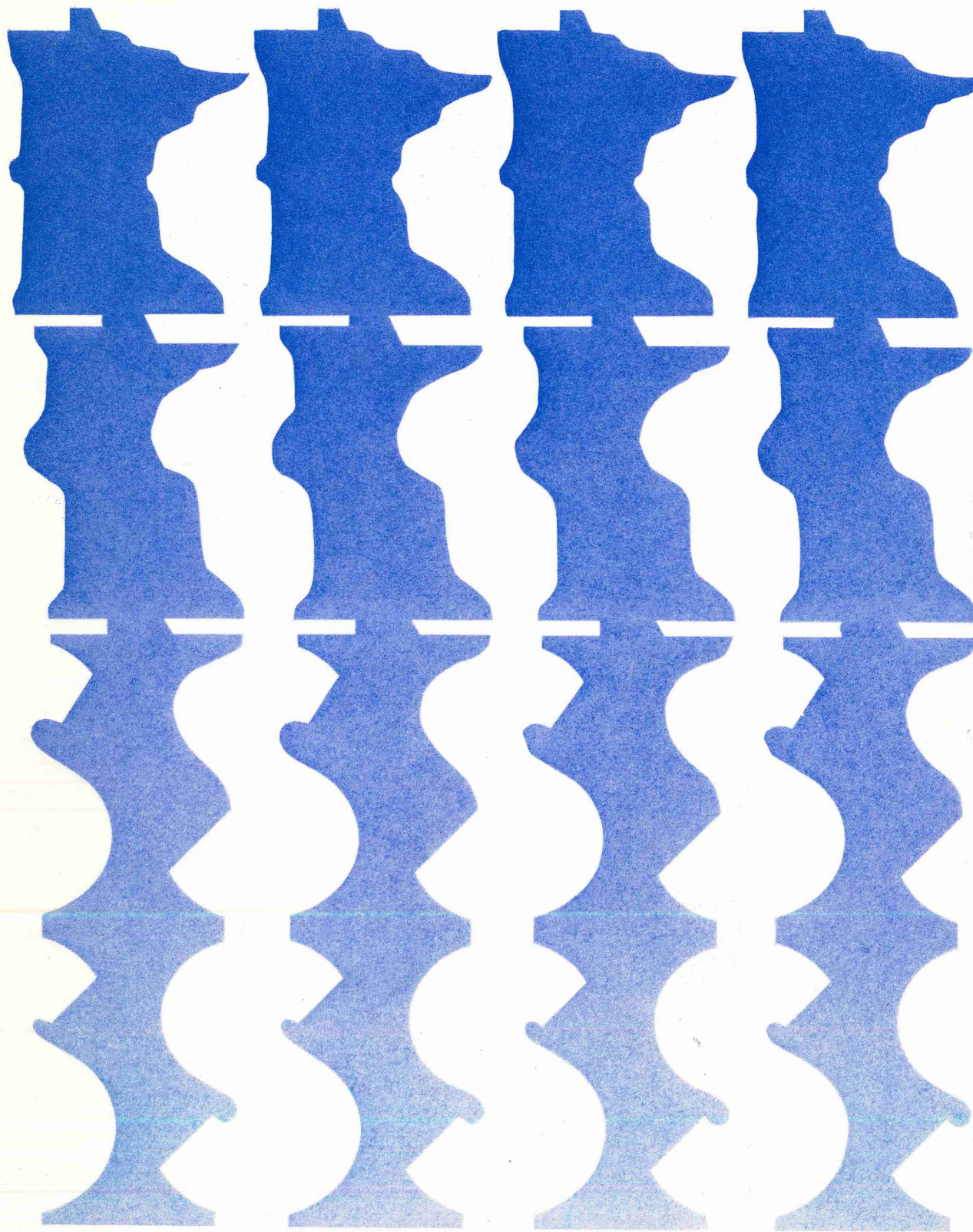


# **State and Local Government Finances in Minnesota**

**A Review of Trends in Revenues and Expenditures  
1957-1982**



Prepared by  
Financial Audit Division • Office of the Legislative Auditor • State of Minnesota  
November 1983

STATE AND LOCAL GOVERNMENT FINANCES  
IN MINNESOTA: A REVIEW OF TRENDS IN  
REVENUES AND EXPENDITURES: 1957-1982

OFFICE OF THE LEGISLATIVE AUDITOR  
FINANCIAL AUDIT DIVISION  
STATE OF MINNESOTA

Veterans Service Building  
St. Paul, Minnesota 55155  
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NOVEMBER 1983





STATE OF MINNESOTA  
**OFFICE OF THE LEGISLATIVE AUDITOR**

Veterans Service Building, First Floor  
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~~EX DON STORER~~  
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Representative Dick Welch, Chairman  
Legislative Audit Commission

and

Members of Legislative Audit Commission

This report represents a compilation and analysis of fiscal data for the State of Minnesota from 1957 through 1982. State finances have experienced several significant changes over this time period. Many of these changes have been retained as an integral part of the state's current fiscal policies. This report will aid in understanding state finances as they currently exist and provide a resource which may be useful in deciding where they should go in the future. Certainly it establishes a context from which the impact of more specific fiscal issues can be analyzed.

This document contains two major components. First, it provides narrative and graphics describing the major fiscal changes and trends in state and local government between 1957 and 1982. Secondly, the report also serves as a resource document containing detailed data on revenues, expenditures, and indebtedness for the state and local governments for the same period.

The primary focus of this report is state government finances. But because of the growth in state transfer payments to local governments, we felt it necessary to also include data on local governments. Analyzing the inter-governmental fiscal relationship did, however, require adjustments to data so that state and local numbers are complementary and not redundant. The adjustments are further discussed in the footnotes to the data schedules. These footnotes should be reviewed carefully by anyone attempting to utilize this data for other purposes.

Our data analysis considers factors such as inflation, population, and policy change in explaining the fiscal trends. We did not attempt to compare Minnesota's finances to other states or to Minnesota's private sector. Such perspectives might be useful but would constitute entire studies unto themselves.



Representative Dick Welch, Chairman  
and  
Members of Legislative Audit Commission

We tested the data used in this document for accuracy and reasonableness through a variety of mechanisms. We have made adjustments when necessary to maintain consistency throughout the time period. Several data sources were reviewed to insure reliability. Trend analysis was used to identify any potential changes in fiscal policy or possible inconsistencies in the data.

The data is limited to revenues, expenditures, and indebtedness. We have not included data on year-end balances, such as fund balances. The impact of accounting changes and fiscal policies has rendered a significant impact on such year-end data. Accordingly, we believe it was impractical to develop a consistent data source for year-end data over such an extended period. This limitation does not severely impair the analytical usefulness of the data we have compiled.

Gordon Folkman has provided much of the analysis and effort to see this report to publication. Judy Hunt, Brad Olson, Steve Pyan, and Chuck Rynda developed and tested much of the detailed data schedules. Ruth Laverty and Mary Baatz provided the word processing services and coordinated the report layout. Numerous other staff from the office provided advice and analysis. Several state departments have been most helpful and cooperative--the Office of the State Auditor, the Department of Finance, the Department of Public Welfare, the Department of Revenue, the State Planning Agency, and the Department of Education. Mr. Steve Alnes provided consultation on this project and made a valuable contribution.

We hope this report will be a useful resource to state and local decision-makers. It will not show the right path into the future, but we hope it will provide a perspective from which options may be more clearly seen and evaluated.

A handwritten signature in dark ink, reading "John Asmussen". The signature is fluid and cursive, with the first name "John" being more prominent and the last name "Asmussen" following in a similar style.

John Asmussen, CPA  
Deputy Legislative Auditor

November 2, 1983





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STATE AND LOCAL GOVERNMENT FINANCES IN MINNESOTA:  
A REVIEW OF TRENDS IN REVENUES AND EXPENDITURES: 1957-1982

In 1957 Minnesotans still paid tax on their household personal property. There was no general sales tax, although excise taxes were levied on some items. Wage earners paid income taxes once a year instead of every payday. The state taxed oleomargarine. Businesses paid personal property taxes on inventories and machinery. Taconite had not yet become a major industry or source of tax revenue. Property taxes produced the majority of state and local tax revenues with the state having its own property tax. A property tax relief device called the homestead credit had not been invented yet and a "circuit breaker" had nothing to do with taxes. Approximately 80 percent of all state revenue was dedicated for specific purposes. And local governmental units received more revenue from taxes they levied than they received from the state.

I. THE STATE/LOCAL FISCAL SYSTEM

Between 1957 and 1982 state and local taxes increased from \$574 million to over \$5.3 billion, however, over three quarters of this growth was due to inflation. As Exhibit 1 shows, real growth in state and local taxes increased by \$572 million between 1957 and 1968, constituting 68 percent of the total increase in tax revenue. Between 1966 and 1979, however, state and local tax revenue increased by \$645 million in real terms but constituted only 20 percent of the total increase. Exhibit 1 also shows that tax revenues collected by state and local governments, when measured in constant 1957 dollars, actually declined by \$345 million or 19 percent between 1979 and 1981. And, despite the fact that tax collections, in real terms, increased by nearly \$100 million between 1981 and 1982, they still remained below the amount of taxes collected in 1973.

During the last 25 years, Minnesota state and local finances have undergone significant changes. The most profound change is that today the state is the primary collector of revenues, relying on broad-based, income elastic revenue sources. In 1957, 49 percent of total state and local taxes in Minnesota were collected by the state government. Beginning in 1966, the state became the primary tax collector. The state share increased significantly between 1967 and 1968 with the enactment of the general sales tax and increased again beginning in 1972 after passage of sweeping tax and revenue sharing legislation in 1971. By 1982, the state share of taxes had risen to over 73 percent (see Exhibit 2).

EXHIBIT 1

# GROWTH IN STATE AND LOCAL TAXES CURRENT AND CONSTANT DOLLARS: 1957-1982

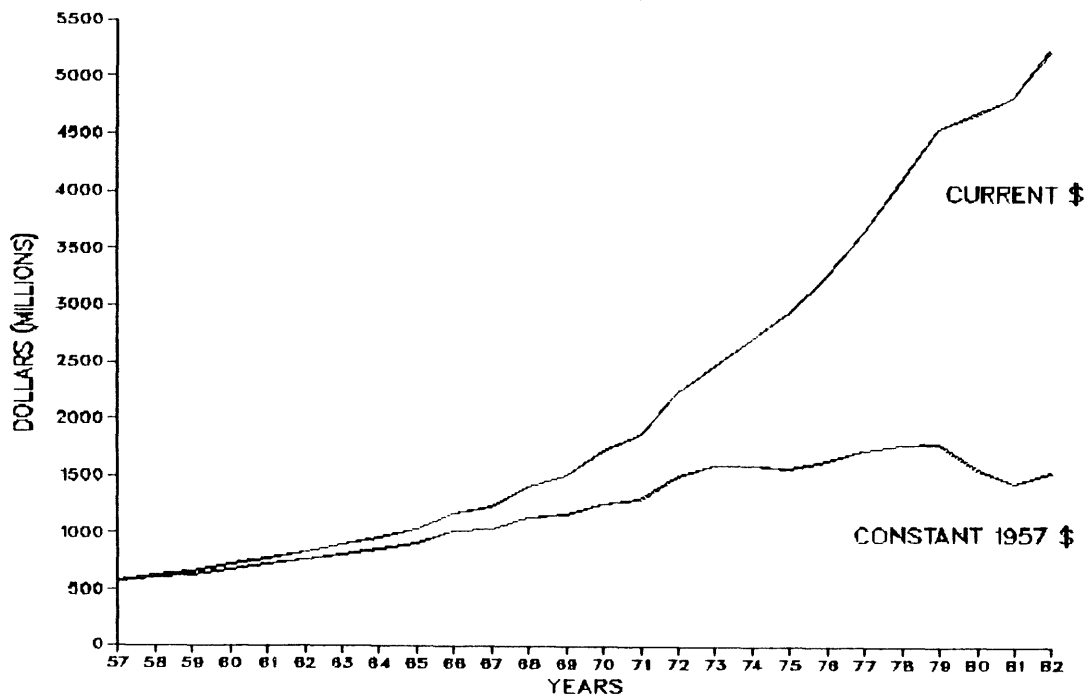
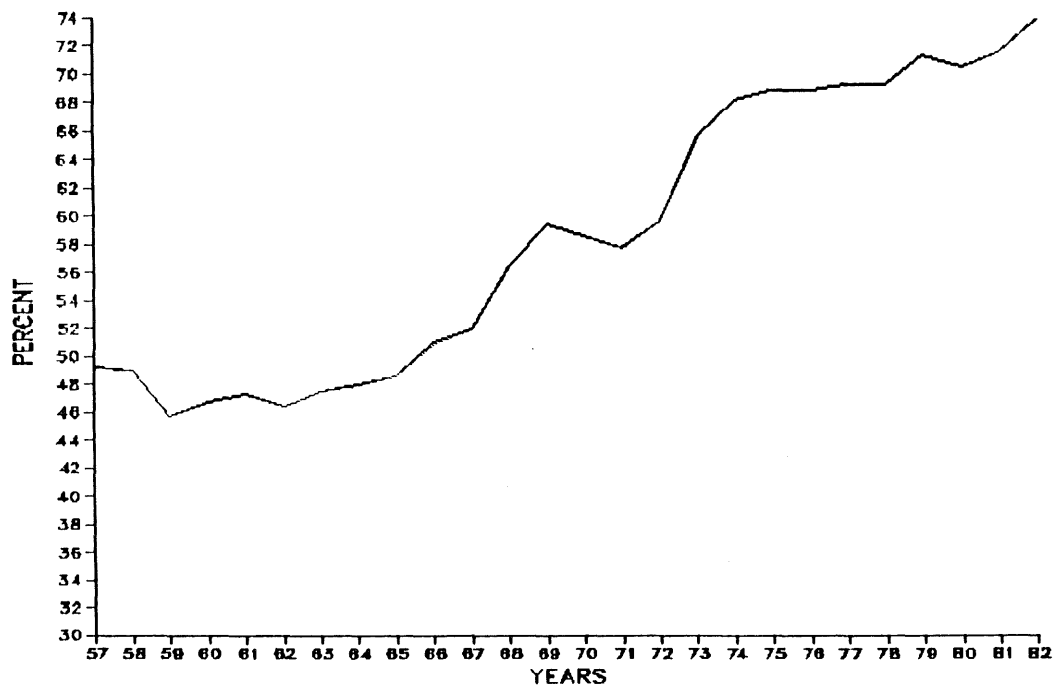


EXHIBIT 2

# STATE TAXES AS A PERCENT OF TOTAL STATE & LOCAL TAXES: 1957-1982





In 1967, the Legislature, in response to increasing property taxes, enacted the Tax Reform and Relief Act which established a three percent state sales tax to be used to provide local government aid. It also adopted legislation which provided a homestead credit equal to 35 percent of a homeowner's tax bill up to a maximum of \$250, abolished the state property tax levy, and provided income tax credits to senior citizens and renters. As a result of this legislation, Exhibit 3 shows that in 1969, after these policies had taken hold, the state government became a nearly equal contributor to local revenue as were local taxes. Largely due to the Tax Reform and Relief Act, there was virtually no growth in net property taxes between 1968 and 1969 (see Exhibit 4). After 1969, however, net property taxes once again assumed a very fast rate of growth increasing at an average annual rate of over 12 percent between 1969 and 1972. As a result, by 1971 the Legislature again faced demands for property tax relief.

During the 1970s, three major state policy developments occurred which significantly influenced the state's fiscal role in financing local services: the Omnibus Tax Bill of 1971 (often referred to as "The Minnesota Miracle"); the state's assumption of spending for many public welfare programs; and the expansion of state financed direct property tax relief programs.

#### The Minnesota Miracle

The Omnibus Tax Bill of 1971 enacted several reforms that came to be called "the Minnesota Miracle." The main features of the 1971 tax bill were:

- Increased school aid to be distributed in such a way as to better equalize the local tax effort necessary to fund a basic level of education.
- A new system of local government aids to counties, cities, and townships.
- A system of levy limitations for both school districts and general purpose local governments designed to ensure that local spending would not increase as a result of increased state aid.
- State payment of the agricultural school mill rate differential (now called the agricultural credit).

In order to finance the new and expanded local government aid programs, several tax measures were also adopted that increased revenue from statewide non-property sources. The most significant provisions were:

- A one percentage point increase in the general sales tax to 4 percent, while "new" or increased locally imposed sales and income taxes were prohibited.
- A two-stage increase in the income tax rate structure: from 1.5 - 12 percent before 1971, to 1.55 - 13.5 percent in 1971, and 1.6 - 15 percent in 1972.

EXHIBIT 3

STATE AID AND LOCAL TAXES  
AS A PERCENT OF TOTAL LOCAL REVENUES:  
1957-1982

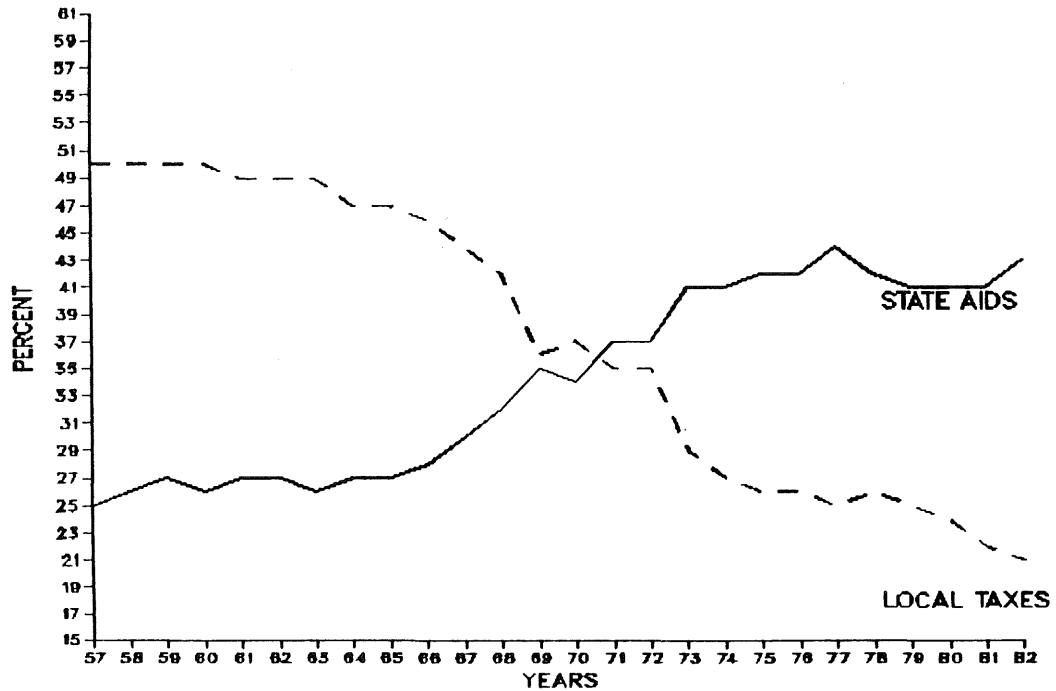
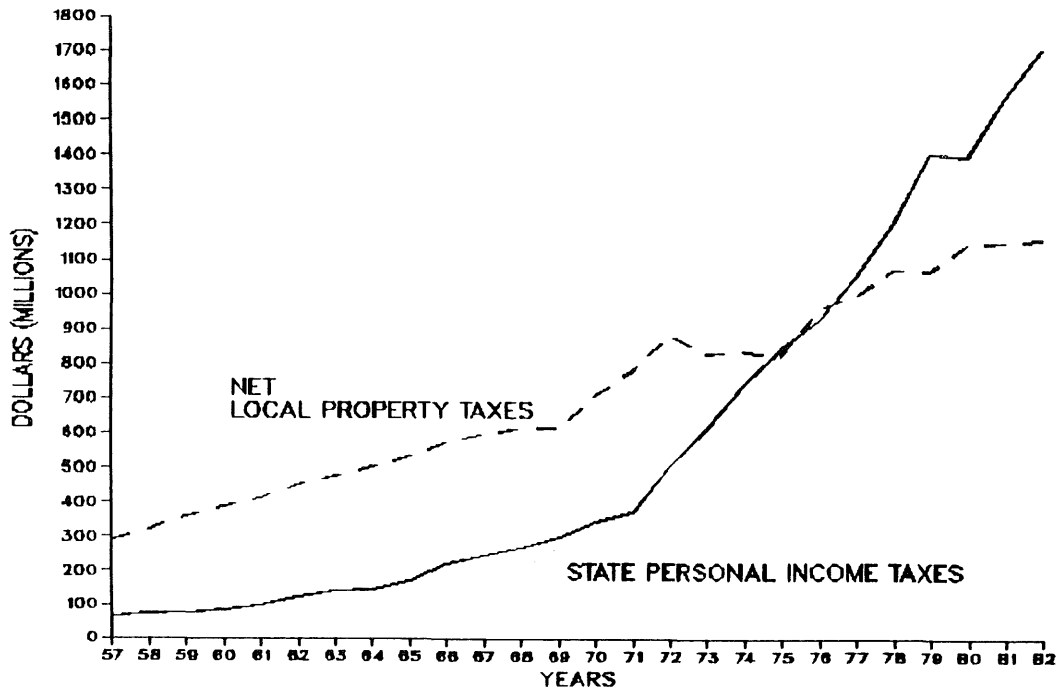


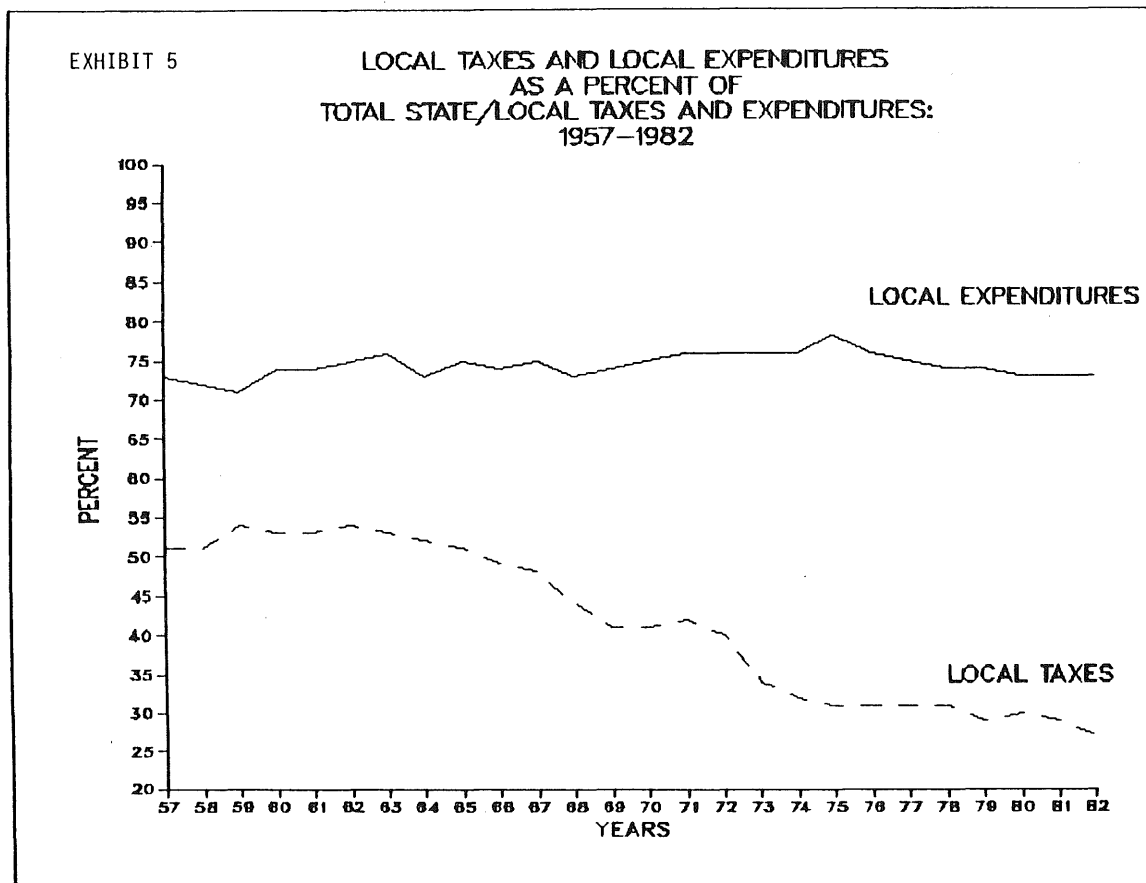
EXHIBIT 4

GROWTH IN STATE PERSONAL INCOME TAXES  
AND LOCAL PROPERTY TAXES:  
1957-1982



- The corporate income tax and bank excise tax were also raised by removal of federal tax deductibility in computing Minnesota taxable income.

The enactment of the "Minnesota Miracle" had a profound impact on the state's fiscal system by further increasing local governments dependency on state collected revenue (see Exhibit 3), while local governments continued to be the primary spenders (see Exhibit 5). By 1973, local government dependency on property taxes was reduced significantly and by 1977 the state's personal income tax became a bigger revenue producer. As can be seen by examining Exhibit 4, state personal income tax collections in 1957 amounted to \$64 million which represented only 22 percent of the revenues collected from net local property taxes.<sup>1</sup> However, by 1982, revenues from the personal income tax were nearly 42 percent greater than net local property tax collections.



<sup>1</sup>Net local property tax figure excludes state paid property tax credits and refunds.

## State Assumption of Welfare Programs

In the mid-1970s, the state began assuming a greater share of spending for public welfare benefit programs (see Exhibit 28, page 34). The effect has been to shield the county collected property tax from the surge in public welfare payments and to try to equalize benefits throughout the state.

## Expansion of Direct Property Tax Relief Programs

The primary purpose of all direct property tax relief programs is to keep effective property tax burdens low. The Legislature, when it passed the Homestead Credit in 1967 and enacted the Minnesota Miracle in 1971, was clearly responding to demands to lower property tax burdens and to finance a greater share of the costs for delivering local government services. Exhibit 23 (page 28) shows that since 1968, direct property tax relief programs have greatly expanded in dollars and in the number of programs. In 1968, the homestead credit was the only direct property tax relief program, with state expenditures totaling \$39.1 million. By 1982 there were several programs through which the state provided property tax relief directly to taxpayers, costing the state over \$714 million. In effect, these programs indirectly subsidize local governments by paying a significant proportion of property taxes levied against local taxpayers.

The most significant effect of this shift toward local governments relying on state collected revenues has been the dramatic decline in the state's dependency on the property tax. Exhibit 6 shows that in 1957, 53 percent of state and local taxes were derived from the property tax, 27 percent from taxes levied on individuals and corporations, and 20 percent from sales and excise taxes. By 1982, only 23 percent of all state and local tax revenue was collected from the property tax while 44 percent was derived from corporate and individual taxes and 29 percent from sales and excise taxes.

State tax policies since 1968 have also had a profound impact on the nature and degree of state and local tax effort. Exhibit 7 shows changes in state and local tax effort by comparing state and local taxes as a percent of state personal income between 1957 and 1982. In 1957, both state and local taxes represented approximately equal shares of income at 4.6 percent and 4.7 percent, respectively. By 1966, the relative share of personal income that went for state taxes exceeded that for local taxes. These rates continued to diverge until 1969, largely as a result of the Tax Reform and Relief Act in 1967, when local tax effort once again began to rise. However, after the "Minnesota Miracle" legislation in 1971, the level of local tax effort declined significantly from five percent in 1972 to approximately three percent in 1982, while state tax effort generally increased. Between 1979 and 1981, state tax effort also declined largely as a result of the personal income tax rate brackets being indexed in 1979 combined with relatively strong growth in personal income during that three-year period. This decline in state tax effort, however, was short-lived. Faced with a serious budget crisis in 1981, the Legislature implemented several tax increases. In addition, the state's personal income increased by only 3.5 percent (compared to an 11 percent increase in 1980). As a result of increased taxes and slow income growth, the state's tax effort once again increased in 1982 to 8.4 percent.

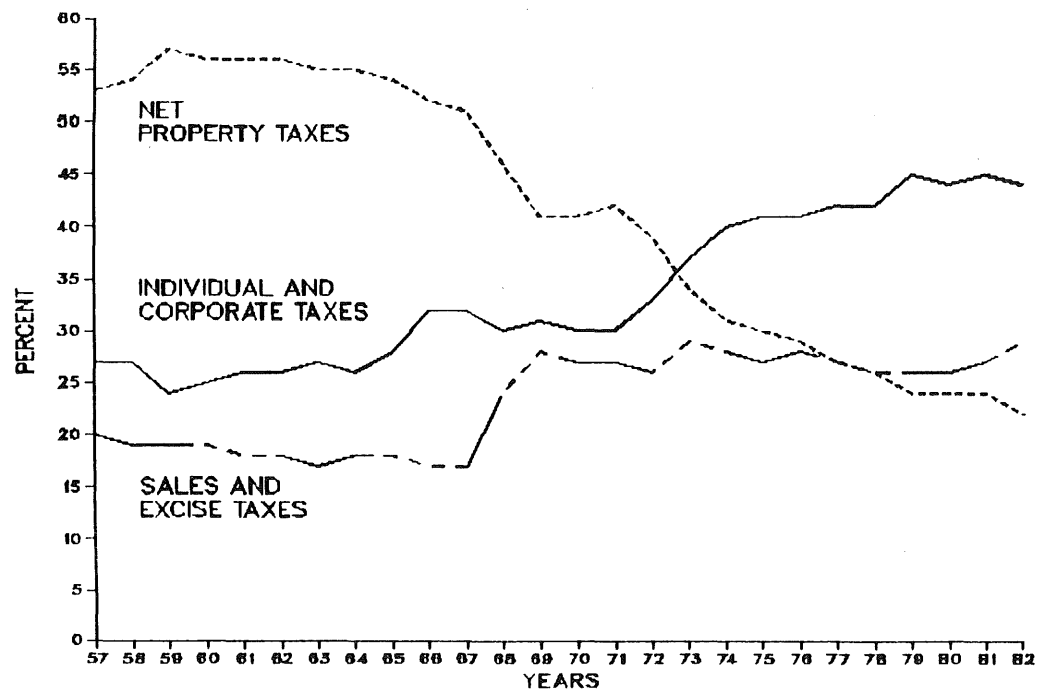
EXHIBIT 7

# STATE AND LOCAL TAXES AS A PERCENT OF STATE PERSONAL INCOME: 1957-1982



EXHIBIT 6

# CHANGE IN MINNESOTA TAX MIX STATE AND LOCAL TAXES: 1957-1982



A fourth factor that should also be mentioned as having, at least potentially, a profound impact on the state/local fiscal system was the financial problems associated with the state's General Fund during the 1980-81 and 1982-83 biennial budgets. Between fiscal years 1980 and 1982, General Fund finances resulted in reductions to the fund balance of over \$900 million. This in turn, resulted in a fund deficit of approximately \$624 million on June 30, 1982. During this period, General Fund revenues increased by 14.2 percent, a significant proportion of which resulted from legislative changes to tax laws. In addition, severe cash flow problems also developed, which introduced the need for extensive short-term borrowing (as of June 30, 1982, \$760 million of short-term certificates of indebtedness were outstanding) and several delays in aid payments to local governments. Because of these legislative tax increases and various cash management policies, state General Fund expenditures were able to increase 19.1 percent during this period despite budget cuts in several specific areas.<sup>2</sup>

The implication of this budget crisis for state/local fiscal relations was realized by both state and local officials. State policymakers were faced with decisions that either cut back, limited, or disrupted state aids to local governments, instilling upon many of them concerns as to the extent to which the state can continue to afford increasing levels of fiscal assistance to local governments. After a decade of almost continuous growth in these programs, lawmakers during the mid 1980s may be reevaluating these policies both in terms of the level of support they provide to local governments and the mechanisms used to deliver it. Conversely, local officials experienced the degree to which their budgets have become vulnerable to fluctuations in the state's fiscal condition. Being highly dependent on state revenue, their budgets were adversely affected as the state cut aids, altered payment schedules, and delayed aid payments in order to alleviate its own fiscal problems. As a result, local officials may also be reassessing their fiscal dependency on the state and may seek fundamental change to the current system.

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<sup>2</sup>For a more detailed evaluation of the state's budget problems in 1981-1982 and actions taken see: Report to The State Legislature on the 1982 Statewide Audit: An Analysis of Financial Problems and Opportunities, Financial Audit Division, Office of the Legislative Auditor, State of Minnesota, March 1983.

