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FISCAL REVIEW

Minnesota State Senate

1995 Session



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Fiscal Review

of the

1995 Legislative Session

Minnesota Senate
Office of Senate Counsel & Research

Edited by William Riemerman
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Introduction

The Fiscal Review is a report of actions taken by the 1995 regular and special sessions of the Minnesota Legislature. These reports have been issued annually since 1975.

This is not an accounting of all legislative actions. It covers those with significant fiscal impact and reports some other significant actions of the Legislature.

The tables in the Fiscal Review are all-inclusive and can be reconciled with fund statements prepared by the Department of Finance.

The report is on appropriations, not actual spending. Spending is affected by many factors, including accounting practices, program participation, etc. Appropriations are basically authorizations for expenditures.

Some appropriations are open-ended and determined by formula or participation rates specified by statute. These are called open and standing appropriations. The Review uses the estimates of open and standing made through

the Department of Finance at the time the budget was enacted.

Direct appropriations essentially are the limits of spending put in the session law.

The report handles open and standing appropriations as direct appropriations when the appropriation amount is specified in the session law. (For example, education aids are based on open and standing authority to comply with the funding formulas, but the Legislature actually uses the estimate of the cost in the session law.)

This report is organized by functional groupings of appropriations which are most comprehensive on Table C of the statistical section.

There are also tables on appropriations by fund (Table A); a table of appropriations by fund and law (chapter) (Table D); a General Fund balance statement (Table B); a listing of open and standing appropriations (Table E); and a table of federal funds (Table F).

Highlights

The 1995 session of the Legislature passed and the Governor signed net appropriations of nearly \$27.8 billion, almost \$7 billion of that coming from federal funds.

The largest program area appropriation, counting state and federal funds, is in human services. The total appropriation for this purpose is nearly \$9.6 billion. More than \$5.1 billion of that appropriation is in state funds and about \$4.5 billion comes from federal funds.

The largest chunk of state dollars is appropriated for elementary and secondary education. This appropriation is nearly \$6 billion. An additional \$678 million in K-12 education aids is appropriated in federal funds.

Other appropriation areas exceeding \$1 billion are:

- Transportation (more than \$2.7 billion, including \$761.3 million in federal funds);
- Aids and credits to local governmental units and individuals (more than \$2.3 billion); and
- Higher education (more than \$2.2 billion).

Taxes

The Legislature extended the temporary sales tax exemption for sale of used farm machinery to June 30, 1996. It also enacted a sales tax refund of 20 percent for construction materials used in erecting or improving correctional facilities. This subsidy is expected to cost \$2.3 million.

The Legislature also increased the insurance gross premium tax for mutual insurance companies. This increase is expected to yield \$13.4 million over the biennium.

K-12 Education

The 1995 session abolished the Department of Education and included its functions in the newly created Department of Children, Families, and Learning. The new department is charged with improvement of the coordination of services for children and families. The new responsibilities include administration of the community action programs, various human service programs involving children, and other services scattered throughout the Departments of Health, Economic Security, Corrections, and Public Safety.

Changes in the general education funding area included increasing the flexibility of school districts to allocate resources. Education aid appropriations totaled \$6,559.8 million and included a payment shift that gave the state a one-time cost savings of \$187.4 million.

Higher Education

The Legislature appropriated more than \$2,228 million for the higher education system. This constituted an increase of less than one percent from the previous biennium.

The higher education budget included the merger of the state university system and the community and technical college systems under a single governing board.

The 1995 law includes several measures designed to achieve accountability for students to receive high-quality educational services and training programs.

The list of achievements that would result in increased funding are:

- Increased budget allocations for instruction and academic resources;
- Increased number of credits issued by telecommunications;
- Increased retention of newly entering freshmen students;
- Increased graduation in two- and four-year time spans; and
- Increased placement rates in occupational and academic programs for the two college systems.

Human Services

As always, the largest expenditure in human services involved payment to medical vendors. Vendor payments under the medical assistance, general assistance medical, regional treatment centers, mental health, and related programs totaled more than \$2,563.2 million, exclusive of federal funds. Another \$244.5 million was appropriated for MinnesotaCare; and more than \$416 million went for State Residential Treatment facilities.

Another \$662 million in state fund appropriations went for family self-sufficiency payments (checks to clients) and state administration of these programs.

Economic Development

Economic development appropriations totaled more than \$58 million and included moneys for tourism, contaminated land cleanup grants, economic recovery grants, the Job Skills Partnership, community resources programs, the Minnesota trade office, and a number of other programs.

Transportation

The transportation budget included \$1.5 billion of state funds for highway construction and support programs. Of that amount, more than \$755 million went for county and municipal state transportation aids, more than \$83 million for metropolitan mass transit, and \$24.6 million for outstate transit assistance. Federal aid appropriations are more than \$761.3 million, or nearly 28 percent of the total transportation appropriations. The 1995 session of the Legislature eliminated the Regional Transit Board and Metropolitan Transit Commission and transferred the duties and responsibilities to the Metropolitan Council.

Metropolitan Property Taxes

This is a new initiative dealing with incentives for development of affordable housing in the metropolitan area and encouraging the redevelopment of polluted land within the same area. The program includes availability of revenues for polluted land cleanup grants and grants for municipalities to expand affordable housing opportunities.

Workers' Compensation

The 1995 Legislature passed a workers' compensation reform bill that significantly reduces injured worker benefits; puts tighter limits on attorney fees; increases the regulation climate for insurers; and mandates significant rate reductions to employers in the assigned risk plan who are accident-free for three years in a row.

The bill is expected to reduce rates by about seven percent immediately and by about ten percent over a long period of time.

The new law also includes a ten percent rate reduction that will not reduce premiums,

because it mandates increases in payrolls to which rates are applied. This change provides that vacation, sick leave, and similar pay must be included in the payroll to which the insurance rates are applied. Beyond the law changes, premium reductions are expected to be achieved through actuarial factors impacted by previous law changes.

Governance

Besides the creation of the new Department of Children, Families, and Learning and the abolition of the Department of Education, the 1995 Legislature abolished a number of commissions and task forces.

As of July 1, 1995, the new law wiped out the Tax Study Commission, the Transportation Study Board, and the Legislative Commissions on Child Protection and Long-Term Health Care. The Legislative Commission on Employee Relations was abolished and its staff and duties were rolled into the Legislative Coordinating Commission (LCC).

All other existing commissions are to be abolished July 1, 1996, unless the LCC takes action to continue any of the commissions.

The 1995 Legislature delayed the April presidential primary until the presidential election in the year 2000 because of lack of available funding.

Revenues

State Taxes

Income Tax

Federal law changes enacted through December 31, 1994, were adopted for Minnesota income tax purposes. The provisions of the 1995 Self-Employed Health Insurance Act were also adopted at the same time that they are effective for federal purposes. The update to federal law changes is estimated to raise \$4.7 million in the 1995-97 biennium.

Sales and Excise Taxes

The temporary sales tax exemption for sales of used farm machinery was extended by one year to June 30, 1996. The cost of this one-year extension is estimated to be \$1.6 million in the 1995-97 biennium.

A sales tax refund was enacted for 20 percent of the sales tax paid for construction materials used in constructing or improving an adult or juvenile correctional facility, if the construction project is required by state or federal law, rule, or regulation. The cost of this refund is estimated to be \$2.3 million in the 1995-97 biennium.

Insurance Gross Premiums Tax

The insurance premium tax rates applied to mutual insurance companies were increased effective January 1, 1995. The tax rate paid by mutual insurance companies with \$5 million or less in assets was increased from 0.5 percent to

one percent. The tax rate paid by mutual insurance companies with more than \$5 million in assets, but which had less than \$1.6 billion in assets as of December 31, 1989, was increased from 0.5 percent to 1.26 percent. The increase in insurance gross premiums tax is estimated to be \$13.4 million in the 1995-97 biennium. The proceeds of these taxes are used primarily to support police and fire pensions.

Budget Reserve and Cash Flow Account

The amount of the budget reserve and cash flow account was reduced from \$360 to \$350 million as of July 1, 1995. The name of the account was changed to the "cash flow account."

Department of Revenue Judgment Bonds

The Commissioner of Finance was authorized to sell up to \$400 million in state revenue bonds to fund the judgment against the state rendered in the Cambridge State Bank court case. The bonds are secured by 60 percent of the net revenues of the state lottery, unrestricted health care reimbursements, and unrestricted licenses and fees. The savings to the General Fund of using revenue bonds rather than a direct appropriation to pay the cost of the judgment is estimated to be \$114.1 million in the 1995-97 biennium and \$81.4 million in the 1997-99 biennium.

Local Property Tax Aids and Credits

A reduction of \$16 million in Homestead and Agricultural Credit Aid (HACA) was enacted. This reduction is calculated based on a percentage of each local government's adjusted revenue base (1995 property tax levy excluding levies for social services plus 1995 aids). The reduction applies to 1996 aid only (paid in FY 1997).

HACA for counties was further adjusted by transferring \$10 million from county HACA to County Criminal Justice Aid (CCJA). This funding transfer is effective in 1996.

Beginning with taxes payable in 1997, the regular property tax refund and special targeted refund will be deducted on homeowners' property tax statements. The amount of the refund will be paid to the county treasurer rather

than directly to the homeowner as under current law. \$5 million is appropriated in the 1997-99 biennium to pay the cost of administering this provision.

The property tax class rate which applies to the first \$72,000 of market value of cabin property was reduced from two percent to 1.9 percent for property taxes payable in 1997 and from 1.9 percent to 1.8 percent for taxes payable in 1998 and thereafter. The cost of this provision is estimated to be \$2 million in the 1995-97 biennium and \$21.3 million in the 1997-99 biennium.

The Board of Government Innovation and Cooperation received an appropriation of \$2 million for the 1995-97 biennium.

All State Aids

The 1995 budget adopted by the Legislature and signed by the Governor included nearly \$13.4 billion in state aids from state-generated revenues for locally administered programs. This makes up 64 percent of the state budget of about \$20.9 billion.

The largest portion of state aid goes to elementary and secondary education. K-12 state aids total about \$6.1 billion and constitute more than 45 percent of total aids.

Human service aids total almost \$3.9 million or about 29 percent of total aids.

The bulk of the human service aid goes toward the payment of medical vendors under the medical assistance and general assistance medical programs. Appropriations for medical

vendors total almost \$3.3 billion, while cash payments to welfare recipients are just under \$500 million.

Social service aids to cover social work programs for clients total slightly more than \$105 million for the biennium.

Tax aids to individuals and local governments total more than \$1.9 billion. More than \$1.6 billion goes to nonschool taxing districts; more than \$300.2 million goes to school districts; and \$339.2 million goes directly to homeowners and renters. More than \$1.3 million of the total aids goes for homestead and agricultural credit aid to all local governmental units, and more than \$687.5 million goes for local government aid to cities.

A total of more than \$920.7 million goes to local governmental units for transportation aid: \$587.7 million to counties; \$176.3 million to cities; \$83.1 million for metropolitan area transit assistance; and about \$24.6 million for outstate transit assistance.

Other state aids appropriated over the biennium include \$309.7 million for corrections

and criminal justice; more than \$154.3 million for local government pension programs; more than \$33.6 million for community health aids; and about \$12 million for Department of Natural Resources payments to local governments in lieu of taxes.

Other aids for locally operated programs and their category are:

PROPERTY TAX AND LOCAL AIDS (000s)

| GENERAL FUND AIDS | | Cities and Municipalities | School Districts |
|--|----------------------------------|---------------------------|---------------------|
| INDIVIDUALS | | | |
| Homeowners Property Tax Refund | \$ 154,600 | | |
| Targeting | 15,400 | | |
| Renter Credit | <u>169,200</u> | | |
| Total Aids to Individuals | \$ 339,200 | | |
| | | | |
| | Cities and Municipalities | School Districts | |
| LOCAL GOVERNMENTAL UNITS | | | |
| Local Government Aid | \$ 687,552 | | |
| Disparity Aid | 31,630 | \$ 25,260 | |
| Border City Disparity | 6,642 | 3,725 | |
| Attached Machinery Aid | 4,764 | 1,672 | |
| Homestead & Agriculture Credit Aid | 876,154 | 263,127 | |
| HACA Mobile Homes | 6,470 | 6,384 | |
| Mortgage Certification Credit | 200 | | |
| HACA Prior Year Adjustment | 68 | 36 | |
| Supplemental HACA | 868 | | |
| Taconite Aid Reimbursement | 1,882 | | |
| RTB Levy Reduction | 4,316 | | |
| Enterprise Credit | 1,882 | 16 | |
| Leech Lake Aid | <u>3,572</u> | | |
| Total Aids to Local Governmental Units | \$ 1,626,000 | \$ 300,220 | |
| PENSIONS | | | |
| Police & Fire Aid | \$ 109,597 | | |
| Police & Fire Amortization Aid | 10,040 | | |
| Mpls. Retirement Fund | 20,910 | | |
| Mpls. - St. Paul TRA | 6,990 | | |
| Local Police - Fire | 2,000 | | |
| Miscellaneous Pension Aids | 800 | | |
| Judges Retirement | <u>2,894</u> | | |
| Total Pension Aids | \$ 153,231 | | |
| COURTS AND CORRECTIONS | | | |
| Local Corrections | \$ 142,557 | | |
| Courts | 133,878 | | |
| Criminal Justice Aid | <u>30,265</u> | | |
| Total Justice System Aids | \$ 306,700 | | |
| | | | |
| HUMAN SERVICES | | | |
| AFDC, etc. | \$ 309,177 | | |
| General Assistance and Work Readiness | 97,570 | | |
| Minnesota Supplemental Aid | 48,250 | | |
| Other Family Payments | 44,647 | | |
| Medical Assistance | 2,759,215 | | |
| General Assistance Medical Care | 532,747 | | |
| Social Services | <u>105,038</u> | | |
| Total Human Services Aids | \$ 3,896,644 | | |
| OTHER | | | |
| Community Health Aids | \$ 33,626 | | |
| Transit Aids | 107,680 | | |
| Department of Natural Resources in lieu of Taxes | 12,006 | | |
| K-12 Education Aids | | | \$ 5,729,479 |
| SUBTOTALS | \$ 6,135,887 | | \$ 6,029,699 |
| TOTAL GENERAL FUND AIDS | | \$ 12,504,786 | |
| | | | |
| NON-GENERAL FUND AIDS | | | |
| Permanent School Fund | | | \$ 65,000 |
| Highway County Aids | \$ 578,710 | | |
| Municipal Highway Aids | <u>176,318</u> | | |
| Total Aids | \$ 755,028 | | \$ 65,000 |
| TOTAL NON-GENERAL FUND AIDS | \$ 820,028 | | |
| TOTAL GENERAL FUND AIDS | \$ 12,504,786 | | |
| TOTAL AIDS - ALL FUNDS | \$ 13,324,814 | | |
| TOTAL SCHOOL AIDS | | | \$ 6,094,699 |

Appropriations

Elementary and Secondary Education

In addition to setting the state's elementary and secondary education budget for the 1995-97 biennium, the 1995 Legislature focused on reform initiatives, particularly on ways to stretch education dollars by increasing flexibility in funding programs and controlling the cost of special education. The 1995 law included initiatives in education to employment transitions and education technology. In a reform designed to improve coordination of services for children and families, the Legislature merged the functions of the Department of Education with a number of programs from the Departments of Human Services, Health, Economic Security, Corrections, Public Safety, and the Office of Strategic and Long-Range Planning under a new Department of Children, Families, and Learning.

Appropriations for elementary and secondary education for the 1995-97 biennium exceed \$5.8 billion dollars, an increase of 6.6 percent, or more than \$360 million over the 1993-95 biennium.

Elementary and Secondary Education Biennial Appropriation (000s)

| | 1993-95 | 1995-97 | Percent Change |
|--|---------------------|---------------------|-------------------|
| Department of Education and Arts School | \$ 70,153 | \$ 71,612 | 2.1 |
| General Education | 4,080,348 | 4,428,287 | 8.5 |
| Transportation | 274,592 | 232,610 | (15.3) |
| Special Programs | 549,144 | 623,581 | 13.6 |
| Early Childhood Programs | 52,348 | 51,117 | (2.4) |
| Community and Adult Education | 46,323 | 54,493 | 17.6 |
| Capital Improvement | 298,736 | 223,073 | (25.3) |
| District Organization | 25,084 | 33,804 | 34.8 |
| Access to Excellence | 4,596 | 4,950 | 7.7 |
| Other Education Programs | 57,793 | 77,262 | 33.7 |
| Technology | 7,995 | 26,861 | 236.0 |
| Public Libraries | 16,857 | 16,902 | 0.3 |
| TOTAL | \$ 5,483,969 | \$ 5,844,552 | 6.6 |

Department of Education

Appropriations for the Department of Education, the Minnesota Academies for the Deaf and Blind, and the Minnesota Center for Arts Education were increased 2.1 percent. Nearly all of the increase was in the Department of Education's budget. A number of line-item appropriations were folded into a single department appropriation to give department administrators greater discretion.

On October 1, 1995, the Department of Education will be abolished and replaced with the Department of Children, Families, and Learning, which will have responsibility for a broad range of services targeted toward children and their families. The goal of the new department is to improve services for children and families through greater coordination and consolidation of state and local programs and funding streams. In addition to programs currently administered by the Department of Education, the following programs will be added to the new department on July 1, 1996:

- Children's Trust Fund - Department of Human Services;
- Family Services and Community-Based Collaboratives - Department of Human Services;
- Early Childhood Care and Education Council - Department of Human Services;
- Child Care Programs - Department of Human Services;
- Migrant Child Care Program - Department of Human Services;

- Head Start, including Project Cornerstone - Department of Economic Security;
- Community Action Agency Programs - Department of Economic Security;
- Child Abuse and Child Victims Services - Department of Corrections;
- Drug Policy, Violence Prevention, and Community Advisory Violence Prevention Councils - Department of Public Safety;
- Children's Database - Office of Strategic and Long-Range Planning;
- Action for Children - Office of Strategic and Long-Range Planning;
- Teen Pregnancy Prevention - Office of Strategic and Long-Range Planning; and
- Minnesota Children's Initiative - Office of Strategic and Long-Range Planning.

In 1996, both the Department of Administration and the Children's Cabinet must submit recommendations to the Legislature for further coordination or transfer of programs.

General Education

The 1995 Legislature made significant changes to the General Education Revenue program. The rationale for the changes was to eliminate categorical aids and consolidate funds so local school districts will have greater flexibility. A summary of the most significant provisions follows:

Formula Allowance. The basic per-pupil unit revenue amount will increase from \$3,150 in FY 1995 to \$3,205 in FY 1996 and \$3,505 in FY 1997. The \$300 increase in FY 1997 is not new revenue, but results from the folding-in of revenue that had previously been received

through categorical aids for teacher training and experience and basic transportation costs.

General Education Levy. The general education levy target will increase from \$1,054 million in FY 1996 to \$1,359 million in FY 1997. The general education tax rate will increase from 34.2 percent of net tax capacity in FY 1996 to 40.8 percent in FY 1997.

Training and Experience and Transportation Revenue. As mentioned above, the categorical aids for teacher Training and Experience (T&E) and basic transportation services will be rolled into the formula allowance for FY 1997 and 1998. The formula allowance will increase from \$3,205 in FY 1996 to \$3,505 in FY 1997 and 1998. Of the \$300 increase, \$130 represents the folding-in of T&E revenue, and \$170 represents the folding-in of basic transportation funding. The \$130 for T&E represents the statewide average per pupil unit T&E revenue under current law, while the \$170 for transportation reflects per-pupil unit costs for providing certain basic transportation services. The T&E and transportation revenue roll-in is repealed in FY 1999 and the previous formulas reinstated unless further action is taken by the Legislature. A new transportation sparsity formula is also established to account for variations in transportation costs due to differences in population density. A special transition allowance prevents districts with higher than average T&E revenue or transportation costs from receiving less revenue under the new scheme than they received in FY 1996 under the old formulas. Districts with lower than average T&E revenue or transportation costs will see their revenue increases phased-in, with transportation being phased-in over two years and T&E over five years.

Total Operating Capital Revenue. Beginning in FY 1997, the Capital Expenditure Facilities and Capital Expenditure Equipment revenues are combined into one formula and rolled into the General Education revenue program. Total

Operating Capital revenue will be a reserved account in the General Fund rather than part of the Capital Fund.

Staff Development Revenue. Beginning in FY 1996, districts will no longer be required to reserve a portion of their basic revenue for staff development purposes. Districts were required to reserve two percent of their basic revenue in FY 1995 for staff development.

Property Tax Recognition Shift. The state realized a \$187.4 million one-time aid savings by increasing the property tax recognition shift from 34.7 percent to 48 percent beginning in FY 1996.

Transportation

The most significant change to transportation funding was the folding of basic transportation funding into the General Education formula in FY 1997. The remaining transportation funding categories, including disabled, desegregation, and nonpublic pupil transportation, are combined into a single program called Targeted Needs Transportation Revenue. The formulas for the individual components of Targeted Needs Transportation Revenue are similar to the current law formulas. The Legislature appropriated more than \$60.7 million for this aid for FY 1997.

Legislative actions effective for FY 1996 include an increase in the regular transportation formula allowance from \$463 to \$477, a three percent increase. The Legislature also provided a \$250,000 grant for a wide-area transportation service pilot project. The pilot project is designed to explore potential savings from using computerized mapping and scheduling technology in providing high-cost, low-incidence transportation services.

Special Programs

Much of the activity of the Legislature in the area of special programs focused on controlling rapidly escalating special education costs. Effective for 1996 and later fiscal years, the special education funding formula will be significantly changed. Instead of reimbursing districts on the basis of actual approved costs, Special Education Revenue will be based upon base year cost data adjusted for the year-to-year change in school enrollment, except in FY 1996 and FY 1997, where approximately two percent inflation has also been factored in. These formula changes apply to Regular Special Education, Summer Special Education, Secondary Vocational-Disabled, and Limited English Proficiency programs. Total Special Education Revenue for FY 1996 and FY 1997 will be \$327.8 million and \$347.8 million respectively. Summer Special Education Revenue will total \$7.4 million in FY 1996, and is rolled into Regular Special Education Revenue in FY 1997 and later years. Secondary Vocational-Disabled Revenue will be \$7.6 million in FY 1996 and \$7.9 million in FY 1997. Under the new law, the state will also pick up all of the cost of Special Education Revenue by the year 2000. Under a phase-in plan, state aid will make up 60 percent of Special Education Revenue in FY 1996, 70 percent in FY 1997, 80 percent in FY 1998, 90 percent in FY 1999, and 100 percent in FY 2000. The additional state revenue required will come from a reduction in HACA payments to school districts equal to up to one percent of the district's adjusted net tax capacity.

The Legislature also established a new Targeted Needs Revenue program that equals the sum of Assurance of Mastery Revenue, Limited English Proficiency Revenue, and Integration Revenue (consisting of the current integration grants and desegregation levies). Targeted Needs Revenue must be used to meet the needs of learners who are achieving below an appropriate level. The state Targeted Needs

Aid appropriation equals \$37.7 million for FY 1996 and \$41.6 million for FY 1997.

Community and Adult Education

The 1995 Legislature committed significant resources to establishing a statewide school-to-work transition system. This transition system integrates existing programs such as Youth Apprenticeship, Youth Works/ServeAmerica, and Job Training Partnership Act programs with enhanced applied learning opportunities and career education and counseling in the schools. Work-based learning opportunities will be developed at the local level by Education and Employment Transitions partnerships consisting of employers, schools, higher education institutions, and labor organizations. The Legislature appropriated more than \$8.6 million for the biennium for school-to-work programs, including \$3.6 million for Youth Works Grants, \$1.15 million for Youth Apprenticeship Grants, \$2 million for Local Partnership Grants, \$200,000 for Youth Employer Grants, and \$1.2 million for development of a statewide Labor-Management Information System.

The Legislature also continued significant support for local Family Services Collaboratives with an appropriation of \$6 million each year for Family Collaboratives Grants.

Capital

Appropriations for capital programs decrease between the 1993-95 and 1995-97 bienniums by 25.3 percent, or \$75.7 million. This decrease is attributable to the transfer of the Capital Expenditure Facilities and Capital Expenditure Equipment Revenue programs to Total Operating Capital Revenue within the General Education Revenue program beginning in FY 1997.

Access to Excellence

The Legislature continued its support for the results-oriented graduation rule scheduled to take effect in 1996, by appropriating approximately \$12.5 million for the biennium for continued development, piloting, and implementation.

The Legislature also appropriated \$1.8 million in FY 1996 for Year-Round School/Extended Week or Day Pilot Program grants. Grants will go to the White Bear Lake, South Washington County, Cambridge, and St. Paul school districts, and two rural districts to be selected by the Commissioner of Education.

Other Education Programs

Significant fiscal initiatives include an 85 percent increase in the appropriation for abatement aid, with the biennial appropriation increasing from \$17.4 million in FY 1993-95 to \$32.1 million in FY 1995-97; an appropriation of \$1.5 million each year for metropolitan desegregation Magnet School Program Grants; and \$1 million each year for grants for integration programs.

Technology

The 1995 Legislature significantly increased funding for education technology for the 1995-97 biennium. Total appropriations increased from about \$8 million in FY 1993-95 to almost \$26.9 million in FY 1995-97.

The Legislature expanded access to the Statewide Telecommunications Access Routing System to include public and private schools along with higher education institutions, state agencies, public corporations, and other local governments. An appropriation of \$10.5 million for the biennium was provided for telecommunications access grants to school districts

and regional library systems for developing a statewide school district and public library telecommunications network.

The Legislature also continued funding for the Instructional Transformation Through Technology grant program with an appropriation of \$2.7 million each year. The 1994 Legislature established this grant program with a \$1.6 million appropriation to encourage public/private partnerships in developing computer technology for the classroom.

Budget Reserve and Cost Management

The 1995 Legislature took several steps to address the possibility of a budget shortfall in the 1997-99 biennium. In separate actions in

the Omnibus Tax and Education bills, the Legislature established a separate \$350 million cash flow account and a \$220 million budget reserve account. The Legislature appropriated \$200 million to the budget reserve account.

The Legislature also established appropriations caps for elementary and secondary education for the 1997-99 biennium. Elementary and secondary education appropriations will total \$2.94 billion in FY 1998 and \$3.1 billion in FY 1999, plus or minus adjustments to the General Education revenue program for enrollment forecast changes or other factors. In addition, the pupil unit weighting for secondary students will be reduced from 1.3 in FY 1997, to 1.25 in FY 1998, and 1.2 in FY 1999.

Higher Education

The 1995 Legislature appropriated approximately \$2.144 billion dollars to higher education. This is an increase of less than one percent over the FY 1994-95 appropriation.

