

Fiscal Review

Minnesota State Senate

1999 Session



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Fiscal Review of the 1999 Legislative Session

**Prepared by
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Office of Senate Counsel & Research
G-17 State Capitol
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Introduction

The Fiscal Review is a report of actions taken by the 1999 regular session of the Minnesota Legislature. These reports have been issued annually since 1975.

The Fiscal Review is not an accounting of all legislative actions. It covers those with significant fiscal impact and 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 Fiscal Review uses the estimates of open and standing appropriations made through the Department of Finance at the time the budget was enacted. The Fiscal Review includes only open and standing appro-

priations from the General Fund, the School Endowment fund, and the State Lottery Fund. It does not include open and standing appropriations from other funds which are usually considered fee-for-service programs.

Direct appropriations essentially are the limits on spending put into the session laws.

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 of 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 1999 session of the Minnesota Legislature passed and the Governor signed appropriations of more than \$35 billion. Of this amount, \$8.5 billion was from federal funds. Net state-generated appropriations totaled almost \$26.8 billion. The largest source of state-generated appropriations is the General Fund with more than \$23 billion appropriated.

The largest General Fund appropriations went for education, with over \$7.9 billion for elementary and secondary education, over \$2.6 billion for higher education, and more than \$460 million for early childhood and family education.

The largest program area appropriations, counting both state-generated and federal

funds, were for human services. The total appropriations for this purpose are almost \$10.9 billion. Of this amount, more than \$5.3 billion is from federal funds.

Other program areas exceeding \$1 billion in appropriations are:

- Transportation (more than \$3.5 billion, including more than \$1.1 billion in federal funds);
- Aids and credits to local government units and individuals (more than \$3 billion);
- For FY 1999, the 1999 Legislature appropriated more than \$1.2 billion for a sales tax rebate program; and
- Public safety - Department of Public Safety, Department of Corrections, and other related agencies (more than \$1.1 billion).

Taxes

With the large surplus in the state General Fund, the dominating issues in the 1999 session centered around taxes, including a sales tax rebate, future automatic rebates, permanent adjustments to income taxes, and adjustments to farm property taxes.

Sales Tax Rebate

The Legislature enacted a tax rebate based on the estimated amount of Minnesota sales tax paid by taxpayers with respect to their income tax filing status and income category. The rebate for married couples filing joint returns and head of household returns ranged from a minimum of \$358 to a maximum of \$5,000. For single filers and married couples filing separately, the minimum rebate was \$204 and the maximum rebate was \$2,500. The aggregate amount of the rebate is \$1.25 billion which was a cost in FY 1999. The total rebate was authorized to be increased to \$1.3 billion if an additional \$50 million was forecast to be available at the end of state FY 1999.

Automatic Rebate

The Commissioner of Finance is now required to designate a revenue surplus exceeding 0.5 percent of General Fund biennial revenues at the end of a bi-

ennium as available for a tax rebate. The surplus designation must be made for the November forecast of each odd-numbered year and the February forecast of each even-numbered

The income tax rates for individuals were reduced by one-half to three-quarters of one percent for all taxpayers for the tax year beginning January 1, 1999.

year. The Governor must present a plan to the Legislature to rebate the surplus revenues by August 15 of each odd-numbered year. The Legislature must enact, reject, or modify the Governor's rebate plan by April 15 of each odd-numbered year. If the forecasted revenue surplus is less than 0.5 percent of biennial revenues, the money is deposited in a tax relief account.

Income Tax

The income tax rates for individuals were reduced by one-half to three-quarters of one percent for all taxpayers for the tax year beginning January 1, 1999.

Farm Property Tax Cuts

A new Education Agricultural Credit was added which is equal to 54 percent of the general education tax on homestead farm land and 50 percent of the general education tax on nonhomestead farm land. Also property tax class rates were reduced on certain agricultural land and seasonal recreational property effective for taxes payable in 2000.

Kindergarten through Grade 12 Education

The 1999 Legislature approved one of the largest increases in revenue for schools in recent history. Total kindergarten through grade 12 education appropriations for the 1999-2001 biennium were \$7.9 billion, with an additional \$50 million contingent upon surplus revenue available in the 1999 November forecast. Excluding the previous year's state appropriations dedicated to "buy down" a property tax recognition shift in aid payments, the 1999 Legislature's appropriation for kindergarten through grade 12 education increased by 16.1 percent over the previous biennium. Compared with the base budget for the 1999-2001 biennium, total state appropriations were increased by \$815 million for new spending when adjusted for inflation and enrollment.

Human Services

The state-generated total for human services is over \$5.5 billion. The largest portion of this total, almost \$3.7 billion, goes for health care programs (Medical Assistance, General Assistance Medical Care, and Health Care Management). In addition to this amount, over \$330.6 million was appropriated for MinnesotaCare and more than \$418.9 million went for regional treatment centers.

Tobacco Endowments

The Legislature set aside \$968 million of the tobacco settlement payments Minnesota will receive by the year 2001 and created two Endowment Funds; the Medical Education Endowment Fund and the Tobacco Prevention and Local Public Health Endowment Fund. The Medical Education Endowment Fund receives 39 percent of the total amount available, or \$378 million. The Tobacco Prevention and Local Public Health Endowment Fund receives 61 percent of the total amount available, or \$590 million. Interest earned on the Medical Education Endowment Fund will be used for clinical training of medical health professionals and for the University of Minnesota's Academic Health Center. Interest earned on the Tobacco Prevention and Local Public Health Endowment Fund will be used for local tobacco

prevention initiatives and community health boards.

Transportation

The Department of Transportation budget exceeded \$3.5 billion. Of this amount, almost \$945 million went for county and municipal roads, \$109.9 million went for metropolitan transit, and over \$32.4 million went for outstate transit assistance. Federal aid appropriations are over \$1.1 billion or nearly one-third of the total appropriations for transportation.

As part of the Capital Budget Bill (Chapter 240), the Legislature appropriated \$60 million to construct light rail transit in the Hiawatha Avenue corridor.

Agricultural Relief

The 1999 Legislature provided about \$70 million in agricultural relief to farmers due to the difficult financial situation in the farm economy during 1998. Farmers could apply for relief under one of two programs. The first program provided a \$4 per acre payment for farm operations with over 40 acres, up to a maximum of \$5,600. The second program provided that in lieu of the per acre payment, livestock producers who own and operate 160 acres or less and have at least \$10,000 in sales may apply for a property

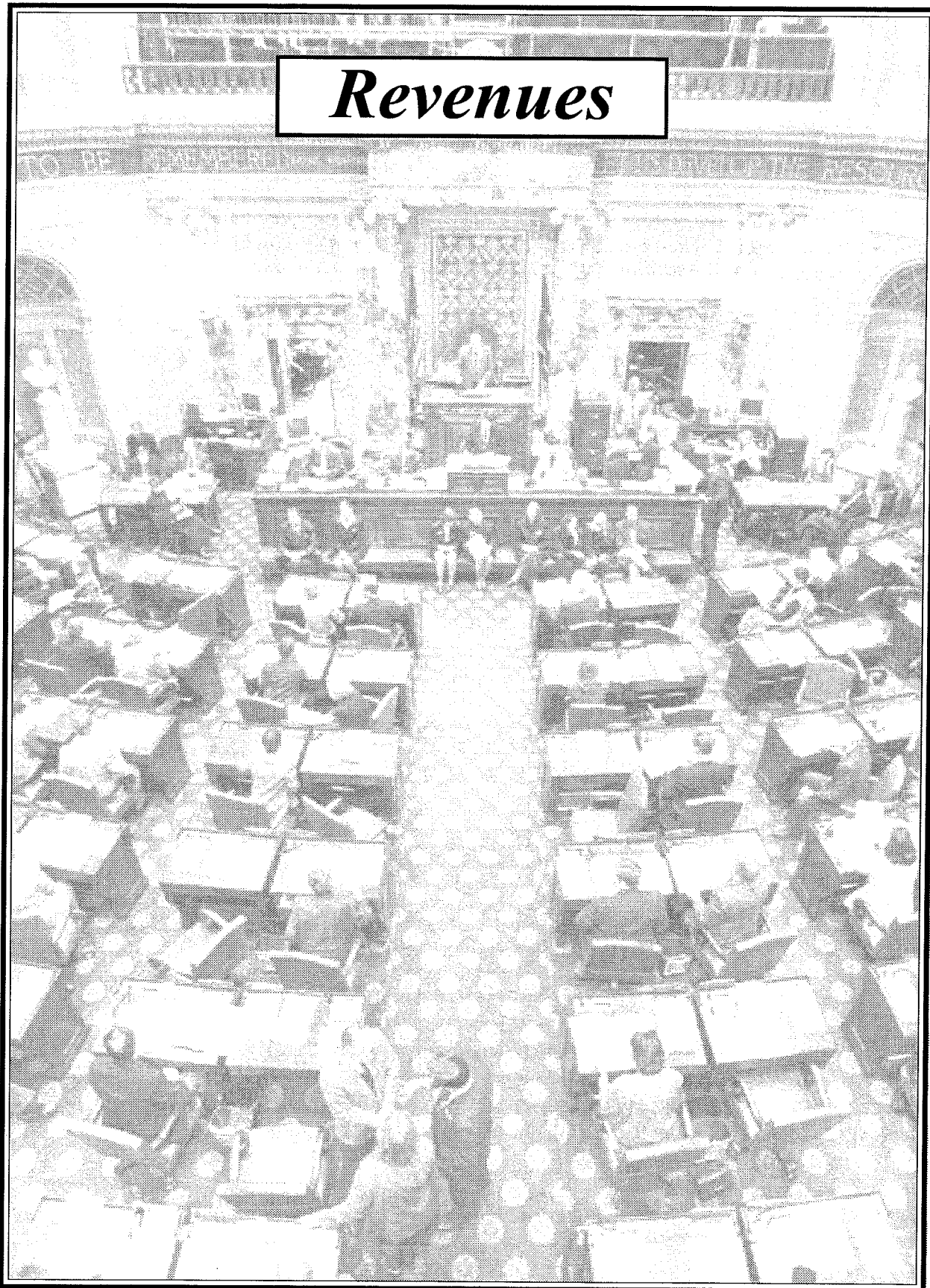
tax refund of up to \$5,600 on their first half homestead property tax payments in 1999, excluding the house, garage, and one acre. No person may receive more than \$5,600 in farm relief payments.

Governance and Miscellaneous

The 1999 Legislature also:

- Provided a window of opportunity for additional closed landfills to enter the Closed Landfill Cleanup Program. The current program consists of 106 closed landfills. Seven more landfills are expected to enter the program through this new window of opportunity;
- Created the Minnesota Minerals 21st Century Fund and appropriated \$20 million to the fund;
- Authorized and provided initial funding of \$200,000 for a generic environmental impact statement on urban development; and
- Appropriated over \$120 million for housing the Minnesota Housing Finance Agency. This is a 49 percent increase from the previous biennium.

Revenues



State Taxes

Sales Tax Rebate

The Legislature enacted a tax rebate based on the estimated amount of Minnesota sales tax paid by taxpayers with respect to their income tax filing status and income category. The rebate for married couples filing joint returns and head of household returns ranges from a minimum of \$358 to a maximum of \$5,000. For single filers and married couples filing separately, the minimum rebate is \$204 and the maximum rebate is \$2,500. The

aggregate amount of the rebate is \$1.25 billion which is a cost in FY 1999. The total rebate was authorized to be increased to \$1.3 billion if an additional \$50 million is forecast to be available at the end of state FY 1999.

Automatic Rebate

The Commissioner of Finance is now required to designate a revenue surplus exceeding 0.5 percent of General Fund biennial revenues at the end of a biennium as available for a tax rebate. The surplus designation must be made for the November forecast of each odd-numbered year and the February

forecast of each even-numbered year. The Governor must present a plan to the Legislature to rebate the surplus revenues by August 15 of each odd-numbered year. The Legislature must enact, reject, or modify the



Governor's rebate plan by April 15 of each odd-numbered year. If the forecasted revenue surplus is less than 0.5 percent of biennial revenues, the money is deposited in a tax relief account.

Income Tax

The income tax rates for individuals were reduced significantly for the tax year beginning January 1, 1999. See the table on page 9 for changes to the income tax rates for tax year 1999.

A new Marriage Penalty Credit was enacted for married couples filing joint returns in which both

spouses have earned income. The credit is equal to the difference between the tax paid by a married couple filing jointly at a specific income level and the tax which would be paid by two single filers having the same combined income. The credit is limited to \$261 per joint return.

The income tax rate cuts and the marriage penalty credit provision are estimated to cost \$1,312.3 million in the 1999-2001 biennium and \$1,161.1 million in the

2001-2003 biennium.

The Minnesota Working Family Credit for taxpayers with children was modified. The rate of the Working Family Credit applied to the first \$6,680 of earned income for families with one qualifying child and to the first \$9,390 of earned income for families with more than one qualifying child was increased by approximately 10 percent. This increase in the Working Family Credit is estimated to cost \$12.1 million in the 1999-2001 biennium and \$12.5 million in the 2001-2003 biennium.

Taxpayers who were not allowed to claim the federal deductions for IRA, Keogh, or public pension contributions on their state return in tax years 1982 through 1984 will be allowed to claim these deductions in tax year 2000. The allowance of these deductions is estimated to cost \$69.1 million in the 1999-2001 biennium and increase revenues by \$9 million in the 2001-2003 biennium.

Two provisions relating to the Education Credit were modified. Under prior law, no credit was allowed to taxpayers having incomes exceeding

\$33,500. The credit will now be phased out for incomes between \$33,500 and \$37,500. Beginning with tax year 2000, the credit will be allowed for education expenses paid by a custodial parent in situations where a divorce decree provides that a noncustodial parent is entitled to claim the child as a dependent. These changes to the Education Credit are estimated to cost \$9.7 million in the 1999-2001 biennium and \$10.8 million in the 2001-2003 biennium.

Beginning in 1999, taxpayers who do not itemize deductions will be able to claim a subtraction

on the Minnesota return for 50 percent of charitable contributions in excess of \$500. This subtraction is estimated to cost \$6.5 million in the 1999-2001 biennium and \$7.7 million in the 2001-2003 biennium.

The three factor apportionment formula used to allocate the income of multistate corporations to Minnesota was modified. Under prior law, the income of multistate corporations was allocated to Minnesota based 70 percent on sales occurring within the state, 15 percent on Minnesota payroll, and 15 percent on the value of Minnesota

Change to the Income Tax Rates for Tax Year 1999

Married Filing Joint Return			
Taxable Income		Tax Rate	
Over	But Not Over	Old Rate	New Rate
0	25,220	6.0%	5.50%
25,220	100,200	8.0%	7.25%
100,200		8.5%	8.00%

Single			
Taxable Income		Tax Rate	
Over	But Not Over	Old Rate	New Rate
0	17,250	6.0%	5.50%
17,250	56,680	8.0%	7.25%
56,680		8.5%	8.00%

Married Filing Separate Return			
Taxable Income		Tax Rate	
Over	But Not Over	Old Rate	New Rate
0	12,610	6.0%	5.50%
12,610	50,100	8.0%	7.25%
50,100		8.5%	8.00%

Head of Household			
Taxable Income		Tax Rate	
Over	But Not Over	Old Rate	New Rate
0	21,240	6.0%	5.50%
21,240	85,350	8.0%	7.25%
85,350		8.5%	8.00%

property. Beginning January 1, 2001, income will be allocated to Minnesota based 75 percent on Minnesota sales, 12.5 percent on Minnesota payroll, and 12.5 percent on Minnesota property. This change to the three factor apportionment factor for the corporate franchise tax is estimated to cost \$23.4 million in the 2001-2003 biennium.