## II. REVENUES

### A. State Revenues

At the beginning of the Great Depression, Minnesota relied on property taxes, gasoline and motor vehicle taxes, mining taxes and a tax on gross earnings. In 1933, the Legislature, faced with demands for property tax relief and declining revenues at a time when welfare costs were escalating, adopted a personal and corporate income tax. In 1957, individual income and inheritance taxes amounted to \$70 million accounting for 18 percent of total state revenues (see Exhibit 8 and Table 1). By 1982 that amount increased to \$1.7 billion and represented 32 percent of total state revenue. During the same period, the relative share of taxes collected by the state from corporations declined from 21 percent to 11 percent of total state revenue. Much of this relative decline was a result of increased revenues from other sources and not a decline in corporate tax revenue which actually increased from \$82 million to \$582 million during the period. Note also that state corporate taxes alone do not provide an accurate measure of corporate tax burden; property taxes paid by corporations are an additional consideration.

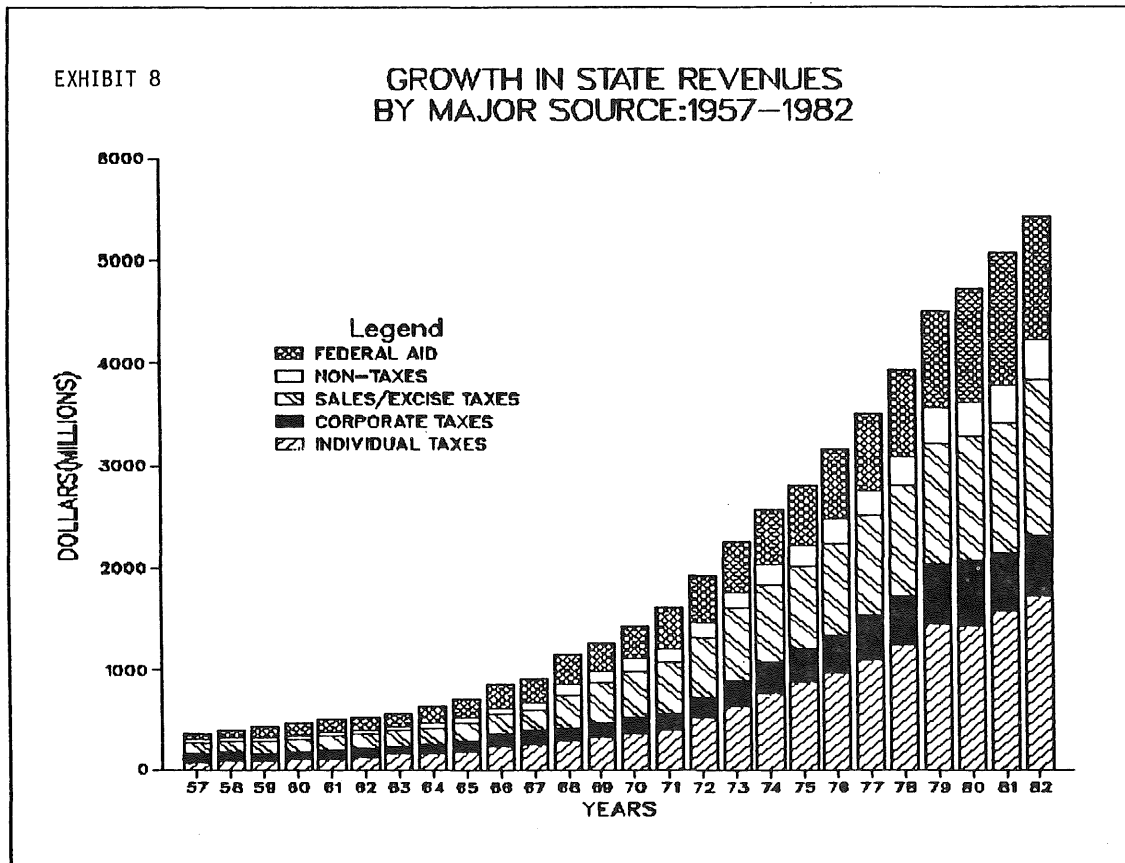




TABLE 1  
PERCENT STATE REVENUE BY MAJOR SOURCE

<u>YEAR</u>	<u>TOTAL REVENUE (000s)</u>	<u>INDIVIDUAL TAXES</u>	<u>CORPORATE TAXES</u>	<u>SALES AND EXCISE TAXES</u>	<u>NON-TAX REVENUE</u>	<u>FEDERAL AID</u>
1957	\$ 382,996	18.4%	21.4%	29.9%	8.4%	17.8%
1958	424,668	18.4	22.1	28.1	8.6	18.7
1959	456,178	18.3	16.4	27.0	8.1	25.6
1960	501,902	19.2	16.9	26.8	7.8	24.7
1961	542,359	19.7	17.5	26.2	8.0	23.8
1962	558,637	23.5	15.2	26.5	7.7	22.5
1963	605,003	25.8	14.3	25.6	7.4	21.7
1964	671,868	24.1	13.6	25.8	7.9	23.0
1965	747,162	24.9	13.4	25.4	7.5	24.9
1966	899,228	26.4	14.8	21.5	7.4	26.0
1967	966,315	26.9	13.9	21.1	7.7	25.6
1968	1,187,114	24.3	10.9	28.8	8.1	24.7
1969	1,286,289	25.0	11.6	32.3	8.2	22.1
1970	1,451,615	25.0	11.1	32.3	8.0	22.5
1971	1,625,730	24.2	10.5	31.4	8.9	24.5
1972	1,958,266	27.2	10.4	29.7	7.4	24.3
1973	2,267,097	28.3	11.6	31.1	6.8	21.5
1974	2,587,639	29.8	11.8	29.4	7.7	20.8
1975	2,824,961	31.4	11.7	28.1	7.6	20.6
1976	3,188,229	30.4	11.4	28.3	7.5	21.9
1977	3,535,091	31.0	12.6	27.5	7.0	21.5
1978	3,949,811	31.4	12.5	27.4	6.9	21.4
1979	4,530,000	31.8	13.2	26.1	7.7	20.7
1980	4,738,701	30.4	13.3	25.6	7.1	23.3
1981	5,090,253	31.1	11.1	25.2	7.3	25.1
1982	5,451,893	31.7	10.7	28.2	7.2	21.9

The relative share of state revenue generated from sales and excise taxes ebbed and flowed since 1957. During the first ten years of the period, the percent of state revenue from these sources decreased from 30 percent to 21 percent. Then in 1968, with the advent of the general sales tax, sales and excise taxes regained their earlier degree of importance accounting for approximately 30 percent of state revenue through 1974. Beginning in 1975 this percentage began to decline once again to nearly 25 percent by 1981. However, largely as a result of rate increases made to general sales and gasoline taxes in 1981, the relative share of state revenue from sales and excise taxes rebounded to over 28 percent in 1982.

The relative share of state revenue from other major sources changed little during the period. The state's reliance on non-tax revenue, such as fees and charges, remained relatively constant between seven and eight percent. The percent of state revenue from federal aids was also relatively stable through 1979. The biggest change occurred between 1957 and 1959 when the relative share of federal revenue increased from 18 percent to nearly 26 percent because of a significant influx of interstate highway grants. However, since 1979 the state's relative dependency on federal revenue has become somewhat unstable, increasing from nearly 21 percent in 1979 to over 25 percent in 1981 and declining to under 22 percent in 1982. This vibrant pattern can be attributed to both changes in federal programs and funding, and to fluctuations in state tax revenues resulting from economic recession and remedial tax increases.

The first big change in Minnesota tax policy, since 1957, was the withholding of income taxes by the 1961 Legislature. Income tax collections increased sharply following adoption of the withholding policy. However, several other factors help explain this growth in revenue, including the fact that the number of income tax filers more than doubled since 1957 and that per capita income nearly sextupled from \$1,880 in 1960 to \$11,802 in 1982.

Much of the increase in per capita income can be attributed to inflation. For example, a 1957 dollar was worth over three times a 1982 dollar. The effect of inflation is that it puts taxpayers into higher income tax brackets and thus increases income tax revenues. Individual income taxes rose 124 percent from \$731 million in fiscal year 1973 to \$1.6 billion in fiscal year 1979. Inflation was a significant factor in accounting for this increase. During the period between 1973 and 1979, inflation rose at an average annual rate (measured by the CPI) of nearly 9 percent. This prompted the Legislature in 1979 to "index" (an automatic adjustment designed to offset the impact of inflation) the state's income tax structure which has the effect of slowing the growth of income tax revenues during inflationary periods.<sup>3</sup>

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<sup>3</sup>For tax years 1979 and 1980, income tax brackets were increased by 85 percent of the increase in the Consumer Price Index (CPI) for the Minneapolis-St. Paul metropolitan area. In 1979, the adjustment was 10.1 percent and in 1980, 8.6 percent. For tax years 1981 and 1982, brackets were increased either by 100 percent of the increase in CPI or by 100 percent of the increase in Minnesota gross income, whichever was less. In 1981 the adjustment was 9.2 percent and in 1982 was 2.1 percent. Beginning in tax year 1981, credits and standard deductions were also adjusted for inflation using the same methods (M.S. 290.06). In 1983, the Legislature amended the law such that the indexation provision could be suspended if the state projected surplus was less than \$250 million (Minnesota Session Laws, Ch. 342, Section 6, Subd. 2f).

Among the corporate taxes, the tax on corporate income experienced the most dramatic increase. Although as a percent of total state revenues, corporate income tax revenues increased only marginally (from 5.2 percent in 1957 to 5.5 percent in 1982), as a percent of total corporate taxes, its relative share increased from 24 percent to nearly 52 percent (see Table 2).

TABLE 2  
CORPORATE TAXES BY SOURCE  
SELECTED YEARS: 1957 - 1982

	1957		1962		1967		1972		1977		1982	
	Percent of Total Corporate Taxes	Percent of Total State Revenue	Percent of Total Corporate Taxes	Percent of Total State Revenue	Percent of Total Corporate Taxes	Percent of Total State Revenue	Percent of Total Corporate Taxes	Percent of Total State Revenue	Percent of Total Corporate Taxes	Percent of Total State Revenue	Percent of Total Corporate Taxes	Percent of Total State Revenue
<u>CORPORATE TAXES:</u>												
Income Tax	24.4%	5.2%	36.5%	5.5%	48.9%	6.8%	49.8%	5.2%	53.6%	6.7%	51.9%	5.5%
Bank Excise	2.1	0.5	5.8	0.9	4.2	0.6	7.5	0.8	4.8	0.6	5.1	.6
Employer Excise	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.0	0.5	0.0	0.0
Gross Earnings	34.6	7.4	38.0	5.8	32.5	4.5	33.0	3.5	25.1	3.2	23.4	2.5
Mining	38.7	8.3	20.0	3.0	14.0	1.9	9.8	1.0	12.6	1.6	19.6	2.1

Since 1957 there have been several significant changes in Minnesota's corporate income tax. Three changes have been made in the corporate tax base, (i.e., the amount of corporate income subject to taxation), five changes have been made in corporate income tax credits, and four increases in the tax rate and one major revision of the rate structure.

Two of the three tax base changes increased the amount of corporate income taxable in Minnesota. Those changes were:

- Elimination of federal deductibility (1971). Companies filing corporate income tax returns in Minnesota can no longer use the federal income tax they pay as a deduction.
- Adoption of the unitary method of taxation (1981). Under this method, total corporate income includes all income of the corporation filing the tax return plus the income of its U.S. subsidiaries and/or parent company.

The third tax base change decreased the amount of corporate taxable income in Minnesota. In 1973, Minnesota changed the definition of a "Minnesota sale." Instead of defining a "Minnesota sale" based on where a sale originated, the basis became an item's final destination or, in the case of a service, the place where the service was performed. Under the old law, a sale to an out-of-state customer made through a sales office in Minnesota had to be counted as part of the corporation's Minnesota taxable income. After 1973, only those sales with a Minnesota destination had to be counted.

The rapid growth in corporate income tax revenues can also be attributed to increases in the corporate income tax rate, going from 7.3 percent in 1957 to 12 percent in 1982.

The other major taxes on corporations are the gross earnings tax which is levied on the gross receipts of certain types of businesses<sup>4</sup> and mining taxes largely levied on taconite production. The relative share of state revenue from both sources has declined significantly. In 1957, gross earnings tax revenue accounted for 34.6 percent of all corporate related taxes and approximately 7 percent of total state revenue. By 1982, the relative contribution made by the gross earnings tax declined to represent only 23 percent of corporate tax receipts and less than 3 percent of total state revenue.

While the relative share of mining tax revenues has declined largely as a result of economic factors, the relative contribution of gross earnings taxes has declined for two major reasons: replacement by other forms of taxation and changes in federal laws. The Railroad Revitalization and Regulatory Act of 1976 required states to cease discriminatory taxation of railroads. Minnesota's gross earnings tax was considered discriminatory. In 1979, legislation was passed phasing out the gross earnings tax on railroads except taconite railroads (taconite railroads are not interstate operations subject to the federal act). The phase-out was completed in 1981.

In 1957, sales and excise taxes accounted for approximately 30 percent of total state revenue with the gasoline tax being the largest contributor, generating 13.1 percent of total state revenue and nearly 44 percent percent of all sales and excise taxes (see Table 3). In 1967, the Legislature enacted a general sales tax which in 1968 generated over \$113 million, accounting for 9.5 percent of total state revenues and over one-third of all sales and excise tax revenue--slightly below the contribution made by gasoline taxes. By 1981, the general sales tax had become, by far, the most important source of sales and excise tax revenue, generating nearly 54 percent of sales and excise tax revenue and accounting for 13 percent of all state revenue.

Another major change during the period has been the use of dedicated funds. Exhibit 9 shows the relationship between dedicated revenues and nondedicated revenues. Dedicated revenues are those funds collected by the state which are legally designated to be spent only for a specific purpose. Nondedicated revenues are those revenues which are not designated for a specific purpose and may be spent as the Legislature chooses.

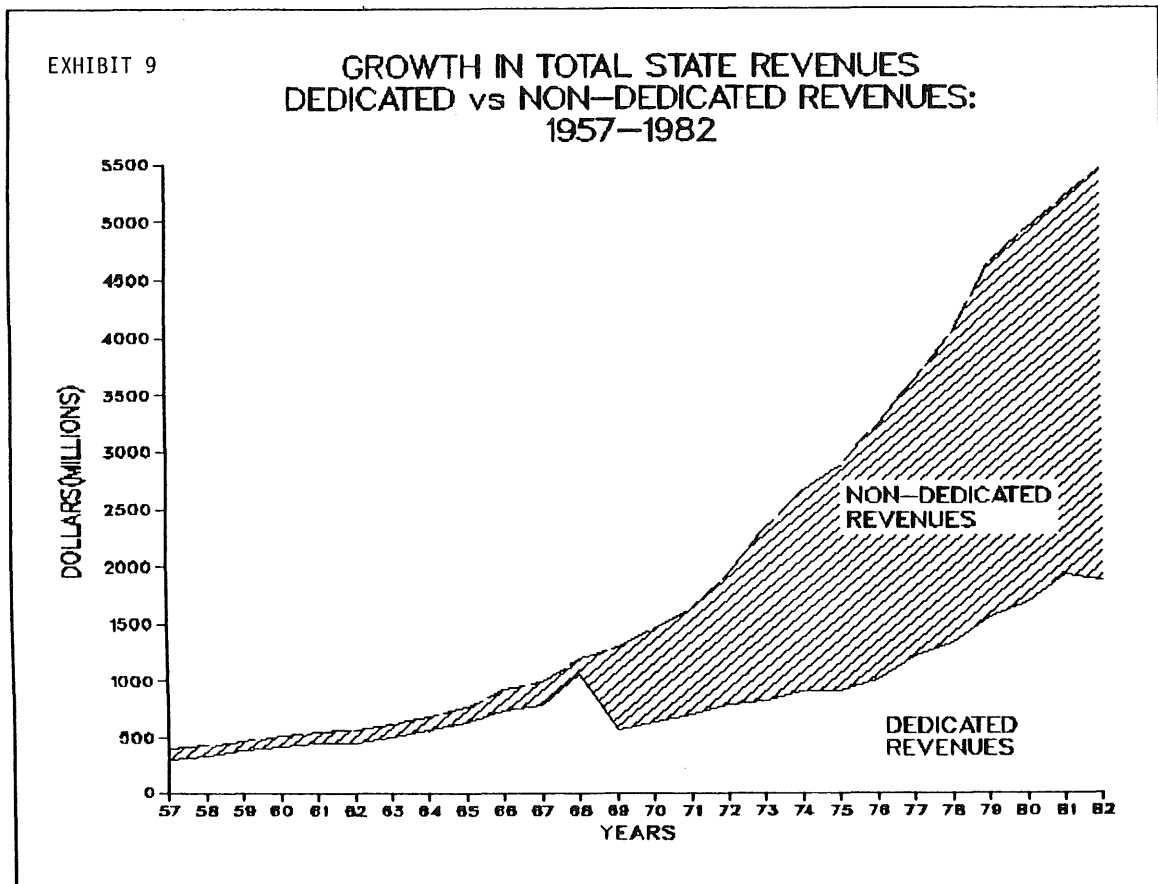
In the years 1957 to 1968, dedicated revenues comprised nearly 80 percent of the total revenues collected by the state. During those years, for example, almost all the individual and corporate income tax revenues were earmarked to finance school aids. After 1968, however, the proportion of dedicated revenues dropped dramatically as the Legislature changed its funding policies.

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<sup>4</sup>In Minnesota, telephone, telegraph, and insurance companies are currently the only major businesses subject to this tax.

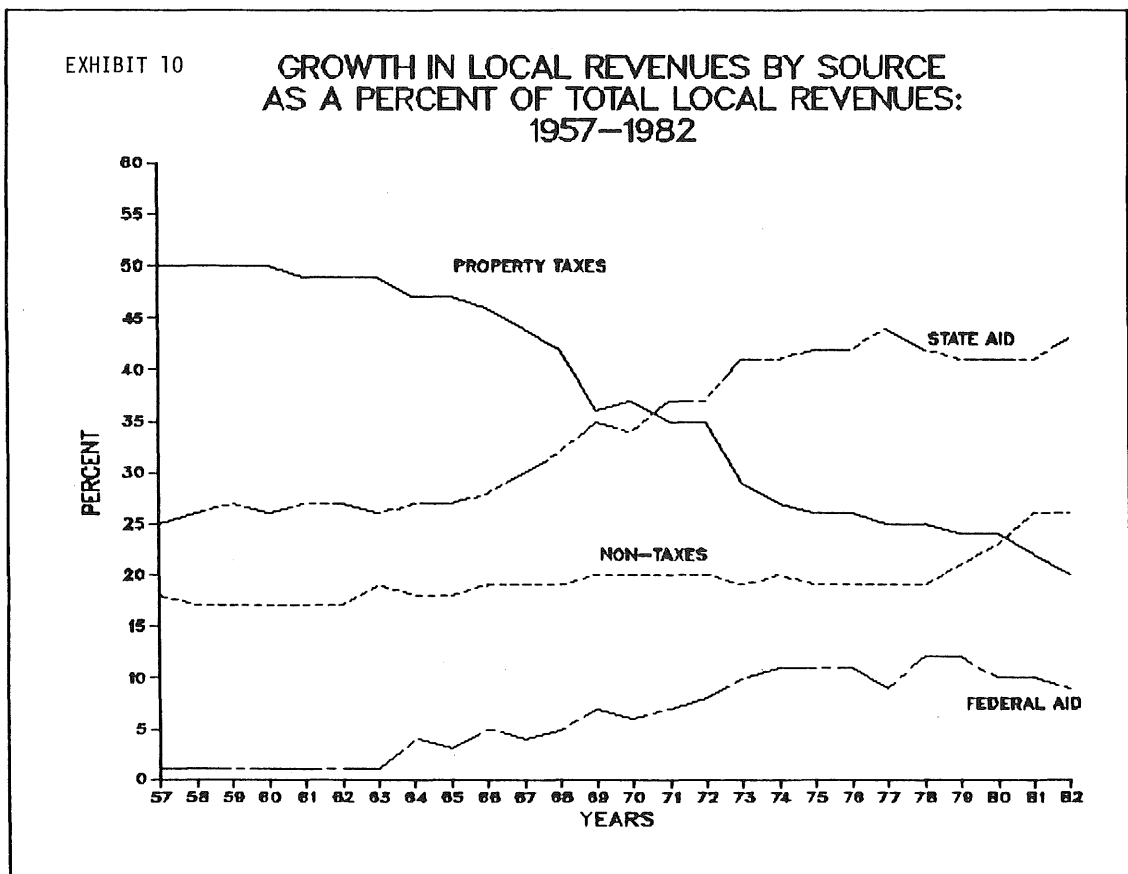
TABLE 3  
SALES AND EXCISE TAXES BY SOURCE  
SELECTED YEARS: 1957 - 1982

	1957		1962		1967		1972		1977		1982	
	Percent of Total Sales & Excise Taxes	Percent of Total State Revenue	Percent of Total Sales & Excise Taxes	Percent of Total State Revenue	Percent of Total Sales & Excise Taxes	Percent of Total State Revenue	Percent of Total Sales & Excise Taxes	Percent of Total State Revenue	Percent of Total Sales & Excise Taxes	Percent of Total State Revenue	Percent of Total Sales & Excise Taxes	Percent of Total State Revenue
SALES AND EXCISE TAXES:												
Sales Tax	--	--	--	--	--	--	46.5%	13.9%	48.2%	13.3%	57.1%	16.1%
Liquor Tax	14.0%	4.2%	13.2%	3.5%	12.1%	2.6%	7.2	2.2	5.2	1.4	3.6	1.0
Cigarette and Tobacco Tax	11.6	3.5	17.0	4.5	16.0	3.4	10.3	3.1	8.6	2.4	5.8	1.6
Motor Vehicle Tax	30.7	9.2	29.5	7.8	27.0	5.7	11.8	3.5	17.9	4.9	16.8	4.7
Gasoline Tax	43.5	13.0	40.1	10.6	43.2	9.1	23.5	7.0	20.0	5.5	16.8	4.7
Oleomargarine Tax	0.2	0.1	0.1	0.0	1.6	0.3	0.7	0.2	--	--	--	--



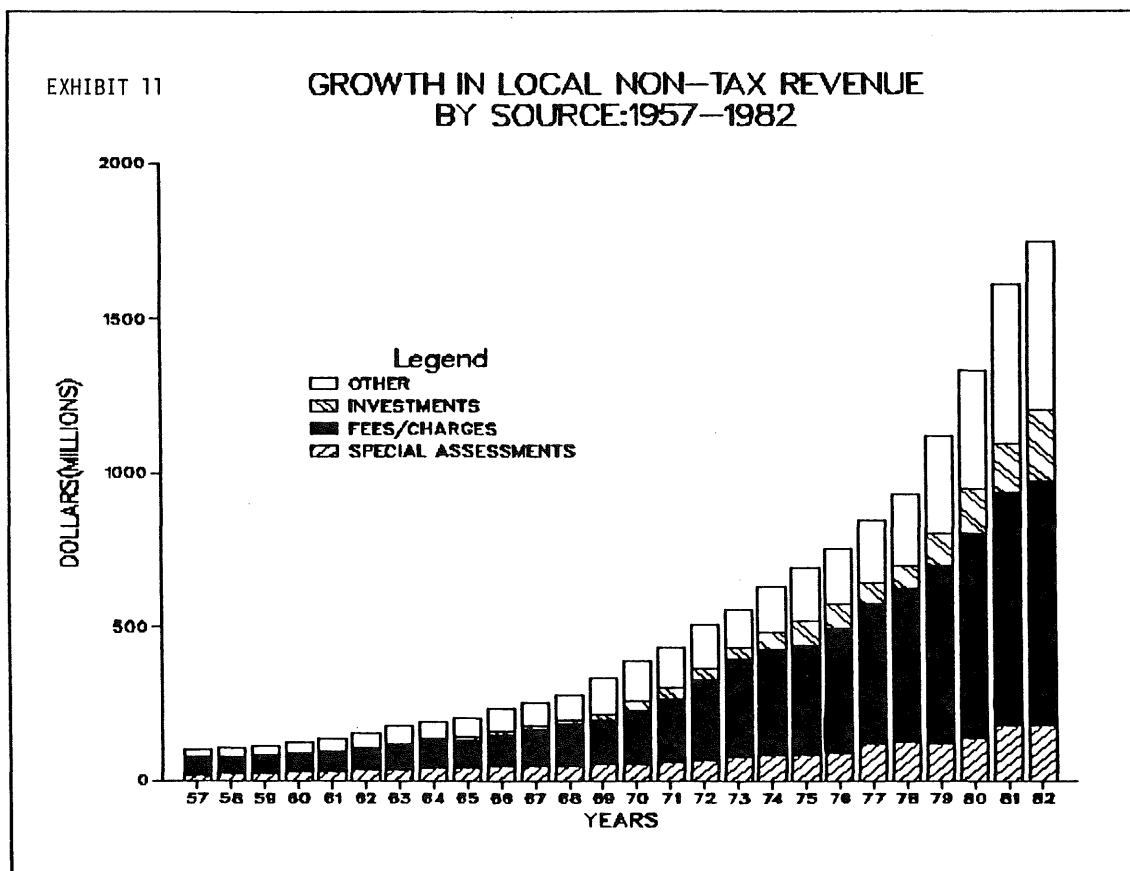
## B. Local Revenues

The growth pattern in local government revenues between 1957 and 1982 is characterized by two trends. Exhibit 10 shows that during the first part of the period, the local revenue system was quite stable with 50 percent of the revenue being generated from property taxes, approximately 26 percent from the state, 17 percent from local non-tax sources, and less than 5 percent from the federal government. After the mid-1960's however, the system began to change. Greatly influenced by the 1967 Tax Reform and Relief Act and by the "Minnesota Miracle" in 1971, local governments dependency on the property tax declined dramatically as the state assumed the responsibility to be the primary revenue provider to local governments. In 1982, local property taxes accounted for only 20 percent of all local revenue, while state aids accounted for nearly 43 percent. During this period, federal aids also became an important source of revenue, accounting for as much as 12 percent of local revenue during the late 1970s.



In addition, between 1978 and 1981, local governments turned their attention to non-tax revenue sources. Through 1977, approximately 20 percent of local revenues were generated from this source; however, during the five years between 1977 and 1982, local non-tax revenues more than doubled increasing from \$845 million to nearly \$1.8 billion. In 1982, local governments were obtaining more revenue from non-tax sources than they were generating from their property tax.

Much of the increase in non-tax revenue occurred from greater utilization of fees and charges. As can be seen by examining Exhibit 11, fees and charges increased from \$54 million in 1957 to \$793 million in 1982 which in real terms represents an increase of 330 percent. In 1982, local government fees and charges accounted for 45 percent of all local non-tax revenue and nearly 12 percent of total local revenues.

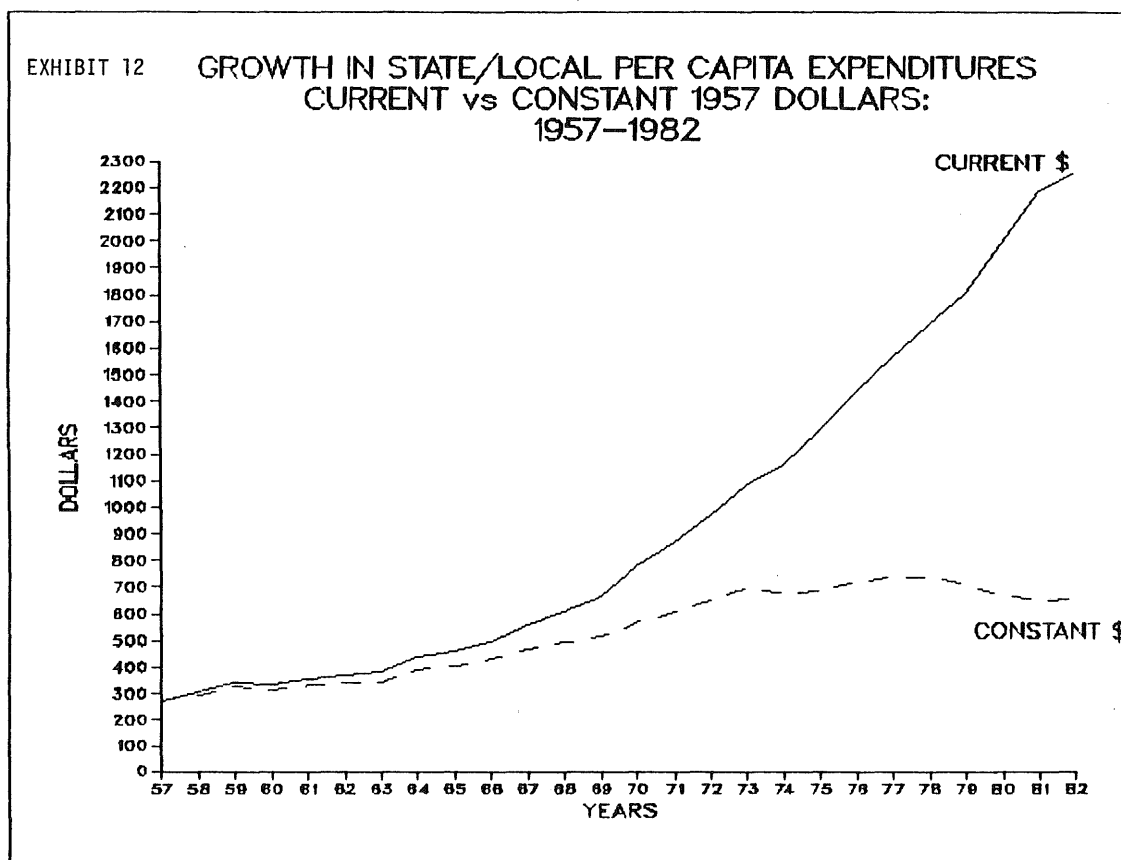




### III. EXPENDITURES

#### A. Overview of Total State and Local Spending

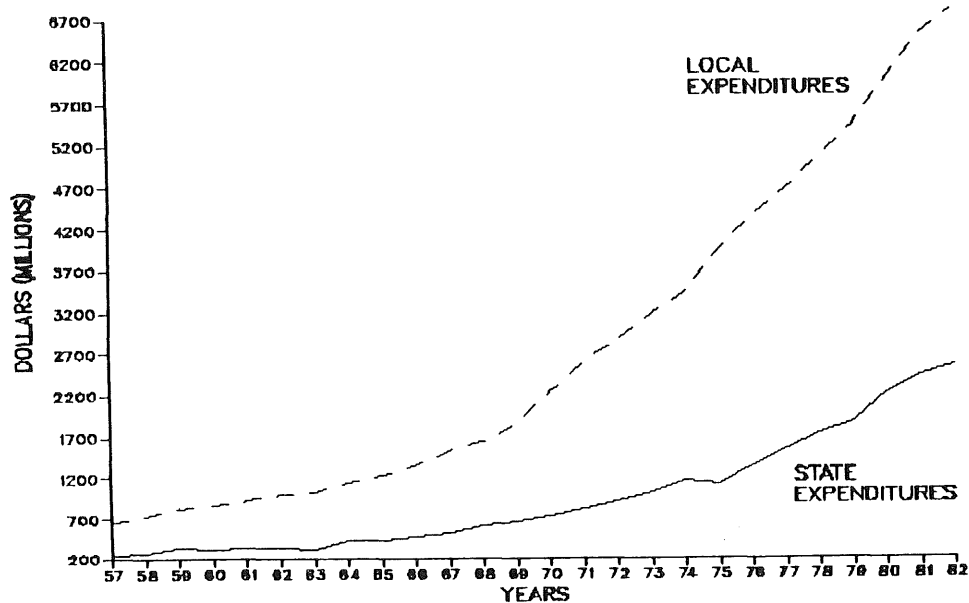
Between 1957 and 1982 spending by state and local governments increased by over tenfold from \$889 million to \$9.3 billion. In 1957 state and local governments were spending the equivalent of \$272 for every person in the state and by 1982 that amount exceeded \$2,200 (see Exhibit 12).



Much of this increase, however, can be explained by inflation. In fact, when measured in constant 1957 dollars, growth in state and local spending was less than one-third the growth in current dollars for the entire period. Between 1957 and 1977 total government spending, in real terms, increased by 172 percent amounting to \$739 per capita in 1977. Since 1977, however, state and local government real spending actually declined by approximately 11 percent amounting to \$660 per capita in 1982. In fact, state and local governments in Minnesota were spending less per capita, in real terms, in 1982 than they were in 1973.

In addition, much of the growth in state and local government spending occurred at the local level (see Exhibit 13). Despite the fact that state expenditures increased at a slightly faster rate than local spending between 1970 and 1982, 70 percent of the growth during this period occurred among local units of government.

