROPRIATIONS:									
PUBLIC FACILITIES AUTHORITY	0	0	9	9	9	9	9		
SPECIAL REVENUE	2	22	22	0	0	0	0		
FEDERAL	304	422	236	241	241	245	245		
Total Financing	2,665	3,218	4,583	4,277	5,313	4,334	6,351		

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: POLLUTION CONTROL AGENCY

Program: PROTECTING THE WATER

Activity: REDUCING NONPOINT SOURCE PLTN

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
FTE BY EMPLOYMENT TYPE:							
FULL TIME	42.3	36.7	42.0	39.7	51.7	39.9	51.9
PART-TIME, SEASONAL, LABOR SER	1.0	1.4	0.9	0.4	0.4	0.4	0.4
Total Full-Time Equivalent	43.3	38.1	42.9	40.1	52.1	40.3	52.3

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Pollution Control Agency (PCA)
PROGRAM: Protecting the Water
ACTIVITY: Reducing Nonpoint Source Pollution

ITEM TITLE: Feedlots

	2000-01 Biennium		2002-03 Biennium	
	F.Y. 2000	F.Y. 2001	F.Y. 2002	F.Y. 2003
Expenditures: (\$000s)				
General Fund				
- Grants	\$265	\$636	\$636	\$636
Environmental Fund				
- State Operations	\$496	\$1,106	\$1,106	\$1,106

Revenues: (\$000s)

Statutory Change? Yes ____ No X

If yes, statutes(s) affected:

☐ New Activity ☒ Supplemental Funding ☐ Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding this initiative to meet growing industry and public expectations caused by changes and growth in the animal agriculture industry. This initiative will increase efforts to address feedlot issues both at the PCA subdistrict level and at the county level.

RATIONALE:

This initiative would fund an increased number of staff assigned to feedlots at the subdistrict or satellite offices of PCA and provide funding for counties to increase the number of staff assigned to feedlots and/or allow counties to hire additional technical staff for multi-county environmental evaluations.

New PCA positions would be used for increased site review of individual feedlots and increased coordination with local government on feedlot issues. The positions would likewise provide local points of contact for citizen concerns and strengthen

the agency's information and education efforts. Finally, the positions would assist in the issuance of NPDES permits and carry-out compliance and enforcement activities or assist in county-initiated compliance and enforcement activities.

FINANCING:

Projected Environmental Fund revenues are based on the anticipated volume of feedlot permit issuances and on planned changes to Minn. Rules Ch. 7020, which will establish fees for permitted facilities with less than 1,000 animal units and surcharge fees for new construction and annual surcharges on animal units covered under NPDES permits. Based on a careful analysis, PCA has determined that the proposed rule changes will generate \$496,000 the first year and \$1,185,000 in each subsequent year, in additional revenues.

OUTCOMES:

Applications would move through the environmental review/permitting process linked with the local land-use decision, thus increasing coordination of the entire process. At the same time, it would provide public involvement and more comprehensive reviews, including more pre-permitting inspections. Some quantitative goals include the following:

- Increase the number of counties delegated by the agency to administer the feedlot rules (MN Rules Ch. 7020) from 50 to 60.
- Provide funding through challenge grants for counties to hire staff for environmental evaluations and construction inspections.
- Increase PCA effort and coordination at the local level.
- EAW initial response of 3-4 weeks (currently 4-6) and a processing target of 4-6 months (currently 5-9 months).
- Initial permit application responses within 1 week, issuance of completed certificates or permits within 2 months, and draft NPDES/SDS permits within 3 months.
- Complaint responses within 2 days to 2 weeks depending on the nature of complaints.
- Compliance and enforcement response times--issuance of APOs within 2 months of completing investigation, entering into stipulation agreements or initiating legal proceedings within 6 months.

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State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: POLLUTION CONTROL AGENCY
Program: PROTECTING THE AIR
Activity: REDUCING NONPOINT SOURCE PLTN

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY CATEGORY:</u>									
STATE OPERATIONS									
PERSONAL SERVICES	537	493	432	460	114	471	114	(697)	-75.4%
OPERATING EXPENSES	7,504	8,139	7,819	7,672	773	7,661	166	(15,019)	-94.1%
SUBTOTAL STATE OPERATIONS	8,041	8,632	8,251	8,132	887	8,132	280	(15,716)	-93.1%
Total Expenditures	8,041	8,632	8,251	8,132	887	8,132	280	(15,716)	-93.1%
<u>CHANGE ITEMS:</u>									
(B) MOBILE SOURCE POLLUTION	GEN				200		200		
(B) MOBILE SOURCE POLLUTION	SR				(7,445)		(8,052)		
Total Change Items					(7,245)		(7,852)		
<u>FINANCING BY FUND:</u>									
DIRECT APPROPRIATIONS:									
GENERAL	0	0	0	0	200	0	200		
SPECIAL REVENUE	599	534	556	769	0	784	0		
ENVIRONMENTAL	44	12	19	5	5	5	5		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	7,398	8,086	7,676	7,358	682	7,343	75		
Total Financing	8,041	8,632	8,251	8,132	887	8,132	280		
<u>FTE BY EMPLOYMENT TYPE:</u>									
FULL TIME	11.3	9.7	8.5	8.5	2.0	8.5	2.0		
PART-TIME, SEASONAL, LABOR SER	0.0	0.1	0.0	0.0	0.0	0.0	0.0		
Total Full-Time Equivalent	11.3	9.8	8.5	8.5	2.0	8.5	2.0		

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Pollution Control Agency (PCA)
PROGRAM: Protecting the Air
ACTIVITY: Reducing Nonpoint Source Pollution

ITEM TITLE: Mobile Source Pollution Initiative

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund	\$200	\$200	\$150	\$150
Special Revenue Fund				
- State Operations-Direct	\$(769)	\$(784)	\$(784)	\$(784)
- State Operations-Statutory	\$(6,676)	\$(7,268)	\$(7,268)	\$(7,268)
Revenues: (\$000s)				
Special Revenue Fund	\$(140)	\$(140)	\$(140)	\$(140)
Statutory Change? Yes <u>X</u> No _____				
If yes, statutes(s) affected:				
<input checked="" type="checkbox"/> New Activity <input type="checkbox"/> Supplemental Funding <input type="checkbox"/> Reallocation				

GOVERNOR'S RECOMMENDATION:

The Governor recommends ending the vehicle testing program, subject to approval by the US Environmental Protection Agency. The vehicle testing program currently collects approximately \$8 million per year, which funds a contract to operate the testing stations and 7.5 FTE at the MPCA. The current contract is through 7-31-99. The Governor would consider a voluntary "green fuel" (less polluting gasoline) program in the Twin Cities Metropolitan Area if such a program is deemed effective in reducing smog-forming and toxic air pollution from motor vehicles. Additionally, the Governor recommends establishing a public/private task force to study and recommend other strategies for reducing emissions of smog-forming and toxic air pollutants from vehicles in the Twin Cities Metropolitan Area. This task force will remain in effect for 2 years.

RATIONALE:

The PCA is in the process of requesting a redesignation of the Twin Cities Metropolitan from non-attainment for carbon monoxide to attainment. This redesignation request demonstrates that the Metro Area is not expected to violate the federal carbon monoxide standard for at least the next 10 years, even without

the vehicle testing program. Ending the program is conditioned upon US EPA's approval of Minnesota's redesignation request.

The air in the Metro Area has unacceptable levels of cancer-causing pollutants. More than half (53%) of the estimated excess cancer risk from all air toxics comes from mobile sources such as cars, trucks, airplanes and off-road vehicles. Many of the same pollutants also contribute significantly to the formation of smog, and the Twin Cities Metro Area is close to violating the federal standard for ground level ozone (smog). Violating the federal smog standard would impose real and substantial costs directly on Minnesota citizens and businesses. Violating the standard would also be an indication that the air in the Metro Area is at unhealthy levels and would pose risks to vulnerable people, such as the elderly, children, and those with asthma.

"Green fuel" is a term that describes a gasoline mixture that will reduce the emissions of ozone precursors and toxic air pollutants. Such a gasoline mixture will have a lower volatility, which results in lower evaporative and refueling emissions. Additionally, this type of fuel will have a lower content of toxic chemicals such as benzene. The fuel mixture will also have an oxygenate requirement, resulting in lower carbon monoxide emissions, and compatibility with the state's goals for the use of ethanol blended fuels. Green fuel may cost between 3 to 5 cents a gallon over current gasoline prices. The Governor would consider establishing a program where green fuel would be sold on a voluntary basis to customers wishing to purchase an environmentally friendlier fuel. The PCA would implement this program and conduct an advertising campaign to educate the general public on the benefits of green fuel. The public/private task force will evaluate and recommend other measures to address air pollution from vehicles.

FINANCING:

The PCA is requesting that \$400,000 per biennium be appropriated from the General Fund to determine the potential effectiveness and feasibility of a voluntary green fuel program, including an advertising campaign, and the staffing resources (1 FTE per year) necessary to administer the public/private task force.

OUTCOMES:

This effort will cause a decrease in the level of ozone precursors and air toxic emissions that are linked to cancer, as well as a decrease in the rate of increase in vehicle miles traveled (VMT).

2000-01 Biennial Budget

PROGRAM: Protecting the Land

AGENCY: Pollution Control Agency (PCA)

PROGRAM PROFILE:

The Protecting the Land program exists to protect public health and the environment from existing and future contamination of the land. Protection of public health and the environment is accomplished through the management of risks resulting from actual or suspected contamination of soil, ground water or surface water by the generation and management of solid and hazardous waste, and the storage of petroleum products.

STRATEGIES AND PERFORMANCE:

The Protecting the Land program promotes proper management of petroleum products, solid waste and hazardous waste to prevent or limit adverse environmental effects. This program provides training, education and technical assistance that focuses on best management practices and learning from experience. When releases do occur, contamination of soils, ground water and surface water are addressed to protect human health and limit the degradation of the environment. Ground water is one of Minnesota's most precious and vulnerable resources and the state's primary supply of drinking water. Cleaning up contamination also promotes the return of contaminated land to productive use. These activities are accomplished by:

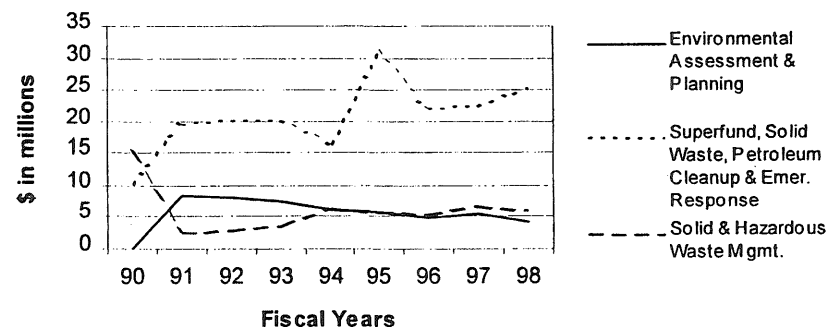
- Assessing data to determine environmental impact and achieve the maximum environmental protection,
- Reaching a balance of regulation, enforcement, incentives and assistance,
- Developing and sharing technical tools to examine cause-and-effect relationships between land-use-management practices and environmental results,
- Educating and involving the regulated community and local government on rules, procedures and technologies,
- Targeting inspections to deal with priority pollutants (mercury, air toxics), and tailoring enforcement actions to the magnitude of the violation and the

violator's level of cooperation (from "red tags" and Administrative Penalty Orders through criminal enforcement),

- Developing alliances with federal, state and local agencies and business organizations to coordinate activities and minimize duplication,
- Integrating pollution prevention principles into all activities.

FINANCING INFORMATION:

Financing Trends in Land Protection Budget Activities



- The solid trend line reflects the large investment in ambient groundwater monitoring and rulemaking in the early 1990's, with a gradual decline as a result of reduction in federal funds and salary inflation.
- The dotted trend line reflects the unstable funding for Superfund, large increases in cleanup funding as the closed landfill program was established in 1994, and additional staff added in the last session to assist leaking underground storage tank owners in meeting the federal deadline.
- The dashed trend line shows high SCORE funding for solid waste composition research and household hazardous waste collections in 1990. The drop is a result of general fund reductions and inflation (waste composition research is no longer performed). Funding leveled off as a result of shifting this activity to the solid waste fund in F.Y. 1994-95.

2000-01 Biennial Budget

PROGRAM: Protecting the Land

AGENCY: Pollution Control Agency (PCA)
(Continuation)

BUDGET ISSUES:

- Metro Ground Water Model LCMR funding ends 6-30-99. The model is in transition from initial development to user application.
- The Solid Waste Fund received one settlement and is anticipating additional funding from the insurance recovery effort. It is anticipated over the next 2 years settlements will occur with major insurers.
- Basic problems with the current hazardous-waste-generator fee system may warrant alternative funding sources for small businesses in the future. Alternatives are being evaluated for further discussions in future legislative sessions.
- The PCA is authorized to reimburse governmental units for a portion of the disposal costs for waste tires. The continuation of this program, focusing on small tire dumps that are mosquito-breeding sites, is important to help control health risk threats from Lacrosse encephalitis.
- Federal Superfund funding for state efforts is stable for F.F.Y. 1999, but the future source of its funding is unknown. State and responsible party funding needed for cleanup activities will potentially increase to support program development and waste site cleanups without federal Superfund funds.
- Historically, the emergency response activity has been funded with General Fund. As reductions occurred in this funding source in the early 1990s, the PCA with support from the legislature, continued to enhance the statewide emergency response network by shifting other resources whenever possible to fund the staff needed.

LCMR RECOMMENDATIONS:

- *Resources for Development: A Community Property Investigation Program. Pass Through.* This appropriation is from the Minnesota Future Resources Fund to PCA for an agreement with Minnesota Environmental Initiative to assess environmental contamination in at least 16 brownfield sites statewide to promote property redevelopment by community nonprofits. This appropriation must be matched by at least \$80,000 of nonstate money.

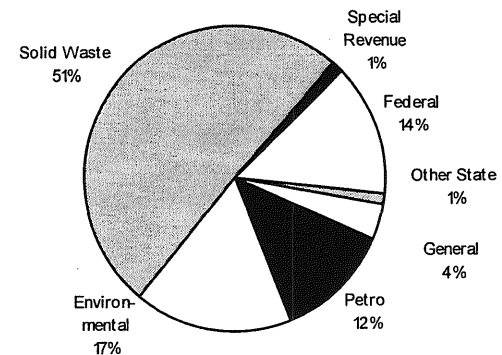
REQUIRED LEGISLATION:

The Landfill Cleanup Program was established in M. S. 115B.39 to provide environmental response to be administered by the commissioner at qualified

facilities. The Governor's recommendation requires changes to M.S. 115B.39-49 and M.S. 473.845. This will provide a short, one-time window for mixed municipal solid waste landfills to become qualified facilities and will equalize the disparity between metropolitan and non-metropolitan landfills regarding perpetual care funding. This will also provide for initial environmental investigation of unpermitted mixed municipal solid waste dumps.

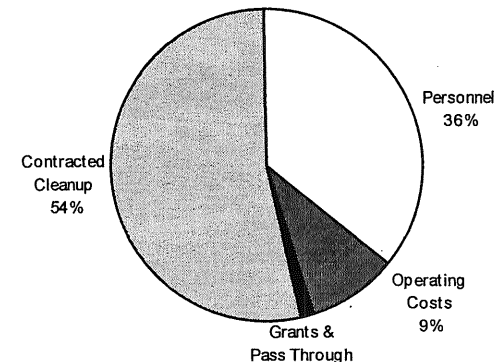
Program Funding Sources

F.Y. 1998-99



Program Expenditures by Category

F.Y. 1998-99



GOVERNOR'S RECOMMENDATION: The Governor recommends base level funding and the following change items:

- Listed Metals
- Closed Landfills and Environmental Assessment of Old Municipal Dump Sites
- Continuation of Leaking Underground Storage Tanks (LUST) Initiative
- M.S. 116.073 Field Citation Authority for Small Spills

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: POLLUTION CONTROL AGENCY

Program: PROTECTING THE LAND

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY ACTIVITY:</u>									
ASSESS ENVIRONMENTAL OUTCOMES	2,182	1,436	1,876	1,518	1,518	1,563	1,563	(231)	-7.0%
PLNG AND POLICY DEVELOPMENT	3,093	2,736	4,132	4,058	3,979	4,091	4,014	1,125	16.4%
WASTE MANAGEMENT	6,723	6,135	6,823	6,665	6,665	6,876	6,876	583	4.5%
WASTE CLEANUP	22,442	25,291	44,308	65,442	68,803	43,935	47,525	46,729	67.1%
Total Expenditures	34,440	35,598	57,139	77,683	80,965	56,465	59,978	48,206	52.0%

CHANGE ITEMS:	FUND				
(A) CLOSED LANDFILLS & ENVIRON ASSESS	MLC			(136)	(139)
(A) CLOSED LANDFILLS & ENVIRON ASSESS	SW			2,847	3,179
(B) CONTINUATION OF LUST INITIATIVE	PET			550	550
(B) LCMR-RESOURCES FOR REDEVELOPMENT	MNR			100	
(B) LISTED METALS	ENV			(79)	(77)
Total Change Items				3,282	3,513

FINANCING BY FUND:							
CARRY FORWARD:							
ENVIRONMENTAL	56	0	0	20	20	38	38
DIRECT APPROPRIATIONS:							
ENVIRONMENT & NATURAL RESOURCE	111	111	189	0	0	0	0
GENERAL	1,616	1,457	1,682	1,722	1,722	1,746	1,746
MINNESOTA RESOURCES	0	0	0	0	100	0	0
PETROLEUM TANK RELEASE CLEANUP	2,614	2,368	3,161	2,341	2,891	2,401	2,951
ENVIRONMENTAL	5,394	4,654	6,395	12,678	12,599	6,417	6,340
METRO LANDFILL CONTINGENCY	177	122	133	136	0	139	0
SOLID WASTE	5,318	4,361	5,581	5,154	5,636	5,282	5,765
Total Financing	34,440	35,598	57,139	77,683	80,965	56,465	59,978

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: POLLUTION CONTROL AGENCY

Program: PROTECTING THE LAND

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
STATUTORY APPROPRIATIONS:							
PETROLEUM TANK RELEASE CLEANUP	1,338	1,585	3,758	2,000	2,000	2,000	2,000
SPECIAL REVENUE	460	586	607	548	548	562	562
FEDERAL	4,770	5,659	7,736	15,282	15,282	7,178	7,178
ENVIRONMENTAL	819	1,722	3,168	3,426	3,426	3,126	3,126
SOLID WASTE	11,719	12,965	24,729	34,376	36,741	27,576	30,272
GIFT	48	8	0	0	0	0	0
Total Financing	34,440	35,598	57,139	77,683	80,965	56,465	59,978
FTE BY EMPLOYMENT TYPE:							
FULL TIME	310.6	299.9	346.1	331.9	342.0	330.9	341.0
PART-TIME, SEASONAL, LABOR SER	18.6	10.8	1.8	1.8	1.8	1.8	1.8
OVERTIME PAY	0.3	0.2	0.2	0.2	0.2	0.2	0.2
Total Full-Time Equivalent	329.5	310.9	348.1	333.9	344.0	332.9	343.0

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: POLLUTION CONTROL AGENCY
Program: PROTECTING THE LAND
Activity: ASSESS ENVIRONMENTAL OUTCOMES

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
PERSONAL SERVICES	1,422	1,079	1,483	1,387	1,387	1,422	1,422	247	9.6%
OPERATING EXPENSES	760	332	393	131	131	141	141	(453)	-62.5%
SUBTOTAL STATE OPERATIONS	2,182	1,411	1,876	1,518	1,518	1,563	1,563	(206)	-6.3%
LOCAL ASSISTANCE	0	25	0	0	0	0	0	(25)	-100.0%
Total Expenditures	2,182	1,436	1,876	1,518	1,518	1,563	1,563	(231)	-7.0%

FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT & NATURAL RESOURCE	111	111	189	0	0	0	0		
ENVIRONMENTAL	1,028	584	419	416	416	424	424		
SOLID WASTE	861	566	887	901	901	935	935		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	11	0	31	0	0	0	0		
FEDERAL	171	175	350	201	201	204	204		
Total Financing	2,182	1,436	1,876	1,518	1,518	1,563	1,563		

FTE BY EMPLOYMENT TYPE:									
FULL TIME	22.4	19.1	28.4	28.0	28.0	28.0	28.0		
PART-TIME, SEASONAL, LABOR SER	3.1	1.5	0.9	0.9	0.9	0.9	0.9		
Total Full-Time Equivalent	25.5	20.6	29.3	28.9	28.9	28.9	28.9		

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2000-01 Biennial Budget

BUDGET ACTIVITY: Planning and Policy Development
PROGRAM: Protecting the Land
AGENCY: Pollution Control Agency (PCA)

ACTIVITY PROFILE:

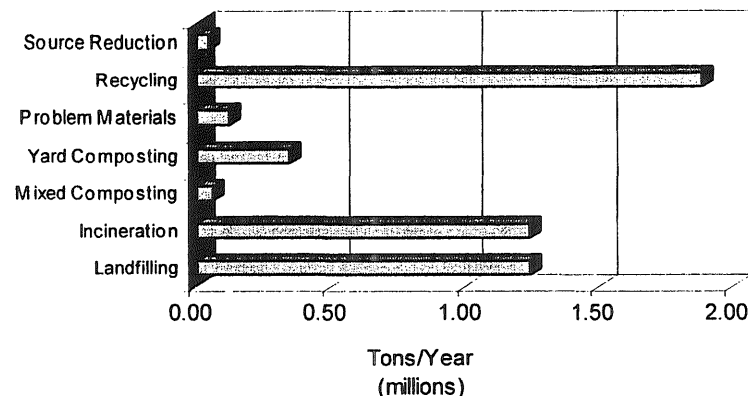
The focus of the Planning and Policy Development activity is to prevent adverse impacts on human health and the environment caused by the generation and management of solid and hazardous waste. This activity provides services to businesses that generate and manage waste.

STRATEGIES AND PERFORMANCE:

The majority of wastes in Minnesota are now either properly managed in appropriate facilities or recycled and the PCA's focus is to appropriately maintain those results. Pollution prevention strategies will continue to reduce the amount of waste generated. Further planning is needed to determine how to best service the estimated 25,000 smaller businesses which individually pose minimal or limited risk, but collectively can pose a threat. Strategies will be developed to address this concern; other agency strategies include:

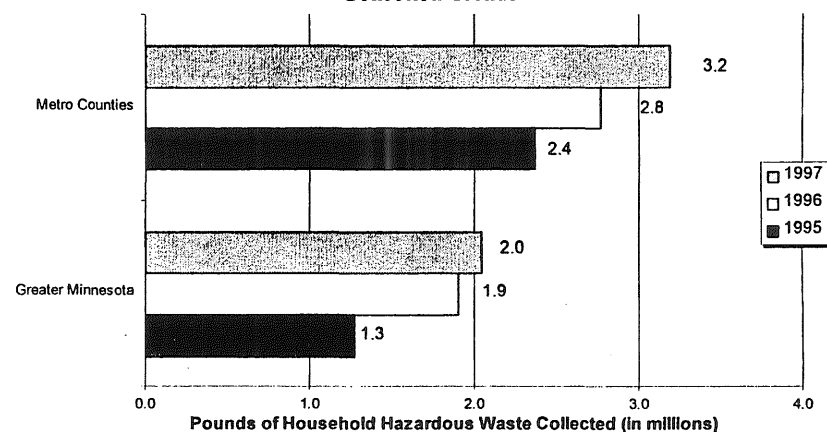
- Providing pollution-prevention assistance to a wide variety of businesses, with emphasis on the automotive sector, printers, and generators of mercury, PCBs and other persistent and bio-accumulative toxics.
- Collecting, analyzing and interpreting data to assess environmental impacts, target education efforts, assess the level of success on agency program efforts, and to develop reports and recommendations for future action, rules and laws.
- Assessing and guiding state and federal policymaking for managing hazardous and solid waste and for protecting ground water by focusing on persistent and bio-accumulative wastes and attempting to find creative methods of dealing with less environmentally critical wastes.
- Developing strategies for reduction and management of hazardous and solid waste such as partnering with federal, state and local agencies and business organizations to coordinate assistance, minimize duplication and provide better service. For example, the PCA partnered with Olmsted County to test innovative regulatory approaches for small businesses.

Where Minnesota's Waste Goes



- Developing policy, guidance and standards for hazardous-waste generators and management facilities and for solid waste transportation and management facilities.
- Soliciting input from the regulated community and promoting partnerships to test and implement innovative methods of waste management and regulation.

Household Hazardous Waste Collection Trends



- Developing policies and best management practices to protect ground water, and providing technical assistance to local governments and industry sectors.

2000-01 Biennial Budget

BUDGET ACTIVITY: Planning and Policy Development
PROGRAM: Protecting the Land
AGENCY: Pollution Control Agency (PCA)
(Continuation)

For example, innovative awareness, education and assistance approaches in the Lake Superior Basin helped reduce hazardous waste releases to almost zero.

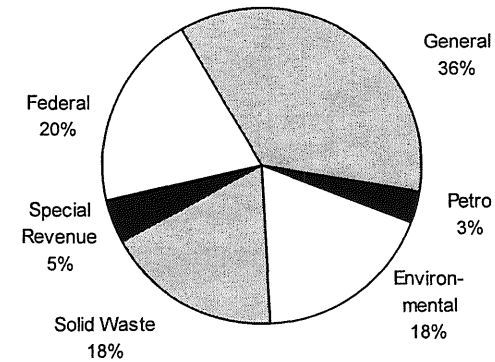
- Educating, training and providing technical assistance to the regulated community.
- Reducing administrative burdens on small businesses by streamlining processes and reducing reporting requirements.
- Monitoring financial ability of waste management facilities to safeguard against present and future environmental damage by requiring annual reports that compare the funds available to the anticipated costs.
- Reducing the impact of harmful constituents in products through forming alliances with:
 - manufacturers to encourage them to voluntarily redesign their products,
 - government and industry to set up low-cost, convenient waste collection systems,
 - EPA, environmental organizations, educational institutions and the media to educate consumers, and
 - an advisory council to review products containing certain listed metals.

FINANCING INFORMATION:

- The Solid Waste Fund will experience significant changes because most of the original construction on old closed landfills that began in 1994 will be finished by 2002. A balance is expected to begin accruing in the fund at that time.
- Training, certification and seminars are fee-based and essentially self-funding.
- Individuals submitting infectious waste management plans are charged a statutorily-established \$250 fee, which is deposited in the General Fund. The plans are submitted every other year and the revenue is about \$13,500 per biennium. The revenues are not used to support this activity.
- In 1998, M.S. 115A.9651 required individual companies or trade associations on behalf of companies to submit a product review report and to have the specific product evaluated by the Listed Metals Advisory Council. In order to continue to trade and use a specified product in Minnesota, both a product review report and a fee of \$295 must be paid annually until the council has conducted its review. The fees are deposited in the Environmental Fund and the legislative expectation was that the activity expenditures would balance by 2002.

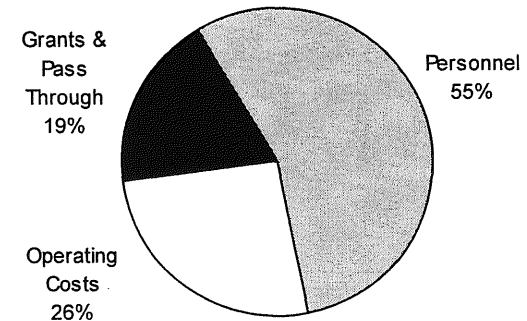
Activity Funding Sources

F.Y. 1998-99



Activity Expenditures by Category

F.Y. 1998-99



BUDGET ISSUES:

The number of listed metals product review reports and associated fees submitted by individual companies and trade associations on behalf of companies has produced only 15% of expected revenues as a result of the agency's decision to allow companies to choose whether to submit an entire product line based on listed metals concentration or other characteristics. The PCA and the interested parties have discussed how to resolve this funding shortfall by 2002 and a budget change item is proposed.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: POLLUTION CONTROL AGENCY
Program: PROTECTING THE LAND
Activity: PLNG AND POLICY DEVELOPMENT

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY CATEGORY:</u>									
STATE OPERATIONS									
PERSONAL SERVICES	1,702	1,561	2,226	2,231	2,173	2,314	2,256	642	17.0%
OPERATING EXPENSES	654	507	1,311	1,089	1,068	1,031	1,012	262	14.4%
TRANSFERS	0	0	0	128	128	136	136	264	
SUBTOTAL STATE OPERATIONS	2,356	2,068	3,537	3,448	3,369	3,481	3,404	1,168	20.8%
LOCAL ASSISTANCE	737	668	595	610	610	610	610	(43)	-3.4%
Total Expenditures	3,093	2,736	4,132	4,058	3,979	4,091	4,014	1,125	16.4%

CHANGE ITEMS:	FUND				
(B) LISTED METALS	ENV			(79)	(77)
Total Change Items				(79)	(77)

<u>FINANCING BY FUND:</u>							
DIRECT APPROPRIATIONS:							
GENERAL	1,302	1,133	1,292	1,269	1,269	1,287	1,287
PETROLEUM TANK RELEASE CLEANUP	261	152	55	107	107	160	160
ENVIRONMENTAL	583	465	851	859	780	818	741
SOLID WASTE	157	162	1,035	960	960	935	935
STATUTORY APPROPRIATIONS:							
SPECIAL REVENUE	98	187	120	117	117	119	119
FEDERAL	623	610	743	746	746	772	772
ENVIRONMENTAL	21	19	36	0	0	0	0
GIFT	48	8	0	0	0	0	0
Total Financing	3,093	2,736	4,132	4,058	3,979	4,091	4,014
<u>FTE BY EMPLOYMENT TYPE:</u>							
FULL TIME	28.5	28.0	41.2	37.6	37.6	37.6	37.6
PART-TIME, SEASONAL, LABOR SER	3.8	2.7	0.0	0.0	0.0	0.0	0.0
Total Full-Time Equivalent	32.3	30.7	41.2	37.6	37.6	37.6	37.6

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Pollution Control Agency
PROGRAM: Protecting the Land
ACTIVITY: Planning and Policy Development

ITEM TITLE: Listed Metals

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
Environmental Fund				
- State Operations	\$(79)	\$(77)	\$(74)	\$(72)
Revenues: (\$000s)				
Environmental Fund	\$100	\$51	\$51	\$26

Statutory Change? Yes X No

If yes, statutes(s) affected: M.S. 115A.9651, subd. 6(c)

☐ New Activity ☒ Supplemental Funding ☐ Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends reductions in administrative expenditures of \$79,000 in F.Y. 2000, \$77,000 in F.Y. 2001, \$74,000 in F.Y. 2002 and \$72,000 in F.Y. 2003 for the agency's activities relating to administration of the listed metals program. The Governor also recommends the fee established in Minnesota Statutes, 115A.9651, subdivision 6(c) be increased to \$750 per annual product review report and transfers \$75,000 in each of fiscal year 2000 and 2001 from the Motor Vehicle Transfer Account to the Listed Metals Account for administrative expenditures. The Governor further recommends that this fee be exempt from 16A.1285 because the recommended fee increase will not fully cover total expenditures.

RATIONALE:

The listed metals program established in 1998 is currently funded through a per-product fee of \$295 paid annually by manufacturers or users of specified products. Fee revenue collected in the first year was only 15% of the amount estimated in the

original fiscal note prepared in 1997. This significant revenue shortfall was created by allowing companies flexibility in identifying individual products, rather than holding them to their past submittals. The agency still believes that decision is appropriate.

The fundamental assumptions that drove the decision to conduct the original program with user fees included the following: 1) The same fee will be paid for all products, regardless of the amount of listed metals contained or the time needed for review, 2) Manufacturers or users would pay an annual fee on July 1 until the product had been released from the program or a final decision on the specified product had been determined by the commissioner of the agency, and 3) The program would ramp and then wind down within 8 years. Subsequently, the estimate has been reduced to 5 years because of the reduced number of products under review.

FINANCING:

The agency was originally appropriated \$282,000 for F.Y. 2000-01 from the environmental fund until the product review fee took effect in 7-1-98. The legislative intent was that all costs incurred during the product reviews would be satisfied by fees collected over the life of the program. The listed metals program has strong pollution prevention aspects and this change item switches from a fee based program for some of the front-end costs in recognition of the long-term environmental savings to Minnesotans.

In this change item, the agency proposes to reduce administrative expenditures by \$79,000 in F.Y. 2000, \$77,000 in F.Y. 2001, \$74,000 in F.Y. 2002, and \$72,000 in F.Y. 2003 compared to the budgeted appropriations. This is accomplished by shifting environmental risk assessment and dispute resolution to cost recovery as directed by the listed metals council, and reducing administrative and rulemaking costs. The agency also proposes to increase the product review fee to \$750 per year effective immediately. This generates an additional \$228,000 in revenue over the life of the program. For manufacturers and users that pay the fee, the rate effectively doubles the statutory rate, when considered over the full life of the program. For the 2000-01 biennium, the new fee will raise approximately \$249,000 and expenditures will total \$236,000. The excess revenue is needed to partially recover the current revenue shortfall.

OUTCOMES:

The listed metals program has demonstrated environmental outcomes. These listed

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Pollution Control Agency
PROGRAM: Protecting the Land
ACTIVITY: Planning and Policy Development

ITEM TITLE: Listed Metals
(Continuation)

metals--lead, cadmium mercury and hexavalent chromium all have known adverse impacts on public health and the environment. Over 600 products have been reformulated or discontinued that at one time contained listed metals. Currently, there are 220 products regulated that contains 620,000 pounds of listed metals that were distributed for use or sale last year. Within the next 16 months, the listed metals advisory council will review 4 of 11 product groups. These 4 product groups contain over 90% of the listed metals currently in use in the regulated products.

Reducing the amount of the listed metals should reduce costs in our waste management system. For example, landfill leachate should contain fewer heavy metals and would be less difficult and less expensive to manage at wastewater treatment facilities, and less harmful to the environment where sludge may be spread on the land. Compost made from municipal solid waste would potentially contain less of these metals, increasing the acceptability of the final product and reducing operational costs. Air emissions at garbage incinerators would also be cleaner without these metals, and the resulting ash less toxic.

2000-01 Biennial Budget

BUDGET ACTIVITY: Waste Management
PROGRAM: Protecting the Land
AGENCY: Pollution Control Agency (PCA)

ACTIVITY PROFILE:

The focus of the Waste Management activity is to prevent unacceptable risk to human health and the environment from the generation and management of solid and hazardous waste and petroleum storage. Proper waste management prevents and limits long-term environmental effects and degradation of ground water, which is the state's primary supply of drinking water.

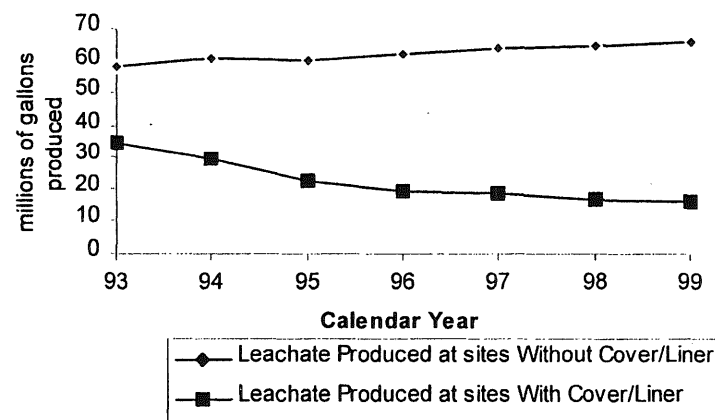
STRATEGIES AND PERFORMANCE:

This activity provides services to Minnesota businesses and governments that generate approximately 5.4 million tons of mixed municipal solid waste, construction waste, demolition debris, industrial waste, infectious waste, and waste tires each year. An additional 3 million tons of materials are recycled or utilized at permitted facilities. Strategies used to ensure the proper management of waste include:

- Monitoring water quality at and around facilities and taking corrective actions where contamination is detected above acceptable levels.
- Developing comprehensive technical assistance and training on best management and pollution prevention practices for solid-waste facility operators, salvage yard operators, hazardous waste generators and above- and below-ground petroleum storage facilities.
- Partnering with Minnesota counties to provide technical and financial assistance to develop facilities to collect household hazardous waste and provide public education programs on the methods of reducing household hazardous waste.
- Partnering with state and local government units to provide financial reimbursement towards costs for waste tire disposal with a focus on areas at high risk for mosquito-borne disease such as Lacrosse Encephalitis.
- Conducting environmental audits, permit compliance monitoring, inspections and enforcement actions to prevent or minimize contamination from improper management of solid and hazardous waste.
- Enhancing the state data system to allow for electronic data submittals from and transfers to the regulated community.
- Assisting smaller petroleum storage facilities with the adoption of appropriate tank-management practices by 2003.

- Increasing the use of adequate release-detection methods for petroleum storage tanks and taking appropriate enforcement actions such as issuing "red tags" that prohibit the delivery of fuel or assessing penalties against generators or facilities that have not installed leak-prevention equipment that is federally required to be installed by December 1998.

Leachate Produced at Landfills



- Reducing leachate contamination from solid-waste disposal facilities to surface and ground water with the installation of covers and liners.
- Implementing corrective actions such as active gas systems, ground water collection and treatment systems to bring solid waste facilities into compliance with ground-water performance standards.
- Installing active gas treatment systems, at the closed portions of operating solid-waste facilities and at closed landfill program facilities under state control, to reduce gas migration to adjacent land, water, and air.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: NATURAL RESOURCES DEPT

Agency Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY PROGRAM:									
MINERAL RESOURCES MGMT	6,822	5,354	7,642	6,469	6,894	6,705	7,030	928	7.1%
WATER RESOURCES MGMT	10,443	13,530	12,462	12,307	14,307	12,296	13,296	1,611	6.2%
FOREST MANAGEMENT	47,550	50,419	62,198	53,008	54,033	53,674	54,429	(4,155)	-3.7%
PARKS & RECREATION MGMT	31,264	32,332	34,459	31,365	33,421	32,050	34,106	736	1.1%
TRAILS & WATERWAYS MGMT	15,293	19,308	25,343	19,480	22,089	19,775	20,433	(2,129)	-4.8%
FISH & WILDLIFE MANAGEMENT	51,693	52,151	65,183	65,019	66,333	65,609	67,048	16,047	13.7%
ENFORCEMENT--NR LAWS&RULES	19,421	19,935	20,784	21,490	21,211	21,929	21,658	2,150	5.3%
OPERATIONS SUPPORT	39,460	42,839	39,823	33,069	52,542	33,580	43,371	13,251	16.0%
Total Expenditures	221,946	235,868	267,894	242,207	270,830	245,618	261,371	28,439	5.6%

FINANCING BY FUND:							
DIRECT APPROPRIATIONS:							
ENVIRONMENT & NATURAL RESOURCE	9,326	11,748	6,748	0	8,239	0	8,239
GENERAL	92,352	104,134	116,454	106,655	116,441	108,620	114,522
MINNESOTA RESOURCES	6,844	7,375	3,605	0	9,787	0	0
STATE GOVERNMENT SPECIAL REVENUE	63	150	0	0	0	0	0
NATURAL RESOURCES	21,124	22,208	25,387	24,333	23,283	24,683	24,133
GAME AND FISH (OPERATIONS)	54,651	52,171	59,141	59,994	61,055	61,259	61,521
IRON RANGE RESOURCES & REHAB	0	0	750	0	0	0	0
SOLID WASTE	100	100	100	100	100	100	100
AGENCY	250	0	0	0	0	0	0
OPEN APPROPRIATIONS:							
GENERAL	15,303	17,476	21,536	19,682	19,682	19,682	19,682
NATURAL RESOURCES	209	317	313	313	313	313	313
GAME AND FISH (OPERATIONS)	836	1,167	1,167	1,167	1,967	1,167	3,067

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: NATURAL RESOURCES DEPT

Agency Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
STATUTORY APPROPRIATIONS:							
GENERAL	399	928	3,275	500	500	500	500
NATURAL RESOURCES	638	287	832	184	184	184	184
SPECIAL REVENUE	11,100	11,007	16,198	11,178	11,178	11,242	11,242
GAME AND FISH (OPERATIONS)	234	38	373	206	206	206	206
FEDERAL	6,371	5,038	9,591	16,709	16,709	16,536	16,536
ENVIRONMENTAL	22	2	51	0	0	0	0
AGENCY	936	194	104	80	80	80	80
GIFT	1,043	1,338	2,019	955	955	995	995
PERMANENT SCHOOL	145	190	250	151	151	51	51
Total Financing	221,946	235,868	267,894	242,207	270,830	245,618	261,371

FTE BY EMPLOYMENT TYPE:							
FULL TIME	2,012.6	2,029.8	2,028.8	2,020.4	2,057.0	2,020.4	2,058.0
PART-TIME, SEASONAL, LABOR SER	543.2	546.9	545.2	547.4	577.7	549.4	585.0
OVERTIME PAY	65.2	63.5	63.4	63.4	63.4	63.4	63.4
Total Full-Time Equivalent	2,621.0	2,640.2	2,637.4	2,631.2	2,698.1	2,633.2	2,706.4

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Natural Resources, Department of
PROGRAM: Forestry, T&W, Operations Support
ACTIVITY:

ITEM TITLE: Base Budget Reductions

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
- Grants	\$(1,208)	\$(1,208)	\$(1,208)	\$(1,208)
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ____ No X

If yes, statutes(s) affected:

☐ New Activity ☐ Supplemental Funding ☒ Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends eliminating the following General Fund appropriations from the agency's base budget:

\$275,000 - Forest Stewardship grants
\$600,000 - Snowmobile Trail GIA
\$43,000 - Cross-Country Ski grants
\$290,000 - Operations Support

RATIONALE:

The base budget reductions recommended by the Governor reflect his views that spending has extended beyond what he considers to be the proper role of government. He believes in a process of systematic evaluation and review of base level spending.