The prohibition on banks electing the small business corporation (Subchapter S) tax treatment for Minnesota tax purposes was eliminated. Banks that elect the S corporation status will still be subject to the corporate franchise tax, but shareholders will be allowed a credit equal to 80 percent of the franchise tax liability. This provision is estimated to cost \$10.6 million in the 1999-2001 biennium and \$12.5 million in the 2001-2003 biennium.

Sales and Excise Taxes

A sales tax exemption was enacted for television commercials and for certain tangible personal property used or consumed in producing television commercials. The cost of this exemption is estimated to be \$2.1 million in the 1999-2001 biennium and \$2.3 million in the 2001-2003 biennium.

Local option sales taxes were authorized for the cities of New Ulm and Proctor. The local option sales taxes will be an additional one-half percent in addition to the state sales tax rate and an additional tax of \$20 on motor vehicle sales occurring within the city. These local option taxes must be approved by referendum.

The tax rates that apply to lawful gambling in Minnesota were reduced by approximately 5 percent, as shown in the table below.

These rate reductions are estimated to cost \$6.4 million in the 1999-2001 biennium and \$6.7 million in the 2001-2003 biennium.

The health care provider tax rates which fund the Minnesota-Care insurance program were frozen at 1.5 percent for two additional years, 2000 and 2001. The tax rates had been scheduled to increase to 2 percent on January 1, 2000. The Commissioner of Finance was directed to transfer \$27 million from the General Fund to the Health Care Access Fund (HCAF) in FY 2000 and 2001 and to transfer \$30.9 million in FY 2002 to compensate the HCAF for the tax rate freeze. These fund transfers were vetoed by the Governor.

Changes to Lawful Gambling Tax Rates

Tax	Old Rate	New Rate
Paddlewheel, raffles, bingo	9.5% of gross profit	9.0%
Pull-tabs, tipboards	1.9% of ideal gross	1.8%
Combined receipts tax:		
\$500-700,000	1.9% of amount over \$500,000	1.8%
\$700-900,000	\$3,800 plus 3.8% of amount over \$700,000	\$3,600 + 3.6%
Over \$900,000	\$11,400 plus 5.7% of amount over \$900,000	\$10,800 + 5.4%

Local Property Tax Aids and Credits

The Education Homestead Credit was increased from 64.1 percent of the general education tax on a homestead to 83 percent for taxes payable in 2000 and thereafter. The maximum credit was increased from \$335 to \$390 for taxes payable in 2000 and thereafter. A new Education Agricultural Credit was added which is equal to 54 percent of the general education tax on homestead farm land and 50 percent of the general education tax on nonhomestead farm land. Homestead and Agricultural Credit Aid (HACA) was increased to pay the cost of reduced class rates on farm land and seasonal recreational property (see table on page 12). The additional cost of the education credits and HACA is estimated to be \$121.3 million in

the 1999-2001 biennium and \$277.4 million in the 2001-2003 biennium.

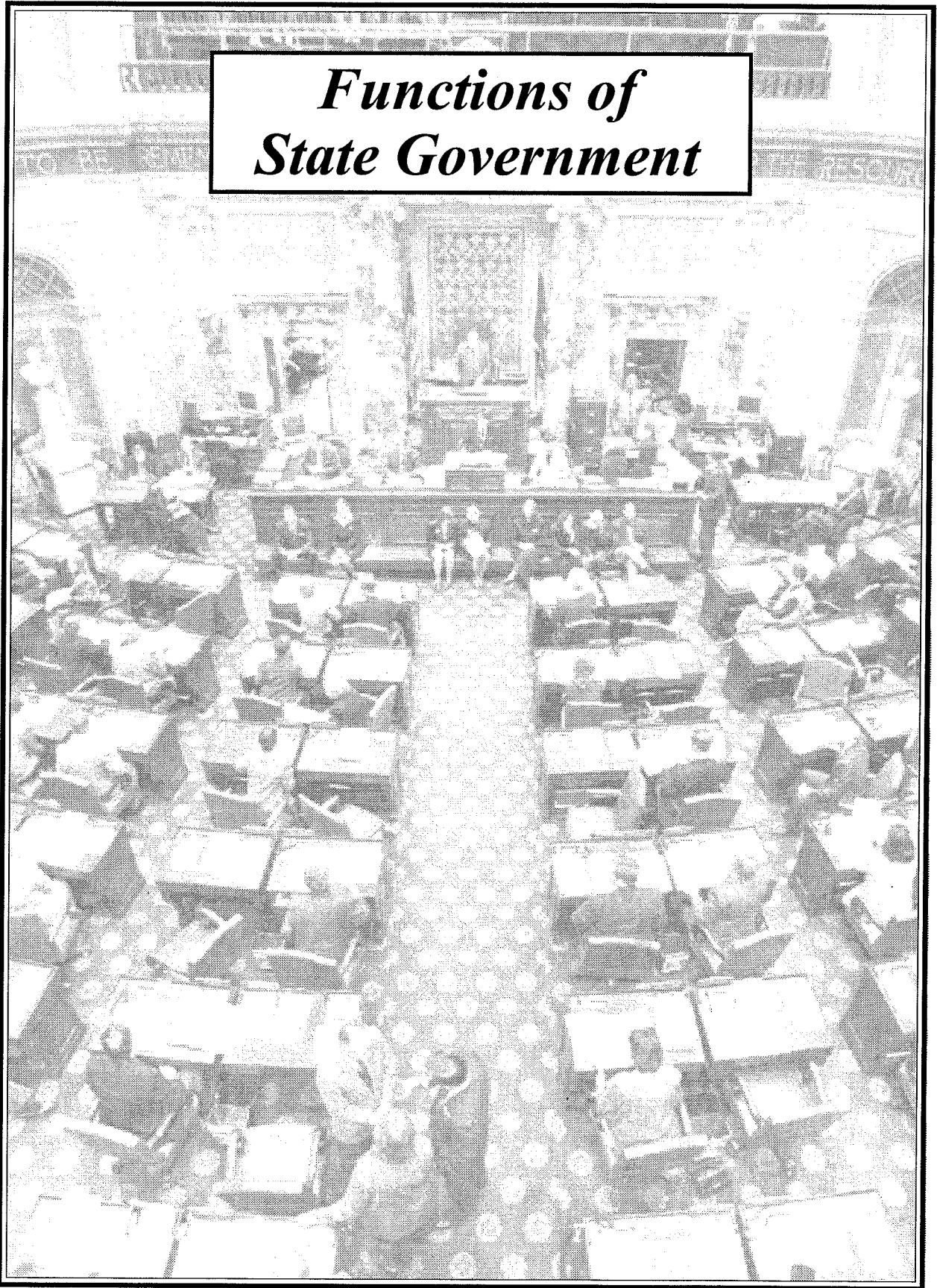
A new property tax aid called Charity Care Aid was authorized for the year 2000 only. The aid reimburses counties for the cost of providing medical care to indigent patients who are not residents of the county where the care is provided. The total amount of aid is limited to \$10 million in calendar year 2000 which is a cost in the 1999-2001 biennium.

Property tax class rates were reduced for a number of property types effective for taxes payable in 2000. The table on page 10 shows the class rates under prior law, and the newly enacted class rates.

Property Tax Class Rates

	Prior Law Payable 2000	Current Law Payable 2000
Residential homestead:		
Less than \$76,000	1.0	1.0
More than \$76,000	1.7	1.65
Residential non-homestead:		
Single unit:		
Less than \$76,000	1.25	1.2
More than \$76,000	1.7	1.65
2 or 3 units (and undeveloped land)	1.7	1.65
Apartments:		
Regular	2.5	2.4
Low-income	1.0	1.0
Small Cities	2.15	2.15
Agricultural land and buildings:		
Homestead		
Less than \$115,000	0.35	0.35
\$ 115,000 - \$600,000, < 320 acres	0.8	0.8
\$ 115,000 - \$600,000, > 320 acres	1.25	0.8
More than \$600,000, < 320 acres	0.8	1.2
More than \$600,000, > 320 acres	1.25	1.2
Non-homestead	1.25	1.2
Seasonal recreational residential (cabins):		
Less than \$76,000	1.25	1.2
More than \$76,000	2.2	1.65
Commercial seasonal recreational:		
Homestead resorts (1c)	1.0	1.0
Seasonal resorts (4c)	1.8	1.65
Disabled homestead	0.45	0.45
Commercial/Industrial:		
Less than \$150,000	2.45	2.4
More than \$150,000	3.5	3.4
Public Utility:		
Land and buildings	3.5	3.4
Attached machinery	3.5	3.4
Public utility personal property	3.5	3.4

Functions of State Government



Elementary and Secondary Education

The 1999 Legislature approved one of the largest increases in revenue for schools in recent history. Total kindergarten through grade 12 education appropriations for the 1999-2001 biennium were over \$7.9 billion, with an additional \$50 million contingent upon surplus revenue available in the 1999 November forecast. Excluding the previous year's state appropriations dedicated to "buy down" a property tax recognition shift in aid payments, the Legislature's appropriation for K-12 edu-

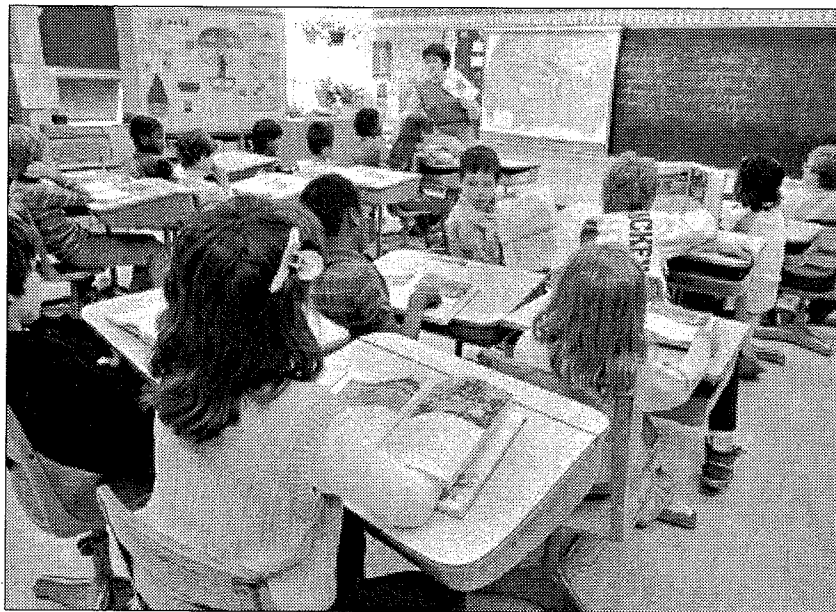
cation increased by 16.1 percent over the previous biennium. Compared with the base budget for the 1999-2001 biennium, total state appropriations were increased by \$815 million for new spending when adjusted for inflation and enrollment.

GENERAL EDUCATION

Basic Formula

The majority of the new revenue for schools will come

from an increase in the basic formula allowance. School districts will see a general formula increase of 4.7 percent for the 1999-2000 school year and another 3.2 percent for the 2000-2001 school year. This amounts to a real increase of \$167 per pupil for FY 2000 and



another \$118 per pupil for FY 2001. Part of the increase in the basic formula for the 2000-2001 school year is contingent upon \$50 million of state surplus revenue based on the 1999 November forecast. The increase in the formula over the two years amounts to \$396 million in new revenue on a statewide basis. Since compensatory funding (revenue allocated to districts that is generated by the number of children receiving a free or reduced lunch) is tied to the

formula allowance, an additional \$27 million in compensatory revenue will be generated by the increase in the basic formula.

Class Size Reduction

The Legislature added an additional \$98 million for class size reduction in kindergarten through grade 3. The increased revenue for class size reduction is generated by increasing the pupil weighting in kindergarten through grade 3 used in computing revenue for school districts. Dis-

tricts are required to set aside a percentage of their total general education revenue for class size reduction based on the pupil weighting in the elementary grades. The reserved revenue is intended to reduce student-to-teacher ratios to 17 to 1 starting with kindergarten and then working up through each grade until the 17 to 1 ratio is achieved.

Equity Revenue

Beginning in the 1999-2000 school year, school districts

whose total per pupil revenue is below the 90th percentile of all districts will be eligible for equity revenue. The greater a district falls below the 90th percentile of districts, the more equity revenue it will receive. Because the cost of living differs between the metro area and outstate Minnesota, two separate equity regions are used to calculate equity revenue. Districts located in cities of the first class (Minneapolis, St. Paul, and Duluth), and districts above the 90th percentile in their region, are not eligible for equity revenue. Districts eligible for equity revenue may receive from \$10 to \$40 per pupil in additional revenue, based on the difference from the 90th percentile. The Legislature appropriated \$42 million for this new categorical aid.

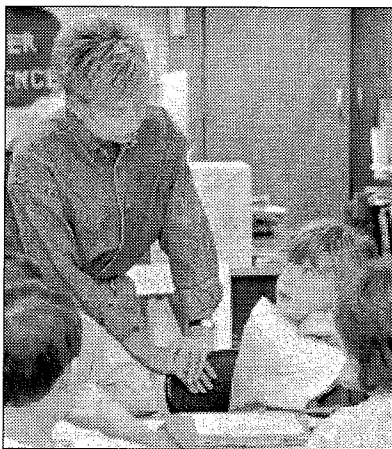
Revenue for Students with Limited English Skills

The Legislature appropriated an additional \$16 million for limited English proficiency students, which was about a 28 percent increase over the previous biennium.

SPECIAL EDUCATION

The 1999 Legislature took a close look at special education expenditures and the significant amounts of revenue from other sources school districts

were using to cover special education expenses. The Legislature sought to close this cross-subsidy through several different channels, mainly through increased funding available for the basic special education formula. The Legislature also will be reviewing special education funding alternatives in the 2000 legislative session.



Additional Special Education Revenue

The Legislature approved nearly \$105 million in additional revenue for school district special education services. The additional revenue was necessary to cover a variety of changes to the special education funding formulas including: increasing the annual growth factor for generating revenue, increasing the amount of revenue the state reimburses districts for excess special education costs, and increasing pupil weights for pre-kindergarten children with disabilities.

Additional Revenue through Medical Assistance

The Department of Children, Families, and Learning (CFL) will be working with the Department of Human Services on a system to allow school districts to have better access to federal Medical Assistance dollars for coverage of health-related services provided to children with disabilities.