EXHIBIT 13

GROWTH IN STATE AND LOCAL EXPENDITURES:  
1957-1982

Many factors, in addition to inflation, have contributed significantly to growth in government spending in Minnesota. For example:

- The population of Minnesota increased from 3.3 million to 4.1 million, a gain of nearly 25 percent (see Appendix Table IV).
- The number of children born in Minnesota increased dramatically in the post-World War II era, increasing from 67,000 in 1946 to over 88,000 in 1959, a rate of increase exceeding two percent per year.<sup>5</sup> In time, most of those babies went to school as evidenced by kindergarten through twelfth grade enrollments increasing by 50 percent between 1957 and 1972.<sup>6</sup>
- At the other end of the population spectrum, the number of persons over the age of 65 also increased by approximately 80 percent between 1960 and 1980.<sup>7</sup> This resulted in greater demands for nursing home care and Medical Assistance benefits.

<sup>5</sup>Minnesota Department of Health, "Minnesota Vital Statistics Resident Summary: 1943-1982."

<sup>6</sup>Minnesota Department of Education.

<sup>7</sup>Statistical Abstract of the United States, 1961 and 1981, U.S. Department of Commerce, Bureau of the Census.

- In the 1960s and 1970s, America was actively engaged in a "war on poverty" which brought substantial increases in health and welfare programs. In Minnesota, health and welfare benefits to individuals also grew significantly. Between 1968 and 1981, state paid benefits to individuals were the fastest growing type of state government expenditure, accounting for 53 percent of total state expenditure growth during the period.
- Transportation also became an expensive item for state and local governments, especially during the 1960s and early 1970s. During this period freeways were built, numerous other highways were rebuilt or upgraded to meet increasing traffic demands, and mass transit systems became both publicly owned and subsidized. Minnesota's geographical size, 12th largest in the nation, and the length of its trunk highway system were continuing factors in high spending for transportation.

#### B. State/Local Expenditures By Type

Since 1957, 73 percent of the growth that has occurred in total government spending in Minnesota has been for current government type functions such as salaries, administration, and general operations. Benefits paid to individuals was the second most significant growth factor, but such expenditures accounted for only 17 percent of the growth in state and local government spending between 1957 and 1982, while expenditures for debt service and capital projects accounted for only 7 and 3 percent of the growth, respectively.

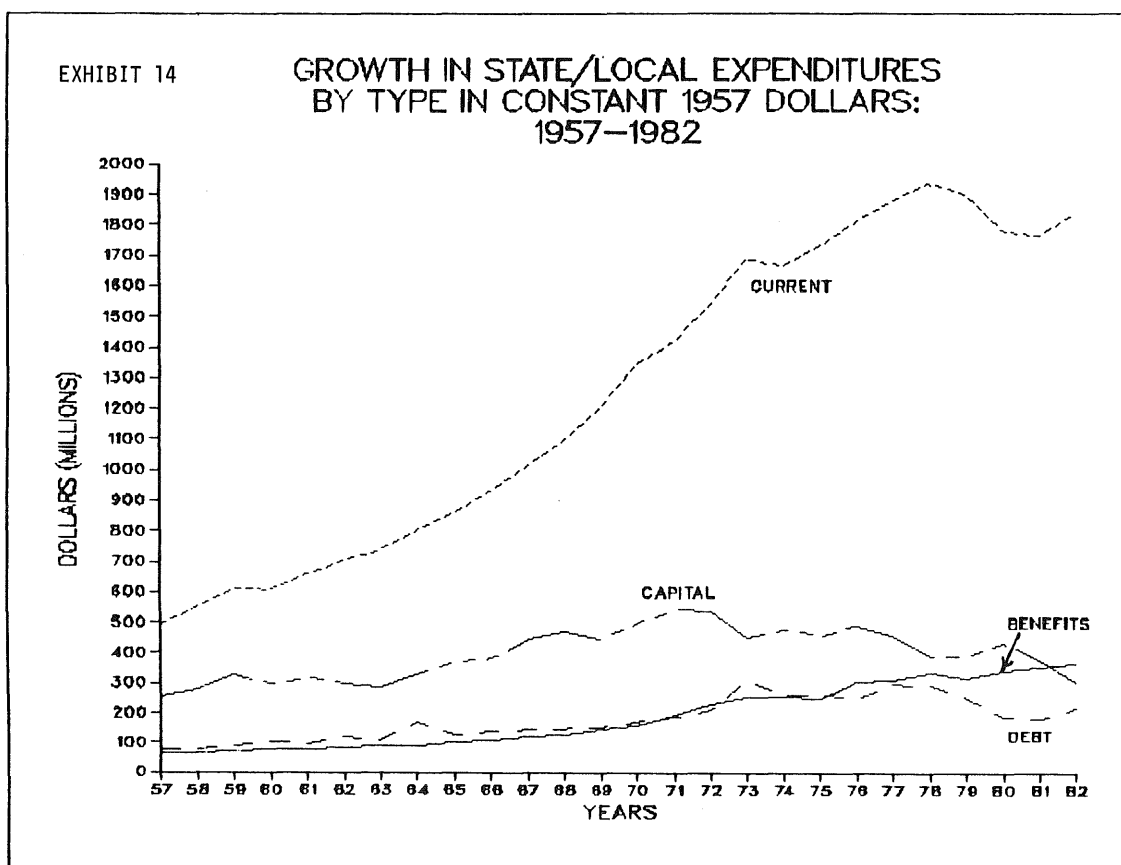


Exhibit 14 shows that between 1957 and 1978 real growth in state and local current expenditures increased at an average annual rate of approximately 6.5 percent. Between 1978 and 1981, however, total government current expenditures, in real terms, actually declined and even after modest growth in 1982, total state and local current government spending was two percent below real current expenditures in 1977. Unlike current government expenditures, state and local benefits paid to individuals experienced continuous growth since 1957, even during the period between 1979 and 1981 benefit expenditures, in real terms, increased by nearly 12 percent while other types of government expenditures actually declined. Growth in state and local capital and debt service expenditures, conversely, experienced very little real growth during this entire period. In fact, state and local governments were spending more, in real terms, for capital projects in 1959 than they were in 1982.

Exhibits 15 and 16 show growth in state and local expenditures by type for both levels of government. As can be seen, the growth patterns are quite dissimilar with most of the growth occurring in individual benefits at the state level, while most of the local growth occurred in current expenditures. More specifically, Exhibit 15 shows that in constant 1957 dollars, state spending for current and capital purposes remained relatively equal between 1957 and 1968. After 1968, however, growth rates for current and capital expenditures began to diverge. Between 1968 and 1982, real growth in state current expenditures increased, on average, by approximately 3 percent per year. Real growth in state spending for capital projects on the other hand declined sharply. By 1982, state capital expenditures were at a level, in real terms, 63 percent below that of 1968 and 21 percent below that of 1957.

The largest growth in state expenditures occurred for benefits paid to individuals. In 1968, state expenditures for individual benefits amounted to \$120 million and by 1982 increased by \$1 billion, accounting for 53 percent of the total growth in state expenditures. In real terms, this represents an increase of 246 percent between 1968 and 1982 and as a result, state spending for individual benefits has become the dominate state expenditure item, accounting for 45 percent of state expenditures in 1982.

State debt service, however, showed very little change during the period with the only major change occurring in 1964 when the state issued refunding bonds totaling \$40.6 million to retire certificates of indebtedness held by state trust funds. This really represents an artificial increase in debt service for 1964. The refunding simply restructured the state's debt repayment schedule. Debt service did not experience significant real growth until after 1972 when it increased at an average annual rate of approximately 5 percent per year through 1982 (see Chapter IV).

Unlike the more diverse growth pattern in state expenditures, local governments experienced approximately 80 percent of their total spending growth in current type expenditures. Exhibit 16 shows that local current expenditures, in constant 1957 dollars, increased from \$407 million in 1957 to nearly \$1.6 billion in 1978, a real increase of nearly \$1.2 billion or 192 percent. Real local current expenditures, however, declined by 8 percent between 1978 and 1981 and in 1982 only approximated the 1977 level of spending.

EXHIBIT 15

# GROWTH IN STATE EXPENDITURES BY TYPE, IN CONSTANT 1957 DOLLARS: 1957-1982

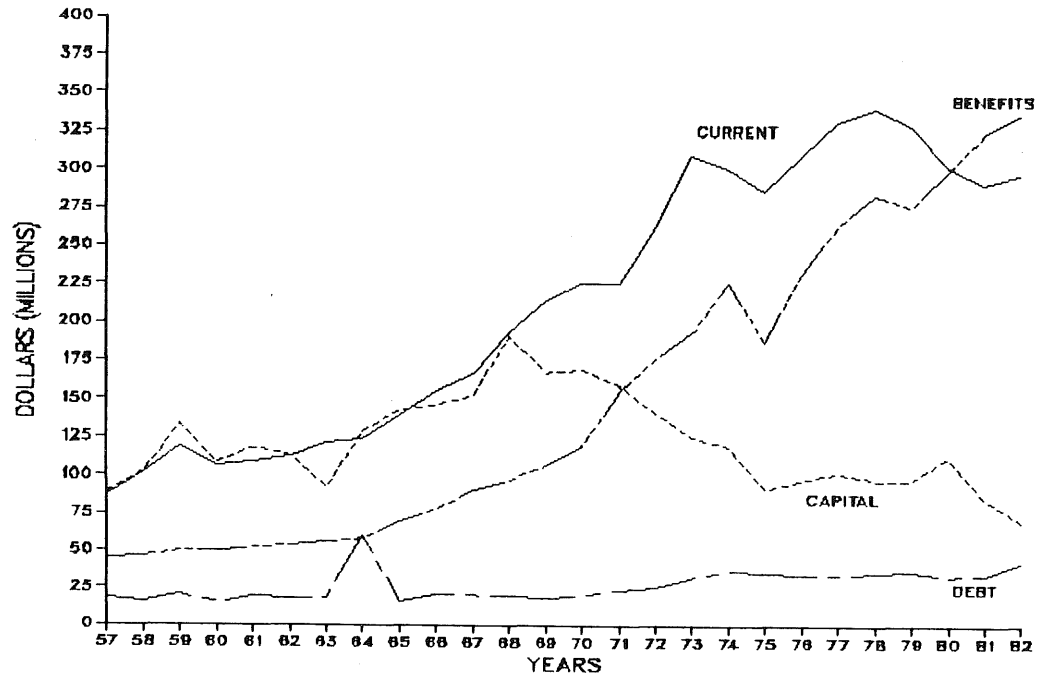
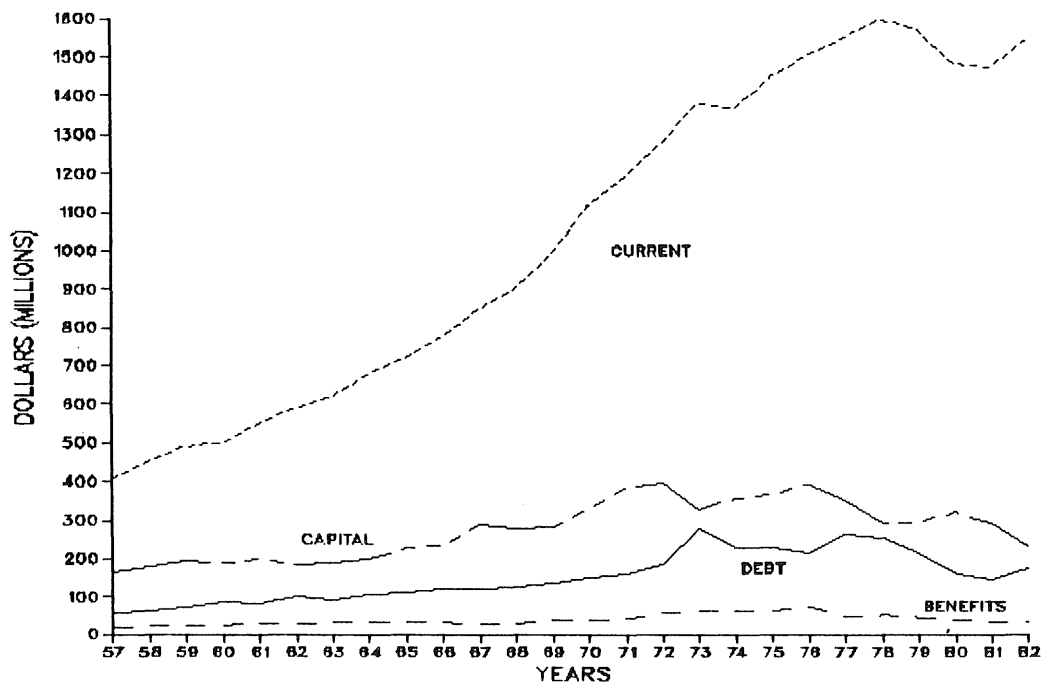


EXHIBIT 16

# GROWTH IN LOCAL EXPENDITURES BY TYPE IN CONSTANT 1957 DOLLARS: 1957-1982

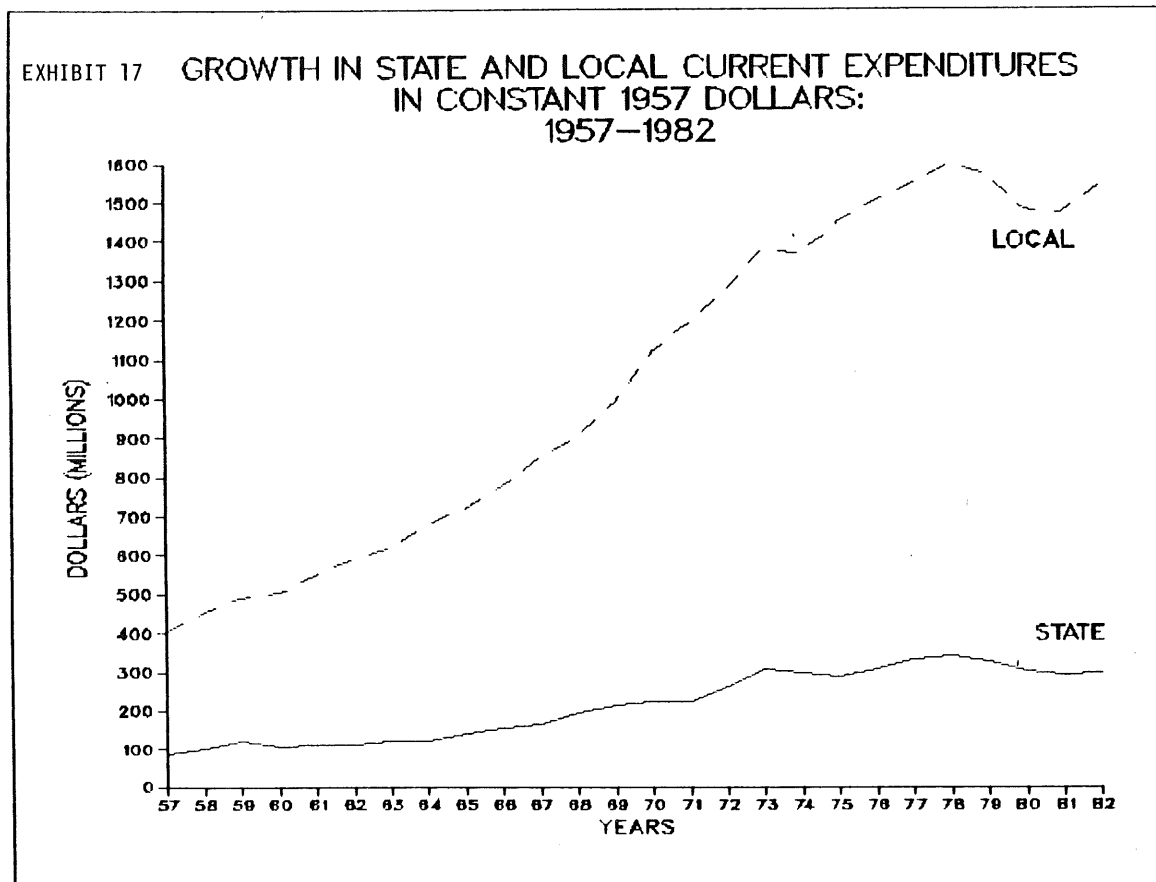


Local government expenditures for capital projects, debt service, and individual benefits experienced very little real growth between 1957 and 1965. Between 1965 and 1972, however, local capital expenditures and debt service generally increased. After 1972, local capital and debt service real expenditures ebbed and flowed but both generally declined. Between 1957 and 1976, local benefits to individuals experienced a real growth of only \$51 million, but this represented a 268 percent increase. Between 1976 and 1982 local benefit real expenditures, however, declined by 58 percent as the state assumed greater responsibility to finance these programs.

C. Current Government Expenditures: An Intergovernmental Marble Cake?

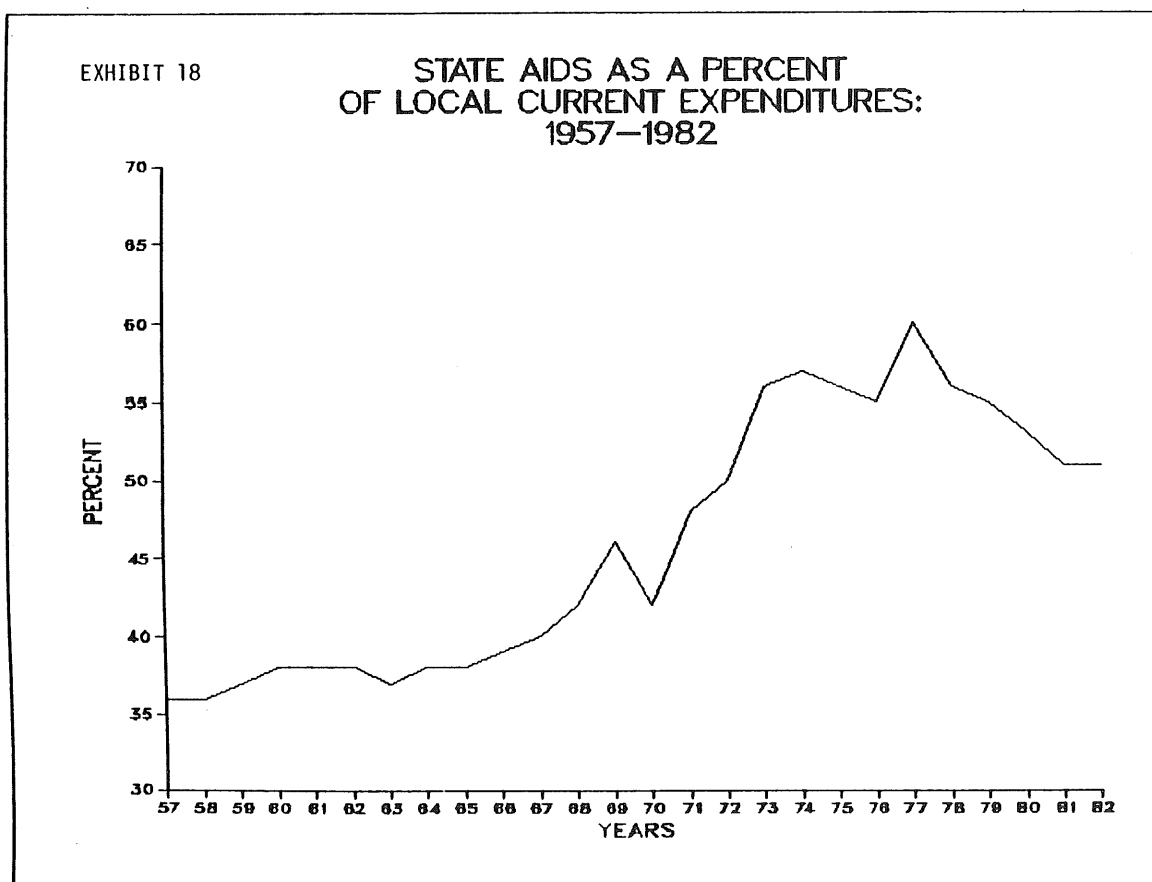
1. Growth in Current Government Expenditures: State or Local Growth?

Growth in state and local current expenditures represented approximately two-thirds of the total increase in state and local spending since 1965. Exhibit 17 shows that most of that growth occurred among local governments. Between 1965 and 1982 state and local current expenditures increased, in real terms, by \$977 million, 84 percent of which was realized at the local level.



While much of the current expenditures growth was occurring among local units of government, most of these expenditures were financed by the state. As indicated earlier, the most profound change during this entire period was that the state, in response to demands for property tax relief, became the primary revenue collector while local governments maintained their role as primary spenders. The 1967 Tax Reform and Relief Act and the 1971 "Minnesota Miracle" legislation provided significant state financial assistance to local governments enabling them to meet demands for municipal and educational services without overburdening the property tax.

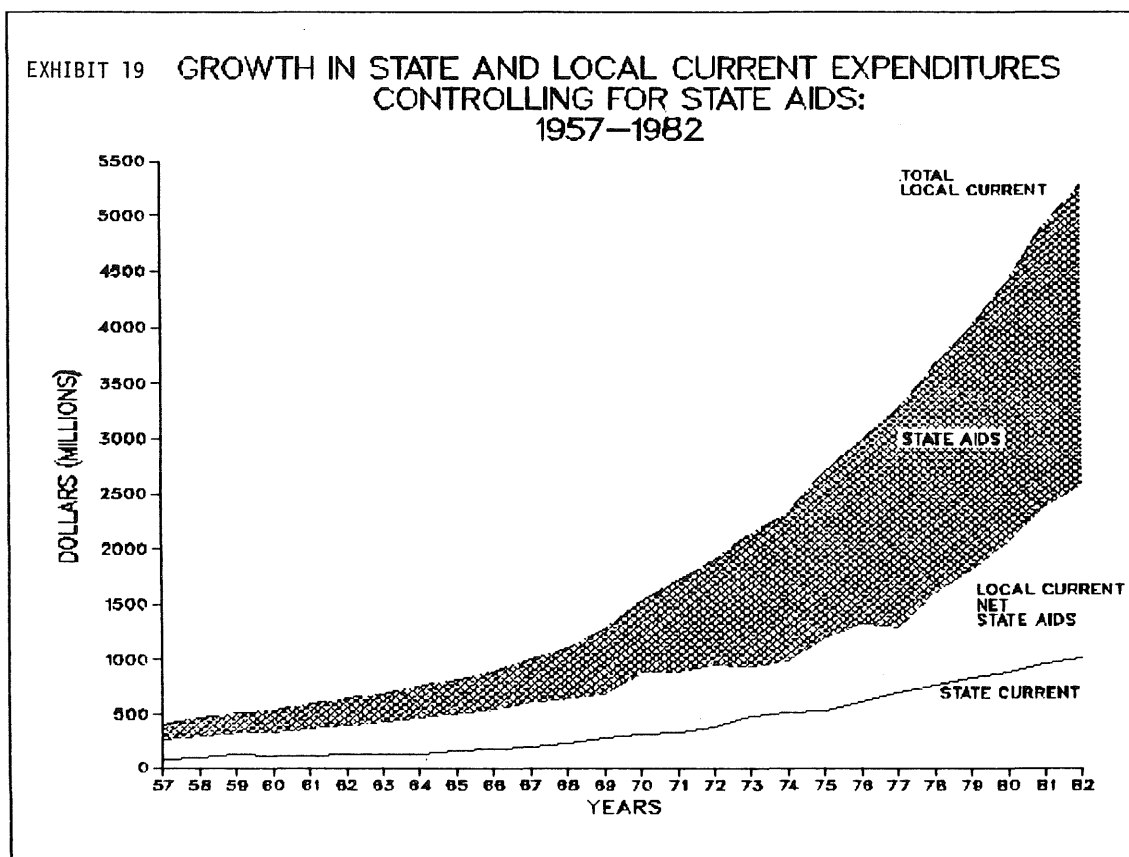
Exhibit 18 shows the impact of state aid payments on local current expenditures.<sup>8</sup> In 1957, 36 percent of local current expenditures were supported by state government aids, by 1969, after passage of the Tax Reform and Relief Act, the state was providing local governments with 46 percent of the revenue needed to finance their current expenditures. That percentage continued to increase, aided greatly by the "Minnesota Miracle" in 1971 through 1977, at which time the state was responsible for financing over 60 percent of local government current expenditures. After 1977, the state's role began to decline, but this was due to both a slower growth in state aids as well as an increase in local revenue effort.



<sup>8</sup>State aid, as reported by the State Auditor, does include some federal pass through dollars. However, after our adjustments we estimate that 85 to 90 percent of the amount is derived from state sources. For further explanation of our adjustments, see General Note 3 of Appendices (p.48) and Note 13 of Appendix Table I (p.60).



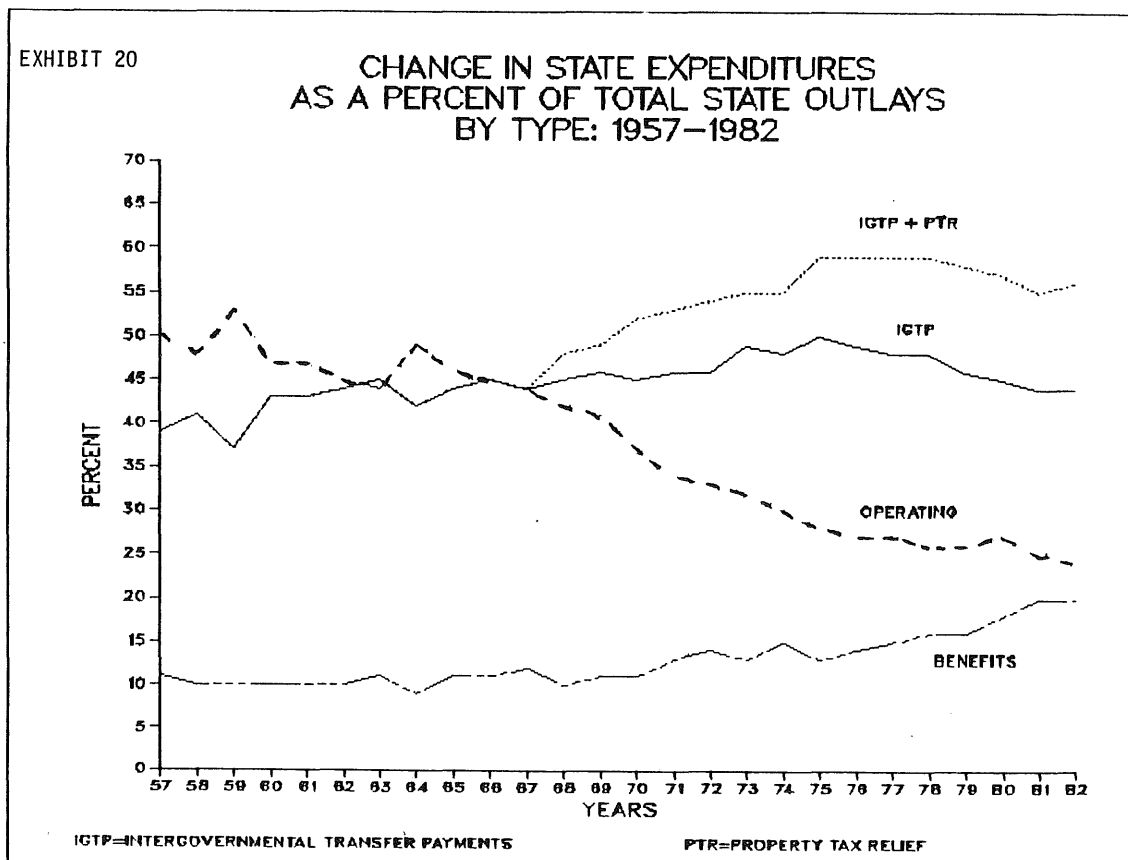
The argument could be made that the growth in local current expenditures is somewhat misleading because much of it has been financed by the state. Exhibit 19 compares the growth in state and local current expenditures while controlling for state aids. As can be seen, the growth rate in local current expenditures, excluding state aids, is not nearly as great when state aids are included. Since 1970, the state has financed 59 percent of the increase in local government current expenditures. Thus, it could be argued that state current expenditures have risen faster and are at a higher level than local current expenditures since the state, in effect, has taken on the responsibility to help finance these types of expenditures at the local level. Clearly, the state has become a strong fiscal partner with its local governments in providing local government services to Minnesotans.



2. Growth in State Intergovernmental Transfer Payments and Direct Property Tax Relief Programs.

a. Intergovernmental Transfer Payments

In 1957, state intergovernmental transfer payments (IGTP) accounted for 38 percent of total state outlays while state operating expenditures accounted for one-half (see Exhibit 20). By 1975, 50 percent of state outlays were distributed back to local units of government and only 28 percent of the outlays were spent directly for state operating purposes. If direct property tax relief (PTR) payments, state paid property tax credits and refunds, are also considered as a type of aid to local governments, then nearly 60 percent of total state outlays provided direct or indirect fiscal assistance to local governments in 1975. Since 1975, however, the relative growth in state intergovernmental transfer payments declined slightly and in 1982 accounted for only 44 percent of total state outlays. This decline was offset partly by state payments for property tax relief which increased from 9 percent of total state outlays to over 12 percent during the period. The relative decline in state intergovernmental transfer payments can be explained by both a real decline in these payments as well as significant growth occurring in state benefit expenditures. For example, real growth in state payments to local governments generally declined after 1978 with an 18 percent drop occurring between 1980 and 1982. Conversely, state individual benefit expenditures increased, in real terms, by nearly 20 percent between 1978 and 1982. As a result, state intergovernmental transfer payments as a percent of total state outlays declined by nearly 5 percentage points since 1978.



However, it is also reasonable to interpret the increase in state welfare benefit expenditures as yet another form of indirect aid to local governments. In 1976, when the state assumed a greater financial role in providing welfare benefits to needy Minnesotans it did so, in part, to relieve local governments of the fiscal burdens in meeting the rapidly increasing costs associated with these programs. As a result, approximately \$192 million or 3½ percent of state outlays in 1982 could also be viewed as another form of fiscal assistance to local governments. Accordingly, in 1982 nearly 60 percent of total state outlays were devoted to direct or indirect fiscal assistance to local governments. This represented a share of the state budget equal to that of 1975.

As can be seen by examining Exhibit 21, there have only been minor changes in the relative amounts of state fiscal assistance to local governments. For example, the relative share of aid for educational purposes has declined slightly, while the general purpose governments' share has increased. In 1957, the state provided \$95 million in educational aids representing 63 percent of all state intergovernmental transfer payments. By 1982, that amount had increased to over \$1.4 billion, but represented only 58 percent of total state intergovernmental transfers. Conversely, general support aids to cities, counties, and townships increased from \$9.8 million or 7 percent of state intergovernmental transfer payments in 1957 to over \$282 million in 1982, representing 11 percent of total state assistance to local governments. In addition, relative changes also occurred in highway aids which declined from 11 percent of state intergovernmental transfer payments in 1957 to 6 percent in 1982, and in welfare non-benefit aids (social services and administration) which increased from 2 percent to 8 percent during the period.

b. Direct Property Tax Relief Programs<sup>10</sup>

When considering all types of state spending (total outlays), the fastest growing type of state outlay has been payments for direct property tax relief in the form of credits and refunds to individuals. Between 1968 and 1982 such state payments increased by \$675 million, from \$39 million to nearly \$714 million. As can be seen by examining Exhibit 22, this rapid growth resulted in state payments for direct property tax relief to increase from 3 percent to 12 percent of total state outlays during the period.

<sup>9</sup>This figure was derived based upon the following assumptions and calculation: If during the period between 1975 and 1982, the responsibility for financing welfare benefits between the state and local governments were left unchanged, then in 1982, the local share would have been 27 percent or \$299 million as opposed to its actual share of 10 percent or \$107 million. The difference between the hypothetical and actual amounts equals \$192 million which represents the amount of fiscal relief the state provided for local governments as a result of policy actions taken in and after 1976. This also assumes that the federal role vis a vis local governments remained unchanged during the period.

<sup>10</sup>For a more detailed evaluation of these programs, see: Evaluation of Direct Property Tax Relief Programs, Office of the Legislative Auditor, State of Minnesota, February 1983.