Given the limited time available to prepare a budget, no systematic evaluation was possible, but the Governor wants to communicate his commitment to reducing base level spending, and identified expenditures to be reduced.

Some of the guidelines used in identifying these spending reductions are:

- Not every new idea has to be financed with new money.
- Non-essential expenditures should be eliminated.
- Expenditures should reflect the proper role of state government.
- Eliminate narrow interest programs that only benefit a few at the expense of many.
- Eliminate expenditures that duplicate the efforts of others.
- Eliminate expenditures that shift user costs to the general taxpayer.

The Forest Stewardship grants were chosen because they represent an area where benefits are narrowly focused, but the costs are widely spread. The snowmobile and cross-country ski trail grants were chosen because they shift the costs of benefits to non-users. Operations Support was reduced to fund higher priorities.

2000-01 Biennial Budget

BUDGET ACTIVITY: Forest Management
PROGRAM: Forest Management
AGENCY: Natural Resources, Department of (DNR)

ACTIVITY PROFILE:

This activity exists to sustain and enhance forest ecosystems, to provide a sustainable supply of forest products to meet human needs, and to provide income to the permanent school trust fund.

Specific activities and services:

- Managing 4.3 million acres of land.
- Technical urban forestry and cost-share assistance to Minnesota communities.
- Producing and selling tree and shrub seedlings for conservation planting.
- Monitoring the health, growth and composition of Minnesota's forests.
- Technical assistance to counties.
- Developing, monitoring and evaluating evolving management concepts.
- Coordinating forestry related education programs in schools.

Our goals are to:

- Provide a long-term, sustainable yield of forest resources.
- Manage school trust lands to fulfill the fiduciary responsibilities to the permanent school trust.
- Improve the health and productivity of forest lands.

The basic purposes for which these forestry programs were created are still valid:

- Maintain the forest land base, encouraging professional management of forest lands to meet public demand for products and uses.
- Restoring forest lands altered by harvesting, wildfires, insects and diseases, wind storms, and flooding.

Minnesota's growing population has intensified pressures on forest lands:

- Urban and lakeshore development is now the major cause of forest land loss.
- Expanding development in forested areas increases the risks and frequency of wildfires, and reduces the quality of, and ability to, manage forest lands.
- Recreational use of forest lands and recreational facilities have both increased.
- The list of recreational users has grown to include off-highway vehicles, horse-back riders, mountain biking, cross-country skiing, and snowmobiling.

- Timber harvesting has increased to meet growing demand.

These pressures will continue to grow and challenge forest managers to achieve a proper balance between meeting human needs and protecting other values of the forest. Greater understanding of biological processes has helped with this challenge, but has also increased the complexity of forest management decision making.

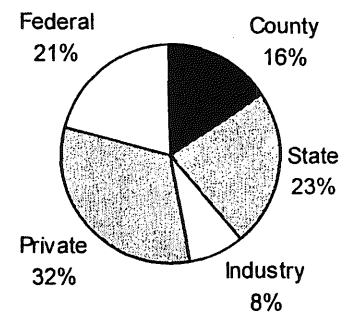
This activity serves a wide range of stakeholders, including:

- non-industrial private forest landowners,
- forest industries,
- environmental groups,
- outdoor recreationist communities,
- other state agencies and levels of government,
- consulting foresters and other forestry professionals.

Other units of government and the private sector are also involved in the management of forest lands.

Minnesota Forest Land Ownership - 1990

16.7 Million Acres



2000-01 Biennial Budget

PROGRAM: Operations Support

AGENCY: Natural Resources, Department of (DNR)
(Continuation)

LCMR RECOMMENDATIONS - DIRECT:

Project	Fund	Amount (\$000's)
Environmental Indicators Initiative - Continuation	Env. Trust	\$400
Local Initiatives Grants Program		
- Local Units of Government for Local Parks and Recreation Areas	Future Resources	\$1,050
- Local Grants of Government for Natural and Scenic Areas	Env. Trust	\$870
- Statewide Conservation partners program	Env. Trust	\$610
- Environmental Partnerships Program Grants	Env. Trust	\$200

LCMR RECOMMENDATIONS - PASS THROUGH:

Project	Fund	Amount (\$000's)
Green Forest Certification Project	Env. Trust	\$150
Integrated Prairie Management	Env. Trust	\$350
Dakota County Wetland Health Monitoring	Env. Trust	\$160
Wild Rice Management Planning	Future Resources	\$200
Preservation of Native Wild Rice Resource	Future Resources	\$400
Forest Wildlife Biologist for Ruffed Grouse	Future Resources	\$1,000
Farm Ponds as Critical Habitats for Native Amphibians	Env. Trust	\$250
Sustainable Woodlands and Prairies on Private Lands-Continuation	Env. Trust	\$450
Greening the Metro Mississippi-Minnesota River Valleys	Env. Trust	\$800

Restoring the Greater Prairie Chicken to Southwestern Minnesota	Env. Trust	\$60
The Prairie Heritage Fund (PHF)II-Continuation	Env. Trust	\$500
Implement the Chisago and Washington Counties Green Corridor Project-Continuation	Env. Trust	\$450
Enhancing Canada Goose Hunting Opportunities for Recreation and Management Purposes	Future Resources	\$340
Restoring Native Vegetation in Parks and Nature Centers	Future Resources	\$260
Ecology Bus Water Quality Education	Future Resources	\$200
Renovation of Open Spaces: Twin Cities Neighborhoods	Future Resources	\$200
Minnesota Wolf Public Education	Env. Trust	\$120
North American Bear Center, Ely, MN.	Future Resources	\$80
Accessible Outdoor Recreation	Env. Trust	\$400
Southeast Minnesota Streams and Watershed Signage	Env. Trust	\$150
Teacher Training in Interdisciplinary Environmental Education	Env. Trust	\$60
Development and Rehabilitation of Recreational Shooting Ranges	Future Resources	\$350
Youth Outdoor Environmental Education Program	Future Resources	\$125
Twin Cities Environmental Service Learning-Continuation	Env. Trust	\$40
Minnesota Whitetail Deer Resource Center Exhibits	Future Resources	\$400
Hyland Lake Environmental Center	Env. Trust	\$220
Wind Power for Rural Development-Continuation	Future Resources	\$250
Mesabi Trail Land Acquisition and Development-Continuation	Future Resources	\$1,000
Kabetogama to Ash River Community Trail System	Future Resources	\$100
Mesabi Trail Connection	Future Resources	\$80
Dakota County Bikeway Mapping	Future Resources	\$15

2000-01 Biennial Budget

PROGRAM: Operations Support

AGENCY: Natural Resources, Department of (DNR)

(Continuation)

Metropolitan Regional Parks Acquisition, Rehabilitation and Development	Env. Trust	\$2,000
Mississippi Riverfront Trail and Access	Future Resources	\$155
Luce Line Trail Connection through Wirth Park	Future Resources	\$300
Freshwater Mussel Resources in the St. Croix River	Env. Trust	\$58
Landscaping for Wildlife and Nonpoint Source Pollution Prevention	Env. Trust	\$150
Saint Paul-Minneapolis Native Plant Habitat Interpretive Program	Future Resources	\$130
Restoring Ecological Health to St. Paul's Mississippi River Bluffs	Env. Trust	\$200
Protecting Dakota County Farmland and Natural Areas	Env. Trust	\$200
Conservation-Based Development Program	Env. Trust	\$150
Sustainable Stormwater Management and Erosion Control for Athletic Fields	Future Resources	\$200
Chisago Lakes Outlet Channel Project	Future Resources	\$40
Blufflands Implementation	Future Resources	\$33
Lake Minnetonka Citizens Monitoring and Education Network	Future Resources	\$40
Lake Calhoun and Lake Harriet Gravity Flow Stream System	Future Resources	\$250

GOVERNOR'S RECOMMENDATION:

The Governor recommends the program budget, and the following change items:

In the Field Operations Support Activity, a \$5 million biennial appropriation for statewide asset preservation and repair, and a deficiency appropriation of \$515,000 in F.Y. 1999 for leased lot land appraisals.

In the Regional Operations Support Activity, a base reduction of \$90,000.

In the Administrative Management Activity, annual base reductions of \$60,000 in Field Services, \$50,000 from Management Information Services; \$45,000 from the Commissioner's Office; and \$45,000 from the Office of Management and Budget Services.

Also the Administrative Management Activity, an increase of \$222,000 in F.Y. 2000 and \$235,000 in F.Y. 2001 for the Workforce 2000 initiative, a \$40,000 reduction each year as part of the snowmobile gas tax reduction, an increase of \$1.298 million in F.Y. 2000 and \$616,000 in F.Y. 2001 for the Project IT Infrastructure initiative, \$800,000 in F.Y. 2000 and \$1.9 million in F.Y. 2001 for the electronic licensing system, \$205,000 each year for Outdoors on the Line, and \$2.461 million in F.Y. 2000 and \$246,000 in F.Y. 2001 and beyond for the Project Cedar initiative.

The Governor makes no recommendation on the LCMR projects.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: NATURAL RESOURCES DEPT

Program: OPERATIONS SUPPORT

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY ACTIVITY:</u>									
FIELD OPERATIONS SUPPORT	11,115	9,725	11,771	10,718	13,158	10,835	13,275	4,937	23.0%
REGIONAL OPERATIONS SUPPORT	4,631	3,872	5,530	4,380	4,290	4,410	4,320	(792)	-8.4%
ADMINISTRATIVE MANAGEMENT	15,955	15,621	20,968	17,910	22,916	18,274	21,496	7,823	21.4%
REC & LOCAL INITIATIVE GRANTS	7,759	13,621	1,554	61	12,178	61	4,280	1,283	8.5%
Total Expenditures	39,460	42,839	39,823	33,069	52,542	33,580	43,371	13,251	16.0%

CHANGE ITEMS:	FUND								
(A) BASE BUDGET REDUCTIONS	GEN				(290)		(290)		
(A) DNR WORKFORCE 2000 INITIATIVE	GEN				222		235		
(A) SNOWMOBILE BUDGET REDUCTION	NRF				(40)		(40)		
(B) DNR PROJECT IT INFRASTRUCTURE	GEN				1,298		616		
(B) ELECTRONIC LICENSING SYSTEM	G&F				800		1,900		
(B) LAKESHORE LEASE LAND EXCHANGE	GEN		515						
(B) LOCAL GRANTS LCMR ALLOCATIONS	EVT		495		4,219		4,219		
(B) LOCAL GRANTS LCMR ALLOCATIONS	MNR				7,898				
(B) OPERATIONS SUPPORT LCMR ALLOCATIONS	EVT				200		200		
(B) OUTDOORS ON THE LINE	GEN				205		205		
(B) PROJECT CEDAR	GEN				2,461		246		
(B) STATEWIDE ASSET PRESERVATION AND REPAIR	GEN				2,500		2,500		
Total Change Items			1,010		19,473		9,791		

FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT & NATURAL RESOURCE	4,563	5,727	1,231	0	4,419	0	4,419		
GENERAL	15,575	19,745	20,046	17,617	24,013	18,088	21,600		
MINNESOTA RESOURCES	3,788	4,698	1,012	0	7,898	0	0		
NATURAL RESOURCES	3,463	3,323	3,690	3,624	3,584	3,704	3,664		
GAME AND FISH (OPERATIONS)	8,738	6,383	7,327	8,682	8,682	8,812	8,812		
OPEN APPROPRIATIONS:									
GAME AND FISH (OPERATIONS)	0	0	0	0	800	0	1,900		
Total Financing	39,460	42,839	39,823	33,069	52,542	33,580	43,371		

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: NATURAL RESOURCES DEPT

Program: OPERATIONS SUPPORT

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
STATUTORY APPROPRIATIONS:							
GENERAL	93	509	2,682	0	0	0	0
SPECIAL REVENUE	650	491	1,127	655	655	655	655
GAME AND FISH (OPERATIONS)	209	26	84	55	55	55	55
FEDERAL	1,633	1,133	1,758	1,695	1,695	1,625	1,625
AGENCY	0	0	3	0	0	0	0
GIFT	603	614	613	590	590	590	590
PERMANENT SCHOOL	145	190	250	151	151	51	51
Total Financing	39,460	42,839	39,823	33,069	52,542	33,580	43,371

<u>FTE BY EMPLOYMENT TYPE:</u>							
FULL TIME	357.1	359.0	358.1	358.1	370.4	358.1	370.4
PART-TIME, SEASONAL, LABOR SER	25.3	28.6	27.7	27.7	32.5	27.7	33.8
OVERTIME PAY	1.4	3.4	3.4	3.4	3.4	3.4	3.4
Total Full-Time Equivalent	383.8	391.0	389.2	389.2	406.3	389.2	407.6

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: NATURAL RESOURCES DEPT
Program: OPERATIONS SUPPORT
Activity: FIELD OPERATIONS SUPPORT

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY CATEGORY:</u>									
STATE OPERATIONS									
PERSONAL SERVICES	6,325	6,577	7,031	7,190	7,230	7,397	7,437	1,059	7.8%
OPERATING EXPENSES	4,516	2,737	4,511	3,387	5,787	3,397	5,797	4,336	59.8%
TRANSFERS	0	0	0	17	17	17	17	34	
SUBTOTAL STATE OPERATIONS	10,841	9,314	11,542	10,594	13,034	10,811	13,251	5,429	26.0%
CAPITAL OUTLAY	262	404	219	114	114	14	14	(495)	-79.5%
LOCAL ASSISTANCE	12	7	10	10	10	10	10	3	17.6%
Total Expenditures	11,115	9,725	11,771	10,718	13,158	10,835	13,275	4,937	23.0%

<u>CHANGE ITEMS:</u>	<u>FUND</u>				
(A) BASE BUDGET REDUCTIONS	GEN			(60)	(60)
(B) LAKESHORE LEASE LAND EXCHANGE	GEN		515		
(B) STATEWIDE ASSET PRESERVATION AND REPAIR	GEN			2,500	2,500
Total Change Items			515	2,440	2,440

<u>FINANCING BY FUND:</u>							
DIRECT APPROPRIATIONS:							
GENERAL	5,269	4,582	5,735	5,077	7,517	5,192	7,632
NATURAL RESOURCES	464	413	495	469	469	481	481
GAME AND FISH (OPERATIONS)	4,709	4,344	4,726	4,658	4,658	4,748	4,748
STATUTORY APPROPRIATIONS:							
SPECIAL REVENUE	244	98	406	236	236	236	236
GAME AND FISH (OPERATIONS)	209	26	84	55	55	55	55
FEDERAL	75	72	72	72	72	72	72
AGENCY	0	0	3	0	0	0	0
PERMANENT SCHOOL	145	190	250	151	151	51	51
Total Financing	11,115	9,725	11,771	10,718	13,158	10,835	13,275

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: NATURAL RESOURCES DEPT
Program: OPERATIONS SUPPORT
Activity: FIELD OPERATIONS SUPPORT

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
<u>REVENUE COLLECTED:</u>							
DEDICATED							
NATURAL RESOURCES	51	0	0	0	0	0	0
SPECIAL REVENUE	296	323	368	365	365	365	365
GAME AND FISH (OPERATIONS)	210	65	55	55	55	55	55
AGENCY	27	16	15	20	20	20	20
PERMANENT SCHOOL	2,268	2,542	2,610	1,910	1,910	1,810	1,810
NONDEDICATED							
GENERAL	8	13	13	12	12	12	12
CAMBRIDGE DEPOSIT FUND	221	228	211	219	219	219	219
GAME AND FISH (OPERATIONS)	52	137	199	98	98	98	98
Total Revenues Collected	3,133	3,324	3,471	2,679	2,679	2,579	2,579
<u>FTE BY EMPLOYMENT TYPE:</u>							
FULL TIME	125.1	123.2	123.0	123.0	123.5	123.0	123.5
PART-TIME, SEASONAL, LABOR SER	4.1	4.7	4.7	4.7	4.7	4.7	4.7
OVERTIME PAY	0.3	0.2	0.2	0.2	0.2	0.2	0.2
Total Full-Time Equivalent	129.5	128.1	127.9	127.9	128.4	127.9	128.4

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: NATURAL RESOURCES DEPT

Program: OPERATIONS SUPPORT

Activity: REGIONAL OPERATIONS SUPPORT

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY CATEGORY:</u>									
STATE OPERATIONS									
PERSONAL SERVICES	2,856	3,066	3,251	3,287	3,287	3,387	3,387	357	5.7%
OPERATING EXPENSES	1,480	511	1,337	681	681	671	671	(496)	-26.8%
SUBTOTAL STATE OPERATIONS	4,336	3,577	4,588	3,968	3,968	4,058	4,058	(139)	-1.7%
CAPITAL OUTLAY	74	104	350	122	122	62	62	(270)	-59.5%
LOCAL ASSISTANCE	221	191	592	290	200	290	200	(383)	-48.9%
Total Expenditures	4,631	3,872	5,530	4,380	4,290	4,410	4,320	(792)	-8.4%

<u>CHANGE ITEMS:</u>	<u>FUND</u>				
(A) BASE BUDGET REDUCTIONS	GEN			(90)	(90)
Total Change Items				(90)	(90)

<u>FINANCING BY FUND:</u>							
DIRECT APPROPRIATIONS:							
ENVIRONMENT & NATURAL RESOURCE	0	33	0	0	0	0	0
GENERAL	3,650	3,245	4,353	3,927	3,837	4,020	3,930
MINNESOTA RESOURCES	249	96	121	0	0	0	0
NATURAL RESOURCES	218	226	236	241	241	248	248
GAME AND FISH (OPERATIONS)	48	0	0	38	38	38	38
STATUTORY APPROPRIATIONS:							
GENERAL	93	18	249	0	0	0	0
SPECIAL REVENUE	11	30	54	43	43	43	43
FEDERAL	348	204	515	131	131	61	61
GIFT	14	20	2	0	0	0	0
Total Financing	4,631	3,872	5,530	4,380	4,290	4,410	4,320

<u>REVENUE COLLECTED:</u>					
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State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: NATURAL RESOURCES DEPT

Program: OPERATIONS SUPPORT

Activity: REGIONAL OPERATIONS SUPPORT

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
DEDICATED							
GENERAL	93	18	253	0	0	0	0
SPECIAL REVENUE	13	37	48	43	43	43	43
FEDERAL	453	351	596	138	138	61	61
GIFT	23	9	0	0	0	0	0
NONDEDICATED							
GENERAL	1	1	0	0	0	0	0
Total Revenues Collected	583	416	897	181	181	104	104
FTE BY EMPLOYMENT TYPE:							
FULL TIME	55.1	55.6	55.6	55.6	55.6	55.6	55.6
PART-TIME, SEASONAL, LABOR SER	5.6	6.0	5.1	5.1	5.1	5.1	5.1
OVERTIME PAY	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Total Full-Time Equivalent	60.8	61.6	60.7	60.7	60.7	60.7	60.7

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: NATURAL RESOURCES DEPT
Program: OPERATIONS SUPPORT
Activity: ADMINISTRATIVE MANAGEMENT

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY CATEGORY:</u>									
STATE OPERATIONS									
PERSONAL SERVICES	9,223	10,118	11,375	11,090	12,021	11,405	12,349	2,877	13.4%
OPERATING EXPENSES	6,561	5,044	9,110	5,611	9,686	5,630	7,908	3,440	24.3%
OTHER EXPENSES	31	23	0	0	0	0	0	(23)	-100.0%
TRANSFERS	0	0	0	911	911	941	941	1,852	
SUBTOTAL STATE OPERATIONS	15,815	15,185	20,485	17,612	22,618	17,976	21,198	8,146	22.8%
CAPITAL OUTLAY	3	0	2	2	2	2	2	2	100.0%
LOCAL ASSISTANCE	137	436	481	296	296	296	296	(325)	-35.4%
Total Expenditures	15,955	15,621	20,968	17,910	22,916	18,274	21,496	7,823	21.4%

CHANGE ITEMS:	FUND				
(A) BASE BUDGET REDUCTIONS	GEN			(140)	(140)
(A) DNR WORKFORCE 2000 INITIATIVE	GEN			222	235
(A) SNOWMOBILE BUDGET REDUCTION	NRF			(40)	(40)
(B) DNR PROJECT IT INFRASTRUCTURE	GEN			1,298	616
(B) ELECTRONIC LICENSING SYSTEM	G&F			800	1,900
(B) OPERATIONS SUPPORT LCMR ALLOCATIONS	EVT			200	200
(B) OUTDOORS ON THE LINE	GEN			205	205
(B) PROJECT CEDAR	GEN			2,461	246
Total Change Items				5,006	3,222

FINANCING BY FUND:					
DIRECT APPROPRIATIONS:					
ENVIRONMENT & NATURAL RESOURCE	280	114	136	0	200
GENERAL	6,656	8,438	9,858	8,613	12,659
MINNESOTA RESOURCES	180	128	563	0	0
NATURAL RESOURCES	2,781	2,684	2,959	2,914	2,975
GAME AND FISH (OPERATIONS)	3,981	2,039	2,601	3,986	3,986
Total Financing	15,955	15,621	20,968	17,910	22,916

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: NATURAL RESOURCES DEPT
Program: OPERATIONS SUPPORT
Activity: ADMINISTRATIVE MANAGEMENT

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
OPEN APPROPRIATIONS:							
GAME AND FISH (OPERATIONS)	0	0	0	0	800	0	1,900
STATUTORY APPROPRIATIONS:							
GENERAL	0	491	2,433	0	0	0	0
SPECIAL REVENUE	395	363	667	376	376	376	376
FEDERAL	1,093	770	1,140	1,431	1,431	1,431	1,431
GIFT	589	594	611	590	590	590	590
Total Financing	15,955	15,621	20,968	17,910	22,916	18,274	21,496
REVENUE COLLECTED:							
DEDICATED							
GENERAL	222	1,075	1,849	0	0	0	0
SPECIAL REVENUE	406	325	377	351	351	351	351
FEDERAL	1,030	841	1,866	2,366	2,366	2,366	2,366
GIFT	494	669	607	607	607	607	607
NONDEDICATED							
GENERAL	167	74	0	0	0	0	0
NATURAL RESOURCES	16	4,267	3,250	3,586	3,136	3,746	3,296
CAMBRIDGE DEPOSIT FUND	26	27	27	27	27	27	27
GAME AND FISH (OPERATIONS)	76	31	52	50	50	50	50
Total Revenues Collected	2,437	7,309	8,028	6,987	6,537	7,147	6,697
FTE BY EMPLOYMENT TYPE:							
FULL TIME	176.9	180.2	179.5	179.5	191.3	179.5	191.3
PART-TIME, SEASONAL, LABOR SER	15.6	17.9	17.9	17.9	22.7	17.9	24.0
OVERTIME PAY	1.0	3.2	3.2	3.2	3.2	3.2	3.2
Total Full-Time Equivalent	193.5	201.3	200.6	200.6	217.2	200.6	218.5

**2000-01 Biennial Budget
Agency Executive Summary**

AGENCY: Agriculture, Department of (MDA)
(Continuation)

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following changes to the agency base level. These change items are outlined on the following budget brief pages as well as detailed on individual change item pages within the agency's budget.

<u>Change Item/Fund</u>	<u>Biennial Total</u>
General Fund	
Export Certification, Pest Detection and Management	\$1,500,000
Food Inspection	900,000
Risk Based Food Protection	2,500,000
Laboratory Equipment/Maintenance	100,000
Pre-design for Joint Agency Laboratory	100,000
Timber Wolf Payments	160,000
Ethanol Promotion & Education	(200,000)
Reallocation/Elimination	
Reallocation to Ag in the Classroom	70,000
Reallocation to Apiary Surveys	30,000
Agriculture Diversification	500,000
Feedlot & Manure Management Research & Information Outreach	1,070,000
Project Unity - Basic Infrastructure	2,200,000
Project Unity - Program Applications	1,264,000
Family Farm Payment Adjustment	(100,000)
General Fund Total	\$10,094,000

The Governor recommends that the law be changed so that the unencumbered balance in the Ethanol Development Loan Fund on 7-1-99, and all subsequent receipts, be deposited to the General Fund. The estimated amount of revenue to the General Fund for 2000-01 is \$1,517,000.

A modest Food Handler's license fee increase of 7% is recommended. Food Handler's license fees have not been increased since 1996. In addition, a new

Certificate of Free Sale fee is recommended. Together, these fees are estimated to raise \$205,000 per year.

Environmental Fund

MERLA (Superfund) Appropriation Increase	\$120,000
MERLA Revenue - Voluntary Cleanup and Technical Assistance Program	\$120,000

Open Appropriation - General Fund

This budget also provides for an open appropriation of up to \$67.9 million for Ethanol producer payments. This is an increase of \$18.3 million over the 1998-99 biennium.

Special Revenue

The Governor recommends a policy change regarding the fee-supported accounts, which have been direct appropriated in the past few budgets. The Governor recommends discontinuing this practice in favor of reinstating the statutory appropriations. This change will provide managerial discretion and accountability for delivering appropriate levels of fee-supported client services. The accounts and their budgeted amounts are listed below:

	(In 000's)	
<u>Account</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Fertilizer Inspection Account	\$1,034	\$1,055
Seed Potato Inspection Fund (Account)	374	380
Seed Inspection Fund (Account)	766	782
Commercial Feed Inspection Account	763	780
Fruit and Vegetables Inspection Account	536	547
Dairy Services Account	1,656	1,662
Livestock Weighing Fund (Account)	331	339
Commodities Research	141	142
Pesticide Regulation	4,466	4,554
TOTAL	\$10,067	\$10,241

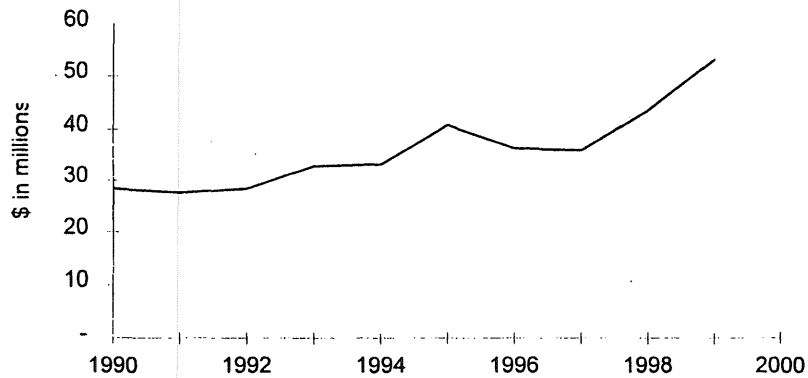
The Governor makes no recommendation regarding the LCMR projects put forward by the Department of Agriculture.

**2000-01 Biennial Budget
Agency Executive Summary**

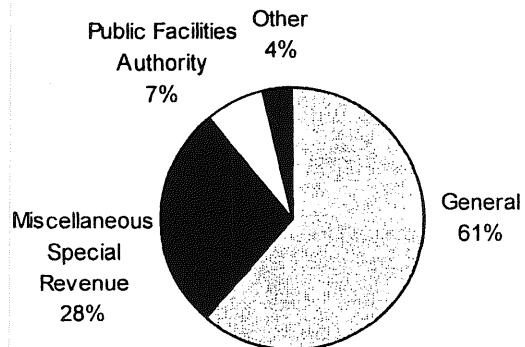
AGENCY: Agriculture, Department of (MDA)
(Continuation)

TRENDS AND PERSPECTIVE:

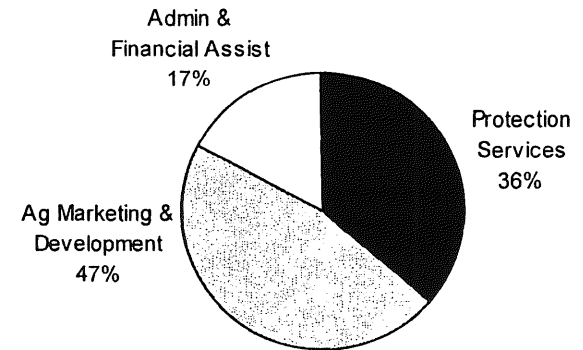
Total Budget—All Funds



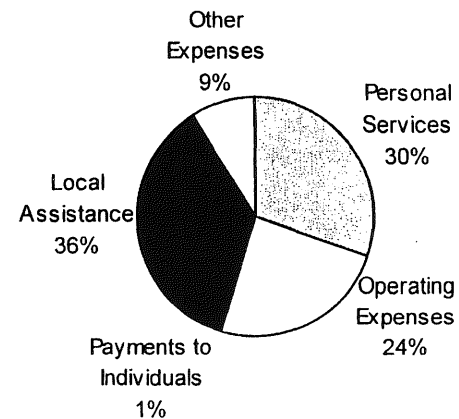
1998-99 Expenditures by Fund
Total \$153 Million



1998-99 Expenditures by Program
Total \$153 Million



1998-99 Expenditures by Category
Total \$153 Million



State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: AGRICULTURE DEPT

Agency Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY PROGRAM:									
PROTECTION SERVICES	24,826	26,918	28,705	27,916	30,071	28,186	30,741	5,189	9.3%
AG MARKETING & DEVELOP	26,015	33,675	37,845	43,894	46,579	40,931	41,986	17,045	23.8%
ADMIN & FINANCIAL ASSIST	6,191	7,357	18,820	7,919	10,318	7,325	9,272	(6,587)	-25.2%
Total Expenditures	57,032	67,950	85,370	79,729	86,968	76,442	81,999	15,647	10.2%

FINANCING BY FUND:							
DIRECT APPROPRIATIONS:							
ENVIRONMENT & NATURAL RESOURCE	0	67	83	0	305	0	310
GENERAL	14,675	17,245	27,282	17,052	21,959	17,294	22,481
MINNESOTA RESOURCES	125	267	433	0	1,485	0	0
SPECIAL REVENUE	9,330	9,483	10,511	10,067	0	10,241	0
ENVIRONMENTAL	293	246	292	276	336	282	342
OPEN APPROPRIATIONS:							
GENERAL	14,201	22,035	27,616	34,720	34,720	33,197	33,197
STATUTORY APPROPRIATIONS:							
PUBLIC FACILITIES AUTHORITY	7,191	6,424	4,589	4,566	4,566	3,056	3,056
SPECIAL REVENUE	9,553	9,840	12,646	11,296	21,845	10,712	20,953
FEDERAL	1,532	1,528	1,674	1,594	1,594	1,502	1,502
ENVIRONMENTAL	12	227	108	129	129	129	129
AGENCY	0	481	2	2	2	2	2
GIFT	120	107	134	27	27	27	27
Total Financing	57,032	67,950	85,370	79,729	86,968	76,442	81,999

FTE BY EMPLOYMENT TYPE:							
FULL TIME	400.0	396.5	439.8	444.2	471.8	443.8	477.4
PART-TIME, SEASONAL, LABOR SER	46.5	34.6	35.5	28.7	35.6	27.8	34.6
OVERTIME PAY	9.0	8.0	7.9	8.0	8.0	8.1	8.1
Total Full-Time Equivalent	455.5	439.1	483.2	480.9	515.4	479.7	520.1

**2000-01 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Agriculture, Department of

Fund: General

	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>Biennium</u>
<u>BASE-YEAR (F.Y. 1999)</u>			
Direct, Omnibus	\$16,842	\$16,842	\$33,684
<u>BASE ADJUSTMENT</u>			
New Programs to Agency Base	350	283	633
Biennial Appropriations	10	10	20
Capital Project Operating Cost	8	8	16
One-Time Appropriations	(622)	(622)	(1,244)
Salary and Benefits	271	551	822
Doc. Space Rental Increase	190	219	409
Uniform Pension Bill Red.	(15)	(15)	(30)
Statewide Administration Systems	<u>18</u>	<u>18</u>	<u>36</u>
<u>BASE LEVEL (for 2000 and 2001)</u>	\$17,052	\$17,294	\$34,346
<u>CHANGE ITEMS</u>			
Export Certification and Pest Detection and Management	750	750	1,500
Food Inspection	450	450	900
Risk Based Food Protection	1,000	1,500	2,500
Laboratory Equipment/Maintenance	50	50	100
Pre-design for Joint Agency Laboratory	100	-0-	100
Timber Wolf Payments	80	80	160
Ethanol Promotion & Education Reallocation	(100)	(100)	(200)
Reallocation to Ag in the Classroom	35	35	70
Reallocation to Apiary	15	15	30
Agricultural Diversification	200	300	500
Feedlot & Manure Management Research & Information Outreach	610	460	1,070
Department Wide IT Infrastructure	1,200	1,000	2,200
Project Unity (IT) - Program Applications	567	697	1,264
Family Farm Payment Adjustment	<u>(50)</u>	<u>(50)</u>	<u>(100)</u>
GOVERNOR'S RECOMMENDATION	\$21,959	\$22,481	\$44,440

Brief Explanation of Budget Decisions:

- Base adjustments for Annualizing New Programs are \$350,000 for phasing in the State Meat Inspection Program and a reduction of \$67,000 in F.Y. 2001 in the Minnesota Grown Distribution Program.
- Base adjustment for Biennial Appropriation is \$10,000 for Timber Wolf Payments to restore the amount transferred from F.Y. 1999 to F.Y. 1998.
- Base adjustment for Capital Project Operating Costs is \$8,000 for utilities for the BioControl greenhouse.
- Base adjustments for One-time Appropriations include: reductions of \$40,000 for the Dairy Diagnostics Pilot Program, \$107,000 in Manure Applicators Program, \$200,000 for the Feedlots Odor Research, \$200,000 for the Manure Digester Loan Program, \$50,000 for Beaver Damage Control grants, and \$25,000 to Passing on the Farm.
- Base adjustments to maintain current levels: Base adjustment for Documented Space Rental/Lease; Budget guidelines also provide for F.Y. 2000-01 Salary and Benefit Base adjustments of 3% per year; Base adjustments for Uniform Pension Reductions; Base adjustment for Statewide Administration Systems.

GOVERNOR'S RECOMMENDATIONS:

The Governor recommends the agency's base level funding and the following change items:

- Export Certification and Pest Detection and Management. **\$1,500,000**
Additional funding of \$1.5 million to the Agronomy and Plant Protection Services and the Agricultural Marketing and Development—Biological Control for additional staff to perform regulatory and inspection services.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Agriculture, Department of
PROGRAM: Protection Services
ACTIVITY: Agronomy and Plant Protection

ITEM TITLE: MERLA (State Superfund) Appropriation Increase

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
Environmental Fund				
- State Operations	\$60	\$60	\$60	\$60
Revenues: (\$000s)				
Environmental	\$60	\$60	\$60	\$60

Statutory Change? Yes ____ No X

If yes, statutes(s) affected:

☐ New Activity ☒ Supplemental Funding ☐ Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase in the Minnesota Department of Agriculture (MDA) annual administrative appropriation from the MERLA (State Superfund) of \$60,000. The increase will provide base funding for the voluntary cleanup program due to a three-fold increase in sites entering the program over 2 years. The program is voluntary and charges for its costs, making this change item revenue neutral.

RATIONALE:

Enactment of the 1989 Ground Water Protection Act gave commissioner of the Minnesota Department of Agriculture (MDA) responsibilities for incidents (environmental releases) of agricultural chemicals. The MDA has annually been appropriated monies for MERLA Incident Response Work. The appropriation is used for staff administration (salaries, etc.), program costs, and Attorney General support costs. Additional work associated with growing MDA Voluntary Cleanup and Technical Assistance Program requires an additional appropriation for expenses.

FINANCING:

Original and subsequent annual legislative appropriations have been from \$149,000 to current \$269,000.

OUTCOMES:

Since the program charges for its staff time and the fees are returned to the MERLA account, the initiative is revenue neutral. The initiative directly benefits the environment, encouraging voluntary cleanups and also benefits businesses, cities and individuals by facilitating property transfer transactions.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Agriculture, Department of
PROGRAM: Protection Services
ACTIVITY: Agronomy and Plant Protection

ITEM TITLE: Minimum Risk Pesticide Exemption

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
- State Operations	\$-0-	\$-0-	\$-0-	\$-0-
Revenues: (\$000s)				
Special Revenue	\$(6)	\$(6)	\$(6)	\$(6)
Statutory Change? Yes <u>X</u> No _____				
If yes, statutes(s) affected: M.S. 18B.26 Subd. 5				
<input type="checkbox"/> New Activity <input type="checkbox"/> Supplemental Funding <input checked="" type="checkbox"/> Reallocation				

GOVERNOR'S RECOMMENDATION:

The Governor recommends that minimum risk pesticides be exempt from registration by adding the following language to M.S. 18B.26 Subd. 5: "(e) The commissioner may exempt from the requirement of registration pesticides that have been deregulated or classified as "minimum risk" by the United States Environmental Protection Agency."

RATIONALE:

Effective 5-6-1996, the U.S. Environmental Protection Agency (EPA) issued a new rule, under authority of the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA), exempting certain minimum risk pesticides from the requirements, including registration, of FIFRA. EPA has determined that these pesticides are of a character not necessary to be regulated under FIFRA in order to carry out the purposes of the Act. EPA has concluded that exemption of products covered by this final rule will not pose unreasonable risks to public health or the environment and will relieve producers of the burden associated with regulation. The exempted

products are primarily food grade substances, and their oils, including cinnamon, cedar, clove, citronella, garlic, lemon grass, mint, thyme, sesame and rosemary. Minnesota pesticide law, M.S. 18B.26 requires registration of a pesticide prior to distribution in the state. No provision is made in state law for exempting any product from the requirement of registration, and as a result the Minnesota Department of Agriculture (MDA) currently registers products that are exempt under the federal law. Registration may imply to the general public that some sort of evaluation of a product has been made. That is not the case when a minimum risk pesticide is registered by the state. This initiative is an effort to be consistent with federal law and to eliminate the appearance that a product registered by the MDA that contains minimum risk pesticide substances has received some sort of evaluation.