Appropriations were as follows:

| Summary by Fund | | | |
|-----------------|------------------|------------------|------------------|
| | 1996 | 1997 | Total |
| General Fund | \$ 1,066,898,000 | \$ 1,077,189,000 | \$ 2,144,087,000 |

| Summary by Agency - All Funds | | | |
|--|----------------|----------------|----------------|
| | 1996 | 1997 | Total |
| Higher Education Services Office | \$ 115,993,000 | \$ 120,193,000 | \$ 236,186,000 |
| Board of Trustees of the Minnesota State Colleges and Universities | \$ 466,220,000 | \$ 470,927,000 | \$ 937,147,000 |
| Board of Regents of the University of Minnesota | \$ 483,860,000 | \$ 485,124,000 | \$ 968,984,000 |
| Mayo Medical Foundation | \$ 825,000 | \$ 945,000 | \$ 1,770,000 |

On July 1, 1995, the state universities, community colleges, and technical colleges will be merged under a single governing board. The appropriation to the Board of Trustees of the Minnesota State Colleges and Universities reflects the appropriation made to the board for the operation of the newly merged system. Consistent with the merger, a major portion of the higher education sections of the statutes were recodified.

Base Reduction

At the request of the Governor, language was placed in the bill that reduces the base for the University of Minnesota and the Minnesota State Colleges and Universities in the next biennium.

Statutory language states that, for the Minnesota State Colleges and Universities, the amounts for:

- Library access;

- Fond du Lac American Indian student outreach;
- Incentives for co-located campuses;
- Increased instructional appropriations;
- Performance funding; instructional equipment;
- Conversion to the semester academic calendar;
- Systemwide computer system development for accounting, payroll, personnel, procurement, and student records;
- Staff training for use of new systems;
- Staff restructuring, separation payments, and unemployment insurance; and
- Development of library collections and curriculum at Metro State University

are for those purposes only and are nonrecurring. The set-aside amount totals nearly \$24.9 million for the biennium.

For the University of Minnesota, the money for U-2000, wheat and barley scab research, performance funding, and part of the Cambridge Bank reduction restoration is for those purposes only and is nonrecurring. The set-aside amount totals \$53.8 million for the biennium.

Accountability Measures

The Legislature enacted several measures that hold post-secondary systems accountable for making budgetary and policy decisions that provide students with high-quality education and training programs. To facilitate this legislation, the Legislature directed the Commissioner of Finance to place \$5 million of the second-year

appropriation for the Board of Regents and \$5 million of the second-year appropriation for the Board of Trustees of the Minnesota State Colleges and Universities in a performance incentive account.

Under this legislation, the Commissioner of Finance is authorized to release the \$5 million set-aside for the Board of Trustees of the Minnesota State Colleges and Universities, in \$1 million allotments, each time one of the following performance measures is achieved:

- Increase the percentage of the budget directed to instruction and academic resources;
- Increase the number of credits issued via telecommunications between FY 1995 and FY 1996;
- Increase by at least two percent the retention of new entering freshmen on state university campuses who continue into the sophomore year between FY 1995 and FY 1996. The money must be distributed to the campuses that achieve the increase;
- Increase by at least two percent the percentage of students in two-year programs who graduate within two years of admission and the percentage of students in four-year programs who graduate within four years of admission. The money will be distributed to the campuses that achieve the increase; and
- Increase the placement rates for occupational programs and transfer rates for academic programs for community and technical colleges.

The Commissioner of Finance will release the \$5 million set-aside for the Board of Regents of the University of Minnesota, in \$1 million allotments, each time one of the following performance measures is met:

- Increase the percentage of 1996 new entering freshmen at the Twin Cities campus who rank in the top 25 percent of their high school class (excludes General College);
- Increase the retention rate of 1995 new entering freshmen;
- Increase the number of 1996 new entering freshmen who are minority students and increase the percent of faculty hired in 1995-96 who are women or minorities;
- Increase the five-year graduation rate measured between August 1994 and August 1996; and
- Increase the number of credits issued through telecommunications between FY 1995 and FY 1996.

In addition to the measures specified, the University of Minnesota and the Minnesota State Colleges and Universities must establish:

- A set of accountability measures that reflects each system's specific mission; and
- Goals to improve each system's performance on the measures established.

Each system must establish both system-level and institutional-level accountability measures and goals. Each system must report to the Legislature, in the biennial budget document, on the measures selected and the timeline for achieving the goals. In addition, each system must include baseline data and a description of the processes implemented to evaluate progress toward the goals established.

Mayo Medical Foundation

Mayo Medical Foundation received a biennial appropriation of nearly \$1.8 million. The Legislature stated that the money received for

medical students from Minnesota should be used to increase the number of physicians practicing in rural areas.

A one-time appropriation of \$120,000 was made for the St. Cloud Hospital-Mayo Family Practice Residency Program. The appropriation is contingent on \$950,000 in matching money from nonstate sources.

Higher Education Coordinating Board

The Higher Education Coordinating Board (HECB) was abolished effective July 1, 1995, and its remaining duties and responsibilities transferred to the higher education services office. Several of HECB's responsibilities were eliminated; others were transferred to other agencies. The administrative budget for the office was reduced approximately 24 percent.

Noteworthy appropriations include:

- \$195.7 million for the biennium for student financial aid;
- \$4.2 million for the biennium for the Minitex library program - a \$90,000 biennial increase to cover the cost of increased document delivery; and
- \$50,000 for the biennium for a nursing grant program under the supervision of the higher education services office and the administration of the Metropolitan Health Care Foundation Project.

Miscellaneous Provisions

Additional provisions include:

- A provision that directs the Board of Regents and the Board of Trustees to convert to the semester academic calendar by the 1998-99 academic year;

- A provision that delineates the conditions under which the Board of Regents and the Board of Trustees may immediately lay off employees without notice;
- A provision that directs the Board of Regents, the Board of Trustees, the Commissioner of Employee Relations, and the Legislative Commission on Employee

Relations to achieve certain goals in negotiating labor agreements and compensation plans for higher education system employees; and

- A provision that directs the Board of Regents and the Board of Trustees to use existing facilities more efficiently.

Human Services

The Omnibus Health Care and Human Services Appropriations Bill (Chapter 207) appropriated almost \$4.9 billion for the Department of Human Services. Of that amount, about \$50.5 million is from the Local Government Trust Fund for Community Social Service Act (CSSA) grants in FY 1996 and the remainder is from the General Fund. A brief description of the significant appropriations is provided below.

Finance and Management Administration

Over \$41.5 million was approved for this activity. This represents a reduction from the 1993 appropriation. Over \$3 million was provided to reflect an increase in DHS central office operating costs, but the department's base appropriation for salaries and administrative costs was reduced by \$2.6 million. The largest new initiative in this administration was a \$550,000 appropriation to pay the costs of determining eligibility for federal Social Security or Retirement, Survivors, and Disability Insurance (RSDI) benefits for persons receiving benefits from state-only or state-federal programs. The cost savings from shifting these people to 100 percent federal programs is reflected elsewhere in the budget.

Life Skills Self-Sufficiency Administration

Over \$235 million was provided for these activities, including more than \$185 million out of the General Fund and about \$50.5 million in FY 1996 out of the Local Government Trust Fund for CSSA grants. Beginning in FY 1997, these grants will come out of the General Fund. The Legislature appropriated almost \$2 million to establish a consumer support program, effective July 1, 1996, to assist individuals with functional limitations and their families. Except for \$200,000 for administrative costs, the remainder of this appropriation comes from reductions in family support and home care services, which are replaced by consumer support grants. The Homesharing Program, which had been operated by the Minnesota Housing Finance Agency, was transferred to DHS along with base funding of \$500,000. The program matches homeowners who are single parents or elderly or have functional limitations with tenants who can provide services in lieu of rent. In the chemical dependency treatment area, a forecasted growth in expenditures was approved, costing over \$19.2 million. Payment rates for chemical dependency services were frozen until 1998, saving almost \$4.7 million. A savings of \$890,000 was forecast from a decision not to reallocate unspent treatment dollars.

Children's Administration

Over \$41.3 million was provided for this activity. \$1.4 million was appropriated to design and develop a social services information system. Almost \$4.9 million was provided to expand the adoption assistance program which supports the adoption of children with special needs. A savings of \$716,000 was realized by eliminating specialized family preservation integrated services grants that serve only two counties and by reducing from four to three the number of private agencies receiving maternal child health program services. A \$2.5 million appropriation was approved to continue the expansion of family services collaboratives, which are designed to integrate services to families. A \$1 million appropriation was made available to expand programs serving youths aged 16 to 21 who are homeless or at risk of becoming homeless. A \$950,000 appropriation will increase child care resource and referral services, allow the establishment of cultural dynamics training for child care providers, and support increased migrant child care grants.

Economic Self-Sufficiency Administration

A variety of budget savings and expenditure items affecting this part of DHS are reflected in the welfare reform and child support legislation. In addition, a cash-flow savings of almost \$1.9 million was realized by accelerating the state takeover of the county share of Work Readiness services costs and STRIDE costs. Forecast adjustments in a variety of self-sufficiency programs were as follows: AFDC up over \$19.3 million; General Assistance (GA) up over \$4.3 million; Work Readiness up over \$1 million (but eliminated in the welfare reform legislation); Minnesota Supplemental Aid up almost \$4 million; the Minnesota Family Investment Plan (MFIP) down over \$2.5 million; and the entitlement portion of the Child Care Fund up over \$8.6 million. Expanding AFDC eligibility to

include certain close family relatives and other "essential persons" increased AFDC costs by \$896,000, but saved over \$1.9 million in GA by transferring GA recipients to the AFDC program.

Health Care Administration

The Legislature appropriated over \$3.46 billion for health care programs, including Medical Assistance, General Assistance Medical Care, alternative care, and group residential housing grants.

Alternative Care Grants

Almost \$7.2 million was appropriated to expand the alternative care grants program. Total funding for the biennium was about \$78.3 million.

Group Residential Housing (GRH) Grants

The forecast for increased spending on this program was funded at a cost of almost \$26.3 million. A savings of \$748,000 was anticipated from efforts to convert GRH clients to federal benefit programs. A savings of almost \$1.2 million is anticipated from efforts to shift persons receiving a state-paid GRH difficulty of care payment to a waiver program partially funded by the federal government. GRH costs are expected to increase by almost \$1.3 million as a result of the repeal of the moratorium on the establishment of new GRH facilities.

Health Care Benefits

More than \$1.2 million was made available to expand the program to purchase cost-effective insurance coverage for persons with HIV. The 24-month limit on these payments was eliminated. Savings from this program are reflected in the MA budget.

Medical Assistance

The current spending base of over \$1.1 billion was reduced by almost \$11.8 million to reflect a forecast adjustment. Over \$2.4 million was provided for a two percent increase in DHS operations costs. A \$750,000 appropriation was approved for a developmental disabilities pilot project. The project is designed to pay for services to these clients on a prepaid managed care basis. In order to cover the added state costs of shifting GRH clients to waiver programs, \$511,000 was provided. Over \$5.3 million was made available for ICF/MR inflation. An appropriation of \$832,000 was made available to cover the costs of expanding the availability of rate variances for day training and habilitation (DT&H) facilities.

An additional reduction of about \$76.5 million was achieved through a variety of actions, including:

- Savings of almost \$8.3 million are anticipated from efforts to convert state long-term care clients to federal benefit programs;
- Savings of over \$1.6 million are expected from a decision to reduce by one year the interim rate period for intermediate care facilities for persons with mental retardation (ICFs/MR) that are downsizing as a prelude to closure. The maximum interim rate periods of two years for facilities under 100 beds and three years for facilities with 100 or more beds were reduced to one year and two years, respectively;
- Savings of over \$16.8 million were projected from the decision to expand funding for the alternative care program;
- Savings of over \$2.6 million were projected from elimination of targeted rate setting for DT&H facilities. A pilot project utilizing special rates showed limited benefits, so the system was eliminated;

- Almost \$20.1 million was provided for nursing home inflation, a reduction of more than \$24 million from the amount originally forecast. Additional savings of over \$2.9 million are expected from restrictions on nursing home admissions for persons who are dependent in only one or two activities of daily living. Implementation of the restrictions depends on obtaining permission from the federal government;
- Savings of \$585,000 are anticipated from making related entities responsible for overpayments received by long-term care facilities;
- Savings of \$868,000 are anticipated with closure of the Faribault regional treatment center (RTC) and its conversion to a corrections facility;
- Savings of over \$18 million are anticipated from the continued reductions in the population of persons with developmental disabilities being served at the RTCs; and
- Savings of \$664,000 are expected from limits on inflation and reduced reimbursement to high-cost facilities in the ICF/MR industry.

Care Waivers and Home Care

Over \$38.7 million was appropriated for the costs of forecasted growth in this activity. Almost \$11.5 million was appropriated to implement a new allocation structure for the developmental disabilities waiver program. The new structure is designed to provide a more equitable allocation of resources based on need, regardless of previous living arrangement or whether the provider is a public or private entity. Over \$2.5 million was appropriated in this area for the costs of additional community-based services associated with closure activity at Faribault RTC. Savings from this closure are reflected elsewhere in the budget. An

appropriation of \$671,000 was approved to cover the home care costs of persons who will be denied nursing home admission as part of the initiative to restrict nursing home admission for persons with only one or two functional limitations. Almost \$3 million was appropriated for a 1.5 percent reimbursement increase for a variety of noninstitutional service providers, effective April 1, 1996.

However, savings of over \$17.1 million were estimated from a variety of decisions, including:

- Savings of \$600,000 were projected from efforts to transfer clients to federal benefit programs;
- Savings of \$917,000 were estimated from the elimination, after FY 1996, of the family support program. This program will be replaced by the consumer support program which is funded elsewhere in the budget;
- Savings of almost \$10.1 million are anticipated from restrictions on home care services. Most of the savings occur in FY 1997 when a series of changes in eligibility for personal care assistant (PCA) services take effect. The changes include reduced limits on the maximum number of hours of service, restrictions on eligibility for services, and the requirement that services recipients be able to direct their own care;
- Additional savings of over \$4.5 million are projected in the so-called TEFRA program which makes certain disabled children eligible for Medical Assistance regardless of parental income. The changes include stricter eligibility criteria and an increase in parental fees; and
- Savings of \$555,000 were estimated from efforts to provide school-based services as an alternative to PCA services where appropriate.

Managed Care and Fee-for-Service

The Legislature appropriated almost \$247.8 million to fund forecast growth in spending on medical care services provided through managed care entities or by individual providers on a fee-for-service basis. This growth is added to a current spending level of almost \$979.7 million. The Legislature appropriated almost \$33.1 million to offset the savings that were anticipated through the implementation of a "peer grouping" system for hospital reimbursement. The system, which had been adopted by the Legislature previously, was repealed. It would have grouped hospitals with similar characteristics together and established maximum reimbursement levels within each peer group. Over \$9.5 million was appropriated for inflationary increases for hospitals, but the index used to determine the level of inflation was changed from a hospital "market basket" to the consumer price index. An appropriation of \$500,000 was provided to pay the MA costs associated with an initiative to develop community-based services in the metropolitan area for adolescents who have a serious emotional disturbance and exhibit violent behavior.

Savings of almost \$30.3 million were realized through a variety of actions, including:

- Savings of \$620,000 were anticipated from the federal vaccines for children program, which supplies the vaccines to providers free of charge;
- Savings of almost \$2.6 million in MA costs are anticipated as a result of the program to purchase health insurance coverage for persons with HIV;
- Savings of almost \$7.7 million are anticipated from reductions in MA payments for prescription drugs;

- Savings of almost \$2.5 million were anticipated from a requirement that hospital payments be reduced during the biennium to recover excess payments to hospitals during 1990 through 1992. The overpayments occurred because estimates of inflation, which were used as the basis for inflationary increases, turned out to be higher than actual inflation during those years;
- Savings of over \$4.2 million were anticipated from changing certain managed care contracts to a calendar year basis effective January 1, 1996, thereby delaying a rate increase for six months, and by delaying all managed care rate increases scheduled for July 1, 1995, until January 1, 1996;
- The MA appropriation was reduced by almost \$2.6 million, based on a determination that it should be appropriated instead to the state mental health grants activity. The appropriation pays for alternative services for persons formerly cared for at the Moose Lake Regional Treatment Center, which is being converted into a corrections facility;
- Savings of almost \$6.2 million were assumed through a requirement that as managed care is expanded into additional counties, rates must include an effective discount of five percent for persons aged 65 and older and ten percent for persons under age 65 when compared with expected fee-for-service costs;
- Savings of almost \$1.4 million were anticipated from a delay in the expansion of certain MA mental health services: therapeutic foster care and family community support services;
- Savings of almost \$1.1 million were estimated from establishing a permanent rate for reimbursement of masters-prepared mental health service providers at 80 percent of the rate for doctoral-level practitioners.

This rate differential had been in effect on a temporary basis; and

- Savings of \$1.5 million were anticipated from a reduction in hospital payments for short lengths of stay for certain patients over age one.

General Assistance Medical Care Grants

Over \$454.4 million was appropriated for GAMC costs, including over \$83.9 million to cover a forecast increase in program costs. In addition to the forecast increase, the Legislature also provided \$1.8 million to pay the GAMC costs of a rate change delay in the prepaid Medical Assistance program. GAMC rates were scheduled to decline on July 1, 1995, so costs were increased when any changes were delayed until January 1, 1996. The Legislature also provided almost \$14.3 million to eliminate the hospital peer grouping system (discussed above). Almost \$31.5 million in reductions were made in the GAMC program, including:

- Savings of \$708,000 are anticipated through the decision to make certain additional "essential persons" eligible for AFDC. This will shift some persons from the General Assistance and GAMC programs to AFDC and MA;
- The reductions in pharmacy reimbursement discussed under MA will save almost \$1.7 million in GAMC;
- Savings of almost \$12.2 million are expected from a requirement that GAMC managed care payments be discounted ten percent from comparable fee-for-service payments;
- Savings of over \$14.8 million are anticipated from a requirement that GAMC payments for all services except pharmacy services be discounted by four percent; and

- Savings of almost \$1.9 million are expected from elimination of hospital cost rebasing in the GAMC program.

Mental Health Services

The Legislature provided almost \$515 million to operate the regional treatment centers and provide mental health services to adults and children.

About \$19.6 million was provided for children's mental health services, more than doubling current spending levels. Almost \$1.3 million was approved for a variety of services to youths aged 16 to 21 who are homeless or at risk of becoming homeless. A \$2 million appropriation was provided for the 31 counties currently involved in children's mental health collaboratives to enable them to develop community-based services for children and their families. Also, \$5.1 million was provided for services in the metropolitan area for adolescents who have a serious emotional disturbance and exhibit violent behavior. And \$3 million was provided for mental health services to children who will be adversely affected by revised eligibility criteria for the TEFRA program.

Mental health spending for adults was increased to over \$79.1 million from the previous biennial level of about \$72.8 million. Almost \$1.7 million was provided for pilot projects on innovative ways to integrate state, county, and community mental health programs and resources into a new mental health service delivery system. Almost \$2.6 million was provided for hospital and nursing home services as an alternative to the Moose Lake Regional Treatment Center, which is being converted into a prison. A like amount was subtracted from the MA base. This transfer of funds from MA to mental health grants was necessary based on new information regarding client eligibility for MA and Medicare benefits. The Legislature provided \$576,000 for a 1.5 percent

reimbursement increase to certain private adult mental health facilities, effective April 1, 1996. A \$1.2 million appropriation was provided for adult mental health services for persons affected by the new eligibility criteria that take effect July 1, 1996, in the personal care assistant program.

Almost \$387.2 million was provided for regional treatment centers. A \$566,000 appropriation will pay the expected additional costs of Mental Health Commitment Act hearings involving persons who are mentally ill and dangerous, have psychopathic personalities, or are sexually dangerous. The administrative base for residential facility management was reduced by \$800,000 and reappropriated to the RTCs to help resolve understaffing problems. The systemwide net appropriation for regional treatment centers was reduced by just over \$16 million. The appropriation was reduced by over \$36.9 million to reflect continuing reductions in the number of persons with developmental disabilities living in the RTCs. In addition, funding for state-operated community services (SOCS) was reduced by over \$5.7 million to reflect a restructuring of the waived services program for persons with developmental disabilities. A corresponding increase was approved in funding for MA waived services in order to increase allowable costs for hard-to-serve clients. Funding was also reduced by over \$1.1 million to reflect the closure of the Faribault regional treatment center, which is being converted to a prison. Appropriations increases for the RTC system included almost \$12.1 million for a systemwide operating cost increase. Over \$3.4 million was provided for additional state-operated services for persons with mental illness previously served by the Moose Lake RTC.

Other Human Services Appropriations

The Vulnerable Adults Act amendments (Chapter 229) appropriated \$890,000 to the Commissioner of Human Services from the State

Government Special Revenue Fund for the department's costs associated with these amendments. The agency will experience additional costs for licensing investigations, fair hearings, and education, training, and technical assistance.

The Omnibus Child Support Enforcement amendments bill (Chapter 257) appropriated almost \$3.2 million to the Commissioner for activities related to enforcing child support orders. Of this amount, almost \$3 million was from the General Fund and \$192,000 was from the State Government Special Revenue Fund. The major appropriations included:

- \$350,000 in the second year of the biennium to implement a centralized work reporting system for the purpose of receiving and maintaining information from employers on newly hired or rehired employees;
- \$24,000 the first year and \$334,000 the second year to create and maintain a child support payment center;
- \$275,000 the second year to publish the names of delinquent child support parents;
- \$1,150,000 the second year to develop and implement a contested case administrative process;
- \$288,000 to seek the federal waivers required by this legislation; and
- \$192,000 from the State Government Special Revenue Fund for supervised visitation facilities.

Welfare Reform

Welfare reform legislation (Chapter 178) reduced net General Fund appropriations to the Department of Human Services by over \$5.9 million. Over \$8.8 million was provided to

expand the Minnesota Family Investment Plan (MFIP) into Ramsey County in the second year of the biennium. This pilot program, which is an alternative to AFDC and is designed to provide more incentives for recipients to work, already operates in seven Minnesota counties. The expansion costs include almost \$5.5 million for grants to recipients, over \$1.1 million for child care costs, about \$1.6 million for case management services, and \$658,000 for evaluation and administration costs.

These expenditures are partially offset by savings of about \$4.4 million, including a reduction of almost \$3.4 million in AFDC grants, savings of \$378,000 in GA grants, savings of \$425,000 in AFDC child care, and savings of \$228,000 in the AFDC STRIDE work and training program.

Requiring minor parents to live at home or in a supervised setting in order to receive AFDC benefits is expected to result in a net savings of \$45,000. A reduction in AFDC grants of \$709,000 is anticipated. However, this will be offset by an appropriation of \$660,000 to conduct social service evaluations of home settings to determine if they are suitable for teen parents and \$4,000 for MAXIS computer costs.

An additional \$520,000 was provided for child care costs associated with the STRIDE program. An appropriation of \$351,000 will pay for claims by persons injured while performing mandatory work as part of a welfare program and for medical evaluation of claims.

A variety of fraud prevention initiatives were funded at a net cost of \$246,000. Appropriations of \$672,000 for grants to counties for fraud prevention activities and for state administrative costs were partially offset by reduced expenditures of \$426,000 in GA and AFDC. An additional \$500,000 was provided for grants to counties for fraud control activities. The Work Readiness program, which provided grants of up to \$203 per month to employable adults, was

repealed, resulting in net savings of over \$14 million.

Work Readiness savings of almost \$25.8 million are partially offset by increased GA costs of about \$5.3 million because a percentage of the WR caseload is expected to qualify for the GA program, which is designed for non-employable persons. These savings were further offset by an appropriation of over \$6.4 million for a temporary county assistance program to be administered by counties and provided for only one month. (The Governor vetoed this appropriation.)

Savings of \$395,000 are anticipated from making persons who receive lump-sum payments (insurance settlements, for example) ineligible for GA for a period of time determined by formula. Another \$124,000 is expected to be saved through GA fraud recoupment efforts. An appropriation of \$800,000 was approved to expand the Minnesota Parents' Fair Share program into Ramsey County and to support its continuation in Anoka and Dakota counties. The program is designed to help noncustodial parents become employable so they can make child support payments.

Almost \$2.2 million was provided for a variety of AFDC waivers to be sought from the federal government. Of that total, almost \$1.7 million is for the additional state costs that will occur if the waivers are approved, and \$471,000 is for administrative and evaluation costs. The waivers are designed to remove barriers that make it difficult for AFDC recipients to work. These barriers include a \$1,500 limit on the value of a car that may be owned by a recipient and a requirement that the principal wage earner in a two-parent AFDC family may not work more than 99 hours per month and still retain eligibility.

An appropriation of \$150,000 was approved to conduct outreach activities to inform the public about possible Food Stamp eligibility. (This

appropriation was line-item vetoed by the Governor.) Over \$1 million was provided for two initiatives to encourage AFDC recipients to engage in work in order to receive assistance.

The Work Focus program allows counties to design and propose work-centered initiatives.

The Work First program will require recipients to engage in work or work-related activities and will pay for rent and utilities through direct payments to landlords and vendors during the first six months of eligibility.

In another work-related area, \$400,000 was provided for translation services for non-English speaking recipients who are required to participate in work and training programs, and over \$1 million was provided for intensive language programs for recipients. A savings of \$662,000 the second year was anticipated from requiring that AFDC grants for persons having lived in Minnesota for less than a year be paid at the level paid in the previous state of residence.

A savings of almost \$2.4 million the second year is expected from a requirement that GA recipients have a valid Social Security number.

An appropriation of \$110,000 was provided in legislation (Chapter 158) narrowing the exemption from licensure for certain programs that provide child care for school-age children. The money is needed because the legislation will expand the number of programs that must be inspected and licensed. The legislation requires that all child care programs for school-age children, except those operated by schools, be licensed. Programs such as scouting, boys or girls clubs, and sports or art programs are not included in the licensure requirement.

MinnesotaCare

Chapter 234 continued funding Minnesota's health care reform efforts. A total of more than \$1.2 million was appropriated for the 1995-97 biennium from the Health Care Access and the State Government Special Revenue Funds.

The Department of Human Services received more than \$85.4 million in 1996 and more than \$133.7 million in 1997 for operation of the MinnesotaCare subsidized insurance program. Of this appropriation, more than \$1.5 million is for the up-front costs for the administration of the federal 1115 waiver. This waiver consists of the removal of federal rules on health programs in order to achieve cost savings, and use of those cost savings in order to expand eligibility for those public programs.

The Department of Employee Relations received \$1 million in FY 1996 from the Health Care Access Fund as a start-up loan for the Minnesota Employees Insurance Program (MEIP). MEIP is a program operated by the state to create a purchasing pool through which small employers may purchase health coverage for their employees.

The Department of Health received more than \$16.1 million in FY 1996 for health care reform activities.

The University of Minnesota received nearly \$6 million from the Health Care Access Fund to be used for:

- Programs to encourage doctors to serve in rural Minnesota;
- Programs to encourage education of primary care physicians; and
- Programs for the development of systems that allow replacement of physicians with lower-cost health care professionals.

The University of Minnesota was also appropriated \$600,000 from the Health Care Access Fund over the biennium for indigent dental care, which was then line-item vetoed by Governor Carlson. The University of Minnesota-Duluth was appropriated \$200,000 in FY 1997 from the Health Care Access Fund for the UMD medical school, and this appropriation was then line-item vetoed by the Governor.