EXHIBIT 21

STATE INTERGOVERNMENTAL PAYMENTS  
BY PROGRAM AS A PERCENT OF  
TOTAL STATE INTERGOVERNMENTAL OUTLAYS:  
SELECTED YEARS 1957-1982

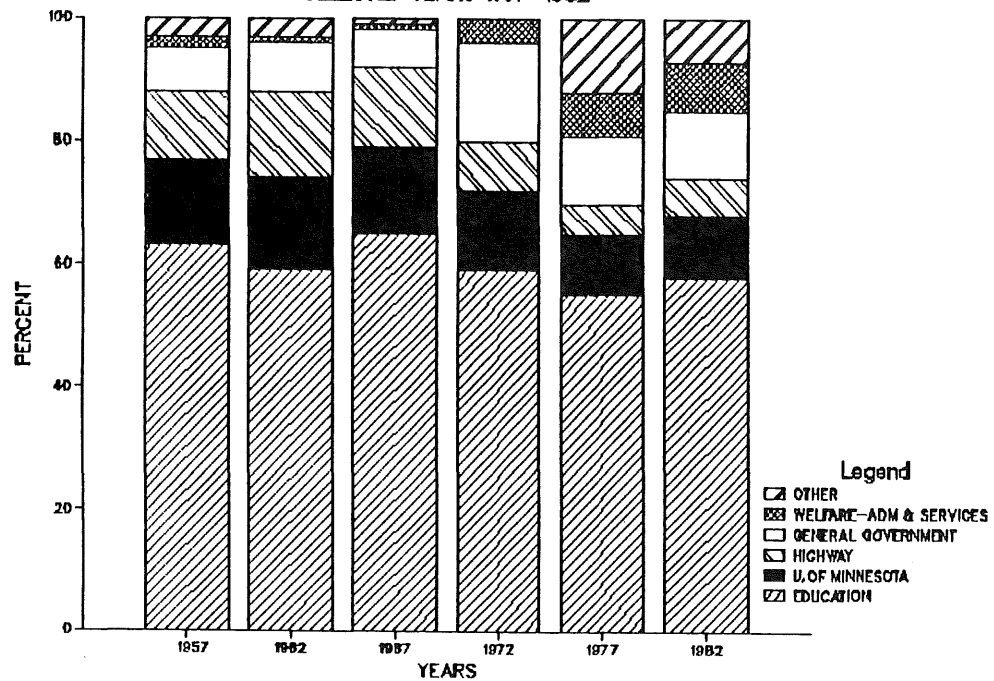
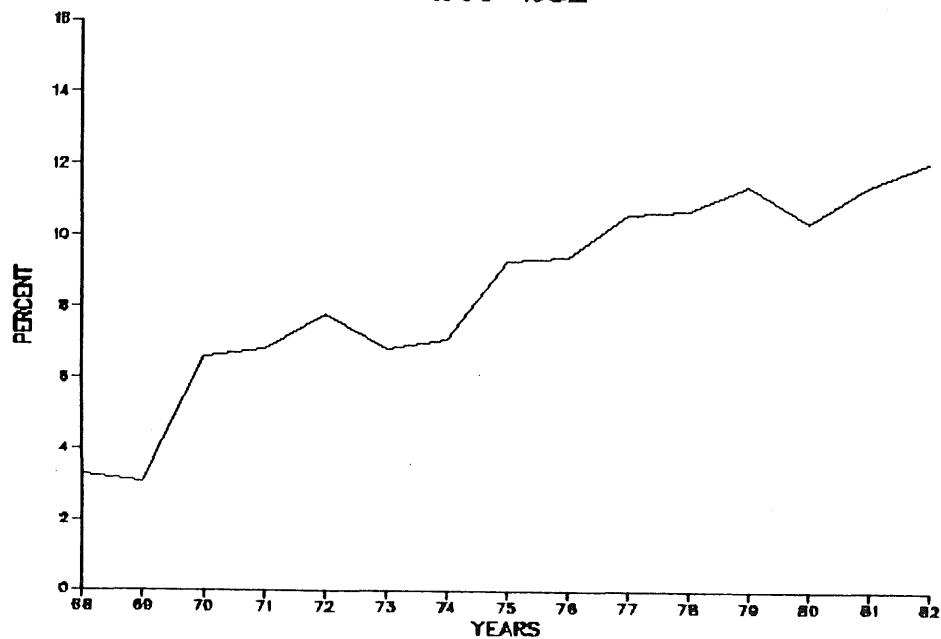


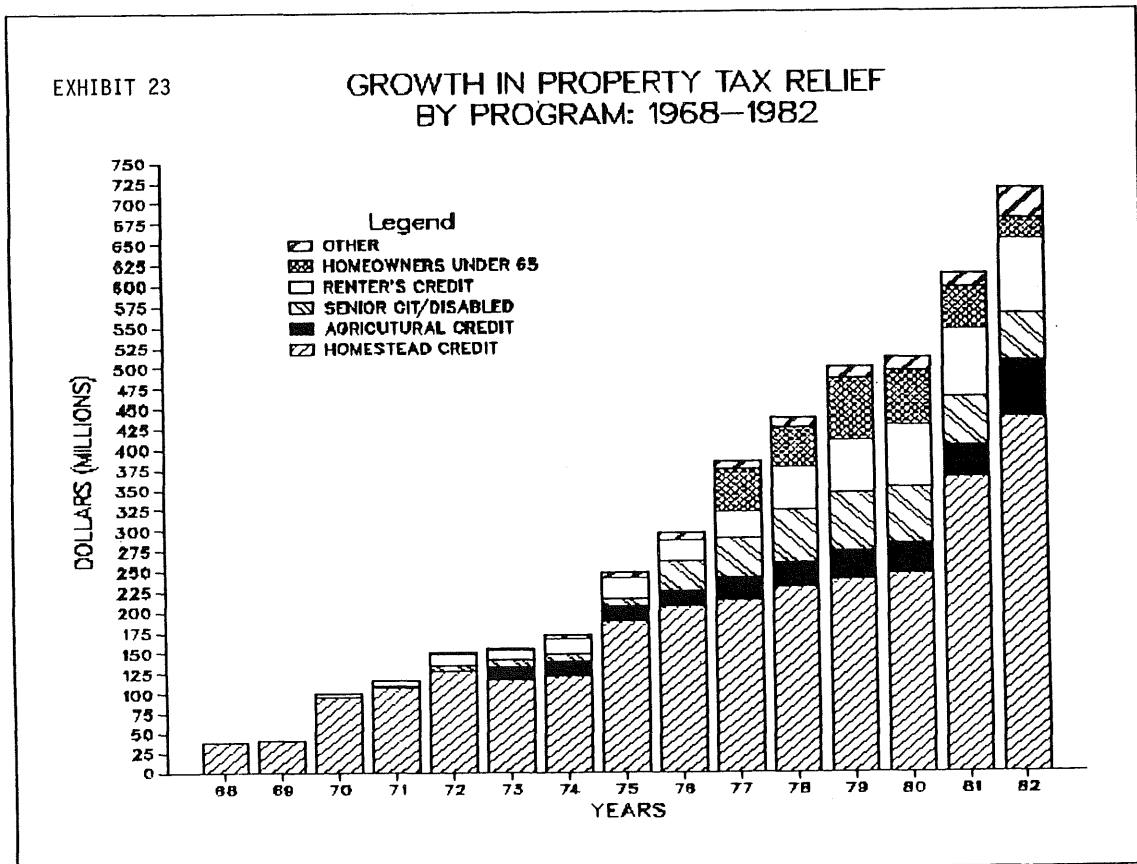
EXHIBIT 22

STATE PAID PROPERTY TAX CREDITS & REFUNDS  
AS A PERCENT OF STATE OUTLAYS:  
1968-1982



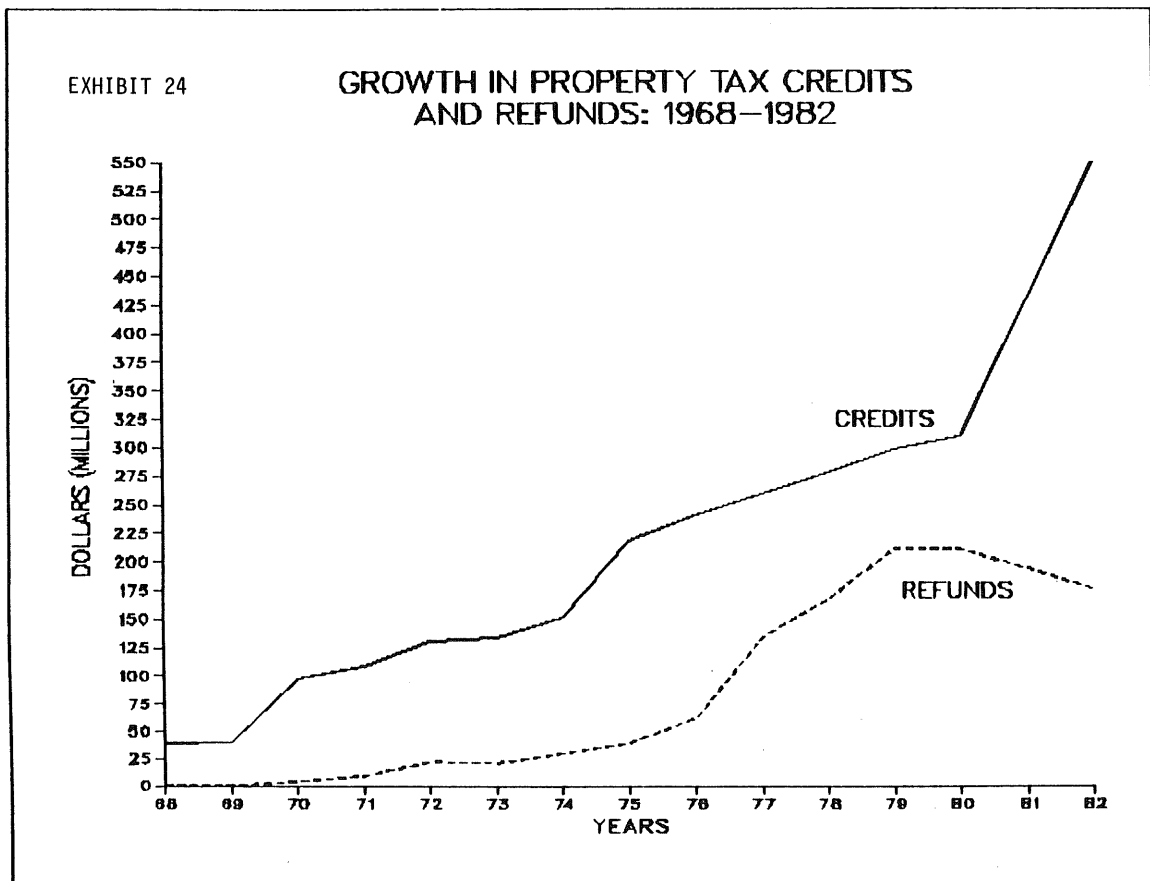
The property tax revolt realized in many parts of the country during the late 1970s occurred in Minnesota a decade earlier. In 1966, despite a complex property classification system and over \$372 million in state aids to local governments, property taxes had risen to the point, that placed Minnesota seventh among all states in property tax effort.<sup>11</sup> As a result, the 1967 Legislature responded to demands for property tax relief and enacted several measures to alleviate the problem. These actions included the enactment of a homestead property tax credit to all owners of homestead property and instituted a circuit breaker program, providing income tax credits and refunds for property taxes paid by senior citizens, disabled persons, and renters.

In 1968, the homestead credit was the only type of direct property tax relief program and amounted to \$39 million. By 1982, there were twelve programs totalling \$714 million. The most significant program has been the homestead credit which in 1982 amounted to \$437 million or 60 percent of all state direct property tax relief (see Exhibit 23). The second largest program, since 1980, has been the renter's credit which totalled \$91 million in 1982 or only 13 percent of all state direct property tax relief.



<sup>11</sup>Ibid., p. 9.

Since 1968, state paid property tax credits have experienced continued growth with periods of rapid increases (see Exhibit 24). Between 1968 and 1982 these payments increased from \$39 million to \$538 million. In real terms this represents an increase of \$151 million or 400 percent. Much of this growth has been a direct result of legislation increasing the benefits throughout the period. This has been especially true for the homestead credit. In 1968, the homestead credit was equal to 35 percent of the property tax owed on homesteads to a maximum of \$250. After legislative adjustments were made in 1974, 1979, and 1981, the homestead credit paid 58 percent of the tax to a maximum of \$650 on over one million homesteads in the state. Between 1968 and 1982, state-paid property tax credits increased by over \$510 million, with the homestead credit accounting for 78 percent of that growth.



Circuit breaker payments (income adjusted homeowner property tax refunds) also increased dramatically during the period with much of the growth occurring between 1975 and 1979 (see Exhibit 24). In 1970, state paid income tax credits and refunds for property tax relief amounted to \$4.4 million. By 1979 that amount had increased to over \$211 million. However, between 1979 and 1982, circuit breaker payments actually declined by nearly \$38 million, a decline which can be directly attributed to increased homestead credit benefits rather than reductions made in the circuit breaker program.<sup>12</sup>

The impact of these policies on local property tax burdens has been profound. Table 4 shows (also see Exhibits 25 and 26) that in 1968 property tax relief amounted to \$39 million which is equivalent to 5.2 mills in local property tax effort. In 1968, local governments collected \$652 million in gross property taxes which is a gross tax effort of 86.3 mills. However, it could be argued that the \$39 million of direct property tax relief provided by the state actually subsidized local property tax collections, in which case the effective local tax effort was only 81.2 mills. Thus, in 1968 state paid property tax relief to individuals reduced local property tax effort by 5.9 percent. By 1982 this effect was over six times as great due to the state paying \$714 million in property tax credits and refunds. This had the effect of reducing the local property tax effort by nearly 37 percent from a 88.9 gross mill rate to a 56.2 effective mill rate.

D. Growth in Individual Welfare Benefits: A State, Local, or Federal Responsibility?

As indicated earlier, state and local expenditures for individual benefits experienced significant real growth since 1970. The greatest share of these expenditures has been made for welfare purposes which have accounted for nearly 90 percent of all benefits to individuals in 1982.<sup>13</sup>

In 1957, state and local welfare benefits amounted to \$69 million representing less than 8 percent of total state and local expenditures. By 1982 state and local welfare benefits to individuals climbed to over \$1.1 billion, with 87 percent of this growth occurring after 1970 and accounting for nearly 13 percent of all state and local expenditures.

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<sup>12</sup>A homeowner's property tax refund is based upon the amount of property taxes he pays relative to household income. To compute property taxes paid, the amount received from the homestead credit must be netted out. Thus, as homestead credits increase, the amount of net property taxes used for determining circuit breaker refunds decreases, thereby lowering refund amounts.

<sup>13</sup>Examples of non-welfare type benefits would be scholarships and grants made to individuals for higher education.

TABLE 4

IMPACT OF STATE PAID DIRECT PROPERTY TAX RELIEF ON LOCAL GOVERNMENT PROPERTY TAX EFFORT: STATE FISCAL YEARS 1968-1982

FY ENDING JUNE 30	TOTAL ASSESSED VALUE <sup>1</sup> (000,000s)	TOTAL STATE PAID PROPERTY TAX RELIEF EXPENDITURES (000,000s)	EQUIVALENT MILL RATE	GROSS LOCAL <sup>2</sup> PROPERTY TAXES (000,000s)	GROSS MILL RATE	NET <sup>3</sup> PROPERTY TAXES (000,000s)	EFFECTIVE MILL RATE	IMPACT ON GROSS MILL RATE (PERCENT REDUCTION)
1968	\$ 7,551 <sup>4</sup>	\$ 39	5.2	\$ 652	86.3	\$ 613	81.2	5.9%
1969	7,044	40	5.6	654	92.8	614	87.2	6.0
1970	7,659	101	13.2	810	105.8	709	92.6	12.5
1971	7,959	117	14.7	897	112.7	780	98.0	13.0
1972	9,291	151	16.3	1,035	111.4	883	95.0	14.7
1973	9,654	155	16.1	985	102.0	830	86.0	15.7
1974	10,432	173	16.6	1,008	96.6	836	80.1	17.1
1975	10,908	249	22.8	1,132	103.8	882	80.8	22.2
1976	11,423	295	25.8	1,253	109.7	959	84.0	23.4
1977	12,790	384	30.0	1,376	107.6	992	77.6	27.9
1978	14,032	436	31.1	1,530	109.0	958	78.0	28.4
1979	14,632	498	34.0	1,591	108.7	1,093	74.7	31.3
1980	15,922	510	32.0	1,681	105.6	1,171	73.5	30.4
1981	18,088	612	33.8	1,790	99.0	1,178	65.1	34.2
1982	21,885	714	32.6	1,945	88.9	1,231	56.2	36.8

<sup>1</sup>Source: Minnesota Department of Revenue, Property Taxes Levied in Minnesota; 1981 Assessment Taxes Payable 1982. Table 1, page 25.<sup>2</sup>Includes homestead, agricultural credit and other credits .<sup>3</sup>Excludes state paid property tax credits and refunds.<sup>4</sup>Assessed valuation figures begin with 1966 assessment, tax payable for 1967. It was necessary to use an additional year lag in assessed value to make data compatible with state fiscal years.



EXHIBIT 25

# CHANGE IN LOCAL PROPERTY TAX EFFORT GROSS vs NET MILL RATE: 1957-1982

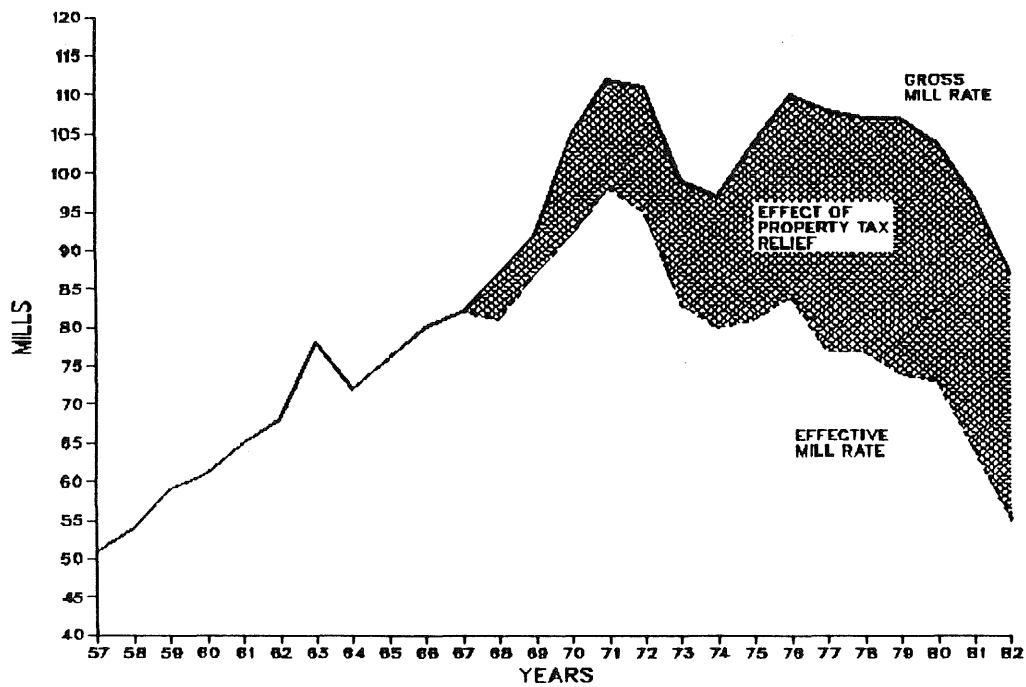
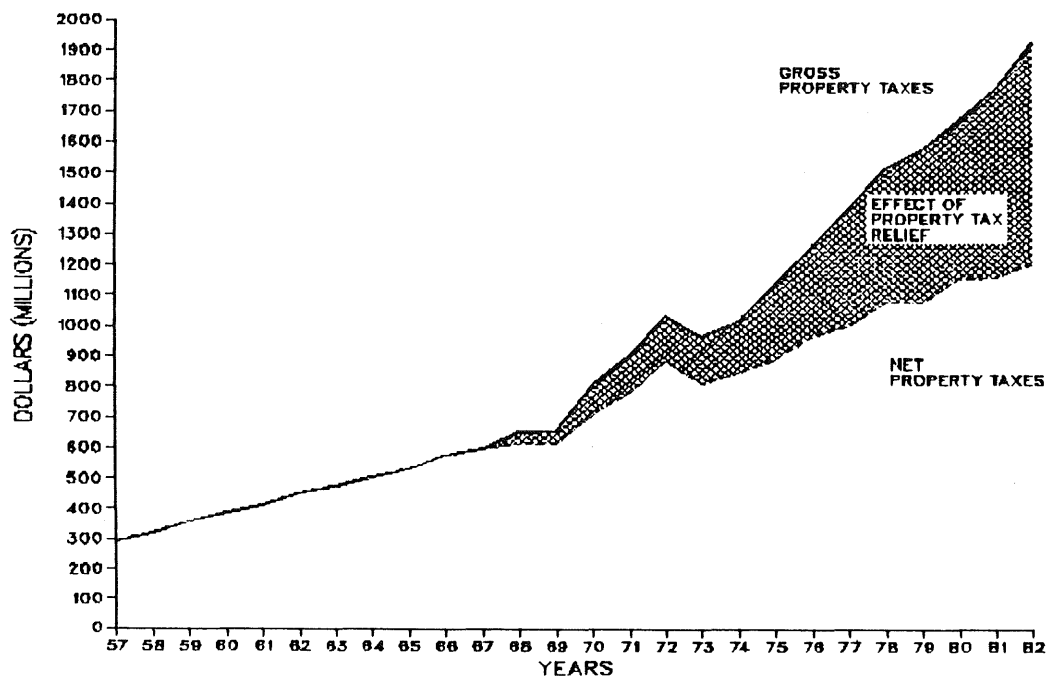


EXHIBIT 26

# GROWTH IN LOCAL PROPERTY TAXES GROSS vs NET TAXES: 1957-1982



The growth in welfare benefit expenditures, however, has not been uniform between the state and local levels of government. Although the federal government has been the major provider of welfare funds throughout the period, as can be seen by examining Exhibits 27 and 28, the state's financial responsibility has increased significantly, especially since 1976.

In 1957, the state accounted for only 27 percent of the total amount spent for welfare benefits while the federal and local governments accounted for 44 and 29 percent, respectively. During the late 1960s, the federal share had increased to well over 50 percent, while the relative local responsibility declined significantly from 36 percent in 1964 to 22 percent in 1968.<sup>14</sup> During this period, the state's share stayed between 20 and 25 percent.

Beginning in 1971, however, despite increasing federal welfare assistance, the federal government's relative contribution to financing welfare benefits in Minnesota began to decline. This relative decline in federal contributions occurred for two reasons. First, federally initiated programs, such as Aid to the Blind and Aid to the Disabled (these were components of the Supplemental Security Income benefits until the early 1970's), were restructured as direct payments from the federal government to beneficiaries and were no longer paid through the state and its local governments. Secondly, the state initiated certain new programs, such as General Assistance, General Assistance Medical Care, and Minnesota Supplemental Aid, which the federal government does not share in the financing. Also during the mid-1970's, the state not only assumed much of the local responsibility to finance welfare programs, but also increased benefits to welfare recipients. By 1982, providing direct welfare benefits to needy Minnesotans was primarily a federal and state financial responsibility with local governments accounting for only 10 percent of total welfare benefit expenditures.

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<sup>14</sup>Between 1965 and 1966, the state's share dropped to 14 percent. This is largely an artificial decline caused by the timing differences associated with the transition to the new federal Medicaid Program.

EXHIBIT 27

### GROWTH IN WELFARE BENEFITS BY FUNDING SOURCE: 1957-1982

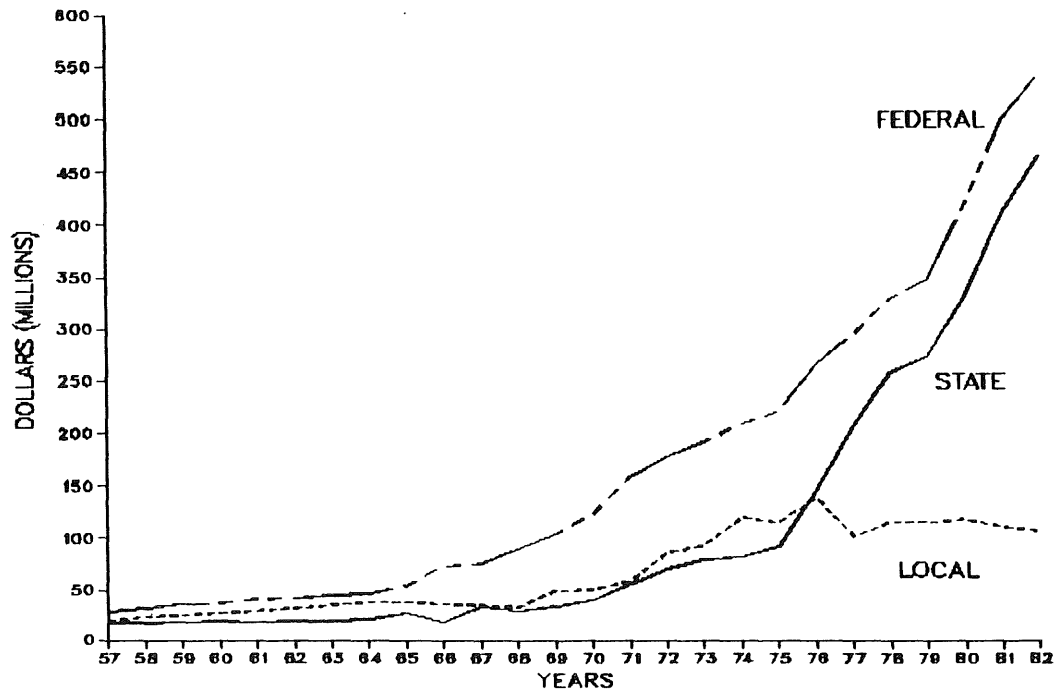


EXHIBIT 28

### PERCENT OF TOTAL WELFARE BENEFIT EXPENDITURES BY FUNDING SOURCE: 1957-1982

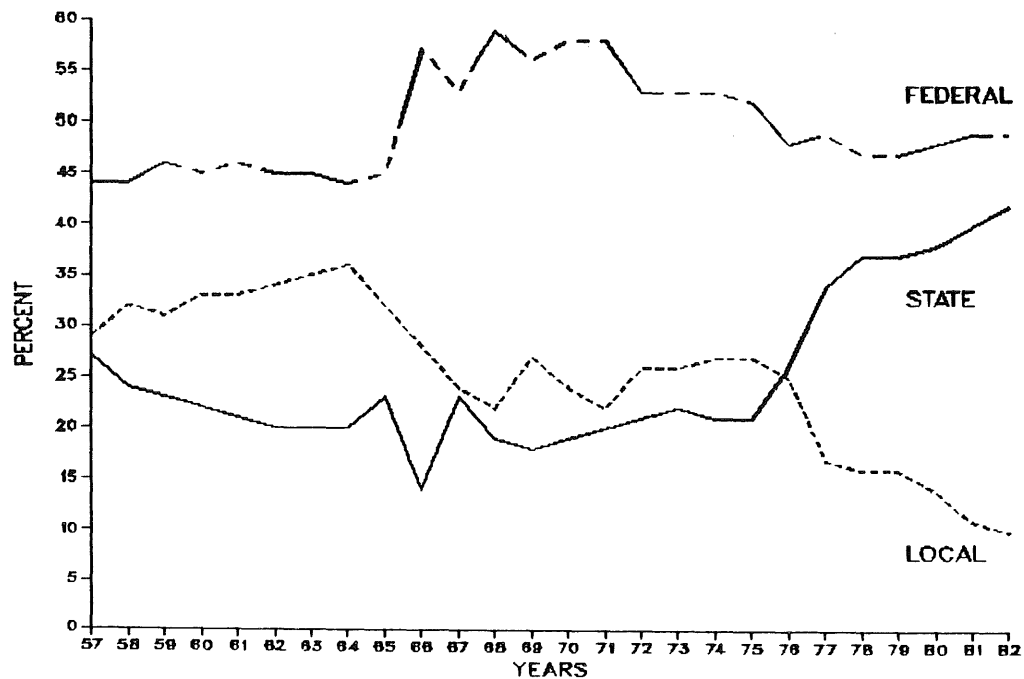
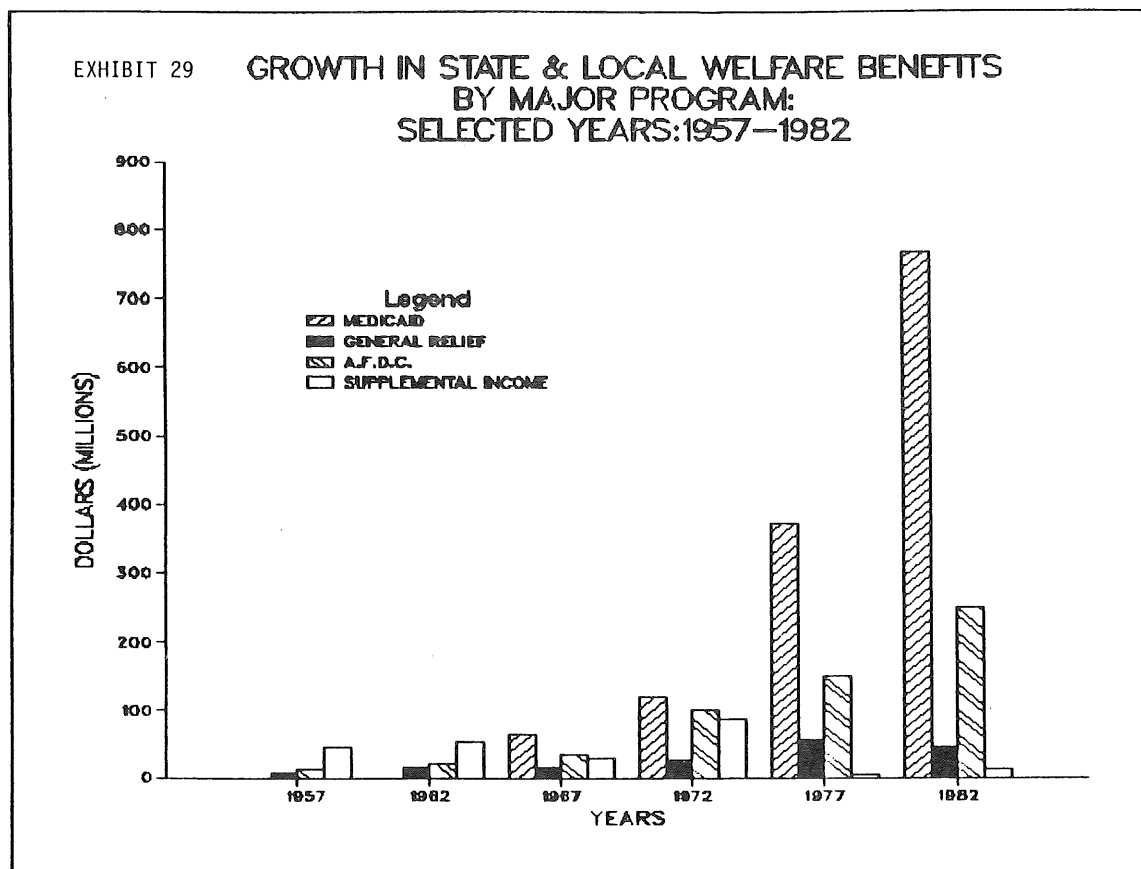


Exhibit 29 summarizes the growth of state and local welfare benefit expenditures by program. In 1957 there were three major welfare benefit programs (General Relief, Aid to Families with Dependent Children (A.F.D.C.) and Supplemental Income<sup>15</sup> for the elderly and disabled). The most significant of which was Supplemental Income, accounting for \$45 million or 69 percent of total welfare benefit expenditures. In 1965, the Medical Assistance program was introduced and rapidly became, by far, the largest of the welfare programs. By 1982, Medical Assistance expenditures amounted to \$768 million, exceeding expenditures made in the other four programs combined. The second largest program in 1982 was AFDC, accounting for \$251 million. Supplemental Income benefits became the smallest of these welfare programs as most of these payments were folded into Medicaid or restructured as direct benefit programs paid by the federal government.



<sup>15</sup> Expenditures for these programs are currently more often referred to as federal Supplemental Security Income (SSI) and Minnesota Supplemental Assistance (MSA). However, during the period for which we present expenditure data, these programs have undergone significant change. Thus, in order to make these expenditures historically compatible, we aggregated the programs accordingly and labeled them Supplemental Income. See also Notes associated with Appendix Table III for further explanation.