FINANCING:

In 1998, the MDA registered 22 federally exempt products. The loss of registration fees that would result if these products were not required to be registered would be \$5,500.

OUTCOMES:

The initiative would modify Minnesota pesticide registration requirements for minimum risk products to be consistent with federal requirements.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: AGRICULTURE DEPT
Program: PROTECTION SERVICES
Activity: GRAIN & PRODUCE INSPECTION

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY CATEGORY:</u>									
STATE OPERATIONS									
PERSONAL SERVICES	3,675	4,083	4,094	4,227	4,227	4,331	4,331	381	4.7%
OPERATING EXPENSES	1,396	1,379	1,260	1,092	1,092	1,018	1,018	(529)	-20.0%
SUBTOTAL STATE OPERATIONS	5,071	5,462	5,354	5,319	5,319	5,349	5,349	(148)	-1.4%
Total Expenditures	5,071	5,462	5,354	5,319	5,319	5,349	5,349	(148)	-1.4%
<u>FINANCING BY FUND:</u>									
DIRECT APPROPRIATIONS:									
GENERAL	61	475	480	495	495	508	508		
SPECIAL REVENUE	929	896	898	910	0	927	0		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	4,081	3,996	3,976	3,914	4,824	3,914	4,841		
AGENCY	0	95	0	0	0	0	0		
Total Financing	5,071	5,462	5,354	5,319	5,319	5,349	5,349		
<u>REVENUE COLLECTED:</u>									
DEDICATED									
SPECIAL REVENUE	4,806	4,971	4,979	5,002	5,002	5,011	5,011		
AGENCY	0	95	0	0	0	0	0		
NONDEDICATED									
CAMBRIDGE DEPOSIT FUND	179	0	0	0	0	0	0		
Total Revenues Collected	4,985	5,066	4,979	5,002	5,002	5,011	5,011		

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: AGRICULTURE DEPT
Program: PROTECTION SERVICES
Activity: GRAIN & PRODUCE INSPECTION

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
FTE BY EMPLOYMENT TYPE:							
FULL TIME	44.6	51.8	49.1	49.1	49.1	49.1	49.1
PART-TIME, SEASONAL, LABOR SER	27.9	11.9	13.3	13.3	13.3	13.3	13.3
OVERTIME PAY	8.0	7.0	6.8	6.8	6.8	6.8	6.8
Total Full-Time Equivalent	80.5	70.7	69.2	69.2	69.2	69.2	69.2

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: AGRICULTURE DEPT

Program: AG MARKETING & DEVELOP

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY ACTIVITY:									
MARKETING & DEVELOPMENT	17,815	26,398	32,217	38,341	39,236	36,872	37,617	18,238	31.1%
AGRI RESOURCES MANAGEMENT	8,200	7,277	5,628	5,553	7,343	4,059	4,369	(1,193)	-9.2%
Total Expenditures	26,015	33,675	37,845	43,894	46,579	40,931	41,986	17,045	23.8%

CHANGE ITEMS:	FUND				
(A) EXPORT CERT & PEST DETEC & MANAGE	GEN			350	350
(B) SUSTAINABLE LIVESTOCK SYSTEMS	MNR			350	
(B) FEEDLOT & MANURE MGMT RESEARCH & OUTRE	GEN			610	460
(B) ELIMINATE ETHANOL PROMOTION & EDUC.	GEN			(100)	(100)
(B) AG IN THE CLASSROOM NEEDS	GEN			35	35
(B) AQUACULTURE, HYDOPONICS & GREENHOUSE	MNR			100	
(B) COMMUNITY BASED: LAND USE FOR SUS AG	MNR			400	
(B) ECONOMIC ANALYSIS OF AGRICULTURE	MNR			250	
(B) EVALUATE BIODIESEL FROM WASTE FATS & OIL	EVT			60	65
(B) IMPACT OF LEAFY SPURGE BIOCONTROL AGENTS	EVT			70	70
(B) IMPROVED AG SYSTEMS OVERLYING AQUIFERS	MNR			200	
(B) ORGANIC FARMER TRAINING/HMONG FOOD	EVT			175	175
(B) SUSTAINABLE AQUACULTURE DEVELOPMENT	MNR			185	
Total Change Items				2,685	1,055

FINANCING BY FUND:							
DIRECT APPROPRIATIONS:							
ENVIRONMENT & NATURAL RESOURCE	0	0	0	0	305	0	310
GENERAL	4,208	4,420	4,807	4,231	5,126	4,300	5,045
MINNESOTA RESOURCES	125	260	190	0	1,485	0	0
SPECIAL REVENUE	110	199	144	141	0	142	0
OPEN APPROPRIATIONS:							
GENERAL	14,201	22,035	27,616	34,720	34,720	33,197	33,197
Total Financing	26,015	33,675	37,845	43,894	46,579	40,931	41,986

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: AGRICULTURE DEPT

Program: AG MARKETING & DEVELOP

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
STATUTORY APPROPRIATIONS:							
PUBLIC FACILITIES AUTHORITY	7,191	6,424	4,589	4,566	4,566	3,056	3,056
SPECIAL REVENUE	111	170	286	154	295	154	296
FEDERAL	16	125	136	62	62	62	62
GIFT	53	42	77	20	20	20	20
Total Financing	26,015	33,675	37,845	42,566	45,251	37,959	39,014
FTE BY EMPLOYMENT TYPE:							
FULL TIME	38.0	37.8	50.3	50.8	52.4	50.4	52.0
PART-TIME, SEASONAL, LABOR SER	8.4	10.7	9.0	7.9	11.8	7.2	10.8
Total Full-Time Equivalent	46.4	48.5	59.3	58.7	64.2	57.6	62.8

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: AGRICULTURE DEPT
Program: AG MARKETING & DEVELOP
Activity: MARKETING & DEVELOPMENT

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY CATEGORY:</u>									
STATE OPERATIONS									
PERSONAL SERVICES	1,577	1,671	2,031	2,039	2,189	2,094	2,244	731	19.7%
OPERATING EXPENSES	1,571	1,659	2,028	1,177	1,922	1,176	1,771	6	.2%
SUBTOTAL STATE OPERATIONS	3,148	3,330	4,059	3,216	4,111	3,270	4,015	737	10.0%
CAPITAL OUTLAY	0	68	0	0	0	0	0	(68)	-100.0%
PAYMENTS TO INDIVIDUALS	116	111	160	160	160	160	160	49	18.1%
LOCAL ASSISTANCE	14,551	22,889	27,998	34,965	34,965	33,442	33,442	17,520	34.4%
Total Expenditures	17,815	26,398	32,217	38,341	39,236	36,872	37,617	18,238	31.1%

CHANGE ITEMS:	FUND				
(A) EXPORT CERT & PEST DETEC & MANAGE	GEN			350	350
(B) FEEDLOT & MANURE MGMT RESEARCH & OUTRE	GEN			610	460
(B) ELIMINATE ETHANOL PROMOTION & EDUC.	GEN			(100)	(100)
(B) AG IN THE CLASSROOM NEEDS	GEN			35	35
Total Change Items				895	745

FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	3,206	3,568	3,768	3,244	4,139	3,297	4,042		
MINNESOTA RESOURCES	125	260	190	0	0	0	0		
SPECIAL REVENUE	110	199	144	141	0	142	0		
OPEN APPROPRIATIONS:									
GENERAL	14,201	22,035	27,616	34,720	34,720	33,197	33,197		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	111	170	286	154	295	154	296		
FEDERAL	16	125	136	62	62	62	62		
GIFT	46	41	77	20	20	20	20		
Total Financing	17,815	26,398	32,217	38,341	39,236	36,872	37,617		

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: AGRICULTURE DEPT
Program: AG MARKETING & DEVELOP
Activity: MARKETING & DEVELOPMENT

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
REVENUE COLLECTED:							
DEDICATED							
SPECIAL REVENUE	217	268	311	258	258	258	258
FEDERAL	44	155	78	52	52	52	52
GIFT	53	33	20	20	20	20	20
Total Revenues Collected	314	456	409	330	330	330	330
FTE BY EMPLOYMENT TYPE:							
FULL TIME	27.7	28.5	37.5	38.0	38.6	37.8	38.4
PART-TIME, SEASONAL, LABOR SER	7.5	10.2	8.7	7.6	10.8	7.1	10.3
Total Full-Time Equivalent	35.2	38.7	46.2	45.6	49.4	44.9	48.7

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: TRADE & ECON DEVELOPMENT DEPT

Agency Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY PROGRAM:									
BUSINESS & COMMUNITY DEVELOPME	47,827	106,764	222,455	116,729	113,599	110,919	107,564	(108,056)	-32.8%
MN TRADE OFFICE	2,413	2,374	2,617	2,429	2,429	2,472	2,472	(90)	-1.8%
TOURISM	8,936	10,057	10,348	9,702	12,202	9,732	12,232	4,029	19.7%
INFORMATION & ANALYSIS	1,329	1,224	1,503	1,415	1,415	1,450	1,450	138	5.1%
ADMINISTRATIVE SUPPORT	3,292	2,510	3,420	3,277	4,151	3,322	3,322	1,543	26.0%
Total Expenditures	63,797	122,929	240,343	133,552	133,796	127,895	127,040	(102,436)	-28.2%

FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	32,333	55,159	55,049	36,125	36,384	36,422	35,807		
MINNESOTA RESOURCES	0	0	0	0	225	0	0		
PETROLEUM TANK RELEASE CLEANUP	0	1,000	0	0	0	0	0		
TRUNK HIGHWAY	689	706	723	745	745	766	766		
TRANSPORTATION REVOLVING FUND	0	0	1,570	0	0	0	0		
ENVIRONMENTAL	0	350	1,050	700	700	700	700		
GIFT	3	0	0	0	0	0	0		
OPEN APPROPRIATIONS:									
GENERAL	297	361	414	414	174	414	174		
PETROLEUM TANK RELEASE CLEANUP	0	325	200	200	200	0	0		
STATUTORY APPROPRIATIONS:									
GENERAL	228	151	328	258	258	259	259		
PETROLEUM TANK RELEASE CLEANUP	0	3,966	6,200	6,200	6,200	6,200	6,200		
SPECIAL REVENUE	4,621	5,666	9,326	5,874	5,874	6,023	6,023		
FEDERAL	25,559	55,245	165,467	83,036	83,036	77,111	77,111		
GIFT	67	0	16	0	0	0	0		
Total Financing	63,797	122,929	240,343	133,552	133,796	127,895	127,040		

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: TRADE & ECON DEVELOPMENT DEPT

Agency Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
<u>FTE BY EMPLOYMENT TYPE:</u>							
FULL TIME	175.5	189.2	203.0	203.0	203.0	203.8	203.8
PART-TIME, SEASONAL, LABOR SER	31.5	34.2	33.7	33.7	33.7	33.7	33.7
OVERTIME PAY	0.5	0.4	0.8	0.8	0.8	0.8	0.8
Total Full-Time Equivalent	207.5	223.8	237.5	237.5	237.5	238.3	238.3

**2000-2001 Biennial Budget
Federal Funds Summary (Cont.)
(\$ in Thousands)**

Agency: Trade and Economic Development, Department of (DTED)

not be able to provide the assistance that helps small Minnesota companies achieve these results.

Significant Changes:

SBA increasingly is requiring recipients to address federal priorities first, regardless of the state economic development goals. For example, SBA now requires SBDCs to assist SBA borrowers first, including delinquent borrowers. At the same time, SBA proposes reducing SBDC funding (see below). As a result, assuming no increase in resources, there is a risk that clients with significant state economic development potential will be unserved so that federal priorities can be met.

Future Funding:

There is substantial risk of future funding cuts, which seriously threaten continuation of the program. SBA and the President have recommended to Congress that the match requirement be increased from the present ratio of 1:1 to a ratio of \$1 in federal funds to \$3 of match by the year 2000. It is increasingly difficult for the subcenters to provide matching funds at the current level of funding, and will be even more difficult if the match requirement is increased. Declining enrollments and the merger of the state's higher education systems have reduced instructional budgets from which the subcenters' match is provided. Further, efforts by subcenters to raise matching funds from outside sources are time consuming and reduce the amount of time available for direct client service.

**2000-2001 Biennial Budget
Federal Funds Summary (Cont.)
(\$ in Thousands)**

Agency: Trade and Economic Development, Department of (DTED)

Federal Program	Related State Spending	Primary Purpose	SFY 1998 Revenues	SFY 1999 Revenues	Estimated SFY 2000 Revenues	Estimated SFY 2001 Revenues
USEPA Clean Water SRF	Yes	Loans Pol Subdiv	0	35,703	24,750	24,750
USEPA Federal Hardship Grants**	Yes	Grants Pol Subdiv	0	0	1,200	0
USEPA Drinking Water SRF	Yes	Loans Pol Subdiv	27	56,926	13,617	13,618
FHA State Infrastructure Bank (SIB)*	Yes	Loans Pol Subdiv	0	3,326	198	119
USDOA-MN Rural Partners	No	SO	109	121	110	115
USHUD Small Cities Comm Dev Black Grant Program	Yes	Grants Pol Subdiv	53,677	67,984	41,823	37,171
USSBA - Small Business Development Centers	Yes	State Op/Grts PS	1,432	1,407	1,338	1,338
Agency Total			55,245	165,467	83,036	77,111

KEY:

SO - State Operations

GPS - Grants to Political Subdivisions

GI - Grants to Individuals

* \$47 million at discretion of the Commissioner of MnDOT and State Matching Funds

** One-time appropriation

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: TRADE & ECON DEVELOPMENT DEPT

Program: BUSINESS & COMMUNITY DEVELOPME

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY ACTIVITY:									
PROF & TECHNICAL RESOURCES	3,524	4,781	4,423	4,267	3,547	4,456	3,736	(1,921)	-20.9%
BUSINESS DEVELOP & FINANCE	8,902	15,182	16,807	6,799	6,109	6,604	5,914	(19,966)	-62.4%
COMMUNITY DEVELOPMENT	29,997	77,727	188,967	94,960	93,240	89,090	87,145	(86,309)	-32.4%
SMALL BUSINESS ASSISTANCE	2,194	2,356	2,439	2,314	2,314	2,319	2,319	(162)	-3.4%
MINN JOB SKILLS PARTNERSHIP	2,311	6,456	8,880	7,924	7,924	7,931	7,931	519	3.4%
PROGRAM SUPPORT	899	262	939	465	465	519	519	(217)	-18.1%
Total Expenditures	47,827	106,764	222,455	116,729	113,599	110,919	107,564	(108,056)	-32.8%

CHANGE ITEMS:	FUND				
(P) PASS THRU GRANTS REDUCTION	GEN			(3,115)	(3,115)
(B) INCENTIVE GRANT SUNSET	GEN			(240)	(240)
(B) VIRGINIA STORM SEWER PROJECT	MNR			225	
Total Change Items				(3,130)	(3,355)

FINANCING BY FUND:							
DIRECT APPROPRIATIONS:							
GENERAL	18,072	41,082	39,849	21,729	18,614	21,819	18,704
MINNESOTA RESOURCES	0	0	0	0	225	0	0
PETROLEUM TANK RELEASE CLEANUP	0	1,000	0	0	0	0	0
TRANSPORTATION REVOLVING FUND	0	0	1,570	0	0	0	0
ENVIRONMENTAL	0	350	1,050	700	700	700	700
OPEN APPROPRIATIONS:							
GENERAL	297	361	414	414	174	414	174
PETROLEUM TANK RELEASE CLEANUP	0	325	200	200	200	0	0
STATUTORY APPROPRIATIONS:							
GENERAL	228	151	328	258	258	259	259
PETROLEUM TANK RELEASE CLEANUP	0	3,966	6,200	6,200	6,200	6,200	6,200
SPECIAL REVENUE	3,685	4,284	7,366	4,192	4,192	4,416	4,416
FEDERAL	25,500	55,245	165,467	83,036	83,036	77,111	77,111
GIFT	45	0	11	0	0	0	0

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: TRADE & ECON DEVELOPMENT DEPT

Program: BUSINESS & COMMUNITY DEVELOPME

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
Total Financing	47,827	106,764	222,455	116,729	113,599	110,919	107,564

FTE BY EMPLOYMENT TYPE:							
FULL TIME	55.2	61.6	70.3	70.3	70.3	71.1	71.1
PART-TIME, SEASONAL, LABOR SER	2.9	4.7	4.8	4.8	4.8	4.8	4.8
OVERTIME PAY	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Total Full-Time Equivalent	58.2	66.3	75.1	75.1	75.1	75.9	75.9

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: TRADE & ECON DEVELOPMENT DEPT
Program: BUSINESS & COMMUNITY DEVELOPME
Activity: SMALL BUSINESS ASSISTANCE

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY CATEGORY:</u>									
STATE OPERATIONS									
PERSONAL SERVICES	460	497	516	521	521	526	526	34	3.4%
OPERATING EXPENSES	243	208	276	215	215	215	215	(54)	-11.2%
SUBTOTAL STATE OPERATIONS	703	705	792	736	736	741	741	(20)	-1.3%
LOCAL ASSISTANCE	1,491	1,651	1,647	1,578	1,578	1,578	1,578	(142)	-4.3%
Total Expenditures	2,194	2,356	2,439	2,314	2,314	2,319	2,319	(162)	-3.4%
<u>FINANCING BY FUND:</u>									
DIRECT APPROPRIATIONS:									
GENERAL	1,016	924	1,032	976	976	981	981		
STATUTORY APPROPRIATIONS:									
FEDERAL	1,178	1,432	1,407	1,338	1,338	1,338	1,338		
Total Financing	2,194	2,356	2,439	2,314	2,314	2,319	2,319		
<u>REVENUE COLLECTED:</u>									
DEDICATED									
FEDERAL	1,178	1,432	1,407	1,338	1,338	1,338	1,338		
Total Revenues Collected	1,178	1,432	1,407	1,338	1,338	1,338	1,338		
<u>FTE BY EMPLOYMENT TYPE:</u>									
FULL TIME	8.2	8.4	9.0	9.0	9.0	9.0	9.0		
PART-TIME, SEASONAL, LABOR SER	0.3	0.4	0.0	0.0	0.0	0.0	0.0		
Total Full-Time Equivalent	8.5	8.8	9.0	9.0	9.0	9.0	9.0		

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State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: TRADE & ECON DEVELOPMENT DEPT
Program: BUSINESS & COMMUNITY DEVELOPME
Activity: BUSINESS DEVELOP & FINANCE

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY CATEGORY:</u>									
STATE OPERATIONS									
PERSONAL SERVICES	707	886	1,036	1,037	1,037	1,039	1,039	154	8.0%
OPERATING EXPENSES	167	364	188	200	200	203	203	(149)	-27.0%
OTHER EXPENSES	851	1,051	1,323	850	850	650	650	(874)	-36.8%
SUBTOTAL STATE OPERATIONS	1,725	2,301	2,547	2,087	2,087	1,892	1,892	(869)	-17.9%
LOCAL ASSISTANCE	7,177	12,881	14,260	4,712	4,022	4,712	4,022	(19,097)	-70.4%
Total Expenditures	8,902	15,182	16,807	6,799	6,109	6,604	5,914	(19,966)	-62.4%
<u>CHANGE ITEMS:</u>									
	<u>FUND</u>								
(P) PASS THRU GRANTS REDUCTION	GEN				(450)		(450)		
(B) INCENTIVE GRANT SUNSET	GEN				(240)		(240)		
Total Change Items					(690)		(690)		
<u>FINANCING BY FUND:</u>									
DIRECT APPROPRIATIONS:									
GENERAL	7,643	13,642	15,103	5,581	5,131	5,581	5,131		
OPEN APPROPRIATIONS:									
GENERAL	223	240	240	240	0	240	0		
PETROLEUM TANK RELEASE CLEANUP	0	325	200	200	200	0	0		
STATUTORY APPROPRIATIONS:									
GENERAL	0	126	44	0	0	0	0		
SPECIAL REVENUE	1,036	740	1,099	668	668	668	668		
FEDERAL	0	109	121	110	110	115	115		
Total Financing	8,902	15,182	16,807	6,799	6,109	6,604	5,914		
<u>REVENUE COLLECTED:</u>									

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: TRADE & ECON DEVELOPMENT DEPT
Program: BUSINESS & COMMUNITY DEVELOPME
Activity: BUSINESS DEVELOP & FINANCE

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
DEDICATED							
GENERAL	0	526	0	0	0	0	0
SPECIAL REVENUE	524	684	542	562	562	836	836
FEDERAL	0	109	121	110	110	115	115
NONDEDICATED							
GENERAL	2,404	3,347	1,287	1,287	1,287	1,287	1,287
PETROLEUM TANK RELEASE CLEANUP	0	12	10	10	10	10	10
Total Revenues Collected	2,928	4,678	1,960	1,969	1,969	2,248	2,248

<u>FTE BY EMPLOYMENT TYPE:</u>							
FULL TIME	11.9	14.4	16.8	16.8	16.8	16.8	16.8
PART-TIME, SEASONAL, LABOR SER	0.2	0.6	0.5	0.5	0.5	0.5	0.5
OVERTIME PAY	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Total Full-Time Equivalent	12.2	15.0	17.3	17.3	17.3	17.3	17.3

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HOUSING FINANCE AGENCY
Program: ADMINISTRATIVE COST CEILING
Activity: ADMINISTRATIVE COST CEILING

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY CATEGORY:</u>									
STATE OPERATIONS									
PERSONAL SERVICES	7,373	8,156	10,226	10,474	12,035	10,514	12,480	6,133	33.4%
OPERATING EXPENSES	2,515	2,610	3,170	2,922	4,486	2,882	3,255	1,961	33.9%
SUBTOTAL STATE OPERATIONS	9,888	10,766	13,396	13,396	16,521	13,396	15,735	8,094	33.5%
Total Expenditures	9,888	10,766	13,396	13,396	16,521	13,396	15,735	8,094	33.5%
<u>CHANGE ITEMS:</u>	<u>FUND</u>								
(B) ELIMINATION OF COST CEILING	HFA				3,125		2,339		
Total Change Items					3,125		2,339		
<u>FINANCING BY FUND:</u>									
STATUTORY APPROPRIATIONS:									
HOUSING FINANCE AGENCY	9,888	10,766	13,396	13,396	16,521	13,396	15,735		
Total Financing	9,888	10,766	13,396	13,396	16,521	13,396	15,735		
<u>FTE BY EMPLOYMENT TYPE:</u>									
FULL TIME	151.0	155.9	182.9	199.3	223.3	201.5	225.5		
PART-TIME, SEASONAL, LABOR SER	5.9	7.4	5.3	3.3	3.3	3.0	3.0		
OVERTIME PAY	0.2	0.0	0.0	0.0	0.0	0.0	0.0		
Total Full-Time Equivalent	157.1	163.3	188.2	202.6	226.6	204.5	228.5		

2000-01 Biennial Budget
PROGRAM STRUCTURE/INDEX

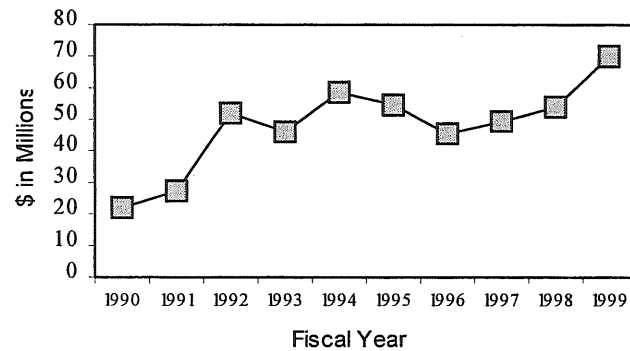
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**2000-01 Biennial Budget
Agency Executive Summary**

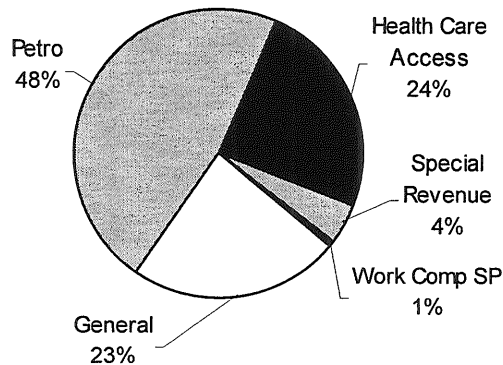
AGENCY: Commerce, Department of
(Continuation)

TRENDS AND PERSPECTIVE

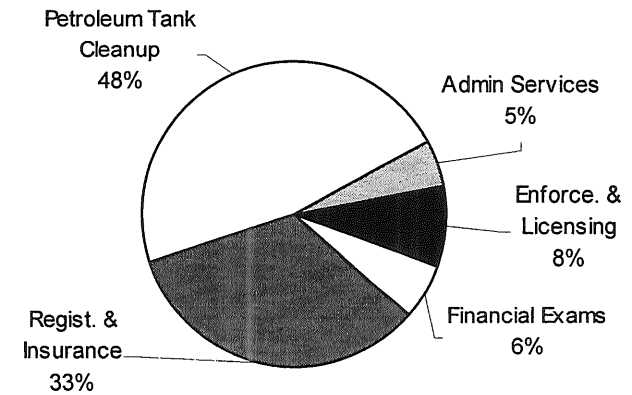
Total Budget - All Funds



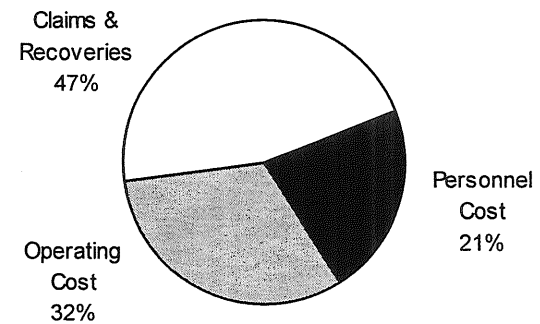
**F.Y. 1998-99 Expenditures by Fund
\$124 Million**



**F.Y. 1998-99 Expenditures by Program
\$124 Million**



**F.Y. 1998-99 Expenditures by Category
\$124 Million**



**2000-01 Biennial Budget
Agency Executive Summary**

AGENCY: Commerce, Department of
(Continuation)

GOVERNOR'S RECOMMENDATION:

The Governor recommends the following changes to the agency base level. These change items are outlined on the following budget brief pages as well as detailed on individual change item pages within the agency's budget:

<u>Change Item/Fund</u>	<u>Biennial Total (in thousands)</u>
General Fund	
Web Site Development	\$90
Redesign and Re-engineer data bases	2,000
Casualty Actuary (50%)	189
EDP Examiner	212
State Crop Revenue Insurance Feasibility Study	200
Workers Compensation Fund	
Casualty Actuary (50%)	<u>147</u>
Total Expenditures	\$2,838
Non-dedicated Revenue Increases	
EDP Examiner	\$216
Agency Fee Changes	<u>2,000</u>
Total Non-Dedicated Revenue	\$2,216
Net Change - All Funds	<u>\$622</u>

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: COMMERCE DEPT

Agency Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY PROGRAM:									
FINANCIAL EXAMINATIONS	3,616	3,550	3,758	3,853	3,963	3,950	4,052	707	9.7%
REGISTRATION & INSURANCE	4,423	20,241	21,196	5,781	6,153	5,907	6,071	(29,213)	-70.5%
PETROLEUM TANK CLEANUP FUND	33,264	22,331	36,482	36,405	36,405	26,455	26,455	4,047	6.9%
ADMINISTRATIVE SERVICES	3,459	2,862	3,402	3,188	5,278	3,133	3,133	2,147	34.3%
ENFORCEMENT & LICENSING	4,428	4,931	5,369	5,975	5,975	6,224	6,224	1,899	18.4%
Total Expenditures	49,190	53,915	70,207	55,202	57,774	45,669	45,935	(20,413)	-16.4%

FINANCING BY FUND:							
DIRECT APPROPRIATIONS:							
GENERAL	14,429	13,685	15,091	15,546	18,045	15,639	15,831
PETROLEUM TANK RELEASE CLEANUP	834	818	1,108	1,015	1,015	1,045	1,045
HEALTH CARE ACCESS	0	15,075	15,000	0	0	0	0
WORKERS COMPENSATION	425	461	477	494	567	510	584
OPEN APPROPRIATIONS:							
PETROLEUM TANK RELEASE CLEANUP	32,430	21,513	35,374	35,390	35,390	25,410	25,410
STATUTORY APPROPRIATIONS:							
SPECIAL REVENUE	1,072	2,363	3,157	2,757	2,757	3,065	3,065
Total Financing	49,190	53,915	70,207	55,202	57,774	45,669	45,935

FTE BY EMPLOYMENT TYPE:							
FULL TIME	251.5	240.8	256.9	260.9	262.9	260.9	262.9
PART-TIME, SEASONAL, LABOR SER	3.2	4.3	2.0	4.8	4.8	2.0	2.0
OVERTIME PAY	0.6	1.1	0.0	0.0	0.0	0.0	0.0
Total Full-Time Equivalent	255.3	246.2	258.9	265.7	267.7	262.9	264.9

**2000-01 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

b13-brf1.ash

Agency: Commerce, Department of

Fund: General

	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>Biennium</u>
<u>BASE-YEAR (F.Y. 1999)</u>			
Appropriations (F.Y. 1999)	\$14,572	\$14,572	\$29,144
<u>BASE ADJUSTMENT</u>			
Annualization of New Program	311	237	548
Biennial Appropriations	238	-0-	238
Doc. Space Rental/Lease	72	116	188
2000-2001 Sal. & Ben. Base	352	713	1,065
Statewide Administrative Systems	19	19	38
Uniform Pension Bill Red.	(18)	(18)	(36)
<u>BASE LEVEL (for 2000 and 2001)</u>	\$15,546	\$15,639	\$31,185
<u>CHANGE ITEMS</u>			
Web Site Development	90	-0-	-0-
Redesign/Re-engineer Database	2,000	-0-	2,000
Casualty Actuary	99	90	189
EDP Examiner	110	102	212
State Crop Revenue Insurance Feasibility Study	<u>200</u>	<u>-0-</u>	<u>200</u>
GOVERNOR'S RECOMMENDATION	\$18,045	\$15,831	\$33,876

Brief Explanation of Budget Decisions:

- The entire amount of the base budget is for operations funding for the basic functions of the agency; examination, compliance enforcement and licensing.
- The annualization of new program cost: In 1998, the legislature passed a bill requiring the agency to regulate and license the mortgage service industry. Full regulation begins in F.Y. 2000 and the base adjustment reflects the amount needed to regulate this new profession. The cost is higher than originally estimated because there are more licensees than the agency had originally estimated. The full cost of regulation will be recovered through license fees.
- A base adjustment is included for notary renewal cost in F.Y. 2000. Notary public commissions are issued to expire every 5 years. The first such renewal

will occur in December, 1999. The costs are those identified to process 90,000 notary commission renewals. An additional \$3,600,000 in non-dedicated revenue will also be collected in F.Y. 2000.

- Documented rent increases are for the central office, Fergus Falls and Rochester field offices.
- A base adjustment is included for salary and benefit increases.
- A base adjustment is included for Statewide Administrative Systems costs which are assessed by the Finance Department and based on system use.
- Uniform pension reduction is the amount transferred in F.Y. 1999 to a central account for cancellation based on a reduction in pension rates enacted by the legislature.

GOVERNOR'S RECOMMENDATION(S): The Governor recommends the agency's base level funding and biennial increases for the following change items:

- Web Site Development: \$90,000 to expand the department's web site capability and allow for on-line applications and fee collections.
- Redesign and Re-engineer Data Bases: \$2,000,000 to provide better access to clients and a system that is faster and easier to use.
- Casualty Actuary: \$189,000 and .5 FTE to address increased actuarial needs in the areas of workers compensation, self-insurance and solvency regulation (the other .5 FTE is funded from the workers' compensation fund.)
- EDP Examiner: \$212,000 and 1.0 FTE to conduct audits of the electronic data base systems used by financial institutions. This initiative will be funded by examination fees and assessments paid by the regulated industry and will generate an additional \$216,000 for the biennium.
- Agency Fee Changes: An additional \$2,000,000 in non-dedicated revenue will be collected as a result of recommended changes to the agency's existing fee structure. These receipts will be deposited into the Cambridge Deposit Fund then transferred to the General Fund.
- State Crop Insurance Feasibility Study: \$200,000 to do an actuarial study on the feasibility of a state crop insurance program.

**2000-01 Biennial Budget
Agency Level Revenue Summary**

AGENCY: Commerce, Department of

REVENUE SOURCES:

The agency generates significant non-dedicated revenue for the General Fund. Additionally, dedicated revenue is generated for the building contractor recovery fund, insurance examination revolving fund and the real estate education research and recovery fund. The revenue is generated from service, occupational license and regulatory fees charged by the agency to do business in regulated industries. Estimated non-dedicated General Fund receipts for F.Y. 1999 are \$53.451 million while expenditures for that same year are anticipated at \$15.091 million. Revenues are 354% of expenditures for the General Fund.

Dedicated receipts are estimated at \$4.814 million for F.Y. 1999. Expenditures are anticipated to be \$3.157 million. Revenue is 153% of expenditures. A portion of this amount, \$1.117 million will transfer from the insurance examination revolving fund to the General Fund for cancellation.

FEE STRUCTURE:

There are a number of fees charged by the agency, all defined in the various chapters of statute that define the agency regulatory authority. Fee types charged by the agency include: assessments to the banks, credit unions and consumer credit companies; examination fees for banks, credit unions, consumer credit companies and insurance companies; registration fees for investment offerings; filing fees for insurance company transactions; application and license fees for all industries; fines and penalties and proceeds from the remittance of abandoned property.

RECENT CHANGES:

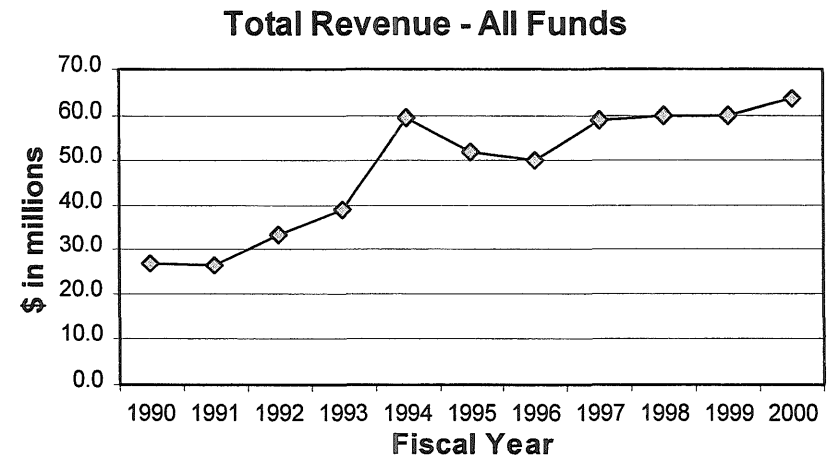
In 1997, several transaction fees for licensing were made uniform and relocated in M.S. 45.0295. New fees were created for some self insurance transactions to help recover the cost of regulation. New fees were created in 1998 for regulation of the mortgage service industry. The majority of the agency fees have not seen change for several years.

The revenue stream has remained consistent with few exceptions. New license fees have increased over the last 2 years as more people have entered regulated occupations. Renewal fees have decreased over the last few years as people leave the business or do not maintain their license status. There has been an increase in registration fees over the past few years as the investment opportunities available have shown significant return. The forecast includes the renewal of notary commissions in F.Y. 2000. This only occurs every 5 years.

FORECAST BASIS:

The forecast basis uses the assumption that the economy will continue to produce substantial returns on investment, thereby creating a similar trend in registration fees. The pattern for new licenses is expected to continue into the next biennium. It is also assumed that the decline in renewal transactions will now level off. Unclaimed property proceeds are expected to remain steady. Examination fees and assessments will continue to be set to recover cost.

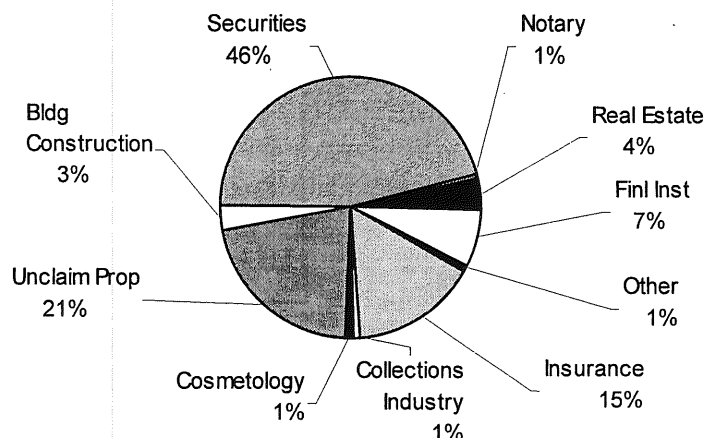
The graphics below provide additional information regarding revenue for the agency.



**2000-01 Biennial Budget
Agency Level Revenue Summary**

AGENCY: Commerce, Department of
(Continuation)

**1998-99 Revenue by Industry
Total \$116 Million**



CHANGE ITEMS:

The following change items are outlined on the budget brief pages, on individual change item pages and discussed in detail in the agency's 2000-01 Departmental Earnings Report.

- **Agency Fee Changes:** This initiative will generate an additional \$2,000,000 in non-dedicated revenue for the biennium (\$972,000 in F.Y. 2000 and \$1,028,000 in F.Y. 2001). The receipts will be deposited into the Cambridge Deposit Fund, then later transferred to the General Fund:
 - The new transaction fees created in M.S. 45.0295 in 1997 will be eliminated because the fees have presented an increased burden for the agency and the licensee in transaction processing and they also prohibit development of on-line transaction ability.

- Fee changes are needed for certain industries that are not recovering costs: building contractors, campground clubs, currency exchange, insurance and subdivided land.
- Changes in financial institution fees will be made for charters, acquisitions, relocations, amendments and mergers. The fees will be restructured to ensure that the institution requesting the service will pay for the cost of the service. Under the current system, a general assessment is paid by all financial institutions. No additional revenue will be generated.
- **EDP Examiner:** This initiative is fully funded by fees and assessments and will generate an additional \$216,000 in non-dedicated revenue for the biennium (\$112,000 in F.Y. 2000 and \$104,000 in F.Y. 2001).