Out-of-Home Placement and Out-of-State Tuition

Following recommendations from a special subcommittee examining the costs of children placed out of the home, the Legislature enacted a number of changes designed to better regulate the education of children placed in treatment facilities and to have the state pick up a larger share of those costs. The commissioner will begin to work on reciprocity agreements with other states both for out-of-state children served in Minnesota and Minnesota children served out-of-state. Districts will be reimbursed for special education expenditures for children placed in a treatment facility outside of the state if that state does not have a reciprocity agreement with Minnesota. Also, \$100,000 was provided to the Department of CFL to develop an improved billing system for districts and to begin approving

the education programs at state facilities serving both special education and non-special education students.

First Grade Preparedness

The First Grade Preparedness program that grants money to schools with high numbers of kindergarten children receiving free or reduced lunch for all-day kindergarten programs was continued with an appropriation of \$14 million for the biennium. There was an effort to fund the program statewide at a cost of about \$120 million per year, which would have provided all-day services for all public school kindergarten students in the state. The \$14 million that was appropriated will provide all-day services to about 6 percent of the state's roughly 60,000 kindergartners. This program was made permanent by the Legislature.

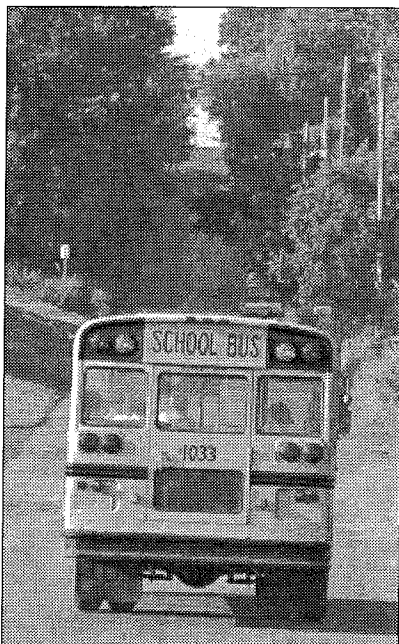
OTHER EDUCATION PROGRAMS

Secondary Vocational Aid

The Legislature followed the Governor's recommendation to phase out the secondary vocational aid program that provides additional funding to districts for vocational and other school-to-work programs. The phasing out of this program resulted in a cost savings of about \$13 million for the 1999-2001 biennium.

Discontinued Technology Programs

The previous biennium saw over \$90 million appropriated for a variety of technology-related programs in schools.



Most of these programs helped schools purchase or update computer equipment, provide Internet access for school buildings, and provide computer training for teachers. The 1999 Legislature appropriated about \$12 million for technology programs: \$5 million for telecommunication access grants for those few school buildings without Internet access, and about \$7 million for interactive television. The reduced technology funding in this biennium came with the intent that school districts should begin to recognize technology-related expenses as part of their regular operating expenses.

Statewide Testing

Appropriations for statewide testing in the public schools rose from about \$5 million in the previous biennium to \$18 million for the 1999-2001 biennium to cover the costs of administering and scoring the state-required tests associated with the state graduation standards.

Charter School Funding

The Legislature more than doubled the appropriations from about \$5.1 million in the previous biennium to about \$10.3 million in the 1999-2001 biennium for various charter school programs. The amount of money a charter school can receive in building lease aid and the amount of money available for start-up costs was increased. Charter schools will also be eligible for integration aid as a result of one of many other policy changes that affect charter schools.

Breakfast Grants

Public and nonpublic elementary schools with high numbers of children from poor families will be eligible for Fast Break to Learning grants to serve free breakfasts to all children in the school. The Legislature appropriated \$5 million for the biennium for this program which requires participating schools to match at least \$1 of local funding for every \$3 of state funding.

Higher Education

The Omnibus Higher Education Funding Bill increased funding for higher education by approximately 7 percent over the previous biennium. Key provisions were as follows:

Student Financial Aid, Libraries, and Technology

Funding for student financial aid, libraries, and technology was increased. Specific provisions included:

- The appropriations for the state grant program and work-study were increased. Effective July 1, 2000, the formula used to determine the state grant award a student is eligible for will be modified. This change will result in a reduction in the proportion of the cost associated with a student's education for which a student is responsible.

- The proportion of a student's living expenses that is recognized in the calculation of a student's state grant award was increased from \$4,885 to \$5,075 in FY 2000 and \$5,185 in FY 2001.

- Money was included for the National Service Scholars program.

- Language was adopted to facilitate implementation of the Edvest Program, a program established in 1997 to encourage individuals to save for college.

to support a student's education, including expanding the ability of libraries statewide to electronically share books and other materials; providing on-line access to science and technology periodicals; and improving the statewide electronic network that connects post-secondary education institutions.



The Edvest program: (1) provides a qualified state tuition program under federal tax law; (2) provides matching grants for contributions to the program by low- and middle-income families; and (3) encourages individuals, foundations, and businesses to provide additional grants to participating students.

- Money was appropriated for a variety of programs designed

professionals, childcare assistance for students, and the allocation of work-study money.

University of Minnesota

Funding for the University of Minnesota was increased by approximately 7 percent over the previous biennium.

- \$15 million was appropriated for various initiatives to en-

hance the undergraduate experience. Specific initiatives include: technology-enhanced learning, freshman seminars, expansion of academic advising capabilities, and expansion of library services.

- Approximately \$70 million was appropriated for faculty salaries.

- \$9.1 million was appropriated for the reparation of University facilities.

- Money was included for the Agricultural Experiment Stations, Extension Services, initiatives to sustain Minnesota's renewable natural resource-based industries, and for an Agricultural Rapid Response Fund to investigate diseases adversely affecting agricultural products.

- Money was included to strengthen the commercialization of technology, facilitate statewide access to course offerings through the Minnesota Virtual University, and expand digital library resources and wireless technology.

- Money also was appropriated for a variety of health sciences and institute of technology programs.

Prior to next session, the University must submit information to the Legislature on two issues.

First, the University must submit a master academic plan for the Rochester region of the state that examines all aspects of the region's short- and long-term course and program needs. The plan must include a clear delin-

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University.***

ation of the role each of the University of Minnesota and the Minnesota State Colleges and Universities (MnSCU) institutions will fulfill in the provision of services to the area.

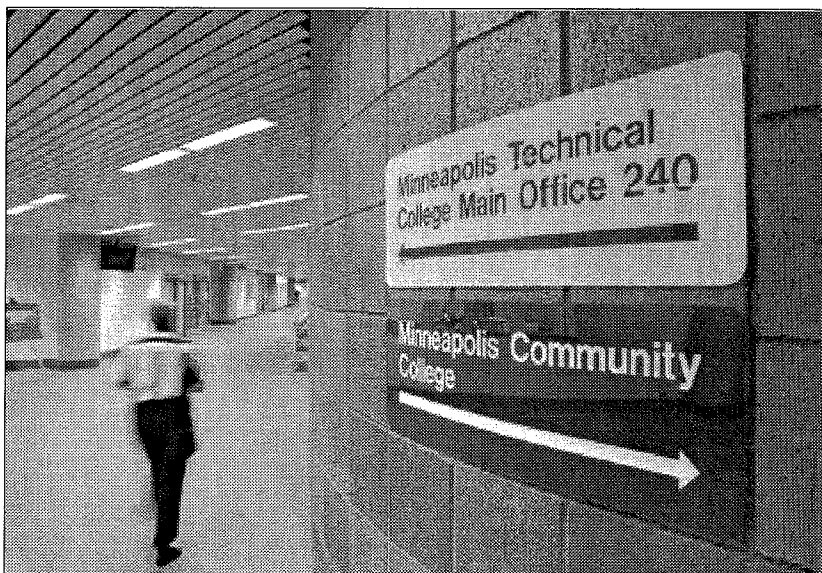
Second, the academic health center (AHC) must submit a report to the Legislature regarding their plan for health profession programs. The AHC must consult with the health care community and the Medical Education and Research Costs Advisory Committee in developing their plan.

Minnesota State Colleges and Universities

Funding for MnSCU increased by approximately 6 percent over the previous biennium.

- An increase of \$5 million was included for customized training. In addition, colleges are authorized to retain revenues in excess of the cost of delivering the training programs. The excess revenue must be used for expanding and developing customized training programs.

- An increase of \$5 million was included to leverage the pur-



chase of equipment needed by the colleges and universities.

- \$10 million was appropriated for grants to historically underfunded institutions demonstrating financial distress. Grants must not exceed \$500,000, and must be used to support instructional programs or student services.

- Money was included for the repair and improvement of state-financed facilities, technology infrastructure, the Virtual University, and ISEEK, an on-line career and education planning system.

- Money was included to increase access to the farm and small business management programs, for a rural research center at Southwest State University, and for a Center for Research and Innovation at Bemidji State University.

- The board was authorized to renovate two facilities at Itasca Community College, sell a piece of land at Winona State University, and accept federal money to partially fund the construction of an advanced technology facility at Pine Technical College.

Mayo Medical Foundation

Approximately \$3.2 million was appropriated to the Mayo Medical Foundation for grants to support the education of medical students who are resi-



dents of Minnesota, students in the Family Practice and Graduate Residency Program, and resident physicians participating in the Mayo Family Practice Residency Program at St. Cloud Hospital.

Miscellaneous Provisions

Statutory language concerned with the oversight of educational programs offered by private career schools was amended. Changes were made in the procedures career schools must follow in applying for initial and subsequent licensure. In addition, language was incorporated to reflect changing terminology consistent with changes in the way education is being delivered, e.g., on-line computer-based instruction, CD ROM self-instruction, etc.

The Legislature addressed concerns about the education of students in vocational programs by adopting language that clarifies the balance between general education courses and other courses required for certificate and diploma programs offered by MnSCU institutions.

Vetoed

The Governor vetoed two provisions in the Omnibus Bill. One provision would have provided money to conduct research, clinical work, treatment, or teaching related to compulsive gambling. The other provision would have provided money for tuition waivers to health care or human services providers seeking additional training.

Family and Early Childhood Education

The early childhood education budget was signed into law as Chapter 205, with a number of line-item vetoes. Chapter 205 appropriated about \$459.8 million for the 1999-2001 biennium; an increase from the previous biennial level of over \$369 million. These funds are appropriated in four separate areas.

Children and Family Support

Chapter 205 appropriated almost \$326 million in General Fund revenues and transferred \$80.4 million in federal welfare block grant funds for programs designed to support families with children.

Child care programs received the bulk of these appropriations. The state basic sliding fee child care program received almost \$44 million in General Fund revenues and almost \$76 million in federal welfare block grant funds, for a total appropriation of almost \$120 million for the biennium. This is an increase from the prior biennium funding level of about \$92.4 million. The federal transfer in funds is a temporary shift, available due to a surplus in the Federal Welfare Fund Reserve, and the base appropriations for these programs in upcoming biennia will be the entire \$120 million in General Fund revenues.

The state welfare program, Minnesota Family Investment Program (MFIP), received about \$174.8 million in MFIP child care funds, an increase from the past biennial appropriation, which had an MFIP child care appropriation of about \$74.6 million. The large increase was due to a forecast of higher projected program



expenditures coming from an expected increase in the number of persons leaving welfare and accessing child care funding as they enter the work world.

Child care development grants, intended for programs which build capacity in the child care system, were appropriated over \$3.7 million in General Fund revenues and almost \$1.6

million in federal welfare funds for the biennium. An additional \$2.5 million in federal funds was transferred to increase funding for families leaving welfare and entering a transition year between welfare and the basic sliding fee program. An appropriation of \$350,000 in federal funds was made to the Department of Children, Families, and Learning for enhanced anti-fraud initiatives.

The state program to provide education for young parents, Early Childhood Family Education, was funded at over \$39.9 million for the biennium. Early childhood health screening received \$5.1 million for the biennium. Head Start programs, which provide educational assistance for families who meet income criteria, received almost \$36.8 million from the General Fund for the biennium, of which \$2 million was reserved for programs for children ages 0 to 3 years.

The school readiness program, which provides services to children about to enter school, was funded at almost \$20.8 million for the biennium. School age aid for disabled children was funded at \$490,000 for the biennium, and Way to Grow grants were funded at \$950,000.

Community Systems and Change

Chapter 205 appropriated almost \$37.7 million for community and systems change programs. Community education aid was set at over \$28.8 million for the biennium. Aid for adults with disabilities was set at about \$1.3 million for the biennium. Family Service Collaboratives were appropriated over \$7.3 million from the General Fund. The First Call for Help system, which provides statewide assistance reference to callers, was appropriated \$50,000. Hearing Impaired Adults programs were appropriated \$140,000.

Prevention and Intervention

Chapter 205 appropriated about \$17.7 for violence prevention and intervention programs. These appropriations were divided among programs to aid adolescent parents, help community crime fighting, enhance male responsibility, and foster after school enrichment.

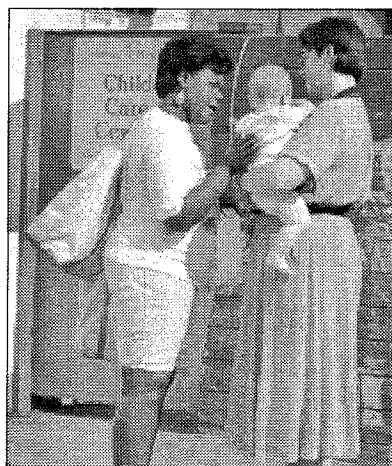
After School Enrichment grants were appropriated almost \$10.6 million for the biennium. Two programs originally eliminated in the Governor's budget -- adolescent parenting (\$1 million for the biennium) and male responsibility grants (\$500,000 for the biennium) -- were instead retained.

An appropriation of over \$1.8 million from the Chemical Abuse Prevention Fund and the Children's Trust Fund was for programs to prevent chemical abuse and violence.

Self-Sufficiency

Chapter 205 appropriated almost \$78 million for self-sufficiency programs, with the majority going for adult education and transitional housing programs.

Adult Basic Education (ABE) was appropriated \$42.6 million for education programs to encourage adults to complete high school degrees and achieve language skills. In addition, almost \$2 million was appropriated in the first year of the biennium for per capita population aid, to keep small ABE sites from closing due to enrollment drops. Extending this per capita aid to the second year of the biennium will be an issue for the next legislative session.



Minnesota Educational Opportunity Grants, which are granted to community action agencies, were funded at over \$17 million for the biennium. Transitional housing was funded at almost \$4 million and grants for emergency shelters were funded at \$700,000 for the biennium.

The Family Assets for Independence program was created to encourage low-income families to save, and \$500,000 was appropriated to this program.

Vetoos

The Governor used his line-item veto four times in this Act. Three of these line-item vetoes eliminated specific appropriations within the transitional housing program for programs with innovative approaches to providing assistance for target populations. The Governor's vetoes cut a \$100,000 line-item for the Kids Capacity Initiative, \$50,000 for the Meadowbrook Housing Collaborative, and \$25,000 for Perspectives Inc.

In addition, the Governor vetoed a separate appropriation for a program to provide high school remedial degree education through television classes in southwest Minnesota. The GED on TV program lost a \$150,000 appropriation to this veto.

Human Services

HEALTH

Health Department

The Health and Human Services Omnibus Appropriations Bill (chapter 245) provided almost \$199.1 million for the Minnesota Department of Health, including about \$128.5 million from the General Fund, about \$50.6 million from the State Government Special Revenue (SGSR) Fund, and about \$20 million from the Health Care Access Fund (HCAF). In addition, the Legislature authorized the establishment of several health-related endowments funded with tobacco settlement payments.