As indicated above, the most significant growth in welfare benefits occurred after 1970. Table 5 summarizes this trend showing the growth of individual welfare benefit programs by their funding source. Between 1970 and 1982, total welfare benefit expenditures increased by \$899 million. Forty-seven percent of that increase was financed by the federal government, another 47 percent by the state, and only 6 percent by Minnesota local governments. During that period, Medical Assistance expenditures increased by \$665 million accounting for 74 percent of the total growth in welfare benefits. The federal government being the largest contributor to the program financed \$353 million of the increase or 39 percent. The state, on the other hand, financed nearly \$300 million of this increase in the Medical Assistance program, accounting for 33 percent of the total increase in welfare benefit expenditures for the period.

TABLE 5  
GROWTH IN WELFARE BENEFIT EXPENDITURES  
BY PROGRAM FUNDING SOURCE  
1970 COMPARED TO 1982

	1970 (000s)	1982 (000s)	Dollar Change (000s)	Percent of Total Growth
STATE:				
Medical Assistance	\$ 22,749	\$ 322,307	\$299,558	33.3%
Gen Assist Med Care	-0-	36,782	36,782	4.1
General Assistance	-0-	13,786	13,786	1.5
AFDC	10,520	81,664	71,144	7.9
Supplemental Income	7,189	10,261	3,072	.3
TOTAL	\$ 40,458	\$ 464,800	\$424,342	47.2%
LOCAL:				
Direct Relief	\$ 23,994	\$ 31,298	\$ 7,304	.8%
AFDC	5,538	42,653	37,115	4.1
Medical Assistance	18,369	30,827	12,458	1.4
Supplemental Income	2,382	1,770	(612)	(0)
TOTAL	\$ 50,283	\$ 106,548	\$ 56,265	6.3%
FEDERAL:				
Medical Assistance	\$ 62,227	\$ 415,238	\$353,011	39.3%
AFDC	40,061	126,430	86,369	9.6
Supplemental Income	20,728	-0-	(20,728)	(0)
TOTAL	\$123,016	\$ 541,668	\$418,652	46.6%
TOTAL WELFARE BENEFITS	\$213,757	\$1,113,016	\$899,259	100.0%

#### IV. BORROWING AND INDEBTEDNESS<sup>16</sup>

In 1957, the state owed \$83.8 million on general obligation bonds outstanding, had issued only \$3 million of revenue bonds (bonds to be repaid through self-sustaining fiscal activities, rather than by taxes), and the annual general obligation debt service expenditure amounted to \$16.7 million of bond principal and \$1.6 million of interest. By 1982, outstanding general obligation bonds totalled \$901 million, revenue bonds had become an often used mechanism for funding certain programs and totalled \$1.6 billion outstanding, and general obligation debt service payments amounted to \$67.7 million of bond principal and \$48 million of interest. Short-term borrowings were necessary in the late 50's and early 60's, but ceased for almost twenty years, until they became necessary again in 1981 and 1982.

##### A. Long-Term General Obligation Debt

Pursuant to the Minnesota Constitution, the state is allowed to incur general obligation debt (that which pledges the state's full faith, credit and taxing powers) for carrying on works of internal improvement for certain cited purposes [Minn. Constitution, Article XI, Sections 4 and 5]. For long-term general obligation bonds (short-term certificates of indebtedness are discussed in Section C), the debt proceeds basically must be expended for capital purposes or be utilized to refund previously issued debt. Such bonds must then be repaid over a period not to exceed twenty years.

Table 6 shows Minnesota's long-term general obligation debt activity for 1957 through 1982. Notice, that in only 7 of the 26 years did the state repay a larger amount of bond principal than it received through new issuances. This has resulted in the outstanding debt balance growing from \$83.8 million in 1957 to \$901 million in 1982. However, when one controls for the effects of inflation and population increases, Minnesota's debt burden has remained relatively stable; experiencing three periods of increase and then subsequent decline (see Exhibit 30). The increased levels of debt burden in 1958-1960, 1970-1971, and 1977-1978 were caused by relatively large amount of debt issuances during those periods.

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<sup>16</sup>This section discusses borrowing and indebtedness for the state only. We were unable to develop sufficient detailed data on local government to facilitate analysis.

TABLE 6  
STATE OF MINNESOTA  
LONG-TERM GENERAL OBLIGATION DEBT ACTIVITY: 1957-1982  
(000s)

<u>Years</u>	<u>Beginning O/S Debt</u>	<u>New Issues</u>	<u>Principal Payment</u>	<u>New O/S Debt</u>	<u>Interest</u>	<u>Total Long- Term Debt Service</u>
1957	\$ 83,774	\$ 10,682	\$16,690	\$ 77,766	\$ 1,594	\$ 18,284
1958	77,766	57,805	15,240	120,331	1,704	16,944
1959	120,331	55,480	17,736	158,075	3,496	21,232
1960	158,075	55,330	11,711	201,694	4,388	16,099
1961	201,694	50	14,721	187,023	5,727	20,448
1962	187,023	190	15,043	172,170	5,368	20,411
1963	172,170	29,361	15,495	186,036	5,034	20,529
1964	186,036	81,190	60,903	206,323	6,786	67,689
1965	206,323	0	12,898	193,425	6,186	19,084
1966	193,425	57,790	15,338	235,877	7,843	23,181
1967	235,877	0	17,215	218,662	7,136	24,351
1968	218,662	50,000	17,045	251,617	7,218	24,263
1969	251,617	20,300	16,655	255,262	7,163	23,818
1970	255,262	103,000	18,510	339,752	9,224	27,734
1971	339,752	130,780	18,420	452,112	14,845	33,265
1972	452,112	60,000	20,945	491,167	17,752	38,697
1973	491,167	30,870	27,585	494,452	23,357	50,942
1974	494,452	100,000	36,090	558,362	25,975	62,065
1975	558,362	33,835	39,900	552,297	26,285	66,185
1976	552,297	37,265	42,026	547,536	26,733	68,759
1977	547,536	167,925	44,749	670,712	28,120	72,869
1978	670,712	134,000	52,554	752,158	29,133	81,687
1979	752,158	87,000	57,965	781,193	34,890	92,855
1980	781,193	108,800	60,938	829,055	37,083	98,021
1981	829,055	86,000	63,403	851,652	44,773	108,176
1982	851,652	117,200	67,753	901,099	48,402	116,155

EXHIBIT 30

STATE OF MINNESOTA  
HISTORY OF GENERAL OBLIGATION DEBT  
DEBT PER CAPITA  
1957-1982

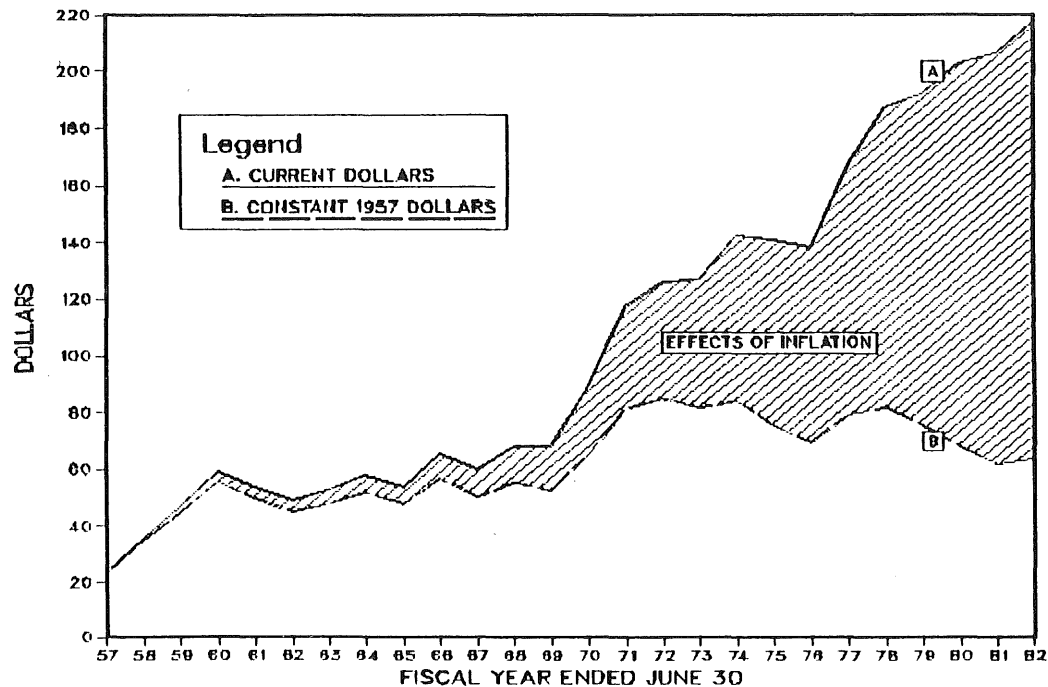


Exhibit 31 illustrates that debt service expenditures have experienced a somewhat different pattern of growth than the debt burden illustrated in Exhibit 30. The interest component of debt service has increased, in real terms, steadily throughout the time period. This obviously reflects the increased costs associated with borrowing money. However, the pattern of principal repayments would logically be expected to closely follow the pattern of the debt burden, but it departs significantly in two years, 1957 and 1972. Such differences are attributable to changes in the debt repayment schedule, as highlighted in Table 7. For example, the debt burden in 1957 was relatively low, but a relatively large amount of principal was repaid. This incongruity is explained when it is noted that almost 20 percent of the beginning outstanding debt balance was repaid in 1957. As the state began utilizing longer term bonds, the principal repayments began averaging approximately 8 percent of beginning outstanding debt. That average has been retained for most of the time period, except 1971 to 1973 when it averaged 4-5 percent. That further explains why 1972, which was a time of relatively high debt burden, does not show a relatively high principal repayment.



EXHIBIT 31

GROWTH IN STATE DEBT SERVICE  
BY PRINCIPAL AND INTEREST  
IN CONSTANT 1957 DOLLARS  
SELECTED YEARS: 1957-1982

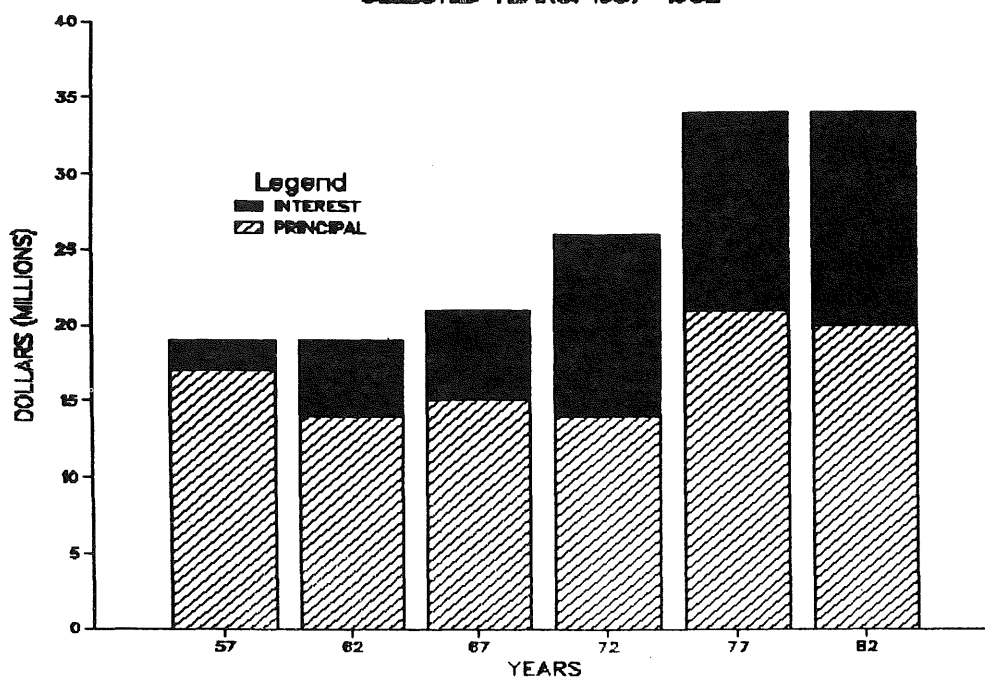


TABLE 7

## STATE OF MINNESOTA

ANALYSIS OF LONG-TERM DEBT PRINCIPAL REPAYMENTS  
IN CONSTANT 1957 DOLLARS: SELECTED YEARS 1957 - 1982  
(000,000s)

<u>Fiscal Year</u>	<u>Principal Repayment</u>	<u>Principal Repayments as Percent of Beginning Outstanding Debt</u>	<u>8 Percent of Beginning Outstanding Debt</u>
1957	\$16.7	19.9%	\$ 6.7
1962	\$13.8	8.0%	\$13.8
1967	\$14.5	7.3%	\$15.9
1972	\$14.1	4.6%	\$24.5
1977	\$21.2	8.2%	\$20.7
1982	\$19.8	8.0%	\$19.8

The final column on Table 7 illustrates what principal repayments would have equalled each year if a consistent debt repayment schedule (8 percent of beginning outstanding debt) would have existed throughout the time period.

## B. Revenue Bonds

Revenue bonds are debt securities which are to be repaid by a self-sustaining fiscal activity rather than by taxes or other governmental resources. Table 8 shows revenue bond issuances by activity. The vast majority of all issuances are pure revenue bonds, that is, there is no pledge of the state's taxing authority as security for repayment. Only the Maximum Effort School Loan bonds and certain State University Board bonds contain the state's general obligation pledge.<sup>17</sup> This essentially places the state's taxing authority as a secondary source of repayment for these few issuances, if the primary fiscal activity does not generate sufficient revenues to finance their debt repayment. This general obligation pledge has, in fact, required the state's General Fund to partially finance the repayment of the Maximum Effort School Loan bonds in recent years. The State University Board bonds, have never required any financing from the state's General Fund for repayment.

The pure revenue bond issuances have all satisfactorily met their debt repayment schedules, except for the Zoo Monorail installment purchase contract. The zoo has not generated sufficient monorail revenues to finance the scheduled principal payments and the contract is currently in default. The investors previously attempted to have the state's General Fund finance the monorail debt service obligations, but their efforts failed. The monorail contract is currently being litigated.

Exhibit 32 shows that revenue bond issuances were never very significant until 1974. With the creation of the Minnesota Housing Finance Agency and the Higher Education Guaranteed Student Loans in the early 1970's, revenue bond issuances increased dramatically. In fact, for every year since 1975, more revenue bonds have been issued than general obligation bonds. As of the end of fiscal year 1982, there was over \$1.6 billion of outstanding revenue bonds compared with \$900 million of general obligation bonds.

## C. Short-Term Borrowing

Short-term borrowings are those intended to finance temporary cash flow problems. Normally such borrowings are repaid in the same fiscal year as they are borrowed. Table 9 illustrates short-term borrowing activity for 1957 to 1982. The borrowings in 1957 through 1962 were caused by the extensive use of dedicated revenues (see Exhibit 9 in Chapter on Revenues). In those earlier years, the majority of state programs were financed by a particular revenue source. When a timing difference occurred between receipt of the dedicated revenues and the particular expenditure needs, then short-term borrowing was necessary for temporarily financing the expenditures. For 1957 through 1959, such a timing difference occurred in the Income Tax School Fund (the income tax was then dedicated to paying school aids). For 1960 through 1962, short-term borrowing was necessary for the General Fund. It must be remembered, however, that the extensive use of dedicated revenues in those years, resulted in the General Fund comprising only a minor share of the state's fiscal activity. Thus, the short-term borrowing needs of 1957 through 1962 were caused by cash flow problems isolated to particular fiscal activities of the state.

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<sup>17</sup>Only \$51 million of the \$1.6 billion of outstanding revenue bonds at June 30, 1982 carry the general obligation pledge.

TABLE 8  
STATE OF MINNESOTA  
REVENUE BOND ISSUANCES  
(000s)

FY End 6/30	Max. Effort School Loan Bonds <sup>1</sup>	State U. Board Revenue Bond Fund <sup>2</sup>	Minn. Housing Finance Agency <sup>3</sup>	Minn. Higher Ed. Coord <sup>3</sup> Board <sup>3</sup>	Minn. Higher Ed. Facilities Authority <sup>3</sup>	Minn. Zool. Gardens <sup>4</sup> Monorail <sup>4</sup>	Total
1956		\$ 3,100					\$ 3,100
1957							-0-
1958		6,700					6,700
1959		6,000					6,000
1960							-0-
1961	\$ 3,365						3,365
1962	250						250
1963		3,000					3,000
1964	19,800	10,000					29,800
1965							-0-
1966	10,400						10,000
1967							-0-
1968		13,000					13,000
1969		11,000					11,000
1970	13,000	4,500					17,500
1971		7,500					7,500
1972							-0-
1973					\$ 7,890		7,890
1974			\$ 30,000	\$ 29,400	10,390		69,790
1975			53,970		5,590		59,560
1976			38,810	55,200	15,305		109,315
1977	6,075		165,795		4,165		176,035
1978			449,875	37,000	685	\$8,413	495,973
1979	1,500		138,915	38,250	11,790		190,455
1980	1,200		115,255	100,000	12,130		228,585
1981	4,000		176,205	105,000	7,110		292,315
1982	7,800		151,708	124,731			284,239

Balance outstanding at 6/30/82:

\$35,660	\$48,432	\$1,141,581	\$328,149	\$63,455	\$8,413	\$1,625,690
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<sup>1</sup>All issued as general obligation bonds, but intended to be primarily repaid through operating revenues.

<sup>2</sup>Part issued as general obligation bonds - \$15.7 million of \$48.4 million outstanding as of June 30, 1982. Remainder are pure revenue bonds.

<sup>3</sup>Pure revenue bonds, no full faith and credit of the state has been pledged.

<sup>4</sup>Technically, the monorail was financed via an installment purchase contract. There was no pledge of the state's full faith and credit for this contract.

EXHIBIT 32

### HISTORY OF STATE LONG TERM DEBT NEW ISSUES: 1957-1982

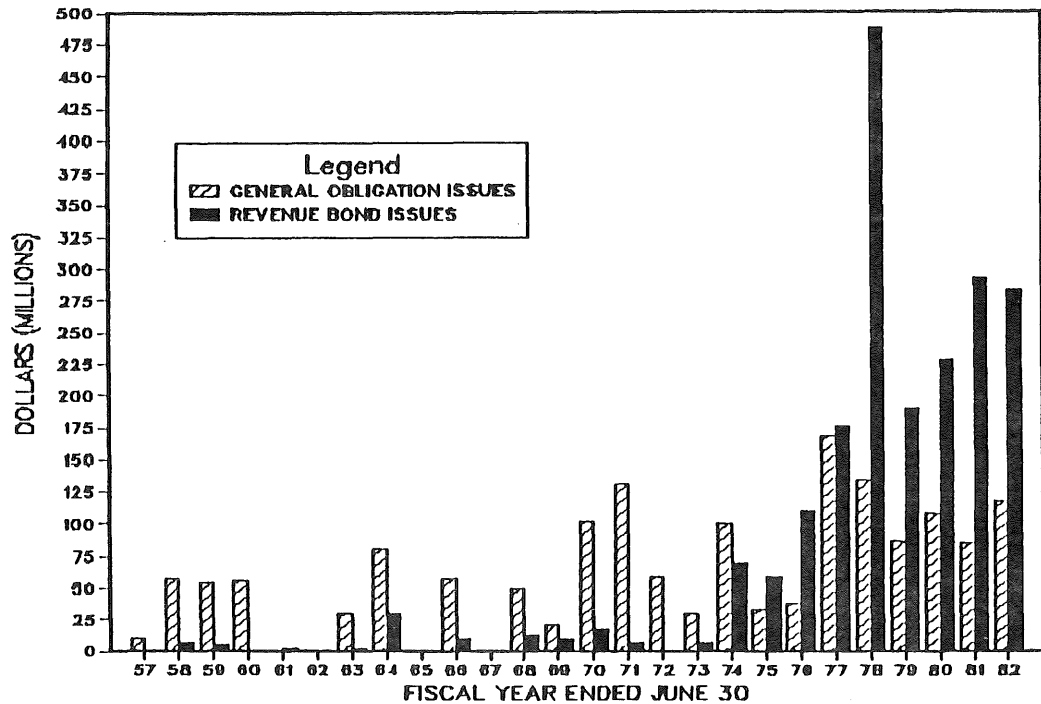


TABLE 9

### STATE OF MINNESOTA SHORT-TERM BORROWINGS: 1957 TO 1982 (000s)

Year	Type of Borrowing	Principal Amount	Interest
1957	Income Tax School Deficiency Certificates	\$ 5,000	\$ 32
1958	Income Tax School Deficiency Certificates	26,500	314
1959	Income Tax School Deficiency Certificates	25,000	489
1960	General Revenue Deficiency Certificates	10,000	170
1961	General Revenue Deficiency Certificates	10,000	195
1962	General Revenue Deficiency Certificates	10,000	130
1981	General Certificates of Indebtedness	100,000	5,931
1982	General Certificates of Indebtedness	760,000	31,559

Short-term borrowings were unnecessary for fiscal years 1963 through 1980. As discussed in the chapter on revenues, the prevailing trend of dedicated revenues was reversed in 1969, when the majority of revenues began being deposited to the state's General Fund. This coupled with conservative cash flow management for the remaining dedicated funds, such as the Trunk Highway Fund and federal funds, precluded the possibility of cash flow problems isolated to particular fiscal activities. The short-term borrowings of 1981 and 1982 were then caused by a more predominant cash flow problem of the state. These cash flow problems were introduced by the budgetary problems being experienced by the state during that time period. The budgetary problems were combatted, in part, with certain revenue accelerations and expenditure deferments (shifts). This further aggravated the general timing differences between expenditure needs and revenue collections. Thus, the short-term borrowing needs had escalated by 1982 and amounted to \$760 million or approximately 14 percent of all revenues collected by the state for the year.

## APPENDIX TABLES

- I. STATE AND LOCAL REVENUE BY SOURCE
- II. STATE AND LOCAL EXPENDITURES AND OUTLAYS
- III. WELFARE EXPENDITURES BY MAJOR PROGRAM
- IV. POPULATION AND INCOME DATA

NOTE: Tables I-III are accompanied by General Notes on pages 47 to 50. These General Notes explain the basic data sources and general assumptions pertaining to the compilation of Tables I-III. They should be reviewed carefully before readers attempt to utilize the data for other analytical purposes.

Each table is also accompanied by specific footnotes which disclose assumptions and explanations applicable to only its' contents.



## GENERAL NOTES

### APPLICABLE TO APPENDIX TABLES I-III

#### 1. Basic Source Documents

The data in Tables I-III has been derived from several sources. The data has been tested for reasonableness and reliability by reviewing and comparing multiple data sources for certain fiscal activities and through the use of other analytical techniques. Thus, preliminary data derived from a particular source has often been adjusted to obtain the most meaningful data.

Basic data sources utilized for Tables I-III include:

- 1957-1972 Annual Report of Public Examiner on the Revenues, Expenditures, and Debt of State and Local Governments in Minnesota (state and local).
- 1973-1982 Annual (or Biennial) Financial Reports of the Department of Finance on the State of Minnesota (state only).
- 1973-1982 Annual Report of the State Auditor of Minnesota on the Revenues, Expenditures, and Debt of the Local Governments in Minnesota (local only).
- 1957-1982 Biennial Appropriation Statements of State Departments and Agencies Prepared by the Office of State Auditor (state only).
- 1957-1982 Biennial Budget Fund Statements on the State of Minnesota (state only).
- 1973-1982 Audit Reports and Workpapers Prepared by the Office of the Legislative Auditor on State Departments and the State Financial Report (state only).
- 1981-1982 Selected Financial Reports on Local Special District Enterprise Activities (local only).

#### 2. Entity Definition

##### A. State -

Revenue and Expenditure for the state includes the fiscal activities for only the state's governmental funds (formerly termed operating funds) and certain fiduciary funds (limited to the Municipal State-Aid Street Fund, County State-Aid Highway Fund, Permanent School Fund, Endowment School Fund, and Gift Fund). The state's definition of governmental funds has changed in the last several years. Thus to maintain consistent data, certain funds were excluded because data was not readily available for the entire time period. These include the Unemployment Compensation Fund, Special Workers' Compensation Fund, and the



Minnesota Historical Society. Data for the state's Internal Service Funds, Enterprise Funds, Pension Trust Funds, and Agency Funds have been excluded for the entire time period.

B. Local Governments -

Revenue and Expenditure data for local governments contains all entities included by the Public Examiner in their annual report on Revenues, Expenditures, and Debt of Local Governments from 1957 to 1972 and the successor reports prepared by the State Auditor for 1973 to 1980, except that retirement funds fiscal activity has been excluded for all years. Because of changes in the reporting format of the State Auditor's 1981 and 1982 reports, several adjustments were made to achieve consistent data with prior years. These adjustments included:

- Adding revenues and expenditures for City Sewer Utilities in 1981 and 1982. This activity was included in report summaries until 1980 when it was removed.
- In 1981, the reporting format for several Special Districts was reported in a new Enterprise Fund format. The new format resulted in double-counting certain federal grant and tax revenue with "all other revenues." After reviewing several Special District financial reports, we reduced "all other revenues" by \$59.5 million of estimated double-counting in 1981.
- In 1982, the Special District Enterprise Funds, previously discussed, were removed from the State Auditor's report summaries and reported separately. Thus, after allowing for double-counting, again previously discussed, of \$63.4 million, the fiscal activities of these funds were added to local government data.

Finally, we should note that the University of Minnesota has been included as a local government activity for the entire time period. Although some consider the University to be part of the state, the source data consistently treated it as a unit of local government.

C. Federal Government Activities -

Data on governmental activities financed by the federal government is limited to those federal grants received by either state or local governments. Accordingly, taxes collected and programs financed directly by the federal government are excluded from the data.

3. Adjustments to Achieve Complementary State/Local Data

The report notes the extensive intergovernmental fiscal relationships during this time period. Accordingly, we made several adjustments to achieve complementary data for the state and local governments. Such adjustments were oriented primarily to Intergovernmental Transfer Payments. In other words, we attempted to insure that

transfers paid out by one level of government were recognized as Intergovernmental Revenue by the recipient level of government. Expenditures were reported only for the level of government primarily responsible for administering the program (see the later discussion on welfare benefits for an explanation of their unique reporting) and double-counting of expenditures was avoided when state/local data was combined. Thus, Intergovernmental Transfer Payments and state payments for property tax relief were treated separate from state "Expenditures." The term "Outlays" was used whenever we referred to total spending which included Expenditures, Intergovernmental Transfer Payments, and property tax relief. The only component of state outlays which is not reported as Intergovernmental Revenue by local governments is the Property Tax Refunds (not credits). The state pays such refunds directly to individuals, whereas Property Tax Credits and Intergovernmental Transfers are paid to local units of government.

Adjustments to achieve complementary reporting of intergovernmental transfers/revenues include:

- Reporting state-paid teachers retirement and FICA taxes as a local Intergovernmental Revenue and current Expenditure for all years. Minnesota school districts do not pay the employers' share for these programs, rather the state pays for it on the school's behalf. Accordingly, the schools have never recognized any revenues or expenditures for the program. However, we believed these amounts were an integral part of the schools payroll costs and have adjusted the data accordingly.
- Locally paid Intergovernmental Transfer Payments to other units of local government were often reported as Intergovernmental Revenue by the recipient, but not as an Intergovernmental Transfer Payment by the paying unit. Apparently, the payments were being reported as a current Expenditure. Thus, we reduced local government current expenditures by the amount of Intergovernmental Revenue (from other local governments) reported by recipient local governments. This amount was then reported as an Outlay, Intergovernmental Transfer Payments, of local governments, rather than an expenditure.
- Welfare benefit payments were adjusted to report them as an expenditure only to the extent a level of government assumed financing for the benefits (the federal share of welfare benefits are generally reported as a state expenditure, because the federal government was not part of our reporting scope). Most welfare benefits are paid to individuals by local units of government, except Medical Assistance after 1974. Accordingly, the local governments reported the state/ federal share of financing as an Intergovernmental Revenue and the entire amount paid out as an Expenditure. We adjusted the source data to remove the state/ federal financing as a local government Intergovernmental Revenue and reduced local Expenditures by a like amount. State data was adjusted conversely. The same adjustments were applied in reverse for the state-paid Medical Assistance after 1974. The complexity of Minnesota's welfare financing is further discussed in the Chapter on Expenditures and Appendix Table III.

#### 4. Fiscal Years For Reporting

The fiscal years cited for all state data are for the period ending June 30 of the stated year. Many local government units have fiscal years ended at a time other than June 30, often December 31. The data for such local governments is that for the time period ending during the state's fiscal year. For example, a local unit with a year end of December 31, 1981 was reported as 1982 data (state fiscal year ended June 30, 1982). These timing differences cause occasional aberrations in the data trends. However, the effect is generally insignificant.

Appendix Table I  
State and Local Revenue by Source  
State Fiscal Years 1957-1971

Appendix Table I  
State and Local Revenue by Source  
State Fiscal Years 1957-1982  
(000s)

REVENUE SOURCE	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971
STATE REVENUES															
TAX REVENUE															
INDIVIDUAL TAXES:															
INCOME TAX	\$64,776	\$73,317	\$77,259	\$89,943	\$97,996	\$129,337	\$165,137	\$172,146	\$200,330	\$261,388	\$289,018	\$315,766	\$359,800	\$401,497	\$459,012
LESS REFUNDS <sup>1</sup>	(\$551)	(\$757)	(\$978)	(\$1,002)	(\$951)	(\$7,162)	(\$24,113)	(\$26,227)	(\$28,243)	(\$39,075)	(\$43,343)	(\$46,071)	(\$59,596)	(\$58,468)	(\$88,080)
NET INCOME TAX	\$64,225	\$72,560	\$76,281	\$88,941	\$97,045	\$122,175	\$141,024	\$145,919	\$172,087	\$222,313	\$245,675	\$269,695	\$300,204	\$343,029	\$370,932
INHERITANCE TAX	\$6,205	\$5,445	\$7,123	\$7,389	\$9,857	\$9,080	\$15,322	\$16,186	\$14,044	\$14,752	\$14,359	\$18,734	\$21,618	\$20,380	\$22,233
SUBTOTAL: INDIVIDUAL TAXES	\$70,430	\$78,005	\$83,404	\$96,330	\$106,902	\$131,255	\$156,346	\$162,105	\$186,131	\$237,065	\$260,034	\$288,429	\$321,822	\$363,409	\$393,165
CORPORATION TAXES:															
INCOME TAX	\$20,240	\$22,996	\$23,230	\$37,286	\$32,485	\$31,240	\$34,563	\$37,563	\$44,117	\$69,333	\$69,740	\$64,402	\$82,568	\$81,391	\$78,709
LESS REFUNDS <sup>1</sup>	(\$42)	(\$57)	(\$74)	(\$75)	(\$72)	(\$539)	(\$1,815)	(\$1,974)	(\$2,126)	(\$2,941)	(\$3,262)	(\$3,468)	(\$4,486)	(\$4,401)	(\$6,630)
NET INCOME TAX	\$20,198	\$22,939	\$23,156	\$37,211	\$32,413	\$30,701	\$32,748	\$35,589	\$41,991	\$66,392	\$66,478	\$60,934	\$78,082	\$76,990	\$72,079
BANK EXCISE TAX	\$1,751	\$3,630	\$3,124	\$2,988	\$4,987	\$4,943	\$5,095	\$5,099	\$4,875	\$7,970	\$5,586	\$7,905	\$8,407	\$9,875	\$16,406
EMPLOYER EXCISE TAX	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
GROSS EARNINGS TAXES	\$28,358	\$29,963	\$29,216	\$30,212	\$32,262	\$32,224	\$33,709	\$36,010	\$38,123	\$40,081	\$43,682	\$45,191	\$48,696	\$56,939	\$64,490
MINING TAXES	\$31,700	\$37,285	\$19,537	\$14,558	\$25,318	\$16,942	\$15,257	\$14,957	\$15,415	\$18,540	\$18,787	\$15,755	\$14,629	\$17,285	\$18,388
SUBTOTAL: CORPORATION TAXES	\$82,007	\$93,817	\$75,033	\$84,969	\$94,980	\$84,810	\$86,809	\$91,655	\$100,404	\$132,983	\$134,533	\$129,785	\$149,814	\$161,089	\$171,363
SUBTOTAL: INDIVIDUAL AND CORPORATE TAXES	\$152,437	\$171,822	\$158,437	\$181,299	\$201,882	\$216,065	\$243,155	\$253,760	\$286,535	\$370,048	\$394,567	\$418,214	\$471,636	\$524,498	\$564,528
SALES AND EXCISE TAXES:															
SALES TAX	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$113,078	\$173,961	\$195,620	\$212,721
LIQUOR TAX	\$16,014	\$15,081	\$15,345	\$15,525	\$19,028	\$19,579	\$20,130	\$20,661	\$21,967	\$23,316	\$24,743	\$26,197	\$28,049	\$34,112	\$37,416
CIGARETTE AND TOBACCO TAX	\$13,301	\$13,942	\$14,903	\$21,052	\$22,795	\$25,156	\$27,648	\$29,144	\$30,883	\$31,315	\$32,694	\$32,531	\$34,075	\$49,438	\$58,582
MOTOR VEHICLE TAX	\$35,163	\$37,671	\$39,032	\$41,480	\$42,552	\$43,664	\$44,779	\$46,997	\$49,277	\$53,045	\$55,179	\$58,763	\$60,757	\$64,593	\$66,769
GASOLINE TAX <sup>1</sup>	\$59,982	\$62,414	\$64,724	\$66,834	\$68,602	\$70,354	\$72,788	\$87,284	\$91,858	\$97,106	\$102,686	\$125,730	\$135,709	\$144,080	\$149,453
LESS REFUNDS <sup>1</sup>	(\$10,163)	(\$10,110)	(\$11,046)	(\$10,545)	(\$11,066)	(\$11,045)	(\$11,275)	(\$12,489)	(\$13,268)	(\$13,725)	(\$14,412)	(\$18,240)	(\$20,513)	(\$21,894)	(\$18,803)
NET GASOLINE TAX	\$49,819	\$52,304	\$53,678	\$56,289	\$57,536	\$59,309	\$61,513	\$74,795	\$78,590	\$83,381	\$88,274	\$107,490	\$115,196	\$122,186	\$130,650
OLEOMARGARINE TAX	\$179	\$194	\$162	\$156	\$164	\$199	\$662	\$1,897	\$2,479	\$2,681	\$3,322	\$3,424	\$3,666	\$3,556	\$3,696
SUBTOTAL: SALES AND EXCISE TAXES	\$114,476	\$119,192	\$123,120	\$134,502	\$142,075	\$147,907	\$154,732	\$173,494	\$183,196	\$193,738	\$204,212	\$341,483	\$415,704	\$469,505	\$509,834
OTHER TAXES:															
STATE PROPERTY TAX	\$14,670	\$17,149	\$19,575	\$20,828	\$23,761	\$23,684	\$24,772	\$29,770	\$29,438	\$29,372	\$38,401	\$29,773	\$479	\$0	\$213
OTHER <sup>2</sup>	\$814	\$563	\$969	\$2,086	\$2,317	\$2,547	\$6,290	\$7,452	\$5,548	\$6,180	\$6,983	\$7,636	\$8,959	\$15,039	\$8,047
SUBTOTAL: OTHER TAXES	\$15,484	\$17,712	\$20,544	\$22,914	\$26,078	\$26,231	\$31,062	\$37,222	\$34,986	\$35,552	\$45,384	\$37,409	\$9,438	\$15,039	\$8,260
TOTAL STATE TAXES	\$282,397	\$308,726	\$302,101	\$338,715	\$370,035	\$390,203	\$428,949	\$464,476	\$504,717	\$599,338	\$644,163	\$797,106	\$896,778	\$1,009,042	\$1,082,622

Appendix Table I (Cont'd.)