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: COMMERCE DEPT

Summary of Agency Revenues	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Forecast	Governor Recomm.	Forecast	Governor Recomm.	Dollars	Percent
NON-DEDICATED REVENUE:									
DEPARTMENTAL EARNINGS:									
GENERAL	19,325	22,524	21,155	21,115	21,115	20,110	20,110	(2,454)	-5.6%
CAMBRIDGE DEPOSIT FUND	34,166	31,684	32,241	36,270	37,354	31,767	32,899	6,328	9.9%
OTHER REVENUES:									
GENERAL	41	62	55	42	42	41	41	(34)	-29.1%
PETROLEUM TANK RELEASE CLEANUP	1,447	1,641	1,300	1,300	1,300	1,500	1,500	(141)	-4.8%
Total Non-Dedicated Receipts	54,979	55,911	54,751	58,727	59,811	53,418	54,550	3,699	3.3%
DEDICATED RECEIPTS:									
DEPARTMENTAL EARNINGS:									
SPECIAL REVENUE	3,773	3,483	4,524	4,321	4,321	4,498	4,498	812	10.1%
OTHER REVENUES:									
SPECIAL REVENUE	225	370	290	252	252	248	248	(160)	-24.2%
AGENCY	41	(49)	0	0	0	0	0	49	-100.0%
Total Dedicated Receipts	4,039	3,804	4,814	4,573	4,573	4,746	4,746	701	8.1%
Agency Total Revenues	59,018	59,715	59,565	63,300	64,384	58,164	59,296	4,400	3.7%

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Commerce, Department of
PROGRAM:
ACTIVITY:

ITEM TITLE: Agency Fee Changes

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
- State Operations	\$-0-	\$-0-	\$-0-	\$-0-
Revenues: (\$000s)				
Cambridge Deposit Fund	\$972	\$1,028	\$899	\$976

Statutory Change? Yes ☒ No ☐

If yes, statutes(s) affected: M.S. 45, 46, 47, 48, 49, 53, 53A, 55, 56, 59, 60A, 60K, 65B, 70A, 72B, 79, 176, 182A, 168, 326, 332

☒ New Activity ☐ Supplemental Funding ☐ Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends changes to the agency's existing fee structure: Certain license fees will be increased to cover the cost of regulation, certain transaction fees will be eliminated in order to make the department's revenue collection process more efficient, and financial institution fees will be restructured to ensure that the institution requesting the service pays for the cost of that service.

RATIONALE:

The intent of the proposal is to increase and/or create transaction fees for financial institutions relating to applications and amendments to more accurately reflect the cost of processing these transactions. It also shifts the burden of cost of a transaction to those entities that are making the request rather than assessing all entities for the cost of application processing.

The need to eliminate the transaction fees in M.S. 45.0295 arises from the need to reduce the amount of processing time to accomplish simple transactions. The licensee pays an initial and renewal license fee, which should pay for the cost of regulation and all transactions. It is important to maintain current, accurate

information relating to licensed entities. Charging for transactions relating to their license discourages continuous communications. Maintaining this fee structure would require adding staff to process transactions.

FINANCING:

This request does not directly affect the base budget for operations. It will change non-dedicated revenue for the industries as identified in the table below.

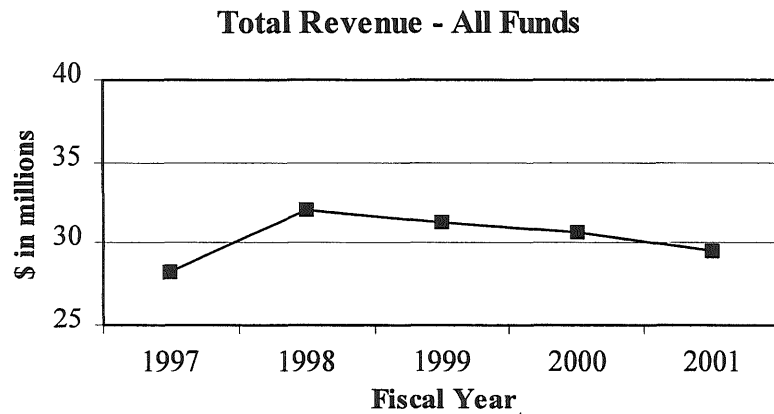
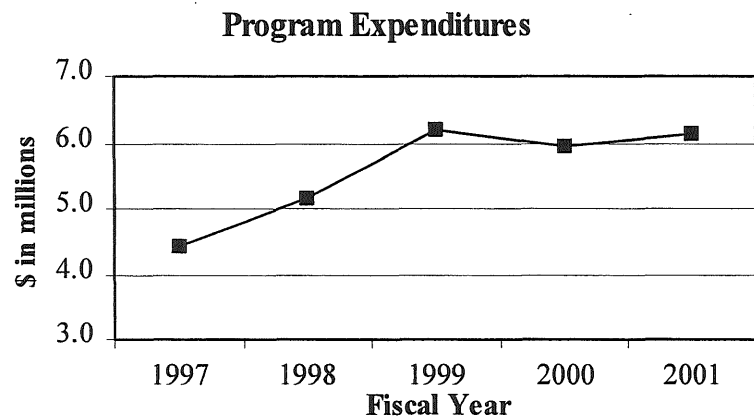
	<u>Dollars in Thousands</u>		
	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Building Contractor	-0-	199	199
Campgrounds	-0-	1	1
Collections	-0-	(6)	(6)
Cosmetology	-0-	(44)	(45)
Currency Exchange	-0-	24	22
Insurance	-0-	852	913
Notary	-0-	(3)	(5)
Real Estate	-0-	51	51
TOTAL	\$-0-	\$972	\$1,028

OUTCOMES:

This request will allow for a more accurate representation of cost to processing applications in the financial examination area. The changes in licensing fees will decrease the additional work created by the fees so the agency can manage cash processing with existing staff.

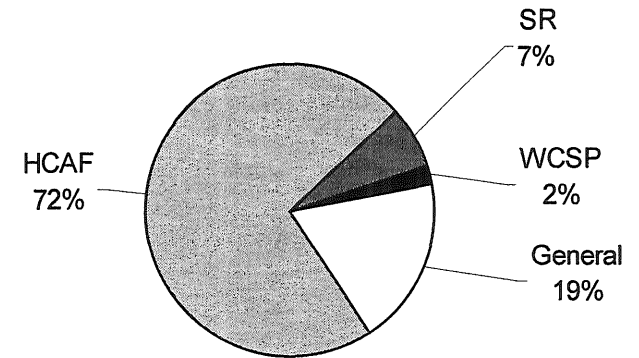
2000-01 Biennial Budget

PROGRAM: Registration and Insurance
AGENCY: Commerce, Department of
 (Continuation)



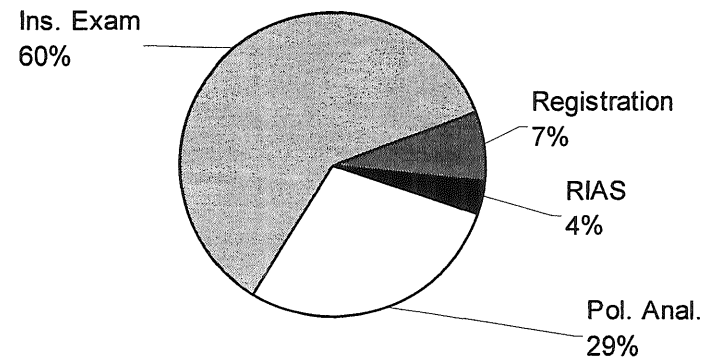
F.Y. 1998-99 Expenditures By Fund

Total \$41.4 million



F.Y. 1998-99 Expenditures by Activity

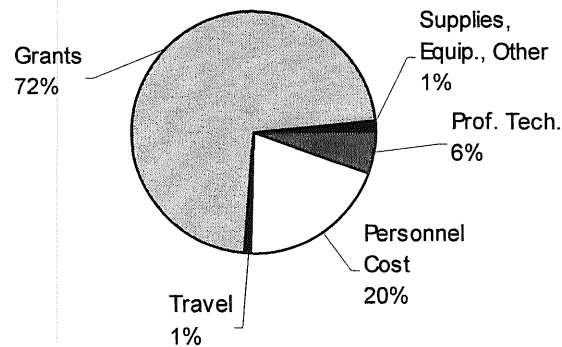
Total \$41.4 million



2000-01 Biennial Budget

PROGRAM: Registration and Insurance
AGENCY: Commerce, Department of
(Continuation)

1998-99 Expenditures by Category



BUDGET ISSUES:

- A pervasive regulatory structure has grown up around these industries over the years and little change is expected in this environment. However, regulation of these 2 industries is the subject of considerable discussion in many communities (private sector, federal government, other states). There is much discussion that state regulation is not as efficient as a single regulatory body at the federal level. While the securities industry has begun movement in this direction, states have strongly opposed congressional action towards federal regulation of insurance. As a result, little change is expected in creating more federal regulation of insurance.
- The growth and expansion of the insurance industry will require increased regulatory efforts by the program for financial solvency, form and rate review.

- Health care options for consumers are becoming more complex; managed care, patients bill of rights, specific policy provisions, long term care. Increased time is essential to assure adequate review of policy provisions and cost information.
- Due to the strength of the economy and dramatic growth of retirement plans, investments in securities is at an all time high requiring increased regulatory responsibility.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the agency's base budget and a biennial funding increase of \$189,000 and .5 FTE from the General Fund and \$147,000 and .5 FTE from the Workers Compensation Fund to address increased actuarial needs in the areas of workers' compensation, self-insurance and solvency regulation.

In addition the Governor recommends an increase of \$200,000 to do an actuarial study on the feasibility of a state crop revenue insurance program.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: COMMERCE DEPT

Program: REGISTRATION & INSURANCE

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY ACTIVITY:									
REGISTRATION AND POLICY ANALYS	1,903	16,950	17,026	2,076	2,349	2,134	2,208	(29,419)	-86.6%
REGISTRATION & INSURANCE SUPPO	161	190	198	203	203	208	208	23	5.9%
INSURANCE COMPANY EXAMINATIONS	2,359	3,101	3,972	3,502	3,601	3,565	3,655	183	2.6%
Total Expenditures	4,423	20,241	21,196	5,781	6,153	5,907	6,071	(29,213)	-70.5%

CHANGE ITEMS:	FUND				
(P) CASUALTY ACTUARY	GEN			99	90
(P) CASUALTY ACTUARY	WCS			73	74
(B) STATE CROP REV INSUR FEASIBILITY STUDY	GEN			200	
Total Change Items				372	164

FINANCING BY FUND:							
DIRECT APPROPRIATIONS:							
GENERAL	3,781	3,670	4,042	4,150	4,449	4,260	4,350
HEALTH CARE ACCESS	0	15,075	15,000	0	0	0	0
WORKERS COMPENSATION	425	461	477	494	567	510	584
STATUTORY APPROPRIATIONS:							
SPECIAL REVENUE	217	1,035	1,677	1,137	1,137	1,137	1,137
Total Financing	4,423	20,241	21,196	5,781	6,153	5,907	6,071

FTE BY EMPLOYMENT TYPE:							
FULL TIME	75.3	71.8	76.0	76.0	77.0	76.0	77.0
PART-TIME, SEASONAL, LABOR SER	0.4	0.0	0.0	0.0	0.0	0.0	0.0
Total Full-Time Equivalent	75.7	71.8	76.0	76.0	77.0	76.0	77.0

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State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: COMMERCE DEPT

Program: REGISTRATION & INSURANCE

Activity: REGISTRATION AND POLICY ANALYS

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY CATEGORY:</u>									
STATE OPERATIONS									
PERSONAL SERVICES	1,725	1,796	1,889	1,942	2,012	1,996	2,067	394	10.7%
OPERATING EXPENSES	178	154	137	134	337	138	141	187	64.3%
SUBTOTAL STATE OPERATIONS	1,903	1,950	2,026	2,076	2,349	2,134	2,208	581	14.6%
LOCAL ASSISTANCE	0	15,000	15,000	0	0	0	0	(30,000)	-100.0%
Total Expenditures	1,903	16,950	17,026	2,076	2,349	2,134	2,208	(29,419)	-86.6%
<u>CHANGE ITEMS:</u>									
	<u>FUND</u>								
(P) CASUALTY ACTUARY	WCS				73		74		
(B) STATE CROP REV INSUR FEASABILITY STUDY	GEN				200				
Total Change Items					273		74		
<u>FINANCING BY FUND:</u>									
DIRECT APPROPRIATIONS:									
GENERAL	1,478	1,414	1,549	1,582	1,782	1,624	1,624		
HEALTH CARE ACCESS	0	15,075	15,000	0	0	0	0		
WORKERS COMPENSATION	425	461	477	494	567	510	584		
Total Financing	1,903	16,950	17,026	2,076	2,349	2,134	2,208		
<u>REVENUE COLLECTED:</u>									
NONDEDICATED									
GENERAL	19,325	22,524	21,155	21,115	21,115	20,110	20,110		
CAMBRIDGE DEPOSIT FUND	5,578	6,115	5,937	5,851	6,264	5,828	6,241		
Total Revenues Collected	24,903	28,639	27,092	26,966	27,379	25,938	26,351		

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: COMMERCE DEPT

Program: REGISTRATION & INSURANCE

Activity: REGISTRATION AND POLICY ANALYS

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
FTE BY EMPLOYMENT TYPE:							
FULL TIME	35.4	35.7	37.3	37.3	37.8	37.3	37.8
PART-TIME, SEASONAL, LABOR SER	0.4	0.0	0.0	0.0	0.0	0.0	0.0
Total Full-Time Equivalent	35.8	35.7	37.3	37.3	37.8	37.3	37.8

FY 2000-01 BUDGET CHANGE ITEM

AGENCY: Commerce, Department of
PROGRAM:
ACTIVITY:

ITEM TITLE: Crop Revenue Insurance Feasibility Study

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Expenditures:				
(\$000s)				
General Fund				
- State Operations	\$200	\$-0-	\$-0-	\$-0-
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes No X

If yes, statutes(s) affected:

☐ New Activity ☒ Supplemental Funding ☐ Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$200,000 be appropriated to study the feasibility of a state crop revenue insurance program to complement federal crop revenue insurance programs if such programs are created by the federal government. These funds would only be released if the federal government institutes a crop revenue insurance program.

RATIONALE:

Wide fluctuation in commodity prices result in volatile year to year income for farmers. The federal government is currently looking into the possibility of establishing programs to ensure crop producers some certain level of income from their production.

In the event that the federal government does adopt some crop revenue insurance program, this proposed study would evaluate the feasibility of a complementary state program. The current vision is that such a state program could potentially enhance current federal crop insurance programs which offer multi-peril coverage against weather related crop losses by providing downside price protection in certain cases.

While this program has been presented to the departments of Agriculture and Commerce, it is still conceptual at both the federal and state level and needs to be examined in greater detail to determine whether it would be feasible for the state to consider implementation in future years.

OUTCOMES:

Two outcomes are possible; design criteria for a crop revenue insurance program in Minnesota, or a determination that such a program is not feasible.

2000-01 Biennial Budget

BUDGET ACTIVITY: Registration and Insurance Administration and Support
PROGRAM: Registration and Insurance
AGENCY: Commerce, Department of

ACTIVITY PROFILE:

This area provides day to day management and support to registration, policy analysis and insurance examination activities. Issues discovered as a result of the compliance reviews and financial examination are analyzed. The staff of this activity directs all identified compliance issues and determines the appropriate follow up action. Relationships are established with regulated industries, federal regulators and related trade associations. Industry trends are monitored to anticipated regulatory responses. The activity is responsible to safeguard consumer expectations when investing or entering into business transactions with the insurance industry. This activity provides the leadership that is essential to state regulations of financial condition for insurance companies, insurance product and investment offerings.

FINANCING INFORMATION:

The activity is funded by an appropriation from the General Fund. There is no direct revenue collected from this activity. However, costs associated with the activity are distributed to other revenue collection areas to assure cost recovery.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: LABOR AND INDUSTRY DEPT
Program: WORKPLACE SERVICES DIVISION
Activity: WORKPLACE SERVICES ADMIN

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY CATEGORY:</u>									
STATE OPERATIONS									
PERSONAL SERVICES	37	126	133	142	142	150	150	33	12.7%
OPERATING EXPENSES	83	17	196	69	69	65	65	(79)	-37.1%
SUBTOTAL STATE OPERATIONS	120	143	329	211	211	215	215	(46)	-9.7%
Total Expenditures	120	143	329	211	211	215	215	(46)	-9.7%
<u>FINANCING BY FUND:</u>									
DIRECT APPROPRIATIONS:									
GENERAL	80	40	104	45	45	46	46		
WORKERS COMPENSATION	0	103	225	166	166	169	169		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	40	0	0	0	0	0	0		
Total Financing	120	143	329	211	211	215	215		
<u>FTE BY EMPLOYMENT TYPE:</u>									
FULL TIME	1.0	2.0	2.0	2.0	2.0	2.0	2.0		
Total Full-Time Equivalent	1.0	2.0	2.0	2.0	2.0	2.0	2.0		

2000-01 Biennial Budget

BUDGET ACTIVITY: Apprenticeship
PROGRAM: Workplace Services Division
AGENCY: Labor and Industry, Department of (DLI)

ACTIVITY PROFILE:

The Apprenticeship program goals are to:

- Expand apprenticeship opportunities for youth and adults that provide Minnesota employers with well-trained workers.
- Increase the diversity of registered apprentices.
- Maintain the relevancy and quality of registered apprenticeship programs.

To promote, develop, approve and monitor quality registered apprenticeships in Minnesota workplaces, the unit:

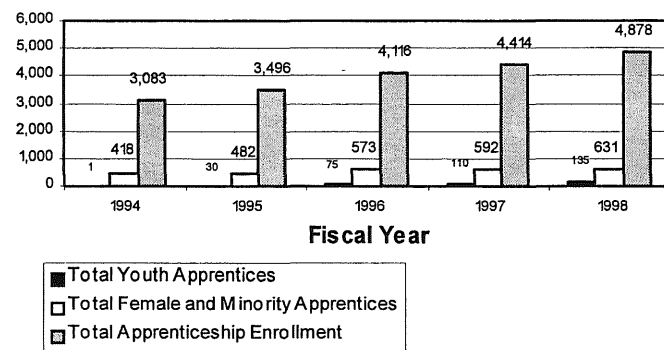
- Delivers quality informational apprenticeship brochures.
- Provides timely technical assistance for new and existing programs.
- Conducts yearly supervisory and compliance reviews at approved work sites.
- Reviews entrance requirements to eliminate discriminatory practices.
- Investigates all complaints regarding apprenticeship program violations.
- Cancels programs that fail to adhere to the approved standards.
- Meets with Minnesota employers and community-based organizations to expand interest and understanding of the value of apprenticeship.

STRATEGIES AND PERFORMANCE:

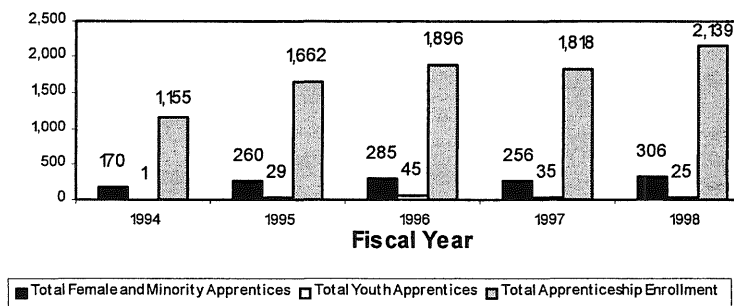
The Apprenticeship unit's performance achievements from F.Y. 1994 to 1998 include the following items:

- Conducted 425 compliance reviews and supervisory visits in F.Y. 1998 to ensure proper EEO.
- Increased the number of apprentices from 3,083 to 4,878.
- Increased the number of women and minorities from 418 to 631.
- Increased the number of youth apprentices from 1 to 135.
- Awarded 5 LEAP grants to community-based organizations to recruit women and minority apprentices each fiscal year.

1994-1998
Total State Apprenticeship Enrollments



1994 - 1998
Total New Apprenticeship Enrollments



FINANCING INFORMATION:

The Apprenticeship unit is financed by a direct appropriation from the General Fund. In addition, the Apprenticeship unit administers the Labor Education Advancement Program (LEAP) grants which are allocated each year to community-based organizations for the purpose of increasing the number of women and minorities in registered apprenticeship programs. The unit also receives funding through a federal grant from the Veterans Administration. These federal funds are for apprenticeship staff to review and approve all eligible veteran apprenticeship and on-the-job (OJT) training programs.

BUDGET ISSUES:

None.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: PUBLIC UTILITIES COMM

Program: PUBLIC UTILITIES COMM

Activity: PUBLIC UTILITIES COMM

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY CATEGORY:</u>									
STATE OPERATIONS									
PERSONAL SERVICES	2,769	2,899	3,002	3,140	3,222	3,235	3,319	640	10.8%
OPERATING EXPENSES	1,148	939	1,266	997	1,011	1,006	1,014	(180)	-8.2%
SUBTOTAL STATE OPERATIONS	3,917	3,838	4,268	4,137	4,233	4,241	4,333	460	5.7%
LOCAL ASSISTANCE	2,041	1,981	2,080	2,080	2,080	2,109	2,109	128	3.2%
Total Expenditures	5,958	5,819	6,348	6,217	6,313	6,350	6,442	588	4.8%
<u>CHANGE ITEMS:</u>									
(B) IMPLEMENT FED & STATE REFORM POLICIES	<u>FUND</u> GEN				96		92		
Total Change Items					96		92		
<u>FINANCING BY FUND:</u>									
DIRECT APPROPRIATIONS:									
GENERAL	3,663	3,718	3,816	3,685	3,781	3,788	3,880		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	2,295	2,101	2,532	2,532	2,532	2,562	2,562		
Total Financing	5,958	5,819	6,348	6,217	6,313	6,350	6,442		
<u>REVENUE COLLECTED:</u>									
DEDICATED									
SPECIAL REVENUE	2,241	2,121	2,536	2,607	2,607	2,685	2,685		
NONDEDICATED									
CAMBRIDGE DEPOSIT FUND	3,287	3,931	4,929	4,182	4,500	4,300	4,493		
Total Revenues Collected	5,528	6,052	7,465	6,789	7,107	6,985	7,178		

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: PUBLIC UTILITIES COMM

Program: PUBLIC UTILITIES COMM

Activity: PUBLIC UTILITIES COMM

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
<u>FTE BY EMPLOYMENT TYPE:</u>							
FULL TIME	46.2	45.9	44.5	44.5	46.5	44.5	46.5
PART-TIME, SEASONAL, LABOR SER	4.1	2.1	1.7	1.7	1.7	1.7	1.7
OVERTIME PAY	0.3	0.0	0.0	0.0	0.0	0.0	0.0
Total Full-Time Equivalent	50.6	48.0	46.2	46.2	48.2	46.2	48.2

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: HISTORICAL SOCIETY

Program: FISCAL AGENTS

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
FINANCING BY FUND:							
DIRECT APPROPRIATIONS:							
GENERAL	278	893	473	521	521	473	473
MINNESOTA RESOURCES	345	350	280	0	475	0	0
Total Financing	623	1,243	753	521	996	473	473
FTE BY EMPLOYMENT TYPE:							
PART-TIME, SEASONAL, LABOR SER	2.9	2.9	3.0	3.0	3.0	3.0	3.0
Total Full-Time Equivalent	2.9	2.9	3.0	3.0	3.0	3.0	3.0

2000-01 Biennial Budget

AGENCY: Minnesota Municipal Board

AGENCY DESCRIPTION:

The Minnesota Municipal Board was created to provide a uniform system of municipal boundary adjustments to facilitate the efficient and economical delivery of municipal services throughout the state. The board acts through its decision-making authority at public hearings and meetings, contested case hearings, and rule-making hearings. The board issues orders for the creation or dissolution of municipalities, or alteration of municipal boundaries through consolidation, merger, annexation or detachment of land.

The board assists local governments, property owners, planning authorities, governmental agencies, and state associations with data, sample documents and staff consultations regarding issues and procedures about municipal boundary adjustment.

PERFORMANCE SUMMARY:

In F.Y. 1998 the board responded to 339 petitions and requests for municipal boundary adjustments dealing with a total of 70,376 acres:

- 161 annexations by ordinances;
- 114 Municipal Board decisions/orders as follows:
 - 4 annexations (city expansion)
 - 108 joint agreements for annexations (city expansion)
 - 4 detachments (township expansion)
 - 5 concurrent detachment/annexations (between cities)
 - 1 incorporation (creation of a city).
- The board assisted in the creation of cooperative agreements between cities and townships that plan for future boundaries, delivery of services, and related matters of mutual concern; and
- The board worked with all parties from contested cases for the eventual development of local agreements among the cities of Sartell and Sauk Rapids and Sauk Rapids Township; Baytown Township and the city of Lake Elmo; and for resolving environmental issues in Spring Lake Township. Consolidation studies are pending.

REVENUES:

The Municipal Board generates non-dedicated revenue to the General Fund. A petition for a boundary adjustment must be accompanied by a fee based on the type of petition and acreage. Fees for local agreements for orderly annexation, consolidation and merger are lower than those assessed for incorporation or other annexations of unincorporated land, a reflection of board policy. Most fees are paid by individual property owners. The board has discretion to waive or transfer a fee due to hardship.

EXPLANATION OF AGENCY'S BUDGET PLAN:

The agency plan includes a salary and benefit base allowable adjustment of 3% in F.Y. 2000 and 6.1% in F.Y. 2001; as well as a 3% base adjustment for operational expenses. A base adjustment is made to reflect the transfer to Minnesota Planning effective 12-31-99.

ISSUES AFFECTING THE AGENCY'S OPERATIONS:

Pursuant to Laws 1997, Ch.202, Art.5, Sect.8, the Municipal Board will sunset effective 12-31-99 and all duties, responsibilities, staff and assets will transfer to the Office of Strategic and Long Range Planning.

In June of 1998, the Advisory Council of the Community Base Planning Act, passed a resolution that the sunset of Municipal Board be postponed for several years until a comparative study and analysis is conducted.

The board has an unpredictable workload; it does not control the number of petitions filed or the number of petitions that are contested.

GOVERNOR'S RECOMMENDATION:

Under current law, the functions of the board transfer to the Office of Strategic and Long-Range Planning on 12-31-99. The Governor believes an independent Municipal Board applies statewide standards to municipal boundary-setting decisions in an effective and efficient manner. On this basis, the Governor does not concur with current law.

In developing the budget, the Municipal Board's budget was reduced and the budget for the Office of Strategic and Long-Range Planning was increased. The Governor recommends repealing the law requiring this adjustment and restoring base funding for the Municipal Board. There is no net impact on the General Fund.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: MUNICIPAL BOARD

Program: MUNICIPAL BOARD

Activity: MUNICIPAL BOARD

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY CATEGORY:</u>									
STATE OPERATIONS									
PERSONAL SERVICES	225	232	248	127	254	0	260	34	7.1%
OPERATING EXPENSES	95	59	83	35	69	0	67	(6)	-4.2%
SUBTOTAL STATE OPERATIONS	320	291	331	162	323	0	327	28	4.5%
Total Expenditures	320	291	331	162	323	0	327	28	4.5%
<u>CHANGE ITEMS:</u>	<u>FUND</u>								
(B) INDEPENDENT MUNICIPAL BOARD	GEN				161		327		
Total Change Items					161		327		
<u>FINANCING BY FUND:</u>									
DIRECT APPROPRIATIONS:									
GENERAL	320	291	331	162	323	0	327		
Total Financing	320	291	331	162	323	0	327		
<u>REVENUE COLLECTED:</u>									
NONDEDICATED									
CAMBRIDGE DEPOSIT FUND	39	38	45	23	45	0	45		
Total Revenues Collected	39	38	45	23	45	0	45		
<u>FTE BY EMPLOYMENT TYPE:</u>									
FULL TIME	4.0	4.0	4.0	4.0	4.0	0.0	4.0		
Total Full-Time Equivalent	4.0	4.0	4.0	4.0	4.0	0.0	4.0		

State of Minnesota
2000-2001 Biennial Budget
BASE RECONCILIATION REPORT
(Dollars in Thousands)

Agency: MUNICIPAL BOARD

	All Funds		General Fund		Other State Funds		Federal Funds	
	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01
F.Y. 99 BUDGETED	315	315	315	315	0	0	0	0
BASE ADJUSTMENTS								
SMALL AGENCY OPERATIONAL EXPE	2	0	2	0	0	0	0	0
2000-01 SAL. & BEN. BASE	6	12	6	12	0	0	0	0
PROGRAM/AGENCY SUNSET	<161>	<327>	<161>	<327>	0	0	0	0
SUBTOTAL BASE ADJUSTMENTS	<153>	<315>	<153>	<315>	0	0	0	0
BASE BUDGET	162	0	162	0	0	0	0	0

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Municipal Board
PROGRAM:
ACTIVITY:

ITEM TITLE: Independent Municipal Board

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
- State Operations	\$161	\$327	\$327	\$327
Revenues: (\$000s)				
General Fund	\$22	\$45	\$45	\$45

Statutory Change? Yes X No ____

If yes, statutes(s) affected: Laws of 1997, Chap. 202, Art. 5, Sec. 8

☐ New Activity ☐ Supplemental Funding ☒ Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends that the Municipal Board retain its independence and remain an entity separate from the Office of Strategic and Long-Range Planning. The Laws of 1997, Chapter 202, Article 5, Section 8 should be repealed.

RATIONALE:

The Office of Strategic and Long-Range Planning provides technical assistance and advice to local governments engaged in comprehensive planning. Success depends on local government's confidence in the process. The Municipal Board is a hearing and decision-making body and is called upon to make controversial decisions. These 2 functions are not compatible and their combination would make it difficult for the Office of Strategic and Long-Range Planning to continue to help local government make complex planning decisions.

FINANCING:

Base funding restored to the Municipal Board.

OUTCOMES:

The Municipal Board retains its independent status. The Office of Strategic and Long-Range Planning continues to work with local government to help make planning decisions independent of functions that would negatively impact the process.

2000-01 Biennial Budget

AGENCY: Black Minnesotans, Council on (CBM)

AGENCY DESCRIPTION:

The Council on Black Minnesotans (CBM) addresses the need for people of African descent to participate fully and effectively in the state's political, social and economic life.

To achieve this mission, the CBM advises the governor and the legislature on matters relating to Black Minnesotans, and works as a catalyst for bringing organizations together to identify problems and implement solutions.

In recent years, the CBM has increasingly come to serve as the resource of first resort for organizations and agencies interested in coordinating private and public efforts to address issues of particular concern for Minnesotans of African descent. Both the scope and the scale of the CBMs cooperative involvement with other state agencies on particular issues has also increased significantly.

Established by the legislature in 1980, the CBMs specific duties and functions are set forth at M.S. Sect. 3.9225.

PERFORMANCE SUMMARY:

- Established and administers African Resource Center, a clearinghouse of organizations addressing African immigrant issues.
- Developed and administers community-based youth violence prevention and intervention pilot program, including grant support.
- Convened many community education and information events on issues such as education, policy processes, and affirmative action.
- Coordinates and presents Minnesota's annual Martin Luther King holiday observance.
- Responds and organizes constructive community solutions to discrimination and race relations problems throughout the state.
- Organizes and supports community approaches to issues such as child welfare, health care, housing and community corrections.

KEY SERVICE STRATEGIES:

- Help develop and coordinate the energies and resources of organizations that serve Minnesotans of African descent.

- Link community resources and ideas with public processes.
- Advise the governor, legislature and state agencies on issues of special concern to Black Minnesotans.

REVENUES: None

EXPLANATION OF AGENCY'S BUDGET PLAN:

In recent years, the CBMs operating budget has allowed for a full-time staff of 4 persons, including the Executive Director. Currently, 2 additional professional staff positions are supported by program-specific legislative appropriations which will expire in June 1999. Primary areas for CBM attention in the 2000-2001 biennium include education, violence prevention, African immigrants' issues, health and human services, child welfare, and crime and corrections.

ISSUES AFFECTING AGENCY'S OPERATIONS:

Rapid Increase of Minnesota's Black population. The 1980 Census reported a Black population in the state of about 56,000. In 1990, this figure grew to about 97,000, but current estimates of African descendants in Minnesota range from 140,000 to 170,000. In other words, the state's Black population has approximately tripled in less than 20 years. This rapid increase, concentrated in the inner-city areas of Minneapolis and St. Paul, has resulted in an exponential increase in the demand of CBMs advice and support in finding private and public solutions to the common challenges facing this community, including an estimated 30,000 recent immigrants from Africa.

Shifts in state policy approaches. Now more than ever, new legislation and state government philosophy reflect a growing awareness that the best policy initiatives on many issues involve cooperation between public, private and nonprofit organizations and resources. Such policy areas as education, corrections, human services, and violence and crime prevention rely very heavily upon non-state actors to develop and implement decentralized programs with state advice and support. In policy areas of special concern to youth, low-income people, and communities of color, the CBM-sometimes by direct legislative reference-often helps shape policy and link organizations' programs with state resources.

GOVERNOR'S RECOMMENDATION:

The Governor recommends base funding levels as requested in the agency's budget and a biennial increase in funding of \$50,000 for costs associated with the Martin Luther King, Jr. holiday.

**2000-01 Biennial Budget
Agency Executive Summary**

AGENCY: Strategic and Long Range Planning
(Continuation)

- Produced reports requested by the Legislature on firearms forfeitures and the probation funding distribution formula. The *Distribution Formula* report received a national award for excellence in research and policy analysis from the Justice Research and Statistics Association (1997).
- Worked with committees of the Governor's Council on Geographic Information, to analyze strategic issues related to the effective use of geographic information technology. Produced *Laying the Foundations for a Geographic Data Clearinghouse*, *Minnesota Guidelines for Geographic Metadata*, *County Soil surveys: Guidelines for Digitizing*, and *Identifying Land Parcels: Is a Statewide Standard Needed?*

Planning and Coordination

- Completed in 1998 a major revision to *Minnesota Milestones*, a long range plan that tracks the state's progress, modifying 19 goals and 70 progress indicators based on input from more than 1500 citizens. *Minnesota Milestones* is used as an outcome measurement tool by state agencies, counties, family and mental health collaboratives and nonprofit groups. It was recognized in 1998 by the Council of State Governments as an "exemplary state management program." Over 4,000 print copies were distributed to the public in 1997 and 1998.
- Updated the Children's Services Report Card in 1996 and put county data for children's indicators online. It received a regional certificate of recognition in the 1997 Innovations Awards from the Council of State Governments. Two thousand eight hundred print copies were requested during 1997 and 1998.
- Implemented the Community-Based Planning Act and pilot projects that assist volunteer local communities to address growth, land use, conservation, economic development and infrastructure through comprehensive planning. A resource center for local governments offers population data, mapping services, sustainable development expertise and technical assistance.

- Staffed the legislatively mandated Advisory Council on Local Government in 1998, and produced for it the report *Regional Options*, presenting data, analysis and the council's long-range policy options for metropolitan government.
- Organized in 1998, a public advisory body and staff support to study the impact of feedlots, evaluate the future of animal agriculture in the state and develop policy options.
- Engaged more than 3,500 citizens and leaders from all sectors in developing proposals for Sustainable Development for Minnesota's future.
- Supported coordinated approaches to geographic information technology within Minnesota. Represented Minnesota's interests through relationships with the Federal Geographic Data Committee, the US Geological Survey, and the National States Geographic Information Council. With the Metropolitan Council, sponsored MetroGIS, a collaboration among local governments within the metropolitan region. Coordinated the Minnesota Component of a national survey of GIS use in local government.

ORGANIZATION/PROGRAM STRUCTURE:

Minnesota Planning is organized into teams that reconfigure for each project, placing agency resources where they are most needed.

State Demographic Center - forecasts and investigates changes in the population and economy.

Environmental Quality Board - develops policy and reviews proposed projects that would significantly influence Minnesota's environment.

Land Management Information Center - advances the effective use of geographic information and technology for planning and problem solving.

Criminal Justice Information Center - tracks crime and the justice system including juvenile offenses, and administers the innovative teen court program.

Critical Issues Team - identifies emerging issues of statewide importance and develops information, analysis and ideas for dealing with those issues.

Local Planning Assistance Team - helps communities with comprehensive planning and coordinates funding for the Community-Based Planning Act.

**2000-01 Biennial Budget
Agency Executive Summary**

AGENCY: Strategic and Long Range Planning
(Continuation)

DIRECTOR/ EXECUTIVE MANAGEMENT & SUPPORT	4.0 fte
State Demographic Center	7.5 fte
Environmental Quality Board	14.3 fte
Land Management Information Center	19.9 fte
Criminal Justice	3.5 fte
Critical Issues	5.0 fte
Local Planning Assistance	4.25 fte
Agency Operation and Support Staff	
Library	1.3 fte
Communications	5.8 fte
Clerical Support	11.0 fte
Fiscal	1.0 fte
Technology Support	2.5 fte
Legislative Coordination	1.0 fte
6/30/98 TOTAL FTEs 81.05	

BUDGET PRESSURES:

Harnessing the power of data is central to our mission. In the past few years, we have seen a remarkable increase in the types and amounts of available data and many more requests for reports and analysis. These pressures, together with the rapid advances in technology that make sophisticated data collection, analysis and delivery possible, have challenged the agency and will soon constrain our ability to provide, in a timely fashion, reliable data that is useful to decision makers, local planners and the public.

Preparation for the 2000 Census has strained the resources available to the State Demographer. Recognizing the critical importance of a full and accurate count to Minnesota's future we will be undertaking an ambitious census promotion program and designing and implementing the systems that will result in expeditious production and dissemination of the new census data, including that resulting from the new annual Census Bureau American Community Survey, to begin in 2001.

Citizens and legislators are increasingly sensitive to the effects of growth and change on our economy, environment and communities, leading to an expanding need for environmental review, economic assessment and technical assistance. There has been great interest in the new Community-Based Planning program and a related increase in requests for assistance with developing local comprehensive plans.

Similarly, a growing appreciation of the value of geographic information is driving up demand for this resource. Based upon recommendations of the Governors Council on Geographic Information, we have recognized the importance of a state program to support modernization of county land records and of a statewide geographic data clearinghouse.

LCMR RECOMMENDATION:

- *Promoting High Efficiency Cogeneration* \$100,000
This appropriation is from the Minnesota Future Resources fund to the Office of Long Range and Strategic Planning, Minnesota Environmental Quality Board to develop a statewide inventory of potential cogeneration sites and a regulatory guidance manual.
- *Tools and Training for Community-Based Planning* \$450,000
This appropriation is from the Environment and Natural Resources Trust fund to the Office of Long Range and Strategic Planning to develop software, data, and training for local government planning for delivery of state geographic information systems data and models for social and environmental decision making.

REVENUE SUMMARY:

The agency received \$153,322 in grants from the federal government during the prior biennium. Of the amount received, \$100,825 was grants for the purpose of maintaining and enhancing the states capacity to address criminal justice issues through collection and analysis of data; \$11,996 was from the US Geological Survey to study issues related to better coordination of data development and management between state and federal organizations. We anticipate similar

**2000-01 Biennial Budget
Agency Executive Summary**

AGENCY: Strategic and Long Range Planning
(Continuation)

funding for the 2000-01 biennium.

The Land Management Information Center provides data and analysis on a fee for service basis, generating just over \$522,000 in revenue in F.Y. 1998.

Power plant siting, wind energy and power line routing activities of the Environmental Quality Board generated slightly more than \$294,000 in revenue during F.Y. 1998.

GOVERNOR'S RECOMMENDATION:

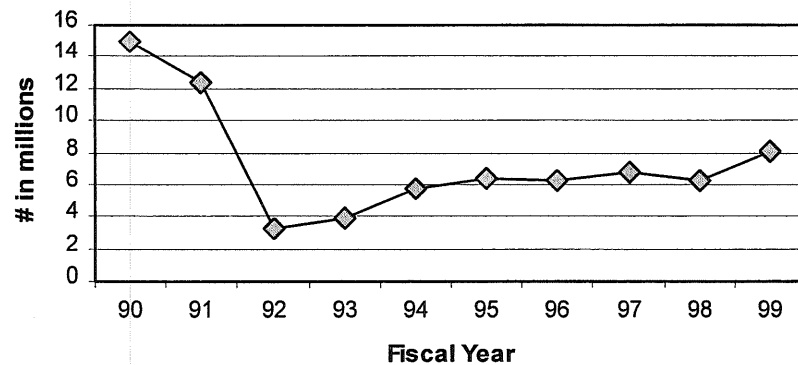
The Governor recommends base level funding plus 4 initiatives. Two of the initiatives are one-time spending: one completes the GEIS feedlot project while the other helps to ensure an accurate count of Minnesota citizens in the 2000 Census. The third initiative builds on the agency's ability to use technology to meet the needs of its customers. The fourth recommended initiative establishes a program evaluation function within the executive branch. The fifth initiative recommends that the Municipal Board remain independent. The Governor makes no recommendation regarding the LCMR projects put forward by the Office of Strategic and Long-Range Planning.