The Department of Revenue was appropriated more than \$2.7 million for tax collection and administration.

The Department of Commerce was appropriated \$52,000 from the Health Care Access Fund for increased regulatory responsibilities associated with oversight of purchasing pools and associations.

The Legislative Coordinating Commission was appropriated \$300,000 from the Health Care Access Fund for legislative positions and responsibilities associated with the ongoing health care reform effort.

Chapter 234 conditionally allowed the expansion of the MinnesotaCare subsidized insurance program. Currently persons without children are eligible for up to 125 percent of the federal poverty standard. Chapter 234 allows this eligibility to be expanded to 135 percent of the federal poverty guidelines if, in the view of the Governor, sufficient funds exist in the Health Care Access Fund, given probable federal funding cuts.

Health

The Omnibus Health and Human Services Appropriations Bill (Chapter 207) provided over \$111.5 million for the Minnesota Department of Health, including over \$75.9 million from the General Fund, about \$32.2 million from the State Government Special Revenue Fund, over \$3 million from the Trunk Highway Fund, and \$386,000 from the Metropolitan Landfill Contingency Action Fund.

Systems Development

Over \$55.7 million was provided for this activity. A \$590,000 appropriation was approved to redesign the state's vital statistics system, including the expansion of the electronic birth certificate, a system under which hospitals provide computerized birth certificates directly to the department. The base appropriation for this part of the agency was cut by \$100,000.

Health Quality Assurance

Almost \$14 million was provided for this activity, including about \$2.3 million from the General Fund, almost \$8.9 million from the Special Revenue Fund, and almost \$2.9 million from the Trunk Highway Fund. A \$944,000 appropriation out of the State Government Special Revenue Fund was approved to cover the costs of facility regulation activities. Also out of the Special Revenue Fund, \$240,000 was provided for home care licensure costs and \$250,000 was made available for the costs of temporarily operating a non-Medical Assistance nursing home, if one should go into receivership.

Health Protection

Over \$33.6 million was appropriated in this area, including about \$13.8 million from the

General Fund, almost \$19.5 million from the Special Revenue Fund, and \$342,000 from the Metropolitan Landfill Contingency Action Fund. The appropriation for environmental radiation monitoring was reduced by \$200,000, and the base-level funding for environmental health activities was cut an additional \$200,000. The appropriation for lead poisoning control efforts was increased by \$200,000. The appropriation from special revenue for environmental health activities was increased by \$332,000 to cover administrative cost increases.

Management and Support Services

About \$8.2 million was appropriated for this activity, including over \$5 million from the General Fund, almost \$3 million from the Special Revenue Fund, and \$164,000 from the Trunk Highway Fund.

Other Health Department Appropriations

The Vulnerable Adults Act amendments (Chapter 229) provided over \$2.1 million from the State Government Special Revenue Fund to cover the costs of significant changes made to the department's process for investigating complaints about mistreatment of vulnerable adults. In order to generate revenue to pay for this appropriation and for appropriations to the Commissioners of Human Services and Public Safety and to the Attorney General, licensing fees for a number of health care facilities were increased.

The Child Support Enforcement Omnibus Bill (Chapter 257) provided \$490,000 to the department to develop and implement a Minnesota education now and babies later (MN ENABL) program. The program's goal is to

target children ages 12 to 14 to reduce adolescent pregnancy. Of this appropriation, \$181,000 each year is from the General Fund, and \$64,000 each year is from the State Government Special Revenue Fund.

Health-Related Regulatory Boards

Over \$17.5 million was appropriated in the Health and Human Services Omnibus Appropriations Bill (Chapter 207) for the activities of the health-related licensing boards. The boards are self-supporting, with all revenues raised through fees assessed against regulated individuals and entities.

Council on Disability

The Omnibus Health and Human Services Appropriations Bill (Chapter 207) provided over \$1.3 million for the operations of the Council on Disability.

Mental Health Retardation Ombudsman

The Omnibus Health and Human Services Appropriations Bill (Chapter 207) provided over \$2.2 million for the operations of the ombudsman's office.

Ombudsman for Families

The Omnibus Health and Human Services Appropriations Bill (Chapter 207) provided \$270,000 for the operations of the ombudsman's office.

Veterans Affairs

Veterans Nursing Home Board

Almost \$36.6 million was approved in the Health and Human Services Omnibus Bill (Chapter 207) for the operation of the veterans nursing homes in Minneapolis, Hastings, Silver Bay, and Luverne. The Luverne facility received an increase of \$800,000 to cover increasing costs as the facility phases-up to full occupancy. Over \$1.3 million was provided to reopen 70 beds at the Hastings facility in a renovated building.

\$1.5 million each year for emergency financial and medical needs of veterans; \$250,000 each year for a grant to Vinland National Center, which provides rehabilitative services to veterans with handicapping conditions; \$16,200 as a contribution toward the Women in Military Service Memorial at the entrance to Arlington National Cemetery; and \$30,000 for the state council of the Vietnam Veterans of America to assist veterans in making claims for government benefits as a result of service-connected disabilities.

Department of Veterans Affairs

The Omnibus State Government Appropriations Bill (Chapter 254) provided about \$7.7 million for the operations of the Department of Veterans Affairs, including \$230,000 each year to train county veterans service officers; over

Veterans Service Organizations

Chapter 254 provided \$82,000 for the Veterans of Foreign Wars, \$40,000 for the Military Order of the Purple Heart, and \$24,000 for the Disabled American Veterans.

Housing

Chapter 224 in the 1995 session appropriated nearly \$46.8 million in General Fund money for housing programs and directed the use of \$30 million in unappropriated agency bond funds, with priority given to cities that receive funding for the community rehabilitation program.

Appropriations include:

- \$2.4 million for rental housing assistance for persons with mental illness or families with an adult member with mental illness;
- More than \$12.9 million for the affordable rental housing investment fund program;
- \$5.8 million for the community rehabilitation program;
- \$430,000 for capacity-building grants;
- \$374,000 for urban Indian housing;
- About \$3.4 million for tribal Indian housing;
- \$372,000 for the rural and urban home-steading program;

- \$8,574,000 for housing rehabilitation;
- \$100,000 for a new contract for deed guarantee account program;
- \$4,150,000 for family homeless prevention and assistance programs;
- \$566,000 for the emergency mortgage foreclosure prevention and emergency rental assistance program; and
- \$50,000 for home equity conversion counseling.

In another action related to housing, the Legislature made a notable exception to a law that allows residential treatment programs with a licensed capacity of six or fewer residents to operate within single-family land use or zoning restrictions. The enacted exception in Chapter 224 does not provide this exemption for a residential program with the primary purpose of treating juveniles who have violated criminal sex offense statutes.

Economic Development

The appropriation for the Department of Economic Development in Chapter 224 was more than \$58 million in the areas of business and community development and tourism.

Business and Community Development

Appropriations for business and community development exceeded \$33 million and included:

- More than \$6 million for the economic

recovery grant program, of which \$500,000 may be used for the capital access program;

- A total of \$758,000 to help small cities match funds for the federal small cities federal matching program;
- \$400,000 for Advantage Minnesota, if matched at least dollar-for-dollar. This is a program to sell Minnesota as a good place to do business;

- \$900,000 for small business development centers at state university sites;
- Almost \$4 million for the Job Skills Partnership general program;
- \$500,000 for a joint job training program with the St. Paul Port Authority and the Minneapolis employment connection program of the Minneapolis community development agency;
- \$7.8 million for land contamination cleanup grants to make available sites for economic development;
- \$100,000 to the Phoenix Group Inc. to provide grants, loans, and technical assistance to residents of high incidence of poverty neighborhoods involved in business opportunities to promote self-sufficiency;
- \$200,000 for a grant to Hennepin county for planning a multi-jurisdictional reinvestment program involving Hennepin county, Minneapolis, Brooklyn Center, and other interested communities and park boards or districts. The program must include plans for housing rehabilitation and removal, cleanup of polluted industrial land, water ponding, environmental cleanup, job creation, development of green space, and corridor connections. The program requires dollar-for-dollar matching;
- \$2 million for the community resources program;
- \$250,000 for the state's share of a matching defense conversion grant to Hennepin and Ramsey counties. This money must be matched at least three to one; and
- \$4.6 million for the Minnesota Trade Office.

Tourism

More than \$16.3 million was appropriated to the tourism division, which included \$100,000 to the Commissioner of Economic Development to attempt to resolve the Minnesota-Ontario dispute on fishing restrictions.

Other tourism appropriations were:

- \$275,000 for expanded group-tour marketing and to host the National Tour Association convention in Minnesota in 1996;
- A total of \$5 million for marketing that must be matched by nonstate resources. A total of \$800,000 of the \$5 million is for international marketing and promotion; and
- \$458,000 for the Minnesota Film Board. The fund must be matched on a ratio of \$1 in nonstate money for each \$3 of state grant money.

Beyond the appropriations, legislation involving economic development includes:

- Provisions for a legislative audit study of the economic impact of the economic recovery grant program. Newly enacted provisions of this program redefine the evaluation criteria and provide that program participation cannot be approved on the sole criteria of keeping or attracting a business entity to Minnesota;
- A provision that forbids the use of an economic grant or loan for projects related to a sports facility that has a professional sports team as a principal tenant;
- Restrictions on business economic assistance programs, including tax increment financing, were enacted. The restrictions involve paybacks of assistance if the projects do not produce job growth within two years of receiving the assistance;

- Creation of a support program for very small beginning businesses with microenterprise loans that could be as low as \$1,000. The programs would run in conjunction with the rural and urban initiative programs;
- Provisions for an evaluation by the tourism division of the economic value of publicly owned civic and convention centers to the convention and tourism industry in the state; and
- Provisions for a study by DTED of the economic feasibility of the state acquiring the Brandon Fisheries.

Minnesota Technology Inc.

Chapter 224 provided nearly \$15 million in appropriations to Minnesota Technology Inc. (MTI), the agency designed to provide technical

assistance and other help to promote economic development throughout the state. A little over \$12 million of this appropriation goes directly to MTI. The appropriations include these pass-through appropriations:

- \$988,000 for Minnesota Project Innovation;
- \$150,000 for grants to the Minnesota Inventors Congress;
- \$1,147,000 for grants to the Natural Resources Research Institute program;
- \$176,000 for grants to the Minnesota Council for Quality;
- \$100,000 for the Minnesota High Tech Corridor Corporation; and
- \$150,000 for grants to the Cold Weather Research Center at International Falls.

Transportation

Department of Transportation

The 1995 Legislature appropriated \$2.3 billion to the Department of Transportation (MnDOT) for the 1995-97 biennium, approximately a nine percent increase over the previous biennium. More than \$716 million, or about one-third, of the appropriations came from federal revenues. This appropriation includes \$32.2 million for state aeronautics, \$2.9 million for railroads and waterways, \$24.6 million for rural transit, \$4.5 million for motor carrier regulation, \$755 million in pass-through funds for the county and municipal state aid systems, and about \$1.5 billion for state highway construction and support programs.

As part of the appropriation for railroads and waterways, the Legislature included \$500,000 for a feasibility study of high-speed rail service

between Wisconsin and Minnesota. The appropriation is contingent upon Wisconsin providing \$500,000 in matching funding. In addition, as part of the appropriation for highway construction and support programs, the Legislature included \$9 million for MnDOT to purchase the Waters Edge building in Roseville and \$100,000 for MnDOT to use as grants to stimulate telecommuting as an alternative to peak-hour commuting.

The Legislature also directed the Commissioner of Transportation to consider alternative means of financing any project with a cost in excess of \$10 million before proceeding with the project. The alternative means of financing may include measures such as congestion pricing, mileage-based pricing, tolls, or public-private partnerships. The Commissioner was also directed to investigate alternative means of

financing the reconstruction of highway 212 between I-494 and the city of Cologne, and to include the reconstruction of the Wakota bridge connecting the cities of South St. Paul and Newport in the statewide transportation improvement program at the earliest feasible date.

Highways

Of the \$1.5 billion appropriated for state highway construction and support programs, \$754 million is for actual construction, reconstruction, and improvements on the trunk highway system, and \$385 million is for state road operations and maintenance. The construction appropriation is a \$78 million (11 percent) increase over the previous biennium and includes an estimated \$410 million in federal highway aid funds. The federal aid funds are appropriated by Congress in the fall and may vary from the estimated amount if there are federal aid cutbacks. The state road operations and maintenance appropriation is a \$45.5 million (13 percent) increase over the previous biennium.

For county state aid highways, the Legislature appropriated \$578.7 million, an increase of \$83.9 million (17 percent) over the previous biennium. For municipal state aid streets, the Legislature appropriated \$176.3 million, an increase of \$32.3 million (22 percent) over the previous biennium.

Metropolitan Transit

In 1994, the Legislature eliminated the Regional Transit Board and Metropolitan Transit Commission and transferred all responsibility for metropolitan transit to the Metropolitan Council. The Council is now responsible for transit planning, regular route operations, Metro Mobility operations, and providing pass-through funding to community-based transit systems. The 1995 Legislature appropriated \$83.1 million

for the 1995-97 biennium to the Council for metropolitan transit. Of this amount, the Legislature stipulated that not more than \$15.3 million each year may be spent on Metro Mobility, \$354,000 may be used for security measures on transit vehicles, and up to \$625,000 may be used to implement a high-speed bus demonstration project.

Transportation Regulation Board

In 1995, the U.S. Congress passed a bill deregulating the entire motor carrier industry, with the exception of movers of household goods and passenger carriers. The deregulation applied to both interstate and intrastate trucking operations. This action brought into question the role of the state Transportation Regulation Board (TRB), whose primary mission is to regulate motor carriers within the state of Minnesota. In response to this concern, the Legislature appropriated \$605,000 to the TRB for the first year of the biennium and no funds were appropriated for the second year of the biennium. The Legislature then directed the TRB, in conjunction with MnDOT, the University Center for Transportation Studies, and the Legislative Auditor, to conduct a study of the transfer of powers, duties, and functions of the board to an appropriate agency. The board must report the findings of its study back to the Legislature by February 1, 1996. During the 1996 session, the Legislature must determine whether to continue operation of the TRB and provide additional funding for FY 1997, or eliminate the board and transfer all of its remaining functions to other appropriate agencies.

Public Safety

The transportation bill (Chapter 265) contains a number of appropriations to the Department of Public Safety for transportation-related activities. These appropriations are as follows: \$87.6

million for the State Patrol, an increase of \$1.6 million (2 percent) over the previous biennium; \$58.9 million for Driver and Vehicle Services, a

decrease of \$800,000 over the previous biennium; \$489,000 for Traffic Safety; and \$1.7 million for the Office of Pipeline Safety.

Metropolitan Property Taxes

The 1995 Legislature passed an act known as the "Metropolitan Livable Communities Act." The legislation is aimed at encouraging and helping metropolitan municipalities to address several key issues:

- The shortage of affordable housing in the metropolitan area;
- A need to redevelop and stimulate investment in declining and blighted neighborhoods; and
- A need to redevelop polluted land or "brownfields" that thwart economic opportunity, particularly in fully developed cities.

The act establishes the Metropolitan Livable Communities fund under the control of the Metropolitan Council. The fund consists of three accounts: the tax base revitalization account, the livable communities demonstration account, and the local housing incentives account.

The tax base revitalization account is to be used to provide grants for polluted land cleanup in the metropolitan area. The projects must encourage commercial and economic development that will lead to the creation and preservation of living-wage jobs and enhance the tax base of the community. The account is funded with excess revenues from the Council's right-of-way acquisition loan fund and a surcharge on the fiscal disparities areawide tax base. In 1996, approximately \$6.5 million will be available from the account.

The livable communities demonstration account is to be used for grants for projects that interrelate development and transit, intensify land use, interrelate affordable housing and employment, provide for mixed-income development, and encourage public infrastructure investments that attract private development. The funds in the account come from 50 percent of the mosquito control district's levy and HACA aids and are indexed each year for market-value growth. Approximately \$4.1 million will be available annually to municipalities from this account.

The housing portion of the legislation offers matching grants and other incentives for municipalities to expand affordable and life-cycle housing opportunities. The housing program is voluntary, and each year municipalities must choose whether to participate or not. The program calculates an "affordable and life-cycle housing opportunities amount" according to a formula prescribed in the legislation for each participating municipality. These are locally generated dollars that the municipality must then apply toward affordable and life-cycle housing within its own community. Participating municipalities that have not met their housing goals may also receive matching funds from the local housing incentives account. In 1996, this account will receive \$1 million from the proceeds of solid-waste bonds issued by the Council and thereafter will receive \$1 million per year from the Council's general operating levy and \$500,000 per year from the livable communities demonstration account.

The livable communities legislation also allows

the Council to establish an urban homesteading program. Under this program, the Council may designate one or more zones, of not more than 1,000 total homes, that are in transition to becoming blighted neighborhoods. Anyone

buying a home within a designated zone after September 1, 1995, may participate in the program and is eligible to receive a state income tax exemption for up to five years, provided they don't move out of or sell the home.

Agriculture

Department of Agriculture

The 1995 Legislature appropriated \$48.2 million to the Department of Agriculture for the 1995-97 biennium, which is a five percent decrease over the last biennium. The two largest sources of appropriations to the Department of Agriculture are the General Fund (59.7%) and the Special Revenue Fund (39.2%). The table below provides a list of the funds along with the amounts and percentage of funding.

| DEPARTMENT OF AGRICULTURE Biennial Appropriations by Fund | | |
|--|---------------------|---------------------|
| FUND | 1995-97 | PERCENT OF TOTAL |
| General | \$28,762,000 | 59.7% |
| Environmental | 538,000 | 1.1% |
| Special Revenue | <u>18,888,000</u> | 39.2% |
| TOTAL | \$48,188,000 | 100.0% |

The two major areas of spending for the Department of Agriculture are for the agricultural protection service (70.2%) and administrative supports and grants (25%). The table below provides a list of appropriations along with the amounts and percentage of total appropriations for each purpose.

DEPARTMENT OF AGRICULTURE Biennial Appropriations by Purpose

| PURPOSE | 1995-97 | PERCENT OF TOTAL |
|---|---------------------|---------------------|
| Protection Service | \$33,845,000 | 70.2% |
| Promotion and Marketing | 2,292,000 | 4.8% |
| Administration and Financial Service | <u>12,051,000</u> | 25.0% |
| TOTAL | \$48,188,000 | 100.0% |

Included in the General Fund appropriations to the Department of Agriculture is \$300,000 for agricultural information centers. Not included in the total appropriation amount for the Department of Agriculture are items vetoed by the Governor: \$100,000 for the Passing on the Farm Center, \$150,000 for a beaver control grant, and \$20,000 for the livestock processing markets task force.

The 1995 Legislature also appropriated \$103,000 from the Bond Proceeds Fund for completion of the seed potato inspection facility in East Grand Forks.

Board of Animal Health

The 1995 Legislature appropriated \$4.4 million from the General Fund to the Board of Animal Health for the 1995-97 biennium, which is a 4.6

percent increase over the last biennium. Included in the increase is a new appropriation of \$236,000 for poultry salmonella testing.

Ethanol Development Account

The 1995 Legislature reduced the cap on statutory appropriations for payments to ethanol producers from the Ethanol Development Account from \$60 million to \$25 million for the current biennium. Under the Ethanol Development Program, ethanol producers in Minnesota are paid 20 cents per gallon of ethanol produced, up to a maximum of \$3 million per producer per year.

Agricultural Utilization Research Institute

The 1995 Legislature appropriated \$8.7 million for the biennium to the Agricultural Utilization Research Institute (AURI). Of this amount, \$8.3 million is from the General Fund and includes \$400,000 for hybrid tree management research. \$400,000 is appropriated to AURI from the pesticide regulatory account in the Special Revenue Fund for cooperative research on pesticide use reduction.

Natural Resources

Department of Natural Resources

The 1995 Legislature appropriated \$317.8 million to the Department of Natural Resources (DNR) for the 1995-97 biennium, which is a 5.8 percent increase over the last biennium. The two major funding sources for the DNR are the General Fund (55.5%) and the Game and Fish Fund (32.4%). The table below provides a list of the funds along with the amounts and percentage of total funding.

| DEPARTMENT OF NATURAL RESOURCES Biennial Appropriations by Fund | | |
|--|----------------------|---------------------|
| FUND | 1995-97 | PERCENT OF TOTAL |
| General | \$176,347,000 | 55.5% |
| Game and Fish | 102,816,000 | 32.4% |
| Natural Resources | 37,903,000 | 11.9% |
| Permanent University | 500,000 | 0.2% |
| Solid Waste | 200,000 | 0.1% |
| TOTAL | \$317,766,000 | 100.0% |

The three largest areas of spending for the DNR are fish and wildlife management (22.4%),

forest management (19.3%), and operations and support (16.2%). The following table provides a list of appropriations along with the amounts and percentage of total appropriations for each purpose.

| DEPARTMENT OF NATURAL RESOURCES Biennial Appropriations by Purpose | | |
|---|----------------------|---------------------|
| PURPOSE | 1995-97 | PERCENT OF TOTAL |
| Mineral Resources | | |
| Management | \$ 9,434,000 | 3.0% |
| Water Resources | | |
| Management | 17,487,000 | 5.5% |
| Forest Management | 61,194,000 | 19.3% |
| Parks and Recreation | | |
| Management | 47,629,000 | 15.0% |
| Trails and Waterways | 22,523,000 | 7.1% |
| Fish and Wildlife | | |
| Management | 71,045,000 | 22.4% |
| Enforcement | 36,076,000 | 11.4% |
| Operations Support | 51,632,000 | 16.2% |
| Integrated Resource | | |
| Management | 746,000 | 0.2% |
| TOTAL | \$317,766,000 | 100.0% |

Not included in the total appropriation amount

for the DNR are items vetoed by the Governor: \$75,000 for preservation oak savannah stands in Ramsey County and St. Paul and \$100,000 for operation costs at the Cuyuna Country State Recreation Area.

Department of Natural Resources Bonding

The 1995 Legislature appropriated \$1.9 million from the Bond Proceeds Fund to the DNR for Eagle Creek acquisition (\$1.5 million), Cannon Valley Trail repair (\$175,000), and dam safety (\$200,000).

Board of Water and Soil Resources

The 1995 Legislature appropriated \$27.7 million from the General Fund to the Board of Water and Soil Resources (BOWSR) for the 1995-97 biennium, which is a 10.4 percent increase over the last biennium. The increase is due to annualizing of the 1994 nonpoint pollution initiatives and increased appropriations for general service grants to soil and water conservation districts (\$682,000) and metropolitan water planning (\$250,000).

Zoological Board

The 1995 Legislature appropriated \$10.3 million to the Zoological Board for the 1995-97 biennium, which is a 0.7 percent increase over the last biennium.

Minnesota-Wisconsin Boundary Area Commission

The 1995 Legislature appropriated \$332,000 from the General Fund to the Minnesota-Wisconsin Boundary Area Commission for the 1995-97 biennium, which is a 28.2 percent

increase over the last biennium. The large increase is due to a new appropriation of \$60,000 from the water recreation account for the St. Croix management and stewardship program.

Citizen's Council on Voyageurs National Park

The 1995 Legislature appropriated \$119,000 from the General Fund to the Citizen's Council on Voyageurs National Park for the 1995-97 biennium, which is an 8.5 percent decrease over the last biennium.

Science Museum of Minnesota

The 1995 Legislature appropriated \$2.2 million from the General Fund to the Science Museum of Minnesota for the 1995-97 biennium, which is the same as the last biennium.

Minnesota Academy of Science

The 1995 Legislature appropriated \$72,000 from the General Fund to the Minnesota Academy of Science for the 1995-97 biennium, which is the same as the last biennium.

Minnesota Horticultural Society

The 1995 Legislature appropriated \$144,000 from the General Fund to the Minnesota Horticultural Society for the 1995-97 biennium, which is the same as the last biennium.

Minnesota Resources

The 1995 Legislature appropriated \$32.9 million from the four funds used for natural resource projects recommended by the

Legislative Commission on Minnesota Resources for the 1995-97 biennium, which is a 25 percent decrease over the last biennium. Most of the decrease is due to less money available than in the last biennium for parks and trails acceleration from the Environment and Natural Resources Trust Fund (\$3.1 million in this biennium). The two major sources of funding for natural resource projects are the Minnesota Environment and Natural Resources Trust Fund (47.5%) and the Minnesota Future Resources Fund (45.9%). The table below provides a list of the funds along with the amounts and percentages of total funding.

MINNESOTA RESOURCES
Biennial Appropriations by Fund

| FUND | 1995-97 | PERCENT OF TOTAL |
|--|---------------------|-----------------------------|
| Minnesota Future Resources Fund | \$15,083,000 | 45.9% |
| Environment and Natural Resources Trust Fund | 15,604,000 | 47.5% |
| Special Revenue - Oil Overcharge | 2,055,000 | 6.3% |
| Great Lakes Protection | <u>130,000</u> | 0.4% |
| TOTAL | \$32,872,000 | 100.0% |

The three areas of spending receiving the largest appropriation amounts from the three funds are parks and trails (33.7%), management approaches (14.6%), and environmental educa-

tion (14.1%). The table below provides a list of appropriations along with the appropriation amounts and percentage of total funding for each of the funding categories.

MINNESOTA RESOURCES
Biennial Appropriations by Purpose

| PURPOSE | 1995-97 | PERCENT OF TOTAL |
|-------------------------|---------------------|-----------------------------|
| LCMR Administration | \$ 702,000 | 2.1% |
| Parks and Trails | 11,076,000 | 33.7% |
| Management Approaches | 4,795,000 | 14.6% |
| Environmental Education | 4,650,000 | 14.1% |
| Natural Resource Data | 3,450,000 | 10.5% |
| Urban Natural Resources | 2,195,000 | 6.7% |
| Fisheries | 1,950,000 | 5.9% |
| Wildlife | 1,600,000 | 4.9% |
| Energy | 945,000 | 2.9% |
| Historic | 1,019,000 | 3.1% |
| Biological Control | <u>490,000</u> | 1.5% |
| TOTAL | \$32,872,000 | 100.0% |

The 1995 Legislature also appropriated an additional \$2.2 million from the Environment and Natural Resources Trust Fund for parks and trails for FY 1995.

Pollution Control

Pollution Control Agency

The 1995 Legislature appropriated \$78.1 million to the Pollution Control Agency (PCA) for the 1995-97 biennium, which is a 2.2 percent decrease over the last biennium. The two major sources of appropriations for the PCA are the

Environmental Fund (49.9%) and the General Fund (26.8%). The Environmental Fund appropriations consist of fees collected by the PCA and other money transferred to the fund. The table below provides a list of the funds along with the amounts and percentage of total funding.