State and Local Revenue by Source  
State Fiscal Years 1957-1982  
(000s)

REVENUE SOURCE	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971
STATE REVENUES (CONT.)															
NON-TAX REVENUES:															
INVESTMENT INCOME	\$8,252	\$11,074	\$11,204	\$9,852	\$12,706	\$11,928	\$11,405	\$14,413	\$16,887	\$22,326	\$24,839	\$34,046	\$39,191	\$39,517	\$46,236
FEES AND SERVICES CHARGES <sup>3</sup>	\$16,836	\$18,258	\$19,932	\$23,039	\$23,758	\$25,432	\$28,413	\$33,622	\$34,133	\$39,511	\$44,001	\$58,679	\$61,000	\$69,145	\$92,906
OTHER REVENUE <sup>5</sup>	\$7,152	\$7,309	\$5,955	\$6,165	\$7,041	\$5,504	\$4,888	\$4,844	\$5,239	\$4,595	\$5,738	\$3,757	\$5,618	\$7,058	\$5,743
TOTAL NON-TAX REVENUE	\$32,240	\$36,641	\$37,091	\$39,056	\$43,505	\$42,864	\$44,706	\$52,879	\$56,259	\$66,432	\$74,578	\$96,482	\$105,809	\$115,720	\$144,885
TOTAL STATE SOURCE REVENUES	\$314,637	\$345,367	\$339,192	\$377,771	\$413,540	\$433,067	\$473,655	\$517,355	\$560,976	\$665,770	\$718,741	\$893,588	\$1,002,587	\$1,124,762	\$1,227,507
FEDERAL GRANT REVENUES															
WELFARE GRANTS: <sup>6</sup>															
MEDICAL ASSISTANCE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$20,157	\$39,606	\$47,421	\$58,078	\$62,227	\$66,619
A.F.D.C.	\$6,423	\$7,597	\$8,972	\$9,458	\$10,327	\$11,044	\$12,033	\$13,382	\$13,861	\$17,202	\$16,705	\$25,608	\$29,123	\$40,061	\$56,928
SUPPLEMENTAL INCOME	\$22,004	\$24,265	\$27,437	\$27,576	\$30,185	\$31,245	\$32,772	\$32,845	\$39,837	\$35,677	\$19,419	\$17,158	\$17,018	\$20,728	\$35,335
SOCIAL SERVICES & OTHER	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADMINISTRATION AIDS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SUBTOTAL: WELFARE	\$28,427	\$31,862	\$36,409	\$37,034	\$40,512	\$42,289	\$44,805	\$46,227	\$53,698	\$73,036	\$75,730	\$90,187	\$104,219	\$123,016	\$158,882
EDUCATION <sup>7</sup>	\$4,929	\$5,132	\$6,868	\$7,750	\$7,748	\$7,750	\$9,537	\$10,203	\$13,214	\$26,209	\$48,109	\$51,566	\$54,564	\$56,122	\$71,948
TRANSPORTATION <sup>7</sup>	\$24,742	\$30,938	\$60,153	\$67,956	\$67,736	\$61,224	\$65,757	\$85,429	\$105,205	\$104,182	\$100,138	\$121,319	\$96,462	\$110,646	\$104,048
NATURAL RESOURCES <sup>7</sup>	\$1,126	\$1,348	\$1,763	\$1,252	\$995	\$1,403	\$1,700	\$1,582	\$1,965	\$3,811	\$2,640	\$2,301	\$3,030	\$3,771	\$3,415
EMPLOYMENT SECURITY <sup>7</sup>	\$3,560	\$4,171	\$5,759	\$4,450	\$5,169	\$5,492	\$5,229	\$5,878	\$5,777	\$6,853	\$7,751	\$10,985	\$11,524	\$16,738	\$23,999
OTHER <sup>7</sup>	\$5,575	\$5,850	\$6,034	\$5,689	\$6,659	\$7,412	\$4,320	\$5,194	\$6,327	\$19,427	\$13,206	\$17,168	\$13,903	\$16,560	\$35,931
TOTAL FEDERAL GRANT REVENUE	\$68,359	\$79,301	\$116,986	\$124,131	\$128,819	\$125,570	\$131,348	\$154,513	\$186,186	\$233,518	\$247,574	\$293,526	\$283,702	\$326,853	\$398,223
TOTAL STATE REVENUES	\$382,996	\$424,668	\$456,178	\$501,902	\$542,359	\$558,637	\$605,003	\$671,868	\$747,162	\$899,288	\$966,315	\$1,187,114	\$1,286,289	\$1,451,615	\$1,625,730
BOND PROCEEDS <sup>8</sup>	\$10,682	\$57,805	\$55,480	\$55,330	\$50	\$190	\$29,361	\$81,190	\$0	\$57,790	\$0	\$50,000	\$20,300	\$103,000	\$130,780
TOTAL STATE REVENUES AND BOND PROCEEDS	\$393,678	\$482,473	\$511,658	\$557,232	\$542,409	\$558,827	\$634,364	\$753,058	\$747,162	\$957,078	\$966,315	\$1,237,114	\$1,306,589	\$1,554,615	\$1,756,510

## Appendix Table I (Cont'd.)

State and Local Revenue by Source  
State Fiscal Years 1957-1982  
(000s)

REVENUE SOURCE	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971
LOCAL REVENUES															
TAX REVENUE															
PROPERTY TAXES <sup>9</sup>	\$291,575	\$320,790	\$358,954	\$387,046	\$412,838	\$450,828	\$474,557	\$502,920	\$533,436	\$575,115	\$595,216	\$613,188	\$613,880	\$713,524	\$789,110
OTHER TAXES <sup>10</sup>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL LOCAL TAXES	\$291,575	\$320,790	\$358,954	\$387,046	\$412,838	\$450,828	\$474,557	\$502,920	\$533,436	\$575,115	\$595,216	\$613,188	\$613,880	\$713,524	\$789,110
NON-TAX REVENUE															
SPECIAL ASSESSMENTS	\$18,162	\$20,076	\$22,827	\$26,693	\$27,056	\$32,923	\$35,601	\$38,746	\$41,078	\$46,408	\$45,958	\$47,563	\$52,708	\$56,069	\$58,695
FEES AND CHARGES	\$53,767	\$52,724	\$55,355	\$59,656	\$63,742	\$72,928	\$82,438	\$92,931	\$92,790	\$108,621	\$124,700	\$139,342	\$148,807	\$176,665	\$207,641
INVESTMENT INCOME	\$4,073	\$3,864	\$4,101	\$4,878	\$6,609	\$4,762	\$6,524	\$8,103	\$10,138	\$12,077	\$15,204	\$16,754	\$21,075	\$27,158	\$37,372
OTHER <sup>11</sup>	\$30,494	\$33,188	\$35,992	\$38,831	\$43,047	\$47,906	\$58,500	\$54,217	\$61,227	\$69,405	\$74,372	\$79,763	\$112,071	\$130,942	\$131,908
TOTAL NON-TAX REVENUE	\$106,496	\$109,852	\$118,275	\$130,058	\$140,454	\$158,519	\$183,063	\$193,997	\$205,233	\$236,511	\$260,234	\$283,422	\$334,661	\$390,834	\$435,616
TOTAL LOCAL SOURCE REVENUE	\$398,071	\$430,642	\$477,229	\$517,104	\$553,292	\$609,347	\$657,620	\$696,917	\$738,669	\$811,626	\$855,450	\$896,610	\$948,541	\$1,104,358	\$1,224,726
INTERGOVERNMENTAL REVENUE															
FEDERAL GRANTS <sup>12</sup>	\$3,539	\$4,386	\$5,469	\$9,021	\$10,219	\$9,669	\$8,673	\$38,099	\$37,737	\$56,215	\$57,717	\$71,737	\$111,477	\$123,067	\$147,493
STATE AIDS <sup>13</sup>	\$146,588	\$168,836	\$189,984	\$204,072	\$227,176	\$247,126	\$256,405	\$290,800	\$307,938	\$346,661	\$399,250	\$462,681	\$587,846	\$648,963	\$830,024
LOCAL TRANSFERS	\$39,004	\$36,218	\$40,265	\$48,601	\$52,788	\$53,659	\$52,627	\$34,830	\$44,037	\$42,161	\$39,989	\$36,882	\$39,264	\$39,061	\$27,451
TOTAL INTERGOVT. REVENUE	\$189,131	\$209,440	\$235,718	\$261,694	\$290,183	\$310,454	\$317,705	\$363,729	\$389,712	\$445,037	\$496,956	\$571,300	\$738,587	\$811,091	\$1,004,968
TOTAL LOCAL REVENUES	\$587,202	\$640,082	\$712,947	\$778,798	\$843,475	\$919,801	\$975,325	\$1,060,646	\$1,128,381	\$1,256,663	\$1,352,406	\$1,467,910	\$1,687,128	\$1,915,449	\$2,229,694
GOVERNMENT BORROWING <sup>14</sup>	\$125,909	\$134,824	\$143,997	\$123,928	\$134,296	\$129,750	\$132,973	\$153,026	\$141,510	\$200,775	\$178,620	\$218,607	\$284,129	\$264,372	\$459,421
TOTAL LOCAL REVENUE AND BORROWED PROCEEDS	\$713,111	\$774,906	\$856,944	\$902,726	\$977,771	\$1,049,551	\$1,108,298	\$1,213,672	\$1,269,891	\$1,457,438	\$1,531,026	\$1,686,517	\$1,971,257	\$2,179,821	\$2,689,115
STATE AND LOCAL REVENUES															
STATE/LOCAL TAXES	\$573,972	\$629,516	\$661,055	\$725,761	\$782,873	\$841,031	\$903,506	\$967,396	\$1,038,153	\$1,174,453	\$1,239,379	\$1,410,294	\$1,510,658	\$1,722,566	\$1,871,732
STATE/LOCAL NON-TAXES	\$430,311	\$467,283	\$514,320	\$556,160	\$596,797	\$652,211	\$702,326	\$749,796	\$794,928	\$878,058	\$930,028	\$993,092	\$1,054,350	\$1,220,078	\$1,369,611
STATE/LOCAL FEDERAL AID	\$71,898	\$83,687	\$122,455	\$133,152	\$139,038	\$135,239	\$140,021	\$192,612	\$223,923	\$289,733	\$305,291	\$365,263	\$395,179	\$449,920	\$545,716
STATE/LOCAL TOTAL REVENUE	\$970,198	\$1,064,750	\$1,169,125	\$1,280,700	\$1,385,834	\$1,478,438	\$1,580,328	\$1,732,514	\$1,875,543	\$2,155,951	\$2,318,721	\$2,655,024	\$2,973,417	\$3,367,064	\$3,855,424

Appendix Table 1 (Cont'd.)  
State and Local Revenue by Source  
State Fiscal Years 1972 to 1982



Appendix Table I (Cont'd.)

State and Local Revenue by Source  
State Fiscal Years 1957-1982  
(000s)

REVENUE SOURCE	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
STATE REVENUES (CONT.)											
TAX REVENUE											
INDIVIDUAL TAXES:											
INCOME TAX	\$589,150	\$731,435	\$859,141	\$976,593	\$1,072,285	\$1,211,200	\$1,385,963	\$1,640,604	\$1,749,828	\$1,892,685	\$1,992,357
LESS REFUNDS <sup>1</sup>	(\$82,780)	(\$117,533)	(\$118,272)	(\$130,148)	(\$145,588)	(\$160,781)	(\$182,039)	(\$239,380)	(\$353,090)	(\$334,685)	(\$293,162)
NET INCOME TAX	\$506,370	\$613,902	\$740,869	\$846,445	\$926,697	\$1,050,419	\$1,203,924	\$1,401,224	\$1,396,738	\$1,558,000	\$1,699,195
INHERITANCE TAX	\$26,062	\$28,619	\$30,141	\$39,705	\$42,508	\$43,956	\$34,866	\$41,529	\$41,638	\$23,861	\$26,821
SUBTOTAL: INDIVIDUAL TAXES	\$532,432	\$642,521	\$771,010	\$886,150	\$969,205	\$1,094,375	\$1,238,790	\$1,442,753	\$1,438,376	\$1,581,861	\$1,726,016
CORPORATION TAXES:											
INCOME TAX	\$107,984	\$164,843	\$187,215	\$199,004	\$203,256	\$263,737	\$293,646	\$347,284	\$376,095	\$352,462	\$358,300
LESS REFUNDS	(\$6,231)	(\$9,088)	(\$12,487)	(\$18,623)	(\$27,054)	(\$26,214)	(\$24,673)	(\$23,158)	(\$30,386)	(\$69,721)	(\$56,151)
NET INCOME TAX	\$101,753	\$155,755	\$174,728	\$180,381	\$176,202	\$237,523	\$268,973	\$324,126	\$345,709	\$282,741	\$302,149
BANK EXCISE TAX	\$15,249	\$16,465	\$16,529	\$16,170	\$21,280	\$21,396	\$26,973	\$33,059	\$36,857	\$37,782	\$29,687
EMPLOYER EXCISE TAX	\$0	\$0	\$7,419	\$15,240	\$15,192	\$17,828	\$19,016	\$4,542	\$0	\$0	\$0
GROSS EARNINGS TAXES	\$67,474	\$72,867	\$79,861	\$87,896	\$95,353	\$111,628	\$120,174	\$137,492	\$133,470	\$141,267	\$136,102
MINING TAXES	\$20,080	\$17,730	\$27,447	\$32,007	\$54,668	\$55,926	\$59,003	\$99,348	\$114,752	\$102,699	\$113,910
SUBTOTAL: CORPORATION TAXES	\$204,556	\$262,817	\$305,984	\$331,694	\$362,695	\$444,301	\$494,139	\$598,567	\$630,788	\$564,489	\$581,848
SUBTOTAL: INDIVIDUAL AND CORPORATE TAXES	\$736,988	\$905,338	\$1,076,994	\$1,217,844	\$1,331,900	\$1,538,676	\$1,732,929	\$2,041,320	\$2,069,164	\$2,146,350	\$2,307,864
SALES AND EXCISE TAXES:											
SALES TAX	\$270,128	\$299,326	\$348,141	\$384,391	\$430,842	\$468,543	\$539,387	\$610,473	\$652,442	\$690,765	\$876,078
LIQUOR TAX	\$41,814	\$46,860	\$49,032	\$48,879	\$49,339	\$50,563	\$52,545	\$53,812	\$54,408	\$55,806	\$55,469
CIGARETTE AND TOBACCO TAX	\$60,014	\$75,010	\$77,868	\$78,789	\$82,478	\$83,943	\$85,096	\$85,930	\$86,929	\$88,638	\$88,958
MOTOR VEHICLE TAX	\$68,482	\$134,889	\$138,672	\$137,876	\$155,639	\$174,145	\$202,110	\$220,642	\$226,079	\$230,074	\$257,666
GASOLINE TAX	\$158,326	\$156,300	\$155,498	\$154,192	\$200,783	\$210,284	\$217,860	\$228,716	\$215,875	\$242,218	\$285,460
LESS REFUNDS <sup>1</sup>	(\$21,915)	(\$10,807)	(\$12,034)	(\$12,379)	(\$16,201)	(\$15,946)	(\$15,049)	(\$15,648)	(\$21,152)	(\$26,250)	(\$28,684)
NET GASOLINE TAX	\$136,411	\$145,493	\$143,464	\$141,813	\$184,582	\$194,338	\$202,811	\$213,068	\$194,723	\$215,968	\$256,776
OLEOMARGARINE TAX	\$4,002	\$4,058	\$3,913	\$1,667	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SUBTOTAL: SALES AND EXCISE	\$580,851	\$705,636	\$761,090	\$793,415	\$902,880	\$971,532	\$1,081,949	\$1,183,925	\$1,214,581	\$1,281,251	\$1,534,947
OTHER TAXES:											
STATE PROPERTY TAX	\$139	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
OTHER <sup>2</sup>	\$19,710	\$13,390	\$11,241	\$16,979	\$16,850	\$17,957	\$16,843	\$19,430	\$13,578	\$17,776	\$23,449
SUBTOTAL: OTHER TAXES	\$19,849	\$13,390	\$11,241	\$16,979	\$16,850	\$17,957	\$16,843	\$19,430	\$13,578	\$17,776	\$23,449
TOTAL STATE TAXES	\$1,337,688	\$1,624,364	\$1,849,325	\$2,028,238	\$2,251,630	\$2,528,165	\$2,831,721	\$3,244,675	\$3,297,323	\$3,445,377	\$3,866,260

Appendix Table I (Cont'd.)

State and Local Revenue by Source  
State Fiscal Years 1957-1982  
(000s)

REVENUE SOURCE	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
STATE REVENUES (CONT.)											
NON-TAX REVENUES:											
INVESTMENT INCOME	\$38,485	\$38,404	\$56,832	\$67,416	\$63,402	\$59,158	\$62,064	\$82,490	\$103,890	\$108,718	\$99,075
FEES AND SERVICES CHARGES <sup>3</sup>	\$100,845	\$102,482	\$119,476	\$120,111	\$142,220	\$168,810	\$187,131	\$197,596	\$176,097 <sup>4</sup>	\$192,895	\$230,420
OTHER REVENUE <sup>5</sup>	\$6,268	\$14,164	\$23,469	\$26,312	\$33,808	\$19,273	\$21,824	\$67,137	\$57,717	\$68,128	\$61,062
TOTAL NON-TAX REVENUE	\$145,598	\$155,050	\$199,777	\$213,839	\$239,430	\$247,241	\$271,019	\$347,223	\$337,704	\$369,741	\$390,557
TOTAL STATE SOURCE REVENUES	\$1,483,286	\$1,779,414	\$2,049,102	\$2,242,077	\$2,491,060	\$2,775,406	\$3,102,740	\$3,591,898	\$3,635,027	\$3,815,118	\$4,256,817
FEDERAL GRANT REVENUES											
WELFARE GRANTS: <sup>6</sup>											
MEDICAL ASSISTANCE	\$67,946	\$106,871	\$140,562	\$148,011	\$183,433	\$208,405	\$237,268	\$257,060	\$317,266	\$375,320	\$415,238
A.F.D.C.	\$59,320	\$65,493	\$68,900	\$73,000	\$82,072	\$86,178	\$91,801	\$90,376	\$101,559	\$124,089	\$126,430
SUPPLEMENTAL INCOME	\$50,763	\$19,486	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SOCIAL SERVICES & OTHER	\$0	\$0	\$6,319	\$10,020	\$13,704	\$12,996	\$26,068	\$31,647	\$28,689	\$51,839	\$87,239
ADMINISTRATION AIDS	\$25,468	\$41,576	\$31,073	\$67,701	\$52,280	\$60,384	\$62,419	\$68,264	\$75,273	\$78,004	\$44,771
SUBTOTAL: WELFARE	\$203,497	\$233,426	\$246,854	\$298,732	\$331,489	\$367,963	\$417,556	\$447,347	\$522,787	\$629,252	\$673,678
EDUCATION <sup>7</sup>	\$75,474	\$85,353	\$86,507	\$83,157	\$112,324	\$117,206	\$110,252	\$132,664	\$155,155	\$137,608	\$117,556
TRANSPORTATION <sup>7</sup>	\$104,383	\$96,823	\$93,384	\$112,686	\$120,534	\$111,547	\$118,223	\$132,665	\$171,645	\$177,666	\$122,339
NATURAL RESOURCES <sup>7</sup>	\$3,490	\$4,673	\$5,862	\$6,307	\$6,726	\$6,441	\$6,469	\$12,492	\$15,502	\$9,536	\$13,177
EMPLOYMENT SECURITY <sup>7</sup>	\$34,262	\$19,948	\$21,924	\$22,780	\$24,569	\$30,002	\$30,722	\$30,399	\$30,545	\$40,827	\$55,747
OTHER <sup>7</sup>	\$53,874	\$47,460	\$84,006	\$59,222	\$101,527	\$126,526	\$163,849	\$182,535	\$208,040	\$280,246	\$212,579
TOTAL FEDERAL GRANT REVENUE	\$474,980	\$487,683	\$538,537	\$582,884	\$697,169	\$759,685	\$847,071	\$938,102	\$1,103,674	\$1,275,135	\$1,195,076
TOTAL STATE REVENUES	\$1,958,266	\$2,267,097	\$2,587,639	\$2,824,961	\$3,188,229	\$3,535,091	\$3,949,811	\$4,530,000	\$4,738,701	\$5,090,253	\$5,451,893
BOND PROCEEDS <sup>8</sup>	\$60,000	\$30,870	\$100,000	\$33,835	\$37,265	\$167,925	\$134,000	\$87,000	\$108,800	\$86,000	\$117,200
TOTAL STATE REVENUES AND BOND PROCEEDS	\$2,018,266	\$2,297,967	\$2,687,639	\$2,858,796	\$3,225,494	\$3,703,016	\$4,083,811	\$4,617,000	\$4,847,501	\$5,176,253	\$5,569,093

Appendix Table I (Cont'd.)

State and Local Revenue by Source  
State Fiscal Years 1957-1982  
(000s)

REVENUE SOURCE	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
=====											
LOCAL REVENUES (CONT.)											
TAX REVENUE											
PROPERTY TAXES <sup>9</sup>	\$905,467	\$850,641	\$866,411	\$921,720	\$1,021,670	\$1,126,990	\$1,236,339	\$1,278,609	\$1,353,010	\$1,340,062	\$1,372,187
OTHER TAXES <sup>10</sup>	\$0	\$0	\$0	\$0	\$0	\$0	\$24,816	\$26,238	\$29,313	\$31,522	\$35,126
TOTAL LOCAL TAXES	\$905,467	\$850,641	\$866,411	\$921,720	\$1,021,670	\$1,126,990	\$1,261,155	\$1,304,847	\$1,382,323	\$1,371,584	\$1,407,313
NON-TAX REVENUE											
SPECIAL ASSESSMENTS	\$68,525	\$80,572	\$83,357	\$81,720	\$93,867	\$121,236	\$124,590	\$120,506	\$142,303	\$183,777	\$180,914
FEES AND CHARGES	\$261,193	\$316,107	\$343,101	\$356,288	\$403,328	\$453,447	\$503,150	\$577,544	\$658,574	\$751,529	\$793,749
INVESTMENT INCOME	\$35,864	\$35,912	\$55,930	\$81,480	\$76,493	\$69,073	\$72,615	\$105,449	\$150,506	\$165,802	\$232,707
OTHER <sup>11</sup>	\$143,323	\$128,185	\$147,151	\$171,560	\$178,395	\$201,080	\$234,559	\$319,538	\$385,831	\$515,324	\$543,147
TOTAL NON-TAX REVENUE	\$508,905	\$560,776	\$629,539	\$691,048	\$752,083	\$844,836	\$934,914	\$1,123,037	\$1,337,214	\$1,616,432	\$1,750,517
TOTAL LOCAL SOURCE REVENUE	\$1,414,372	\$1,411,417	\$1,495,950	\$1,612,768	\$1,773,753	\$1,971,826	\$2,196,069	\$2,427,884	\$2,719,537	\$2,988,016	\$3,157,830
INTERGOVERNMENTAL REVENUE											
FEDERAL GRANTS <sup>12</sup>	\$202,817	\$286,472	\$364,863	\$390,377	\$432,373	\$410,417	\$564,606	\$607,633	\$595,612	\$604,120	\$576,991
STATE AIDS <sup>13</sup>	\$944,533	\$1,203,492	\$1,320,751	\$1,501,800	\$1,650,414	\$1,968,198	\$2,040,637	\$2,181,594	\$2,330,152	\$2,514,851	\$2,867,605
LOCAL TRANSFERS	\$26,528	\$32,114	\$37,498	\$54,721	\$65,569	\$102,598	\$104,920	\$85,104	\$78,261	\$79,291	\$116,603
TOTAL INTERGOVT. REVENUE	\$1,173,878	\$1,522,078	\$1,723,112	\$1,946,898	\$2,148,356	\$2,481,213	\$2,710,163	\$2,874,331	\$3,004,025	\$3,198,262	\$3,561,199
TOTAL LOCAL REVENUES	\$2,588,250	\$2,933,495	\$3,219,062	\$3,559,666	\$3,922,109	\$4,453,039	\$4,906,232	\$5,302,215	\$5,723,562	\$6,186,278	\$6,719,029
GOVERNMENT BORROWING <sup>14</sup>	\$210,027	\$355,899	\$396,956	\$461,676	\$425,712	\$440,324	\$503,953	\$423,238	\$513,774	\$503,519	\$522,190
TOTAL LOCAL REVENUE AND BORROWED PROCEEDS	\$2,798,277	\$3,289,394	\$3,616,018	\$4,021,342	\$4,347,821	\$4,893,363	\$5,410,185	\$5,725,453	\$6,237,336	\$6,689,797	\$7,241,219
=====											
STATE AND LOCAL REVENUES											
STATE/LOCAL TAXES	\$2,243,155	\$2,475,005	\$2,715,736	\$2,949,958	\$3,273,300	\$3,655,155	\$4,092,876	\$4,549,522	\$4,679,646	\$4,816,961	\$5,273,573
STATE/LOCAL NON-TAXES	\$1,559,970	\$1,566,467	\$1,695,727	\$1,826,607	\$2,013,183	\$2,219,067	\$2,467,088	\$2,775,107	\$3,057,241	\$3,357,757	\$3,548,387
STATE/LOCAL FEDERAL AID	\$677,797	\$774,155	\$903,400	\$973,261	\$1,129,542	\$1,170,102	\$1,411,677	\$1,545,735	\$1,699,286	\$1,879,255	\$1,772,067
STATE/LOCAL TOTAL REVENUE	\$4,546,516	\$5,200,592	\$5,806,701	\$6,388,627	\$7,110,338	\$7,988,130	\$8,856,043	\$9,832,215	\$10,462,263	\$11,276,531	\$12,170,922

APPENDIX TABLE I (NOTES)

STATE AND LOCAL REVENUE BY SOURCE  
STATE FISCAL YEARS: 1957-1982

NOTES:

<sup>1</sup>Refund amounts listed are predominantly associated with the respective tax type from which they have been subtracted. There may be, however, minor amounts included from other taxes in the subcategory.

<sup>2</sup>Taxes from "other" miscellaneous sources include, for example: mortgage registry tax, airflight property tax, state deed tax, etc.

<sup>3</sup>The largest contributors of revenue for this source are derived from state hospital charges and from university tuition and fees. In addition, revenue from department earnings (licenses and permits) were also included.

<sup>4</sup>Beginning in 1980, the state share of Medical Assistance payments to state hospitals was no longer recognized as state revenue. This amounted to approximately \$40 million annually, in the years 1980-1982.

<sup>5</sup>Includes revenue from the sale and use of state lands and other property, gifts, fines and forfeits, reciprocity income, etc.

<sup>6</sup>See General Note 3 (p.48) and Notes associated with Appendix Table III for a detailed description of federal welfare categories.

<sup>7</sup>Amounts for these categories were provided by the Public Examiner's reports through 1972. After 1972, amounts were approximated for these categories from supplemental accounting records.

<sup>8</sup>Excludes short-term certificates of indebtedness and revenue bond proceeds to be repayed by self-sustaining activities.

<sup>9</sup>Represents the amount collected by local governments, does not include for example, state paid homestead and agricultural credits. Also includes, prior to 1978, some local non-property tax revenue. But this represents less than 2 percent of the total local tax amount.

<sup>10</sup>Includes tax revenues generated by local sales, excise, and franchise taxes levied in several cities throughout the state. Until 1978, revenue from these sources were included in the property tax figure (see Note 9 above).

<sup>11</sup>Includes local revenues from such sources as licenses and permits, fine and forfeits, sale and use of local property, etc. Also, see General Note 2B. (p.48) for changes made in 1981 and 1982.

<sup>12</sup>Includes only federal grants paid directly to local units of government.

<sup>13</sup>This figure does include some federal dollars that are paid to the state but passed through to local governments. Although we have factored out federal amounts for welfare benefit expenditures, as explained by General Note 3 (p.48), some residual federal amounts for such functions as education aids, welfare administration and social services, weatherization grants, etc. that are passed to local governments, could not be readily identified from available sources. We estimate that throughout the period studied, these residual federal dollars account for no more than 10 to 15 percent of the total amount of state aid reported.

<sup>14</sup>Includes some short-term borrowing and revenue bond proceeds. Available sources did not allow us to identify and exclude these items.