**2000-01 Biennial Budget
Agency Executive Summary**

AGENCY: Strategic and Long Range Planning
(Continuation)

TRENDS AND PERSPECTIVE:

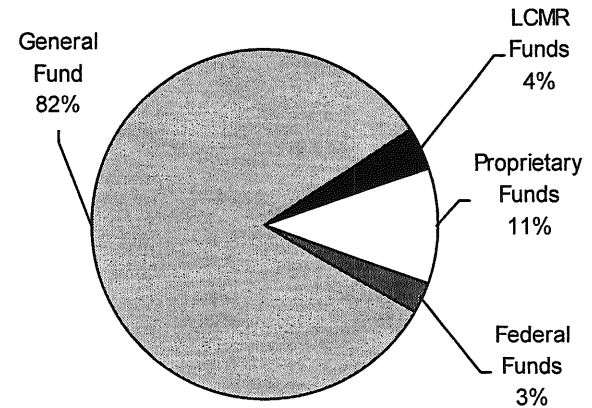
Total Budget - All Funds



In 1991, the Legislature abolished the State Planning Agency and created the Office of Strategic and Long-Range Planning. The agency's General Fund appropriation was significantly reduced and the Land Management Information Center (LMIC) was transferred to the Department of Administration in F.Y. 1992. The 1993 Legislature returned LMIC to Minnesota Planning, effective with the beginning of F.Y. 1994. The agency's funding has remained stable since that time, with the 1998 increase being attributable to the \$1.2 million appropriation for the Generic Environmental Impact Statement on Animal Agriculture.

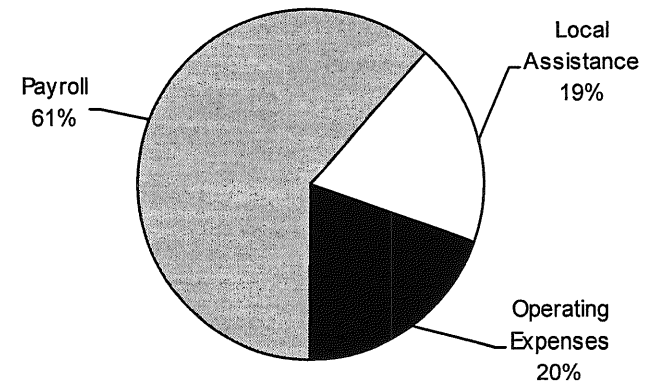
F.Y. 1998-99 Funding Sources

Total \$14.3 million



F.Y. 1998-99 Expenditures by Type

Total \$14.3 million



State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: PLANNING, STRATEGIC & L R

Program: STRATEGIC & L R PLANNING

Activity: STRATEGIC & L R PLANNING

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY CATEGORY:</u>									
STATE OPERATIONS									
PERSONAL SERVICES	3,649	4,006	4,829	4,240	5,281	4,450	4,855	1,301	14.7%
OPERATING EXPENSES	2,490	1,363	1,440	956	2,429	954	897	523	18.7%
SUBTOTAL STATE OPERATIONS	6,139	5,369	6,269	5,196	7,710	5,404	5,752	1,824	15.7%
PAYMENTS TO INDIVIDUALS	1	0	0	0	0	0	0	0	
LOCAL ASSISTANCE	674	918	1,793	0	0	0	0	(2,711)	-100.0%
Total Expenditures	6,814	6,287	8,062	5,196	7,710	5,404	5,752	(887)	-6.2%
<u>CHANGE ITEMS:</u>									
	<u>FUND</u>								
(B) INFORMATION TECHNOLOGY INTEGRATION	GEN				250		250		
(B) CENSUS - DEMOGRAPHY	GEN				100				
(B) GEIS ON ANIMAL AGRICULTURE	GEN				1,800				
(B) INDEPENDENT MUNICIPAL BOARD	GEN				(161)		(327)		
(B) LCMR PROJECTS	EVT				225		225		
(B) LCMR PROJECTS	MNR				100				
(B) PROGRAM EVALUATION	GEN				200		200		
Total Change Items					2,514		348		
<u>FINANCING BY FUND:</u>									
DIRECT APPROPRIATIONS:									
ENVIRONMENT & NATURAL RESOURCE	938	0	0	0	225	0	225		
GENERAL	4,218	4,773	6,797	4,478	6,667	4,744	4,867		
MINNESOTA RESOURCES	246	417	137	0	100	0	0		
STATUTORY APPROPRIATIONS:									
GENERAL	555	288	24	0	0	0	0		
SPECIAL REVENUE	689	661	865	613	613	610	610		
FEDERAL	168	148	239	105	105	50	50		
Total Financing	6,814	6,287	8,062	5,196	7,710	5,404	5,752		

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: PLANNING, STRATEGIC & L R

Program: STRATEGIC & L R PLANNING

Activity: STRATEGIC & L R PLANNING

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
<u>REVENUE COLLECTED:</u>							
DEDICATED							
GENERAL	436	143	24	0	0	0	0
SPECIAL REVENUE	871	827	756	610	610	610	610
FEDERAL	229	102	194	105	105	50	50
GIFT	1	0	0	0	0	0	0
NONDEDICATED							
CAMBRIDGE DEPOSIT FUND	170	234	240	262	240	285	240
Total Revenues Collected	1,707	1,306	1,214	977	955	945	900
<u>FTE BY EMPLOYMENT TYPE:</u>							
FULL TIME	67.6	74.4	73.5	73.8	78.8	73.6	75.6
PART-TIME, SEASONAL, LABOR SER	10.4	7.1	7.8	6.7	6.7	6.7	6.7
OVERTIME PAY	0.1	0.0	0.2	0.0	0.0	0.0	0.0
Total Full-Time Equivalent	78.1	81.5	81.5	80.5	85.5	80.3	82.3

**2000-01 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Strategic and Long-Range Planning

Fund: General

	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>Biennium</u>
<u>BASE-YEAR (F.Y. 1999)</u>			
Appropriations (F.Y. 1999)	\$5,402	\$5,402	\$10,804
<u>BASE ADJUSTMENT</u>			
One-time Appropriation	(1,224)	(1,224)	(2,448)
Municipal Board Transfer	161	327	488
Compensation Inflation	96	195	291
Rent Increase	42	43	85
Statewide Administration Systems	6	6	12
Pension Adjustment	<u>(5)</u>	<u>(5)</u>	<u>(10)</u>
<u>BASE LEVEL (for 2000 and 2001)</u>	\$4,478	\$4,744	\$9,222
<u>CHANGE ITEMS</u>			
Information Technology Integration	250	250	500
Census Promotion	100	-0-	100
GEIS on Animal Agriculture	1,800	-0-	1,800
Program Evaluation	200	200	400
Independent Municipal Board	<u>(161)</u>	<u>(327)</u>	<u>(488)</u>
GOVERNOR'S RECOMMENDATION	\$6,667	\$4,867	\$11,534

Brief Explanation of Budget Decisions:

- *One-time appropriation reductions*
Reductions for Community Based Planning, Census Activities, Teen Courts, and Wind Power.
- *Municipal Board transfer*
Legislation eliminating the Municipal Board takes effect on 12-31-99 and transfers the board's responsibilities and staff to Minnesota Planning. The change represents 18 months expense.
- *Base Adjustment for compensation, rent increases, and Statewide Administration Systems*

Allows the agency to maintain the same level of staffing and office space as in the previous biennium, necessary for continued support of our basic function. This also allows the agency to meet rent and Statewide Administration System cost increases.

GOVERNOR'S RECOMMENDATION(S):

The Governor recommends base level funding plus 5 initiatives.

Information Technology Integration. Ensures the effective use of information technology to meet business needs.

Census Promotion. Funding to raise public awareness of the Year 2000 Census to ensure an accurate count of Minnesota residents.

Generic Environmental Impact Statement on Animal Agriculture. Funding to complete the feedlot GEIS, a study conducted by the EQB.

Program Evaluation. Establishes a program evaluation function within the executive branch.

Independent Municipal Board. The board retains its independence and remains an entity separate from the Office of Strategic and Long-Range Planning. The functions of these 2 agencies are incompatible.

The Governor makes no recommendation regarding the LCMR projects put forward by the Office of Strategic and Long-Range Planning.

F.Y. 2000-2001 Information Technology New Funding

AGENCY: PLANNING, STRATEGIC & L R

PROGRAM: STRATEGIC & L R PLANNING

ACTIVITY: STRATEGIC & L R PLANNING

IT Change Item: INFORMATION TECHNOLOGY INTEGRATION

ITEM DESCRIPTION AND PURPOSE:

The agency is requesting an increase of \$250,000 per year in base funding to create an information technology unit, headed by a Chief Information Officer. The CIO will oversee preparation and implementation of an agency Information Resource Management Plan, the design and maintenance of the agency's website and databases and computer support services.

FUNDING:

Funding Distribution	2000-01 Biennium		2002-03 Biennium		2004-05 Biennium	
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Facilities	0	0	0	0	0	0
Grants	0	0	0	0	0	0
Hardware	15	15	10	10	5	5
Personnel	200	212	224	238	238	238
Services	20	15	11	0	0	0
Software	10	5	5	2	2	2
Supplies	0	0	0	0	5	5
Training	5	3	0	0	0	0
Total	250	250	250	250	250	250

Increase in base funding to expand information delivery and ensure the integrity of the process.

RATIONALE:

A principal function of Minnesota Planning is to serve as an information broker for other units of government and the public. Several strategically important units support this function: the State Demographic Center, the Land Management Information Center, the Criminal Justice Statistics Center and the Environmental Quality Board. With the growth of technology and a rapid increase in the amount and types of data available, our present systems for information delivery are becoming outdated. We have seen a steady increase in requests for demographic, geographic, environmental and human services data and analysis from policy makers and planners. We need to be positioned to respond promptly and accurately in order to facilitate their decision-making process. Rather than limit this function, we need to expand it through delivery systems like the agency's DATANET, a collaborative effort that disseminates county-level data from a number of state agencies.

We have collaborated with the public, local officials and other state agencies in developing "Minnesota Milestones", the state's long-range plan containing 19 goals. We need to expand our ability to gather data, measure progress and highlight those areas where improvement is needed.

Our mission requires that we provide impartial, balanced information; to do this we need to assure data accuracy and integrity. The information technology unit will enable us to more effectively address this mission through: improved dissemination of information and data collected by LMIC, the EQB, the State Demographer and the Criminal Justice Statistics Center; a complete Information Resource Management Plan; policies and procedures for systems administration and security, information technology purchases, computer and network use, Internet use, user support, applications development and database design; improved integration of systems that support Minnesota Planning functional units.

LIFE CYCLE ANALYSIS:

Life Cycle Status	2000-01 Biennium		2002-03 Biennium		2004-05 Biennium	
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Development	X	X	X			
Operations	X	X	X	X	X	X
Modification			X	X		
Retirement						

An ongoing project that will change with business and operational needs.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Strategic and Long-Range Planning
PROGRAM:
ACTIVITY:

ITEM TITLE: Independent Municipal Board

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
- State Operations	\$(161)	\$(327)	\$(327)	\$(327)
Revenues: (\$000s)				
General Fund	\$(22)	\$(45)	\$(45)	\$(45)

Statutory Change? Yes X No _____

If yes, statutes(s) affected: Laws of 1997, Chap. 202, Art. 5, Sec. 8

☐ New Activity ☐ Supplemental Funding ☒ Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends that the Municipal Board retain its independence and remains an entity separate from the Office of Strategic and Long-Range Planning. The Laws of 1997, Chapter 202, Article 5, Section 8 should be repealed.

RATIONALE:

The Office of Strategic and Long-Range Planning provides technical assistance and advice to local governments engaged in comprehensive planning. Success depends on local government's confidence in the process. The Municipal Board is a hearing and decision-making body and is called upon to make controversial decisions. These 2 functions are not compatible and their combination would make it difficult for the Office of Strategic and Long-Range Planning to continue to help local government make complex planning decisions.

FINANCING:

Base funding restored to the Municipal Board.

OUTCOMES:

The Municipal Board retains its independent status. The Office of Strategic and Long-Range Planning continues to work with local government to help make planning decisions independent of functions that would negatively impact the process.

2000-01 Biennial Budget
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F.Y. 2000-2001 Information Technology New Funding

AGENCY: ADMINISTRATION DEPT

PROGRAM: INTERTECHNOLOGIES GROUP

ACTIVITY: TECHNOLOGY MANAGEMENT

IT Change Item: CONNECTING MINNESOTA NETWORK INITIATIVE

ITEM DESCRIPTION AND PURPOSE:

This initiative is for electronic hardware/software to provide statewide infrastructure development through the Connecting Minnesota Project, a public/private partnership in which a private company is placing fiber optic cable along 2000 miles of interstate highway and state highway rights-of-way that will increase the high-speed digital bandwidth access to the rights-of-way. Hardware/software is required to connect to the fiber optic cable to use this capacity and provide the telecommunications services for state agencies, education, libraries and local governments.

FUNDING:

Funding Distribution	2000-01 Biennium		2002-03 Biennium		2004-05 Biennium	
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Facilities	0	0	0	0	0	0
Grants	0	0	0	0	0	0
Hardware	0	2,200	3,200	2,380	1,590	0
Personnel	0	0	0	0	0	0
Services	0	0	0	0	0	0
Software	0	0	0	0	0	0
Supplies	0	0	0	0	0	0
Training	0	0	0	0	0	0
Total	0	2,200	3,200	2,380	1,590	0

RATIONALE:

This initiative will significantly improve the affordability and access to information technology for public entities throughout the state. It will increase the high-speed digital capacity required for data and video applications and reduce the ongoing costs. Access to the Internet, distance learning applications between educational institutions and libraries and development of electronic government will be enhanced. It positions the state for future technology development and planned agency applications.

LIFE CYCLE ANALYSIS:

Life Cycle Status	2000-01 Biennium		2002-03 Biennium		2004-05 Biennium	
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Development						
Operations	X	X	X	X	X	X
Modification						
Retirement						

This initiative provides for 1-time capital costs associated with installation of required hardware/software. These capital costs will be spread over approximately a 4-year period as the fiber is installed by the contractor throughout the state. It does not provide for any predesign, planning, operations, maintenance, support and eventual retirement during this life cycle. These costs are recovered from the users of the network and included in the rate structure of InterTech.

OFFICE OF TECHNOLOGY ANALYSIS:

The agency has made progress in information resource management. The agency is sponsoring several collaboration projects which relate to technology infrastructure.

OT Master Plan: Goal 1-Technically literate and competent society, Goal 2-Efficient and effective government, Goal 3-Easy and affordable access, Goal 4-Stimulated economic development, Goal-5 Improved quality of life.
 Recommendation: Proceed with this project. OT supports this project. ***
 Statewide critical project-must be funded.

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding for this initiative at requested levels.

F.Y. 2000–2001 Information Technology New Funding

AGENCY: ADMINISTRATION DEPT

PROGRAM: INTERTECHNOLOGIES GROUP

ACTIVITY: TECHNOLOGY MANAGEMENT

IT Change Item: YEAR 2000 CONTINGENCY FUND

ITEM DESCRIPTION AND PURPOSE:

The Year 2000 problem is a business continuation problem that has the potential to impact all citizens of the state. Unfortunately, date sensitive technology uses 2–digit dates and cannot distinguish between centuries. Many mission–critical state agency computer systems, electronic devices, and business partners require fixes, upgrades, replacements, and/or contingency plans to reduce the risk of Year 2000 failure.

Year 2000 Contingency Funds must be available for the business continuation of mission–critical systems within the state in the event of failure of systems, electronic equipment, and state business partners.

FUNDING:

Funding Distribution	2000–01 Biennium		2002–03 Biennium		2004–05 Biennium	
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Facilities	25	0	0	0	0	0
Grants	1,250	0	0	0	0	0
Hardware	0	0	0	0	0	0
Personnel	300	0	0	0	0	0
Services	900	0	0	0	0	0
Software	0	0	0	0	0	0
Supplies	25	0	0	0	0	0
Training	0	0	0	0	0	0
Total	2,500	0	0	0	0	0

RATIONALE:

If computer applications and databases of mission–critical systems and the embedded technology of state facilities and infrastructure (i.e., transportation, communications, and public safety) fail to function, the cost and liabilities due to State Business System and Infrastructure failure will cause a large fiscal impact. This request provides contingency funds for failures of systems or equipment.

LIFE CYCLE ANALYSIS:

Life Cycle Status	2000–01 Biennium		2002–03 Biennium		2004–05 Biennium	
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Development						
Operations						
Modification	X					
Retirement						

The project funding is targeted for unknown Year 2000 risks. The project will be retired after the Year 2000 problem is resolved.

OFFICE OF TECHNOLOGY ANALYSIS:

The agency has made progress in information resource management. The agency is sponsoring several collaboration projects which relate to technology infrastructure.

OT Master Plan: Goal 2–Efficient and effective government. Recommendation: OT supports this contingency fund to address potential Year 2000 failures. *** Statewide critical project–must be funded.

GOVERNOR’S RECOMMENDATION:

The Governor recommends \$2.5 million for this initiative. Of this amount, \$350,000 is available for continued operation of the year 2000 project office through 6–30–2000. Up to an additional \$150,000 may be allocated for the project office costs with the prior approval of the Commissioner of Finance.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: TORT CLAIMS

Program: TORT CLAIM

Activity: TORT CLAIM

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY CATEGORY:</u>									
STATE OPERATIONS									
OPERATING EXPENSES	135	589	1,161	875	875	875	875	0	.0%
SUBTOTAL STATE OPERATIONS	135	589	1,161	875	875	875	875	0	.0%
Total Expenditures	135	589	1,161	875	875	875	875	0	.0%
<u>FINANCING BY FUND:</u>									
DIRECT APPROPRIATIONS:									
GENERAL	0	49	501	275	275	275	275		
TRUNK HIGHWAY	135	540	660	600	600	600	600		
Total Financing	135	589	1,161	875	875	875	875		

2000-01 Biennial Budget

AGENCY: Contingent Accounts

AGENCY DESCRIPTION:

Contingent accounts are appropriations made from several state funds to provide supplemental funding for emergencies or other legally authorized purposes.

The release and subsequent expenditure of this funding requires the approval of the governor after consultation with the Legislative Advisory Commission. (LAC). The LAC provides legislative review of the use of these funds during interim periods when the legislature is not in session.

With the approval of the governor, supplemental funding for specific purposes is transferred to individual agency budgets; thus, expenditure history appears in each agency's budget.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the current level budget and a \$300,000 one-time General Fund appropriation in lieu of a supplemental budget in the 2000 legislative session.

	<u>Dollars in Thousands</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
General Purpose Contingent Accounts:		
General Fund	\$400	\$100
Workers Compensation Special Fund	100	100
State Gov't Special Revenue Fund	400	400
Trunk Highway Fund	200	200
Highway Users Tax Distribution	125	125
State Airports	50	50

These appropriations shall be expended with the approval of the governor after consultation with the LAC pursuant to M.S. 3.30.

It is requested that if an appropriation in this request for either year is insufficient, the appropriation for the other year is available for it.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: CONTINGENT ACCOUNTS

Program: BUDGET

Activity: BUDGET

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
STATE OPERATIONS									
TRANSFERS	0	0	4,387	975	1,275	975	975	(2,137)	-48.7%
SUBTOTAL STATE OPERATIONS	0	0	4,387	975	1,275	975	975	(2,137)	-48.7%
Total Expenditures	0	0	4,387	975	1,275	975	975	(2,137)	-48.7%
CHANGE ITEMS:	FUND								
(B) ONE- TIME CONTINGENT ADDITION	GEN				300				
Total Change Items					300				
FINANCING BY FUND:									
DIRECT APPROPRIATIONS:									
GENERAL	0	0	2,855	100	400	100	100		
STATE GOVERNMENT SPECIAL REVENUE	0	0	582	400	400	400	400		
STATE AIRPORTS	0	0	100	50	50	50	50		
TRUNK HIGHWAY	0	0	400	200	200	200	200		
HIGHWAY USERS TAX DISTRIBUTION	0	0	250	125	125	125	125		
WORKERS COMPENSATION	0	0	200	100	100	100	100		
Total Financing	0	0	4,387	975	1,275	975	975		

2000-01 Biennial Budget

AGENCY: Debt Service

AGENCY DESCRIPTION:

To pay the principal and interest on General Obligation long-term debt.

On December 1 of each year, the commissioner of finance must transfer into the Debt Service Fund an amount sufficient with the balance then on hand in the fund, and all income from the investment of such money, to pay all principal and interest on bonds due and to become due within the ensuing year and including July 1 in the 2nd ensuing year.

The Minnesota Constitution requires the state auditor to levy a statewide property tax annually in an amount sufficient with the balance then on hand in the fund to pay all debt service through this 19-month period. The legislature may make appropriations from any source to the debt service fund to reduce the amount of the statewide property tax levy. The debt service appropriation is made for the purpose of reducing or eliminating the need for a statewide property tax. On December 1 of each year, the Commissioner of Finance shall transfer to the debt service fund from appropriations made for such purposes the amount necessary to reduce or eliminate the statewide property tax.

Debt service is broken down into 2 categories: existing debt and new issues. Existing debt service is used for payment of principal and interest of previously issued bonds. Debt service for new issues is to cover bonds that are authorized and anticipated to be authorized but have not yet been issued.

	Dollars in Thousands			
	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
Total Bonds Outstanding:				
Existing Debt on June 30	\$2,360,255	\$2,344,859	\$2,543,846	\$2,544,720
Existing Debt:				
\$ amount of principal payments	184,815	216,395	214,520	259,915
\$ amount of interest payments	110,137	131,904	124,998	129,947

REVENUES:

Interest earnings on cash balances in the debt service fund and the bond proceeds fund, the one-third debt service payment required on higher education capital projects, payments on user financed projects, and loan repayments from the Maximum Effort School Loan program, the Rural Finance Authority's programs, and other loan programs.

These revenues reduce the amount of the required General Fund appropriation.

	Dollars in Thousands			
	F.Y. 1998	F.Y. 1999	F.Y. 2000	F.Y. 2001
Existing Debt	\$242,053	\$286,495	\$255,832	\$229,138
New Issue/Existing Authorization*	-0-	-0-	10,425	24,239
Conversion of \$400 million to Bonds	-0-	-0-	13,831	35,854
Future Issue/Future Authorization	-0-	-0-	-0-	3,941

* Additional bonds will be sold in F.Y. 2000-2001

The debt service transfer shown for F.Y. 2000 and F.Y. 2001 is an estimate based upon the dollar amount of bonds sold each year. The amount of the debt service transfer for existing authorizations and new authorizations is also an estimate of the dollar amount of bonds to be sold for capital projects currently authorized and for new authorizations.

Existing Debt: The amount required in the debt service account is calculated by the total amount of principal and interest payments due December 1, through the 2nd and ensuing July 1 for all outstanding bonds. The appropriation requirements are calculated by adjusting the total transfer requirements for investment income and transfers from dedicated funds.

New Issues: It is assumed that General Obligation debt will be issued in F.Y. 2000 and 2001 for currently authorized capital projects and for new authorizations.

The transfer requirement is determined by the payments of principal and interest that will come due within the December 1 through 2nd ensuing July 1.

GOVERNOR'S RECOMMENDATION:

The Governor recommends that \$573,260,000 be appropriated from the General Fund for debt service for F.Y. 2000-01. This appropriation will be used to make the required debt service transfers on existing debt and on new bonds issued during the biennium. The new bonds sold will provide additional funding for capital projects currently authorized, convert \$400 million in cash financing to bonding, provide no funding for additional projects in the 1999 legislative session, and provide funding for a \$400 million bonding bill in the 2000 legislative session.

**2000-01 Biennial Budget
Agency Executive Summary**

AGENCY: Revenue, Department of (DOR)
(Continuation)

degradation and failure. They need to be replaced as part of a business-process reengineering of the income tax system.

- Tax policy must be adapted to a world in which traditional types of taxable transactions will occur in cyberspace without an obvious location and paper trail. Also, new types of industries and new types of business practices will arise that twentieth-century tax policy did not anticipate.
- Taxpayers are expecting and demanding a growing array of electronic options for exchanging information and completing transactions. Simultaneously, the information needed to evaluate taxpayer compliance is increasingly accessible only in electronic form. While current workflows and systems limit the ability of DOR to respond, redesigned work-processes supported by the appropriate technology offer opportunities for dramatic improvement in both taxpayer satisfaction and tax compliance outcomes.

ORGANIZATION/PROGRAM STRUCTURE:

COMMISSIONER AND EXECUTIVE MANAGEMENT		
Minnesota Tax System Management		
Income Tax System	211 fte	
Business, Excise & Consumption Tax System	226 fte	
Property Tax & State Aid System	47 fte	
Tax Operations	578 fte	
Legal & Research	58 fte	
Administrative Support	72 fte	
Accounts Receivable Management (MCE)	39 fte	

6/30/98 TOTAL FTEs 1,231

Department of Revenue Staff Positions *

	<u>F.Y. 1994</u>	<u>F.Y. 1996</u>	<u>F.Y. 1998</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Tax System Mgmt:					
Income Tax	235	245	211	200	189
Business, Excise	260	233	226	220	213
Property Tax	52	50	47	45	44
Legal & Research	63	58	58	56	56
Tax Operations	628	574	578	565	549
Admin. Support	64	79	72	68	65
Total Tax Sys. Mgmt.	1,302	1,239	1,192	1,154	1,116
Accts. Rec. Mgmt.(MCE)	-0-	29	39	39	39
TOTAL	1,302	1,268	1,231	1,193	1,155

* Full time equivalents as of 6/30

To achieve its mission, DOR relies heavily on partnerships with the Internal Revenue Service (IRS), local governments, volunteer taxpayer-assistance organizations, tax practitioners, accountants, software firms and other information and service providers. To maintain effective contact with taxpayers, DOR staff are located in a network of offices throughout Minnesota and the nation.

GOVERNOR'S RECOMMENDATIONS:

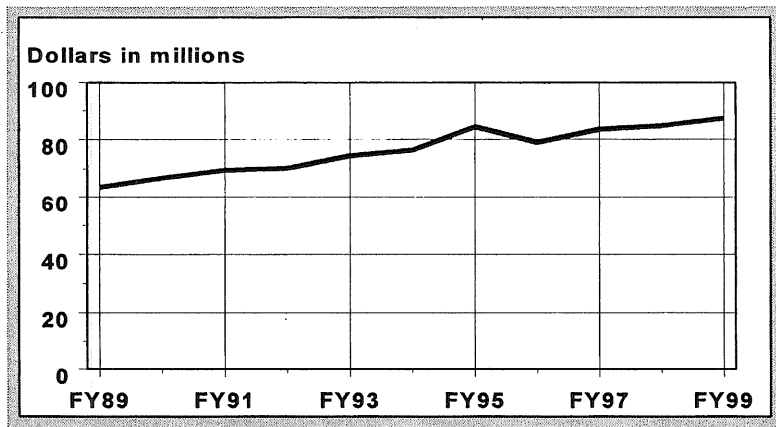
The Governor recommends base funding levels as requested in the agency's budget except for the following adjustments: a biennial increase in funding of \$8.0 million for the income tax reengineering initiative and \$1.31 million for the building-related expense initiative. The Governor also recommends creating a revolving account to fund the acquisition of cigarette tax stamps.

**2000-01 Biennial Budget
Agency Executive Summary**

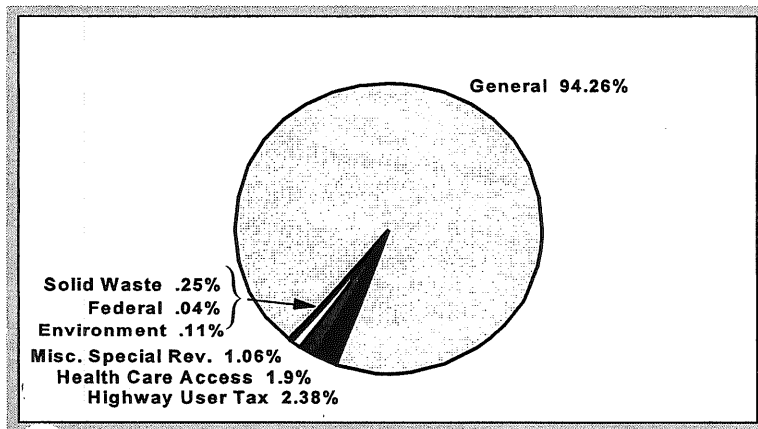
AGENCY: Revenue, Department of (DOR)
(Continuation)

TRENDS AND PERSPECTIVE:

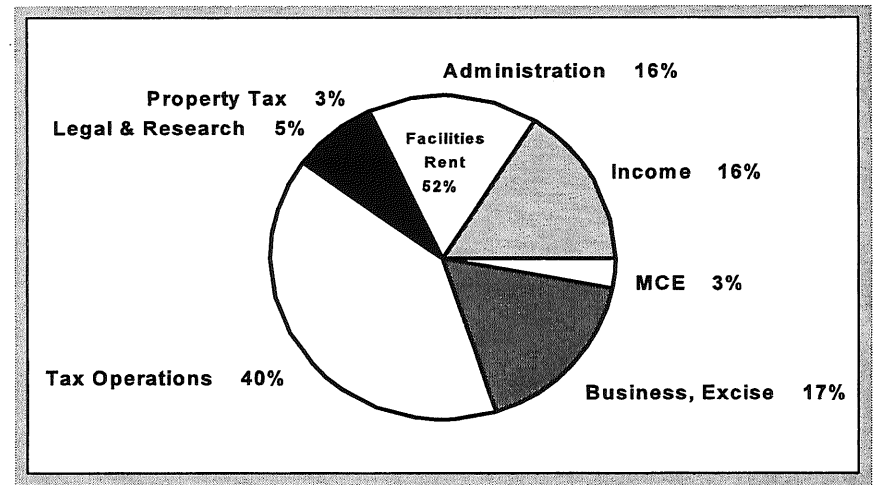
Total Expenditures - All Funds



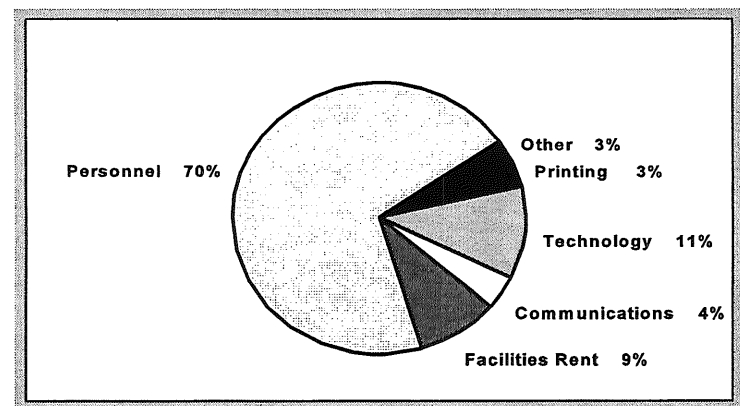
**1998-99 Expenditures by Fund
Total \$176.26 million**



**1998-99 Expenditures by Budget Activity
Total \$176.26 million**



**1998-99 Expenditures by Category
Total \$176.26 million**



State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: MILITARY AFFAIRS DEPT

Agency Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY PROGRAM:									
MAINT-TRAINING FACILITIES	25,451	19,988	44,365	43,615	44,615	43,959	44,959	25,221	39.2%
GENERAL SUPPORT	1,793	2,060	2,555	1,950	1,985	2,002	2,037	(593)	-12.8%
ENLISTMENT INCENTIVES	2,902	2,844	2,670	2,354	2,954	2,355	2,955	395	7.2%
EMERGENCY SERVICES	5,532	500	161	75	75	75	75	(511)	-77.3%
Total Expenditures	35,678	25,392	49,751	47,994	49,629	48,391	50,026	24,512	32.6%

FINANCING BY FUND:							
DIRECT APPROPRIATIONS:							
GENERAL	9,926	10,214	11,627	9,826	11,461	9,971	11,606
OPEN APPROPRIATIONS:							
GENERAL	2,962	351	160	0	0	0	0
FEDERAL	2,500	0	0	0	0	0	0
STATUTORY APPROPRIATIONS:							
GENERAL	15	17	120	20	20	20	20
SPECIAL REVENUE	435	407	398	427	427	429	429
FEDERAL	19,840	14,403	37,446	37,721	37,721	37,971	37,971
Total Financing	35,678	25,392	49,751	47,994	49,629	48,391	50,026

FTE BY EMPLOYMENT TYPE:							
FULL TIME	273.8	268.1	270.6	263.6	263.6	263.6	263.6
PART-TIME, SEASONAL, LABOR SER	27.8	26.7	26.7	26.7	26.7	26.7	26.7
OVERTIME PAY	2.4	1.6	1.6	1.6	1.6	1.6	1.6
Total Full-Time Equivalent	304.0	296.4	298.9	291.9	291.9	291.9	291.9

**2000-01 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Military Affairs, Department of

Fund: General

	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>Biennium</u>
<u>BASE-YEAR (F.Y. 1999)</u>			
Appropriations (F.Y. 1999)	\$10,502	\$10,502	\$21,004
<u>BASE ADJUSTMENT</u>			
One-time Appropriations	(925)	(925)	(1,850)
Biennial Appropriation	75	75	150
Pension Reduction	(6)	(6)	(12)
Documented Rent Increase	37	54	91
Salary and Benefit	124	252	376
Statewide Administrative Systems	<u>19</u>	<u>19</u>	<u>38</u>
<u>BASE LEVEL (for 2000 and 2001)</u>	\$9,826	\$9,971	\$19,797
<u>CHANGE ITEMS</u>			
Military Fund Allowances	35	35	70
Enlistment Incentives	600	600	1,200
Facilities Maintenance	<u>1,000</u>	<u>1,000</u>	<u>2,000</u>
GOVERNOR'S RECOMMENDATION	\$11,461	\$11,606	\$23,067

Brief Explanation of Budget Decisions:

BASE:

- The department will spend approximately \$1.2 million annually to match federal funds for operation, maintenance, and repair of federally supported facilities. This will amount to almost \$3.7 million in federal funding spent in the state.

BASE ADJUSTMENTS:

- Includes the removal of 3 one time appropriations: \$400,000 each year for youth programs; \$475,000 each for facilities maintenance and repairs; and \$50,000 each year for soft-skills programs. A biennial appropriation of \$150,000 continues funding for emergency services. \$12,000 relating to Uniform Pension Reduction. Base increases have been made for compensation, rent, and statewide system costs so that the department can continue its basic functions.

CHANGE ITEMS:

- **Military Fund Allowances:** Raises the level of support for military unit minor operating costs. This allowance has not increased for many years and has lagged woefully behind the inflation rate.
- **Enlistment Incentives:** Increased funding for tuition reimbursement that allows the department to continue to pay bonuses for enlistment and reenlistment.
- **Facilities Maintenance:** Maintenance and repair of state owned facilities. This initiative was developed through our work on the statewide facilities management group. It is also intended to replace last bienniums one-time funding for facilities maintenance and repairs.

GOVERNOR'S RECOMMENDATIONS:

The Governor recommends the agency's base budget and 3 initiatives: The Military Fund Allowance which provides an increase for necessary military expenses; Enlistment Incentives, an increase in funding for tuition reimbursement; and Facilities Maintenance, which provides funding to protect Minnesota's investment in National Guard facilities. The Governor recommends that Guard Our Youth funding be continued by a grant through the After School Enrichment grant program administered by Education, Children & Families.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: VETERANS AFFAIRS DEPT

Agency Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY PROGRAM:</u>									
BENEFITS	1,942	7,521	9,398	7,281	7,281	2,141	2,141	(7,497)	-44.3%
SERVICES	2,483	2,395	2,743	2,722	2,850	2,780	2,909	621	12.1%
DEPARTMENTAL OPERATIONS	1,506	1,073	1,427	1,351	1,433	1,360	1,445	378	15.1%
Total Expenditures	5,931	10,989	13,568	11,354	11,564	6,281	6,495	(6,498)	-26.5%

<u>FINANCING BY FUND:</u>							
CARRY FORWARD:							
GENERAL	0	0	0	5,146	5,146	0	0
DIRECT APPROPRIATIONS:							
GENERAL	3,782	9,266	11,502	4,136	4,346	4,206	4,420
FEDERAL	344	0	0	0	0	0	0
STATUTORY APPROPRIATIONS:							
SPECIAL REVENUE	73	2	60	68	68	68	68
AGENCY	1,731	1,721	2,000	2,000	2,000	2,000	2,000
GIFT	1	0	6	4	4	7	7
Total Financing	5,931	10,989	13,568	11,354	11,564	6,281	6,495

<u>FTE BY EMPLOYMENT TYPE:</u>							
FULL TIME	38.6	43.1	43.7	42.5	42.5	41.0	41.0
PART-TIME, SEASONAL, LABOR SER	0.8	1.8	1.2	0.0	0.0	0.0	0.0
OVERTIME PAY	0.0	0.3	0.3	0.0	0.0	0.0	0.0
Total Full-Time Equivalent	39.4	45.2	45.2	42.5	42.5	41.0	41.0

**2000-01 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Veterans Affairs, Department of

Fund: General

	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>Biennium</u>
<u>BASE-YEAR (F.Y. 1999)</u>			
Appropriations (F.Y. 1999)	\$4,324	\$4,324	\$8,648
<u>BASE ADJUSTMENT</u>			
One-time Appropriations	(250)	(250)	(500)
Documented Rent Increase	7	12	19
Salary & Benefits	49	114	163
Statewide Administrative Systems	<u>6</u>	<u>6</u>	<u>12</u>
<u>BASE LEVEL (for 2000 and 2001)</u>	\$4,136	\$4,206	\$8,342
<u>CHANGE ITEMS</u>			
Guardianship Activity Increase	128	129	257
Agency Head Salary Adjustment	<u>82</u>	<u>85</u>	<u>167</u>
GOVERNOR'S RECOMMENDATION	\$4,346	\$4,420	\$8,766

GOVERNOR'S RECOMMENDATION(S):

The Governor recommends the agency's base budget and an increase in Guardianship Activities as well as an increase for Agency Head Salary Adjustment. The Governor has also included funding to improve this agency's technology infrastructure in the Small Agency Infrastructure Initiative in the Minnesota Office of Technology's budget request.