**POLLUTION CONTROL AGENCY
Biennial Appropriations by Fund**

| FUND | 1995-97 | PERCENT OF TOTAL |
|----------------------------|---------------------|---------------------|
| General | \$20,971,000 | 26.8% |
| Environmental | 38,949,000 | 49.9% |
| Solid Waste | 11,322,000 | 14.5% |
| Metro Landfill Contingency | 268,000 | 0.3% |
| Special Revenue | 1,559,000 | 2.0% |
| Petroleum Tank | <u>5,045,000</u> | 6.5% |
| TOTAL | \$78,114,000 | 100.0% |

The two areas of the PCA receiving the highest percentage of funding are Water Pollution Control (26%) and Groundwater and Solid Waste Control (20.5%). The table below provides a list of appropriations by general purpose along with the appropriated amount and the percentage of total funding.

**POLLUTION CONTROL AGENCY
Biennial Appropriations by Purpose**

| PURPOSE | 1995-97 | PERCENT OF TOTAL |
|--|---------------------|---------------------|
| Water Pollution Control | \$20,327,000 | 26.0% |
| Air Pollution Control | 14,299,000 | 18.3% |
| Groundwater and Solid Waste Control | 15,994,000 | 20.5% |
| Hazardous Waste Pollution Control | 11,869,000 | 15.2% |
| Policy and Operational Support | <u>15,625,000</u> | 20.0% |
| TOTAL | \$78,114,000 | 100.0% |

The 1995 Legislature also appropriated \$750,000 to the PCA from the Bond Proceeds Fund for combined sewer overflow grants to the city of Red Wing.

Office of Environmental Assistance

The 1995 Legislature appropriated \$41 million to the Office of Environmental Assistance (OEA) for the 1995-97 biennium, which is a 2.3 percent

decrease over the last biennium. Of this total, \$38.3 million (or 93%) is from the General Fund and \$2.7 million (or 7%) is from the Environmental Fund. Within the General Fund appropriation to the OEA is \$28 million for recycling grants to counties based on population. The recycling grants program was established as a part of recycling legislation in 1989.

Wetlands

The 1995 Legislature failed to pass amendments to the Wetland Conservation Act of 1991. A compromise bill passed the House in the 1995 First Special Session, but failed to get the two-thirds majority for a procedural vote that was necessary to take up the bill in the Senate. The bill would have provided:

- Simplification of the wetland replacement plan process, including allowing on-site replacement determinations without a written alternatives analysis for small wetland impacts;
- Increased exemptions for Type 6 wetlands on agricultural land, drainage systems, road maintenance, structures, and infrastructure;
- An increased de minimis exemption that would allow small draining or filling projects without replacement of wetlands;
- Local governments with a process to develop local Comprehensive Wetland Protection and Management Plans that would be developed outside of the rules of the Board of Water and Soil Resources;
- Additional replacement credit for preservation of buffer areas and wetlands that are currently exempt; and
- State intervention through the Attorney General when an action is brought against a local government unit for local application of the Wetland Conservation Act.

Protection of Work Force and Economic Opportunity

Workers' Compensation

The 1995 session of the Legislature passed and the Governor signed a workers' compensation reform bill that did a number of things, including:

- Benefit reductions and tightening of eligibility standards for benefits;
- Creation of a new group self-insurance structure;
- Changes in the insurance regulation law;
- A tightening of maximum attorney fees provisions;
- A change in the assigned risk rate schedule;
- A pilot program for collective bargaining on some workers' compensation issues; and
- A structural change that eliminated a two-tier system for indemnity payments to compensate for loss of body parts or functions.

Benefits. The benefit changes included a tightening of eligibility for permanent total benefits. Previous law provided for permanent total status to injured workers whose injury in combination with age, education, training, experience, and job availability resulted in the inability to secure anything more than jobs that provided insubstantial income.

The 1995 law change provides that before the above standards are applied, an injured worker must have at least a 17 percent permanent partial disability rating, if he or she is below age 50. Disability rating schedules are set by rule.

Workers between 50 and 55 years of age must have a 15 percent rating to reach eligibility; and injured workers at 55 years or older without a high school diploma or equivalency must have a rating of more than 13 percent to become eligible. All these criteria apply to workers injured after October 1, 1995.

Other benefit changes in the bill included a retirement presumption at age 67, a reduction of the maximum COLA adjustment from four to two percent, and a four-year delay for the first COLA adjustment. The new law also eliminates supplementary benefits that guarantee minimum benefits to injured workers who are declared permanently and totally disabled. This abolition is replaced with a minimum benefit provision of 65 percent of the Statewide Average Weekly Wage on the date of injury.

Insurance and Attorneys. The new law sets up a new group self-insurance system to make it easier for groups of small employers to self-insure. Groups must have at least two employers in similar industries and have a total premium level of at least \$500,000.

The amended insurance regulation law eliminates a provision that held that rates cannot be excessive in a competitive market and sets the criteria for excessiveness as rates or rate plans that produce unreasonably high profits by underwriting or by investing reserves.

The tightened attorney regulation prohibits excess fees ordered by judicial officers and includes fees for medical and rehabilitation disputes in the attorney fee formula.

Assigned Risk. The new law sets up a merit rating plan in the assigned risk plan that mandates 33 percent premium reductions for employers with premiums below \$3,000 a year,

if they've had no lost-time accident for three years. Debits may be charged to such employers with two or more lost-time accidents in the past three years. Debits and credits of up to ten percent are also mandated for larger employers. These credits and debits would be on top of the experience rating.

The law also mandates a study of the assigned risk plan by the Legislative Audit Commission which would include:

- A look at alternative organizational structures;
- Methods that would allow small, safe employers to have their premiums reduced;
- Improvement of safety practices of employers in the plan;
- An analysis of claims adjustment and reserving practices; and
- The possibility of the State Fund Mutual becoming the sole service company for the assigned risk plan.

Collective Bargaining. The new law also authorizes a pilot program to test the use of collective bargaining for workers' compensation issues in the collective bargaining system. Bargainable issues would involve:

- An alternative dispute resolution system which could include mediation and arbitration;
- An agreed list of medical providers as the exclusive source of workers' compensation treatment;
- The use of a doctor's panel for independent medical examinations;
- Creation of light-duty and modified jobs;

- Establishment of vocational rehabilitation programs; and
- The adoption of a 24-hour health care plan.

System Changes. Among other changes in the bill are provisions to:

- Eliminate the higher permanent partial payment in the two-tier system, which was available when no job was offered to the worker by the employer;
- Change the maximum medical improvement definition to make it achievable, irrespective of "subjective complaints of pain," and to provide that worsening of a condition cannot reverse a maximum medical improvement determination. The new law also adds a 104-week temporary total benefit level on top of the maximum medical improvement provision for cutting off benefits;
- Eliminate mandatory lump-sum payments;
- Set new maximum benefit levels, but abolish the formula that tied maximum benefits to the level of the Statewide Average Weekly Wage; and
- Create the Workers' Compensation Advisory Commission as a new rate oversight commission.

Economic Opportunity

The Legislature acted in several areas of economic opportunity in Chapter 224. Among the appropriations were:

- \$14 million for community action agencies;
- About \$9.3 million for summer youth employment, including \$600,000 for the Youthbuild program to deal with youth employment and housing for homeless youth; and \$250,000 for a new initiative learn-to-earn program which coordinates summer youth employment with basic skills learning and teaching within the summer employment program;

- \$1.4 million for food shelves;
- About \$1.9 million for a transitional housing program, including support services, to be operated by community action agencies and similar nonprofit agencies to deal with homeless problems; and
- \$1.3 million for the existing youth intervention program to help youths with problems by use of community facilities on a nonresidential basis.

Chapter 224 also transferred \$6 million from the dislocated worker fund to the General Fund as requested by the Governor.

Public Employees

Retirement

Three early retirement incentives were enacted in the 1995 legislative session. Two provided employer-paid health insurance for qualifying retirees. The third provided a choice between employer-paid health insurance or an increase in the formula used to determine retirement benefits.

at least 15 years of combined service in the Individual Retirement Account plan and another Minnesota public pension plan. Finally, an employee must retire before January 31, 1996, or, if the employee first becomes eligible for the incentive between January 31, 1996, and December 31, 1996, before January 31, 1997.

Higher Education

One incentive was made available to employees affected by the merger of the state universities, the community colleges, and the technical colleges. To be eligible, an employee must work in a department to be downsized as a result of a merger at an institution where a reduction in force has been declared or for the Higher Education Board or the Higher Education Coordinating Board, if either is to experience a reduction in force. In addition, an employee must be at least 55 years of age, be eligible for a benefit immediately upon retirement, and have

The incentive is health insurance and employer payment of premiums at the level for which the employee was eligible immediately before retirement, subject to any changes resulting from collective bargaining or a new personnel policy. The benefit ends when the employee reaches age 65 or becomes eligible for health coverage from a new employer. Persons who elect the incentive may not be reemployed by the state except under certain limited circumstances.

School Districts

School districts were also authorized to make employer payments toward health coverage available to licensed or unlicensed employees

who are at least age 50 but not yet 65. The incentive is available for the 1995-96 and 1996-97 school years. The amount of the employer payment must be agreed to by the employee and the school board. Again, coverage ends when the retiree turns 65 or becomes eligible for health coverage from a new employer. An employee who takes advantage of the incentive may not return to work for any Minnesota school district except as a substitute teacher.

Other Incentives

Finally, the Metropolitan Council and the Minnesota Historical Society were authorized to offer a choice of incentives to employees in positions designated by the council or society as ones affected by downsizing or restructuring. Employees in other positions may be excluded, even if they otherwise meet the criteria for eligibility.

These criteria differ for each choice. For employer-paid health insurance, an employee in a designated position must be at least age 55, have at least 25 years of combined service credit in Minnesota public pension plans, and be eligible for benefits immediately upon retirement. The employee must also have at least as many

months of service with the current employer as the number of months under age 65 the person is at the time of retirement. Coverage ends when the employee reaches age 65 or becomes eligible for other employer-paid health coverage.

For an increase in the formula multipliers used to determine benefits, an employee must be at least age 65 and have at least one year of combined service in public pension plans. The increase is .25 percent for each year of service in the Minnesota State Retirement System, the Public Employees Retirement Association, or the Minneapolis Employees Retirement Fund and .10 percent for each year of service in the Teachers Retirement Association or a first-class-city teacher plan. If an employee has more than 30 years of service, the increased multiplier applies only to the first 30 years. For either choice, employees must retire after May 22, 1995, and before January 31, 1996. They may not be rehired.

In another response to the merger of the state's higher education systems, the Legislature recodified laws governing the Individual Retirement Account plan and the higher education Supplementary Retirement Plan to account for new employees becoming eligible for the plans and for new administrative structures.

Industry Regulation

Gambling

Appropriations to the Lawful Gambling Control Board were \$2,081,000 in 1996 and \$2,039,000 in 1997, for regulation of pull-tabs, bingo, and other forms of lawful gambling. An additional and contingent appropriation in FY 1997 was made from the lottery unclaimed prize fund. If the total amount of unclaimed prizes in FY 1996 exceeds \$5 million, 60 percent of the excess, up to a maximum of \$650,000, is appropriated to

the Lawful Gambling Control Board for a new computer system.

The Racing Commission was appropriated \$370,000 in 1996 and \$370,000 in 1997 for regulation of racing at Canterbury Downs and racing at state fair tracks. The Racing Commission had been considered for abolition when the track was closed in prior years, but a renewed interest in horse racing requires continuation of this appropriation.

The State Lottery was required to transfer \$150,000 in 1996 and \$150,000 in 1997 from lottery accounts to the General Fund, for regulation activities carried out by the Department of Public Safety. The lottery also will transfer \$540,000 in 1996 and \$540,000 in 1997 to the General Fund for operation of the compulsive gambling program operated by the Department of Human Services.

The Department of Human Services was appropriated nearly \$1,852,000 from the General Fund, \$926,000 in 1996 and \$926,000 in 1997, for operation of the compulsive gambling program. Components of this program include a hotline, the operation of six treatment centers, and public education efforts regarding the perils of excessive gambling.

Energy

The 1995 session of the Legislature enacted legislation dealing with development and qualifications for biomass mandates in the 1992 Prairie Island bill and exempting a proposed cogeneration facility from the power plant siting provisions in the state law. These enactments were in Chapter 224.

A St. Paul district heating system was qualified to provide up to 25 megawatts of biomass-produced energy of the Prairie Island law man-

date with waste wood burning, if it was produced by cogeneration from nonhazardous waste wood, and only if it replaces nonrenewable fuel.

Biomass production of energy through the alfalfa project also received support in the 1995 law by mandating technical assistance for the project by the Commissioner of Agriculture in collaboration with the Commissioners of the Departments of Natural Resources, Economic Development, and Public Service. The assistance would involve development of feasibility and market assessments.

The exemption from the power plant siting requirement was for Koch Refinery in its plan to construct a cogeneration facility that uses gasified petroleum coke as its primary fuel source.

This chapter also appropriated more than \$7.2 million to the Department of Public Service for energy programs, including nearly \$1.2 million to be transferred to the Commissioner of Economic Security to improve energy efficiency of residential oil-fired heating plants in low-income households and for weatherization services. The department also received an \$80,000 appropriation for a pilot grant program for regional efforts to identify energy efficiency investments leading to economic growth and job creation.

Public Safety and Judiciary

The Criminal Justice Appropriations Bill (Chapter 226) provided approximately \$546 million for the Department of Corrections.

| DEPARTMENT OF CORRECTIONS | |
|----------------------------------|-----------------------|
| Biennial Appropriations | |
| <hr/> | |
| DIVISION | 1996-97 |
| Institutions | \$ 366,000,000 |
| Community Services | 142,557,000 |
| Management Services | <u>37,104,000</u> |
| TOTAL | \$ 545,661,000 |

The biennial appropriation of \$366 million for institutions included approximately \$52.3 million to annualize inmate and staffing increases from the previous biennium and \$7.5 million for an anticipated staff salary increase. In addition, the Legislature provided: approximately \$1.2 million for a 26-bed expansion at the Red Wing Correctional Facility for juveniles; \$750,000 for increased community sex offender and chemical dependency programs; and \$50,000 for a youth placement study at the Red Wing and Sauk Centre juvenile facilities.

Community Services were funded at approximately \$142.6 million. Of this amount, \$14.5 million is for statewide probation caseload reduction. In response to the creation of the Extended Jurisdiction Juvenile (EJJ) classification in the 1994 Juvenile Justice Bill, the Legislature appropriated \$6.8 million for an EJJ subsidy to counties supervising EJJs, and \$2 million for grants to counties to provide a continuum of juvenile prevention and treatment programming. The Legislature appropriated \$1.3 million, \$1.8 million, and \$1.5 million to maintain current services for the intensive supervised release, sentencing to service, and community sex offender treatment programs respectively. These monies replaced state and

federal funds which had been sunsetted after FY 1995.

Approximately \$2.2 million was appropriated for inmate productive day initiatives in five counties. In addition, the Legislature appropriated a \$5 million increase in Community Corrections Act grant funding. The Community Services budget also contained two DWI projects: \$500,000 for intensive probation programs for repeat DWI offenders and \$470,000 for remote electronic alcohol monitoring pilots. Finally, \$500,000 was appropriated for youth service center pilot projects.

Management Services were funded at approximately \$37.1 million. The appropriation expanded four victims' services programs: abused children, battered women, sexual assault victim, and general crime victim grant programs each received an additional \$325,000. In addition, \$700,000 was appropriated for the creation of domestic abuse intervention programs at the county level.

Finally, the Legislature appropriated \$200,000 to develop gender-specific correctional services and alternatives for adolescent females.

Ombudsman for Corrections

The 1995 Legislature appropriated approximately \$1.1 million from the General Fund to the Ombudsman for Corrections.

Sentencing Guidelines

The 1995 Legislature appropriated \$740,000 from the General Fund to the Sentencing Guidelines Commission.

Courts

A biennial appropriation of \$39.5 million was made to the Supreme Court, including approximately \$1.1 million for upgrading the state Criminal History Data system.

A \$250,000 appropriation to fund a juvenile violence prevention and enforcement unit was vetoed by the Governor.

The District Courts received \$133.9 million for the biennium, including funding for five new judgeships. Also included in the appropriation was an additional \$500,000 for jury fees and \$200,000 for guardian ad litem support.

The Court of Appeals received a biennial appropriation of \$11.6 million; the Board of Judicial Standards received \$418,000 for the biennium; and the Tax Court received approximately \$1.2 million for the biennium.

Public Defense

The 1995 Legislature appropriated approximately \$68.8 million to the Board of Public Defense, including approximately \$4.2 million for costs associated with the 1994 reform of the juvenile justice system and approximately \$1.3 million to address statewide district public defender pay equity. Also included in the appropriation was an additional \$130,000 for legal defense corporation funding.

Peace Officers Standards and Training Board

The 1995 Legislature appropriated approximately \$8.5 million from the Special Revenue Fund to the Peace Officers Standards and Training (POST) Board. Included in this appropriation was \$200,000 for the development of an advanced law enforcement degree at Metropolitan State University and \$75,000 for a crime victim and witness account. Both

appropriations were line-item vetoed by the Governor.

Private Detectives Board

The 1995 Legislature appropriated \$217,000 from the General Fund to the Private Detectives Board for the biennium.

Department of Public Safety

The 1995 Legislature appropriated approximately \$55.1 million from the General Fund to the Department of Public Safety for Criminal Justice purposes.

DEPARTMENT OF PUBLIC SAFETY Criminal Justice Biennial Appropriations

| DIVISION | 1996-97 |
|-------------------------------------|----------------------|
| Bureau of Criminal Apprehension | \$ 28,997,000 |
| Emergency Management | 4,425,000 |
| Fire Marshall | 5,250,000 |
| Capitol Security | 2,872,000 |
| Liquor Control | 980,000 |
| Gambling Enforcement | 2,277,000 |
| Drug Policy and Violence Prevention | 5,892,000 |
| Crime Victim Services | 4,024,000 |
| Crime Victim Ombudsman | <u>406,000</u> |
| TOTAL | \$ 55,123,000 |

Major initiatives in the Bureau of Criminal Apprehension appropriation of \$29 million included \$1.3 million for DNA lab improvements, \$550,000 for upgrading the state Criminal History Data system, and \$250,000 for establishing a Crime Fax network.

The Drug Policy and Violence Prevention appropriation of approximately \$5.9 million included \$500,000 for middle school and high school liaison police officers, \$450,000 for targeted early intervention pilot projects, \$200,000 for minority law enforcement

scholarships, \$100,000 for a truancy reduction pilot project, \$50,000 for youth service centers, and \$50,000 for the Illusion Theatre for anti-violence education projects.

The Governor vetoed \$300,000 for Truancy Service Centers.

Miscellaneous Criminal Justice

The 1995 Legislature appropriated \$243,000 to the Department of Human Services. The appro-

priation included \$93,000 to create a child abuse hotline, \$100,000 to train criminal justice officials in interviewing techniques for child abuse cases, and \$50,000 for Parents Anonymous.

The Legislature appropriated \$80,000 to the Department of Health for the Child Sexual Health Institute.

The Legislature appropriated, and the Governor vetoed, \$500,000 to the Department of Education to develop alternative school programming for troubled youth.

Governance

The 1995 Legislature enacted several measures aimed at reorganizing and reducing the size of government and at making it more efficient, in both the legislative and executive branches. The most notable immediate changes include the abolition of several legislative commissions and the establishment of a new executive Department of Children, Families, and Learning.

Commissions

Effective July 1, the Tax Study Commission, the Transportation Study Board, the Legislative Commission on Child Protection, the Legislative Commission on Long-Term Health Care, and the task force and some duties of the Legislative Commission on Planning and Fiscal Policy were abolished. In addition, the Legislative Commission on Employee Relations was abolished on the same date, but its functions and staff were transferred to the Legislative Coordinating Commission. The planning and fiscal policy staff was abolished effective August 1, and existing legislative staff took over the commission staff's duties.

All other existing commissions are to cease operations on July 1, 1996, unless the LCC, by January 1, 1996, takes action to continue a commission's operations in some form. If necessary, the LCC will perform the statutory functions of an inoperative commission. The LCC may also appoint bicameral working groups to assist it in carrying out specified duties; the LCC has already appointed such a body to assist it in performing duties formerly assigned to the Legislative Commission on Employee Relations. A working group goes out of existence at the beginning of the next odd-numbered year following its appointment, unless the LCC extends its life.

The LCC was also assigned the task of recommending further steps toward more efficient and economical bicameral support services.

Reorganization

The new Department of Children, Families, and Learning replaces the Department of Education, which was abolished, and takes over

a range of social and other support services for children and families previously delivered by other executive agencies. The new agency's mission, according to the legislation establishing it, is to better coordinate programs and services directed, essentially, toward the same categories of customers.

Other executive reorganization efforts are to be more gradual. Legislation enacted in 1995 set in motion a process that could lead to actual restructuring of agencies next year or in future sessions.

First, an agency head, or group of agency heads, appointed by the Governor, along with legislators appointed by the Legislative Coordinating Commission, are to develop a plan for reorganizing state services relating to protection of the environment, protection of farmland, and management of natural resources. The appointees are to establish advisory councils to provide input from state employees and the public and are to submit their reorganization recommendations to the Legislature by December 15.

Second, the Commissioner of the Department of Public Service and the chair of the Public Utilities Commission are to submit to the Legislature a recommendation on the desirability of restructuring the two agencies, including the desirability of having one entity perform the duties now assigned to one or the other. The recommendation is due January 15, 1996.

A third initiative involves the Transportation Regulation Board, whose duties were reduced as a result of a federal deregulation of trucking. By February 1, 1996, the board, in cooperation with the Commissioner of the Department of Transportation, the Center for Transportation Studies, and the Legislative Auditor, must submit recommendations to the Legislature covering board powers that should be eliminated and whether some or all powers that are to be retained should be assigned to other agencies.

The board must establish and consult with an advisory committee, including representatives of affected transportation providers.

Finally, the LCC or its designee must study the desirability and feasibility of merging or otherwise reorganizing the Department of Trade and Economic Development, the Department of Economic Security, and other agencies that provide assistance to businesses and promote the state's economic development. The commission's findings and recommendations must be reported to the Senate Committee on Governmental Operations and Veterans and the House Committee on Governmental Operations by February 1, 1996. A related measure asks the Legislative Audit Commission to consider directing the Legislative Auditor to undertake a program evaluation of state financial assistance programs for businesses and to recommend eligibility criteria and performance standards for economic grant and loan programs.

Also enacted as part of the reorganization and efficiency effort were several pilot projects aimed at streamlining agency personnel and procurement practices and encouraging state employee suggestions for improving agency operations.

Presidential Primary

The 1995 session of the Legislature in Chapter 224 did not provide for the 1996 presidential primary funding and instead delayed the April presidential primary until the next presidential election in the year 2000.

Board of Arts

The 1995 session appropriated \$13.8 million for the Board of Arts, including more than \$9.5 million for grants programs and more than \$2.8 million for the regional arts councils. In both instances, Chapter 224 mandated that at least

ten percent of the appropriations are for programs intended for children.

Historical Society

A total of more than \$37.7 million was appropriated to the Minnesota Historical Society, most of it for the History Center and historic site operations, and \$787,000 for its duties as a fiscal agent.

Fiscal agent appropriations included \$208,000 for the state archaeologist, \$176,000 for the Sibley House Association, \$100,000 for the Minnesota International Center, \$19,000 for the Minnesota Air National Guard Museum, \$180,000 for the Institute for Learning and Teaching under Project 120, \$29,000 for the Minnesota Military Museum, \$25,000 for FarmAmerica, \$25,000 for the operations of the Kee Theater, and \$25,000 for the federal National Guard Museum.

Veto

The Governor vetoed 13 bills passed by the Legislature and executed line-item appropriation vetoes in seven other bills.

Net appropriation changes totaled slightly more than \$10.3 million; nearly \$9.5 million of those changes were in the General Fund. The appropriation changes by the vetoes were actually higher, but one veto had the impact of a \$1 million appropriation, and other vetoes eliminated revenues that would have been raised by fees.

The veto that increased spending was a line-item veto of a \$1 million general reduction in the Department of Finance appropriation. Other appropriation vetoes were in the following bills:

Health and Human Services. Line-item vetoes totaled almost \$6.6 million, including more than \$6.4 million for authorization for a one month a year temporary county assistance payment of \$203 and \$250,000 for a food stamp outreach program.

MinnesotaCare. Line-item veto of an \$800,000 appropriation for the University of Minnesota and the University of Minnesota-Duluth dental schools for dental care for indigent patients.

Environment and Natural Resources and Agriculture. Line-item vetoes totaled \$445,000 and included \$150,000 for beaver damage control grants in certain counties; \$100,000 for a newly created passing on the farm center at the Southwest Technical College in Granite Falls; \$100,000 for the operation of the Cuyuna Country recreation area; \$75,000 for the enhancement of Oak Savannah stands in St. Paul; and \$20,000 for a livestock processing market task force.

Community Development. Line-item vetoes totaled more than \$2 million, including more than \$1.1 million for peat study programs; \$500,000 for lead abatement; \$200,000 to make permanent an affirmative enterprise pilot program to employ disabled persons; and \$200,000 for the second year in the biennium for the emergency mortgage foreclosure prevention and emergency rental assistance program.

Criminal Justice. Line-item vetoes totaled more than \$1.4 million, including \$500,000 to school districts for alternative programs for at-risk students; \$300,000 for local law enforcement to develop three truancy service centers; \$250,000 to fund activities of juvenile violence prevention centers; \$200,000 for the development of advanced law enforcement degree programs at

Metropolitan State University; \$120,000 for the state to reimburse local bomb squads for disposing or neutralizing bombs; and \$75,000 for emergency assistance to crime victims and witnesses.

Transportation. Line-item veto of a \$250,000 appropriation for a pilot program for electric powered high occupancy vehicles as part of a St. Cloud project.

Non-Line-Item Vetoes

Leave of absence for public employees running for public office; retirement provision changes for various local retirement groups; permitting energy conservation incentive benefits to certain hydropower sources; free drivers licenses if the licenses are not received within a designated time period; mandatory 911 caller identification facilities for private switchboard systems; mandated automatic sprinklers in certain occupied buildings over 75 feet high; and requirements for certification of elevator installers and repairers.