Appendix Table II  
State and Local Expenditures and Outlays  
Fiscal Years 1957 to 1971

Appendix Table II

State and Local Expenditures and Outlays  
State Fiscal Years 1957-1982  
(000s)

FUNCTION	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971
STATE EXPENDITURES															
OPERATING EXPENDITURES															
CURRENT <sup>1</sup>	\$87,251	\$104,319	\$125,631	\$113,819	\$117,898	\$122,231	\$134,399	\$138,263	\$157,889	\$179,545	\$198,018	\$238,513	\$276,770	\$309,016	\$325,293
CAPITAL OUTLAY	\$89,761	\$105,908	\$140,484	\$115,588	\$127,846	\$123,362	\$103,050	\$144,800	\$162,307	\$168,244	\$182,572	\$235,294	\$215,491	\$232,299	\$229,415
DEBT SERVICE <sup>2</sup>															
PRINCIPAL	\$16,690	\$15,240	\$17,736	\$11,711	\$14,721	\$15,043	\$15,495	\$60,903	\$12,898	\$15,338	\$17,215	\$17,045	\$16,655	\$18,510	\$18,420
INTEREST	\$1,626	\$2,018	\$3,985	\$4,558	\$5,922	\$5,498	\$5,034	\$6,786	\$6,186	\$7,843	\$7,136	\$7,218	\$7,163	\$9,224	\$14,845
SUBTOTAL: DEBT SERVICE	\$18,316	\$17,258	\$21,721	\$16,269	\$20,643	\$20,541	\$20,529	\$67,689	\$19,084	\$23,181	\$24,351	\$24,263	\$23,818	\$27,734	\$33,265
TOTAL OPERATING EXPENDITURES	\$195,328	\$227,485	\$287,836	\$245,676	\$266,387	\$266,134	\$257,978	\$350,752	\$339,280	\$370,970	\$404,941	\$498,070	\$516,079	\$569,049	\$587,973
DIRECT BENEFITS TO INDIVIDUALS <sup>3</sup>															
WELFARE <sup>4</sup>															
MEDICAL ASSISTANCE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$25,037	\$56,955	\$63,581	\$77,916	\$84,976	\$89,317
GEN ASSIST MED CARE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
GENERAL ASSISTANCE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
A.F.D.C.	\$9,881	\$10,998	\$13,390	\$14,201	\$15,854	\$17,219	\$18,651	\$20,734	\$24,656	\$24,839	\$25,912	\$32,611	\$36,206	\$50,581	\$74,311
SUPPLEMENTAL INCOME	\$34,745	\$36,755	\$39,816	\$40,024	\$41,361	\$42,515	\$44,041	\$45,184	\$54,710	\$39,829	\$24,665	\$23,442	\$22,618	\$27,917	\$50,978
SUBTOTAL: WELFARE BENEFITS	\$44,626	\$47,753	\$53,206	\$54,225	\$57,215	\$59,734	\$62,692	\$65,918	\$79,366	\$89,705	\$107,532	\$119,634	\$136,740	\$163,474	\$214,606
HIGHER EDUCATION <sup>5</sup>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,446
OTHER BENEFITS <sup>6</sup>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,675
TOTAL INDIVIDUAL BENEFITS	\$44,626	\$47,753	\$53,206	\$54,225	\$57,215	\$59,734	\$62,692	\$65,918	\$79,366	\$89,705	\$107,532	\$119,634	\$136,740	\$163,474	\$224,727
TOTAL STATE EXPENDITURES	\$239,954	\$275,238	\$341,042	\$299,901	\$323,602	\$325,868	\$320,670	\$416,670	\$418,646	\$460,675	\$512,473	\$617,704	\$652,819	\$732,523	\$812,700

Appendix Table II (Cont'd.)  
State and Local Expenditures and Outlays  
State Fiscal Years 1957-1982  
(000s)

FUNCTION	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971
STATE EXPENDITURES(CONT.)															
INTERGOV'T TRSF PYMNTS															
EDUCATION	\$93,777	\$99,822	\$104,629	\$131,129	\$139,349	\$143,764	\$154,287	\$177,461	\$194,395	\$223,391	\$246,334	\$277,009	\$304,262	\$324,540	\$362,545
STATE PAID TRA & FICA <sup>7</sup>	\$776	\$2,035	\$5,916	\$5,742	\$6,449	\$7,391	\$8,647	\$9,969	\$10,648	\$11,674	\$15,774	\$17,357	\$18,309	\$38,590	\$52,646
SUBTOTAL:EDUCATION	\$94,553	\$101,857	\$110,545	\$136,871	\$145,798	\$151,155	\$162,934	\$187,430	\$205,043	\$235,065	\$262,108	\$294,366	\$322,571	\$363,130	\$415,191
GRANTS TO U OF M	\$21,623	\$32,987	\$36,871	\$32,959	\$35,861	\$38,233	\$38,370	\$44,101	\$42,155	\$53,842	\$58,080	\$69,409	\$76,214	\$96,292	\$112,626
HIGHWAY	\$16,213	\$33,715	\$30,666	\$33,305	\$36,062	\$36,724	\$37,783	\$41,063	\$43,850	\$45,816	\$51,899	\$52,841	\$62,082	\$64,416	\$75,234
GENERAL GOVERNMENT															
SHARED TAXES <sup>8</sup>	\$9,834	\$16,929	\$13,657	\$14,653	\$18,022	\$20,661	\$20,363	\$21,170	\$25,700	\$30,628	\$25,608	\$108,152	\$100,951	\$160,744	\$183,073
GENERAL SUPPORT <sup>9</sup>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SUBTOTAL:GENERAL GOVT.	\$9,834	\$16,929	\$13,657	\$14,653	\$18,022	\$20,661	\$20,363	\$21,170	\$25,700	\$30,628	\$25,608	\$108,152	\$100,951	\$160,744	\$183,073
WELFARE <sup>10</sup>															
SOCIAL SERVICES/OTHER	\$3,765	\$3,113	\$2,870	\$2,789	\$2,964	\$2,601	\$2,814	\$3,145	\$3,283	\$3,316	\$3,986	\$4,036	\$5,742	\$6,141	\$9,070
ADMINISTRATION AIDS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SUBTOTAL:WELFARE IGTP	\$3,765	\$3,113	\$2,870	\$2,789	\$2,964	\$2,601	\$2,814	\$3,145	\$3,283	\$3,316	\$3,986	\$4,036	\$5,742	\$6,141	\$9,070
OTHER IGTP <sup>11</sup>	\$4,780	\$5,439	\$5,151	\$5,379	\$6,474	\$8,558	\$3,387	\$3,852	\$3,886	\$4,113	\$3,798	\$1,752	\$12,854	\$1,766	\$2,358
TOTAL IGTP	\$150,768	\$194,040	\$199,760	\$225,956	\$245,181	\$257,932	\$265,651	\$300,761	\$323,917	\$372,780	\$405,479	\$530,556	\$580,414	\$692,489	\$797,552
PROPERTY TAX RELIEF															
PROPERTY TAX CREDITS <sup>12</sup>															
HOMESTEAD CREDIT	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$39,132	\$39,538	\$95,813	\$107,214
TACONITE HOMESTEAD CREDIT	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,016	\$1,045
AGRICULTURAL CREDIT	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NATIVE PRARIE CREDIT	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
REDUCED ASSESSMENT CREDIT	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
WETLANDS CREDIT	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SUBTOTAL:CREDITS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$39,132	\$39,538	\$96,829	\$108,259
PROPERTY TAX REFUNDS <sup>13</sup>															
SENIOR CIT/DISABLED	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,159	\$2,000
SENIOR CIT/FREEZE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
RENTER'S CREDIT	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,276	\$7,000
HOMEOWNERS UNDER 65	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TARGETTED RELIEF	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SUBTOTAL:REFUNDS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,435	\$9,000
TOTAL PROPERTY TAX RELIEF	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$39,132	\$39,538	\$101,264	\$117,259
TOTAL IGTP AND PROP TX RLF	\$150,768	\$194,040	\$199,760	\$225,956	\$245,181	\$257,932	\$265,651	\$300,761	\$323,917	\$372,780	\$405,479	\$569,688	\$619,952	\$793,753	\$914,811
TOTAL STATE OUTLAYS <sup>14</sup>	\$390,722	\$469,278	\$540,802	\$525,857	\$568,783	\$583,800	\$586,321	\$717,431	\$742,563	\$833,455	\$917,952	\$1,187,392	\$1,272,771	\$1,526,276	\$1,727,511



Appendix Table II (Cont'd.)  
State and Local Expenditures and Outlays  
State Fiscal Years 1957-1982  
(000s)

FUNCTION	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971
LOCAL EXPENDITURES															
OPERATING EXPENDITURES															
CURRENT															
GENERAL GOVT <sup>7</sup>	\$400,328	\$459,489	\$506,276	\$526,536	\$583,864	\$633,597	\$675,459	\$748,137	\$802,567	\$879,081	\$992,452	\$1,085,252	\$1,250,913	\$1,503,655	\$1,683,764
WELFARE NON-BENEFIT	\$7,411	\$8,255	\$9,328	\$10,621	\$10,678	\$11,476	\$12,186	\$13,471	\$13,453	\$15,821	\$18,436	\$24,760	\$27,526	\$27,517	\$34,097
SUBTOTAL: CURRENT <sup>16</sup>	\$407,739	\$467,744	\$515,604	\$537,157	\$594,542	\$645,073	\$687,645	\$761,608	\$816,020	\$894,902	\$1,010,888	\$1,110,012	\$1,278,439	\$1,531,172	\$1,717,861
CAPITAL OUTLAY	\$164,091	\$185,334	\$205,124	\$201,857	\$215,862	\$203,548	\$212,265	\$224,261	\$257,120	\$271,809	\$345,772	\$344,302	\$362,513	\$449,389	\$551,233
DEBT SERVICE <sup>17</sup>	\$58,854	\$62,657	\$76,105	\$93,516	\$86,986	\$112,445	\$100,715	\$120,928	\$123,300	\$137,907	\$146,958	\$157,790	\$174,466	\$208,923	\$234,620
TOTAL OPERATING EXPENDITURES	\$630,684	\$715,735	\$796,833	\$832,530	\$897,390	\$961,066	\$1,000,625	\$1,106,797	\$1,196,440	\$1,304,618	\$1,503,618	\$1,612,104	\$1,815,418	\$2,189,484	\$2,503,714
WELFARE BENEFITS/INDIVIDUALS <sup>18</sup>															
MEDICAL ASSISTANCE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,441	\$8,241	\$12,014	\$8,532	\$18,369	\$20,914
RELIEF/GEN. ASSISTANCE	\$6,922	\$8,991	\$11,110	\$13,596	\$14,332	\$15,928	\$17,655	\$19,918	\$20,293	\$19,313	\$13,578	\$14,868	\$20,845	\$23,994	\$23,727
A.F.D.C.	\$1,795	\$2,731	\$2,816	\$3,148	\$3,450	\$3,883	\$4,860	\$4,350	\$5,725	\$7,597	\$7,776	\$4,962	\$11,544	\$5,538	\$11,707
SUPPLEMENTAL INCOME	\$9,827	\$11,389	\$10,880	\$10,647	\$10,943	\$12,116	\$12,549	\$13,665	\$11,733	\$6,638	\$5,138	\$1,613	\$8,469	\$2,382	\$3,018
TOTAL WELFARE BENEFITS	\$18,544	\$23,111	\$24,806	\$27,391	\$28,725	\$31,927	\$35,064	\$37,933	\$37,751	\$35,989	\$34,733	\$33,457	\$49,390	\$50,283	\$59,366
TOTAL LOCAL EXPENDITURES	\$649,228	\$738,846	\$821,639	\$859,921	\$926,115	\$992,993	\$1,035,689	\$1,144,730	\$1,234,191	\$1,340,607	\$1,538,351	\$1,645,561	\$1,864,808	\$2,239,767	\$2,563,080
INTERGOV'T TRSF PYMNTS	\$39,004	\$36,218	\$40,265	\$48,601	\$52,788	\$53,659	\$52,627	\$34,830	\$44,037	\$42,161	\$39,989	\$36,882	\$39,264	\$39,061	\$27,451
TOTAL LOCAL OUTLAYS <sup>19</sup>	\$688,232	\$775,064	\$861,904	\$908,522	\$978,903	\$1,046,652	\$1,088,316	\$1,179,560	\$1,278,228	\$1,382,768	\$1,578,340	\$1,682,443	\$1,904,072	\$2,278,828	\$2,590,531
STATE AND LOCAL EXPENDITURES															
OPERATING EXPENDITURES															
CURRENT															
CAPITAL OUTLAY	\$494,990	\$572,063	\$641,235	\$650,976	\$712,440	\$767,304	\$822,044	\$899,871	\$973,909	\$1,074,447	\$1,208,906	\$1,348,525	\$1,555,209	\$1,840,188	\$2,043,154
DEBT SERVICE	\$253,852	\$291,242	\$345,608	\$317,445	\$343,708	\$326,910	\$315,315	\$369,061	\$419,427	\$440,053	\$528,344	\$579,596	\$578,004	\$681,688	\$780,648
TOTAL OPERATING EXPENDITURES	\$826,012	\$943,220	\$1,084,669	\$1,078,206	\$1,163,777	\$1,227,200	\$1,258,603	\$1,457,549	\$1,535,720	\$1,675,588	\$1,908,559	\$2,110,174	\$2,331,497	\$2,758,533	\$3,091,687
DIRECT BENEFITS TO INDIVIDUALS															
WELFARE															
MEDICAL ASSISTANCE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$27,478	\$65,196	\$75,595	\$86,448	\$103,345	\$110,231
STATE GAMC	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
RELIEF/GEN. ASSISTANCE	\$6,922	\$8,991	\$11,110	\$13,596	\$14,332	\$15,928	\$17,655	\$19,918	\$20,293	\$19,313	\$13,578	\$14,868	\$20,845	\$23,994	\$23,727
A.F.D.C.	\$11,676	\$13,729	\$16,206	\$17,349	\$19,304	\$21,102	\$23,511	\$25,084	\$30,381	\$32,436	\$33,688	\$37,573	\$47,750	\$56,119	\$86,018
SUPPLEMENTAL INC.	\$44,572	\$48,144	\$50,696	\$50,671	\$52,304	\$54,631	\$56,590	\$58,849	\$66,443	\$46,467	\$29,803	\$25,055	\$31,087	\$30,299	\$53,996
SUBTOTAL: WELFARE BENEFITS	\$63,170	\$70,864	\$78,012	\$81,616	\$85,940	\$91,661	\$97,756	\$103,851	\$117,117	\$125,694	\$142,265	\$153,091	\$186,130	\$213,757	\$273,972
HIGHER EDUCATION	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,446
OTHER BENEFITS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,675
TOTAL BENEFITS TO INDIVIDUALS	\$63,170	\$70,864	\$78,012	\$81,616	\$85,940	\$91,661	\$97,756	\$103,851	\$117,117	\$125,694	\$142,265	\$153,091	\$186,130	\$213,757	\$284,093
TOTAL STATE/LOCAL EXPENDITURES <sup>20</sup>	\$889,182	\$1,014,084	\$1,162,681	\$1,159,822	\$1,249,717	\$1,318,861	\$1,356,359	\$1,561,400	\$1,652,837	\$1,801,282	\$2,050,824	\$2,263,265	\$2,517,627	\$2,972,290	\$3,375,780

Appendix Table II (Cont'd.)  
State and Local Expenditures and Outlays  
Fiscal Years 1972 to 1982

Appendix Table II (Cont'd.)

State and Local Expenditures and Outlays  
State Fiscal Years 1957-1982  
(000s)

FUNCTION	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
STATE EXPENDITURES											
OPERATING EXPENDITURES											
CURRENT <sup>1</sup>	\$390,638	\$480,442	\$511,040	\$535,953	\$615,047	\$698,443	\$779,738	\$837,052	\$894,258	\$969,174	\$1,016,221
CAPITAL OUTLAY	\$210,480	\$195,255	\$203,666	\$170,660	\$194,383	\$216,061	\$223,069	\$248,124	\$334,257	\$283,762	\$242,802
DEBT SERVICE <sup>2</sup>											
PRINCIPAL	\$20,945	\$27,585	\$36,090	\$39,900	\$42,026	\$44,749	\$52,554	\$57,965	\$60,938	\$63,403	\$67,753
INTEREST	\$17,752	\$23,357	\$25,975	\$26,285	\$26,733	\$28,120	\$29,133	\$34,890	\$37,083	\$50,704	\$79,961
SUBTOTAL: DEBT SERVICE	\$38,697	\$50,942	\$62,065	\$66,185	\$68,759	\$72,869	\$81,687	\$92,855	\$98,021	\$114,107	\$147,714
TOTAL OPERATING EXPENDITURES	\$639,815	\$726,639	\$776,771	\$772,798	\$878,189	\$987,373	\$1,084,494	\$1,178,031	\$1,326,536	\$1,367,043	\$1,406,737
DIRECT BENEFITS TO INDIVIDUALS <sup>3</sup>											
WELFARE <sup>4</sup>											
MEDICAL ASSISTANCE	\$93,620	\$152,007	\$193,002	\$203,002	\$286,184	\$352,018	\$408,958	\$444,675	\$547,070	\$640,295	\$737,545
GEN ASSIST MED CARE	\$0	\$0	\$0	\$0	\$3,016	\$20,905	\$34,819	\$35,445	\$42,976	\$48,196	\$36,782
GENERAL ASSISTANCE	\$0	\$0	\$2,629	\$6,510	\$6,285	\$8,700	\$8,364	\$7,439	\$8,835	\$17,881	\$13,786
A.F.D.C.	\$82,359	\$90,165	\$94,499	\$100,122	\$112,594	\$117,996	\$127,698	\$133,949	\$151,341	\$195,746	\$208,094
SUPPLEMENTAL INCOME	\$71,740	\$28,642	\$1,489	\$2,886	\$2,712	\$2,635	\$3,263	\$4,467	\$6,007	\$8,508	\$10,261
SUBTOTAL: WELFARE BENEFITS	\$247,719	\$270,814	\$291,619	\$312,520	\$410,791	\$502,254	\$583,102	\$625,975	\$756,229	\$910,626	\$1,006,468
HIGHER EDUCATION <sup>5</sup>	\$2,914	\$14,364	\$16,691	\$15,865	\$16,479	\$21,919	\$24,125	\$33,424	\$37,768	\$41,259	\$38,575
OTHER BENEFITS <sup>6</sup>	\$13,011	\$14,208	\$76,430	\$22,498	\$35,623	\$29,267	\$42,720	\$41,255	\$95,311	\$126,035	\$106,437
TOTAL INDIVIDUAL BENEFITS	\$263,644	\$299,386	\$384,740	\$350,883	\$462,893	\$553,440	\$649,947	\$700,654	\$889,308	\$1,077,920	\$1,151,480
TOTAL STATE EXPENDITURES	\$903,459	\$1,026,025	\$1,161,511	\$1,123,681	\$1,341,082	\$1,540,813	\$1,734,441	\$1,878,685	\$2,215,844	\$2,444,963	\$2,558,217

Appendix Table II (Cont'd.)  
State and Local Expenditures and Outlays  
State Fiscal Years 1957-1982  
(000s)

FUNCTION	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
STATE EXPENDITURES (CONT.)											
INTERGOV'T TRSF PYMNTS											
EDUCATION	\$487,025	\$642,673	\$711,681	\$704,363	\$839,663	\$886,925	\$920,905	\$945,880	\$1,067,760	\$1,138,505 <sup>15</sup>	\$1,292,090 <sup>15</sup>
STATE PAID TRA & FICA <sup>7</sup>	\$40,115	\$55,854	\$74,523	\$82,259	\$98,165	\$104,505	\$110,272	\$117,894	\$136,446	\$132,789	\$159,178
SUBTOTAL: EDUCATION	\$527,140	\$698,527	\$786,204	\$786,622	\$937,828	\$991,430	\$1,031,177	\$1,063,774	\$1,204,206	\$1,271,294	\$1,451,268
GRANTS TO U OF M	\$113,382	\$133,065	\$128,783	\$143,565	\$169,929	\$186,564	\$205,889	\$201,550	\$248,273	\$269,161	\$251,432
HIGHWAY	\$73,717	\$76,258	\$87,050	\$95,347	\$88,480	\$83,571	\$124,507	\$129,405	\$122,309	\$132,289	\$152,818
GENERAL GOVERNMENT <sup>8</sup>											
SHARED TAXES <sup>8</sup>	\$145,810	\$33,963	\$33,250	\$29,039	\$36,198	\$37,552	\$45,029	\$54,952	\$64,666	\$61,886	\$68,178
GENERAL SUPPORT <sup>9</sup>	\$0	\$109,012	\$105,540	\$128,719	\$144,141	\$162,090	\$210,768	\$216,106	\$241,622	\$242,496	\$214,127
SUBTOTAL: GENERAL GOVT.	\$145,810	\$142,975	\$138,790	\$157,758	\$180,339	\$199,642	\$255,797	\$271,058	\$306,288	\$304,382	\$282,305
WELFARE <sup>10</sup>											
SOCIAL SERVICES/OTHER	\$8,479	\$12,822	\$20,631	\$26,302	\$40,615	\$49,929	\$68,454	\$77,596	\$83,807	\$124,085	\$148,776
ADMINISTRATION AIDS	\$25,468	\$41,576	\$31,073	\$75,893	\$60,840	\$68,921	\$72,348	\$79,271	\$85,014	\$84,817	\$50,078
SUBTOTAL: WELFARE IGTP	\$33,947	\$54,398	\$51,704	\$102,195	\$101,455	\$118,850	\$140,802	\$156,867	\$168,821	\$208,902	\$198,854
OTHER IGTP <sup>11</sup>	\$1,164	\$23,488	\$52,049	\$93,164	\$131,279	\$215,653	\$248,835	\$262,294	\$216,997	\$210,498	\$184,153
TOTAL IGTP	\$895,160	\$1,128,711	\$1,244,580	\$1,378,651	\$1,609,310	\$1,795,710	\$2,007,007	\$2,084,948	\$2,266,894	\$2,396,526	\$2,520,830
PROPERTY TAX RELIEF											
PROPERTY TAX CREDITS <sup>12</sup>											
HOMESTEAD CREDIT	\$126,877	\$115,572	\$121,614	\$188,649	\$205,823	\$214,147	\$229,230	\$238,188	\$246,058	\$362,530	\$437,017
TACONITE HOMESTEAD CREDIT	\$2,869	\$2,890	\$3,334	\$3,761	\$8,712	\$9,496	\$10,053	\$13,572	\$16,301	\$17,278	\$19,379
AGRICULTURAL CREDIT	\$0	\$15,835	\$17,291	\$17,474	\$17,844	\$26,274	\$29,502	\$35,162	\$37,034	\$38,843	\$68,377
NATIVE PRARIE CREDIT	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$100
REDUCED ASSESSMENT CREDIT	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,000
WETLANDS CREDIT	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,123
SUBTOTAL: CREDITS	\$129,746	\$134,297	\$142,239	\$209,884	\$232,379	\$249,917	\$268,785	\$286,922	\$299,393	\$418,651	\$537,996
PROPERTY TAX REFUNDS <sup>13</sup>											
SENIOR CIT/DISABLED	\$8,905	\$8,827	\$10,345	\$9,895	\$36,946	\$49,402	\$65,120	\$72,111	\$67,678	\$59,200	\$57,411
SENIOR CIT/FREEZE	\$0	\$0	\$471	\$4,704	\$210	\$0	\$0	\$0	\$0	\$0	\$0
RENTER'S CREDIT	\$12,675	\$12,044	\$19,493	\$24,115	\$25,165	\$33,015	\$52,650	\$64,401	\$75,799	\$83,000	\$90,783
HOMEOWNERS UNDER 65	\$0	\$0	\$0	\$0	\$0	\$51,598	\$49,237	\$74,750	\$67,265	\$51,444	\$25,555
TARGETTED RELIEF	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,749
SUBTOTAL: REFUNDS	\$21,580	\$20,871	\$30,309	\$38,714	\$62,321	\$134,015	\$167,007	\$211,262	\$210,742	\$193,644	\$176,498
TOTAL PROPERTY TAX RELIEF	\$151,326	\$155,168	\$172,548	\$248,598	\$294,700	\$383,932	\$435,792	\$498,184	\$510,135	\$612,295	\$714,494
TOTAL IGTP AND PROP TX RLF	\$1,046,486	\$1,283,879	\$1,417,128	\$1,627,249	\$1,904,010	\$2,179,642	\$2,442,799	\$2,583,132	\$2,777,029	\$3,008,821	\$3,235,324
TOTAL STATE OUTLAYS <sup>14</sup>	\$1,949,945	\$2,309,904	\$2,578,639	\$2,750,930	\$3,245,092	\$3,720,455	\$4,177,240	\$4,461,817	\$4,992,873	\$5,453,784	\$5,793,541

Appendix Table II (Cont'd.)  
State and Local Expenditures and Outlays  
State Fiscal Years 1957-1982  
(000s)

FUNCTION	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
LOCAL EXPENDITURES											
OPERATING EXPENDITURES											
CURRENT											
GENERAL GOVT <sup>7</sup>	\$1,858,675	\$2,083,300	\$2,247,257	\$2,622,400	\$2,875,981	\$3,150,715	\$3,517,702	\$3,835,466	\$4,213,384	\$4,705,718	\$4,945,432
WELFARE NON-BENEFIT	\$42,659	\$57,393	\$72,341	\$80,233	\$109,649	\$114,566	\$137,566	\$161,482	\$185,097	\$197,313	\$326,492
SUBTOTAL: CURRENT <sup>16</sup>	\$1,901,334	\$2,140,693	\$2,319,598	\$2,702,633	\$2,985,630	\$3,265,281	\$3,655,268	\$3,996,948	\$4,398,481	\$4,903,031	\$5,271,924
CAPITAL OUTLAY	\$591,271	\$509,301	\$607,561	\$687,198	\$783,800	\$746,188	\$676,290	\$749,514	\$951,511	\$984,434	\$805,867
DEBT SERVICE <sup>17</sup>	\$278,082	\$430,118	\$385,983	\$426,242	\$428,444	\$554,520	\$583,795	\$547,181	\$471,743	\$493,699	\$591,721
TOTAL OPERATING EXPENDITURES	\$2,770,687	\$3,080,112	\$3,313,142	\$3,816,073	\$4,197,874	\$4,565,989	\$4,915,353	\$5,293,643	\$5,821,735	\$6,381,164 <sup>21</sup>	\$6,669,512 <sup>21</sup>
WELFARE BENEFITS/INDIVIDUALS <sup>18</sup>											
MEDICAL ASSISTANCE	\$26,705	\$32,935	\$40,093	\$55,864	\$68,418	\$19,365	\$24,935	\$20,103	\$22,458	\$26,763	\$30,827
RELIEF/GEN. ASSISTANCE	\$25,754	\$27,236	\$21,805	\$25,391	\$33,589	\$47,609	\$54,018	\$56,615	\$57,480	\$58,643	\$31,298
A.F.D.C.	\$18,696	\$25,319	\$26,927	\$30,712	\$34,641	\$32,576	\$33,130	\$33,403	\$35,562	\$24,563	\$42,653
SUPPLEMENTAL INCOME	\$14,959	\$7,842	\$17,112	\$3,092	\$2,712	\$2,635	\$3,263	\$4,467	\$2,343	\$1,468	\$1,770
TOTAL WELFARE BENEFITS	\$86,114	\$93,332	\$105,937	\$115,059	\$139,360	\$102,185	\$115,346	\$114,588	\$117,843	\$111,437	\$106,548
TOTAL LOCAL EXPENDITURES	\$2,856,801	\$3,173,444	\$3,419,079	\$3,931,132	\$4,337,234	\$4,668,174	\$5,030,699	\$5,408,231	\$5,939,578	\$6,492,601	\$6,776,060
INTERGOV'T TRSF PYMNTS	\$26,528	\$32,114	\$37,498	\$54,721	\$65,569	\$102,598	\$104,920	\$85,104	\$78,261	\$79,291	\$114,923
TOTAL LOCAL OUTLAYS <sup>19</sup>	\$2,883,329	\$3,205,558	\$3,456,577	\$3,985,853	\$4,402,803	\$4,770,772	\$5,135,619	\$5,493,335	\$6,017,839	\$6,571,892	\$6,890,983
STATE AND LOCAL EXPENDITURES											
OPERATING EXPENDITURES											
CURRENT											
CAPITAL OUTLAY	\$2,291,972	\$2,621,135	\$2,830,638	\$3,238,586	\$3,600,677	\$3,963,724	\$4,435,006	\$4,834,000	\$5,292,739	\$5,872,205	\$6,288,145
DEBT SERVICE	\$801,751	\$704,556	\$811,227	\$857,858	\$978,183	\$962,249	\$899,359	\$997,638	\$1,285,768	\$1,268,196	\$1,048,669
TOTAL OPERATING EXPENDITURES	\$3,110,502	\$3,806,751	\$4,089,913	\$4,588,871	\$5,076,063	\$5,553,362	\$5,999,847	\$6,471,674	\$7,148,271	\$7,748,207	\$8,076,249
DIRECT BENEFITS TO INDIVIDUALS											
WELFARE											
MEDICAL ASSISTANCE	\$120,325	\$184,942	\$233,095	\$258,866	\$354,602	\$371,383	\$433,893	\$464,778	\$569,528	\$667,058	\$768,372
STATE GANC	\$0	\$0	\$0	\$0	\$3,016	\$20,905	\$34,819	\$35,445	\$42,976	\$48,196	\$36,782
RELIEF/GEN. ASSISTANCE	\$25,754	\$27,236	\$24,434	\$31,901	\$39,874	\$56,309	\$62,382	\$64,054	\$66,315	\$76,524	\$45,084
A.F.D.C.	\$101,055	\$115,484	\$121,426	\$130,834	\$147,235	\$150,572	\$160,828	\$167,352	\$186,903	\$220,309	\$250,747
SUPPLEMENTAL INC.	\$86,699	\$36,484	\$18,601	\$5,978	\$5,424	\$5,270	\$6,526	\$8,934	\$8,350	\$9,976	\$12,031
SUBTOTAL: WELFARE BENEFITS	\$333,833	\$364,146	\$397,556	\$427,579	\$550,151	\$604,439	\$698,448	\$740,563	\$874,072	\$1,022,063	\$1,113,016
HIGHER EDUCATION	\$2,914	\$14,364	\$16,691	\$15,865	\$16,479	\$21,919	\$24,125	\$33,424	\$37,768	\$41,259	\$38,575
OTHER BENEFITS	\$13,011	\$14,208	\$18,299	\$22,498	\$35,623	\$29,267	\$42,720	\$41,255	\$95,311	\$126,035	\$106,437
TOTAL BENEFITS TO INDIVIDUALS	\$349,758	\$392,718	\$432,546	\$465,942	\$602,253	\$655,625	\$765,293	\$815,242	\$1,007,151	\$1,189,357	\$1,258,028
TOTAL STATE/LOCAL EXPENDITURES <sup>20</sup>	\$3,760,260	\$4,199,469	\$4,522,459	\$5,054,813	\$5,678,316	\$6,208,987	\$6,765,140	\$7,286,916	\$8,155,422	\$8,937,564	\$9,334,277

APPENDIX TABLE II (NOTES)

STATE AND LOCAL EXPENDITURES AND OUTLAYS  
STATE FISCAL YEARS 1957-1982

NOTES:

<sup>1</sup>Includes all expenditures for administration, 75 to 85 percent of which is for employee salaries and benefits.

<sup>2</sup>The only short-term debt activity included is for interest payments.

<sup>3</sup>Includes payments or grants made only to individuals directly or to institutions or private vendors as reimbursement for services rendered to eligible recipients.

<sup>4</sup>See General Note 3 (p.48) and Notes associated with Appendix Table III for a detailed description of welfare categories.

<sup>5</sup>Primary benefits are for scholarships and grants to attend institutions of higher education.

<sup>6</sup>Other types of benefits include: vocational rehabilitation grants, youth conservation program, long-term shelter workshops, etc. In years 1957-1970, we were not able to identify specific amounts for these programs.

<sup>7</sup>In order to achieve complementary reporting of intergovernmental transfers, we included state paid teacher's retirement and FICA taxes as a local intergovernmental revenue and current expenditure for all years (see also General Note 3 p.48).

<sup>8</sup>Between 1957 and 1968, revenue raised from a variety of state taxes were shared with local governments--e.g., sales taxes on liquor and cigarettes, bank excise taxes, mining taxes, etc. Between 1968 and 1972, revenue from the state's general sales tax was also shared with local governments and was the primary revenue producer among these taxes. After 1972, locally shared state tax revenues were raised primarily from taxes on mining activities.

<sup>9</sup>Local government formula aids and attached machinery credits distributed to cities, counties, and townships. Attached machinery credit amounts in 1974 = \$8,836,000; 1975 = \$8,122,000; 1976 = \$8,781,000; 1977 = \$8,884,000; 1978 = \$8,834,000; 1979 = \$11,493,000; 1980 = \$11,440,000; 1981 = \$11,491,000; and 1982 = \$11,238,000.

<sup>10</sup>These welfare expenditures are for non-benefit purposes and are more representative of an intergovernmental transfer. Also see General Note 3 (p.48) and Notes associated with Appendix Table III for further explanation.

<sup>11</sup>"Other" intergovernmental transfer payments include state assistance for various categorical type activities such as public transit, shade tree disease control, etc.

<sup>12</sup>In addition to the credit programs listed, the state also administered the supplemental homestead credit program in 1981 and 1982 and the power line credit program in 1982. These programs represent minor amounts and are included in "other" intergovernmental transfer payments.