Brief Explanation of Budget Decisions:

- The base level continues current activities within existing funding. The one-time spending reduction removes the Bonus Administration appropriation. Increases are included for salary and benefits, documented rent increases, and for statewide system costs.
- *Guardianship Activity:* Increased staffing for the guardianship program to allow the department to serve more individuals who otherwise may end up being institutionalized at greater cost to the state.
- *Agency Head Salary Adjustment:* An increase to continue services at the current level.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: VETERANS AFFAIRS DEPT

Program: BENEFITS

Activity: PERSIAN GULF BONUS

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY CATEGORY:</u>									
STATE OPERATIONS									
PERSONAL SERVICES	0	162	111	135	135	0	0	(138)	-50.5%
OPERATING EXPENSES	0	5,620	6,551	5,011	5,011	0	0	(7,160)	-58.8%
SUBTOTAL STATE OPERATIONS	0	5,782	6,662	5,146	5,146	0	0	(7,298)	-58.6%
Total Expenditures	0	5,782	6,662	5,146	5,146	0	0	(7,298)	-58.6%
<u>FINANCING BY FUND:</u>									
CARRY FORWARD:									
GENERAL	0	0	0	5,146	5,146	0	0		
DIRECT APPROPRIATIONS:									
GENERAL	0	5,782	6,662	0	0	0	0		
Total Financing	0	5,782	6,662	5,146	5,146	0	0		
<u>FTE BY EMPLOYMENT TYPE:</u>									
FULL TIME	0.0	2.7	2.7	1.5	1.5	0.0	0.0		
PART-TIME, SEASONAL, LABOR SER	0.0	1.2	1.2	0.0	0.0	0.0	0.0		
OVERTIME PAY	0.0	0.3	0.3	0.0	0.0	0.0	0.0		
Total Full-Time Equivalent	0.0	4.2	4.2	1.5	1.5	0.0	0.0		

2000-01 Biennial Budget

GOVERNOR'S RECOMMENDATION:

PROGRAM: Services
AGENCY: Veterans Affairs, Department of

The Governor recommends the agency's base budget and a \$257,000 biennial increase for Guardianship Activity.

PROGRAM PROFILE:

The Services Program consists of the following activities:

- Claims Offices (Ft. Snelling and Fargo, North Dakota)
- Guardianship Client Accounts
- Guardianship Administration

STRATEGIES AND PERFORMANCE:

The goal of the claims offices is to provide quality representation to all clients and to maximize the amount of federal veterans benefits received by Minnesotans. Currently, approximately 40% of all federal veteran payments received are the result of actions taken by our claims offices.

Guardianship activities remain at a constant level because of the department's inability to accept additional clients. Continued regulatory changes increase the requirements upon the activity to provide additional assistance without associated increases in funding or staffing.

FINANCING INFORMATION:

Funding for this program has remained at base levels for a number of years.

BUDGET ISSUES:

The department anticipates continued increasing demand for guardianship services. Referrals from the district courts, USDVA and other federal agencies have exceeded the department's staffing levels to the extent that the department has temporarily halted acceptance of additional clients. In addition, many county human service agencies also have an increased demand for financial conservatorship services. Recent changes in federal law require the appointment of a payee for certain recipients of Social Security payments.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: RACING COMMISSION

Program: RACING COMMISSION

Activity: RACING COMMISSION

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY CATEGORY:</u>									
STATE OPERATIONS									
PERSONAL SERVICES	247	277	300	303	303	312	312	38	6.6%
OPERATING EXPENSES	522	522	283	292	292	295	295	(218)	-27.1%
SUBTOTAL STATE OPERATIONS	769	799	583	595	595	607	607	(180)	-13.0%
LOCAL ASSISTANCE	434	743	811	757	757	752	752	(45)	-2.9%
Total Expenditures	1,203	1,542	1,394	1,352	1,352	1,359	1,359	(225)	-7.7%
<u>FINANCING BY FUND:</u>									
DIRECT APPROPRIATIONS:									
GENERAL	348	363	379	390	390	402	402		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	855	1,038	248	226	226	226	226		
AGENCY	0	141	767	736	736	731	731		
Total Financing	1,203	1,542	1,394	1,352	1,352	1,359	1,359		
<u>REVENUE COLLECTED:</u>									
DEDICATED									
SPECIAL REVENUE	966	630	227	226	226	226	226		
AGENCY	0	320	636	637	637	637	637		
NONDEDICATED									
GENERAL	60	70	72	71	71	71	71		
CAMBRIDGE DEPOSIT FUND	96	105	98	98	98	98	98		
Total Revenues Collected	1,122	1,125	1,033	1,032	1,032	1,032	1,032		

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: RACING COMMISSION

Program: RACING COMMISSION

Activity: RACING COMMISSION

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
<u>FTE BY EMPLOYMENT TYPE:</u>							
FULL TIME	4.2	4.0	4.0	4.0	4.0	4.0	4.0
PART-TIME, SEASONAL, LABOR SER	1.0	1.3	1.3	1.3	1.3	1.3	1.3
OVERTIME PAY	0.4	0.0	0.0	0.0	0.0	0.0	0.0
Total Full-Time Equivalent	5.6	5.3	5.3	5.3	5.3	5.3	5.3

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: MINN STATE RETIREMENT SYSTEM

Agency Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY PROGRAM:									
MN STATE RETIREMENT SYSTEM	216,319	257,467	272,025	282,985	282,985	294,218	294,218	47,711	9.0%
ELECTIVE OFFICERS PLAN	165	171	182	198	198	214	214	59	16.7%
JUDGES PLAN	7,603	9,118	9,959	10,770	10,770	11,630	11,630	3,323	17.4%
LEGISLATORS PLAN	5,945	8,302	5,313	5,743	5,743	6,200	6,200	(1,672)	-12.3%
Total Expenditures	230,032	275,058	287,479	299,696	299,696	312,262	312,262	49,421	8.8%

FINANCING BY FUND:									
OPEN APPROPRIATIONS:									
GENERAL	3,854	5,651	2,379	5,883	5,883	6,050	6,050		
CORRECTIONAL EMPLOYEES RETIRE	6,768	8,754	9,702	10,470	10,470	11,300	11,300		
STATE EMPLOYEES RETIREMENT	168,619	197,700	214,904	221,561	221,561	228,281	228,281		
HIGHWAY PATROL RETIREMENT	14,749	18,450	20,358	21,984	21,984	23,740	23,740		
UNCLASSIFIED EMPLOYEES RETIRE	3,698	5,513	6,079	6,376	6,376	6,566	6,566		
DEFERRED COMPENSATION	22,485	27,050	20,982	22,594	22,594	24,331	24,331		
JUDICIAL RETIREMENT	7,603	9,118	9,959	8,885	8,885	9,594	9,594		
STATUTORY APPROPRIATIONS:									
LEGISLATIVE ANNUITIES	2,256	2,822	3,116	1,943	1,943	2,400	2,400		
Total Financing	230,032	275,058	287,479	299,696	299,696	312,262	312,262		

FTE BY EMPLOYMENT TYPE:									
FULL TIME	35.1	36.8	36.8	44.7	44.7	44.7	44.7		
PART-TIME, SEASONAL, LABOR SER	5.6	4.8	4.8	4.5	4.5	4.5	4.5		
OVERTIME PAY	0.2	0.3	0.3	0.3	0.3	0.3	0.3		
Total Full-Time Equivalent	40.9	41.9	41.9	49.5	49.5	49.5	49.5		

State of Minnesota
2000-2001 Biennial Budget
BASE RECONCILIATION REPORT
(Dollars in Thousands)

Agency: MINN STATE RETIREMENT SYS

	All Funds		General Fund		Other State Funds		Federal Funds	
	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01
F.Y. 99 BUDGETED	287,479	287,479	2,379	2,379	285,100	285,100	0	0
BASE ADJUSTMENTS								
OPEN APPR. FORECAST ADJ.	12,217	24,783	1,619	1,635	10,598	23,148	0	0
SUBTOTAL BASE ADJUSTMENTS	12,217	24,783	1,619	1,635	10,598	23,148	0	0
BASE BUDGET	299,696	312,262	3,998	4,014	295,698	308,248	0	0

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: MPLS PENSIONS/RETIREMENT
Program: MPLS EMPLOYEE RETIREMENT
Activity: MPLS EMPLOYEE RETIREMENT

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY CATEGORY:</u>									
LOCAL ASSISTANCE	11,005	11,005	8,723	9,550	6,442	9,550	6,442	(6,844)	-34.7%
Total Expenditures	11,005	11,005	8,723	9,550	6,442	9,550	6,442	(6,844)	-34.7%
<u>FINANCING BY FUND:</u>									
<u>DIRECT APPROPRIATIONS:</u>									
GENERAL	11,005	11,005	8,723	9,550	6,442	9,550	6,442		
Total Financing	11,005	11,005	8,723	9,550	6,442	9,550	6,442		

2000-01 Biennial Budget

AGENCY: Local Police and Fire Amortization Aid

AGENCY DESCRIPTION: The state provides aid to local jurisdictions and relief associations through several programs administered by the Department of Revenue's Local Government Aids Division. The largest of these is Police and Fire State Aid, which covers the employer retirement contributions for most jurisdictions. Total police and fire aids are approximately \$133 million for the biennium (see *State & Local Finance Summary*).

There are several other, smaller statutory General Fund aids provided to jurisdictions for public safety personnel retirement funding purposes. These smaller aids are discussed below.

Regular Police and Fire Amortization Aid. M.S. 423A.02 established a state obligation to assist local police or fire retirement associations with the financing of their unfunded liabilities. Only those associations being phased out are eligible for the aid. The aid continues until the association ceases to exist, or achieves full funding status.

Current statute fixes *regular* amortization distributions to all eligible funds as the level annual dollar amount required to amortize by 2010, the unfunded actuarial accrued liability of the relief association as reported in the valuation of the fund for 1978. This amount is adjusted for reductions due to the amount required to pay the interest on the unfunded liability for calendar year 1981, at the rate specified in M.S. 1978, Sec. 356.215, subd. 4, clause 4.

In 1991, M.S. 423A.02, subd. 1 was modified to place a cap on total annual regular amortization aid expenditures for all eligible municipalities at \$5,055,000. As relief associations achieve full funding status and cease to be eligible that cap amount is, in effect, reduced dollar-for-dollar. Expenditures for both this aid and the Supplemental Amortization Aid (below) are also affected by investment returns and retiree benefit increases of the Minneapolis Police and Fire Relief Associations. If one or both of these funds pays a "13th Check," their aid is reduced and reallocated as described under the "Redirected Amortization Aid" section below. In F.Y. 1997, this "13th Check" offset was \$1,735,233.

Supplemental Police and Fire Amortization Aid. M.S. 423A.02 creates an additional *supplemental* amortization aid of \$1,000,000 for distribution among the

associations in proportion to the relief association's share of total unfunded actuarial accrued liabilities of all relief associations as of 1983.

Firefighter Supplemental Benefit Tax Reimbursements. M.S. 424A.10 requires firefighter relief associations to pay a supplemental retirement benefit which is in lieu of the basic retirement benefit being exempt from state income tax. This is an open appropriation. Expenditures under this law are expected to be about \$375,000 each year in the F.Y. 2000-01 biennium.

Redirected Amortization Aid. Laws 1996, Chapter 438, Article 4, created a new aid for local fire relief associations and 1st Class City teacher retirement funds. This aid is roughly equivalent to the amount of regular and supplemental amortization aid (described above) that is not distributed for local police and salaried fire relief association costs.

GOVERNOR'S RECOMMENDATION:

The Governor recommends base funding levels for the current biennium. The Governor also recommends that amortization aid be folded into a comprehensive restructuring of local aids and credits in the next biennium.

The Governor will convene a task force early in F.Y. 2000 to review the existing state aids to local governments. One objective of this restructuring is to simplify and consolidate the funding streams currently in law. [For more details, see the Local Aids and Credits budget book.] The Governor recommends that Police and Fire Aids be consolidated with other aids as part of this proposal. As a result, funding is sunset in F.Y. 2003. The task force proposals will be presented in detail as part of the F.Y. 2002-03 biennial budget.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: LOCAL POLICE & FIRE AMORT AID

Program: REV COLLECT & LOCAL GOVT AID

Activity: REV COLLECT & LOCAL GOVT AID

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY CATEGORY:									
LOCAL ASSISTANCE	4,691	9,329	9,043	8,556	8,556	7,245	7,245	(2,571)	-14.0%
Total Expenditures	4,691	9,329	9,043	8,556	8,556	7,245	7,245	(2,571)	-14.0%
FINANCING BY FUND:									
OPEN APPROPRIATIONS:									
GENERAL	4,691	9,329	9,043	8,556	8,556	7,245	7,245		
Total Financing	4,691	9,329	9,043	8,556	8,556	7,245	7,245		

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State of Minnesota
2000-2001 Biennial Budget
BASE RECONCILIATION REPORT
(Dollars in Thousands)

Agency: LOCAL POLICE & FIRE AMORT

	All Funds		General Fund		Other State Funds		Federal Funds	
	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01	F.Y. 00	F.Y. 01
F.Y. 99 BUDGETED	11,602	11,602	11,602	11,602	0	0	0	0
BASE ADJUSTMENTS								
OPEN APPR. FORECAST ADJ.	<3,046>	<4,357>	<3,046>	<4,357>	0	0	0	0
SUBTOTAL BASE ADJUSTMENTS	<3,046>	<4,357>	<3,046>	<4,357>	0	0	0	0
BASE BUDGET	8,556	7,245	8,556	7,245	0	0	0	0

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: TRANSPORTATION DEPT

Program: LOCAL ROADS

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY ACTIVITY:</u>									
COUNTY STATE AIDS	347,404	291,153	329,266	371,066	371,066	377,756	377,756	128,403	20.7%
MUNICIPAL STATE AIDS	105,582	108,339	99,770	101,665	101,665	103,419	103,419	(3,025)	-1.5%
FEDERAL-COUNTY ROAD & BRIDG	107,993	89,536	105,000	130,000	130,000	130,000	130,000	65,464	33.7%
STATE AID TECHNICAL ASSIST	5,041	6,100	6,533	6,358	6,458	6,471	6,471	296	2.3%
Total Expenditures	566,020	495,128	540,569	609,089	609,189	617,646	617,646	191,138	18.5%

<u>CHANGE ITEMS:</u>	<u>FUND</u>		
(B) MINNESOTA RIVER VALLEY SCENIC BYWAY	MNR		100
Total Change Items			100

<u>FINANCING BY FUND:</u>							
<u>DIRECT APPROPRIATIONS:</u>							
MINNESOTA RESOURCES	0	0	0	0	100	0	0
STATE GOVERNMENT SPECIAL REVENUE	0	217	83	0	0	0	0
MUNICIPAL STATE AID STREET	105,248	107,928	99,264	101,149	101,149	102,894	102,894
COUNTY STATE AID HIGHWAY	346,484	290,159	327,512	369,463	369,463	376,124	376,124
<u>STATUTORY APPROPRIATIONS:</u>							
MUNICIPAL STATE AID STREET	1,732	2,938	2,026	2,064	2,064	2,100	2,100
COUNTY STATE AID HIGHWAY	4,563	4,350	6,684	6,413	6,413	6,528	6,528
FEDERAL	107,993	89,536	105,000	130,000	130,000	130,000	130,000
Total Financing	566,020	495,128	540,569	609,089	609,189	617,646	617,646

<u>FTE BY EMPLOYMENT TYPE:</u>							
FULL TIME	62.3	65.0	65.2	65.2	65.2	65.2	65.2
PART-TIME, SEASONAL, LABOR SER	2.9	1.1	0.9	0.9	0.9	0.9	0.9
OVERTIME PAY	0.3	0.2	0.2	0.2	0.2	0.2	0.2
Total Full-Time Equivalent	65.5	66.3	66.3	66.3	66.3	66.3	66.3

2000-01 Biennial Budget

BUDGET ACTIVITY: County State Aids
PROGRAM: Local Roads
AGENCY: Transportation, Department of (DOT)

ACTIVITY PROFILE:

The County State Aid activity represents the 29% of the Highway User Tax Distribution Fund (HUTDF) that is allocated to counties. These funds are apportioned to individual counties, according to a formula prescribed in law, by the Commissioner of Transportation with the advice of a screening board consisting of county engineers. These dollars are apportioned to the counties for both maintenance and construction activities on the 30,300 miles of county state aid highways. Dollars spent in rural areas generally improve the structural capacity of the roads to move goods, while the dollars spent in the metro area are often capacity or safety improvements. Counties select construction projects and maintenance activities within their jurisdictions. SALT reviews and approves individual construction plans for compliance with standards and rules.

STRATEGIES AND PERFORMANCE:

The agency must assist the counties in using these dollars wisely on the priority projects in their areas. The counties are attempting to upgrade the entire system to 9-ton standards to provide year around access to markets. The limited, available dollars are increasingly spent on preservation-type projects, such as overlays, instead of system upgrades because of the competing need to preserve what is in place.

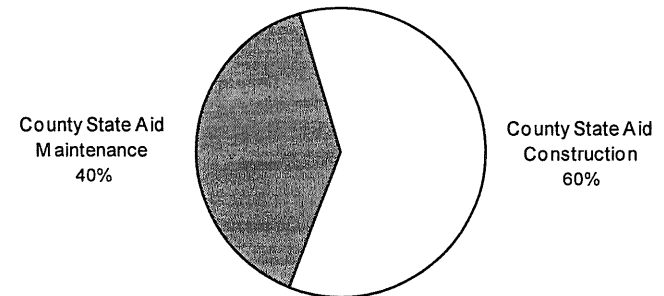
FINANCING INFORMATION:

Beginning in F.Y. 2000, the Flexible Account funds are included in the CSAH totals. The Flexible Account is discussed in the local roads program narrative.

Revenues collected are from investment income.

The following chart gives a breakdown of the County State Aid Highway allocation between construction and maintenance for C.Y. 1998.

County State Aid Highway Allocation



State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: PUBLIC SAFETY DEPT

Agency Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY PROGRAM:									
ADMIN & RELATED SERVICES	7,392	7,473	11,760	13,668	14,095	13,916	14,360	9,222	47.9%
EMERGENCY MANAGEMENT	100,852	202,602	50,473	7,323	7,323	7,366	7,678	(238,074)	-94.1%
CRIMINAL APPREHENSION	25,222	27,547	33,718	25,437	33,687	25,766	31,718	4,140	6.8%
FIRE MARSHAL	3,373	3,697	4,321	3,920	3,989	4,005	4,105	76	.9%
STATE PATROL	57,996	59,284	68,335	64,374	67,994	66,110	68,172	8,547	6.7%
DRIVER & VEHICLE SERVICES	33,409	34,838	39,728	37,046	41,327	37,757	42,356	9,117	12.2%
ALCOHOL & GAMBLING ENFORCEMENT	2,012	1,890	2,345	2,358	2,358	2,214	2,350	473	11.2%
TRAFFIC SAFETY	3,428	3,223	5,443	5,014	4,953	5,017	4,956	1,243	14.3%
PIPELINE SAFETY	1,237	1,338	1,767	1,665	1,665	1,678	1,678	238	7.7%
LAW ENFORC.& COMMUNITY GRANTS	4,661	3,119	3,541	0	12,937	0	12,771	19,048	286.0%
Total Expenditures	239,582	345,011	221,431	160,805	190,328	163,829	190,144	(185,970)	-32.8%

FINANCING BY FUND:							
CARRY FORWARD:							
GENERAL	0	0	0	33	33	34	34
DIRECT APPROPRIATIONS:							
GENERAL	52,447	44,920	49,894	36,893	48,492	37,637	47,390
STATE GOVERNMENT SPECIAL REVENUE	12	1	13	7	7	7	7
SPECIAL REVENUE	1,202	1,186	1,498	1,467	1,867	1,497	1,897
TRUNK HIGHWAY	70,816	72,349	85,980	80,931	87,022	83,156	88,774
HIGHWAY USERS TAX DISTRIBUTION	10,773	12,522	13,728	14,616	15,523	14,684	15,375
ENVIRONMENTAL	43	42	43	44	44	46	46
OPEN APPROPRIATIONS:							
TRUNK HIGHWAY	1,171	0	0	0	0	0	0
HIGHWAY USERS TAX DISTRIBUTION	21	0	0	0	0	0	0
STATUTORY APPROPRIATIONS:							
GENERAL	1,275	1,541	2,274	1,682	1,682	1,622	1,622
STATE GOVERNMENT SPECIAL REVENUE	126	245	324	298	298	345	345
SPECIAL REVENUE	9,195	9,861	12,633	10,820	10,732	11,095	11,007
TRUNK HIGHWAY	1,426	2,403	1,899	1,145	1,645	995	995
FEDERAL	89,764	197,736	53,105	12,829	22,943	12,671	22,612
AGENCY	1,185	2,000	0	0	0	0	0
GIFT	126	205	40	40	40	40	40

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: PUBLIC SAFETY DEPT

Agency Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
Total Financing	239,582	345,011	221,431	160,805	190,328	163,829	190,144

FTE BY EMPLOYMENT TYPE:							
FULL TIME	1,677.6	1,685.7	1,939.7	1,927.3	1,974.1	1,925.5	1,972.3
PART-TIME, SEASONAL, LABOR SER	68.6	79.4	13.0	3.6	3.6	3.1	3.1
OVERTIME PAY	89.8	86.7	65.5	60.1	60.1	60.1	60.1
Total Full-Time Equivalent	1,836.0	1,851.8	2,018.2	1,991.0	2,037.8	1,988.7	2,035.5

**2000-01 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Public Safety, Department of (DPS)

Fund: Special Revenue

	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>Biennium</u>
<u>BASE-YEAR (FY 1999)</u>			
Appropriations (F.Y. 1999)	\$1,435	\$1,435	\$2,870
<u>BASE ADJUSTMENT</u>			
Documented Space Rental/Lease	4	6	10
2000-01 Salary & Benefit Base	<u>28</u>	<u>56</u>	<u>84</u>
<u>BASE LEVEL (for 2000 and 2001)</u>	\$1,467	\$1,497	\$2,964
<u>CHANGE ITEMS</u>			
DWI Reinstatement Fee-Increase for BCA	<u>400</u>	<u>400</u>	<u>800</u>
GOVERNOR'S RECOMMENDATION	\$1,867	\$1,897	\$3,764

Brief Explanation of Budget Decisions:

Documented Space Rental/lease increases: Base adjustments for changes in rental rates for state owned and non-state owned buildings.

2000-01 Salary & Benefit Base: Base adjustments for compensation increases of 3.0% per year.

GOVERNOR'S RECOMMENDATION(S):

The Governor recommends the agency's base level funding and the following change item:

- **DWI Reinstatement Fee Increase:** an additional \$16 surcharge on DWI reinstatement fees is recommended to fund a portion of the BCA laboratory cost of blood and urine analysis for DWI cases.

**2000-01 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Public Safety, Department of (DPS)

Fund: Trunk Highway

	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>Biennium</u>
<u>BASE-YEAR (F.Y. 1999)</u>				
Appropriations (F.Y. 1999)		\$80,780	\$80,780	\$161,560
<u>BASE ADJUSTMENT</u>				
Attorney General Costs		36	74	110
New Programs to Agency Base		(335)	(146)	(481)
One-Time Appropriations		(1,118)	(1,118)	(2,236)
Documented Space Rental/Lease		99	146	245
Statewide Administration Systems		100	100	200
2000-01 Salary & Benefit Base		1,889	3,840	5,729
Uniform Pension Bill Reduction		(520)	(520)	(1,040)
<u>BASE LEVEL (for 2000 and 2001)</u>		\$80,931	\$83,156	\$164,087
<u>CHANGE ITEMS</u>				
Attorney General Costs	\$2,559	2,524	3,411	5,935
Driver License Card Production		50	50	100
Patrol Communication Infrastructure		694	694	1,388
Patrol Helicopter Replacement		1,169	-0-	1,169
Trooper Recruit Training Academy		735	843	1,578
Improve Driver Testing Services		1,095	800	1,895
Executive Protection		(176)	(180)	(356)
<u>GOVERNOR'S RECOMMENDATION</u>	\$2,559	\$87,022	\$88,774	\$175,796

Brief Explanation of Budget Decisions:

Attorney General Costs: A base adjustment to cover a portion of the cost for legal services provided to the agency by the Attorney General's Office.

New Programs to Agency Base: This includes a base reduction of \$406,000 in F.Y. 2000 and \$313,000 in F.Y. 2001 to annualize the costs of the 29 new State Patrol Trooper positions, a base increase of \$23,000 in F.Y. 2000 and \$119,000 in F.Y. 2001 for Driver License and ID Card production, and a base increase of \$48,000 in each year to annualize the costs for the new graduated driver license program.

One-Time Appropriations: The removal of \$694,000 for the State Patrol Communication Infrastructure and \$424,000 for State Patrol computer systems automation projects.

Space Rental/Lease, Statewide Administration Systems, and Salary and Benefit increases: Allow the agency to maintain the same level of staffing and office space as in the previous biennium, necessary for continued support of agency basic functions.

Uniform Pension Bill: A \$520,000 annual reduction for employer paid pension costs.

GOVERNOR'S RECOMMENDATION(S):

The Governor recommends the agency's base level funding and the following change items:

- **Attorney General Costs:** Covers increased costs for legal services provided by the Attorney General's Office for Driver License Implied Consent cases and other legal services. Includes funding for actual and anticipated outstanding payables in F.Y. 1999 of \$2,559,000.
- **Driver License Card Production:** Increase funding for driver license card production.
- **Patrol Communication Infrastructure:** Continues the replacement and maintenance of the statewide communications system infrastructure of the State Patrol.
- **Trooper Recruit Training Academy:** Funding to conduct a Trooper training academy each year.
- **Improve Driver Testing Services:** Funds for driver license examinations, automated testing machines, software for foreign language testing and a computerized scheduling system.
- **Executive Protection:** Eliminates the funding of 3 trooper positions that are requested to be funded in the General Fund appropriation.

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**2000-01 Biennial Budget
Agency Level Revenue Summary**

AGENCY: Public Safety, Department of (DPS)

REVENUE SOURCES:

The Department of Public Safety receives non-dedicated revenues, dedicated revenues and federal funds. The non-dedicated revenues are collected from individuals, businesses and local governmental agencies as taxes or assessments, business and industrial regulatory charges, service/user fees and occupational licensure charges. Non-dedicated revenues represents 82% of the department's total resources.

Dedicated revenues are collected from individuals, businesses and local governmental agencies as service/user fees, business and industrial regulatory charges and taxes or assessments. Dedicated receipts represents 2% of the department's total resources.

Federal funds represent 16% of the department's total resources. The amount awarded for F.Y. 1998 is \$198 million.

FEE STRUCTURE:

State statutes require DPS to regulate occupational groups, individuals and businesses; and require registration, license, business, industrial regulatory, certification, and service fees. Federal grants account for 16% of revenues, other revenues account for 1%, 78% of the revenues collected are taxes and departmental earnings accounts for 5% of the fees collected.

The following types of activities are supported by fees:

- Drivers of motor vehicles are licensed.
- License plates are issued to all motor vehicles.
- Interstate registration and reciprocity are collected.
- Vehicle emissions fees are collected and transferred to the Pollution Control Agency.
- Hazardous chemical reports are collected and entered into a data base.
- Training for law enforcement is provided.
- A criminal justice data network is provided to law enforcement agencies.
- Permits are required for sprinkler systems and fireworks.
- Patrol fines are collected and deposited into the Trunk Highway Fund.

- Gas pipelines are inspected.
- Manufacturers of gambling devices are licensed.
- Background checks are conducted on individuals participating in legal gambling.

RECENT CHANGES:

DPS will begin charging a fee to the members of the Criminal Alert Network to cover part of the costs of this service. Members of this network receive electronic transmission of information regarding crime, including missing children and crime prevention information.

FORECAST BASIS:

The motor vehicle excise tax is expected to grow at the rate of 3% per year. Revenue is forecasted by the Department of Finance and is based on the United States forecast for consumption of motor vehicles and parts. Minnesota's share is based on level of employment. The excise tax is deposited into the General Fund.

CHANGE ITEMS:

The Bureau of Criminal Apprehension (BCA) currently receives 8% of the \$250 Driving While Intoxicated (DWI) reinstatement fee. The department is requesting \$16 surcharge on The DWI reinstatement fees to fund the BCA laboratory for a portion of the cost of blood and urine analyst for DWI court cases. The request would require an amendment to M.S. 171.29, subd. 2.

Driver and Vehicles Services proposes to increase the \$2.50 license plate fee to \$3.00 to cover increased costs of plate production.

GOVERNOR'S RECOMMENDATION:

The Governor recommends a tax proposal to cap passenger vehicle re-registration taxes at \$75 annually effective 1-1-2000. The Governor's proposal also recommends that the resulting revenue loss in F.Y. 2000 and F.Y. 2001 be replaced with a standing appropriation from the General Fund.

The standing appropriation from the General Fund for the 6-months of F.Y. 2000 is \$95.7 million and will be annualized at \$191.4 million for F.Y. 2001 and subsequent years.

Additionally, the Governor recommends ending the requirement for the annual vehicle emission-testing program in the Twin Cities contingent on EPA approval of the carbon monoxide redesignation request.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: PUBLIC SAFETY DEPT

Summary of Agency Revenues	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Forecast	Governor Recomm.	Forecast	Governor Recomm.	Dollars	Percent
<u>NON-DEDICATED REVENUE:</u>									
DEPARTMENTAL EARNINGS:									
CAMBRIDGE DEPOSIT FUND	13.018	13.350	13.662	13.657	13.657	13.657	13.657	302	1.1%
TRUNK HIGHWAY	21.841	21.237	21.335	21.335	21.335	21.335	21.335	98	.2%
HIGHWAY USERS TAX DISTRIBUTION	5.539	5.162	5.396	5.636	6.111	5.396	5.871	1,424	13.5%
ENVIRONMENTAL	4.131	4.304	4.300	4.300	4.300	4.300	4.300	(4)	.0%
OTHER REVENUES:									
GENERAL	47	110	93	53	53	53	53	(97)	-47.8%
TRUNK HIGHWAY	5.871	6.009	6.014	6.014	6.014	6.014	6.014	5	.0%
HIGHWAY USERS TAX DISTRIBUTION	790	782	854	854	854	854	854	72	4.4%
TAXES:									
GENERAL	401,928	445,148	436,531	434,850	434,850	449,900	449,900	3,071	.3%
HIGHWAY USERS TAX DISTRIBUTION	489,983	515,166	537,087	559,967	464,267	583,803	379,666	(208,320)	-19.8%
Total Non-Dedicated Receipts	943,148	1,011,268	1,025,272	1,046,666	951,441	1,085,312	881,650	(203,449)	-10.0%
<u>DEDICATED RECEIPTS:</u>									
DEPARTMENTAL EARNINGS (INTER-AGENCY):									
GENERAL	4	71	140	150	150	150	150	89	42.2%
DEPARTMENTAL EARNINGS:									
GENERAL	1,160	951	919	981	981	921	921	32	1.7%
SPECIAL REVENUE	17,201	18,021	18,859	19,097	12,104	19,220	11,620	(13,156)	-35.7%
TRUNK HIGHWAY	968	1,476	860	945	945	945	945	(446)	-19.1%
GRANTS:									
GENERAL	327	796	476	476	476	476	476	(320)	-25.2%
SPECIAL REVENUE	0	107	34	0	0	0	0	(141)	-100.0%
FEDERAL	90,295	197,650	52,196	12,829	22,943	12,671	22,612	(204,291)	-81.8%
OTHER REVENUES:									
GENERAL	84	74	76	80	80	80	80	10	6.7%
SPECIAL REVENUE	2,356	2,523	2,808	2,914	2,914	3,058	3,058	641	12.0%
TRUNK HIGHWAY	588	588	350	200	700	50	50	(188)	-20.0%
FEDERAL	1	8	0	0	0	0	0	(8)	-100.0%
GIFT	123	186	40	40	40	40	40	(146)	-64.6%

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: PUBLIC SAFETY DEPT

Summary of Agency Revenues	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Forecast	Governor Recomm.	Forecast	Governor Recomm.	Dollars	Percent
DEDICATED RECEIPTS:									
OTHER SOURCES:									
AGENCY	1,185	2,000	0	0	0	0	0	(2,000)	-100.0%
Total Dedicated Receipts	114,292	224,451	76,758	37,712	41,333	37,611	39,952	(219,924)	-73.0%
Agency Total Revenues	1,057,440	1,235,719	1,102,030	1,084,378	992,774	1,122,923	921,602	(423,373)	-18.1%

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: PUBLIC SAFETY DEPT
Program: STATE PATROL
Activity: STATE PATROL SUPPORT

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY CATEGORY:</u>									
STATE OPERATIONS									
PERSONAL SERVICES	1,056	1,009	1,109	1,084	1,084	1,117	1,117	83	3.9%
OPERATING EXPENSES	578	558	2,976	626	748	635	794	(1,992)	-56.4%
SUBTOTAL STATE OPERATIONS	1,634	1,567	4,085	1,710	1,832	1,752	1,911	(1,909)	-33.8%
Total Expenditures	1,634	1,567	4,085	1,710	1,832	1,752	1,911	(1,909)	-33.8%
<u>CHANGE ITEMS:</u>									
	<u>FUND</u>								
(A) ATTORNEY GENERAL COSTS	THI		167		122			159	
Total Change Items			167		122			159	
<u>FINANCING BY FUND:</u>									
DIRECT APPROPRIATIONS:									
GENERAL	0	12	130	37	37	37	37		
TRUNK HIGHWAY	1,490	1,468	3,862	1,582	1,704	1,623	1,782		
HIGHWAY USERS TAX DISTRIBUTION	60	87	93	91	91	92	92		
OPEN APPROPRIATIONS:									
TRUNK HIGHWAY	63	0	0	0	0	0	0		
HIGHWAY USERS TAX DISTRIBUTION	21	0	0	0	0	0	0		
Total Financing	1,634	1,567	4,085	1,710	1,832	1,752	1,911		
<u>FTE BY EMPLOYMENT TYPE:</u>									
FULL TIME	15.7	15.1	18.9	18.9	18.9	18.9	18.9		
PART-TIME, SEASONAL, LABOR SER	1.3	0.8	0.0	0.0	0.0	0.0	0.0		
OVERTIME PAY	0.5	0.2	0.1	0.1	0.1	0.1	0.1		
Total Full-Time Equivalent	17.5	16.1	19.0	19.0	19.0	19.0	19.0		

2000-01 Biennial Budget

PROGRAM: Driver and Vehicle Services
AGENCY: Public Safety, Department of (DPS)

PROGRAM PROFILE:

- Collect revenues from motor vehicle registration and excise taxes, issue certificates of title, regulate motor vehicle dealers, distribute license plates and tabs, and register bicycles.
- Administer 2 international agreements to register motor carriers.
- Examine, license and evaluate drivers; issue driver licenses, identification cards, and instructional permits; maintain driver history and traffic accident data; and license driver training instructors and schools.

STRATEGIES AND PERFORMANCE:

Detailed strategy and performance information is provided in each budget activity.

FINANCING INFORMATION:

The program collects approximately 1 billion dollars per year in tax and fee revenue which is deposited into the General, Special Revenue, Trunk Highway, Highway User Tax Distribution, Federal, Reinvest in Minnesota and Gift Funds, and it is used to support a variety of Minnesota state operations including Driver and Vehicle Services.

BUDGET ISSUES:

Driver and Vehicle Services has been able to continue operations and maintain a high level of productivity within the constraints of existing resources. There are some issues that will require additional resources during the next biennium. These budget issues are addressed in each budget activity page.

GOVERNOR'S RECOMMENDATION:

The Governor recommends a tax proposal to cap passenger vehicle re-registration taxes at \$75 annually effective 1-1-2000. The Governor's proposal also recommends that the resulting revenue loss in F.Y. 2000 and F.Y. 2001 be replaced with a standing appropriation from the General Fund.

The standing appropriation from the General Fund for the 6-months of F.Y. 2000 is \$95.7 million and will be annualized at \$191.4 million for F.Y. 2001 and subsequent years.