State Debt, Bonding, and Capital Expenditures

Capital Expenditures

The 1995 Legislature adopted a capital budget bill totaling approximately \$34.3 million. The following table delineates project amounts for bond authorization and direct appropriations:

| CAPITAL EXPENDITURES AUTHORIZED BY THE 1995 LEGISLATURE | | |
|--|-------------|----------------------|
| Item | Project | Total |
| <u>BONDING AUTHORITY</u> | | |
| ADMINISTRATION | | \$ 1,881,000 |
| Renovate Capitol Building | \$1,531,000 | |
| Predesign Revenue Development Facility | 350,000 | |
| AGRICULTURE | | 103,000 |
| Seed Potato Inspection Facility | 103,000 | |
| MINNESOTA STATE COLLEGES AND UNIVERSITIES | | 750,000 |
| Land Acquisition in vicinity of Metro State University and Normandale Community College | 750,000 | |
| NATURAL RESOURCES | | 1,700,000 |
| Eagle Creek Acquisition | 1,500,000 | |
| Dam Safety | 200,000 | |
| POLLUTION CONTROL AGENCY | | 750,000 |
| Combined Sewer Overflow Grants to City of Red Wing | 750,000 | |
| PUBLIC SAFETY | | 410,000 |
| Parkers Prairie - Assist with replacement of facilities damaged by propane explosion | 410,000 | |
| BOND SALE EXPENSES | | <u>36,000</u> |
| <u>TOTAL BONDING AUTHORITY</u> | | \$ 5,630,000 |

| Item | Project | Total |
|--|------------|-----------------------------|
| <u>DIRECT APPROPRIATIONS</u> | | |
| ADMINISTRATION | | \$ 184,000 |
| Capitol Renovation | \$ 184,000 | |
| ELEMENTARY AND SECONDARY EDUCATION | | 23,670,000 |
| Maximum Effort School Loans | 23,670,000 | |
| HUMAN SERVICES | | 148,000 |
| Moose Lake Regional Treatment Center | 148,000 | |
| NATURAL RESOURCES | | 175,000 |
| Cannon Valley Trail Repair | 175,000 | |
| TRANSPORTATION | | 4,500,000 |
| For grants to political subdivisions for the construction and reconstruction of key bridges on the state transportation system | 4,500,000 | |
| <u>TOTAL DIRECT APPROPRIATIONS</u> | | <u>\$ 28,677,000</u> |
| <u>TOTAL BONDING AUTHORITY</u> | | <u>5,630,000</u> |
| <u>TOTAL BONDING AND APPROPRIATIONS</u> | | <u>\$ 34,307,000</u> |

Statistics

CHART

State Appropriations by Functional Area

| | |
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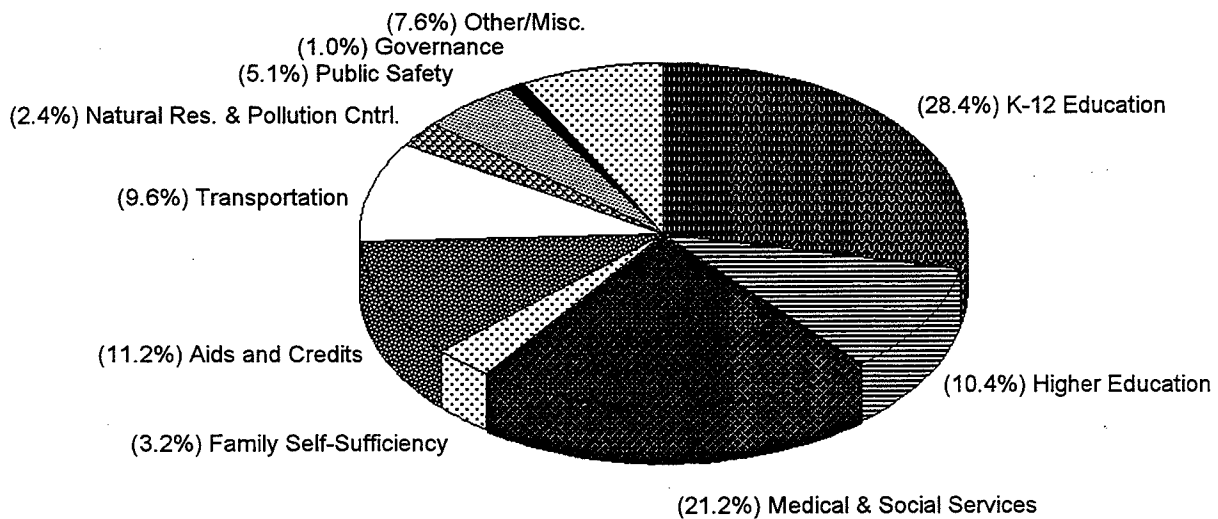
TABLE F

Biennial Appropriations of Federal Funds

| | |
|----------------------------------|----|
| Fiscal Years 1996 and 1997 | 77 |
|----------------------------------|----|

State Appropriations by Functional Area 1995-1997 Biennium

Total Appropriations (1):\$20,677,034,898



Note:

(1) Total does not include Dedicated General Fund Appropriations.

Table A
Summary of Biennial Appropriations by Fund
1993-95 and 1995-97 Sessions

| Fund | 1993-95 | 1995-97 | Difference |
|--|--------------------------|--------------------------|-------------------------|
| County-State Aid Highway | \$ 494,780,000 | \$ 587,569,000 | \$ 92,789,000 |
| Environmental | 65,232,500 | 42,665,000 | (22,567,500) |
| Environmental Trust Fund | 25,946,000 | 15,604,000 | (10,342,000) |
| Game and Fish | 98,102,705 | 102,816,000 | 4,713,295 |
| General | 15,058,403,932 | 15,992,304,898 | 933,900,966 |
| Dedicated General Fund | 83,845,000 | 168,000,000 | 84,155,000 |
| Health Care Access Fund | 180,090,000 | 243,554,000 | 63,464,000 |
| Highway User Tax Distribution | 28,347,000 | 26,443,000 | (1,904,000) |
| Leg. Electric Energy Task Force Fund | 350,000 | 0 | (350,000) |
| Local Government Trust Fund | 1,834,549,000 | 1,858,005,000 | 23,456,000 |
| Metro Landfill Contingency | 2,989,000 | 804,000 | (2,185,000) |
| Landfill Cleanup-Solid Waste | 0 | 11,562,000 | 11,562,000 |
| Minnesota Future Resources | 14,909,000 | 15,083,000 | 174,000 |
| Municipal-State Aid Street | 143,980,000 | 179,017,000 | 35,037,000 |
| Natural Resources | 36,678,000 | 37,963,000 | 1,285,000 |
| Endowment School | 64,478,000 | 65,000,000 | 522,000 |
| Petroleum Tank Release Cleanup | 0 | 6,725,000 | 6,725,000 |
| Special Revenue | 129,186,000 | 113,093,000 | (16,093,000) |
| State Airports | 33,645,000 | 32,400,000 | (1,245,000) |
| State Lottery Fund (1) | 86,909,000 | 85,744,000 | (1,165,000) |
| Trunk Highway | 1,150,591,902 | 1,211,196,000 | 60,604,098 |
| Workers' Compensation | 44,566,000 | 49,487,000 | 4,921,000 |
| Total State Appropriations (2): | \$ 19,577,578,039 | \$ 20,845,034,898 | \$ 1,267,456,859 |
| Federal Funds: | \$ 5,878,436,000 | \$ 6,968,020,000 | \$ 1,089,584,000 |
| TOTAL APPROPRIATIONS | \$ 25,456,014,039 | \$ 27,813,054,898 | \$ 2,357,040,859 |

NOTES:

- (1) This item represents the statutory maximum of 14.5 percent of lottery gross revenues that may be annually credited to the lottery operations account.
- (2) The total state appropriations figure for the 1993-95 Biennium does not include cancellations.

Table B
General Fund and Local Government Trust Fund
Resources and Appropriations
1995-1997 Biennium

| | 1995-97 |
|--|------------------------|
| I. RESOURCES | |
| A. Balance Forward | \$ 921,519,000 |
| B. Taxes & Receipts (before 1995 law changes) | |
| Individual Income Taxes | \$ 8,862,200,000 |
| Corporate Franchise Tax | 1,439,100,000 |
| Sales Tax | 5,822,914,000 |
| Motor Vehicle Tax | 723,900,000 |
| Estate Tax | 56,006,000 |
| Liquor, Wine, Beer | 110,837,000 |
| Cigarette and Tobacco Products Tax | 320,052,000 |
| Iron Ore Occupation | 60,000 |
| Taconite Occupation | 6,000,000 |
| Taconite Production | 110,000 |
| Deed and Mortgage Tax | 125,800,000 |
| Insurance Gross Premiums | 317,600,000 |
| Telephone, Telegraph, & Other Gross | 108,000 |
| Lawful Gambling Tax | 116,959,000 |
| Health Care Provider Tax | 246,070,000 |
| Controlled Substance | 300,000 |
| Departmental Earnings | 194,000,000 |
| Investment Income | 93,000,000 |
| Income Tax Reciprocity | 56,659,000 |
| Rental Car Contract Tax | 15,018,000 |
| Lottery Proceeds | 62,884,000 |
| Other Non-Dedicated Receipts | 161,966,000 |
| Total Taxes & Receipts: | |
| (Before 1995 Law Changes) \$ | 18,731,543,000 |
| C. Revenue Refunds | |
| Individual Income Tax | \$ (966,700,000) |
| Corporate Franchise Tax | (180,000,000) |
| Sales Tax | (229,500,000) |
| Other Agencies' Refunds | (17,600,000) |
| Other Refunds | (42,597,000) |
| Total Refunds: \$ | (1,436,397,000) |
| D. Transfers from Other Funds | |
| Other Special Revenue Funds | \$ 9,219,000 |
| All Other Transfers | 44,509,000 |
| New Legislation Transfers | 23,589,000 |
| Total Transfers: \$ | 77,317,000 |

| | 1995-97 |
|--|--------------------------|
| E. Taxes & Receipts (1995 Law Changes) | |
| Individual Income Taxes | \$ 4,950,000 |
| Corporate Franchise Tax | 15,750,000 |
| Sales Tax | (5,900,000) |
| Taconite Production | 40,000 |
| Health Care Provider Tax | 2,200,000 |
| Insurance Gross Premiums Tax | 13,400,000 |
| Departmental Earnings | 9,455,000 |
| Miscellaneous Non-Dedicated Revenues | 9,382,000 |
| Total Taxes & Receipts (1995 Law Changes) | \$ 49,277,000 |
| F. Prior Year Adjustments | \$ 40,900,000 |
| TOTAL NON-DEDICATED REVENUES | \$ 18,384,159,000 |
| G. Total Dedicated Revenues/Appropriations (Self-Canceling) | \$ 168,000,000 |
| II. APPROPRIATIONS | |
| A. Major Spending Categories | |
| Elementary and Secondary Education | \$ 5,799,645,000 |
| Higher Education | 2,144,387,000 |
| Human Services, Health, Criminal Justice | 5,593,545,233 |
| Medical & Hospital Appropriations Received (1) | (221,942,000) |
| Transportation and Semi-States | 108,402,000 |
| State Departments | 820,348,665 |
| Environment and Natural Resources | 315,419,000 |
| Community Development | 270,915,000 |
| Total Major Spending Categories: | \$ 14,830,719,898 |
| B. Open and Standing Appropriations | |
| Aids and Credits | \$ 2,367,622,000 |
| Debt Service | 520,633,000 |
| Retirements | 158,647,000 |
| Total Open and Standing Appropriations | \$ 3,046,902,000 |
| TOTAL APPROPRIATIONS | \$ 17,877,621,898 |
| TOTAL REVENUES AND RECEIPTS | \$ 18,384,159,000 |
| TOTAL APPROPRIATIONS – GROSS | \$ 17,877,621,898 |
| Voluntary Unpaid Leave | \$ (800,000) |
| Indirect Cost Receipts | (26,512,000) |
| Less Cancellations | (20,000,000) |
| TOTAL APPROPRIATIONS – NET | \$ 17,830,309,898 |
| Budget and Cash Flow Reserve | \$ 554,524,000 |
| UNRESTRICTED BUDGETARY BALANCE | \$ (674,898) |

NOTES:

(1) This item includes receipts from Medical Assistance State-Operated Community Services.

Table C
Detailed Appropriations by Function - All Funds
1993-1995 Biennium Compared to 1995-1997 Biennium

| | 1993-1995 Biennium | 1995-1997 Biennium | Increase (Decrease) | Percent Change |
|--|-------------------------|-------------------------|------------------------|-------------------|
| Aids and Credits | | | | |
| Homestead & Agricultural Credit Aid (HACA) | | | | |
| School Districts | \$ 341,158,000 | \$ 269,547,000 | \$ (71,611,000) | |
| Cities, Towns, Counties | 872,166,000 | 882,692,000 | 10,526,000 | |
| Tax Incremental Financing | 48,000 | 48,000 | 0 | |
| Subtotal HACA: | \$ 1,213,372,000 | \$ 1,152,287,000 | \$ (61,085,000) | -5.03% |
| Property Tax Refund | | | | |
| Renters | \$ 179,684,000 | \$ 169,200,000 | \$ (10,484,000) | |
| Homeowners | 115,192,000 | 154,600,000 | 39,408,000 | |
| Targeting | 27,425,000 | 15,400,000 | (12,025,000) | |
| Political Contribution Refunds | 5,600,000 | 5,900,000 | 300,000 | |
| Supplemental Homestead | | | | |
| Property Tax Relief | 1,857,000 | 868,000 | (989,000) | |
| Transition Credit | 52,000 | 0 | (52,000) | |
| Aid to Local Governments | 624,245,000 | 687,552,000 | 63,307,000 | |
| Attached Machinery Aid | | | | |
| School Districts | 1,672,000 | 1,672,000 | 0 | |
| Cities, Towns, Counties | 4,764,000 | 4,764,000 | 0 | |
| Payments in Lieu of Taxes-DNR Lands | 9,598,000 | 12,006,000 | 2,408,000 | |
| Enterprise Zone Credit | | | | |
| School Districts | 16,000 | 16,000 | 0 | |
| Cities, Towns, Counties | 32,000 | 1,832,000 | 1,800,000 | |
| Economic Security Enterprise Zone Credit | 0 | 50,000 | 50,000 | |
| Regional Transit Board Levy Reduction | 5,530,000 | 4,316,000 | (1,214,000) | |
| Region 3 Occupation Tax Distribution | 747,000 | 1,882,000 | 1,135,000 | |
| Mortgage Certificate Aid | 0 | 200,000 | 200,000 | |
| Equalization Aid | 20,011,000 | 0 | (20,011,000) | |
| Border City Enterprise Zone | 700,000 | 0 | (700,000) | |
| Disparity Aid | | | | |
| School Districts | 25,272,000 | 25,260,000 | (12,000) | |
| Cities, Towns, Counties | 45,194,000 | 31,630,000 | (13,564,000) | |
| Border City Disparity Credit | | | | |
| School Districts | 2,841,000 | 3,725,000 | 884,000 | |
| Cities, Towns, Counties | 5,056,000 | 6,642,000 | 1,586,000 | |
| Disaster Credit | | | | |
| School Districts | 17,000 | 0 | (17,000) | |
| Cities, Towns, Counties | 20,000 | 0 | (20,000) | |
| Family Preservation Aid | 0 | 3,040,000 | 3,040,000 | |
| Total Aids and Credits: | \$ 2,288,897,000 | \$ 2,282,842,000 | \$ (6,055,000) | -0.26% |

| | 1993-1995 Biennium | 1995-1997 Biennium | Increase (Decrease) | Percent Change |
|---|-----------------------|-----------------------|------------------------|-------------------|
| Elementary and Secondary Education | | | | |
| Department of Education | \$ 44,988,000 | \$ 45,028,000 | \$ 40,000 | |
| 1995 Appropriation Reduction | (200,000) | | 200,000 | |
| Minnesota Center for Arts Education | 9,706,000 | 10,434,000 | 728,000 | |
| Faribault Academies Staff Training | 100,000 | 16,150,000 | 16,050,000 | |
| Appropriations Carried Forward (1) | 215,000 | 0 | (215,000) | |
| General Education Aid (2) | 4,000,798,000 | 4,362,297,000 | 361,499,000 | |
| Endowment Fund | 64,000,000 | 65,000,000 | 1,000,000 | |
| Staff Develop. Gen. Education Aid | 15,550,000 | 0 | (15,550,000) | |
| Subtotal Dept. of Ed. & General Ed. Aid: | \$ 4,135,157,000 | \$ 4,498,909,000 | \$ 363,752,000 | 8.80% |
| Transportation Aid | \$ 271,282,000 | \$ 167,716,000 | \$ (103,566,000) | |
| Aid for Post-Sec. Enrollment Options | 110,000 | 194,000 | 84,000 | |
| Aid for Enrollment Options | 34,000 | 0 | (34,000) | |
| Staples Transportation Funding | 77,000 | 0 | (77,000) | |
| Metro Deaf School Transp. Aid | 89,000 | 0 | (89,000) | |
| School Bus Safety | 3,000,000 | 2,735,000 | (265,000) | |
| Rural Computerized Routing | 0 | 25,000 | 25,000 | |
| Wide Area Transp. Service | 0 | 250,000 | 250,000 | |
| Inter-District Desegregation | 0 | 930,000 | 930,000 | |
| Transp. Targeted Needs | 0 | 60,760,000 | 60,760,000 | |
| Subtotal Transportation Aid: | \$ 274,592,000 | \$ 232,610,000 | \$ (41,982,000) | -15.29% |
| Special Programs | | | | |
| Special Education Aid | \$ 381,017,000 | \$ 458,404,000 | \$ 77,387,000 | |
| Additional Special Ed. Aid - Tax Bill | 17,500,000 | 0 | (17,500,000) | |
| Special Programs Equalization Aid | 31,077,000 | 43,555,000 | 12,478,000 | |
| Targeted Needs Aid (3) | 37,869,000 | 79,279,000 | 41,410,000 | |
| Indian Education Programs | 7,793,000 | 7,561,000 | (232,000) | |
| Part H - Early Childhood Program | 0 | 400,000 | 400,000 | |
| Secondary Vocational Handicapped | 7,948,000 | 9,913,000 | 1,965,000 | |
| Individualized Learning & Dvlpmnt. Aid | 2,485,000 | 0 | (2,485,000) | |
| Secondary Vocational Education Aid | 25,323,000 | 23,470,000 | (1,853,000) | |
| Grants for Community Living Programs | 250,000 | 0 | (250,000) | |
| American Sign Language Education | 84,000 | 25,000 | (59,000) | |
| Mexican Origin Ed. Grants | 0 | 75,000 | 75,000 | |
| Lay Advocates | 0 | 10,000 | 10,000 | |
| Options Plus Pilot Grants | 0 | 150,000 | 150,000 | |
| Vocational School Planning | 0 | 100,000 | 100,000 | |
| School Interpreters | 0 | 250,000 | 250,000 | |
| Comprehensive Early Intervention | 0 | 390,000 | 390,000 | |
| Early Childhood Family Ed. Home Visits | 450,000 | 0 | (450,000) | |
| Head Start | 23,012,000 | 23,012,000 | 0 | |
| Low-Income Concentration Grants | 1,000,000 | 2,300,000 | 1,300,000 | |
| Special Education Rule Review Task Force | 40,000 | 0 | (40,000) | |
| Alternative Delivery Advisory Committee | 15,000 | 0 | (15,000) | |
| Student Expulsion & Suspension Study | 40,000 | 0 | (40,000) | |
| Subtotal Special Programs: | \$ 535,903,000 | \$ 648,894,000 | \$ 112,991,000 | 21.08% |

| | 1993-1995 Biennium | 1995-1997 Biennium | Increase (Decrease) | Percent Change |
|--|-----------------------|-----------------------|------------------------|-------------------|
| Community and Family Education | | | | |
| Community Education Aid | \$ 6,501,000 | \$ 5,400,000 | \$ (1,101,000) | |
| Extended Day Aid | 340,000 | 755,000 | 415,000 | |
| Adult Education Programs | 18,404,000 | 21,238,000 | 2,834,000 | |
| Adult Handicapped Program Aid | 1,480,000 | 1,530,000 | 50,000 | |
| Early Childhood Family Education Aid | 27,340,000 | 28,056,000 | 716,000 | |
| Education Employment Transition | 0 | 5,000,000 | 5,000,000 | |
| Early Childhood Screening | 3,108,000 | 3,100,000 | (8,000) | |
| Way to Grow - Early Childhood Grants | 950,000 | 950,000 | 0 | |
| Miscellaneous Educational Improvement | 2,158,000 | 750,000 | (1,408,000) | |
| Learning Readiness | 20,500,000 | 19,011,000 | (1,489,000) | |
| Violence Prevention Councils | 400,000 | 0 | (400,000) | |
| Violence Prevention Education and Grants | 7,200,000 | 3,000,000 | (4,200,000) | |
| Ombudspersons | 80,000 | 66,000 | (14,000) | |
| Youthworks Program | 4,690,000 | 3,726,000 | (964,000) | |
| Family Collaborative | 0 | 12,000,000 | 12,000,000 | |
| Subtotal Community and Family Education: | \$ 93,151,000 | \$ 104,582,000 | \$ 11,431,000 | 12.27% |
| Capital Expenditures | | | | |
| Facilities and Equipment | \$ 224,684,000 | \$ 138,854,000 | \$ (85,830,000) | |
| Health and Safety | 28,624,000 | 26,485,000 | (2,139,000) | |
| Debt Service Equalization Aid | 44,578,000 | 57,424,000 | 12,846,000 | |
| East Central School Collaboration Grant | 50,000 | 0 | (50,000) | |
| Joint Powers Planning Grant | 100,000 | 40,000 | (60,000) | |
| New School Dist.: Preston-Fountain; Harmony | 0 | 70,000 | 70,000 | |
| Joint Facility Planning Grant | 100,000 | 200,000 | 100,000 | |
| Subtotal Capital Expenditures: | \$ 298,136,000 | \$ 223,073,000 | \$ (75,063,000) | -25.18% |
| District Reorganization & Cooperation | | | | |
| Cooperation and Combination Aid | \$ 7,495,000 | \$ 5,437,000 | \$ (2,058,000) | |
| Educational Delivery Service Plan | 15,000 | 0 | (15,000) | |
| Secondary Vocational Cooperative Aid | 166,000 | 0 | (166,000) | |
| District Cooperation Revenue | 12,290,000 | 25,628,000 | 13,338,000 | |
| Special Consolidation Aid | 70,000 | 115,000 | 45,000 | |
| Cooperation & Combination Facility Grants | 500,000 | 408,000 | (92,000) | |
| Consolidation Transition Aid | 430,000 | 2,144,000 | 1,714,000 | |
| Milan Reorganization Operating Debt | 0 | 72,000 | 72,000 | |
| Transition Aid - Data Processing Co-Ops. | 800,000 | 0 | (800,000) | |
| Subtotal Reorganization & Cooperation: | \$ 21,766,000 | \$ 33,804,000 | \$ 12,038,000 | 55.31% |
| Libraries | | | | |
| Library Grants | \$ 16,722,000 | \$ 16,772,000 | \$ 50,000 | |
| Librarians of Color | 55,000 | 110,000 | 55,000 | |
| Children's Library Services Grant | 50,000 | 100,000 | 50,000 | |
| Regional Library Data Access Grants | 0 | 800,000 | 800,000 | |
| Library Demonstration Grants | 30,000 | 0 | (30,000) | |
| Subtotal Libraries: | \$ 16,857,000 | \$ 17,782,000 | \$ 925,000 | 5.49% |

| | 1993-1995 Biennium | 1995-1997 Biennium | Increase (Decrease) | Percent Change |
|--|-----------------------|-----------------------|------------------------|-------------------|
| Technology | | | | |
| Internet | \$ 400,000 | \$ 800,000 | \$ 400,000 | |
| National Science Foundation Science & Math | 3,000,000 | 2,644,000 | (356,000) | |
| Interactive Television Levy Aid | 2,681,000 | 6,387,000 | 3,706,000 | |
| Telecommunication Access Grants | 0 | 10,500,000 | 10,500,000 | |
| Instructional Technology Grants | 1,600,000 | 5,400,000 | 3,800,000 | |
| Interactive TV Grants to School Districts | 0 | 250,000 | 250,000 | |
| Subtotal Technology: | \$ 7,681,000 | \$ 25,981,000 | \$ 18,300,000 | 238.25% |
| Other Education Programs | | | | |
| Area Learning Centers | \$ 300,000 | \$ 0 | \$ (300,000) | |
| Advanced Placement/IB | 1,050,000 | 1,750,000 | 700,000 | |
| Educational Effectiveness Programs | 1,740,000 | 0 | (1,740,000) | |
| Graduation Rule Acceleration | 10,376,000 | 0 | (10,376,000) | |
| School Improvement Incentives | 250,000 | 0 | (250,000) | |
| School Restructuring Grants | 750,000 | 600,000 | (150,000) | |
| Exchange/Temporary Assignment | 75,000 | 0 | (75,000) | |
| Staff Development Incentive Aid | 100,000 | 0 | (100,000) | |
| Environmental Education | 60,000 | 0 | (60,000) | |
| Year-Round/Extended Week Pilot Project | 0 | 1,800,000 | 1,800,000 | |
| Education Performance Imprvmnt. Grants | 800,000 | 800,000 | 0 | |
| School Lunch and Milk Aid | 13,050,000 | 14,458,000 | 1,408,000 | |
| Brd. of Teaching-Grants & Fellowship Licensure | 350,000 | 0 | (350,000) | |
| Minority Teacher Incentives | 600,000 | 0 | (600,000) | |
| Integration Grants | 37,688,000 | 2,000,000 | (35,688,000) | |
| Nonpublic Pupil Aid | 19,319,000 | 19,372,000 | 53,000 | |
| Abatement Aid | 17,401,000 | 32,146,000 | 14,745,000 | |
| School Breakfast Aid | 600,000 | 875,000 | 275,000 | |
| School Breakfast Study Grants | 167,000 | 192,000 | 25,000 | |
| Cross-Cultural Initiatives | 135,000 | 0 | (135,000) | |
| Teachers of Color | 800,000 | 0 | (800,000) | |
| Summer Food Service | 30,000 | 30,000 | 0 | |
| Career Teacher's Aid | 250,000 | 250,000 | 0 | |
| Teaching Residency | 600,000 | 900,000 | 300,000 | |
| Cultural Exchange Grants | 142,000 | 0 | (142,000) | |
| Male Responsibility Grants | 500,000 | 750,000 | 250,000 | |
| Grants to School Districts | 694,000 | 259,000 | (435,000) | |
| Enrollment Options Replacement Aid | 0 | 226,000 | 226,000 | |
| New Moon Girls Program | 0 | 20,000 | 20,000 | |
| Metro Desegregation Grants | 1,650,000 | 3,000,000 | 1,350,000 | |
| Alcohol-Impaired Driver Ed. | 1,028,000 | 1,028,000 | 0 | |
| Local Collaborative | 5,000,000 | 0 | (5,000,000) | |
| Cloquet Time and Technology Grant | 83,000 | 0 | (83,000) | |
| School District Interactive Television Grants | 314,000 | 0 | (314,000) | |
| Coalition for Ed. Reform & Accountability | 50,000 | 0 | (50,000) | |
| Education Cooperative Service Units | 843,000 | 0 | (843,000) | |
| Management Information Centers | 3,275,000 | 0 | (3,275,000) | |
| Minnesota Institute of Advanced Teaching | 650,000 | 0 | (650,000) | |
| Crime Bill | 200,000 | 0 | (200,000) | |
| Student Survey | 150,000 | 0 | (150,000) | |
| Sexuality and Family Life Survey | 25,000 | 0 | (25,000) | |

| | 1993-1995 Biennium | 1995-1997 Biennium | Increase (Decrease) | Percent Change |
|---|-----------------------|-----------------------|------------------------|-------------------|
| Arts Education | \$ 808,000 | \$ 0 | \$ (808,000) | |
| Burnsville Emergency Aid | 500,000 | 0 | (500,000) | |
| Agriculture Education Specialist | 70,000 | 0 | (70,000) | |
| Ed. in Agricultural Leadership Council | 50,000 | 0 | (50,000) | |
| Subtotal Other Education Programs: | \$ 122,523,000 | \$ 80,456,000 | \$ (42,067,000) | -34.33% |
| State Appropriations: | \$ 5,505,766,000 | \$ 5,866,091,000 | \$ 360,325,000 | 6.54% |
| Federal Appropriations: | \$ 538,977,000 | \$ 678,211,000 | \$ 139,234,000 | 25.83% |
| Total Elementary & Secondary Education: | \$ 6,044,743,000 | \$ 6,544,302,000 | \$ 499,559,000 | 8.26% |