<sup>13</sup>Due to the nature of these programs, it is reasonable to treat them in one of several ways. For example, they could be viewed as a negative income tax, individual benefit expenditures similar to welfare programs, or as a refund to taxpayers for property taxes paid that, in effect, indirectly subsidize local governments in their tax effort. For purposes in this report, we decided to use the latter interpretation and view state paid, income related, property tax refunds as an indirect aid to local governments, similar to property tax credit reimbursement. However, this should not, necessarily, preclude other users of this data to opt for other reasonable interpretations and application of these types of state expenditures depending, of course, on the purpose at hand.

<sup>14</sup>This figure represents "total state spending" combining operating and benefit expenditures with what we have defined as state intergovernmental transfer payments and state paid property tax relief.

<sup>15</sup>School aids of \$241 million were deferred from 1981 to 1982 for budgeting purposes and recognized in this manner in the state's financial reports. We have, however, recognized the \$241 million in 1981 in this report since the payment relates to 1981 school district activity and better achieves consistent treatment of school aid payments.

<sup>16</sup>Excludes local intergovernmental transfer payments which were derived from local revenue schedules. There could also be some local benefit type expenditures that we could not identify in this figure.

<sup>17</sup>Includes some short-term interest and principal payments. Available sources did not allow us to identify these amounts.

<sup>18</sup>For a detailed description of welfare expenditure categories, see General Note 3 (p.48) and Notes associated with Appendix Table III.

<sup>19</sup>Represents total local spending, but because of local intergovernmental transfer payments, there is double counting of local expenditures associated with this figure.

<sup>20</sup>This figure represents total state and local spending (total state expenditures plus total local expenditures). Since state outlays for intergovernmental transfer payments and property tax credits were treated separately from state expenditures but included in local expenditures, double counting of these amounts was avoided. However, the total state and local expenditure figure is slightly understated since 1970 because we have excluded state paid, income related, property tax refunds from both state and local expenditures. Expenditures for these programs were used only as part of total state outlays (spending).

<sup>21</sup>Methods used to determine total local operating expenditures change slightly in 1981 and 1982. For a more detailed explanation see General Note 2b. (p.48).

Appendix Table III

Welfare Expenditures by Major Program  
And by Funding Source: State Fiscal Years 1957-1982



Appendix Table III

Welfare Expenditures by Major Program  
And by Funding Source: State Fiscal Years 1957-1982  
(000s)

PROGRAM & FUNDING SOURCE	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971
STATE WELFARE EXPENDITURES															
INDIVIDUAL BENEFITS															
MEDICAL ASSISTANCE <sup>1</sup>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,880 <sup>9</sup>	\$17,349 <sup>11</sup>	\$16,160	\$19,838	\$22,749	\$22,698
GAMC	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
RELIEF/GEN. ASSISTANCE <sup>1</sup>	\$1,266	\$1,350	\$1,422	\$1,435	\$1,392	\$1,443	\$1,425	\$1,535	\$1,542	\$1,540 <sup>8</sup>	\$1,616	\$0 <sup>13</sup>	\$0 <sup>13</sup>	\$0 <sup>13</sup>	\$0 <sup>13</sup>
AFDC <sup>11</sup>	\$3,458	\$3,401	\$4,418	\$4,743	\$5,527	\$6,175	\$6,618	\$7,352	\$10,795	\$7,637	\$9,207	\$7,003	\$7,083	\$10,520	\$17,383
SUPPLEMENTAL INC.															
OLD AGE ASSISTANCE	\$12,220	\$11,969	\$11,858	\$11,931	\$10,708	\$10,662	\$10,691	\$11,873	\$13,779	\$3,501 <sup>7</sup>	\$4,133	\$4,865	\$4,198	\$4,199	\$5,469
BLIND	\$347	\$341	\$337	\$334	\$227	\$378	\$360	\$381	\$458	\$191	\$115	\$196	\$95	\$141	\$185 <sup>15</sup>
DISABLED	\$174	\$180	\$184	\$183	\$241	\$230	\$218	\$85	\$636	\$460	\$998	\$1,223	\$1,307	\$2,849	\$9,989
SUBTOTAL SUPPLEMENTAL INC <sup>1</sup>	\$12,741	\$12,490	\$12,379	\$12,448	\$11,176	\$11,270	\$11,269	\$12,339	\$14,873	\$4,152	\$5,246	\$6,284	\$5,600	\$7,189	\$15,643
TOTAL BENEFITS	\$17,465	\$17,241	\$18,219	\$18,626	\$18,095	\$18,888	\$19,312	\$21,226	\$27,210	\$18,209	\$33,418	\$29,447	\$32,521	\$40,458	\$55,724
OTHER PROGRAM EXP. & IGTP															
SOCIAL SERVICES/OTHER	\$3,765 <sup>3</sup>	\$3,113 <sup>3</sup>	\$2,870 <sup>3</sup>	\$2,789 <sup>3</sup>	\$2,964 <sup>3</sup>	\$2,601 <sup>3</sup>	\$2,814 <sup>3</sup>	\$3,145 <sup>3</sup>	\$3,283 <sup>3</sup>	\$3,316 <sup>3</sup>	\$3,986 <sup>3</sup>	\$4,036 <sup>3</sup>	\$5,742 <sup>3</sup>	\$6,141 <sup>3</sup>	\$9,070 <sup>3</sup>
ADMINISTRATION AIDS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL OTHER PROGRAM/IGTP	\$3,765	\$3,113	\$2,870	\$2,789	\$2,964	\$2,601	\$2,814	\$3,145	\$3,283	\$3,316	\$3,986	\$4,036	\$5,742	\$6,141	\$9,070
TOTAL STATE WELFARE <sup>5</sup>	\$21,230	\$20,354	\$21,089 <sup>6</sup>	\$21,415	\$21,059	\$21,489	\$22,126	\$24,371	\$30,493	\$21,525	\$37,404	\$33,483	\$38,263	\$46,599	\$64,794
LOCAL WELFARE EXPENDITURES <sup>2</sup>															
INDIVIDUAL BENEFITS															
MEDICAL ASSISTANCE <sup>1</sup>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,441	\$8,241	\$12,014	\$8,532	\$18,369	\$20,914
RELIEF/GEN. ASSISTANCE <sup>1</sup>	\$6,922	\$8,991	\$11,110	\$13,596	\$14,332	\$15,928	\$17,655	\$19,918	\$20,293	\$19,313	\$13,578	\$14,868	\$20,845	\$23,994	\$23,727
AFDC <sup>11</sup>	\$1,795	\$2,731	\$2,816	\$3,148	\$3,450	\$3,883	\$4,860	\$4,350	\$5,725	\$7,597	\$7,776	\$4,962	\$11,544	\$5,538	\$11,707
SUPPLEMENTAL INC.															
OLD AGE ASSISTANCE	\$9,330	\$10,485	\$10,329	\$10,104	\$10,500	\$11,459	\$11,902	\$12,971	\$11,093	\$4,825	\$3,338	\$764	\$3,864	\$1,752	\$2,242
BLIND	\$336	\$306	\$338	\$332	\$208	\$397	\$393	\$369	\$357	\$486	\$215	\$85	\$286	\$268	\$156
DISABLED	\$161	\$598	\$213	\$211	\$235	\$260	\$254	\$325	\$283	\$1,327	\$1,585	\$784	\$4,319	\$362	\$620
SUBTOTAL SUPPLEMENTAL INC <sup>1</sup>	\$9,827	\$11,389	\$10,880	\$10,647	\$10,943	\$12,116	\$12,549	\$13,665	\$11,733	\$6,638	\$5,138	\$1,613	\$8,469	\$2,382	\$3,018
TOTAL BENEFITS	\$18,544	\$23,111	\$24,806	\$27,391	\$28,725	\$31,927	\$35,064	\$37,933	\$37,751	\$35,989	\$34,733	\$33,457	\$49,390	\$50,283	\$59,366
NON-BENEFIT EXPENDITURES															
SOCIAL SERVICES/OTHER	\$1,238	\$1,374	\$1,733	\$1,757	\$1,695	\$1,931	\$1,812	\$2,056	\$1,345	\$1,582	\$1,844	\$2,476	\$2,753	\$2,752	\$3,410
ADMINISTRATION COSTS	\$6,173	\$6,881	\$7,595	\$8,864	\$8,983	\$9,545	\$10,374	\$11,415	\$12,108	\$14,239	\$16,592	\$22,284	\$24,773	\$24,765	\$30,687
TOTAL NON-BENEFIT <sup>4</sup>	\$7,411	\$8,255	\$9,328	\$10,621	\$10,678	\$11,476	\$12,186	\$13,471	\$13,453	\$15,821	\$18,436	\$24,760	\$27,526	\$27,517	\$34,097
TOTAL LOCAL WELFARE	\$25,955	\$31,366	\$34,134	\$38,012	\$39,403	\$43,403	\$47,250	\$51,404	\$51,204	\$51,810	\$53,169	\$58,217	\$76,916	\$77,800	\$93,463

## Appendix Table III (Cont'd.)

Welfare Expenditures by Major Program  
 And by Funding Source: State Fiscal Years 1957-1982  
 (000s)

PROGRAM & FUNDING SOURCE	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971
FEDERAL WELFARE EXPENDITURES															
INDIVIDUAL BENEFITS															
MEDICAL ASSISTANCE <sup>1</sup>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$20,157 <sup>9</sup>	\$39,606	\$47,421	\$58,078	\$62,227	\$66,619
AFDC <sup>1</sup>	\$6,423	\$7,597	\$8,972	\$9,458	\$10,327	\$11,044	\$12,033	\$13,382	\$13,861	\$17,202	\$16,705	\$25,608	\$29,123	\$40,061	\$56,928
SUPPLEMENTAL INC.															
OLD AGE ASSISTANCE	\$20,751	\$22,790	\$25,666	\$25,668	\$28,105	\$29,170	\$30,432	\$30,314	\$37,274	\$32,089 <sup>10</sup>	\$14,673	\$11,560	\$10,628	\$11,475	\$14,697
BLIND	\$546	\$580	\$629	\$620	\$743	\$612	\$662	\$675	\$619	\$680	\$583	\$547	\$545	\$610	\$760 <sup>15</sup>
DISABLED	\$707	\$895	\$1,142	\$1,288	\$1,337	\$1,463	\$1,678	\$1,856	\$1,944	\$2,908	\$4,163	\$5,051	\$5,845	\$8,643	\$19,878
SUBTOTAL SUPPLEMENTAL INC. <sup>1</sup>	\$22,004	\$24,265	\$27,437	\$27,576	\$30,185	\$31,245	\$32,772	\$32,845	\$39,837	\$35,677	\$19,419	\$17,158	\$17,018	\$20,728	\$35,335
TOTAL BENEFITS	\$28,427	\$31,862	\$36,409	\$37,034	\$40,512	\$42,289	\$44,805	\$46,227	\$53,698	\$73,036	\$75,730	\$90,187	\$104,219	\$123,016	\$158,882
FEDERAL WELFARE IGTP															
SOCIAL SERVICES/OTHER <sup>14</sup>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ADMINISTRATION AIDS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL FEDERAL IGTP <sup>14</sup>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL FEDERAL WELFARE	\$28,427	\$31,862	\$36,409	\$37,034	\$40,512	\$42,289	\$44,805	\$46,227	\$53,698	\$73,036	\$75,730	\$90,187	\$104,219 <sup>12</sup>	\$123,016 <sup>12</sup>	\$158,882 <sup>12</sup>
TOTAL WELFARE EXPENDITURES															
INDIVIDUAL BENEFITS															
MEDICAL ASSISTANCE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$27,478	\$65,196	\$75,595	\$86,448	\$103,345	\$110,231
GAMC															
TOTAL MEDICAL ASSISTANCE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$27,478	\$65,196	\$75,595	\$86,448	\$103,345	\$110,231
RELIEF/GEN. ASSISTANCE	\$8,188	\$10,341	\$12,532	\$15,031	\$15,724	\$17,371	\$19,080	\$21,453	\$21,835	\$20,853	\$15,194	\$14,868	\$20,845	\$23,994	\$23,727
AFDC	\$11,676	\$13,729	\$16,206	\$17,349	\$19,304	\$21,102	\$23,511	\$25,084	\$30,381	\$32,436	\$33,688	\$37,573	\$47,750	\$56,119	\$86,018
SUPPLEMENTAL INC.															
OLD AGE ASSISTANCE	\$42,301	\$45,244	\$47,853	\$47,703	\$49,313	\$51,291	\$53,025	\$55,158	\$62,146	\$40,415	\$22,144	\$17,189	\$18,690	\$17,426	\$22,408
BLIND	\$1,229	\$1,227	\$1,304	\$1,286	\$1,178	\$1,387	\$1,415	\$1,425	\$1,434	\$1,357	\$913	\$808	\$926	\$1,019	\$1,101
DISABLED	\$1,042	\$1,673	\$1,539	\$1,682	\$1,813	\$1,953	\$2,150	\$2,266	\$2,863	\$4,695	\$6,746	\$7,058	\$11,471	\$11,854	\$30,487
SUBTOTAL SUPPLEMENTAL INC.	\$44,572	\$48,144	\$50,696	\$50,671	\$52,304	\$54,631	\$56,590	\$58,849	\$66,443	\$46,467	\$29,803	\$25,055	\$31,087	\$30,299	\$53,996
TOTAL BENEFITS	\$64,436	\$72,214	\$79,434	\$83,051	\$87,332	\$93,104	\$99,181	\$105,386	\$118,659	\$127,234	\$143,881	\$153,091	\$186,130	\$213,757	\$273,972
NON-BENEFIT EXPENDITURES															
SOCIAL SERVICES/OTHER	\$5,003	\$4,487	\$4,603	\$4,546	\$4,659	\$4,532	\$4,626	\$5,201	\$4,628	\$4,898	\$5,830	\$6,512	\$8,495	\$8,893	\$12,480
ADMINISTRATION	\$6,173	\$6,881	\$7,595	\$8,864	\$8,983	\$9,545	\$10,374	\$11,415	\$12,108	\$14,239	\$16,592	\$22,284	\$24,773	\$24,765	\$30,687
TOTAL NON-BENEFIT EXP	\$11,176	\$11,368	\$12,198	\$13,410	\$13,642	\$14,077	\$15,000	\$16,616	\$16,736	\$19,137	\$22,422	\$28,796	\$33,268	\$33,658	\$43,167
TOTAL WELFARE	\$75,612	\$83,582	\$91,632	\$96,461	\$100,974	\$107,181	\$114,181	\$122,002	\$135,395	\$146,371	\$166,303	\$181,887	\$219,398	\$247,415	\$317,139

## Appendix Table III (Cont'd.)

Welfare Expenditures by Major Program  
And by Funding Source: State Fiscal Years 1957-1982  
(000s)

PROGRAM & FUNDING SOURCE	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
STATE WELFARE EXPENDITURES											
INDIVIDUAL BENEFITS											
MEDICAL ASSISTANCE	\$25,674	\$45,136	\$52,440	\$54,991	\$102,751	\$143,613	\$171,690	\$187,615	\$229,804	\$264,975	\$322,307
GAMC	\$0	\$0	\$0	\$0	\$3,016	\$20,905	\$38,556	\$30,958	\$36,970	\$48,196	\$36,782
RELIEF/GEN. ASSISTANCE	\$0 <sup>13</sup>	\$0 <sup>13</sup>	\$2,629 <sup>19</sup>	\$6,510 <sup>19</sup>	\$6,285	\$8,700	\$8,364	\$7,439	\$8,835	\$17,882	\$13,786
AFDC	\$23,039	\$24,672	\$25,599	\$27,122	\$30,522	\$31,818	\$35,897	\$43,573	\$49,782	\$71,657	\$81,664
SUPPLEMENTAL INC.											
OLD AGE ASSISTANCE	\$6,220	\$3,093	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
BLIND	\$288 <sup>15</sup>	\$238	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
DISABLED	\$14,409	\$5,825	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SUBTOTAL SUPPLEMENTAL INC	\$20,917	\$9,156	\$1,489 <sup>18</sup>	\$2,886 <sup>18</sup>	\$2,712	\$2,635	\$3,263	\$4,467	\$6,007	\$8,508	\$10,261
TOTAL BENEFITS	\$69,630	\$78,964	\$82,157	\$91,509	\$145,286	\$207,671	\$257,770	\$274,052	\$331,398	\$411,218	\$464,800
OTHER PROGRAM EXP. & IGTP											
SOCIAL SERVICES/OTHER	\$8,479	\$12,822	\$14,312	\$16,282	\$26,911	\$36,933	\$42,386	\$45,949	\$55,118	\$72,246	\$61,537
ADMINISTRATION AIDS	\$0	\$0	\$0	\$8,192	\$8,560	\$8,537	\$9,929	\$11,007	\$9,741	\$6,813	\$5,307
TOTAL OTHER PROGRAM/IGTP	\$8,479	\$12,822	\$14,312	\$24,474	\$35,471	\$45,470	\$52,315	\$56,956	\$64,859	\$79,059	\$66,844
TOTAL STATE WELFARE	\$78,109	\$91,786	\$96,469	\$115,983	\$180,757	\$253,141	\$310,085	\$331,008	\$396,257	\$490,277	\$531,644
LOCAL WELFARE EXPENDITURES											
INDIVIDUAL BENEFITS											
MEDICAL ASSISTANCE	\$26,705	\$32,935	\$40,093	\$55,864	\$68,418	\$19,365	\$24,935	\$20,103	\$22,458	\$26,763	\$30,827
RELIEF/GEN. ASSISTANCE	\$25,754	\$27,236	\$21,805	\$25,391	\$33,589	\$47,609	\$54,018	\$56,615	\$57,480	\$58,643	\$31,298
AFDC	\$18,696	\$25,319	\$26,927	\$30,712	\$34,641	\$32,576	\$33,130	\$33,403	\$35,562	\$24,563	\$42,653
SUPPLEMENTAL INC.											
OLD AGE ASSISTANCE	\$8,388	\$4,244	\$5,459	\$2,173	\$0	\$0	\$0	\$0	\$0	\$0	\$0
BLIND	\$266	\$254	\$589	\$93	\$0	\$0	\$0	\$0	\$0	\$0	\$0
DISABLED	\$6,305	\$3,344	\$11,064	\$826	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SUBTOTAL SUPPLEMENTAL INC	\$14,959	\$7,842	\$17,112	\$3,092	\$2,712 <sup>20</sup>	\$2,635 <sup>20</sup>	\$3,263 <sup>20</sup>	\$4,467 <sup>20</sup>	\$2,343 <sup>20</sup>	\$1,468 <sup>20</sup>	\$1,770 <sup>20</sup>
TOTAL BENEFITS	\$86,114	\$93,332	\$105,937	\$115,059	\$139,360	\$102,185	\$115,346	\$114,588	\$117,843	\$111,437	\$106,548
NON-BENEFIT EXPENDITURES											
SOCIAL SERVICES/OTHER	\$4,266	\$5,739	\$7,234	\$8,023	\$47,884	\$45,992	\$58,363	\$63,044	\$83,281	\$92,313	\$216,785
ADMINISTRATION COSTS	\$38,393	\$51,654	\$65,107	\$72,210	\$61,765	\$68,574	\$79,203	\$98,438	\$101,816	\$105,000	\$109,707
TOTAL NON-BENEFIT	\$42,659	\$57,393	\$72,341	\$80,233	\$109,649 <sup>21</sup>	\$114,566 <sup>21</sup>	\$137,566 <sup>21</sup>	\$161,482 <sup>21</sup>	\$185,097 <sup>21</sup>	\$197,313 <sup>21</sup>	\$326,492 <sup>21</sup>
TOTAL LOCAL WELFARE	\$128,773	\$150,725	\$178,278	\$195,292	\$249,009	\$216,751	\$252,912	\$276,070	\$302,940	\$308,750	\$433,040

## Appendix Table III (Cont'd.)

Welfare Expenditures by Major Program  
And by Funding Source: State Fiscal Years 1957-1982  
(000s)

PROGRAM & FUNDING SOURCE	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
FEDERAL WELFARE EXPENDITURES											
INDIVIDUAL BENEFITS											
MEDICAL ASSISTANCE	\$67,946	\$106,871	\$140,562	\$148,011	\$183,433	\$208,405	\$237,268	\$257,060	\$317,266	\$375,320	\$415,238
AFDC	\$59,320	\$65,493	\$68,900	\$73,000	\$82,072	\$86,178	\$91,801	\$90,376	\$101,559	\$124,089	\$126,430
SUPPLEMENTAL INC.											
OLD AGE ASSISTANCE	\$21,574	\$6,797	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
BLIND	\$817 <sup>15</sup>	\$627	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
DISABLED	\$28,432	\$12,062	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SUBTOTAL SUPPLEMENTAL INC	\$50,823	\$19,486	\$0 <sup>16</sup>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL BENEFITS	\$178,089	\$191,850	\$209,462	\$221,011	\$265,505	\$294,583	\$329,069	\$347,436	\$418,825	\$499,409	\$541,668
FEDERAL WELFARE IGTP											
SOCIAL SERVICES/OTHER	\$0	\$0	\$6,319 <sup>17</sup>	\$10,020 <sup>22</sup>	\$13,704 <sup>22</sup>	\$12,996 <sup>22</sup>	\$26,068 <sup>22</sup>	\$31,647 <sup>22</sup>	\$28,689 <sup>22</sup>	\$51,839 <sup>22</sup>	\$87,239 <sup>22</sup>
ADMINISTRATION AIDS	\$25,468	\$41,576	\$31,073	\$67,701	\$52,280	\$60,384	\$62,419	\$68,264	\$75,273	\$78,004	\$44,771
TOTAL FEDERAL IGTP	\$25,468	\$41,576	\$37,392	\$77,721	\$65,984	\$73,380	\$88,487	\$99,911	\$103,962	\$129,843	\$132,010
TOTAL FEDERAL WELFARE	\$203,557 <sup>12</sup>	\$233,426	\$246,854	\$298,732	\$331,489	\$367,963	\$417,556	\$447,347	\$522,787	\$629,252	\$673,678
TOTAL WELFARE EXPENDITURES											
INDIVIDUAL BENEFITS											
MEDICAL ASSISTANCE	\$120,325	\$184,942	\$233,095	\$258,866	\$354,602	\$371,383	\$433,893	\$464,778	\$569,528	\$667,058	\$768,372
SAMC					\$3,016	\$20,905	\$38,556	\$30,958	\$36,970	\$48,196	\$36,782
TOTAL MEDICAL ASSISTANCE	\$120,325	\$184,942	\$233,095	\$258,866	\$357,618	\$392,288	\$472,449	\$495,736	\$606,498	\$715,254	\$805,154
RELIEF/GEN. ASSISTANCE	\$25,754	\$27,236	\$24,434	\$31,901	\$39,874	\$56,309	\$62,382	\$64,054	\$66,315	\$76,525	\$45,084
AFDC	\$101,055	\$115,484	\$121,426	\$130,834	\$147,235	\$150,572	\$160,828	\$167,352	\$186,903	\$220,309	\$250,747
SUPPLEMENTAL INC.											
OLD AGE ASSISTANCE	\$36,182	\$14,134	\$5,459	\$2,173	\$0	\$0	\$0	\$0	\$0	\$0	\$0
BLIND	\$1,371	\$1,119	\$589	\$93	\$0	\$0	\$0	\$0	\$0	\$0	\$0
DISABLED	\$49,146	\$21,231	\$11,064	\$826	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SUBTOTAL SUPPLEMENTAL INC	\$86,699	\$36,484	\$18,601	\$5,978	\$5,424	\$5,270	\$6,526	\$8,934	\$8,350	\$9,976	\$12,031
TOTAL BENEFITS	\$333,833	\$364,146	\$397,556	\$427,579	\$550,151	\$604,439	\$702,185	\$736,076	\$868,066	\$1,022,064	\$1,113,016
NON-BENEFIT EXPENDITURES											
SOCIAL SERVICES/OTHER	\$12,745	\$18,561	\$27,865	\$34,325	\$88,499	\$95,921	\$126,817	\$140,640	\$167,088	\$216,398	\$365,561
ADMINISTRATION	\$63,861	\$93,230	\$96,180	\$148,103	\$122,605	\$137,495	\$151,551	\$177,709	\$186,830	\$189,817	\$159,785
TOTAL NON-BENEFIT EXP	\$76,606	\$111,791	\$124,045	\$182,428	\$211,104	\$233,416	\$278,368	\$318,349	\$353,918	\$406,215	\$525,346
TOTAL WELFARE	\$410,439	\$475,937	\$521,601	\$610,007	\$761,255	\$837,855	\$980,553	\$1,054,425	\$1,221,984	\$1,428,279	\$1,638,362

# APPENDIX TABLE III (NOTES)

## WELFARE EXPENDITURES BY MAJOR PROGRAM AND BY FUNDING SOURCE: 1957 - 1982

### NOTES:

<sup>1</sup>The statutory matching requirements for these programs by state, federal, and local government will not be precisely reflected in these figures because: a) the adjustment made to local amounts to convert into state fiscal year; b) there may be several other programs folded into the general category that do not require the same matching requirement; and c) matching requirements often changed mid-year.

<sup>2</sup>Local amounts represent expenditures made from local source revenues. Amounts have been adjusted to make local calendar years compatible to state fiscal year: e.g.,

$$1960 \text{ Local expenditures} = L - (\frac{1}{2} S_1 + \frac{1}{2} S_2) - (\frac{1}{2} F_1 + \frac{1}{2} F_2)$$

where:

L = 1959 local categorical amount as reported

S<sub>1</sub> = state 1959 fiscal year

S<sub>2</sub> = state 1960 fiscal year

F<sub>1</sub> = federal 1959 state fiscal year

F<sub>2</sub> = federal 1960 state fiscal year

<sup>3</sup>May include some federal dollars which we could not separate. Also includes expenditure amounts for selected programs reported in Appropriation Statements by Departments and Agencies: Fiscal Years 1957 - 1972. Although the names of the programs change during the period, the primary activities include Aid to County Sanitoria, Equalization of Welfare Costs, Child Under State Guardianship, Dependent Indian Children, Outpatient Clinics, Mental Health Training, Public Relief and Day Activity Centers, and General Relief for Indians. There may be some double counting with "relief" category as reported in the Public Examiner's Report. The figure also includes the amount for the child welfare program as reported by the Public Examiner in Table 13.

<sup>4</sup>Local Non-Benefit Expenditures is not necessarily a pure local amount. Prior to 1976, it appears that much of the local amount is financed by local sources. However, beginning in 1976, the local non-benefit amount includes federal and state aids for social services and administration.

<sup>5</sup>Does not include state expenditures for state administration costs, payroll, operations, etc. Includes only those expenditures made to individuals or to medical services vendors on behalf of individuals and expenditures which support social service and other programs and administration aids to county governments.

<sup>6</sup>Does not include administration expenditures as shown in Public Examiner's Report.

<sup>7</sup>Expenditures for old age assistance have declined as medical costs for these programs have been transferred to Medical Assistance.

<sup>8</sup>This is an estimate based on applying a ratio of .01685 to total state and federal welfare expenditures as reported in the Public Examiner's Report, Table 13 (\$91.409 million). This ratio was derived by averaging 1965 and 1967 ratios.

<sup>9</sup>First year for Medical Assistance program. The total state and federal expenditures amount was assumed to be part of "relief" figure (\$26.577 million) as reported in Public Examiner's Report and was derived after subtracting estimated relief amount of \$1,540 million (see Note 8) making the total Medical Assistance amount equal to \$25.037 million. The federal share was indicated in the Public Examiner's Report (\$20.157 million), thus allowing us to estimate the state amount to be \$4.880 million.

<sup>10</sup>Assumed to include federal amounts for Medical Assistance to the aged (\$12.491 million) which was folded into Medical Assistance in subsequent years.

<sup>11</sup>Medical Assistance for both the aged and needy were reported as a single category amount beginning in 1967. In 1966, Medical Assistance to the aged was included in old age assistance (see Note 10).

<sup>12</sup>Excludes "other" expenditures which were reported by the Public Examiner. It was not possible to determine the purpose of these expenditures nor the relative split between the state and federal governments. The amounts excluded were: 1968 = \$6.285 million; 1969 = \$2.821 million; 1970 = \$2.558 million; 1971 = \$14.802 million; and 1972 = \$3.531 million.

<sup>13</sup>State general relief expenditures were not reported for years 1968-1973.

<sup>14</sup>For the years 1957-1971, we were not able to identify federal assistance for social service and other welfare programs.

<sup>15</sup>Federal share was not reported in 1971 nor in 1972. The state and federal amounts were estimated by applying the average federal share over the preceding five years (80.4 percent).

<sup>16</sup>Beginning in 1974, federal aids for old age assistance, blind, and disabled were consolidated into federal Supplemental Security Income (SSI) payments made directly to individuals by the federal government. As a result, federal amounts for these programs in years after 1973 are not accounted for in state financial reports.

<sup>17</sup>In 1974, federal social service expenditures were primarily for the Older American Act and the WIN program.

<sup>18</sup>The states General Assistance program (M.S. 256D) began January 1, 1974. The 1974 amount represents only one-half fiscal year funding. Both the 1974 and 1975 amounts were obtained from the Department of Public Welfare.

<sup>19</sup>Beginning January 1, 1974, state funding for certain old age assistance, blind, and disabled benefits were made under the Minnesota Supplemental Assistance (MSA) program (M.S. 256D.35). The 1974 amount represents only one-half fiscal year funding. Both the 1974 and 1975 amounts were obtained from the Department of Public Welfare.

<sup>20</sup>Local expenditures for old age assistance, blind, and disabled were either folded into the Medical Assistance program or financed totally by the federal government as part of their SSI program by 1975. The local Supplemental Income benefits beginning in 1976 represent the estimated local share of the MSA program. Since the local share was not reported separately in the State Auditor's reports, the local amount was estimated by applying their statutory matching requirement. These ratios were as follows: 1976-79, 50 percent state/50 percent local; 1980, 70 percent state/ 30 percent local; and 1981-82, 85 percent state/15 percent local.

<sup>21</sup>In these years the State Auditor included the local share for MSA in the "other" category. Because we report an estimated amount for local MSA, we adjusted these figures accordingly.

<sup>22</sup>Beginning in 1975, the federal "other" expenditure category included federal aids for numerous social service and other types of welfare programs. Primary programs included pilot food stamp assistance, alcohol abuse, Older American's Act, WIN, and in later years Title XX or the Community Social Services Block Grant.

## APPENDIX TABLE IV

## POPULATION AND INCOME DATA ON THE STATE OF MINNESOTA: 1957 - 1982

Year	State Population <sup>1</sup>	State Total Personal Income <sup>1</sup> (000,000)	Per Capita Income	Inflation Adjustment CPI 1957 = 1.00 <sup>3</sup>
1957	3,274,468	\$ 6,156	\$ 1,880	1.00
1958	3,313,936	6,492	1,959	1.03
1959	3,365,586	6,748	2,005	1.05
1960	3,424,749	7,168	2,093	1.07
1961	3,470,153	7,499	2,161	1.08
1962	3,513,333	7,905	2,250	1.09
1963	3,530,303	8,388	2,376	1.11
1964	3,557,324	8,719	2,451	1.12
1965	3,592,193	9,663	2,690	1.13
1966	3,617,029	10,493	2,901	1.15
1967	3,659,084	11,259	3,077	1.19
1968	3,702,784	12,371	3,341	1.23
1969	3,757,976	13,664	3,636	1.29
1970	3,814,796	14,851	3,893	1.37
1971	3,851,689	15,738	4,086	1.44
1972	3,866,712	17,145	4,434	1.49
1973	3,885,371	20,371	5,243	1.55
1974	3,898,085	21,572	5,534	1.70
1975	3,925,825	23,076	5,878	1.87
1976	3,956,501	25,013	6,322	1.99
1977	3,979,657	28,562	7,177	2.11
1978	4,004,392	31,911	7,969	2.29
1979	4,038,077	35,951	8,903	2.54
1980	4,087,024	39,591	9,687	2.97
1981	4,094,261	44,087	10,768	3.33
1982	4,133,008(est.) <sup>2</sup>	45,802(est.) <sup>2</sup>	11,802(est.) <sup>2</sup>	3.42

## SOURCES:

<sup>1</sup>Survey of Current Business U.S. Department of Commerce, Bureau of Economic Analysis, August 1982. This data was reported in a summary report by the Minnesota Taxpayers Association, Fiscal Facts for Minnesotans, 1983.

<sup>2</sup>Estimated figures for 1982 were obtained directly from the Bureau of Economic Analysis, Regional Information Service in Washington, D.C.

<sup>3</sup>Average annual Consumer Price Index for the Minneapolis/St. Paul metropolitan area as reported by the U.S. Department of Labor, Washington, D.C. The index was adjusted to make 1957 the base year.