Tobacco Endowments

The Legislature set aside \$968 million of the tobacco settlement payments Minnesota will receive by the year 2001 and created two endowment funds; the Medical Education Endowment Fund and the Tobacco Prevention and Local Public Health Endowment Fund.

The Medical Education Endowment Fund receives 39 percent of the total amount available or \$378 million. The interest earned, up to 5 percent, is appropriated for medical education activities. A portion of the interest earned will be used to fund the clinical training of medical health professionals at clinical sites throughout the state. The

remaining interest earnings will be used to fund the University of Minnesota's academic health center and affiliated teaching institutions. By FY 2002, the annual allocation for the academic health center is expected to be approximately \$8 million and the annual allocation for medical education is expected to be approximately \$11 million.

The Tobacco Prevention and Local Public Health Endowment Fund receives 61 percent of the total amount available or \$590 million. Up to 5 percent of the interest earnings of this amount is to be annually appropriated to the Commissioner of Health to be made available for statewide and local tobacco prevention initiatives and for local public health promotion and prevention efforts. Specifically, 67 percent of the available interest is to be distributed by the commissioner as grants for statewide tobacco use prevention initiatives directed at youth; 16.5 percent of the available interest is to be distributed by the commissioner as grants for

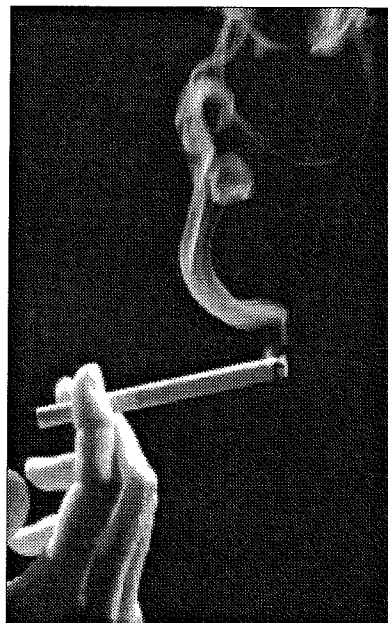
local tobacco use prevention initiatives in coordination with other local health-related initiatives aimed at improving the health of the youth of the state;

and the remaining 16.5 percent of available interest is to be distributed by the commissioner to community health boards for local health promotion and protection initiatives aimed at youth. By FY 2003, the annual allocation

for statewide tobacco prevention initiatives is expected to be approximately \$20 million; the annual allocation for local tobacco prevention initiatives is expected to be approximately \$5 million; and the annual allocation for community health boards is expected to be approximately \$5 million.

Health Systems and Special Populations

The Legislature provided almost \$132.3 million for this activity, including about \$92.9 million from the General Fund, about \$20.6 million from the SGSR Fund, and over \$19.8 million from the HCAF.



Major new spending initiatives included \$5.6 million from the HCAF for rural hospital improvement grants; \$629,000 from the SGSR Fund to maintain HMO regulatory efforts at their present level; and \$950,000 from the SGSR Fund to finance an expansion of background studies of employees of licensed facilities to include employees who do not provide direct care to clients, such as cooks, housekeepers, maintenance workers, and clerical staff. The Legislature also made a number of significant budget reductions in this activity. The system of regional health care coordinating boards was eliminated effective July 1, 1999, one year earlier than the sunset provision in prior law, saving \$262,000. The Omnibus Bill also reduced base level funding for the fetal alcohol syndrome initiative by \$1.8

million, reducing funding for the public awareness campaign, the development of a diagnostic clinic network, and the transfer of funds to the Department of Children, Families, and Learning for fetal alcohol-related efforts by that agency.

Health Protection

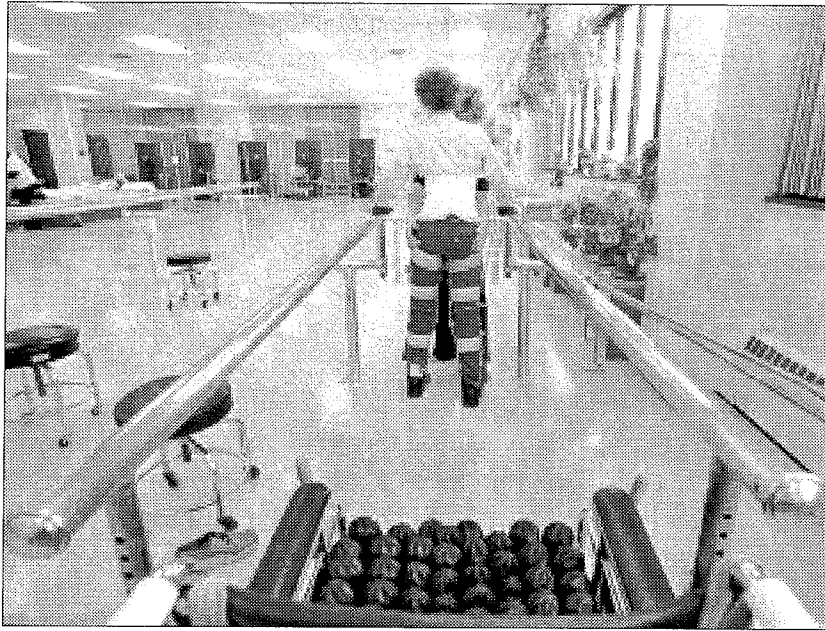
The Legislature approved almost \$54.3 million for this activity, including over \$24.6 million from the General Fund and over \$29.6 million from the SGSR Fund. The appropriations included a package of environmental health initiatives costing over \$3.1 million. Among these initiatives were: (1) \$2 million to expand the number of contaminants screened under the public water supply protection program in accordance with federal law; (2) \$250,000 for food, beverage,

and lodging inspections in Beltrami and Ottertail counties, where county inspection programs have been terminated; and (3) \$246,000 to enable the implementation of a food manager certification program to provide more sophisticated supervision of food handling in response to the emergence of new pathogens in food products. Another significant appropriation in this activity was \$2.2 million for medications and vaccines needed to prevent or control the transmission of communicable diseases. The Legislature also provided \$390,000 to purchase and operate a tandem mass spectrometry instrument for the public health laboratory's newborn metabolic testing program.

Management and Support Services

Over \$11.5 million was provided for this activity, including almost \$11 million from the General Fund, \$366,000 from the SGSR Fund, and \$194,000 from the HCAF. The major initiatives in this activity were budget reductions, including a \$1.1 million reduction in funding for space rental costs; elimination of funding for the office of health care consumer assistance, saving \$200,000; and elimination of support for the fetal alcohol syndrome coordinating board, saving \$719,000. The major spending initiative in this activity was an





\$800,000 appropriation for minority health improvement efforts.

Health-Related Regulatory Boards

Chapter 245 appropriated almost \$21 million from the SGSF Fund to operate the boards that regulate a wide variety of health-related service providers. The boards are self-supported, with all of their revenues coming from fees levied against regulated individuals and entities.

The most significant initiative in this area was the creation of a new Board of Physical Therapy to regulate that profession. Formerly, physical therapists were regulated by the Board of Medical Practice. The appropriation to the Board of Medical Practice was reduced by \$439,000 to reflect this new arrangement, and the Board of

Physical Therapy received an appropriation of \$412,000. The Board of Medical Practice also received \$561,000 to develop a new computer system to improve licensing and registration functions and complaint tracking. The Board of Nursing received \$400,000 for the final phase of its computerization project.

Emergency Medical Services Board

Chapter 245 provided almost \$1.4 million from the General Fund and almost \$3.5 million from the Trunk Highway Fund to operate the Emergency Medical Services (EMS) Board. Of the General Fund appropriation, \$216,000 was to operate the comprehensive advanced life support education program which trains rural health care providers in a team approach to anticipate, recognize, and treat life-threatening emergencies.

Council on Disability

Chapter 245 provided over \$1.3 million to operate the council. This amount is nearly identical to the council's adjusted base spending level.

Ombudsman for Mental Health and Mental Retardation

Chapter 245 appropriated over \$2.7 million for the operation of the ombudsman's office. This amount is nearly identical to the ombudsman's adjusted base spending level.

Ombudsperson for Families

Chapter 245 provided \$337,000 for the ombudsperson. This amount is identical to the ombudsperson's adjusted base spending level.

VETERANS AFFAIRS

Veterans Nursing Homes Board

The Legislature provided over \$53.2 million to the board to operate veterans homes in Minneapolis, Hastings, Silver Bay, Fergus Falls, and Luverne. The major issue facing the board during the 1999 session was a serious moisture and mold problem at the Luverne facility, which was constructed earlier this decade. The Legislature provided almost

\$2.4 million to the board for general asset preservation and facility repair and authorized the use of these funds as needed for abatement and repair at Luverne. Revenue at the facility has been reduced because new admissions were stopped in November 1998, and the resident population dropped during repair work, which was scheduled to conclude at the end of 1999. To make up for this lost revenue, the Legislature provided \$591,000. The Legislature also appropriated almost \$1.7 million to operate the Fergus Falls home at full capacity. The appropriation was necessary to establish a funding base sufficient to operate the facility at its 85-bed capacity.

Department of Veterans Affairs

The State Government Omnibus Appropriations Bill (chapter 250) provided almost \$10.3 million for the operations of the department.

Almost \$5.9 million of this amount was for benefits administration, including almost \$3.1 million to meet the emergency financial and medical needs of veterans; almost \$1.6 million to extend for two years, until June 30, 2001, the application deadline for Persian Gulf bonus payments; and \$550,000 for grants to Vinland Center, which provides rehabilitation

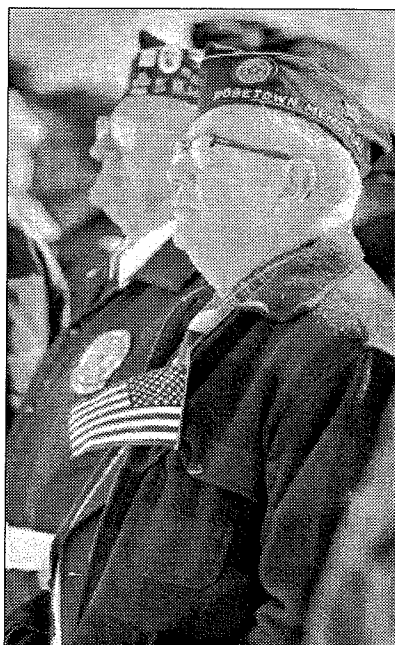
services to veterans with handicapping conditions.

Over \$1.6 million was provided for services to veterans, including guardianship administration and claims administration.

Over \$2.7 million was provided for departmental operations, including almost \$1.9 million for administrative operations; \$407,000 for cemetery development and maintenance; and \$468,000 for grants to county veterans offices to train county veterans services officers.

Veterans Service Organizations

Chapter 250 provided \$82,000 to the Veterans of Foreign Wars; \$40,000 to the Military Order of the Purple Heart; and



\$26,000 for the Disabled American Veterans.

HUMAN SERVICES

Department of Human Services

The Health and Human Services Omnibus Appropriation Bill (Chapter 245) provided over \$6 billion for the department from a variety of funds, as follows: General Fund, over \$5.2 billion; HCAF, over \$301 million; SGSR Fund, \$992,000; Lottery Prize Fund, \$2.6 million; and federal Temporary Assistance for Needy Families (TANF) appropriations, almost \$506 million.

Important funding initiatives included substantial appropriations to increase employee compensation in human services occupations, rate increases for various health care providers, initiatives to reduce the waiting list for community-based services for persons with developmental disabilities, and a series of funding transfers out of the federal TANF block grant to non-TANF activities, reflecting the fact that federal funds available exceed the need because of reduced welfare caseloads.

Employee Cost of Living Adjustments (COLAs)

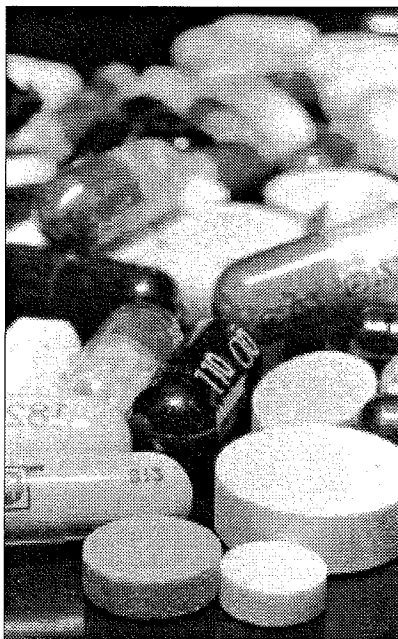
The Legislature appropriated over \$98.6 million for em-

ployee compensation increases and nonemployee cost increases for nursing facilities, intermediate care facilities for persons with mental retardation (ICFs/MR), and a variety of home care, day training and habilitation, alternative care, and waived service providers. For nursing facilities, the Legislature specified rate increases for employee compensation of about 4.8 percent the first year and about 3.6 percent the second year, and other operating cost increases of about 3.4 percent the first year and about 2.6 percent the second year. For ICFs/MR, the corresponding increases are 4.6 percent and 3.6 percent for employee compensation and 3.2 percent and 2.0 percent for other operating costs. For a wide variety of noninstitutional providers, the Legislature authorized rate increases of 4 percent the first year and 3 percent the second year and mandated that at least 80 percent of the added funds be used to increase employee compensation. (Employee compensation includes wages, related payroll taxes, employer

payments for health insurance and other benefits, etc.)

Other Provider Rate Increases

The Legislature approved almost \$16 million from the General Fund and over \$5.5 million from the HCAF to increase rates for hospitals, physicians, dentists, and other health care professionals. Payments for physicians, dentists, and other professional services are increased by 3 percent, effective January 1, 2000. In



addition, a variety of demonstration grants and other efforts were approved that are designed to increase access to dental services for clients on public programs. Inpatient hospital rates were increased by the anticipated

change in the Consumer Price Index (CPI) for calendar years 2000 and 2001, but the increase for the first year was reduced by 2.5 percentage points to recover overprojections of the index in prior years. Payments for hospital outpatient services were increased by 8 percent, effective January 1, 2000.

Community-Based Disability Services

The Legislature approved substantial new assistance for persons with developmental disabilities living in communities in noninstitutional settings. The major support program for these individuals is the so-called developmental disabilities waiver program, which provides community-based supports in a more flexible fashion than regular Medical Assistance (MA) under a waiver from the federal government. The Legislature appropriated over \$6.4 million to add an additional 100 waiver service placements each year of the biennium. In addition, the Legislature approved \$2 million to expand the semi-independent living services (SILS) program for these clients and \$3.5 million for increased family support grants to families with developmentally disabled children.

Federal TANF Funds

The Legislature appropriated over \$505.9 million from the federal TANF block grant and the federal TANF carryover. Of that amount, almost \$438 million was provided for economic support grants for participants in the Minnesota Family Investment Program (MFIP), which replaced Aid to Families with Dependent Children (AFDC) beginning January 1, 1998; about \$15 million was for economic support

management; about \$42.7 million for community social services grants; \$10.3 million was for children's grants; and \$150,000 was for agency management costs. Under the old AFDC program, the state earned a federal match on AFDC-related expenditures. Under TANF, the state receives a federal block grant not directly tied to MFIP expenditures. Because MFIP caseloads are currently at a relatively low level, the Legislature was able to transfer some TANF money to other uses, within the parameters established by Congress.