Higher Education

Higher Education Coordinating Board

| | | | | |
|---|----------------|----------------|----------------|-------|
| Agency Administration | \$ 6,382,000 | \$ 4,742,000 | \$ (1,640,000) | |
| State Scholarships and Grants | 192,900,000 | 195,690,000 | 2,790,000 | |
| Interstate Tuition | 10,100,000 | 9,000,000 | (1,100,000) | |
| State Work Study | 16,438,000 | 16,438,000 | 0 | |
| Minitex Library Program | 4,126,000 | 4,216,000 | 90,000 | |
| Telecommunications | 4,800,000 | 6,100,000 | 1,300,000 | |
| Youthworks | 230,000 | 0 | (230,000) | |
| Crime Bill | 400,000 | 0 | (400,000) | |
| Subtotal Higher Ed. Coordinating Board: | \$ 235,376,000 | \$ 236,186,000 | \$ 810,000 | 0.34% |

| | | | | |
|------------------------|-----------|---|-------------|----------|
| Higher Education Board | 1,800,000 | 0 | (1,800,000) | -100.00% |
|------------------------|-----------|---|-------------|----------|

| | | | | |
|----------------------------------|-------------|-------------|-------------|--------|
| MN State Colleges & Universities | 939,457,000 | 937,147,000 | (2,310,000) | -0.25% |
|----------------------------------|-------------|-------------|-------------|--------|

| | | | | |
|------------------------------|---|---------|---------|--|
| Board for Community Colleges | 0 | 300,000 | 300,000 | |
|------------------------------|---|---------|---------|--|

University of Minnesota

| | | | | |
|-------------------------------------|----------------|----------------|---------------|-------|
| Operations and Maintenance | \$ 738,576,000 | \$ 791,853,000 | \$ 53,277,000 | |
| Health Sciences | 34,216,000 | 35,516,000 | 1,300,000 | |
| Institute of Technology | 5,932,000 | 6,134,000 | 202,000 | |
| System Specials | 38,662,000 | 40,137,000 | 1,475,000 | |
| Agriculture and Extension Service | 90,244,000 | 95,344,000 | 5,100,000 | |
| Workers' Comp. Safety Pilot Project | 0 | 200,000 | 200,000 | |
| Subtotal University of Minnesota: | \$ 907,630,000 | \$ 968,984,000 | \$ 61,354,000 | 6.76% |

| | | | | |
|-------------------------|-----------|-----------|---------|-------|
| Mayo Medical Foundation | 1,648,000 | 1,770,000 | 122,000 | 7.40% |
|-------------------------|-----------|-----------|---------|-------|

| | | | | |
|-------------------------|------------------|------------------|---------------|--------|
| State Appropriations: | \$ 2,085,911,000 | \$ 2,144,587,000 | \$ 58,676,000 | 2.81% |
| Federal Appropriations: | \$ 69,718,000 | \$ 84,320,000 | \$ 14,602,000 | 20.94% |
| Total Higher Education: | \$ 2,155,629,000 | \$ 2,228,907,000 | \$ 73,278,000 | 3.40% |

Human Services

Department of Human Services

| | | | | |
|---------------------------------------|---------------|---------------|----------------|--|
| Financial & Management Administration | \$ 42,686,000 | \$ 41,522,000 | \$ (1,164,000) | |
| 1995 Appropriation Reduction | (2,000,000) | | 2,000,000 | |
| Child Care Licensure | 0 | 110,000 | 110,000 | |
| Social Services | 142,407,000 | 172,608,000 | 30,201,000 | |
| Community Social Services Aid | 100,261,000 | 105,038,000 | 4,777,000 | |

| | 1993-1995 Biennium | 1995-1997 Biennium | Increase (Decrease) | Percent Change |
|---|-----------------------|-----------------------|------------------------|-------------------|
| Family Self-Sufficiency Programs & Admin. | | | | |
| STRIDE Grants | \$ 0 | \$ 17,150,000 | \$ 17,150,000 | |
| AFDC Grants | 303,427,000 | 292,027,000 | (11,400,000) | |
| General Assistance Grants | 103,303,000 | 95,997,000 | (7,306,000) | |
| Work Readiness Grants | 41,783,000 | 1,573,000 | (40,210,000) | |
| Minnesota Supplemental Aid | 80,318,000 | 48,250,000 | (32,068,000) | |
| MN Family Investment Plan | 0 | 44,647,000 | 44,647,000 | |
| Child Care Fund | 47,965,000 | 92,355,000 | 44,390,000 | |
| Administration | 115,983,000 | 70,049,000 | (45,934,000) | |
| Health Care Programs | | | | |
| MA Grants | 2,318,279,000 | 2,759,215,000 | 440,936,000 | |
| GAMC Grants | 366,843,000 | 454,407,000 | 87,564,000 | |
| Preadmission Screening & Alt. Care | 65,037,000 | 78,304,000 | 13,267,000 | |
| Health Care Administration | 103,594,000 | 67,664,000 | (35,930,000) | |
| Group Residential Housing Grants | 0 | 103,060,000 | 103,060,000 | |
| Mental Health | 76,129,000 | 79,140,000 | 3,011,000 | |
| Children's Mental Health | 870,000 | 19,633,000 | 18,763,000 | |
| State Residential Facilities | | | | |
| Treatment Centers/Nursing Homes/SOCS | 436,683,000 | 413,484,000 | (23,199,000) | |
| Administration | 6,403,000 | 2,726,000 | (3,677,000) | |
| Federal Reimbursement | (60,354,000) | (79,069,000) | (18,715,000) | |
| Compulsive Gambling Treatment Programs | 1,475,000 | 0 | (1,475,000) | |
| Juvenile Justice Bill | 700,000 | 0 | (700,000) | |
| Crime Bill | 350,000 | 243,000 | (107,000) | |
| Child Support Initiatives | 225,000 | 0 | (225,000) | |
| Vulnerable Adults Act | 0 | 890,000 | 890,000 | |
| Family Law & Child Support Bill | 0 | 2,733,000 | 2,733,000 | |
| Demolish Moose Lake Regional Treatment Center | 0 | 148,000 | 148,000 | |
| Appropriations Carried Forward (1) | 64,000 | 0 | (64,000) | |
| Subtotal Department of Human Services: | \$ 4,292,431,000 | \$ 4,883,904,000 | \$ 591,473,000 | 13.78% |
| Ombudsman for Mental Health & Retardation | 1,761,000 | 2,229,000 | 468,000 | 26.58% |
| Ombudsman for Families | 0 | 270,000 | 270,000 | |
| Indian Adoption Welfare Act | 135,000 | 0 | (135,000) | -100.00% |
| MinnesotaCare | | | | |
| Department of Commerce | \$ 337,000 | \$ 52,000 | \$ (285,000) | |
| Department of Health | 14,197,000 | 16,107,000 | 1,910,000 | |
| Department of Human Services | 126,728,000 | 219,160,000 | 92,432,000 | |
| Department of Employee Relations | 2,700,000 | 1,000,000 | (1,700,000) | |
| Department of Revenue | 2,404,000 | 2,756,000 | 352,000 | |
| Higher Education Coordinating Board | 1,285,000 | 0 | (1,285,000) | |
| University of Minnesota | 4,634,000 | 5,149,000 | 515,000 | |
| Legislative Coordinating Commission | 415,000 | 300,000 | (115,000) | |
| Trnsfrs. from Health Care Access Fund (4) | 27,554,000 | 0 | (27,554,000) | |
| Subtotal MinnesotaCare: | \$ 180,254,000 | \$ 244,524,000 | \$ 64,270,000 | 35.66% |
| State Appropriations: | \$ 4,474,581,000 | \$ 5,130,927,000 | \$ 656,346,000 | 14.67% |
| Federal Appropriations: | \$ 3,866,750,000 | \$ 4,468,894,000 | \$ 602,144,000 | 15.57% |
| Total Human Services: | \$ 8,341,331,000 | \$ 9,599,821,000 | \$ 1,258,490,000 | 15.09% |

| | 1993-1995 Biennium | 1995-1997 Biennium | Increase (Decrease) | Percent Change |
|---|-----------------------|-----------------------|------------------------|-------------------|
| Health | | | | |
| Department of Health | | | | |
| Preventive & Protective Health Services | \$ 32,491,000 | \$ 33,626,000 | \$ 1,135,000 | |
| 1995 Appropriation Adjustment | 780,000 | | (780,000) | |
| Health Delivery Systems | 66,821,000 | 69,711,000 | 2,890,000 | |
| Health Support Services | 8,244,000 | 8,188,000 | (56,000) | |
| MN. ENABL | 0 | 740,000 | 740,000 | |
| Crime Bill | 295,000 | 80,000 | (215,000) | |
| Vulnerable Adults Act | 0 | 2,131,000 | 2,131,000 | |
| Appropriations Carried Forward (1) | 103,000 | 0 | (103,000) | |
| Subtotal Department of Health: | \$ 108,734,000 | \$ 114,476,000 | \$ 5,742,000 | 5.28% |
| Hearing Instrument Regulation | 94,000 | 0 | (94,000) | -100.00% |
| Asbestos Abatement Activities | 264,000 | 0 | (264,000) | -100.00% |
| Athletic Trainer Licensing | 40,000 | 0 | (40,000) | -100.00% |
| Operator Certification of Wastewater Facilities | 0 | 10,000 | 10,000 | |
| Health-Related Boards | \$ 13,203,000 | \$ 17,514,000 | \$ 4,311,000 | |
| Brd. Medical Practices: Acupuncture License | 0 | 20,000 | 20,000 | |
| Subtotal Health-Related Boards: | \$ 13,203,000 | \$ 17,534,000 | \$ 4,331,000 | 32.80% |
| State Appropriations: | \$ 122,335,000 | \$ 132,020,000 | \$ 9,685,000 | 7.92% |
| Federal Appropriations: | \$ 174,060,000 | \$ 200,339,000 | \$ 26,279,000 | 15.10% |
| Total Health: | \$ 296,395,000 | \$ 332,359,000 | \$ 35,964,000 | 12.13% |
| Veterans | | | | |
| Veterans Affairs | \$ 6,694,000 | \$ 7,652,000 | \$ 958,000 | |
| Additional FY1995 Appropriation | 500,000 | | (500,000) | |
| Veterans Claims | 39,658 | 43,665 | 4,007 | |
| Veterans Nursing Homes & Board | 59,289,000 | 36,551,000 | (22,738,000) | |
| Total Veterans: | \$ 66,522,658 | \$ 44,246,665 | \$ (22,275,993) | -33.49% |
| Transportation | | | | |
| Highway Development & Operations | | | | |
| Development - Road Construction | \$ 321,158,000 | \$ 344,226,000 | \$ 23,068,000 | |
| Development - Highway Debt Service | 31,566,000 | 41,330,000 | 9,764,000 | |
| Operations - Maintenance | 320,375,000 | 352,873,000 | 32,498,000 | |
| Operations - Construction Engineering | 129,460,000 | 110,650,000 | (18,810,000) | |
| Subtotal Highway Develop. & Operations: | \$ 802,559,000 | \$ 849,079,000 | \$ 46,520,000 | 5.80% |
| Transportation Aids to Local Governments | | | | |
| County State Aids | \$ 494,780,000 | \$ 578,710,000 | \$ 83,930,000 | |
| Municipal State Aids | 143,980,000 | 176,318,000 | 32,338,000 | |
| Subtotal Transp. Aids to Local Gov.: | \$ 638,760,000 | \$ 755,028,000 | \$ 116,268,000 | 18.20% |
| Engineering, Technical Asst. & Communications | | | | |
| Design Engineering | \$ 101,031,000 | \$ 105,962,000 | \$ 4,931,000 | |
| Traffic Engineering | 12,442,000 | 0 | (12,442,000) | |
| State Aid Technical Assistance | 2,140,000 | 11,558,000 | 9,418,000 | |
| Electronic Communications | 6,713,000 | 8,336,000 | 1,623,000 | |
| Subtotal Engineer., Tech. Asst., & Comm.: | \$ 122,326,000 | \$ 125,856,000 | \$ 3,530,000 | 2.89% |

| | 1993-1995 Biennium | 1995-1997 Biennium | Increase (Decrease) | Percent Change |
|--|-----------------------|-----------------------|------------------------|-------------------|
| Public Transit Asst. & Met Council Transit | | | | |
| Greater Minnesota Transit Assistance | \$ 22,026,000 | \$ 24,585,000 | \$ 2,559,000 | |
| Light Rail Transit | 200,000 | 0 | (200,000) | |
| Met Council Transit - Regular Route | 32,799,000 | 52,141,000 | 19,342,000 | |
| Met Council Transit - Metro Mobility | 29,274,000 | 30,600,000 | 1,326,000 | |
| Met Council Transit - Community-Based | 7,010,000 | 0 | (7,010,000) | |
| Met Council Transit - Bus Security | 0 | 354,000 | 354,000 | |
| Subtotal Public Transit & Met Council Transit: | \$ 91,309,000 | \$ 107,680,000 | \$ 16,371,000 | 17.93% |
| Program Management | | | | |
| Highway Program Administration | \$ 4,084,000 | \$ 0 | \$ (4,084,000) | |
| 1995 Appropriation Reduction | (70,000) | | 70,000 | |
| Motor Carrier Administration | 4,354,000 | 4,533,000 | 179,000 | |
| Railroads and Waterways | 2,898,000 | 2,862,000 | (36,000) | |
| Research and Investment Management | 12,488,000 | 20,778,000 | 8,290,000 | |
| Subtotal Program Management: | \$ 23,754,000 | \$ 28,173,000 | \$ 4,419,000 | 18.60% |
| General Support Services | | | | |
| General Management & Legal Services | \$ 33,458,000 | \$ 45,692,000 | \$ 12,234,000 | |
| General Services | 17,308,000 | 33,023,000 | 15,715,000 | |
| Equipment | 30,986,000 | 23,978,000 | (7,008,000) | |
| Subtotal General Support Services: | \$ 81,752,000 | \$ 102,693,000 | \$ 20,941,000 | 25.62% |
| Other Transportation | | | | |
| Bonding Bill Capital Projects | \$ 13,016,000 | \$ 0 | \$ (13,016,000) | |
| Highway Work Zone Safety | 25,000 | 0 | (25,000) | |
| Claims Against the State | 30,902 | 0 | (30,902) | |
| Public Safety Radio Communications System | 0 | 194,000 | 194,000 | |
| Subtotal Other Transportation: | \$ 13,071,902 | \$ 194,000 | \$ (12,877,902) | -98.52% |
| Aeronautics | | | | |
| Administration | \$ 10,203,000 | \$ 8,811,000 | \$ (1,392,000) | |
| Airport Development and Assistance | 21,846,000 | 23,097,000 | 1,251,000 | |
| Air Transportation Services | 118,000 | 122,000 | 4,000 | |
| Civil Air Patrol | 130,000 | 130,000 | 0 | |
| Subtotal Aeronautics: | \$ 32,297,000 | \$ 32,160,000 | \$ (137,000) | -0.42% |
| State Airplane Replacement | 2,700,000 | 0 | (2,700,000) | -100.00% |
| Transportation Regulation Board | 1,412,000 | 605,000 | (807,000) | -57.15% |
| Compensation Increase from Trunk Highway Fund | 0 | 20,343,000 | 20,343,000 | |
| Federal Funds included in Highway Operations, | | | | |
| Technical Services & Program Management | (42,800,000) | (40,446,000) | 2,354,000 | -5.50% |
| State Appropriations: | \$ 1,767,140,902 | \$ 1,981,365,000 | \$ 214,224,098 | 12.12% |
| Federal Appropriations: | \$ 592,936,000 | \$ 761,306,000 | \$ 168,370,000 | 28.40% |
| Total Transportation: | \$ 2,360,076,902 | \$ 2,742,671,000 | \$ 382,594,098 | 16.21% |

| | 1993-1995 Biennium | 1995-1997 Biennium | Increase (Decrease) | Percent Change |
|---|-----------------------|-----------------------|------------------------|-------------------|
| Agriculture | | | | |
| Department of Agriculture | | | | |
| Protection Service | \$ 31,688,000 | \$ 33,845,000 | \$ 2,157,000 | |
| Additional FY 1995 Appropriation | 122,000 | | (122,000) | |
| Promotion and Marketing | 3,284,000 | 2,292,000 | (992,000) | |
| Administrative Support and Grants | 12,685,000 | 12,051,000 | (634,000) | |
| 1995 Appropriation Reduction | (113,000) | | 113,000 | |
| Rural Finance Authority | 1,000,000 | 0 | (1,000,000) | |
| Appropriations Carried Forward (1) | 115,000 | 0 | (115,000) | |
| Bovine Growth Hormone Labeling Program | 75,000 | 0 | (75,000) | |
| Farm Advocates Program | 100,000 | 0 | (100,000) | |
| Ethanol Development Fund | 1,475,000 | 0 | (1,475,000) | |
| Beaver Control | 50,000 | 0 | (50,000) | |
| High Oil Soybeans Research | 150,000 | 0 | (150,000) | |
| Dairy Leaders Roundtable | 50,000 | 0 | (50,000) | |
| Task Forces and Advisory Groups | 45,000 | 0 | (45,000) | |
| Subtotal Department of Agriculture: | \$ 50,726,000 | \$ 48,188,000 | \$ (2,538,000) | -5.00% |
| Agricultural Utilization Research Institute | 7,888,000 | 8,660,000 | 772,000 | 9.79% |
| Board of Water & Soil Resources | \$ 25,005,000 | \$ 27,666,000 | \$ 2,661,000 | |
| Appropriations Carried Forward (1) | 83,000 | 0 | (83,000) | |
| Subtotal Board of Water & Soil Resources: | \$ 25,088,000 | \$ 27,666,000 | \$ 2,578,000 | 10.28% |
| Board of Animal Health | 4,191,000 | 4,382,000 | 191,000 | 4.56% |
| Ethanol Producer Payments | 14,800,000 | 25,192,000 | 10,392,000 | 70.22% |
| State Appropriations: | \$ 102,693,000 | \$ 114,088,000 | \$ 11,395,000 | 11.10% |
| Federal Appropriations: | \$ 4,516,000 | \$ 5,263,000 | \$ 747,000 | 16.54% |
| Total Agriculture: | \$ 107,209,000 | \$ 119,351,000 | \$ 12,142,000 | 11.33% |

Economic Development

Department of Trade & Economic Develop.

| | | | | |
|---|-----------------------|-----------------------|-----------------------|----------------|
| Business Development and Analysis | \$ 11,759,000 | \$ 0 | \$ (11,759,000) | |
| 1995 Appropriation Reduction | (371,000) | | 371,000 | |
| Tourism | 14,014,000 | 16,319,000 | 2,305,000 | |
| Administration | 3,535,000 | 3,974,000 | 439,000 | |
| Community Development | 33,116,000 | 33,112,000 | (4,000) | |
| Minnesota Trade Office | 4,066,000 | 4,622,000 | 556,000 | |
| Appropriations Carried Forward (1) | 169,000 | 0 | (169,000) | |
| World Trade Center Corporation | 389,000 | 170,000 | (219,000) | |
| Minnesota Technology Incorporated | 15,946,000 | 14,721,000 | (1,225,000) | |
| Contamination Cleanup Grants | 1,200,000 | 0 | (1,200,000) | |
| Amateur Sports Commission | 1,952,000 | 2,505,000 | 553,000 | |
| Ice Arenas | 0 | 2,875,000 | 2,875,000 | |
| Small Business Disaster Loan Revolving Fund | 900,000 | 0 | (900,000) | |
| Border Resorts Promotion | 0 | 100,000 | 100,000 | |
| Job Creation Grants | 0 | 450,000 | 450,000 | |
| Labor Interpretive Center | 185,000 | 340,000 | 155,000 | |
| State Appropriations: | \$ 86,860,000 | \$ 79,188,000 | \$ (7,672,000) | -8.83% |
| Federal Appropriations: | \$ 52,082,000 | \$ 133,340,000 | \$ 81,258,000 | 156.02% |
| Total Economic Development: | \$ 138,942,000 | \$ 212,528,000 | \$ 73,586,000 | 52.96% |

| | 1993-1995 Biennium | 1995-1997 Biennium | Increase (Decrease) | Percent Change |
|---|-----------------------|-----------------------|------------------------|-------------------|
| Housing | | | | |
| Housing Finance Agency | \$ 36,814,000 | \$ 46,914,000 | \$ 10,100,000 | |
| Total Housing: | \$ 36,814,000 | \$ 46,914,000 | \$ 10,100,000 | 27.44% |
| Natural Resources | | | | |
| Dept. of Natural Resources | | | | |
| Operations Support | \$ 49,360,000 | \$ 51,632,000 | \$ 2,272,000 | |
| 1995 Appropriation Reduction | (802,000) | | 802,000 | |
| Water Resources Management | 15,923,000 | 17,487,000 | 1,564,000 | |
| Mineral Resources Management | 9,465,000 | 9,434,000 | (31,000) | |
| Forest Management | 53,777,000 | 61,194,000 | 7,417,000 | |
| Fish and Wildlife Management | 71,038,000 | 71,045,000 | 7,000 | |
| Parks and Recreation Management | 45,213,000 | 47,629,000 | 2,416,000 | |
| 1995 Appropriation Adjustment | 140,000 | | (140,000) | |
| Enforcement | 31,643,000 | 36,076,000 | 4,433,000 | |
| Trails and Waterways | 22,315,000 | 22,523,000 | 208,000 | |
| Integrated Resource Mgmt. Pilot Project | 0 | 746,000 | 746,000 | |
| Leech Lake and White Earth Reservation | 2,796,000 | 3,572,000 | 776,000 | |
| 1854 Indian Treaty Settlement | 5,924,000 | 7,479,000 | 1,555,000 | |
| Firefighting | 7,500,000 | 0 | (7,500,000) | |
| Nongame Checkoff | 2,075,000 | 1,748,000 | (327,000) | |
| Claims Against the State | 3,705 | 0 | (3,705) | |
| Niemackl Watershed Restoration | 300,000 | 0 | (300,000) | |
| Subtotal Dept. of Natural Resources: | \$ 316,670,705 | \$ 330,565,000 | \$ 13,894,295 | 4.39% |
| Nuisance Exotic Aquatic Species | 795,000 | 0 | (795,000) | -100.00% |
| Off-Highway Motorcycle Program | 381,000 | 0 | (381,000) | -100.00% |
| Off-Road Vehicle Program | 274,000 | 0 | (274,000) | -100.00% |
| Zoological Board | 10,280,000 | 10,348,000 | 68,000 | 0.66% |
| Minn.-Wisc. Boundary Area Commission | 259,000 | 332,000 | 73,000 | 28.19% |
| Voyageurs National Park Citizens Committee | 130,000 | 119,000 | (11,000) | -8.46% |
| Minnesota Future Resources (5) | | | | |
| LCMR Administration | \$ 695,000 | \$ 702,000 | \$ 7,000 | |
| Parks and Trails | 16,321,000 | 11,076,000 | (5,245,000) | |
| Management Approaches | 10,863,000 | 4,795,000 | (6,068,000) | |
| Environmental Education | 2,839,000 | 4,650,000 | 1,811,000 | |
| Natural Resource Data | 2,683,000 | 3,450,000 | 767,000 | |
| Urban Natural Resources | 253,000 | 2,195,000 | 1,942,000 | |
| Fisheries | 1,187,000 | 1,950,000 | 763,000 | |
| Wildlife | 5,862,000 | 1,600,000 | (4,262,000) | |
| Energy | 1,068,000 | 945,000 | (123,000) | |
| Historic | 668,000 | 1,019,000 | 351,000 | |
| Biological Control | 1,532,000 | 490,000 | (1,042,000) | |
| Subtotal Minnesota Future Resources: | \$ 43,971,000 | \$ 32,991,000 | \$ (11,110,000) | -25.27% |
| Additional 1995 Appropriation for Land Purchase | 2,240,000 | 0 | (2,240,000) | |
| State Appropriations: | \$ 375,000,705 | \$ 374,236,000 | \$ (764,705) | -0.20% |
| Federal Appropriations: | \$ 13,319,000 | \$ 20,599,000 | \$ 7,280,000 | 54.66% |
| Total Natural Resources: | \$ 388,319,705 | \$ 394,835,000 | \$ 6,515,295 | 1.68% |

| | 1993-1995 Biennium | 1995-1997 Biennium | Increase (Decrease) | Percent Change |
|---|-----------------------|-----------------------|------------------------|-------------------|
| Pollution Control | | | | |
| Pollution Control Agency | | | | |
| Water Pollution Control | \$ 12,783,000 | \$ 18,577,000 | \$ 5,794,000 | |
| Air Pollution Control | 12,620,000 | 14,299,000 | 1,679,000 | |
| Groundwater & Solid Waste Control | 26,466,000 | 15,994,000 | (10,472,000) | |
| Hazardous Waste Pollution Control | 10,015,000 | 11,869,000 | 1,854,000 | |
| General Support | 13,540,000 | 15,625,000 | 2,085,000 | |
| 1995 Appropriation Adjustments | (439,000) | | 439,000 | |
| Regional Support | 104,000 | 0 | (104,000) | |
| Appropriations Carried Forward (1) | 15,000 | 0 | (15,000) | |
| Hopkins Landfill Cleanup | 1,000,000 | 0 | (1,000,000) | |
| Local Sewage System Regulation | 120,000 | 0 | (120,000) | |
| Feedlot Assistance and Compliance | 1,800,000 | 1,710,000 | (90,000) | |
| Nonpoint Source Implementation | 300,000 | 0 | (300,000) | |
| Citizens Lake-Monitoring Program | 73,000 | 0 | (73,000) | |
| Mississippi River Environ. Assessment | 75,000 | 0 | (75,000) | |
| General Fund Adjustment | 0 | (42,000) | (42,000) | |
| Certification of Wastewater Facilities | 0 | 82,000 | 82,000 | |
| Subtotal Pollution Control Agency: | \$ 78,472,000 | \$ 78,114,000 | \$ (358,000) | -0.46% |
| On-Site Treatment Grants | 300,000 | 0 | (300,000) | -100.00% |
| Hazardous Sub. Release Liability Protection | 688,000 | 0 | (688,000) | -100.00% |
| Solid-Waste Composting Grants | 1,500,000 | 0 | (1,500,000) | -100.00% |
| Spill Specific Preparedness | 218,500 | 0 | (218,500) | -100.00% |
| Office of Environmental Assistance | \$ 12,427,000 | \$ 12,958,000 | \$ 531,000 | 4.27% |
| 1995 Appropriation Reduction | (50,000) | | 50,000 | |
| SCORE County Block Grants | 28,016,000 | 28,016,000 | 0 | 0.00% |
| State Appropriations: | \$ 121,571,500 | \$ 119,088,000 | \$ (2,483,500) | -2.04% |
| Federal Appropriations: | \$ 43,453,000 | \$ 39,049,000 | \$ (4,404,000) | -10.14% |
| Total Pollution Control: | \$ 165,024,500 | \$ 158,137,000 | \$ (6,887,500) | -4.17% |