Additionally, the Governor recommends ending the requirement for the annual vehicle emission-testing program in the Twin Cities contingent on EPA approval of the carbon monoxide redesignation request.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: PUBLIC SAFETY DEPT

Program: DRIVER & VEHICLE SERVICES

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY ACTIVITY:									
VEHICLE REGISTRATION & TITLE	12,447	13,944	15,026	14,685	15,504	14,805	15,408	1,942	6.7%
INTERSTATE REGIST/RECIPROCITY	2,410	1,534	1,636	1,584	1,584	1,613	1,613	27	.9%
LICENSING DRIVERS	18,004	18,784	22,408	20,129	23,591	20,677	24,673	7,072	17.2%
DRIVER & VEHICLE SUPPORT	548	576	658	648	648	662	662	76	6.2%
Total Expenditures	33,409	34,838	39,728	37,046	41,327	37,757	42,356	9,117	12.2%

CHANGE ITEMS:	FUND				
(A) ATTORNEY GENERAL COSTS	THI		2,270	2,317	3,146
(B) DRIVER LICENSE CARD PRODUCTION	THI			50	50
(B) ELECTRONIC GOVT SERVICES VEHICLE REGISTR	HUT			309	271
(B) ELIMINATE VEHICLE EMISSIONS INSPECTION	SR			(88)	(88)
(B) IMPROVE DRIVER TESTING SERVICES	THI			1,095	800
(B) MOTOR VEHICLE LICENSE PLATE COSTS	HUT	629		548	415
(B) REPLACEMENT OF OPTICAL SCANNER	HUT			50	5
Total Change Items			2,899	4,281	4,599

FINANCING BY FUND:							
DIRECT APPROPRIATIONS:							
GENERAL	3,608	3,667	3,854	3,905	3,905	4,010	4,010
TRUNK HIGHWAY	16,714	18,160	21,968	19,765	23,227	20,304	24,300
HIGHWAY USERS TAX DISTRIBUTION	10,698	12,377	13,555	13,140	14,047	13,207	13,898
OPEN APPROPRIATIONS:							
TRUNK HIGHWAY	1,047	0	0	0	0	0	0
STATUTORY APPROPRIATIONS:							
SPECIAL REVENUE	151	189	194	196	108	196	108
FEDERAL	38	401	117	0	0	0	0
AGENCY	1,103	0	0	0	0	0	0
GIFT	50	44	40	40	40	40	40
Total Financing	33,409	34,838	39,728	37,046	41,327	37,757	42,356

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: PUBLIC SAFETY DEPT

Program: DRIVER & VEHICLE SERVICES

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
<u>FTE BY EMPLOYMENT TYPE:</u>							
FULL TIME	497.4	491.1	567.5	567.5	590.5	567.5	590.5
PART-TIME, SEASONAL, LABOR SER	41.0	42.5	2.6	2.6	2.6	2.6	2.6
OVERTIME PAY	0.6	0.3	0.2	0.2	0.2	0.2	0.2
Total Full-Time Equivalent	539.0	533.9	570.3	570.3	593.3	570.3	593.3

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: PUBLIC SAFETY DEPT
Program: DRIVER & VEHICLE SERVICES
Activity: VEHICLE REGISTRATION & TITLE

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY CATEGORY:</u>									
STATE OPERATIONS									
PERSONAL SERVICES	6,714	6,789	7,234	7,394	7,608	7,611	7,837	1,422	10.1%
OPERATING EXPENSES	5,660	7,111	7,752	7,251	7,856	7,154	7,531	524	3.5%
SUBTOTAL STATE OPERATIONS	12,374	13,900	14,986	14,645	15,464	14,765	15,368	1,946	6.7%
PAYMENTS TO INDIVIDUALS	73	44	40	40	40	40	40	(4)	-4.8%
Total Expenditures	12,447	13,944	15,026	14,685	15,504	14,805	15,408	1,942	6.7%
<u>CHANGE ITEMS:</u>									
	<u>FUND</u>								
(B) ELECTRONIC GOVT SERVICES VEHICLE REGISTR	HUT				309		271		
(B) ELIMINATE VEHICLE EMISSIONS INSPECTION	SR				(88)		(88)		
(B) MOTOR VEHICLE LICENSE PLATE COSTS	HUT		629		548		415		
(B) REPLACEMENT OF OPTICAL SCANNER	HUT				50		5		
Total Change Items			629		819		603		
<u>FINANCING BY FUND:</u>									
DIRECT APPROPRIATIONS:									
GENERAL	2,988	3,030	3,209	3,258	3,258	3,346	3,346		
HIGHWAY USERS TAX DISTRIBUTION	9,288	10,730	11,631	11,239	12,146	11,271	11,962		
OPEN APPROPRIATIONS:									
TRUNK HIGHWAY	1	0	0	0	0	0	0		
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	120	140	146	148	60	148	60		
GIFT	50	44	40	40	40	40	40		
Total Financing	12,447	13,944	15,026	14,685	15,504	14,805	15,408		
<u>REVENUE COLLECTED:</u>									

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: PUBLIC SAFETY DEPT

Program: DRIVER & VEHICLE SERVICES

Activity: VEHICLE REGISTRATION & TITLE

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
DEDICATED							
SPECIAL REVENUE	7,885	7,861	7,906	8,120	727	8,120	120
GIFT	37	43	40	40	40	40	40
NONDEDICATED							
GENERAL	401,950	445,166	436,561	434,880	434,880	449,930	449,930
CAMBRIDGE DEPOSIT FUND	6,086	6,192	6,521	6,496	6,496	6,496	6,496
HIGHWAY USERS TAX DISTRIBUTION	491,649	516,393	538,432	561,472	466,247	585,032	381,370
ENVIRONMENTAL	4,131	4,304	4,300	4,300	4,300	4,300	4,300
Total Revenues Collected	911,738	979,959	993,760	1,015,308	912,690	1,053,918	842,256
<u>FTE BY EMPLOYMENT TYPE:</u>							
FULL TIME	169.8	168.9	189.3	189.3	193.3	189.3	193.3
PART-TIME, SEASONAL, LABOR SER	9.5	8.6	0.0	0.0	0.0	0.0	0.0
OVERTIME PAY	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Total Full-Time Equivalent	179.5	177.5	189.3	189.3	193.3	189.3	193.3

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: PUBLIC SAFETY DEPT

Program: PIPELINE SAFETY

Activity: PIPELINE SAFETY

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY CATEGORY:</u>									
STATE OPERATIONS									
PERSONAL SERVICES	845	939	1,316	1,249	1,249	1,265	1,265	259	11.5%
OPERATING EXPENSES	382	399	451	416	416	413	413	(21)	-2.5%
SUBTOTAL STATE OPERATIONS	1,227	1,338	1,767	1,665	1,665	1,678	1,678	238	7.7%
LOCAL ASSISTANCE	10	0	0	0	0	0	0	0	
Total Expenditures	1,237	1,338	1,767	1,665	1,665	1,678	1,678	238	7.7%

<u>FINANCING BY FUND:</u>							
DIRECT APPROPRIATIONS:							
SPECIAL REVENUE	653	756	927	947	947	965	965
STATUTORY APPROPRIATIONS:							
SPECIAL REVENUE	11	19	19	19	19	19	19
FEDERAL	573	563	821	699	699	694	694
Total Financing	1,237	1,338	1,767	1,665	1,665	1,678	1,678

<u>REVENUE COLLECTED:</u>							
DEDICATED							
SPECIAL REVENUE	443	922	1,001	1,021	1,021	1,039	1,039
FEDERAL	559	761	772	689	689	694	694
Total Revenues Collected	1,002	1,683	1,773	1,710	1,710	1,733	1,733

<u>FTE BY EMPLOYMENT TYPE:</u>							
FULL TIME	15.3	16.5	19.0	19.0	19.0	19.0	19.0
PART-TIME, SEASONAL, LABOR SER	0.8	0.3	0.0	0.0	0.0	0.0	0.0
OVERTIME PAY	0.1	0.1	0.3	0.3	0.3	0.3	0.3
Total Full-Time Equivalent	16.2	16.9	19.3	19.3	19.3	19.3	19.3

2000-01 Biennial Budget

PROGRAM: Law Enforcement and Community Grants

AGENCY: Public Safety, Department of (DPS)

PROGRAM PROFILE:

Administer grants for various law enforcement and community grant programs that have been created by the state legislature:

- Law enforcement overtime grant program
- Defibrillator grant program
- Weed and seed, gang strike force grants
- Community notification reimbursement grants

STRATEGIES AND PERFORMANCE:

Provide an effective and efficient mechanism within the Department of Public Safety for the administration of various law enforcement and community grant programs:

- Ensure accurate accounting, oversight of grant funds and general management for each of the grant programs.
- Provide technical assistance to grant participants.
- Evaluate and make recommendations regarding the technical merit of competing grant proposals.
- Prepare quarterly and yearly reports for the various programs as required by the legislature.

FINANCING INFORMATION:

There is no base level funding for this program. General Fund appropriations for the various grant programs in F.Y. 1999 include law enforcement and community grants and the Minnesota Criminal Gang Strike Force grants, with no continued

funding into F.Y. 2000-01. Of this amount, the legislature authorized the department to use \$23,000 for grant administration.

BUDGET ISSUES:

This budget request includes a proposal to transfer the Office of Drug Policy and Violence Prevention from the Department of Education, Children, & Families to the Department of Public Safety. Related state and federal funding would continue, with programmatic emphasis placed on law enforcement grants and the Minnesota Criminal Gang Strike Force activities.

GOVERNOR'S RECOMMENDATION:

The Governor recommends base funding levels as requested in the agency's budget except for a biennial increase of \$25,708,000 in state and federal funding to reflect the transfer of the Office of Drug Policy from the Department of Education, Children & Families to the Department of Public Safety.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: PUBLIC SAFETY DEPT

Program: LAW ENFORC.& COMMUNITY GRANTS

Activity: LAW ENFORC. & COMMUNITY GRANTS

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY CATEGORY:</u>									
STATE OPERATIONS									
PERSONAL SERVICES	0	20	23	0	631	0	638	1,226	2,851.2%
OPERATING EXPENSES	0	44	506	0	974	0	974	1,398	254.2%
SUBTOTAL STATE OPERATIONS	0	64	529	0	1,605	0	1,612	2,624	442.5%
LOCAL ASSISTANCE	4,661	3,055	3,012	0	11,332	0	11,159	16,424	270.7%
Total Expenditures	4,661	3,119	3,541	0	12,937	0	12,771	19,048	286.0%

<u>CHANGE ITEMS:</u>	<u>FUND</u>				
(B) OFFICE OF DRUG POLICY-TRANSFER FROM CFL	FED			10,114	9,941
(B) OFFICE OF DRUG POLICY-TRANSFER FROM CFL	GEN			2,823	2,830
Total Change Items				12,937	12,771

<u>FINANCING BY FUND:</u>					
DIRECT APPROPRIATIONS:					
GENERAL	4,661	3,119	3,541	0	2,823
STATUTORY APPROPRIATIONS:					
FEDERAL	0	0	0	0	10,114
Total Financing	4,661	3,119	3,541	0	12,937

<u>REVENUE COLLECTED:</u>					
DEDICATED					
FEDERAL	0	0	0	0	10,114
NONDEDICATED					
GENERAL	0	40	20	0	0
Total Revenues Collected	0	40	20	0	10,114

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: PUBLIC SAFETY DEPT
Program: LAW ENFORC.& COMMUNITY GRANTS
Activity: LAW ENFORC. & COMMUNITY GRANTS

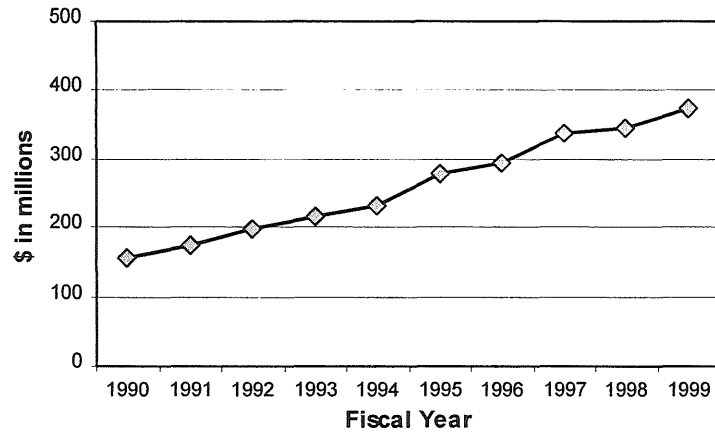
Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
FTE BY EMPLOYMENT TYPE:							
FULL TIME	0.0	0.5	0.6	0.0	10.8	0.0	10.8
Total Full-Time Equivalent	0.0	0.5	0.6	0.0	10.8	0.0	10.8

**2000-01 Biennial Budget
Agency Executive Summary**

AGENCY: Corrections, Department of
(Continuation)

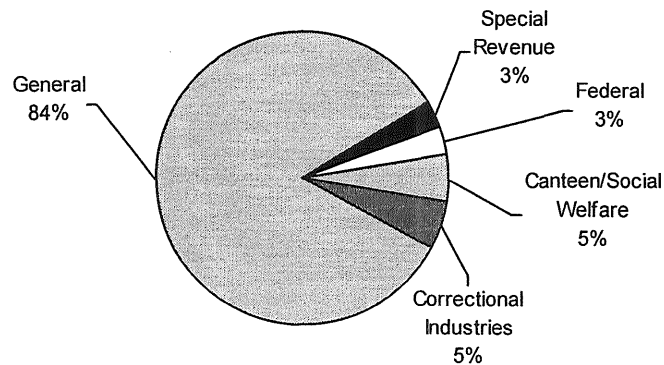
TRENDS AND PERSPECTIVE:

Total Budget - All Funds



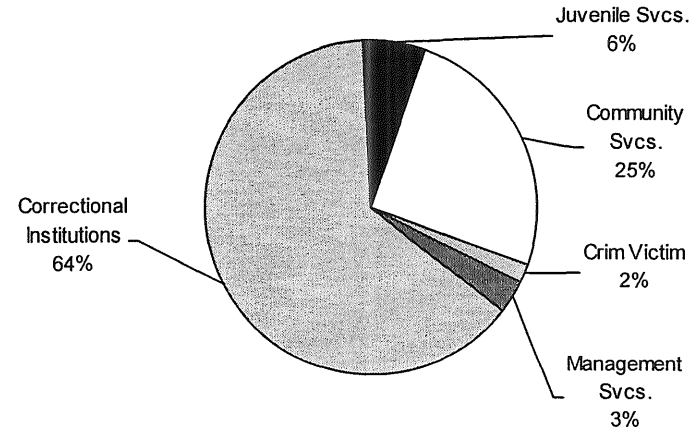
1998-99 Expenditures by Fund

Total \$722 million



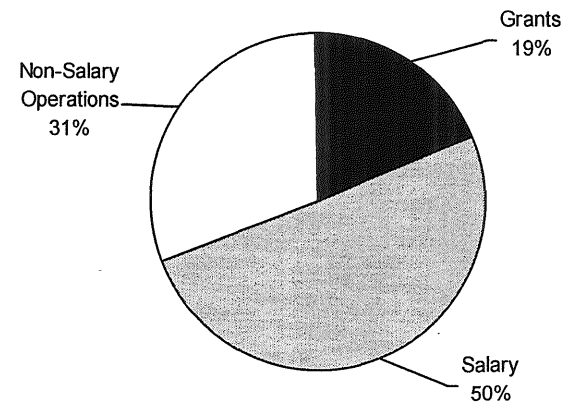
1998-99 Expenditures by Program

Total \$722 million



1998-99 Expenditures by Category

Total \$722 million



**2000-01 Biennial Budget
Agency Executive Summary**

AGENCY: Corrections, Department of
(Continuation)

GOVERNOR'S RECOMMENDATION:

The Governor recommends additional biennial funding of \$26,468,000 above the agency General Fund base level, which includes the following initiatives:

\$3,450,000 as part of a statewide initiative for asset preservation and repair of state facilities.

\$1,398,000 for operating expenses of the expanded mental health and infirmary units at MCF-Oak Park Heights.

\$5,554,000 for programming, aftercare, and other services for juveniles at state facilities.

\$4,626,000 for technology improvements for the department.

\$15,000,000 to maintain correctional services in the community.

\$3,560,000 in base reductions from the elimination of the productive day grants program and the judicial district grants program.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: CORRECTIONS DEPT

Agency Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
EXPENDITURES BY PROGRAM:									
CORRECTIONAL INSTITUTIONS	212,945	218,184	241,463	257,372	259,404	275,880	278,246	78,003	17.0%
JUVENILE SERVICES	21,312	21,386	24,526	24,173	27,112	24,706	27,771	8,971	19.5%
COMMUNITY SERVICES	81,327	81,561	96,934	95,917	99,509	95,606	104,226	25,240	14.1%
CRIME VICTIM SERVICES	13,872	16,964	0	0	0	0	0	(16,964)	-100.0%
MANAGEMENT SERVICES	9,498	9,210	12,201	11,623	13,596	11,928	14,581	6,766	31.6%
Total Expenditures	338,954	347,305	375,124	389,085	399,621	408,120	424,824	102,016	14.1%

FINANCING BY FUND:							
DIRECT APPROPRIATIONS:							
GENERAL	291,215	288,971	315,324	326,108	336,272	342,727	359,031
SPECIAL REVENUE	0	0	0	1,122	1,122	1,122	1,122
STATUTORY APPROPRIATIONS:							
GENERAL	83	97	111	101	101	104	104
SPECIAL REVENUE	11,276	11,567	12,253	14,989	15,289	15,399	15,728
FEDERAL	6,109	10,695	10,090	7,236	7,236	6,307	6,307
AGENCY	17,717	18,462	17,932	17,889	17,961	17,995	18,066
GIFT	59	59	69	24	24	24	24
CORRECTIONAL INDUSTRIES	12,495	17,454	19,345	21,616	21,616	24,442	24,442
Total Financing	338,954	347,305	375,124	389,085	399,621	408,120	424,824

FTE BY EMPLOYMENT TYPE:							
FULL TIME	3,330.8	3,393.3	3,676.1	3,857.4	3,901.6	4,006.9	4,063.9
PART-TIME, SEASONAL, LABOR SER	91.2	103.0	44.4	42.4	42.4	42.4	42.4
OVERTIME PAY	60.8	60.2	51.7	48.6	48.6	48.4	48.4
Total Full-Time Equivalent	3,482.8	3,556.5	3,772.2	3,948.4	3,992.6	4,097.7	4,154.7

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**2000-01 Biennial Budget
Agency Budget Brief
(\$ in thousands)**

Agency: Corrections, Department of

Fund: General

	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>Biennium</u>
<u>BASE-YEAR (F.Y. 1999)</u>			
Appropriations (F.Y. 1999)	\$315,028	\$315,028	\$630,056
<u>BASE ADJUSTMENT</u>			
New Programs to Agency Base	6,129	6,129	12,258
Caseload/Enrollment Change	17,242	28,866	46,108
Fund Change/Consolidation	(5,475)	(5,475)	(10,950)
One-Time Appropriations	(1,463)	(1,463)	(2,926)
DOC Space Rental/Lease	40	79	119
Statewide Administrative Systems	241	241	482
2000-01 Salaries & Benefits Base	4,796	9,752	14,548
Transfers Between Agencies	(10,331)	(10,331)	(20,662)
Uniform Pension Bill Red.	(99)	(99)	(198)
BASE LEVEL (for 2000 and 2001)	\$326,108	\$342,727	\$668,835
<u>CHANGE ITEMS</u>			
Statewide Asset Preservation & Repair	1,725	1,725	3,450
Expansion of Mental Health and Infirmary Unit	532	866	1,398
Academic Education	140	140	280
Vocational Education	65	160	225
Juvenile Female Program/Preserve State Bldgs.	659	690	1,349
Population Pressure Relief	1,500	1,500	3,000
Program Expansion-Transition/Aftercare Svcs.	350	350	700
Probation and Supervised Release Svcs.	150	267	417
Increase Intensive Community Supervision	500	1,000	1,500
Community Corrections Act Investment	500	1,000	1,500
Increase Bed Capacity - Work Release	700	800	1,500
Emergency Housing Initiative	50	50	100
Eliminate Judicial District Grants	(700)	(700)	(1,400)
Eliminate Productive Day Grants	(1,080)	(1,080)	(2,160)
Sentencing to Service Program	465	529	994
County Probation Officer Reimbursement	250	434	684
Statewide Prob. Caseload/Workload Reduction	2,135	5,670	7,805
Prog. for Adult Female Offenders in the Comm.	200	200	400
Sex Offender Transition Programming	50	50	100
Technology Improvements	1,973	2,653	4,626
GOVERNOR'S RECOMMENDATION	\$336,272	\$359,031	\$695,303

Brief Explanation of Budget Decisions:

- The department will spend approximately \$66 million annually or 20% of the department's General Fund base level budget for grants, primarily to counties and also to non-profit organizations for correctional services. The state has a strong state/local shared partnership in providing correctional services throughout the state of Minnesota.
- The other 80% of the department's General Fund base level budget funds operations of the state prisons and juvenile facilities (86%), community operations (10%) and management services (4%).

BASE ADJUSTMENT:

- The annualization of programs at \$12.3 million relates to the change of the Red Wing and Sauk Centre facilities to a fee basis operation.
- Caseload increases total \$46.1 million for the biennium for projected inmate population growth, including expansion at Moose Lake and Shakopee and the opening of the Rush City facility. This amount will fund an additional 283 adult male beds the first year and 620 beds the second year of the biennium. It will also fund 52 adult female beds at Shakopee the first year and 74 beds in the second year of the biennium. The Department must house all prisoners committed to the Commissioner of Corrections.
- A reduction of nearly \$11.0 million accounts for the change in operation of the Sauk Centre juvenile facility to a fee based operation.
- Another reduction of nearly \$3.0 million removes from the budget numerous one-time appropriations or pilot projects.

**2000-01 Biennial Budget
Agency Budget Brief**

Agency: Corrections, Department of
(Continuation)

Fund: General

-
- A small increase in documented space or rental rates for field offices and central office totals \$119,000 for the biennium.
 - An increase of \$482,000 will defray the cost to the department for the statewide administrative systems.
 - Compensation inflation as allowed at 3% each year totals \$14.5 million for salaries department-wide.
 - A reduction of \$20.7 million reflects the transfer of Victim Services operations to the Crime Victim Services Center.
 - The uniform pension bill reduction of \$198,000 is a result of reducing the employer contribution rate on the state's general retirement plan.

GOVERNOR'S RECOMMENDATION:

The Governor recommends additional biennial funding of \$26,468,000 above the agency base level, which includes the following initiatives:

- \$3,450,000 as part of a statewide initiative for asset preservation and repair of state facilities.
- \$1,398,000 for operating expenses of the expanded mental health and infirmary units at MCF-Oak Park Heights.
- \$700,000 for transition and aftercare services for juveniles leaving state facilities.
- \$505,000 for academic and vocational education for juveniles at the Red Wing facility.
- \$1,349,000 for the juvenile female program and maintenance at the Sauk Centre facility.

- \$3,000,000 for population relief at the Red Wing facility.
- \$4,626,000 for technology improvements for the department.
- \$15,000,000 to maintain correctional services in the community, including:
 - \$1,500,000 to increase the Community Corrections Act subsidy for local correctional services.
 - \$1,500,000 for additional state agents and grants to counties for intensive supervision.
 - \$7,805,000 to provide additional funding for statewide probation caseload/workload reduction.
 - \$684,000 to maintain county probation officer reimbursement at the statutory 50% level.
 - \$100,000 to provide emergency housing assistance for offenders leaving state facilities.
 - \$1,500,000 for work release transition programming to address growing inmate populations.
 - \$417,000 for support of the probation and supervised release activity.
 - \$400,000 for programming for adult female offenders in the community.
 - \$994,000 for the sentencing to service program.
 - \$100,000 for sex offender transition programming.
- \$3,560,000 in base reductions for the following programs:
 - \$2,160,000 to eliminate the productive day grants program.
 - \$1,400,000 to eliminate the judicial district grants program.

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Corrections, Department of
PROGRAM: Correctional Institutions/Juvenile Services
ACTIVITY: Institution Support Services/Juvenile Support Services

ITEM TITLE: Statewide Asset Preservation and Repair

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
- State Operations	\$1,725	\$1,725	\$1,725	\$1,725
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ____ No X

If yes, statute(s) affected:

☐ New Activity ☒ Supplemental Funding ☐ Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends a biennial increase of \$3,450,000 to the department's base budget for repair and replacement of state assets and facilities. This recommendation is part of a statewide, multi-agency initiative to reduce facility repair and replacement needs by approximately 5% in each agency.

RATIONALE:

This change request item is the result of a combined approach by the executive and legislative branches to reform the state's capital budget process and to change the funding streams to adequately maintain the state's capital assets. In 1998, legislation was passed stating that operating budgets must include amounts necessary to maintain state buildings. With this instruction, a Statewide Facilities Management Group developed building maintenance guidelines and accomplished a building reinvestment cycle cost analysis for the state's capital assets.

As a result of applying this analysis to the department's correctional facilities, it was determined that the department would need an annual building maintenance

allowance of over \$35 million. This request will contribute 4.9% to the needed annual allowance.

The Department of Corrections currently operates correctional facilities at 11 different locations throughout the state. Some of these facilities date back to the late 1800's or early 1900's such as St. Cloud, Red Wing, Sauk Centre and Stillwater. Moose Lake and Faribault are converted regional centers from the Department of Human Services and also have older physical plants.

The department has over 5.1 million square feet of state property to maintain with about \$.24 per square foot in its operating budget for repair of its facilities. This is an increase in square footage of nearly 600,000 square feet since the last biennium due largely to the transfer of the remaining Faribault Regional Center campus to the Department of Corrections on July 1, 1998. (The new facility at Rush City is not included in this square footage.) This initiative will add \$.34 per square foot each year of the biennium for a total of \$.58 square foot.

FINANCING:

Base level funding is \$1,246,500 annually. This base amount will increase by \$1,725,000 to \$2,971,500 annually with this request. Following is a summary of funding sources provided for maintenance during the F.Y. 1996-97 biennium and the current biennium.

	<u>F.Y. 1996-97</u>	<u>F.Y. 1998-99</u>
Repair and Replacement Base Funding	\$2,020,000	\$2,493,000
Department of Administration CAPRA Allocations	\$2,778,359	\$3,490,500
Asset Preservation Funding (from bonding bills)	\$1,753,000	\$3,500,000

OUTCOMES:

The outcome of this funding increase is better ongoing maintenance of the state's prisons and juvenile facilities and lower overall future maintenance costs due to more timely repair of these state assets. The department plans to use these funds to help bring all facilities to a proper balance of normal maintenance and project renewal. This funding will help to melt the capital 'iceberg' that exists for deferred maintenance projects at the correctional facilities and aid in regaining the structural integrity of these assets. Asset preservation funding in the operating budget will reduce the demand for bonding funds in the capital budget. Priorities will be established based on the condition of the physical plant and the use of the correctional facilities.

2000-01 Biennial Budget

PROGRAM: Correctional Institutions
AGENCY: Corrections, Department of

PROGRAM PROFILE:

The Correctional Institutions Division program includes the operation of 7 adult facilities plus the department-wide coordination and supervision of institution chemical dependency programming, education, industry, inmate health care and other support services. The facilities serve a dual purpose by protecting the community through incarceration of the offender and by providing industrial, vocational, academic and therapeutic opportunities for inmates that maximize the probability that they will return to the community as law-abiding citizens. The mission of the facilities is to provide a safe, secure, and humane environment for inmates and staff while offering various program opportunities.

The primary program driver of this division is the number of offenders who are committed to the commissioner of corrections to serve their state prison sentences. The inmate population has grown significantly since 1989 and projections indicate that this trend continues into the foreseeable future with additional beds needed beyond capacity beginning in F.Y. 2004.

Following is the prison bed need based on the 10-15-98 inmate population projections prepared by the Department of Corrections and the Minnesota Sentencing Guidelines Commission.

	<u>July, 1997</u>	<u>July, 2001</u>	<u>July 2004</u>	<u>Increase (1997-2004)</u>	
Adult male beds	5,135	6,319	7,020	1,885	37%
Adult female beds	<u>277</u>	<u>400</u>	<u>452</u>	<u>175</u>	<u>63%</u>
Total	5,412	6,719	7,472	2,060	38%

STRATEGIES AND PERFORMANCE:

The division has addressed the population issue and fulfilled its mission through the following measures.

- Added beds at its adult male medium security facilities at less than full per diem cost.
- Increased double-bunking.

- Continuous review for cost containment and reduction of per diems.
- Initiated managed health care for inmates.
- Centralized inmate intake and inmate transportation.
- Established the Incident Management System in the correctional facilities to control incidents in a prison setting.
- Initiated a refining of the inmate classification system with the addition of the new facility at Rush City.

FINANCING INFORMATION:

	<u>1998-99</u>		<u>2000-01</u>	
	<u>Expenditures/Budget</u>		<u>Base Budget</u>	
Salary	\$280,602	61%	\$329,971	62%
Non-Salary	<u>179,045</u>	<u>39%</u>	<u>203,281</u>	<u>38%</u>
Total	\$459,647	100%	\$533,252	100%

BUDGET ISSUES:

The budget plan deals with the division program drivers which include prison population growth and inmate programming, which keeps inmates occupied and creates opportunities for those offenders who are inclined to make positive changes in their lives.

The challenge in this division is to continue cost containment measures while planning and programming for a continuous increase in the adult inmate population. Base adjustments account for the increases in this budget and reflect the bed expansion at Minnesota Correctional Facility-Moose Lake and Minnesota Correctional Facility-Faribault, the opening of Rush City in January 2000, and bed expansion at Minnesota Correctional Facility-Shakopee. The base level budget is essential to maintain these operations.

GOVERNOR'S RECOMMENDATION:

The Governor recommends base finding levels as requested in the agency's budget, except for the following adjustments: a biennial increase of \$1,398,000 for operating expenses of the expanded mental health and infirmary units at MCF-Oak Park Heights, and \$3,000,000 of the agency wide initiative for statewide asset preservation and repair.

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: CORRECTIONS DEPT

Program: CORRECTIONAL INSTITUTIONS

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY ACTIVITY:</u>									
MCF-FARIBAULT	26,277	26,863	28,723	30,044	30,044	30,472	30,472	4,930	8.9%
MCF-LINO LAKES	30,757	32,029	38,817	36,473	36,473	34,432	34,432	59	.1%
MCF-SHAKOPEE	10,207	10,707	12,065	13,115	13,115	14,202	14,202	4,545	20.0%
MCF-WILLOW RIVER	2,517	2,736	3,047	2,847	2,847	2,907	2,907	(29)	-.5%
MCF-MOOSE LAKE	17,817	19,037	22,356	23,963	23,963	24,169	24,169	6,739	16.3%
MCF-STILLWATER	35,000	33,529	35,419	35,454	35,454	36,173	36,173	2,679	3.9%
MCF-ST CLOUD	25,827	26,743	26,984	26,483	26,483	27,104	27,104	(140)	-.3%
MCF-OAK PARK	17,404	17,081	18,187	18,139	18,139	18,537	18,537	1,408	4.0%
RUSH CITY FACILITY	0	6	254	12,616	12,616	23,705	23,705	36,061	*****
CAMP RIPLEY	0	605	1,595	1,968	1,968	2,144	2,144	1,912	86.9%
HEALTH SERVICES	18,613	21,540	21,512	22,849	23,381	23,168	24,034	4,363	10.1%
EDUCATION	498	460	629	569	569	575	575	55	5.1%
INSTITUTION SUPPORT SERV	28,028	26,848	31,875	32,852	34,352	38,292	39,792	15,421	26.3%
Total Expenditures	212,945	218,184	241,463	257,372	259,404	275,880	278,246	78,003	17.0%

<u>CHANGE ITEMS:</u>	<u>FUND</u>			
(A) STATEWIDE ASSET PRESERVATION AND REPAIR	GEN		1,500	1,500
(B) EXPANSION OF MENTAL HEALTH AND INFIRMARY	GEN		532	866
Total Change Items			2,032	2,366

<u>FINANCING BY FUND:</u>							
<u>DIRECT APPROPRIATIONS:</u>							
GENERAL	176,029	176,573	191,981	209,134	211,166	224,803	227,169
SPECIAL REVENUE	0	0	0	865	865	785	785
<u>STATUTORY APPROPRIATIONS:</u>							
GENERAL	37	63	65	65	65	67	67
SPECIAL REVENUE	5,520	4,336	4,469	3,001	3,001	3,178	3,178
FEDERAL	1,912	2,249	8,546	5,669	5,669	5,482	5,482
AGENCY	16,918	17,461	17,044	17,009	17,009	17,110	17,110
GIFT	34	48	13	13	13	13	13
CORRECTIONAL INDUSTRIES	12,495	17,454	19,345	21,616	21,616	24,442	24,442

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: CORRECTIONS DEPT

Program: CORRECTIONAL INSTITUTIONS

Program Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
Total Financing	212,945	218,184	241,463	257,372	259,404	275,880	278,246

FTE BY EMPLOYMENT TYPE:							
FULL TIME	2,625.2	2,659.7	2,859.0	3,032.3	3,057.5	3,181.8	3,214.8
PART-TIME, SEASONAL, LABOR SER	51.6	65.6	17.0	15.3	15.3	15.3	15.3
OVERTIME PAY	50.7	50.5	44.9	44.7	44.7	44.5	44.5
Total Full-Time Equivalent	2,727.5	2,775.8	2,920.9	3,092.3	3,117.5	3,241.6	3,274.6

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: CORRECTIONS DEPT
Program: CORRECTIONAL INSTITUTIONS
Activity: HEALTH SERVICES

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001		Biennial Change 2000-01 Gov / 1998-99	
				Base	Governor Recomm.	Base	Governor Recomm.	Dollars	Percent
<u>EXPENDITURES BY CATEGORY:</u>									
STATE OPERATIONS									
PERSONAL SERVICES	7,993	9,282	9,840	10,309	10,841	10,629	11,495	3,214	16.8%
OPERATING EXPENSES	10,620	12,258	11,671	12,539	12,539	12,538	12,538	1,148	4.8%
SUBTOTAL STATE OPERATIONS	18,613	21,540	21,511	22,848	23,380	23,167	24,033	4,362	10.1%
PAYMENTS TO INDIVIDUALS	0	0	1	1	1	1	1	1	100.0%
Total Expenditures	18,613	21,540	21,512	22,849	23,381	23,168	24,034	4,363	10.1%
<u>CHANGE ITEMS:</u>									
(B) EXPANSION OF MENTAL HEALTH AND INFIRMARY	<u>FUND</u> GEN				532		866		
Total Change Items					532		866		
<u>FINANCING BY FUND:</u>									
DIRECT APPROPRIATIONS:									
GENERAL	18,528	21,388	21,385	22,698	23,230	23,015	23,881		
STATUTORY APPROPRIATIONS:									
GENERAL	37	63	65	65	65	67	67		
SPECIAL REVENUE	24	73	60	60	60	60	60		
FEDERAL	24	0	0	24	24	24	24		
GIFT	0	16	2	2	2	2	2		
Total Financing	18,613	21,540	21,512	22,849	23,381	23,168	24,034		
<u>REVENUE COLLECTED:</u>									
DEDICATED									
GENERAL	37	64	64	64	64	64	64		
FEDERAL	24	0	0	24	24	24	24		
NONDEDICATED									
GENERAL	0	30	10	10	10	10	10		

State of Minnesota
2000-2001 Biennial Budget
(Dollars in Thousands)

Agency: CORRECTIONS DEPT
Program: CORRECTIONAL INSTITUTIONS
Activity: HEALTH SERVICES

Budget Activity Summary	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Base	Governor Recomm.	Base	Governor Recomm.
Total Revenues Collected	61	94	74	98	98	98	98
FTE BY EMPLOYMENT TYPE:							
FULL TIME	117.6	133.8	149.8	150.2	175.4	150.2	183.2
PART-TIME, SEASONAL, LABOR SER	31.7	32.5	1.2	1.2	1.2	1.2	1.2
OVERTIME PAY	4.2	4.7	0.0	0.0	0.0	0.0	0.0
Total Full-Time Equivalent	153.5	171.0	151.0	151.4	176.6	151.4	184.4

F.Y. 2000-01 BUDGET CHANGE ITEM

AGENCY: Corrections, Department of
PROGRAM: Correctional Institutions
ACTIVITY: Health Services

ITEM TITLE: Expansion of Mental Health and Infirmary Unit

	<u>2000-01 Biennium</u>		<u>2002-03 Biennium</u>	
	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>
Expenditures: (\$000s)				
General Fund				
- State Operations	\$532	\$866	\$866	\$866
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ___ No X

If yes, statute(s) affected:

☐ New Activity ☒ Supplemental Funding ☐ Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$532,000 for F.Y. 2000 and \$866,000 for F.Y. 2001 to completely open and operate the expanded mental health unit and the infirmary unit at Minnesota Correctional Facility-Oak Park Heights.

RATIONALE:

The department received bond funds in the 1998 legislative session to accomplish the conversion of 2 existing units into expanded units that would serve the inmate population department-wide in mental health and in medical health care. The conversion would result in the following change in the number of beds.

<u>Existing</u>	<u>Conversion</u>
42-bed unit: 13 infirmary beds 7 administrative isolation 22 mental health beds	39-bed infirmary unit
52-bed living unit	43-bed mental health unit

The change expands the infirmary space from 13 to 39 beds and mental health unit from 22 to 43 beds. The expanded infirmary space will reduce costly hospital beds and expand the types of medical care provided within the prison system. This should result in reducing the number of special transports for hospital and specialty clinic visits. This change also positions the department to better meet the challenges of an aging inmate population and the increase in AIDS, hepatitis and other chronic health care needs.

The added mental health beds will allow for more effective management of the mental health needs of inmates. Admissions to the mental health unit have increased as the inmate population has increased and the department currently is only able to treat the most severely mentally ill inmates.

FINANCING:

In completing its planning for these units, which allowed for a much more comprehensive staffing analysis, the department found that it could reduce the number of positions from 43.9 to 33.0. This staffing reduction dropped the total additional cost of operating these renovated and expanded units to \$1,532,000 in F.Y. 2000 and \$1,866,000 in F.Y. 2001.

Further, with the steps that the department has taken to incorporate managed care concepts into the health care delivery system to ensure the provision of an acceptable level of care in a cost efficient manner, the department is able to reallocate \$1.0 million of the health care budget in each year of the next biennium to this change item.

With the reallocation of funds within the health care budget and the reduction in staffing, this change item request is for \$532,000 the first year and \$866,000 the second year of the biennium. The reallocation of funds and this change item will provide for 25.2 positions the first year and 33.0 positions the second year.

Base funding for the mental health unit is \$942,000 and \$852,000 for the infirmary.

OUTCOMES:

This change item will provide operating funds for the expanded units to meet the changing needs of an increasing inmate population in a cost effective manner. It will allow the department to continue to maintain a community standard of care for inmates who serve longer sentences in the state prison system.

2000-01 Biennial Budget

BUDGET ACTIVITY: Education
PROGRAM: Correctional Institutions
AGENCY: Corrections, Department of

ACTIVITY PROFILE:

The Education Unit provides centralized planning, implementation and coordination of educational services in all correctional facilities and contributes to the overall excellence in basic academic skills in Minnesota. Services include:

- allocation and development of federal resources and legislative appropriations;
- program design and methodology;
- program evaluation;
- school district contracting;
- industry education support;
- liaison to vocational schools, school districts, state Department of Education, Children & Families, and other allied agencies;
- technical assistance to wardens, superintendents and educational administrators within the correctional facilities; and
- coordination of the department's literacy programs.

STRATEGIES AND PERFORMANCE:

The goal of education in the Department of Corrections is to increase levels of education of inmates, since research shows that the more inmates complete in education the less they return to prison. Over 400 GED's were completed last year, and approximately 500 vocational certificates were awarded. In addition, the average growth in the literacy target group was slightly over 2 grade levels in reading and math.

FINANCING INFORMATION:

	1998-99		2000-01	
	<u>Expenditures/Budget</u>		<u>Base Budget</u>	
Salary	\$ 319	29%	\$332	29%
Non-Salary	<u>770</u>	<u>71%</u>	<u>812</u>	<u>71%</u>
Total	\$1,089	100%	\$1,144	100%

Grants: Local assistance is given via distribution of Carl Perkins subgrants to local education organizations. Also, post secondary education programming is provided to inmates via a grant to Inver Hills Community College.

Revenue: This activity generates federal revenue for educational purposes and includes Chapter 1, adult basic, vocational and post secondary funds.

BUDGET ISSUES:

The agency plan provides for the maintenance of operations through the base level budget which provides overall coordination and leadership in educational activities. Education continues to be an important part of the programs offered at all correctional facilities and serves 70% of the inmate population.

State of Minnesota
2000-01 DEPARTMENTAL EARNINGS REPORT

AGENCY SUMMARY
(Dollars in Thousands)

AGENCY: POLLUTION CONTROL AGENCY

	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Forecast	Governor Recomm.	Forecast	Governor Recomm.

NON-DEDICATED RECEIPTS:

Petroleum Tank Release Cleanup	8	9	8	8	8	8	8
State Government Special Revenue	33	36	34	36	36	38	38
Cambridge Deposit Fund	11	9	8	8	8	8	8
Environmental	13,226	13,375	13,873	14,977	15,077	16,207	16,258
Total Non-Dedicated Receipts	13,278	13,429	13,923	15,029	15,129	16,261	16,312

DEDICATED RECEIPTS:

Special Revenue	732	494	447	270	205	270	205
Environmental	75	69	56	47	47	39	39
Total Dedicated Receipts	807	563	503	317	252	309	244

FUND TOTALS

Petroleum Tank Release Cleanup	8	9	8	8	8	8	8
State Government Special Revenue	33	36	34	36	36	38	38
Special Revenue	732	494	447	270	205	270	205
Cambridge Deposit Fund	11	9	8	8	8	8	8
Environmental	13,301	13,444	13,929	15,024	15,124	16,246	16,297
Agency Departmental Earnings Total	14,085	13,992	14,426	15,346	15,381	16,570	16,556

State of Minnesota
2000-2001 DEPARTMENTAL EARNINGS REPORT

Agency: POLLUTION CONTROL AGENCY (403)
Revenue Category: ADM SPT: LOW LVL RDCTV WST GEN (QW)

Revenue Category Description:
Low Level Radioactive Waste Generator Fees

Purpose:

To pay for costs incurred by the Agency in performing its responsibilities under the Midwest Low-Level Radioactive Waste Compact. The statutory purpose of the compact is to site a low level radioactive waste disposal facility within the boundaries of states belonging to the Midwest Compact. In lieu of the 1997 suspension of site development by Midwest Compact states, the Compact focus now is on maintaining disposal options for generators within the 6 state compact region. Fees are paid by generators that ship low level radioactive waste out of state.