TANF - Economic Support Grants

Of the almost \$438 million in federal funds allocated for this purpose, about \$302.4 million was set aside for assistance to families participating in MFIP. Of the \$302.4 million, about \$265.4 million is for MFIP grants; about \$4.9 million is for food assistance to noncitizens; about \$3.4 million is to increase the MFIP exit level to 120 percent of the federal poverty guidelines; and over \$28.7 million is to delay until January 1, 2001, the policy, adopted several years ago but never implemented, of counting the first \$100 of housing subsidy as income for MFIP recipients, thus reducing MFIP grants. More than \$43 million was allocated for county management costs associated with the

MFIP program. About \$89.6 million was for work grants for MFIP participants. This money supports a wide variety of activities, including job counseling, skills development, training services, and educational services, designed to

***About
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participants.***

foster client self-sufficiency. Of this \$89.6 million, over \$25.9 million was for enhanced employment services. The major enhancement was to reduce job counselor caseloads to enable counselors to spend more time with each individual participant. In addition, \$1.5 million of this enhancement funding will be transferred to the Job Skills Partnership Board to operate a health care and human services worker training and retention program. About \$2.8 million was provided to increase the earned income disregard so that clients do not lose eligibility for MFIP until their income exceeds 120 percent of the current federal poverty guidelines. The guidelines increase each year by the

percentage change in the CPI and an increase in the earned income disregard allows the MFIP exit point to increase correspondingly.

TANF - Economic Support Management

Over \$15 million of federal TANF money was appropriated for this activity. The Legislature allocated \$696,000 for policy administration activities; about \$10.7 million for economic support operations costs; and about \$3.6 million for state management costs.

TANF - Community Social Services Grants

Almost \$42.7 million of federal money was allocated to this area. The Legislature used \$30 million in federal money to temporarily replace that amount of state funding in the Community Social Services Act block grant. Another \$12.4 million was transferred to the federal social services block grant for distribution to counties and \$280,000 was set aside for grants designed to assist with enforcement of the Indian Child Welfare Act (ICWA).

TANF - Children's Grants

The Legislature allocated \$10.3 million of federal TANF money for these grants, including \$9.3 million to continue the concurrent permanency planning pro-

cess and \$1 million to develop adult supervised living arrangements for MFIP mothers under age 18.

TANF - Finance and Management

The Legislature appropriated \$150,000 of federal TANF funds for this activity.

Economic Support Grants

In addition to federal TANF funds, the Legislature appropriated almost \$266.8 million for this activity. About \$131 million was provided for MFIP grants, reflecting a forecasted spending reduction of almost \$25.6 million. Almost \$21.5 million was provided for work grants. Over \$1.4 million was provided for food assistance for noncitizens. Over \$10.7 million was provided for child support enforcement, with the major initiative in this activity being a \$1.2 million reduction in spending on the Parents Fair Share program, which provides services to unemployed, non-custodial parents to enable them to pay their child support obligations. (Two-thirds of this reduction was replaced with federal TANF dollars.) The Legislature provided \$48.9 million for the General Assistance (GA) program. This appropriation reflects a forecasted spending reduction of almost \$18.8 million. Almost

\$16.7 million was provided to delay for an additional year, until July 1, 2000, the previously authorized transfer to the Department of Corrections of funding responsibility for battered women's shelters. A savings of over \$2.1 million was anticipated through efforts to convert GA and General Assistance Medical Care (GAMC) clients to the Supplemental Security Income (SSI) and MA programs, which are funded wholly or partially by the federal government.

For the Minnesota Supplemental Aid program, the Legislature provided about \$52.6 million. This reflects forecasted spending growth of about \$5.8 million. The Legislature provided \$660,000 for refugee services. About \$1.6 million was appropriated from the General Fund to provide food assistance for legal noncitizens who do not qualify for federal food programs. This expenditure was more than offset by the elimination of the state TANF reserve and the transfer of almost \$4.7 million from that reserve account into the General Fund.

Economic Support Management

In addition to federal TANF funding, the Legislature provided about \$81.3 million from the General Fund and over \$2.6 million from the HCAF for this

activity. The major initiatives here were an appropriation of about \$1.5 million for the administrative costs of converting GA and GAMC clients to federal programs, and \$6 million in additional funding for child support operations needed to meet federal requirements, fund computer systems, meet other program needs, and replace lost federal matching funds. Federal participation dropped to 66 percent from 90 percent as the system evolved from the development stage to implementation.

Agency Management

The Legislature approved almost \$64.2 million for this activity, including about \$56.7 million from the General Fund, \$763,000 from the SGSF Fund, almost \$6.6 million from the HCAF, and \$150,000 from the federal TANF block grant. The major legislative action in this area was a reduction in base level funding of almost \$6.1 million, including a reduction of over \$5.5 million in the base appropriation for rental costs, a reduction of \$460,000 in the state accounting system base, and a \$116,000 cut in the base funding level for Attorney General costs.

Children's Grants

Almost \$118.1 million was set aside for this activity, including about \$107.8 million from the General Fund and \$10.3 mil-

lion from the federal TANF block grant. Significant new funding included almost \$3.2 million to fund community-based services as an alternative to out-of-home placement for children with severe emotional disturbance and challenging behaviors. An additional appropriation of about \$3.7 million was provided to serve another 1,000 children under the adoption assistance program. Base funding reductions totaling \$760,000 were taken in this area through elimination of funding for several specific programs, but some of these programs were refunded through other sources. TANF spending is discussed above.

Children's Services Management

Over \$7.6 million was provided from the General Fund for this activity. The most significant new appropriation was \$1.4 million for ongoing operation of the social services information system.

Basic Health Care Grants

The Legislature appropriated over \$2 billion for basic health care grants, including almost \$1.8 billion from the General Fund and almost \$262 million from the HCAF. These appropriations support the MinnesotaCare program, MA for families and children, MA for the elderly and disabled, GAMC, and basic health care for nonentitlement clients.

MinnesotaCare

The Legislature approved almost \$262 million in HCAF spending for this program. The funding base was increased by about \$67.6 million to reflect forecasted spending growth. The Legislature eliminated copayments for enrollees with income below the federal poverty guidelines for the first



year of the biennium at a cost of over \$1.1 million (effective only if required by the federal government in order to earn federal Medicaid funding for these individuals) and made a number of other minor adjustments in MinnesotaCare policy. Added spending for provider rate increases is discussed on page 24. Elimination of the so-called "100-hour rule" reduced MinnesotaCare appropriations by over \$5.1 million. That rule barred two-parent, low-income families who are not receiving cash assistance through MFIP

from the MA program if one parent worked more than 100 hours per month. Eliminating the rule will allow more families to receive MA benefits, thus reducing MinnesotaCare spending on those families.

Medical Assistance for Families and Children

The 1999 Legislature appropriated about \$627.2 million for MA services for families and children. The forecasted spending increase in this area for the biennium was about \$6.9 million. The law governing the provision of services to children with severe emotional disturbance was modified to increase eligibility for MA. This will increase state MA costs by \$941,000. MA spending was reduced by \$755,000 to reflect savings that will occur through the expansion of the adoption assistance program. Under that program, MA becomes the backup health care resource for these children, rather than the primary source.

Savings of over \$4 million were taken in the second year of the biennium as the result of an initiative to improve the ability of local school districts to collect federal Medicaid dollars for providing health-related services that are included in a child's individual education plan. Billing will be streamlined, MA payments

will be increased, and school districts will be responsible for the nonfederal share.

Expenditures related to provider rate increases are discussed on page 24. Almost \$4.9 million was provided for the added MA costs of eliminating the so-called "100-hour rule." And over \$2.7 million was appropriated to pay federally qualified health centers and rural health clinics according to the scheduled phase-out of cost-based reimbursement included in the federal Balanced Budget Act of 1997. Under that schedule, payments will be reduced from 100 percent of cost to 70 percent of cost between

federal FY 1999 and 2003. This schedule results in added MA spending because under prior state law these payments would be reduced to the regular MA level, about 62 percent of costs, beginning in January 2000.

Telemedicine consultations were added as a covered MA service, costing \$579,000 in this program. Increasing the MFIP earned income disregard

so that clients do not lose eligibility until their income is 120 percent of current federal poverty guidelines resulted in a corresponding MA spending increase of \$801,000 to provide MA services for MFIP recipients who benefit from the higher eligibility standards.

Medical Assistance for the Elderly and Disabled

More than \$856.7 million was appropriated to provide MA services for elderly and dis-



abled persons. The forecast for spending increases in this area was over \$125.6 million. A savings of \$655,000 was anticipated through institution of a maximum allowable cost for certain drugs that are not covered by the federal government's upper payment limit. Provider rate increases, which are discussed on page 24, are reflected in increased spending in this area. Earlier scrutiny of the medical neces-

sity of certain MA therapy services is expected to save \$693,000.

Full funding of the Senior Drug Program, discussed on page 29, will increase MA spending by almost \$2.2 million because Senior Drug Program applicants are also eligible for certain MA benefits. Savings of over \$1.3 million were assumed through a change in policy to allow certain low-income elderly persons to choose either the Elderly Waiver (EW) program or the Alternative Care (AC) program, instead of requiring persons eligible for EW to choose that program in order to maximize federal funding. Allowing this option reduces

MA and EW costs but increases AC spending. An additional MA savings of \$708,000 was taken in relation to a forecasted increase in the alternative care program because increased AC spending reduces the number of persons receiving MA services. Almost \$3 million was provided to pay the added costs of converting eligible clients from the 100 percent state-funded GA and GAMC programs to the SSI program,

which is 100 percent federally funded, and the MA program, which is partially funded by the federal government. The added state MA costs are more than offset by GA and GAMC savings, discussed elsewhere. The MA income standard was increased by 3 percent, effective January 1, 2000, at a cost of \$990,000.

General Assistance Medical Care

More than \$268.9 million was provided for this program. The appropriation reflected a reduction in the spending forecast for GAMC of almost \$20 million. Money was appropriated to cover rate increases for hospitals, physicians, dentists, and other health care professionals. That issue is discussed on page 24. Elimination of the "100-hour rule" in the MFIP program is expected to shift a number of recipients from GAMC to MA, saving the GAMC program over \$5.8 million. Converting GA and GAMC clients to SSI and MA is anticipated to further reduce GAMC spending by over \$4.5 million.

Basic Health Care - Non-Entitlement

Almost \$29.7 million was provided for spending in this area. The major initiative was to provide almost \$19 million to fully fund the senior drug program at current eligibility levels for the biennium. The Legislature eliminated the an-

nual \$120 premium for this program but increased the monthly deductible to \$35 from \$25 to offset the lost revenue. The program provides drug coverage to low-income seniors who are not eligible for drug coverage under other public programs.

Health Care Management

The Legislature appropriated almost \$76.6 million for this activity, including almost \$46.5 million from the General Fund and about \$30.1 million from the HCAF. Generally modest changes from base level funding were approved for health care policy administration and health care operations. One significant initiative was the approval of almost \$1.8 million in HCAF spending to support additional enrollment, clerical, and supervisory staff to service the MinnesotaCare caseload.

State-Operated Services

Over \$418.9 million was provided for this activity, which includes campus-based programs and community-based services. Over \$375.8 million was appropriated for campus-based programs. This appropriation reflects an expected spending reduction of almost \$11.7 million as a result of continued reductions in the number of persons with developmental disabilities residing in state regional treatment centers. Over \$1 million was provided for asset preservation

and repair on the campuses. The Legislature provided over \$8 million for state-operated services in northeastern Minnesota to provide mental health safety net services needed as a result of the closure of the Moose Lake Regional Treatment Center (RTC). Over \$31.5 million was approved for community-based state-operated services for persons with developmental disabilities, including over \$1 million in new money to offer community-based services to persons being discharged from RTCs during the biennium. Over \$3.5 million was provided for state-operated services, including chemical dependency services, funded through revenues from a variety of third-party payment sources.

Continuing Care and Community Support Grants

The Legislature provided almost \$2.5 billion for the broad range of programs included in this activity, including over \$2.4 billion from the General Fund, over \$2.3 million from the Lottery Prize Fund, and almost \$42.7 million from the federal TANF block grant and carryforward (see page 24). Program areas under this activity include social services, aging and adult services, deaf and hard-of-hearing services, mental health grants, developmental disabilities community support grants, MA long-term

care waivers and home care, MA long-term care facilities, alternative care grants, group residential housing (GRH), and chemical dependency treatment.

Community Social Services Grants

The Legislature provided about \$86.1 million for these grants. The major initiative in this area was a \$30 million reduction, with the state funding reduction to be offset by a transfer from federal TANF funds.

Mental Health Grants

Almost \$91.7 million was appropriated from the General Fund for mental health grants. The largest new spending component was funding for staff compensation increases (see page 24). In addition, over \$2.3 million was appropriated from the Lottery Prize Fund for compulsive gambling treatment programs.

Developmental Disabilities Community Support Grants

Almost \$20.3 million was provided for this activity. The initiatives in this area are staff compensation increases and expansion of family support grants and SILS.

Medical Assistance Long-Term Care Waivers and Home Care

Almost \$763.3 million was provided for these programs,

reflecting a forecasted spending increase of almost \$124.3 million and a variety of spending initiatives. Savings of over \$2.4 million are anticipated in this area through the initiative to modify reimbursement of health-related services provided in public schools. The availability of MA home health services was extended to cover persons residing in various licensed care facilities at a cost of over \$2.4 million. This change was required to comply with federal law. Substantial new funding in this area was provided for staff compensation. Over \$1.6 million was appropriated to provide MA waiver services to clients in noncertified boarding care homes. These services were provided previously with 100 percent state funding, and the new spending is more than offset by savings in the GRH account (see page 31).

Medical Assistance Long-Term Care Facilities

Over \$1.1 billion was appropriated for these facilities. This amount reflects a reduction in forecasted spending in this area of over \$79.7 million. Major new spending was authorized for staff compensation and facility rate increases (see page 24). Savings of over \$14 million were realized by giving certain elderly persons the option to choose to receive services through the AC program rather than restricting

anyone eligible for the MA EW program to that program only. However, a substantial cost increase is also reflected in the AC account (see page 31) as a result of this policy change. An additional savings of almost \$7.9 million was taken as a result of an increase in forecasted spending in the AC program, because the addition



of AC clients has the effect of reducing MA spending. A savings of about \$1.6 million was realized in this area through an initiative to move some nursing facility residents into GRH settings, where they would be provided with necessary services. The overall proposal, which also affects GRH and waiver program spending, is cost neutral. The Legislature approved special rate increases for 12 separate nursing facilities at a cost of about \$1.1 million, and four special ICF/MR adjustments at

a cost of over \$1.4 million. In addition, \$500,000 was appropriated for the nursing facility moratorium exception process under which facilities may apply for approval of certain construction and remodeling projects that are otherwise prohibited under the nursing home moratorium that has been in effect since 1983.