Protection of Workers

| | | | | |
|--|---------------|---------------|----------------|--------|
| Department of Labor & Industry | | | | |
| Workers' Comp. Regulation & Enforcement | \$ 24,421,000 | \$ 22,343,000 | \$ (2,078,000) | |
| 1995 Appropriation Adjustment | 268,000 | | (268,000) | |
| Workplace Services | 10,199,000 | 10,692,000 | 493,000 | |
| General Support | 11,164,000 | 11,851,000 | 687,000 | |
| Subtotal Department of Labor & Industry: | \$ 46,052,000 | \$ 44,886,000 | \$ (1,166,000) | -2.53% |
| Workers' Compensation Court of Appeals | 2,578,000 | 2,753,000 | 175,000 | 6.79% |
| Mediation Services | 3,504,000 | 3,643,000 | 139,000 | 3.97% |
| Department of Economic Security (6) | | | | |
| Employment Training & Youth Employment | \$ 9,206,000 | \$ 6,000,000 | \$ (3,206,000) | |
| 1995 Appropriation Reduction | (78,000) | | 78,000 | |
| Youthbuild | 400,000 | 200,000 | (200,000) | |
| Uniform Business Identifier Study | 100,000 | 0 | (100,000) | |

| | 1993-1995 Biennium | 1995-1997 Biennium | Increase (Decrease) | Percent Change |
|--|-----------------------|-----------------------|------------------------|-------------------|
| Economic Opportunity Office | \$ 9,750,000 | \$ 14,000,000 | \$ 4,250,000 | |
| Rehabilitation Services | 35,224,000 | 36,464,000 | 1,240,000 | |
| Services for the Blind | 7,193,000 | 7,297,000 | 104,000 | |
| Job Creation Grants | 0 | 450,000 | 450,000 | |
| Bonding Bill | 100,000 | 0 | (100,000) | |
| Crime Bill | 1,850,000 | 0 | (1,850,000) | |
| Juvenile Justice Bill | 1,170,000 | 0 | (1,170,000) | |
| Transitional Housing Programs | 880,000 | 1,870,000 | 990,000 | |
| Food Banks Program | 1,200,000 | 0 | (1,200,000) | |
| Appropriations Carried Forward (1) | 36,000 | 0 | (36,000) | |
| All Other Community-Based Services | 9,094,000 | 10,881,000 | 1,787,000 | |
| Subtotal Department of Economic Security: | \$ 76,125,000 | \$ 77,162,000 | \$ 1,037,000 | 1.36% |
| Youth Apprenticeship Demonstration Program | 1,000,000 | 0 | (1,000,000) | -100.00% |
| State Appropriations: | \$ 129,259,000 | \$ 128,444,000 | \$ (815,000) | -0.63% |
| Federal Appropriations: | \$ 447,011,000 | \$ 468,810,000 | \$ 21,799,000 | 4.88% |
| Total Protection of Workers: | \$ 576,270,000 | \$ 597,254,000 | \$ 20,984,000 | 3.64% |

Public Employees

| | | | | |
|---|-----------------------|-----------------------|----------------------|--------------|
| Dept. of Employee Relations | | | | |
| Administration | \$ 12,863,000 | \$ 13,793,000 | \$ 930,000 | |
| 1995 Appropriation Reduction | (600,000) | | 600,000 | |
| Employee Insurance | 3,128,000 | 1,664,000 | (1,464,000) | |
| State Paid Insurance Supplement | 9,780,000 | 0 | (9,780,000) | |
| Subtotal Dept. of Employee Relations: | \$ 25,171,000 | \$ 15,457,000 | \$ (9,714,000) | -38.59% |
| Retirement | | | | |
| Minneapolis Employees' Retirement Fund | \$ 20,910,000 | \$ 20,910,000 | \$ 0 | |
| Pre-1973 Retirement Adjustment | 1,100,000 | 1,100,000 | 0 | |
| Local Police and Fire Amortization Aid | 7,472,000 | 10,040,000 | 2,568,000 | |
| Police & Fire Supplemental Amortization Aid | 1,553,000 | 2,000,000 | 447,000 | |
| Aid to Police and Fire Departments | 91,700,000 | 109,597,000 | 17,897,000 | |
| Legislators' Retirement | 3,878,000 | 3,986,000 | 108,000 | |
| Judges' Retirement | 3,048,000 | 2,894,000 | (154,000) | |
| Teachers' Retirement | 4,846,000 | 6,990,000 | 2,144,000 | |
| Firefighters' Relief Surcharge | 785,000 | 800,000 | 15,000 | |
| Constitutional Officers' Retirement | 400,000 | 330,000 | (70,000) | |
| Ambulance Service Personnel Retirement | 1,000,000 | 0 | (1,000,000) | |
| Subtotal Retirement: | \$ 136,692,000 | \$ 158,647,000 | \$ 21,955,000 | 16.06% |
| Total Public Employees: | \$ 161,863,000 | \$ 174,104,000 | \$ 12,241,000 | 7.56% |

Industry Regulation

| | | | | |
|------------------------------|---------------|--------------|----------------|--|
| Department of Commerce | | | | |
| Financial Examinations | \$ 12,043,000 | \$ 7,565,000 | \$ (4,478,000) | |
| Registration and Analysis | 5,184,000 | 7,997,000 | 2,813,000 | |
| Administrative Services | 4,312,000 | 5,460,000 | 1,148,000 | |
| 1995 Appropriation Reduction | (503,000) | | 503,000 | |
| Enforcement and Licensing | 6,869,000 | 7,847,000 | 978,000 | |

| | 1993-1995 Biennium | 1995-1997 Biennium | Increase (Decrease) | Percent Change |
|---|-----------------------|-----------------------|------------------------|-------------------|
| Petroleum Tank Release Cleanup Board | \$ 448,000 | \$ 1,680,000 | \$ 1,232,000 | |
| General Reduction | 0 | (300,000) | (300,000) | |
| Workers' Comp. Insurance Regulation | 0 | 900,000 | 900,000 | |
| Workers' Comp. Injury Survey | 0 | 150,000 | 150,000 | |
| Subtotal Department of Commerce: | \$ 28,353,000 | \$ 31,299,000 | \$ 2,946,000 | 10.39% |
| Insurance Buyout for Landfill Liability | 200,000 | 0 | (200,000) | -100.00% |
| Petroleum Tank Release Compensation Board | 1,296,000 | 0 | (1,296,000) | -100.00% |
| Real Estate Appraisal Advisory Board | 54,000 | 0 | (54,000) | -100.00% |
| Non-Health-Related Boards | 1,320,000 | 1,502,000 | 182,000 | 13.79% |
| Public Utilities Commission | \$ 6,442,000 | \$ 6,463,000 | \$ 21,000 | |
| Stray Voltage Scientific Study | 450,000 | 0 | (450,000) | |
| Subtotal Public Utilities Commission: | \$ 6,892,000 | \$ 6,463,000 | \$ (429,000) | -6.22% |
| Department of Public Service | \$ 17,210,000 | \$ 17,560,000 | \$ 350,000 | |
| 1995 Appropriation Reduction | (175,000) | | 175,000 | |
| Appropriations Carried Forward (1) | 5,000 | 0 | (5,000) | |
| Stray Voltage Scientific Study | 98,000 | 0 | (98,000) | |
| Subtotal Department of Public Service: | \$ 17,138,000 | \$ 17,560,000 | \$ 422,000 | 2.46% |
| State Lottery Board (7) | 85,434,000 | 85,744,000 | 310,000 | 0.36% |
| Lawful Gambling Control Board | 3,913,000 | 4,120,000 | 207,000 | 5.29% |
| Racing Commission | 566,000 | 740,000 | 174,000 | 30.74% |
| Added FY 1995 Appropriation | 77,000 | | (77,000) | |
| Gambling Enforcement-Public Safety | 2,264,000 | 2,277,000 | 13,000 | 0.57% |
| State Appropriations: | \$ 147,507,000 | \$ 149,705,000 | \$ 2,198,000 | 1.49% |
| Federal Appropriations: | \$ 927,000 | \$ 2,024,000 | \$ 1,097,000 | 118.34% |
| Total Industry Regulation: | \$ 148,434,000 | \$ 151,729,000 | \$ 3,295,000 | 2.22% |

Public Safety

| | | | | |
|---|--------------|---------------|--------------|--|
| Department of Public Safety | | | | |
| Administration and Related Services | \$ 9,113,000 | \$ 10,322,000 | \$ 1,209,000 | |
| 1995 Appropriation Adjustment | (242,000) | | 242,000 | |
| Emergency Management | 4,020,000 | 4,505,000 | 485,000 | |
| 1995 Appropriation Adjustment | 30,000 | | (30,000) | |
| Criminal Apprehension | 29,108,000 | 33,369,000 | 4,261,000 | |
| Fire Marshal | 4,976,000 | 5,250,000 | 274,000 | |
| State Patrol | 90,412,000 | 87,562,000 | (2,850,000) | |
| Capitol Security | 2,840,000 | 2,872,000 | 32,000 | |
| Driver and Vehicle Licensing | 59,738,000 | 58,918,000 | (820,000) | |
| Liquor Control | 1,272,000 | 980,000 | (292,000) | |
| Drug Policy | 2,988,000 | 5,892,000 | 2,904,000 | |
| Pipeline Safety | 1,472,000 | 1,727,000 | 255,000 | |
| Crime Victims Services | 3,670,000 | 4,024,000 | 354,000 | |
| Crime Victims Ombudsman | 146,000 | 406,000 | 260,000 | |
| Priv. Detective & Protective Agen. Lic. Board | 134,000 | 217,000 | 83,000 | |
| Transfer to Trunk Highway Fund | 3,312,000 | 3,901,000 | 589,000 | |

| | 1993-1995 Biennium | 1995-1997 Biennium | Increase (Decrease) | Percent Change |
|--|-----------------------|-----------------------|------------------------|-------------------|
| Highway User Tax Transfer to General Fund | \$ 1,432,000 | \$ 1,432,000 | \$ 0 | |
| Traffic Safety | 446,000 | 489,000 | 43,000 | |
| Manufacture Special License Plates | 0 | 50,000 | 50,000 | |
| Vulnerable Adults Act | 0 | 21,000 | 21,000 | |
| Crime Bill | 2,910,000 | 0 | (2,910,000) | |
| Flood Relief | 2,908,000 | 0 | (2,908,000) | |
| Juvenile Justice Bill | 2,495,000 | 0 | (2,495,000) | |
| Appropriations Carried Forward (1) | 690,000 | 0 | (690,000) | |
| Subtotal Department of Public Safety: | \$ 223,870,000 | \$ 221,937,000 | \$ (1,933,000) | -0.86% |
| Department of Corrections | | | | |
| Management Services | \$ 31,230,000 | \$ 37,104,000 | \$ 5,874,000 | |
| 1995 Appropriation Reduction | (2,510,000) | | 2,510,000 | |
| Community Services | 99,753,000 | 142,557,000 | 42,804,000 | |
| Correctional Institutions | 296,824,000 | 366,000,000 | 69,176,000 | |
| Crime Bill | 3,100,000 | 0 | (3,100,000) | |
| Corrections Aid | 16,800,000 | 30,265,000 | 13,465,000 | |
| Claims Against the State | 160,857 | 117,233 | (43,624) | |
| Appropriations Carried Forward (1) | 589,000 | 0 | (589,000) | |
| Subtotal Department of Corrections: | \$ 445,946,857 | \$ 576,043,233 | \$ 130,096,376 | 29.17% |
| Sentencing Guidelines Commission | 753,000 | 740,000 | (13,000) | -1.73% |
| Corrections Ombudsman | 985,000 | 1,060,000 | 75,000 | 7.61% |
| Board of Peace Officers Standards and Training | 8,297,000 | 8,450,000 | 153,000 | 1.84% |
| Added FY 1995 Appropriation | 20,000 | | (20,000) | |
| Military Affairs | | | | |
| Maintenance of Training Facilities | \$ 10,723,000 | \$ 10,928,000 | \$ 205,000 | |
| General Support | 3,074,000 | 3,123,000 | 49,000 | |
| 1995 Appropriation Adjustment | (246,000) | | 246,000 | |
| Enlistment Incentives | 4,700,000 | 4,702,000 | 2,000 | |
| Appropriations Carried Forward (1) | 775,000 | 0 | (775,000) | |
| National Guard Youth Camp | 50,000 | 0 | (50,000) | |
| Subtotal Department of Military Affairs: | \$ 19,076,000 | \$ 18,753,000 | \$ (323,000) | -1.69% |
| State Appropriations: | \$ 698,947,857 | \$ 826,983,233 | \$ 128,035,376 | 18.32% |
| Federal Appropriations: | \$ 59,702,000 | \$ 89,109,000 | \$ 29,407,000 | 49.26% |
| Total Public Safety: | \$ 758,649,857 | \$ 916,092,233 | \$ 157,442,376 | 20.75% |

Governance

LEGISLATURE

| | | | | |
|--|-----------------------|-----------------------|---------------------|--------------|
| Senate | \$ 30,523,000 | \$ 31,585,000 | \$ 1,062,000 | |
| House | 42,404,000 | 43,776,000 | 1,372,000 | |
| Legislative Rent | 8,969,000 | 9,732,000 | 763,000 | |
| Legislative Coordinating Commission | 14,304,000 | 14,017,000 | (287,000) | |
| 1995 Appropriation Reduction | (500,000) | | 500,000 | |
| Legislative Audit Commission | 7,887,000 | 8,694,000 | 807,000 | |
| Legislative Electric Energy Task Force | 350,000 | 0 | (350,000) | |
| TOTAL LEGISLATURE: | \$ 103,937,000 | \$ 107,804,000 | \$ 3,867,000 | 3.72% |

| | 1993-1995 Biennium | 1995-1997 Biennium | Increase (Decrease) | Percent Change |
|--|-----------------------|-----------------------|------------------------|-------------------|
| COURTS | | | | |
| Supreme Court | | | | |
| Operations | \$ 7,720,000 | \$ 7,962,000 | \$ 242,000 | |
| State Court Administrator | 14,474,000 | 15,831,000 | 1,357,000 | |
| State Law Library | 3,308,000 | 3,473,000 | 165,000 | |
| Low Income & Family Farm Leg. Assistance | 9,014,000 | 10,014,000 | 1,000,000 | |
| Family Law Legal Assistance | 1,754,000 | 1,754,000 | 0 | |
| Community Dispute Resolution | 0 | 490,000 | 490,000 | |
| Dairy Litigation | 75,000 | 0 | (75,000) | |
| Juvenile Justice Bill | 245,000 | 0 | (245,000) | |
| Crime Bill | 185,000 | 0 | (185,000) | |
| Appropriations Carried Forward (1) | 45,000 | 0 | (45,000) | |
| Subtotal Supreme Court: | \$ 36,820,000 | \$ 39,524,000 | \$ 2,704,000 | 7.34% |
| Court of Appeals | 11,400,000 | 11,646,000 | 246,000 | 2.16% |
| District Courts | \$ 120,846,000 | \$ 133,874,000 | \$ 13,028,000 | |
| Board on Judicial Standards | 438,000 | 418,000 | (20,000) | |
| Board of Public Defense | 3,054,000 | 1,486,000 | (1,568,000) | |
| Added FY 1995 Appropriation | 1,500,000 | | (1,500,000) | |
| State Public Defender | 4,830,000 | 5,993,000 | 1,163,000 | |
| District Public Defense | 48,254,000 | 68,845,000 | 20,591,000 | |
| Crime Bill | 3,650,000 | 0 | (3,650,000) | |
| Tax Court | 1,033,000 | 1,184,000 | 151,000 | |
| Subtotal District Courts: | \$ 183,605,000 | \$ 211,800,000 | \$ 28,195,000 | 15.36% |
| TOTAL COURTS: | \$ 231,825,000 | \$ 262,970,000 | \$ 31,145,000 | 13.43% |
| CONSTITUTIONAL OFFICERS | | | | |
| Governor and Lieutenant Governor | \$ 6,941,000 | \$ 7,011,000 | \$ 70,000 | 1.01% |
| Secretary of State | | | | |
| Elections and Publications | \$ 853,000 | \$ 971,000 | \$ 118,000 | |
| Administration | 1,608,000 | 1,885,000 | 277,000 | |
| Operations | 8,010,000 | 9,334,000 | 1,324,000 | |
| Redistricting Implementation | 65,000 | 0 | (65,000) | |
| Limited Liability Partnership Registration | 19,000 | 0 | (19,000) | |
| Subtotal Secretary of State: | \$ 10,555,000 | \$ 12,190,000 | \$ 1,635,000 | 15.49% |
| State Auditor | 14,729,000 | 14,280,000 | (449,000) | -3.05% |
| State Treasurer | 4,934,000 | 4,955,000 | 21,000 | 0.43% |
| Attorney General | | | | |
| Government Services | \$ 10,174,000 | \$ 8,729,000 | \$ (1,445,000) | |
| Public and Human Resources | 9,198,000 | 6,651,000 | (2,547,000) | |
| Added FY 1995 Appropriation | 790,000 | | (790,000) | |
| Legal Policy and Administration | 5,692,000 | 9,520,000 | 3,828,000 | |
| Law Enforcement | 8,365,000 | 8,139,000 | (226,000) | |
| Business Regulation | 8,627,000 | 7,037,000 | (1,590,000) | |
| Base Cut | (1,221,000) | 0 | 1,221,000 | |
| Solicitor General | 4,276,000 | 6,831,000 | 2,555,000 | |
| Higher Education System Merger | 230,000 | 0 | (230,000) | |
| Landfill Cleanup | 150,000 | 0 | (150,000) | |

| | 1993-1995 Biennium | 1995-1997 Biennium | Increase (Decrease) | Percent Change |
|-------------------------------------|-----------------------|-----------------------|------------------------|-------------------|
| Vulnerable Adults Act | \$ 0 | \$ 40,000 | \$ 40,000 | |
| Voluntary Insurance Buyout Program | 0 | 40,000 | 40,000 | |
| Regulating Charitable Organizations | 0 | 150,000 | 150,000 | |
| DARE Advisory Council | 380,000 | 250,000 | (130,000) | |
| Juvenile Justice Bill | 10,000 | 0 | (10,000) | |
| Subtotal Attorney General: | \$ 46,671,000 | \$ 47,387,000 | \$ 716,000 | 1.53% |
| Investment Board | 4,044,000 | 4,185,000 | 141,000 | 3.49% |
| TOTAL CONSTITUTIONAL OFFICERS: | \$ 87,874,000 | \$ 90,008,000 | \$ 2,134,000 | 2.43% |
| State Appropriations: | \$ 423,636,000 | \$ 460,782,000 | \$ 37,146,000 | 8.77% |
| Federal Appropriations: | \$ 2,126,000 | \$ 1,610,000 | \$ (516,000) | -24.27% |
| Total Governance: | \$ 425,762,000 | \$ 462,392,000 | \$ 36,630,000 | 8.60% |

Other Departments, Boards, and Commissions

| | | | | |
|---|---------------|---------------|-----------------|---------|
| Office of Administrative Hearings | \$ 7,599,000 | \$ 7,807,000 | \$ 208,000 | 2.74% |
| Department of Administration | | | | |
| Operations Management | \$ 9,468,000 | \$ 6,681,000 | \$ (2,787,000) | |
| 1995 Appropriation Reduction | (200,000) | | 200,000 | |
| Intertechnologies Group | 15,920,000 | 15,546,000 | (374,000) | |
| Property Management | 8,741,000 | 10,691,000 | 1,950,000 | |
| Administrative Management | 4,303,000 | 4,427,000 | 124,000 | |
| Children's Museum | 0 | 180,000 | 180,000 | |
| Management Analysis | 1,144,000 | 1,131,000 | (13,000) | |
| Information Policy Office | 4,095,000 | 3,880,000 | (215,000) | |
| Public Broadcasting | 5,080,000 | 6,108,000 | 1,028,000 | |
| Claims Against the State | 46,459 | 0 | (46,459) | |
| Agency Relocations | 1,167,000 | 0 | (1,167,000) | |
| Telecommunications Projects | 50,000 | 0 | (50,000) | |
| Minnesota History Center Property Taxes | 126,000 | 0 | (126,000) | |
| Remote Transmitter Engineering Study | 5,000 | 0 | (5,000) | |
| Dept. of Transportation Building Renovation | 13,416,000 | 0 | (13,416,000) | |
| Renovate Capitol Building | 0 | 184,000 | 184,000 | |
| Appropriations Carried Forward (1) | 87,000 | 0 | (87,000) | |
| Subtotal Department of Administration: | \$ 63,448,459 | \$ 48,828,000 | \$ (14,620,459) | -23.04% |
| Capitol Area Architectural and Planning Board | 728,000 | 620,000 | (108,000) | -14.84% |
| Department of Finance | \$ 41,395,958 | \$ 34,225,000 | \$ (7,170,958) | |
| 1995 Appropriation Reduction | (350,000) | | 350,000 | |
| Local Gov. Trust Fund Administration | 210,000 | 105,000 | (105,000) | |
| Statewide Systems Project | 14,600,000 | 0 | (14,600,000) | |
| Accounts Receivable Project | 0 | 7,904,000 | 7,904,000 | |
| Appropriations Carried Forward (1) | 543,000 | 0 | (543,000) | |
| Subtotal Department of Finance: | \$ 56,398,958 | \$ 42,234,000 | \$ (14,164,958) | -25.12% |

| | 1993-1995 Biennium | 1995-1997 Biennium | Increase (Decrease) | Percent Change |
|---|-----------------------|-----------------------|------------------------|-------------------|
| Department of Revenue (8) | | | | |
| Income Tax | \$ 84,366,000 | \$ 24,304,000 | \$ (60,062,000) | |
| Sales and Special Taxes | 0 | 26,405,000 | 26,405,000 | |
| Property Tax & State Aids | 12,271,000 | 5,760,000 | (6,511,000) | |
| Tax Operations | 51,156,000 | 64,305,000 | 13,149,000 | |
| 1995 Appropriation Reduction | (600,000) | | 600,000 | |
| Legal and Research | 0 | 7,456,000 | 7,456,000 | |
| Administrative Support | 420,000 | 23,278,000 | 22,858,000 | |
| Open and Standing | 300,000 | 2,200,000 | 1,900,000 | |
| Subtotal Department of Revenue: | \$ 147,913,000 | \$ 153,708,000 | \$ 5,795,000 | 3.92% |
| Office of Strategic & Long-Range Planning | \$ 7,835,000 | \$ 7,860,000 | \$ 25,000 | |
| Initiatives Roundtable | 0 | 200,000 | 200,000 | |
| Appropriations Carried Forward (1) | 18,000 | 0 | (18,000) | |
| Subtotal Strategic & Long-Range Planning: | \$ 7,853,000 | \$ 8,060,000 | \$ 207,000 | 2.64% |
| Advisory Commission on Intergovt. Relations | 50,000 | 0 | (50,000) | -100.00% |
| Brd. of Government Innovation and Cooperation | 3,400,000 | 2,000,000 | (1,400,000) | -41.18% |
| Intergov. Info. Systems Advisory Council | 1,200,000 | 373,000 | (827,000) | -68.92% |
| Ethical Practices Board | \$ 863,000 | \$ 887,000 | \$ 24,000 | |
| Added FY 1995 Appropriation | 380,000 | | (380,000) | |
| Public Subsidy Administration | 250,000 | 0 | (250,000) | |
| Subtotal Ethical Practices Board: | \$ 1,493,000 | \$ 887,000 | \$ (606,000) | -40.59% |
| Human Rights | 6,661,000 | 6,709,000 | 48,000 | 0.72% |
| 1995 Appropriation Reduction | (85,000) | | 85,000 | |
| Indian Affairs Council | 940,000 | 971,000 | 31,000 | 3.30% |
| Council on Affairs of Spanish-Speaking People | 557,000 | 494,000 | (63,000) | -11.31% |
| Council on Black Minnesotans | 461,000 | 461,000 | 0 | 0.00% |
| Council on Asian-Pacific Minnesotans | 411,000 | 398,000 | (13,000) | -3.16% |
| Council on People with Disabilities | 1,132,000 | 1,306,000 | 174,000 | 15.37% |
| Minnesota Municipal Board | 599,000 | 587,000 | (12,000) | -2.00% |
| Uniform Laws Commission | 50,000 | 58,000 | 8,000 | 16.00% |
| Minnesota Historical Society | 36,291,000 | 37,721,000 | 1,430,000 | 3.94% |
| Board of the Arts | 12,508,000 | 13,800,000 | 1,292,000 | 10.33% |
| Minnesota Humanities Commission | 522,000 | 1,172,000 | 650,000 | 124.52% |
| Board of Architecture | 1,159,000 | 1,415,000 | 256,000 | 22.09% |
| Added FY 1995 Appropriation | 100,000 | | (100,000) | |
| Minnesota Horticultural Society | 144,000 | 144,000 | 0 | 0.00% |
| Minnesota Academy of Science | 72,000 | 72,000 | 0 | 0.00% |
| Science Museum of Minnesota | 2,222,000 | 2,216,000 | (6,000) | -0.27% |
| Minnesota Safety Council | 134,000 | 134,000 | 0 | 0.00% |
| Veterans of Foreign Wars | 62,000 | 82,000 | 20,000 | 32.26% |

| | 1993-1995 Biennium | 1995-1997 Biennium | Increase (Decrease) | Percent Change |
|---|-----------------------|-----------------------|------------------------|-------------------|
| Disabled American Veterans | \$ 24,000 | \$ 24,000 | \$ 0 | 0.00% |
| Military Order of the Purple Heart | 20,000 | 40,000 | 20,000 | 100.00% |
| Small Agency Supplement | 0 | 1,330,000 | 1,330,000 | |
| State Appropriations: | \$ 354,067,417 | \$ 333,651,000 | \$ (20,416,417) | -5.77% |
| Federal Appropriations: | \$ 12,859,000 | \$ 15,146,000 | \$ 2,287,000 | 17.79% |
| Total Depts., Boards, & Commissions: | \$ 366,926,417 | \$ 348,797,000 | \$ (18,129,417) | -4.94% |