Legal Citation(s): M.S. 116C.834

Requesting a Fee Change: No

Revenue Source Code(s): 5684

Fund: ENVIRONMENTAL (330)

Dedicated Recpts: No **Non-Ded Recpts:** Yes

Appr Name:

Fee Setting Authority: Rule

FISCAL INFORMATION SECTION
(Dollars in Thousands)

	Actual FY 1997	Actual FY 1998	Budgeted FY 1999	F.Y. 2000		F.Y. 2001	
				Forecast	Governor Recomm.	Forecast	Governor Recomm.
Accumulated Balance Forward	95	63	39	3	3	(36)	(36)
RESOURCES							
<u>Departmental Earnings</u>							
Service User	0	0	0	0	0	0	0
Business Regulatory	7	14	10	10	10	10	10
Occupational Licensure	0	0	0	0	0	0	0
Taxes/Assessments	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Less Revenue Refunds	0	0	0	0	0	0	0
Total Departmental Earnings	7	14	10	10	10	10	10
<u>Other Resources</u>							
Earnings Transferred In	0	0	0	0	0	0	0
Rev Collected at Other Agency	0	0	0	0	0	0	0
Other Receipts	0	0	0	0	0	0	0
<u>Resource Reductions</u>							
Earnings Transferred Out	0	0	0	0	0	0	0
Rev Collected for Other Agency	0	0	0	0	0	0	0
Total Resources	102	77	49	13	13	(26)	(26)
EXPENDITURES							
Direct Expenditures	33	32	40	43	43	44	44
Indirect Expenditures	6	6	6	6	6	6	6
Total Expenditures	39	38	46	49	49	50	50
Current Difference	(32)	(24)	(36)	(39)	(39)	(40)	(40)
Accumulated Ending Balance	63	39	3	(36)	(36)	(76)	(76)

State of Minnesota
2000-2001 DEPARTMENTAL EARNINGS REPORT

Agency: POLLUTION CONTROL AGENCY (403)
Revenue Category: LAND: HAZARDOUS WASTE FEES (RA)

Revenue Summary and Fee Structure

- Fees are established by rule for hazardous waste produced by generators, permit application, permit reissuance, permit modification, and annual fees for hazardous waste management facilities.
- Hazardous waste fees are set to collect the amount appropriated to the PCA by the legislature.
- Fees are collected from businesses that generate, treat, store or dispose of hazardous waste.
- The amount of the fee is based upon the type of business, the amount of hazardous waste generated, the waste management method and the amount of time PCA staff spend working with the various categories of fee payers.
- Very small, small and large quantity generators, pay varying fee amounts based on the waste generated and the management method of each waste stream.
- A percentage of the fee target is also collected through a statewide surcharge applied to the seven metropolitan counties.
- The fee is collected by the Department of Revenue.

Recent Changes

None.

Forecast Basis

Problems with the current hazardous-waste-generator fee system may warrant alternative funding sources for small businesses in the future. Alternatives for addressing the problems are being evaluated. These problems include:

- The fees are collected based on the amount of waste generated. Revenues have dropped as businesses employ successful pollution-prevention techniques, causing overall fees to rise in order to generate adequate revenue.
- Collecting fees from thousands of small businesses is difficult and a burden for all.

Governor's Recommendation

The Governor concurs with the current level of fee revenue, and supports the agency plan to evaluate the current fee structure to simplify the collection process.

State of Minnesota
2000-2001 DEPARTMENTAL EARNINGS REPORT

Agency: POLLUTION CONTROL AGENCY (403)
Revenue Category: LAND: LISTED METALS FEES (RB)

Revenue Category Description:
Listed Metals Fee

Requesting a Fee Change: Yes

Revenue Source Code(s): 5699

Purpose:

To collect a fee for each product reviewed by the Listed Metals Advisory Council. The fee must be submitted with a product review report and annual status report.

Fund: ENVIRONMENTAL (330)

Dedicated Recpts: No **Non-Ded Recpts:** Yes

Appr Name:

Legal Citation(s): M.S. 115A.9651, Subd. 6(c)

Fee Setting Authority: Statute

FISCAL INFORMATION SECTION
(Dollars in Thousands)

	Actual FY 1997	Actual FY 1998	Budgeted FY 1999	F.Y. 2000		F.Y. 2001	
				Forecast	Governor Recomm.	Forecast	Governor Recomm.
Accumulated Balance Forward	0	0	(68)	(170)	(170)	(301)	(47)
RESOURCES							
<u>Departmental Earnings</u>							
Service User	0	0	0	0	0	0	0
Business Regulatory	0	0	65	65	165	33	84
Occupational Licensure	0	0	0	0	0	0	0
Taxes/Assessments	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Less Revenue Refunds	0	0	0	0	0	0	0
Total Departmental Earnings	0	0	65	65	165	33	84
<u>Other Resources</u>							
Earnings Transferred In	0	0	0	0	75	0	75
Rev Collected at Other Agency	0	0	0	0	0	0	0
Other Receipts	0	0	0	0	0	0	0
<u>Resource Reductions</u>							
Earnings Transferred Out	0	0	0	0	0	0	0
Rev Collected for Other Agency	0	0	0	0	0	0	0
Total Resources	0	0	(3)	(105)	70	(268)	112
EXPENDITURES							
Direct Expenditures	0	68	147	168	97	168	98
Indirect Expenditures	0	0	20	28	20	28	21
Total Expenditures	0	68	167	196	117	196	119
Current Difference	0	(68)	(102)	(131)	123	(163)	40
Accumulated Ending Balance	0	(68)	(170)	(301)	(47)	(464)	(7)

State of Minnesota
2000-2001 DEPARTMENTAL EARNINGS REPORT

Agency: POLLUTION CONTROL AGENCY (403)
Revenue Category: LAND: LISTED METALS FEES (RB)

Revenue Summary and Fee Structure

- This is a fee for service program.
- A fee of \$295 per specified product, that a company (any user, distributor manufacturer or association applying on behalf of a number companies) must submit with a product review report and annual status report.

Recent Changes

The listed metal product review fee was intended to recover the costs of operating the listed metals advisory council, administration by the PCA and technical assistance from the office of environmental assistance over the life of the program (8 years). As a result of several factors, the activity has collected 15% of the revenue expected, but has also reduced the duration of the council's work to less than half of that expected.

Forecast Basis

The PCA will be working with the original legislative proposers and industries to introduce a new fee schedule and reduced expenditures for this program. The PCA and the interested parties have discussed how to resolve this funding shortfall by 2002 and a budget change item is proposed.

Governor's Recommendation

The Governor concurs with the agency plan to reduce administrative expenditures for the agency's activities related to the administration of the listed metals program, increase the annual product review fee to \$750, and transfer \$75,000 each year from the Motor Vehicle Transfer Account to the Listed Metals Account for administrative expenses.

State of Minnesota
2000-2001 DEPARTMENTAL EARNINGS REPORT

Agency: POLLUTION CONTROL AGENCY (403)
Revenue Category: LAND: UNGD STRG TANK CNTR CERT (RC)

Revenue Category Description:
Underground Storage Tank Contractor Certification Fees

Purpose:
To collect the amounts to defray the cost of certifying persons who install, repair, remove or install new underground storage tanks.

Legal Citation(s): M.S. 116.491, Subd. 2

Requesting a Fee Change: No

Revenue Source Code(s): 5690

Fund: PETROLEUM TANK RELEASE CLEANUP (150)

Dedicated Recpts: No **Non-Ded Recpts:** Yes

Appr Name:

Fee Setting Authority: Rule

FISCAL INFORMATION SECTION
(Dollars in Thousands)

	Actual FY 1997	Actual FY 1998	Budgeted FY 1999	F.Y. 2000		F.Y. 2001	
				Forecast	Governor Recomm.	Forecast	Governor Recomm.
Accumulated Balance Forward	0	0	0	0	0	0	0
RESOURCES							
<u>Departmental Earnings</u>							
Service User	0	0	0	0	0	0	0
Business Regulatory	8	9	8	8	8	8	8
Occupational Licensure	0	0	0	0	0	0	0
Taxes/Assessments	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Less Revenue Refunds	0	0	0	0	0	0	0
Total Departmental Earnings	8	9	8	8	8	8	8
<u>Other Resources</u>							
Earnings Transferred In	0	0	0	0	0	0	0
Rev Collected at Other Agency	0	0	0	0	0	0	0
Other Receipts	0	0	0	0	0	0	0
<u>Resource Reductions</u>							
Earnings Transferred Out	0	0	0	0	0	0	0
Rev Collected for Other Agency	0	0	0	0	0	0	0
Total Resources	8	9	8	8	8	8	8
EXPENDITURES							
Direct Expenditures	8	9	8	8	8	8	8
Indirect Expenditures	0	0	0	0	0	0	0
Total Expenditures	8	9	8	8	8	8	8
Current Difference	0	0	0	0	0	0	0
Accumulated Ending Balance	0	0	0	0	0	0	0

State of Minnesota
2000-2001 DEPARTMENTAL EARNINGS REPORT

Agency: POLLUTION CONTROL AGENCY (403)
Revenue Category: WATER: OPERATOR CERTIFICATION (RG)

Revenue Summary and Fee Structure

- State statute requires that operators of sewage treatment plants be certified by the PCA.
- The Water Program provides the administrative functions for the wastewater operator certification program.
- The fees are established in M.S. 115.77 and vary depending on the type of certification service that has been requested.
- The Minnesota Department of Health (MDH) administers the program for certification of water treatment plant operators and the PCA is responsible for the certification of wastewater treatment operators. The requirements for these certifications are defined in the same statute and rule. In 1996, when the responsibility for rulemaking was transferred from the Certification Council to MDH and PCA, the legislature elected not to separate the fees for the MDH and PCA certification programs. The agencies are appropriated the funds to cover the cost of their certification programs, which are drawn out of the certification account. The agencies deposit certification fees into this account and are not allowed to spend more money than they collect, but one agency may subsidize the other.

Recent Changes

None.

Forecast Basis

No anticipated changes.

Governor's Recommendation

The Governor concurs with the current fees.

State of Minnesota
2000-2001 DEPARTMENTAL EARNINGS REPORT

Agency: POLLUTION CONTROL AGENCY (403)
Revenue Category: WATER: WATER QUALITY FEES (RH)

Revenue Category Description:
Water Quality Fees

Requesting a Fee Change: No

Revenue Source Code(s): 5692

Purpose:

To collect the amount necessary to partially cover the reasonable costs of reviewing and acting upon applications for permits and implementing and enforcing the conditions of water permits pursuant to pollution control rules to protect and improve water quality.

Fund: ENVIRONMENTAL (330)

Dedicated Recpts: No **Non-Ded Recpts:** Yes

Appr Name:

Fee Setting Authority: Rule

Legal Citation(s): M.S. 116.07, Subd. 4(d)

FISCAL INFORMATION SECTION

(Dollars in Thousands)

	Actual FY 1997	Actual FY 1998	Budgeted FY 1999	F.Y. 2000		F.Y. 2001	
				Forecast	Governor Recomm.	Forecast	Governor Recomm.
Accumulated Balance Forward	(47)	40	265	(162)	(162)	311	(185)
RESOURCES							
<u>Departmental Earnings</u>							
Service User	0	0	0	0	0	0	0
Business Regulatory	2,918	2,805	2,823	3,494	3,494	4,369	4,369
Occupational Licensure	0	0	0	0	0	0	0
Taxes/Assessments	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Less Revenue Refunds	0	0	0	0	0	0	0
Total Departmental Earnings	2,918	2,805	2,823	3,494	3,494	4,369	4,369
<u>Other Resources</u>							
Earnings Transferred In	500	0	0	0	0	0	0
Rev Collected at Other Agency	0	0	0	0	0	0	0
Other Receipts	0	14	0	0	0	0	0
<u>Resource Reductions</u>							
Earnings Transferred Out	0	0	0	0	0	0	0
Rev Collected for Other Agency	0	0	0	0	0	0	0
Total Resources	3,371	2,859	3,088	3,332	3,332	4,680	4,184
EXPENDITURES							
Direct Expenditures	2,837	2,036	2,646	2,428	2,838	2,488	3,421
Indirect Expenditures	494	558	604	593	679	601	774
Total Expenditures	3,331	2,594	3,250	3,021	3,517	3,089	4,195
Current Difference	87	225	(427)	473	(23)	1,280	174
Accumulated Ending Balance	40	265	(162)	311	(185)	1,591	(11)

State of Minnesota
2000-2001 DEPARTMENTAL EARNINGS REPORT

Agency: POLLUTION CONTROL AGENCY (403)
Revenue Category: WATER: WATER QUALITY FEES (RH)

Revenue Summary and Fee Structure

- The point source, stormwater and feedlot permitting programs are supported with water quality permit fees.
- Fee rates are established in rule and are based on the administrative complexity of the permit as well as the size of the permitted facility.
- Water Quality fees were increased by \$379,000 in F.Y. 1997. This increase was part of the "bridge funding" provided by the legislature for the point source permitting program. The increase was based on existing rule and anticipated increase in the number of stormwater, feedlot, and sanitary sewer extension permits. The rule was last revised in 1992.

Recent Changes

Fee revenues fluctuate from year to year depending on permitting cycles. Based on analysis of anticipated revenues, the Water Quality Fee Program anticipates a \$162,000 deficit in F.Y. 1999. Anticipated revenues in future years will eliminate the deficit.

Governor's Recommendation

The Governor recommends no change in the fees for this activity. The Governor also recommends a feedlot initiative funded from both the General Fund and the Environmental Fund. Projected Environmental Fund revenues are based on the anticipated volume of feedlot permit issuances and on planned changes to Minnesota Rules, Chapter 7020. PCA has estimated that the proposed fee rule changes will generate \$496,000 the first year and \$1,185,000 in each subsequent year in additional revenues.

State of Minnesota
2000-2001 DEPARTMENTAL EARNINGS REPORT

Agency: POLLUTION CONTROL AGENCY (403)
Revenue Category: VEHICLE EMISSIONS (SN)

Revenue Category Description:
Vehicle Emission Inspection Fee

Purpose:

The vehicle emissions inspection fee is used to pay for vehicle inspection and operation of the program to assist the state in improving and protecting the environment by ensuring that vehicles do not pollute excessively.

Legal Citation(s): M.S. 116.65

Requesting a Fee Change: Yes

Revenue Source Code(s): 6350

Fund: SPECIAL REVENUE (200)

Dedicated Recpts: Yes **Non-Ded Recpts:** No

Appr Name: CI - 30788 - IM CONT & IND', IM CONTRACTOR PAYMENTS/ITC

Fee Setting Authority: Statute

FISCAL INFORMATION SECTION
(Dollars in Thousands)

	Actual FY 1997	Actual FY 1998	Budgeted FY 1999	F.Y. 2000		F.Y. 2001	
				Forecast	Governor Recomm.	Forecast	Governor Recomm.
Accumulated Balance Forward	1,164	1,049	307	0	0	0	0
RESOURCES							
<u>Departmental Earnings</u>							
Service User	0	0	0	0	0	0	0
Business Regulatory	0	0	0	0	0	0	0
Occupational Licensure	0	0	0	0	0	0	0
Taxes/Assessments	65	59	65	65	0	65	0
Other	0	0	0	0	0	0	0
Less Revenue Refunds	0	0	0	0	0	0	0
Total Departmental Earnings	65	59	65	65	0	65	0
<u>Other Resources</u>							
Earnings Transferred In	7,698	7,658	7,702	7,912	607	7,912	0
Rev Collected at Other Agency	0	0	0	0	0	0	0
Other Receipts	44	94	75	75	0	75	0
<u>Resource Reductions</u>							
Earnings Transferred Out	0	0	0	0	0	0	0
Rev Collected for Other Agency	0	0	0	0	0	0	0
Total Resources	8,971	8,860	8,149	8,052	607	8,052	0
EXPENDITURES							
Direct Expenditures	7,758	8,405	8,029	7,932	607	7,932	0
Indirect Expenditures	164	148	120	120	0	120	0
Total Expenditures	7,922	8,553	8,149	8,052	607	8,052	0
Current Difference	(115)	(742)	(307)	0	0	0	0
Accumulated Ending Balance	1,049	307	0	0	0	0	0

State of Minnesota
2000-01 DEPARTMENTAL EARNINGS REPORT

AGENCY SUMMARY
(Dollars in Thousands)

AGENCY: COMMERCE DEPT

	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Forecast	Governor Recomm.	Forecast	Governor Recomm.

NON-DEDICATED RECEIPTS:

General	19,325	22,524	21,155	21,115	21,115	20,110	20,110
Cambridge Deposit Fund	34,166	31,684	32,241	36,270	37,354	31,767	32,899
Total Non-Dedicated Receipts	53,491	54,208	53,396	57,385	58,469	51,877	53,009

DEDICATED RECEIPTS:

Special Revenue	3,773	3,483	4,524	4,321	4,321	4,498	4,498
Total Dedicated Receipts	3,773	3,483	4,524	4,321	4,321	4,498	4,498

FUND TOTALS

General	19,325	22,524	21,155	21,115	21,115	20,110	20,110
Special Revenue	3,773	3,483	4,524	4,321	4,321	4,498	4,498
Cambridge Deposit Fund	34,166	31,684	32,241	36,270	37,354	31,767	32,899
Agency Departmental Earnings Total	57,264	57,691	57,920	61,706	62,790	56,375	57,507

State of Minnesota
2000-2001 DEPARTMENTAL EARNINGS REPORT

Agency: COMMERCE DEPT (513)
Revenue Category: CAMPGROUND (EK)

Revenue Category Description:
Registration and license fees paid by campground clubs,
membership campground and salespersons.

Purpose:
To recover the cost of regulation of the industry.

Legal Citation(s): M.S. 82A

Requesting a Fee Change: Yes

Revenue Source Code(s): 3909, 3911-3913

Fund: CAMBRIDGE DEPOSIT FUND (212)

Dedicated Recpts: No **Non-Ded Recpts:** Yes

Appr Name:

Fee Setting Authority: Statute

FISCAL INFORMATION SECTION
(Dollars in Thousands)

	Actual FY 1997	Actual FY 1998	Budgeted FY 1999	F.Y. 2000		F.Y. 2001	
				Forecast	Governor Recomm.	Forecast	Governor Recomm.
Accumulated Balance Forward	0	(22)	(42)	(64)	(64)	(86)	(89)
RESOURCES							
<u>Departmental Earnings</u>							
Service User	0	0	0	0	0	0	0
Business Regulatory	1	0	0	0	1	0	1
Occupational Licensure	0	0	0	0	0	0	0
Taxes/Assessments	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Less Revenue Refunds	0	0	0	0	0	0	0
Total Departmental Earnings	1	0	0	0	1	0	1
<u>Other Resources</u>							
Earnings Transferred In	0	0	0	0	0	0	0
Rev Collected at Other Agency	0	0	0	0	0	0	0
Other Receipts	0	0	0	0	0	0	0
<u>Resource Reductions</u>							
Earnings Transferred Out	0	0	0	0	0	0	0
Rev Collected for Other Agency	0	0	0	0	0	0	0
Total Resources	1	(22)	(42)	(64)	(63)	(86)	(88)
EXPENDITURES							
Direct Expenditures	21	20	22	22	26	23	23
Indirect Expenditures	2	0	0	0	0	0	0
Total Expenditures	23	20	22	22	26	23	23
Current Difference	(22)	(20)	(22)	(22)	(25)	(23)	(22)
Accumulated Ending Balance	(22)	(42)	(64)	(86)	(89)	(109)	(111)

State of Minnesota
2000-2001 DEPARTMENTAL EARNINGS REPORT

Agency: COMMERCE DEPT (513)
Revenue Category: SECURITIES (FA)

Revenue Sources and Fee Structure:

- The securities industry pays registration fees for investment offerings, annual report fees, license and renewal fees for agents and broker dealers and amendment fees for changes in registrations.
- The fees charged fully recover the cost of regulation of the industry.

Forecast Basis:

- The forecast is made based on historical information for revenue generated by this industry.

Change Item:

- The \$87,000 expenditure increase in FY2000 is this industry's share of one-time technology enhancement costs.

Governor's Recommendation

The Governor concurs with the current fee structure. The majority of surplus revenue is from the redeemable securities' filing fee. This fee is set in statute at 1/20th of 1% of the maximum aggregate offering price of the security and is exempt from the cost recovery requirements of MS 16A.1285.

State of Minnesota
2000-2001 DEPARTMENTAL EARNINGS REPORT

Agency: COMMERCE DEPT (513)
Revenue Category: SUBDIVIDED LAND (FB)

Revenue Category Description:
Fee paid for subdivided land registrations and licenses.

Purpose:
To recover the cost of regulation of the industry.

Legal Citation(s): M.S. 83

Requesting a Fee Change: No

Revenue Source Code(s): 4121-4129, 4131, 4133

Fund: CAMBRIDGE DEPOSIT FUND (212)

Dedicated Recpts: No **Non-Ded Recpts:** Yes

Appr Name:

Fee Setting Authority: Statute

FISCAL INFORMATION SECTION
(Dollars in Thousands)

	Actual FY 1997	Actual FY 1998	Budgeted FY 1999	F.Y. 2000		F.Y. 2001	
				Forecast	Governor Recomm.	Forecast	Governor Recomm.
Accumulated Balance Forward	0	50	80	105	105	89	72
RESOURCES							
<u>Departmental Earnings</u>							
Service User	0	0	0	0	0	0	0
Business Regulatory	28	26	25	25	25	26	26
Occupational Licensure	101	82	87	52	52	82	82
Taxes/Assessments	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Less Revenue Refunds	0	0	0	0	0	0	0
Total Departmental Earnings	129	108	112	77	77	108	108
<u>Other Resources</u>							
Earnings Transferred In	0	0	0	0	0	0	0
Rev Collected at Other Agency	0	0	0	0	0	0	0
Other Receipts	0	0	0	0	0	0	0
<u>Resource Reductions</u>							
Earnings Transferred Out	0	0	0	0	0	0	0
Rev Collected for Other Agency	0	0	0	0	0	0	0
Total Resources	129	158	192	182	182	197	180
EXPENDITURES							
Direct Expenditures	78	73	85	90	107	87	87
Indirect Expenditures	1	5	2	3	3	3	3
Total Expenditures	79	78	87	93	110	90	90
Current Difference	50	30	25	(16)	(33)	18	18
Accumulated Ending Balance	50	80	105	89	72	107	90

State of Minnesota
2000-01 DEPARTMENTAL EARNINGS REPORT

AGENCY SUMMARY

(Dollars in Thousands)

AGENCY: LABOR AND INDUSTRY DEPT

	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Forecast	Governor Recomm.	Forecast	Governor Recomm.

NON-DEDICATED RECEIPTS:

Cambridge Deposit Fund	1,968	2,059	1,963	1,963	1,963	1,963	2,329
Workers Compensation*	1,717	1,790	326	326	326	326	326
Total Non-Dedicated Receipts	3,685	3,849	2,289	2,289	2,289	2,289	2,655

DEDICATED RECEIPTS:

Workers Compensation	1,841	2,262	2,319	2,325	2,325	2,329	2,329
Total Dedicated Receipts	1,841	2,262	2,319	2,325	2,325	2,329	2,329

FUND TOTALS

Cambridge Deposit Fund	1,968	2,059	1,963	1,963	1,963	1,963	2,329
Workers Compensation	3,558	4,052	2,645	2,651	2,651	2,655	2,655
Agency Departmental Earnings Total	5,526	6,111	4,608	4,614	4,614	4,618	4,984

*In fiscal years 1997 and 1998, \$1.406 and \$1.431 million in OSHA penalties were deposited incorrectly as departmental earnings receipts.

State of Minnesota
2000-2001 DEPARTMENTAL EARNINGS REPORT

Agency: LABOR AND INDUSTRY DEPT (530)
Revenue Category: DATA PRACTICES/COST OF COPIES (A3)

Revenue Category Description:
Photocopy fees

Requesting a Fee Change: No

Revenue Source Code(s): 3000

Purpose:
To recover the cost of providing photocopies of workers' compensation claim files to requesting parties.

Fund: WORKERS COMPENSATION (320)

Dedicated Recpts: Yes **Non-Ded Recpts:** No

Legal Citation(s): M.S. 13.03 Subd 10

Appr Name: COPY CENTER FEES

Fee Setting Authority: 16A Exemption

FISCAL INFORMATION SECTION
(Dollars in Thousands)

	Actual FY 1997	Actual FY 1998	Budgeted FY 1999	F.Y. 2000		F.Y. 2001	
				Forecast	Governor Recomm.	Forecast	Governor Recomm.
Accumulated Balance Forward	0	0	0	0	0	0	0
RESOURCES							
<u>Departmental Earnings</u>							
Service User	0	181	215	221	221	225	225
Business Regulatory	0	0	0	0	0	0	0
Occupational Licensure	0	0	0	0	0	0	0
Taxes/Assessments	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Less Revenue Refunds	0	0	0	0	0	0	0
Total Departmental Earnings	0	181	215	221	221	225	225
<u>Other Resources</u>							
Earnings Transferred In	0	0	0	0	0	0	0
Rev Collected at Other Agency	0	0	0	0	0	0	0
Other Receipts	0	0	0	0	0	0	0
<u>Resource Reductions</u>							
Earnings Transferred Out	0	0	0	0	0	0	0
Rev Collected for Other Agency	0	0	0	0	0	0	0
Total Resources	0	181	215	221	221	225	225
EXPENDITURES							
Direct Expenditures	0	181	215	221	221	225	225
Indirect Expenditures	0	0	0	0	0	0	0
Total Expenditures	0	181	215	221	221	225	225
Current Difference	0	0	0	0	0	0	0
Accumulated Ending Balance	0	0	0	0	0	0	0

State of Minnesota
2000-01 DEPARTMENTAL EARNINGS REPORT

AGENCY SUMMARY
(Dollars in Thousands)

AGENCY: MUNICIPAL BOARD

	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Forecast	Governor Recomm.	Forecast	Governor Recomm.

NON-DEDICATED RECEIPTS:

Cambridge Deposit Fund	39	38	45	23	45	0	45
Total Non-Dedicated Receipts	39	38	45	23	45	0	45

FUND TOTALS

Cambridge Deposit Fund	39	38	45	23	45	0	45
Agency Departmental Earnings Total	39	38	45	23	45	0	45

State of Minnesota
2000-2001 DEPARTMENTAL EARNINGS REPORT

Agency: MUNICIPAL BOARD (548)
Revenue Category: MUN. BD/MUN BOUNDARY CREATION (PA)

Revenue Category Description:
 Filing fees for boundary adjustments

Requesting a Fee Change: No

Revenue Source Code(s): 5310

Purpose:
 The board charges filing fees for boundary adjustments to help defray board costs and to discourage nuisance filings.

Fund: CAMBRIDGE DEPOSIT FUND (212)

Dedicated Recpts: No **Non-Ded Recpts:** Yes

Legal Citation(s): M.S. 414.01, Subd. 11

Appr Name:

Fee Setting Authority: Rule

FISCAL INFORMATION SECTION
 (Dollars in Thousands)

	Actual FY 1997	Actual FY 1998	Budgeted FY 1999	F.Y. 2000		F.Y. 2001	
				Forecast	Governor Recomm.	Forecast	Governor Recomm.
Accumulated Balance Forward	0	(281)	(534)	(820)	(820)	(959)	(1,098)
<u>RESOURCES</u>							
<u>Departmental Earnings</u>							
Service User	0	0	0	0	0	0	0
Business Regulatory	0	0	0	0	0	0	0
Occupational Licensure	0	0	0	0	0	0	0
Taxes/Assessments	0	0	0	0	0	0	0
Other	39	38	45	23	45	0	45
Less Revenue Refunds	0	0	0	0	0	0	0
Total Departmental Earnings	39	38	45	23	45	0	45
<u>Other Resources</u>							
Earnings Transferred In	0	0	0	0	0	0	0
Rev Collected at Other Agency	0	0	0	0	0	0	0
Other Receipts	0	0	0	0	0	0	0
<u>Resource Reductions</u>							
Earnings Transferred Out	0	0	0	0	0	0	0
Rev Collected for Other Agency	0	0	0	0	0	0	0
Total Resources	39	(243)	(489)	(797)	(775)	(959)	(1,053)
<u>EXPENDITURES</u>							
Direct Expenditures	320	291	331	162	323	0	327
Indirect Expenditures	0	0	0	0	0	0	0
Total Expenditures	320	291	331	162	323	0	327
Current Difference	(281)	(253)	(286)	(139)	(278)	0	(282)
Accumulated Ending Balance	(281)	(534)	(820)	(959)	(1,098)	(959)	(1,380)

State of Minnesota
2000-01 DEPARTMENTAL EARNINGS REPORT

AGENCY SUMMARY
(Dollars in Thousands)

AGENCY: PLANNING, STRATEGIC & L R

	Actual F.Y. 1997	Actual F.Y. 1998	Budgeted F.Y. 1999	F.Y. 2000		F.Y. 2001	
				Forecast	Governor Recomm.	Forecast	Governor Recomm.

NON-DEDICATED RECEIPTS:

Cambridge Deposit Fund	170	234	240	262	240	285	240
Total Non-Dedicated Receipts	170	234	240	262	240	285	240

DEDICATED RECEIPTS:

Special Revenue	804	730	684	610	610	610	610
Total Dedicated Receipts	804	730	684	610	610	610	610

FUND TOTALS

Special Revenue	804	730	684	610	610	610	610
Cambridge Deposit Fund	170	234	240	262	240	285	240
Agency Departmental Earnings Total	974	964	924	872	850	895	850

State of Minnesota
2000-2001 DEPARTMENTAL EARNINGS REPORT

Agency: PLANNING, STRATEGIC & L R (637)
Revenue Category: MUN. BD/MUN BOUNDARY CREATION (PA)

Revenue Category Description:
 Filing fees for boundary adjustments

Requesting a Fee Change: No

Revenue Source Code(s): 5310

Purpose:
 The board charged filing fees for boundary adjustments to help defray board costs and to discourage nuisance filing. Fees are set to assure access to board services.

Fund: CAMBRIDGE DEPOSIT FUND (212)

Dedicated Recpts: No **Non-Ded Recpts:** Yes

Appr Name:

Legal Citation(s): MS 414.01, Subd. 11

Fee Setting Authority: Rule

FISCAL INFORMATION SECTION
 (Dollars in Thousands)

	Actual FY 1997	Actual FY 1998	Budgeted FY 1999	F.Y. 2000		F.Y. 2001	
				Forecast	Governor Recomm.	Forecast	Governor Recomm.
Accumulated Balance Forward	0	0	0	0	0	(139)	0
RESOURCES							
<u>Departmental Earnings</u>							
Service User	0	0	0	0	0	0	0
Business Regulatory	0	0	0	0	0	0	0
Occupational Licensure	0	0	0	0	0	0	0
Taxes/Assessments	0	0	0	0	0	0	0
Other	0	0	0	22	0	45	0
Less Revenue Refunds	0	0	0	0	0	0	0
Total Departmental Earnings	0	0	0	22	0	45	0
<u>Other Resources</u>							
Earnings Transferred In	0	0	0	0	0	0	0
Rev Collected at Other Agency	0	0	0	0	0	0	0
Other Receipts	0	0	0	0	0	0	0
<u>Resource Reductions</u>							
Earnings Transferred Out	0	0	0	0	0	0	0
Rev Collected for Other Agency	0	0	0	0	0	0	0
Total Resources	0	0	0	22	0	(94)	0
EXPENDITURES							
Direct Expenditures	0	0	0	161	0	327	0
Indirect Expenditures	0	0	0	0	0	0	0
Total Expenditures	0	0	0	161	0	327	0
Current Difference	0	0	0	(139)	0	(282)	0
Accumulated Ending Balance	0	0	0	(139)	0	(421)	0

State of Minnesota
2000-2001 DEPARTMENTAL EARNINGS REPORT

Agency: PUBLIC SAFETY DEPT (708)
Revenue Category: MOTOR VEHICLE DEALERS (SK)

All dealers must have a motor vehicle dealer license.

Governor's Recommendation

The Governor concurs with the current fees.

State of Minnesota
2000-2001 DEPARTMENTAL EARNINGS REPORT

Agency: PUBLIC SAFETY DEPT (708)
Revenue Category: MOTOR VEHICLE TRANSFERS (SM)

Revenue Category Description:

A fee collected on the initial registration and each subsequent transfer of title within the state.

Purpose:

From this revenue, funds are appropriated to state agencies for waste tire collection, junkyard screening and buy out.

Legal Citation(s): M.S. 115A.908, subd. 1

Requesting a Fee Change: No

Revenue Source Code(s): 6345

Fund: ENVIRONMENTAL (330)

Dedicated Recpts: No **Non-Ded Recpts:** Yes

Appr Name:

Fee Setting Authority: Statute

FISCAL INFORMATION SECTION
(Dollars in Thousands)

	Actual FY 1997	Actual FY 1998	Budgeted FY 1999	F.Y. 2000		F.Y. 2001	
				Forecast	Governor Recomm.	Forecast	Governor Recomm.
Accumulated Balance Forward	5,586	1,833	(836)	2,562	2,562	(158)	(233)
RESOURCES							
<u>Departmental Earnings</u>							
Service User	0	0	0	0	0	0	0
Business Regulatory	0	0	0	0	0	0	0
Occupational Licensure	0	0	0	0	0	0	0
Taxes/Assessments	4,131	4,304	4,300	4,300	4,300	4,300	4,300
Other	0	0	0	0	0	0	0
Less Revenue Refunds	0	0	0	0	0	0	0
Total Departmental Earnings	4,131	4,304	4,300	4,300	4,300	4,300	4,300
<u>Other Resources</u>							
Earnings Transferred In	0	0	0	0	0	0	0
Rev Collected at Other Agency	0	0	0	0	0	0	0
Other Receipts	4	2	13	13	13	13	13
<u>Resource Reductions</u>							
Earnings Transferred Out	6,017	6,450	50	6,450	6,525	50	125
Rev Collected for Other Agency	0	0	0	0	0	0	0
Total Resources	3,704	(311)	3,427	425	350	4,105	3,955
EXPENDITURES							
Direct Expenditures	1,764	406	754	472	472	501	1,444
Indirect Expenditures	107	119	111	111	111	111	111
Total Expenditures	1,871	525	865	583	583	612	1,555
Current Difference	(3,753)	(2,669)	3,398	(2,720)	(2,795)	3,651	2,633
Accumulated Ending Balance	1,833	(836)	2,562	(158)	(233)	3,493	2,400

Changes to budget implementation language submitted February 22, 1999

STATE GOVERNMENT

Administration

<u>Budget Pg #</u>	<u>Item Title</u>	<u>Revisor's Bill Number</u>
F-227	Year 2000 System Changes	Rider

\$350,000 is appropriated to the commissioner of administration for the biennium ending June 30, 2000 for costs related to the operation of the year 2000 project office.

\$2,150,000 is appropriated to the commissioner of administration for the biennium ending June 30, 2001 for modification of state business systems to address year 2000 changes. Of this amount up to \$150,000 may be allocated for year 2000 project office costs. This appropriation is available only upon prior approval of the commissioner of finance after the commissioner has determined that all other money appropriated for replacement or enhancement of existing technology for year 2000 compliance will be expended.

ENVIRONMENT AND NATURAL RESOURCES

Pollution Control Agency

<u>Budget Pg #</u>	<u>Item Title</u>	<u>Revisor's Bill Number</u>
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D-83A	Protecting the Land	
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115A.9651 Listed metals in specified products;
enforcement.

Subd. 6. Product review reports. (a) Except as provided under subdivision 7, the manufacturer, or an association of manufacturers, of any specified product distributed for sale or use in this state that is not listed pursuant to subdivision 4 shall submit a product review report and fee as provided in paragraph (c) to the commissioner for each product by July 1, 1998. Each product review report shall contain at least the following:

(1) a policy statement articulating upper management support for eliminating or reducing intentional introduction of listed metals into its products;

(2) a description of the product and the amount of each listed metal distributed for use in this state;

(3) a description of past and ongoing efforts to eliminate or reduce the listed metal in the product;

(4) an assessment of options available to reduce or eliminate the intentional introduction of the listed metal including any alternatives to the specified product that do not contain the listed metal, perform the same technical function, are commercially available, and are economically practicable;

(5) a statement of objectives in numerical terms and a schedule for achieving the elimination of the listed metals and an environmental assessment of alternative products;

(6) a listing of options considered not to be technically or economically practicable; and

(7) certification attesting to the accuracy of the information in the report signed and dated by an official of the manufacturer or user.

If the manufacturer fails to submit a product review report, a user of a specified product may submit a report and fee which comply with this subdivision by August 15, 1998.

(b) By July 1, 1999, and annually thereafter until the commissioner takes action under subdivision 9, the manufacturer or user must submit a progress report and fee as provided in paragraph (c) updating the information presented under paragraph (a).

(c) Effective immediately, ~~The~~ fee shall be \$~~295~~ 750 for each report. The fee shall be deposited in the state treasury and credited to the environmental fund.

(d) Where it cannot be determined from a progress report submitted by a person pursuant to Laws 1994, chapter 585, section 30, subdivision 2, paragraph (e), the number of products for which product review reports are due under this subdivision, the commissioner shall have the authority to determine, after consultation with that person, the number of products for which product review reports are required.

(e) The commissioner shall summarize, aggregate, and publish data reported under paragraphs (a) and (b) annually.

(f) A product that is the subject of a decision under section 115A.965 is exempt from this section.

Department of Agriculture

<u>Budget Pg #</u>	<u>Item Title</u>	<u>Revisor's Bill Number</u>
	<u>Ethanol Development Fund Transfer</u>	Rider
D-449	No later than July 15, 1999, the Commissioner of Agriculture shall transfer the unencumbered cash balance in the ethanol development fund, under Minnesota Statutes, section 41B.044, to the General Fund.	
	41B.044 Ethanol development program	Statutory Change
	Subd. 2. Ethanol development fund. There is established in the state treasury an ethanol development fund. All repayments of financial assistance granted under subdivision 1, including principal and interest, must be deposited into this the general fund. Interest earned on money in the fund accrues to the fund, and money in the fund is appropriated to the Commissioner of Agriculture for purposes of the ethanol production facility loan program, including costs incurred by the authority to establish and administer the program	

Changes to budget implementation language submitted February 22, 1999

ECONOMIC DEVELOPMENT

Department of Commerce

<u>Budget Pg #</u>	<u>Item Title</u>	<u>Revisor's Bill Number</u>
E-216	State Crop Revenue Insurance \$200,000 in the first year is appropriated to evaluate the feasibility of a state crop revenue insurance program to complement similar federal programs. The commissioner may not expend this appropriation for any purpose until the federal government adopts and institutes a crop revenue insurance program.	Rider

Municipal Board

<u>Budget Pg #</u>	<u>Item Title</u>	
E-418	Independent Municipal Board The Laws of 1997, Chapter 202, Article 5, Section 8 are repealed.	Rider

Delete local mandate rules language found in Chapter 3: Legislature

3.986 Definitions

Subdivision. 2: Local fiscal impact. (a) "Local fiscal impact" means increased or decreased costs or revenues that a political subdivision would incur as a result of a law enacted after June 30, 1997, ~~or rule proposed after December 31, 1998:~~

3.987 Local impact notes for state-mandated actions.

Subdivision 1: Local impact notes. The commissioner of finance shall coordinate the development of a local impact note for any proposed legislation introduced after June 30, 1997, ~~or any rule proposed after December 31, 1998,~~ upon request of the chair or the ranking minority member of either legislative tax committee. Upon receipt of a request to prepare a local impact note, the commissioner must notify the authors of the proposed legislation ~~or, for an administrative rule, the head of the relevant executive agency or department,~~ that the request has been made. The local impact note must be made available to the public upon request. If the action is among the exceptions listed in section 3.988, a local impact note need not be requested nor prepared. The commissioner shall make a reasonable and timely estimate of the local fiscal impact on each type of political subdivision that would result from the proposed legislation. The commissioner of finance may require any political subdivision or the commissioner of an administrative agency of the state to supply in a timely manner any information determined to be necessary to determine local fiscal impact. The political subdivision, its representative association, or commissioner shall convey the requested information to the commissioner of finance with a signed statement to the effect that the information is accurate and complete to the best of its ability. The political subdivision, its representative association, or commissioner, when requested, shall update its determination of local fiscal impact based on actual cost or revenue figures, improved estimates, or both. Upon completion of the note, the commissioner must provide a copy to the authors of the proposed legislation ~~or, for an administrative rule, to the head of the relevant executive agency or department .~~