Alternative Care Grants

Almost \$120.9 million was provided for these grants, which are designed to provide community-based services to elderly persons not eligible for MA in order to help them remain in noninstitutional living arrangements. This includes a forecasted spending increase of about \$9.6 million. Almost \$19.5 million was provided for the AC cost of the policy change, discussed on page 30, to allow recipients who could qualify for AC or for EW to choose the program they prefer.

Group Residential Housing

About \$136.9 million was provided for GRH costs, including a forecasted spending increase of almost \$18.2 million. Several cost-saving measures were implemented, as follows: savings of \$998,000 by providing certain MA-paid services to residents of GRH facilities; savings of over \$3.4

million by transferring clients in about 18 GRH facilities to MA programs; and savings of almost \$1.5 million by transferring to counties the authority to approve GRH supplementary rate increases and capping spending on rate supplements. About \$1.2 million was provided to pay higher GRH rates for persons moving out of nursing facilities.

**Over
\$88.7 million
was set
aside
for chemical
dependency
services.**

Chemical Dependency Grants

Over \$88.7 million was set aside for chemical dependency services. For the entitlement portion of these services, about \$75.6 million was appropriated, including a forecasted spending increase of about \$14.3 million. More than \$13.1 million was provided to serve clients whose incomes are above the level at which they are entitled to services, including a funding increase of \$450,000.

Continuing Care and Community Support Management

The Legislature provided over \$35.4 million for management costs in this area, including over \$34.9 million from the General Fund, \$229,000 from the SGSR Fund, and \$284,000 from the Lottery Prize Fund. The only significant spending above the base level was \$420,000 from the General Fund to continue the Region X quality assurance demonstration project for another two years. The project provides an alternative licensing and inspection system for programs that serve persons with developmental disabilities.

Miscellaneous

Chapter 196 required the state Supreme Court to establish an expedited child support hearing process to establish, modify, and enforce child support. The process replaces the child support administrative process, which was declared unconstitutional by the Supreme Court. Chapter 245 provided \$123,000 for the first year of the biennium for computer-related startup costs of the new process. Chapter 245 also authorized a transfer of over \$2.3 million from the Commissioner of Human Services to the state court administrator to fund the new expedited process.

Housing

Housing Finance Agency

Chapter 223 appropriated more than \$120 million to the Minnesota Housing Finance Agency (MHFA), of which \$6.5 million is federal Temporary Assistance to Needy Families (TANF) funds. The General Fund appropriations represent a 49 percent increase from the previous biennium. Nearly \$30 million is one-time funding primarily directed towards three new housing initiatives:

- The Challenge Grant provides grants or loans for the purpose of providing housing to support economic development activities within a community or re-

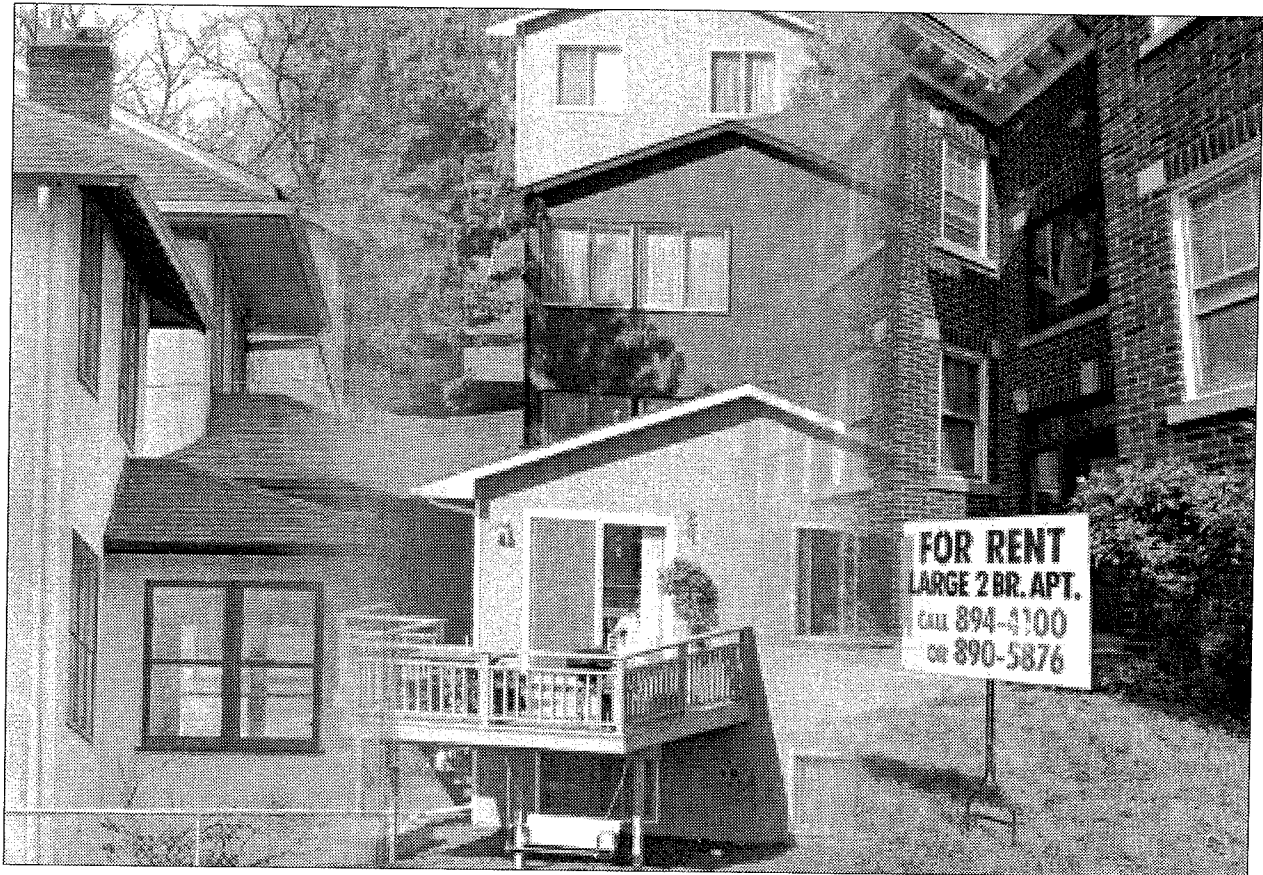
gion by meeting locally identified housing needs. This program received \$20 million.

- The School Stability Project, which received a one-time appropriation of \$1 million, was created for the purpose of securing stable housing for families with school-age children who have moved frequently and for unaccompanied youth.

- The Innovative and Inclusionary Housing is a new initiative to develop owner-occupied homes using innovative building techniques or materials to lower construction costs. Of the \$8 million appropriation,

\$4 million is allocated to MHFA for housing needs in greater Minnesota and the remaining \$4 million is allocated to the Metropolitan Council for the metropolitan area.

The Legislature removed the administrative cost ceiling under which the MHFA has operated since 1974 and required the agency to report on all of its operating costs by February 15 of each year. The home equity conversion loan counseling program was merged with the home ownership assistance program, and the former program was repealed. Finally, the Legislature directed the MHFA to



report by February 1, 2001, on certain housing issues for persons with HIV/AIDS.

The following table shows the biennial appropriations for all agency programs and/or funds.

Chapter 211 modified MHFA's rehabilitation loan program so that the agency may approve home improvement loans where the debt-to-value ratio does not exceed 110 percent of its market value and also extended the maximum period of rental assistance from 36 to 60 months in the Rental Assistance for Family Stabilization program so that it is consistent with similar provisions under the Minnesota Family Investment Program.

Landlord/Tenant

The 1999 Legislature passed landlord/tenant laws dealing with applicant screening fees and prelease deposits as well as an entire recodification of chapter 504A, which is now chapter 504B. The recodification did not change the spirit or intent of the law, but is an attempt to make the law more understandable and user-friendly for the general public.

Chapter 97 regulates prelease deposits on rental apartments. A prelease deposit is defined as payment to a landlord from a prospective tenant of a residential dwelling unit before entering into a rental agreement and

Minnesota Housing Finance Agency	
Biennial Appropriations by Program	
Program	1999-2001
Challenge Grant	\$20,000,000
Rental Assistance for Mentally Ill	3,400,000
Family Homeless & Prevention	6,500,000
School Stability Project	1,000,000
Mortgage Foreclosure Prevention	1,166,000
Rental Assistance for Family Stabilization	4,696,000
Housing Trust Fund	3,596,000
Affordable Rental Investment Fund	42,986,000
Urban Indian Housing Program	0
Tribal Indian Housing Program	3,366,000
Rural & Urban Homesteading Program	372,000
Nonprofit Capacity Building Grant	480,000
Community Rehabilitation Fund	12,350,000
Housing Rehabilitation & Accessibility Program	8,574,000
Home Ownership Assistance Fund	1,800,000
Innovative & Inclusionary Housing Program	8,000,000
Employer Matching Grant	1,600,000
Total	\$120,540,000

does not include payment of an applicant screening fee. Limitations on the deposit, including when and under what circumstances the deposit will be returned and how it will be applied if a rental agreement is entered into by the prospective tenant and landlord, are specified. The law also provides for a remedy if the landlord fails to return the prelease deposit in a

timely manner and specifies the landlord's extent of liability.

In Chapter 150, the Legislature limited the number of applicant screening fees that a landlord can charge by specifying that an applicant screening fee cannot be charged when the landlord knows or should have known that no rental unit is available currently or in the near future.

Commerce

Chapter 171 appropriates \$100,000 from the Real Estate Education, Research, and Recovery Fund to the Department of Commerce to fund a public education program to combat mortgage flipping. This is the practice by which homes are purchased and transferred in multiple sales, artificially inflating the home value, until a final buyer pays an exorbitant price for the home.

Chapter 181 creates a pilot project for small insurance companies, which may sell group insurance to small employers without many of the

state mandated coverages. The pilot project will test whether state mandates drive the price of insurance too high, causing firms to self-insure or leave workers uncovered. The intention of this pilot project is to sell a modestly priced basic coverage that might prove affordable to small employers.

Chapter 212 provides guidelines to protect structured settlements, which are annuities that pay out monthly payments to compensate for injuries. National firms have begun purchasing these structured settlements from their

recipients. This law allows these purchases to continue but protects the recipient with a number of disclosures and consumer protections.

Chapter 202 is the Omnibus Liquor Law for 1999. Included in this Act is a requirement that carriers shipping alcohol to Minnesotans across state lines clearly disclose on packages that the contents are alcoholic beverages. This requirement allows better protection against teenage purchases of alcohol over the Internet.

Gambling

Dice in Bars

Chapter 187 allows bars to have dice games on the premises and allows patrons to play games with each other for food and beverages. Prior to this law's enactment, private social bets using dice were allowed in nonliquor establishments, but even the presence of dice was considered grounds for revocation of the liquor license of the establishment.

Card Club at Canterbury Park

Chapter 206 allows Canterbury Park racetrack to operate a card club, where poker and other card games can be played by patrons. A maximum of 50 tables is allowed. Opening wagers are limited to \$15 and raises are limited to \$30. The racetrack receives either a table fee or a percentage of pots, and players compete against each

other. A percentage of the racetrack share is dedicated to increasing purses on horse races and the remainder goes directly to the track operators. The legalization of this form of gambling at Canterbury Park would allow tribal casinos to play similar games, if they so choose.

Economic Development

Department of Trade and Economic Development

Chapter 223 appropriated more than \$116 million for economic and community development purposes, of which the Department of Trade and Economic Development (DTED) received nearly \$103 million. This represents a 15.1 percent increase in total funding from the previous biennium. Most of the department's funding comes from the General Fund (73.4 percent) and the newly created Workforce Development Fund, formerly Workforce Investment Fund (20.8 percent). DTED's appropriation by fund and percentage of total funding are shown in the table below.

The two largest areas of spending for DTED are business and

DEPARTMENT OF TRADE & ECONOMIC DEVELOPMENT		
Biennial Appropriations by Purpose		
Purpose	1999-2001	% of Total
Business & Community Development	\$66,722,000	64.8%
Tourism	21,715,000	21.1%
Administration	7,089,000	6.9%
Trade Office	4,593,000	4.5%
Information & Analysis	2,865,000	2.8%
Total	\$102,984,000	100%

community development (64.8 percent) and tourism (21.1 percent). The table above provides a list of appropriations along with the amounts and percentage of total appropriations for each purpose.

DEPARTMENT OF TRADE & ECONOMIC DEVELOPMENT		
Biennial Appropriations by Fund		
Fund	1999-2001	% of Total
General	\$75,623,000	73.4%
Trunk Highway	1,511,000	1.5%
Temporary Assistance to Needy Families (TANF)	3,000,000	2.9%
Environmental Fund	1,400,000	1.4%
Workforce Development*	21,450,000	20.8%
Total	\$102,984,000	100%

*The Workforce Development Fund, which replaced the Workforce Investment Fund, was created in the 1999 session. For further explanation of the Workforce Development Fund, see "Employment, Economic Opportunity, and Workforce Protection."



Minnesota Investment Fund

The Minnesota Investment Fund appropriation was slightly more than \$9 million. Although this represents a 44 percent decrease from the last biennium, funding for this program typically has been around \$8 million.

Job Skills Partnership

The Job Skills Partnership program received \$28.1 million, a 45 percent increase from the previous biennium. Of this amount, \$20 million is from the Workforce Development Fund and is considered a one-time appropriation. Rider language expresses legislative intent that future base funding for this program be approximately \$5.9 million per year.

Pathways

The Pathways appropriation was \$4 million, of which \$3

million is from the state's TANF block grant and \$1 million from the Workforce Development Fund. This is the first time that TANF funds have been used for this program. Rider language expresses legislative intent that General Fund base funding for this program be \$1.5 million per year.

World Trade Center

The Minnesota World Trade Center Corporation ceased to exist as a quasi-public corporation and all of its rights and obligations were transferred to the Minnesota Trade Office of the Department of Trade and Economic Development (DTED). All positions and employees of the World Trade Center were transferred to DTED and the unobligated balance of a 1992 appropriation to DTED was transferred to an account in the Special Revenue Fund for World Trade Center activities.

Labor Interpretive Center

The Labor Interpretive Center was appropriated \$400,000 for its operating budget but this provision was line-item vetoed by the Governor as were the bonding reauthorizations found in Chapter 240. It is the Governor's view that any exhibit commemorating the role of labor in the state be coordinated through the Minnesota Historical Society.

Minnesota Trade Office

The Trade Office was the only office within DTED to receive a reduction in base funding. The office received approximately \$4.6 million, or a 4.2 percent decrease from the previous biennium. Additionally, the Trade Office was charged as the lead agency in developing an interdepartmental plan for a coordinated effort to market Minnesota internationally.

Tourism

The Office of Tourism appropriation was nearly \$22 million and represents the first increase in tourism spending in over 12 years. As a percentage of total expenditures for the department, the increase is only 1.3 percent, 1.8 percent from the previous biennium, but the additional \$4.9 million provided this office with a 22.5 percent increase. Of this appropriation, \$7 million must be matched by nonstate sources, and up to one-half of the match may be in the form of in-kind contributions.

The Film Board received nearly \$1.7 million. Of this amount, \$329,000 requires a one-to-three dollar match from nonstate sources and \$1 million is for grants to the Minnesota Film Board for a Film Production Jobs Fund.