Direct Capital Appr. & Debt Service

| | | | | |
|---|-----------------------|-----------------------|-----------------------|---------------|
| Debt Service | \$ 400,770,000 | \$ 458,704,000 | \$ 57,934,000 | |
| Cambridge Bank Payment-Debt Service | 0 | 61,875,000 | 61,875,000 | |
| Short-Term Borrowing | 1,138,000 | 0 | (1,138,000) | |
| Total Direct Capital Appr. & Debt Service: | \$ 401,908,000 | \$ 520,579,000 | \$ 118,671,000 | 29.53% |

Miscellaneous

| | | | | |
|--|-----------------------|-----------------------|----------------------|---------------|
| General Contingent Accounts | | | | |
| General Fund | \$ 400,000 | \$ 300,000 | \$ (100,000) | |
| Trunk Highway Fund | 400,000 | 400,000 | 0 | |
| Highway User Tax Distribution Fund | 250,000 | 250,000 | 0 | |
| Special Revenue | 500,000 | 500,000 | 0 | |
| Airport Fund | 0 | 100,000 | 100,000 | |
| Workers' Compensation | 200,000 | 200,000 | 0 | |
| Subtotal General Contingent Accounts: | \$ 1,750,000 | \$ 1,750,000 | \$ 0 | 0.00% |
| Dedicated General Fund Appropriations | 83,845,000 | 168,000,000 | 84,155,000 | 100.37% |
| Tort Claims | 1,800,000 | 1,775,000 | (25,000) | -1.39% |
| Campaign Financing | 1,500,000 | 1,500,000 | 0 | 0.00% |
| Campaign Fund Checkoff | 3,600,000 | 3,375,000 | (225,000) | -6.25% |
| Arbitrage Rebate | 4,515,000 | 54,000 | (4,461,000) | -98.80% |
| Debt Paying Agent Fees | 72,000 | 0 | (72,000) | -100.00% |
| Loans to Revolving Fund | 10,136,000 | 7,000,000 | (3,136,000) | -30.94% |
| Transfer of Lands | 492,000 | 994,000 | 502,000 | 102.03% |
| Total Miscellaneous: | \$ 107,710,000 | \$ 184,448,000 | \$ 76,738,000 | 71.25% |

| | 1993-1995 Biennium | 1995-1997 Biennium | Increase (Decrease) | Percent Change |
|---|--------------------------|--------------------------|-------------------------|-------------------|
| State Appropriations - Gross | \$ 19,458,991,039 | \$ 21,094,288,898 | \$ 1,635,297,859 | 8.40% |
| Voluntary Unpaid Leave | 0 | (800,000) | (800,000) | |
| Dept. of Human Services RTC Collections (9) | 0 | (221,942,000) | (221,942,000) | |
| Indirect Cost Receipts | (21,100,000) | (26,512,000) | (5,412,000) | |
| Cancellations | (20,000,000) | (20,000,000) | 0 | |
| State Appropriations - Net: | \$ 19,417,891,039 | \$ 20,825,034,898 | \$ 1,407,143,859 | 7.25% |
| Federal Funds Appropriations: | \$ 5,878,436,000 | \$ 6,968,020,000 | \$ 1,089,584,000 | 18.54% |
| Total Appropriations: | \$ 25,296,327,039 | \$ 27,793,054,898 | \$ 2,496,727,859 | 9.87% |
| Cash Flow Account | \$ 500,000,000 | \$ 350,000,000 | (150,000,000) | |
| Budget Reserves | 0 | 204,524,000 | 204,524,000 | |
| | \$ 500,000,000 | \$ 554,524,000 | \$ 54,524,000 | 10.90% |

NOTES:

- (1) Appropriations carried forward are unused funds appropriated in a previous biennium that did not cancel but were carried forward into the next biennium.
- (2) The General Education Aid appropriations include a \$172,000,000 addition in FY 1994 and a \$187,400,000 reduction in FY 1996 for legislation that changed the pattern of recognizing locally collected property taxes.
- (3) Combined old Limited English Proficiency Pupils Program Aid and Assurance of Mastery into new program called Targeted Needs Aid.
- (4) The Legislature had authorized this transfer from the Health Care Access Fund to the General Fund and to the Special Revenue Fund for MAXIS.
- (5) Categories under Minnesota Future Resources have changed since 1993-1995 Biennium.
- (6) The Department of Jobs and Training was renamed the Department of Economic Security by the 1994 Legislature.
- (7) The appropriation for the State Lottery Board equals the statutory maximum of 14.5 percent of gross lottery revenues for the biennium, as per Minnesota Statutes 349.10(3).
- (8) Categories under the Department of Revenue have changed since 1993-1995 Biennium.
- (9) Dept. of Human Services RTC receipts already counted in the appropriation for MA and GAMC federal funds.

Table D

**Direct Appropriations
by Fund, by Chapter**

| Chapter | Fund | | FY 1996 | | FY 1997 | | Biennial Total |
|--------------------------------------|--|-----------|----------------------|-----------|----------------------|-----------|-----------------------|
| County-State Aid Highway Fund | | | | | | | |
| 265 | Transportation | \$ | 290,015,000 | \$ | 297,554,000 | \$ | 587,569,000 |
| | Total Cnty.-St. Aid Highway Fund: | \$ | 290,015,000 | \$ | 297,554,000 | \$ | 587,569,000 |
| Environmental Fund | | | | | | | |
| 220 | Environment and Natural Resources | \$ | 20,952,000 | \$ | 21,217,000 | \$ | 42,169,000 |
| 226 | Criminal Justice and Corrections | | 40,000 | | 40,000 | | 80,000 |
| 254 | State Departments and Government | | 208,000 | | 208,000 | | 416,000 |
| | Total Environmental Fund: | \$ | 21,200,000 | \$ | 21,465,000 | \$ | 42,665,000 |
| Environmental Trust Fund | | | | | | | |
| 220 | Environment and Natural Resources | \$ | 15,604,000 | \$ | 0 | \$ | 15,604,000 |
| | Total Environmental Trust Fund: | \$ | 15,604,000 | \$ | 0 | \$ | 15,604,000 |
| Game and Fish Fund | | | | | | | |
| 220 | Environment and Natural Resources | \$ | 51,477,000 | \$ | 51,339,000 | \$ | 102,816,000 |
| | Total Game and Fish Fund: | \$ | 51,477,000 | \$ | 51,339,000 | \$ | 102,816,000 |
| General Fund | | | | | | | |
| 158 | Child Care Licensure | \$ | 60,000 | \$ | 50,000 | \$ | 110,000 |
| 178 | Welfare Reform Bill | | 5,378,000 | | 17,327,000 | | 22,705,000 |
| 180 | Wastewater Treatment Facilities | | (21,000) | | (21,000) | | (42,000) |
| 206 | Geoscientists Licensure | | 85,000 | | 70,000 | | 155,000 |
| 207 | Health and Human Services | | 2,365,564,000 | | 2,556,939,000 | | 4,922,503,000 |
| 212 | Higher Education | | 1,066,898,000 | | 1,077,189,000 | | 2,144,087,000 |
| 220 | Environment and Natural Resources | | 161,178,000 | | 157,015,000 | | 318,193,000 |
| 224 | Economic Development | | 193,291,000 | | 159,486,000 | | 352,777,000 |
| 226 | Criminal Justice and Corrections | | 437,349,000 | | 429,007,000 | | 866,356,000 |
| 228 | Claims Against the State | | 160,898 | | 0 | | 160,898 |
| 233 | Agency Rules - Farming Operations | | 35,000 | | 0 | | 35,000 |
| 235 | Regulating Charitable Organizations | | 75,000 | | 75,000 | | 150,000 |
| 252 | Drycleaning Facilities Cleanup | | 27,000 | | 2,000 | | 29,000 |
| 254 | State Departments and Government | | 234,425,000 | | 235,963,000 | | 470,388,000 |
| 256 | Ice Arenas Grants | | 0 | | 450,000 | | 450,000 |
| 257 | Family Law - Visitation | | 578,000 | | 2,782,000 | | 3,360,000 |
| 260 | Bus Security | | 177,000 | | 177,000 | | 354,000 |
| 264 | Omnibus Tax | | 1,225,000 | | 1,275,000 | | 2,500,000 |
| 265 | Transportation | | 60,672,000 | | 59,574,000 | | 120,246,000 |
| SS 2 | Bonding | | 332,000 | | 0 | | 332,000 |
| SS 3 | K-12 Education | | 2,775,648,000 | | 3,001,235,000 | | 5,776,883,000 |
| | Total General Fund: | \$ | 7,303,136,898 | \$ | 7,698,595,000 | \$ | 15,001,731,898 |

| Chapter | Fund | | FY 1996 | | FY 1997 | | Biennial Total |
|---|---|-----------|-------------------|-----------|--------------------|-----------|--------------------|
| Health Care Access Fund | | | | | | | |
| 234 | MinnesotaCare | \$ | 98,172,000 | \$ | 145,382,000 | \$ | 243,554,000 |
| | Total Health Care Access Fund: | \$ | 98,172,000 | \$ | 145,382,000 | \$ | 243,554,000 |
| Highway User Tax Distribution Fund | | | | | | | |
| 220 | Environment and Natural Resources | \$ | 50,000 | \$ | 0 | \$ | 50,000 |
| 254 | State Departments and Government | | 1,682,000 | | 1,687,000 | | 3,369,000 |
| 265 | Transportation | | 11,502,000 | | 11,522,000 | | 23,024,000 |
| | Total Hwy. User Tax Distrib. Fund: | \$ | 13,234,000 | \$ | 13,209,000 | \$ | 26,443,000 |
| Landfill Cleanup-Solid Waste Fund | | | | | | | |
| 220 | Environment and Natural Resources | \$ | 5,819,000 | \$ | 5,743,000 | \$ | 11,562,000 |
| | Total Landfill-Solid Waste Fund: | \$ | 5,819,000 | \$ | 5,743,000 | \$ | 11,562,000 |
| Local Government Trust Fund | | | | | | | |
| 207 | Health and Human Services | \$ | 50,499,000 | \$ | 0 | \$ | 50,499,000 |
| 254 | State Departments and Government | | 431,000 | | 0 | | 431,000 |
| | Total Local Government Trust Fund: | \$ | 50,930,000 | \$ | 0 | \$ | 50,930,000 |
| Metro Landfill Contingency | | | | | | | |
| 207 | Health and Human Services | \$ | 193,000 | \$ | 193,000 | \$ | 386,000 |
| 220 | Environment and Natural Resources | | 134,000 | | 134,000 | | 268,000 |
| 254 | State Departments and Government | | 75,000 | | 75,000 | | 150,000 |
| | Total Metro Landfill Contingency: | \$ | 402,000 | \$ | 402,000 | \$ | 804,000 |
| Minnesota Resources Fund | | | | | | | |
| 220 | Environment and Natural Resources | \$ | 15,083,000 | \$ | 0 | \$ | 15,083,000 |
| | Total Minnesota Resources Fund: | \$ | 15,083,000 | \$ | 0 | \$ | 15,083,000 |
| Municipal-State Aid Street Fund | | | | | | | |
| 265 | Transportation | \$ | 88,411,000 | \$ | 90,606,000 | \$ | 179,017,000 |
| | Total Mncpl.-St. Aid Street Fund: | \$ | 88,411,000 | \$ | 90,606,000 | \$ | 179,017,000 |
| Natural Resources Fund | | | | | | | |
| 220 | Environment and Natural Resources | \$ | 18,818,000 | \$ | 19,145,000 | \$ | 37,963,000 |
| | Total Natural Resources Fund: | \$ | 18,818,000 | \$ | 19,145,000 | \$ | 37,963,000 |
| Petroleum Tank Release Cleanup | | | | | | | |
| 220 | Environment and Natural Resources | \$ | 2,386,000 | \$ | 2,659,000 | \$ | 5,045,000 |
| 224 | Economic Development | | 838,000 | | 842,000 | | 1,680,000 |
| | Total Tank Release Cleanup: | \$ | 3,224,000 | \$ | 3,501,000 | \$ | 6,725,000 |
| School Endowment | | | | | | | |
| SS 3 | K-12 Education | \$ | 32,500,000 | \$ | 32,500,000 | \$ | 65,000,000 |
| | Total School Endowment: | \$ | 32,500,000 | \$ | 32,500,000 | \$ | 65,000,000 |

| Chapter | Fund | | FY 1996 | FY 1997 | Biennial Total |
|--|------------------------------------|-----------|----------------------|-------------------------|--------------------------|
| Special Revenue Fund | | | | | |
| 180 | Wastewater Treatment Facilities | \$ | 46,000 | \$ 46,000 | \$ 92,000 |
| 207 | Health and Human Services | | 8,000 | 8,000 | 16,000 |
| 220 | Environment and Natural Resources | | 12,571,000 | 10,879,000 | 23,450,000 |
| 224 | Economic Development | | 336,000 | 341,000 | 677,000 |
| 226 | Criminal Justice and Corrections | | 4,709,000 | 4,723,000 | 9,432,000 |
| 254 | State Departments and Government | | 626,000 | 626,000 | 1,252,000 |
| 265 | Transportation | | 910,000 | 934,000 | 1,844,000 |
| SS 3 | K-12 Education | | 702,000 | 702,000 | 1,404,000 |
| Total Special Revenue Fund: | | \$ | 19,908,000 | \$ 18,259,000 | \$ 38,167,000 |
| State Government Special Revenue Fund | | | | | |
| 177 | Acupuncture Licensure | \$ | 10,000 | \$ 10,000 | \$ 20,000 |
| 207 | Health and Human Services | | 24,853,000 | 24,830,000 | 49,683,000 |
| 229 | Vulnerable Adults Act | | 1,522,000 | 1,560,000 | 3,082,000 |
| 234 | MinnesotaCare | | 413,000 | 557,000 | 970,000 |
| 254 | State Departments and Government | | 10,360,000 | 10,491,000 | 20,851,000 |
| 257 | Family Law - Visitation | | 160,000 | 160,000 | 320,000 |
| Total State Govt. Special Rev. Fund: | | \$ | 37,318,000 | \$ 37,608,000 | \$ 74,926,000 |
| State Airport Fund | | | | | |
| 265 | Transportation | \$ | 16,000,000 | \$ 16,400,000 | \$ 32,400,000 |
| Total State Airport Fund: | | \$ | 16,000,000 | \$ 16,400,000 | \$ 32,400,000 |
| Trunk Highway Fund | | | | | |
| 195 | Public Safety Radio Communications | \$ | 97,000 | \$ 97,000 | \$ 194,000 |
| 207 | Health and Human Services | | 1,513,000 | 1,513,000 | 3,026,000 |
| 224 | Economic Development | | 670,000 | 670,000 | 1,340,000 |
| 226 | Criminal Justice and Corrections | | 1,694,000 | 1,696,000 | 3,390,000 |
| 254 | State Departments and Government | | 32,000 | 32,000 | 64,000 |
| 265 | Transportation | | 623,138,000 | 620,448,000 | 1,243,586,000 |
| SS 3 | K-12 Education | | 21,000 | 21,000 | 42,000 |
| Total Trunk Highway Fund: | | \$ | 627,165,000 | \$ 624,477,000 | \$ 1,251,642,000 |
| Workers' Compensation Fund | | | | | |
| 224 | Economic Development | \$ | 20,641,000 | \$ 18,179,000 | \$ 38,820,000 |
| 231 | Workers' Compensation | | 1,160,000 | 1,160,000 | 2,320,000 |
| 254 | State Departments and Government | | 4,171,000 | 4,176,000 | 8,347,000 |
| Total Workers' Compensation Fund: | | \$ | 25,972,000 | \$ 23,515,000 | \$ 49,487,000 |
| Grand Total | | \$ | 8,734,388,898 | \$ 9,099,700,000 | \$ 17,834,088,898 |

Table E

**Open and Standing Appropriations
Fiscal Years 1996 and 1997**

| | FY 1996 | FY 1997 | Biennium |
|--|-------------------------|-------------------------|-------------------------|
| Aids and Credits - Open and Standing Appropriations | | | |
| Property Tax Refund | | | |
| - Homeowners | \$ 72,400,000 | \$ 82,200,000 | \$ 154,600,000 |
| - Renters | 83,800,000 | 85,400,000 | 169,200,000 |
| - Targeting | 12,900,000 | 2,500,000 | 15,400,000 |
| Homestead Credit and Agricultural Credit | | | |
| - Schools | 145,584,000 | 123,963,000 | 269,547,000 |
| - Cities & Counties | 452,724,000 | 429,968,000 | 882,692,000 |
| - Tax Increment Financing | 24,000 | 24,000 | 48,000 |
| Political Contribution Refunds | 2,500,000 | 3,400,000 | 5,900,000 |
| Disparity Aid | 28,444,000 | 28,446,000 | 56,890,000 |
| Border City Disparity Credit | 4,913,000 | 5,454,000 | 10,367,000 |
| Local Government Aid | 339,265,000 | 348,287,000 | 687,552,000 |
| Attached Machinery Aid | 3,218,000 | 3,218,000 | 6,436,000 |
| Suppl. Homestead Prop. Tax Relief | 434,000 | 434,000 | 868,000 |
| In Lieu of Taxes Payments on DNR Lands | 5,500,000 | 6,506,000 | 12,006,000 |
| Enterprise Zone Credit -Schools | 1,099,000 | 799,000 | 1,898,000 |
| Regional Transit Board Levy Reduction | 2,158,000 | 2,158,000 | 4,316,000 |
| Region 3 - Occupation Tax | 941,000 | 941,000 | 1,882,000 |
| Mortgage Certificate Aid | 100,000 | 100,000 | 200,000 |
| Family Preservation Aid | 1,500,000 | 1,540,000 | 3,040,000 |
| Total Aids and Credits: | \$ 1,157,504,000 | \$ 1,125,338,000 | \$ 2,282,842,000 |
| Other Open and Standing Appropriations | | | |
| State Lottery Board | \$ 42,872,000 | \$ 42,872,000 | \$ 85,744,000 |
| Corrections Aid | 10,000,000 | 20,265,000 | 30,265,000 |
| Minneapolis Employees' Retirement Fund | 10,455,000 | 10,455,000 | 20,910,000 |
| Pre-1973 Retirement Adjustment | 550,000 | 550,000 | 1,100,000 |
| Local Police & Fire Amortization Aid | 5,020,000 | 5,020,000 | 10,040,000 |
| Local Policy & Fire Suppl. Amortization Aid | 1,000,000 | 1,000,000 | 2,000,000 |
| Aid to Police & Fire Departments | 50,445,000 | 59,152,000 | 109,597,000 |
| Legislators' Retirement | 1,993,000 | 1,993,000 | 3,986,000 |
| Judges' Retirement | 1,447,000 | 1,447,000 | 2,894,000 |
| Constitutional Officers' Retirement | 165,000 | 165,000 | 330,000 |
| Teachers' Retirement | 3,352,000 | 3,638,000 | 6,990,000 |
| Firefighters' Relief Surcharge | 400,000 | 400,000 | 800,000 |
| Debt Service and Borrowing | 223,764,000 | 296,869,000 | 520,633,000 |
| Other Open and Standing | 25,478,000 | 29,037,000 | 54,515,000 |
| Total Other Open & Standing Approps.: | \$ 376,941,000 | \$ 472,863,000 | \$ 849,804,000 |
| Total Open and Standing Appropriations: | \$ 1,534,445,000 | \$ 1,598,201,000 | \$ 3,132,646,000 |

Table F
Biennial Appropriations of Federal Funds
Fiscal Years 1996 and 1997

| | FY 1996 | FY 1997 | Biennium |
|---------------------------------------|----------------|----------------|-----------------|
| Elementary and Secondary Education \$ | 308,994,000 | \$ 369,217,000 | \$ 678,211,000 |
| Higher Education | 42,160,000 | 42,160,000 | 84,320,000 |
| Human Services | 2,199,324,000 | 2,269,570,000 | 4,468,894,000 |
| Health | 100,191,000 | 100,148,000 | 200,339,000 |
| Transportation | 380,664,000 | 380,642,000 | 761,306,000 |
| Agriculture | 2,660,000 | 2,603,000 | 5,263,000 |
| Economic Development | 66,670,000 | 66,670,000 | 133,340,000 |
| Natural Resources | 10,375,000 | 10,224,000 | 20,599,000 |
| Pollution Control | 22,545,000 | 16,504,000 | 39,049,000 |
| Protection of Workers | 242,789,000 | 226,021,000 | 468,810,000 |
| Industry Regulation | 1,355,000 | 669,000 | 2,024,000 |
| Public Safety | 44,536,000 | 44,573,000 | 89,109,000 |
| Governance | 805,000 | 805,000 | 1,610,000 |
| Other | 7,573,000 | 7,573,000 | 15,146,000 |

Total Federal Funds: \$ 3,430,641,000 \$ 3,537,379,000 \$ 6,968,020,000

Appendix

Tax Reference Information

(Selected Taxes)

Individual Income Tax:

Tax Base: Federal taxable income with certain modifications.

Tax Rates: (Tax Year 1995)

Married, Joint Returns:

| | |
|-----------------|------|
| \$ 1 - 22,840 | 6.0% |
| 22,841 - 88,460 | 8.0% |
| 88,461 and over | 8.5% |

Single:

| | |
|-----------------|------|
| \$ 1 - 15,620 | 6.0% |
| 15,621 - 51,330 | 8.0% |
| 51,331 and over | 8.5% |

Heads of Households:

| | |
|-----------------|------|
| \$ 1 - 19,240 | 6.0% |
| 19,241 - 77,310 | 8.0% |
| 77,311 and over | 8.5% |

Married, Separate Returns:

| | |
|-----------------|------|
| \$ 1 - 11,420 | 6.0% |
| 11,421 - 45,380 | 8.0% |
| 45,381 and over | 8.5% |

| | | |
|---------------------|---------|------------------|
| Recent Collections: | FY 1994 | \$ 3,539,994,000 |
| | FY 1995 | 3,736,900,000 |

Disposition: General Fund

Corporation Franchise Tax:

Tax Base: Minnesota taxable net income of the corporation.
("Domestic Unitary" reporting method is used.)

Tax Rate: 9.8%

Major Exemptions: Nonprofit Corporations
Cooperative Associations
Credit Unions
Mining companies subject to occupation tax.

| | | |
|------------------------|----------------------------|-----|
| Apportionment Factors: | MN Property ratio weighted | 15% |
| | MN Payroll ratio weighted | 15% |
| | MN Sales ratio weighted | 70% |

| | | |
|---------------------|---------|----------------|
| Recent Collections: | FY 1994 | \$ 551,822,000 |
| | FY 1995 | 673,900,000 |

Disposition: General Fund

Sales and Use Tax:

Tax Base: Sale and rental of tangible personal property at retail.

Major Exemptions: Food (off-premise consumption)
Prescription drugs
Clothing
Gasoline
Motor vehicles (see tax below)
Many professional services
Capital equipment for new or expanded manufacturing
Special tooling

| | | |
|------------|-----------------------------------|------|
| Tax Rates: | General Rate | 6.5% |
| | Liquor and Beer | 9.0% |
| | Replacement capital equipment* | 4.5% |
| | Farm machinery, logging equipment | 2.5% |

* Tax rate on replacement capital equipment is reduced to 3.8% on July 1, 1996, to 2.9% on July 1, 1997, and to 2.0 percent on July 1, 1998.

| | | |
|---------------------|---------|------------------|
| Recent Collections: | FY 1994 | \$ 2,522,271,000 |
| | FY 1995 | 2,697,400,000 |

Disposition: General Fund

Motor Vehicle Sales Tax:

Tax Base: Purchase price (less trade-in value) of any motor vehicle required to be registered in Minnesota.

Major Exemptions: Purchases for resale by dealers
Inheritances
Gratuitous transfers between joint owners, spouses, parents, children

Tax Rate: 6.5%
(for vehicles 10 years of age or older: \$10)

| | | |
|---------------------|---------|----------------|
| Recent Collections: | FY 1994 | \$ 332,994,000 |
| | FY 1995 | 359,600,000 |

Disposition: General Fund

Appendix

Tax Reference Information

(Selected Taxes)

Motor Fuels Tax:

Tax Base: Gallons of gasoline or special fuel used in highway vehicles, snowmobiles, motorboats, all-terrain vehicles, and aircraft.

Credits: Refunds or credits are available for non-highway use (except for that used in snowmobiles, motorboats, and all-terrain vehicles).

Tax Rate: 20 cents per gallon except in certain border areas. Aviation fuels: 5 cents per gallon, reduced by refund based on annual purchases.

Recent Collections:

| | |
|---------|----------------|
| FY 1994 | \$ 487,111,000 |
| FY 1995 | 504,368,000 |

Disposition: Highway user tax distribution fund (Aviation revenues to state airports fund) (Marine, snowmobile, and all-terrain vehicle revenues to Special Revenue Fund)

Alcoholic Beverages Tax:

Tax Base: Distilled spirits, beers, malt beverages, wines, and premixed alcoholic beverages manufactured or received for sale in Minnesota.

Tax Rate:

Beer (rates per 31 gallon barrel):

| | |
|--------------------------------|---------|
| 3.2% or less alcohol by weight | \$ 2.40 |
| More than 3.2% | 4.60 |

Distilled spirits:

| | |
|------------|---------|
| per gallon | \$ 5.03 |
|------------|---------|

Wine (alcohol by volume):

| | |
|----------------|-------------------|
| 14% or less | \$.30 per gallon |
| 14% to 21% | 0.95 per gallon |
| 21% to 24% | 1.82 per gallon |
| More than 24% | 3.52 per gallon |
| Sparkling Wine | 1.82 per gallon |

Recent Collections:

| | |
|---------|---------------|
| FY 1994 | \$ 56,146,000 |
| FY 1995 | 55,159,000 |

Disposition: General Fund

Cigarette Tax:

Tax Base: Cigarettes sold or used in Minnesota

Credits: Distributors receive a 1.0% discount on the first \$1.5 million of stamps purchased and 0.60% on additional purchases.

Tax Rate: 48 cents per pack of 20

Recent Collections:

| | |
|---------|----------------|
| FY 1994 | \$ 175,586,000 |
| FY 1995 | 184,528,000 |

* Revenue includes tobacco products which are taxed at 35% of wholesale price.

Disposition: Debt service on specified bonds (paid first) 2 cents per pack to Future Resources Fund Balance to General Fund

Gambling Taxes:

Lawful Gambling Tax

Tax Base: Gross receipts of a licensed organization from lawful gambling (bingo, raffles, and paddle wheels) less prizes actually paid out.

Tax Rate: 10%

Pull-Tab and Tipboard Tax

Tax Base: Ideal gross of each pull-tab or tipboard deal sold by a distributor.

Tax Rate: 2%

Combined Receipts Tax

Tax Base: Gross receipts from all lawful gambling, except bingo, raffles, and paddle wheels, at the following rates:

| Receipts | Rate |
|-------------------|------|
| \$ 0 - 500,000 | 0% |
| 500,001 - 700,000 | 2% |
| 700,001 - 900,000 | 4% |
| 900,001 and over | 6% |

Recent Collections:

| | |
|---------|---------------|
| FY 1994 | \$ 57,614,000 |
| FY 1995 | 58,439,000 |

Disposition: General Fund

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