Brownfields & Redevelopment

Appropriations for brownfields include \$7.6 million for the contamination cleanup and development grant program where soil contamination is related to petroleum products. Of this appropriation, \$2 million is one-time funding and is not added to the agency's base. The redevelopment account received \$3 million. Chapter 203 made several changes to the Petroleum Tank Release Cleanup Fund that include new uses of grant funds and specify cleanup dates and reimbursement guidelines for above-ground storage tanks. Modifications to the contaminated site cleanup and development account and the redevelopment account relate to infill development and sale of land that received state grants.

Minnesota Minerals 21st Century Fund

Chapter 223 created an account in the General Fund called Minnesota Minerals 21st Century Fund. The money in the account is appropriated to the commissioner of DTED for making loans or equity investments in mineral processing fa-

cilities. The Iron Range Resources and Rehabilitation Board (IRRRB) must provide an equal match for any loan or equity investment for a facility located in the taconite tax relief area. Chapter 243 (Omnibus Tax Bill) appropriated \$20 million to this fund from the General Fund.

Business Subsidies

Chapter 243 included a new provision for regulating local and state business subsidies. State and local grantors, along with their recipients, must comply with regulations which include: (1) developing a set of criteria; (2) entering into a subsidy agreement; (3) holding public hearings; (4) reporting requirements by both grantors and recipients; and (5) repay-

ment terms if the recipient fails to meet the subsidy agreement goals. DTED is charged with the coordination and publication of the summary results.

Minnesota Technology, Inc. (MTI)

The 1999 Legislature appropriated approximately \$13.7 million to MTI, compared to current spending of about \$19.6 million. Of this appropriation, about \$10.7 million is for the MTI Fund and nearly \$3 million is one-time funding for various nonprofit organizations, including Minnesota Council for Quality, Minnesota Project Innovation, Minnesota Inventor's Congress, Minnesota Cold Weather Research Center, and the Natural Resources Research Institute.



Transportation

The Omnibus Transportation Finance Bill (Chapter 238) appropriated approximately \$3.3 billion for the 1999-2001 biennium for transportation purposes. This total is almost a 10 percent increase over the previous biennium. The total transportation appropriations by fund and the percentage of funding are shown in the table below. The Minnesota Department of Transportation (MnDOT) will receive the majority of the transportation funds, over \$2.9 billion, the Department of Public Safety (DPS) will receive approxi-

mately \$221 million for transportation-related activities, the Metropolitan Council will receive approximately \$110 million for transit planning and operations, and other agencies will receive about \$1.3 million as described in the subsequent paragraphs.

Minnesota Department of Transportation

MnDOT will receive over \$2.9 billion for the biennium. The majority of this funding — \$1.9 billion — is from the Trunk Highway Fund. This fund receives 62 percent of the rev-

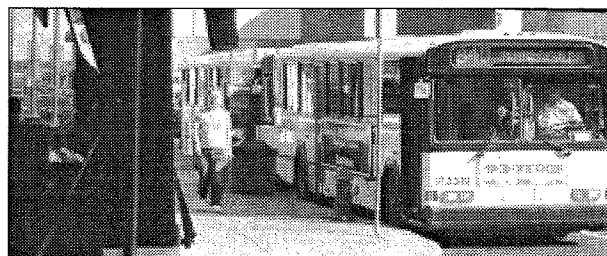
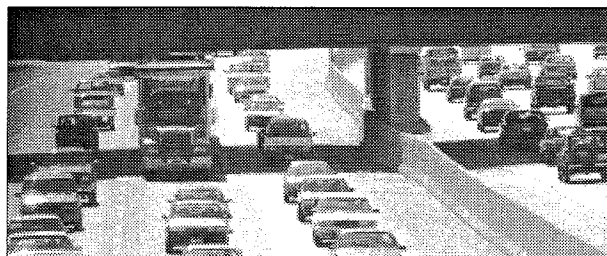
enues generated by the state's vehicle registration tax and 20-cent per gallon gas tax. It also receives federal highway aid for road construction. For the 1999-2001 biennium, the federal highway aid is estimated to be \$550 million, approximately 28.5 percent of MnDOT's total Trunk Highway Fund appropriation.

The table on the next page provides a breakdown of MnDOT's total appropriation and the corresponding percentage of the total for the department's primary activities.

TRANSPORTATION APPROPRIATIONS

Biennial Appropriations by Fund

Fund	1999-2001	% of Total
General	\$ 166,084,000	5.1%
Airports	38,855,000	1.1%
Highway User	31,055,000	1.0%
County State Aid Highway	731,687,000	22.3%
Municipal State Aid Street	212,943,000	6.5%
Trunk Highway	2,095,095,000	63.9%
Special Revenue	1,912,000	.1%
Total	\$ 3,277,631,000	100.0%



DEPARTMENT OF TRANSPORTATION

Biennial Appropriations by Purpose

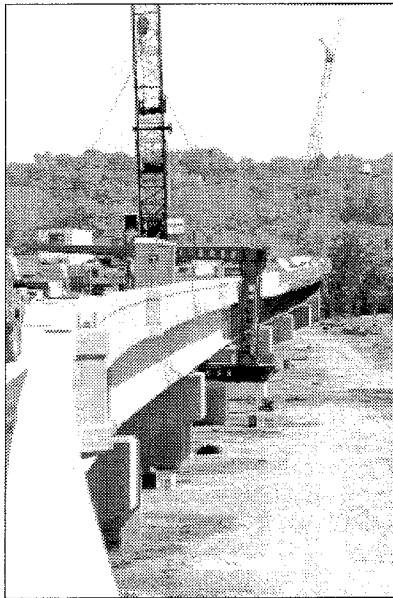
Purpose	2000-2001	% of Total
Aeronautics	\$ 38,737,000	1.3%
Greater MN Transit	32,430,000	1.1%
Railroads & Waterways	3,188,000	.1%
Motor Carrier Regulation	5,716,000	.2%
State Road Construction	1,038,391,000	35.3%
Highway Debt Service	27,124,000	1.0%
Research & Investment Management	25,047,000	.9%
Engineering Services	139,503,000	4.7%
Design & Construction Engineering	163,838,000	5.6%
State Road Operations	425,264,000	14.4%
Electronic Communications	11,227,000	3.8%
General Support	82,177,000	2.8%
Buildings	7,551,000	2.6%
<i>MnDOT Subtotal</i>	<i>\$ 2,000,193,000</i>	<i>67.9%</i>
County State Aids	731,687,000	24.9%
Municipal State Aids	212,943,000	7.2%
Total	\$ 2,944,823,000	100.0%

The amounts shown for county state-aids (\$732 million) and municipal state-aids (\$213 million) are pass-through funds distributed by MnDOT on a formula basis to the state's 87 counties and cities with a population over 5,000 for expenditure on the local road systems.

MnDOT's major areas of activity (excluding the local road pass-through funds) are for state road construction, which accounts for over one-half of total appropriation to MnDOT state road operations, approximately one-fifth of the total ap-

propriations; and engineering services and design and construction engineering which together account for about one-seventh of MnDOT's total appropriations. The state road construction appropriation of over \$1 billion represents the largest construction program in the state's history and is an approximate increase of \$106 million (11 percent) over the 1998-1999 biennium. The Governor vetoed a \$6.0 million appropriation (not included in the previous figures) for the hiring of additional maintenance workers.

The Omnibus Bill also included a number of transportation policy changes. A large number of these changes related to the deregulation of the for-hire passenger carrier industry in accordance with federal deregulation. MnDOT will be responsible for registering passenger carriers, verifying insurance coverage and driver background checks, and providing vehicle safety inspections (in conjunction with the DPS). However, the industry will no longer be subject to economic regulation, including the establishment of rates and routes.



Metropolitan Council Transit

The Legislature appropriated over \$109 million from the General Fund to the Metropolitan Council for metropolitan transit planning and operations. This is an increase of about \$9.2 million, or 9 percent, over the previous biennium. This appropriation is used by the Council

to fund metropolitan transit planning, regular route operations, Metro Mobility operations and to provide grants to community-based transit systems. The legislation prohibits the Council from spending more than \$38.1 million for the operation of Metro Mobility.

Department of Public Safety (DPS)

The Omnibus Transportation Bill included approximately \$221 million for the DPS for transportation-related activities. The breakdown of DPS's appropriation and percentage of the total appropriation by major activity is shown in the table below.

The appropriation for the state patrol was approximately a \$7.8 million increase, or 7 percent, over the previous biennium. This included \$835,000 for the

replacement of a state patrol helicopter and \$735,000 for operation of the state patrol recruit training academy.

The appropriation for Driver and Vehicle Services was an increase of approximately \$7.6 million (11 percent) over the previous biennium. This included \$963,000 for increased costs of producing vehicle license plates and \$1.895 million for improvement of driver testing services.

Other Agency Appropriations

The Omnibus Transportation Bill also appropriated \$134,000 to the Minnesota Safety Council to conduct transportation safety activities and \$1.95 million to the Department of Finance for tort claims and contingency.

DEPARTMENT OF PUBLIC SAFETY

Biennial Transportation-Related Appropriations by Purpose

Purpose	1999-2001	% of Total
Administration & Related Services	\$ 25,716,000	11.7%
State Patrol	114,689,000	51.9%
Driver & Vehicle Services	77,891,000	35.3%
Traffic Safety	614,000	.2%
Pipeline Safety	1,912,000	.9%
Total	\$ 220,822,000	100.0%

Agriculture

Department of Agriculture

In Laws 1999, Chapter 231, the Legislature appropriated almost \$46.2 million to the Department of Agriculture for the 1999-2001 biennium, which is a 37.6 percent decrease from the last biennium. The reduction is due to transferring over \$20.3 million in the Special Revenue Fund from direct to statutory appropriations and by the inclusion of several one-time agriculture relief programs passed by the 1998 Legislature in the totals for the 1997-1999 biennium. The 1999 Legislature chose to provide agricultural relief through the Department of Revenue as discussed on the next page. If the new statutory appropriations are included in

the total direct appropriations and the 1998 one-time agricultural relief appropriations are subtracted out, the appropriations to the Department of Agriculture show an 8.7 percent increase over the last biennium. New initiatives funded included an upgraded computer system (\$2.55 million), a risk-based

food protection program (\$1.75 million), soybean disease research (\$900,000), additional money for food inspection (\$900,000), and a new marketing grant program (\$900,000). 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	1999-2001	% of Total
General	\$45,491,000	98.5%
Environmental	678,000	1.5%
Total	\$46,169,000	100.0%

DEPARTMENT OF AGRICULTURE Biennial Appropriations by Purpose

Purpose	1999-2001	% of Total
Protection Service	\$22,803,000	49.4%
Marketing and Development	11,931,000	25.8%
Administration and Financial Assistance	11,435,000	24.8%
Total	\$46,169,000	100.0%

The two major areas of spending for the Department of Agriculture are for the protection service (49.4%) and marketing and development (25.8%). The table above provides a list of appropriations along with the amounts and percentage of total appropriations for each purpose.

Direct to Statutory Appropriations

The 1999 Legislature converted nine funds or accounts from direct to statutory appropriations in a newly created Agricultural Fund. Statutory appropriations will allow the Department of Agriculture more flexibility to spend additional money deposited in the accounts due to increased receipts. In order to continue legislative oversight of the accounts, the Commissioner of Agriculture is required to report to the Legislature every six months on expenditures from the Agricultural Fund. The following is a list of the accounts transferred from direct to statutory appropriations along with the base amount of the appropriation from each account.

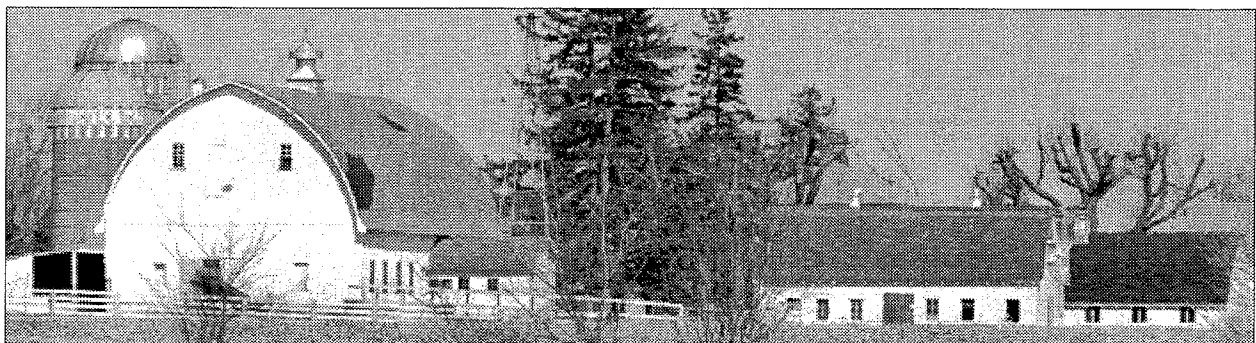
Agricultural Fund Base	1999-2001
Commercial Feed Inspection	\$1,543,000
Commodity Research	283,000
Dairy Services	3,318,000
Fertilizer Inspection	2,089,000
Fruit and Vegetable Inspection	1,083,000
Livestock Weighing	670,000
Pesticide Regulation	9,020,000
Seed Inspection	1,548,000
Seed Potato Inspection	754,000
Total	\$20,308,000

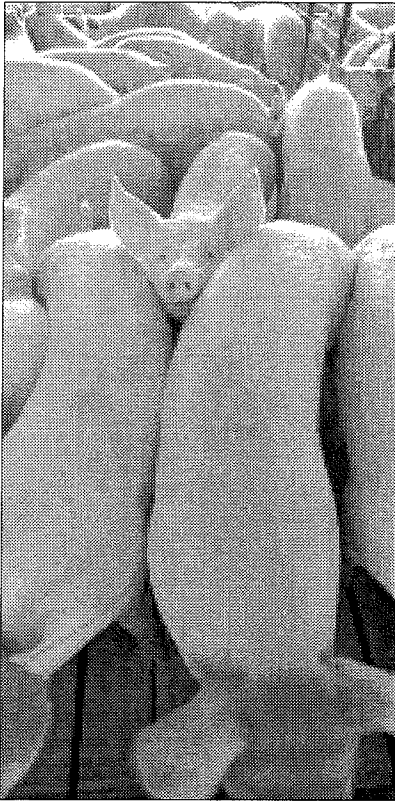
Agricultural Relief

In Chapter 112, the 1999 Legislature provided about \$70 million in agricultural relief to farmers due to the difficult financial situation in the farm economy during 1998. Farmers could apply for relief under one of two programs. The first

program provided a \$4 per acre payment for farm operations with over 40 acres up to a maximum of \$5,600. The second program provided that in lieu of the per acre payment, livestock producers who own and operate 160 acres or less and have

at least \$10,000 in sales may apply for a property tax refund of up to \$5,600 on their first half homestead property tax payments in 1999, excluding the house, garage, and one acre. No person may receive more than \$5,600 in farm relief payments.





\$1.3 million to the Board for FY 1999 for pseudorabies control. The emergency appropriation was to cover the cost of blood tests, laboratory fees, and vaccines for swine herds within a three-mile radius of quarantined swine herds. The reason for the emergency appropriation was the significant increase in the number of infected herds being reported to the Board late in 1998 and early in 1999.

Ethanol Development

The Legislature established a cap for the current biennium on ethanol producer payments from the open appropriation of almost \$68.5 million. This represents an increase in state ap-

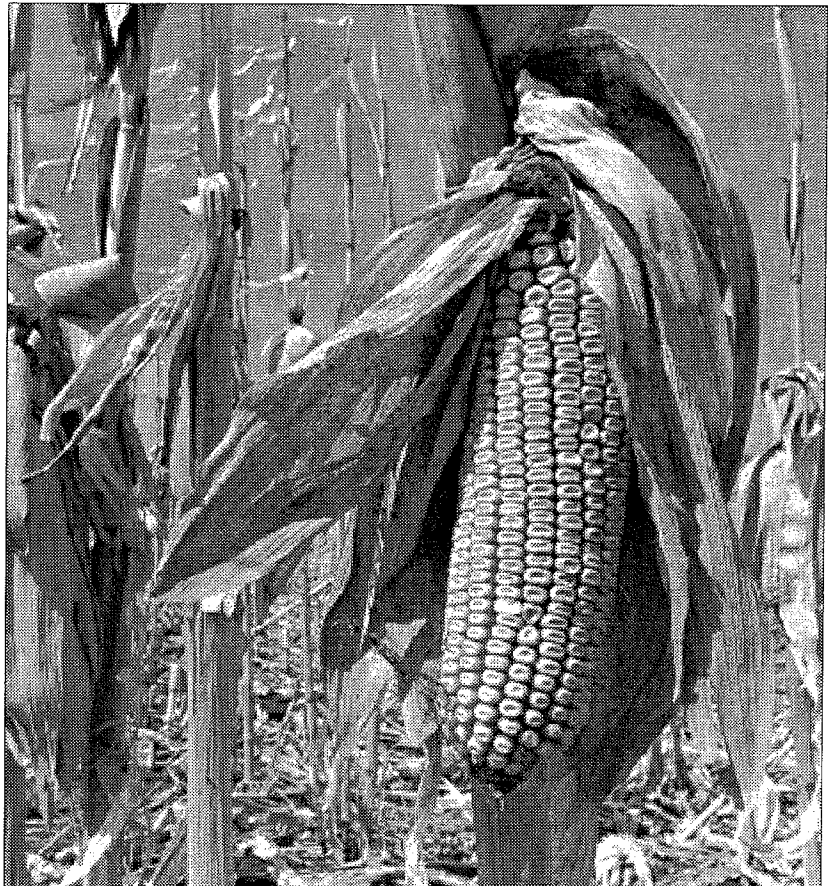
propriations for ethanol producer payments of 37.9 percent over the previous biennium.

Agricultural Utilization Research Institute (AURI)

The Legislature appropriated almost \$8.2 million for the biennium to the AURI, which is a 6.7 percent decrease over the last biennium. Of this amount, almost \$7.8 million is from the General Fund and includes \$400,000 for hybrid tree management research and \$90,000 for a youth value-added program. \$400,000 is appropriated to AURI from the pesticide regulatory account in the Agricultural Fund for research on pesticide use reduction.

Board of Animal Health

In Chapter 231, the 1999 Legislature appropriated almost \$5.6 million from the General Fund to the Board of Animal Health for the 1999-2001 biennium, which is a 13.5 percent increase over their regular budget from the last biennium. Included in the total amounts appropriated to the Board is \$500,000 for a para-tuberculosis ("Johne's disease") control program for bovine herds, \$236,000 for an avian pneumovirus investigation program, and \$80,000 for a companion animal resource education program at the University of Minnesota. Not included in the total amounts is an emergency appropriation in Laws 1999, Chapter 45, of almost



Natural Resources

Department of Natural Resources (DNR)

In Chapter 231, the 1999 Legislature appropriated over \$407.7 million to the DNR for the 1999-2001 biennium which is an 8.1 percent increase over the last biennium. The increased funding was due to a number of initiatives, including Off-Highway Vehicle Management (almost \$3.1 million), Asset Preservation (\$3 million), Metropolitan Parks and Trails (\$3 million), Red River Basin Flood Management (almost \$3 million), General Fund Fish and Wildlife Management increases, including stocking (over \$2 million), and State Park Operations Increases (\$1.7 million). The two major funding sources for the DNR are the General Fund (57.25 percent) and the Game and Fish Fund (29.91 percent). 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 Purpose

Purpose	1999-2001	% of Total
Mineral Resources Mgmt.	\$10,218,000	2.51%
Water Resources Mgmt.	27,542,000	6.76%
Forest Mgmt.	69,845,000	17.13%
Parks and Recreation	61,060,000	14.98%
Trails and Waterways	38,189,000	9.37%
Fish and Wildlife	92,580,000	22.71%
Enforcement	43,857,000	10.76%
Operations Support	64,424,000	15.80%
Total	\$407,715,000	100.00%

The three largest areas of spending for the DNR are fish and wildlife management (22.71 percent), forest management (17.13 percent), and operations and support (15.8 percent). The table above provides a list of appropriations along with the amounts and percentage of to-

tal appropriations for each purpose.

Not included in the appropriations to the Department are \$232,000 for ditch assessment payments, \$500,000 for walleye stocking in FY 2001, and almost \$1.6 million for game and fish expenditures in FY 2001 that were vetoed by the Governor.

DEPARTMENT OF NATURAL RESOURCES

Biennial Appropriations by Fund

Fund	1999-2001	% of Total
General	\$233,410,000	57.25%
Natural Resources	52,171,000	12.80%
Game and Fish	121,934,000	29.91%
Solid Waste	200,000	0.05%
Total	407,715,000	100.00%

In Chapter 240, the Legislature appropriated just under \$19 million from bond funds to the DNR for flood hazard mitigation grants.

Snowmobiles

In Chapter 4, the Legislature repealed the broad ban on the use of snowmobiles with tracks equipped with metal traction

devices (studs) and repealed the \$50 sticker requirement on the use of snowmobiles with studs. This law also continued the ban on the use of snowmobiles with studs on paved public trails and provided for civil enforcement of the law. The fine for a first offense of driving a snowmobile with studs on a paved public trail is \$50. The fine for a second offense is \$300 and for a third or subsequent offense, the fine is \$600.

In Chapter 231, the Legislature established a \$12 per year fee for snowmobiles with studs that are registered in Minnesota. The money raised by the fee will be dedicated for repair of paved public trails damaged by snowmobiles with studs. Any money not necessary for repair may be used for grant-in-aid snowmobile trails.

Cross-Country Ski Pass

In Chapter 231, the Legislature increased the fees for the cross-country ski pass. The changes include increasing the individual annual pass from \$5 to \$9 and eliminating the husband/wife combination pass. Under the changes, persons age 65 and older will now be required to have the cross-country ski pass on state park or forest trails, state trails, Metropolitan regional trails, or grant-in-aid ski trails.

Fishing and Hunting License Fees/General Fund Match

The Legislature discussed hunting and fishing license increase proposals that would have resulted in a 10 to 20 percent increase in fishing and hunting licenses. The license fee increases discussed were to be matched by the General Fund. Because of timing problems, the license fee increases did not become law. As a result of not passing the license fee increases, the Governor vetoed the General Fund appropriations in FY 2001 that were designed to match the license fee increase. The veto message from the Governor stated that the Governor believes that the Legislature must come back in the 2000 legislative session to adopt the fee increases.

In Chapter 231, the Legislature passed and the Governor signed over \$2 million in General Fund appropriations for FY 2000 for

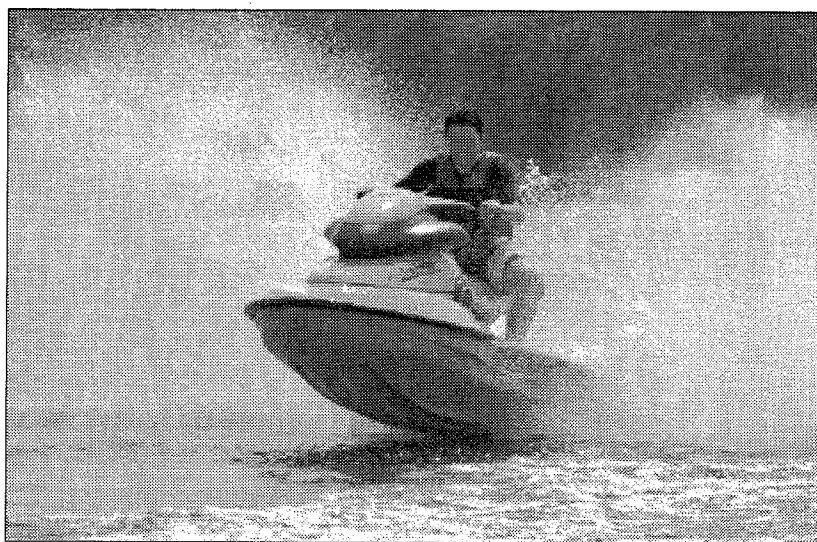
game and fish expenditures including an accelerated walleye stocking program (\$500,000). As stated above, the 2001 appropriations for these purposes were vetoed by the Governor.

Watercraft License Fees/Personal Watercraft Surcharge Repeal

In Chapter 231, the 1999 Legislature repealed the \$50 surcharge on personal watercraft that was enacted by the 1998 Legislature and provided for a refund of the surcharge to anyone who paid it. In Chapter 231, the 1999 Legislature also increased the watercraft license fees by 50 percent on watercraft over 17 feet in length and by approximately 100 percent on personal watercraft.

Electronic Licensing

In Chapter 231, the Legislature expanded the DNR electronic licensing pilot program to statewide. Until March 1, 2000, electronic licensing is limited to



telephone and Internet transactions. After that date, point of sale terminals will be allowed on a statewide basis.

Wolf Management

The Legislature discussed options for gray wolf management (House File No. 1415). One of the options discussed was the gray wolf management proposal submitted by the DNR's Wolf Management Roundtable. The Roundtable was a group of 33 delegates representing environmental, agricultural, hunting, trapping, and wolf advocate organizations; government agencies; and private citizens. The proposal submitted by the Wolf Roundtable allowed people to take gray wolves threatening their lives or the lives of their animals. No public hunting or trapping of gray wolves was allowed under the Roundtable proposal. Bills in both the House and the Senate

contained provisions for a gray wolf management plan with more active taking and management of gray wolves than would be allowed under the Roundtable proposal. The bill was not passed by the Senate and will be an item of discussion by the 2000 Legislature.

Board of Water and Soil Resources

In Chapter 231, the Legislature appropriated over \$37.1 million from the General Fund to the Board of Water and Soil Resources for the 1999-2001 biennium, which is a 13.1 percent increase over the last biennium. The increased funding was due to a number of initiatives including a shift in funding administrative costs of the Reinvest in Minnesota (RIM) - Reserve program from bond funds to the General Fund (almost \$1.7 million), feedlot water quality grants (\$1 million), soil

and water conservation grants (\$1 million), and increased administrative services grants for soil and water conservation districts (\$456,000).

In Chapter 240, the Legislature appropriated just under \$2.4 million from the Bond Proceeds Fund to the Board for flood reduction projects on Lazarus Creek and Grass Lake. The total \$2.4 million was vetoed by the Governor.

Zoological Board

In Chapter 231, the Legislature appropriated almost \$14.4 million to the Zoological Board for the 1999-2001 biennium, which is a 9 percent increase over the last biennium. In calculating the percentage increase, the \$800,000 deficiency appropriation for the Zoological Board in Laws 1999, Chapter 141, was included in the appropriation amount for the previous (1997-1999) biennium. The increased funding for the agency was due to an increase of \$3.4 million in the base for state assistance for operating the Zoological Board.

Minnesota-Wisconsin Boundary Area Commission

In Chapter 231, the Legislature appropriated \$371,000 to the Minnesota-Wisconsin Boundary Area Commission for the 1999-2001 biennium, which is a 6.3 percent increase over the last biennium. Of this amount,



\$304,000 is from the General Fund and \$67,000 is from the Natural Resources Fund.

Citizen's Council on Voyageurs National Park

In Chapter 231, the Governor vetoed the legislative appropriation of \$127,000 from the General Fund for the Citizen's Council on Voyageurs National Park. With this veto the Citizen's Council was not funded by the state of Minnesota.

Science Museum of Minnesota

In Chapter 231, the Legislature appropriated just over \$2.3 million from the General Fund to the Science Museum of Minnesota for the 1999-2001 biennium, which is not a change from the previous biennium.

Minnesota Academy of Science

In Chapter 231, the Legislature appropriated \$82,000 from the General Fund to the Minnesota Academy of Science for the 1999-2001 biennium, which is not a change from the previous biennium.

Minnesota Horticultural Society

In Chapter 231, the Legislature appropriated \$164,000 from the General Fund to the Minnesota Horticultural Society for the 1999-2001 biennium, which is not a change from the previous biennium.

MINNESOTA RESOURCES

Biennial Appropriations by Fund

Fund	1999-2001	% of Total
MN Future Resources	\$14,840,000	36.6%
MN Environmental and Natural Resources Trust	25,460,000	62.9%
Great Lakes Protection	200,000	.5%
Total	\$40,500,000	100.0%

Minnesota Resources

In Chapter 231, the Legislature appropriated \$40.5 million from the three funds used for natural resource projects recommended by the Legislative Commission on Minnesota Resources for the 1999-2001 biennium, which is a 6 percent increase over the prior biennium. Included in the base for the previous biennium (1997-1999) was a \$991,000 appropriation for FY 1999 in Laws 1999, Chapter 231, for state park and recreation areas (\$496,000) and the metropolitan regional park system (\$495,000). The two major sources of funding for natural resource projects are the Minnesota Environment and Natural Resources Trust Fund (62.9 percent) and the Minnesota Future Resources Fund (36.6 percent). The table above provides a list of the funds along with the amounts and percentages of total funding.

The three areas of spending receiving the largest appropriation amounts from the three funds are recreation (27.5 percent), critical lands or habitats (15.4 percent), and agriculture and natural resource-based industries (15.1 percent). The table on the following page provides a list of appropriations along with the appropriation amounts and percentage of total funding for each of the funding categories.

Not included in the appropriations are \$350,000 for climate variability and climate change impacts, \$200,000 for the Hyland Lake Environmental Center, and \$1.2 million for trout stream protection that were vetoed by the Governor.

MINNESOTA RESOURCES

Biennial Appropriations by Purpose

Purpose	1999-2001	% of Total
Legislative Commission on MN Resources	\$ 867,000	2.1%
Recreation	11,127,000	27.5%
Historic	690,000	1.7%
Water Quality	3,000,000	7.4%
Ag. and Natural Resource-Based Industries	6,100,000	15.1%
Urbanization Impacts	1,373,000	3.4%
Innovations - Energy and Transportation	325,000	0.8%
Decision-Making Tools	1,355,000	3.3%
Environmental Education	2,655,000	6.6%
Benchmarks and Indicators	4,230,000	10.4%
Critical Lands or Habitats	6,230,000	15.4%
Native Species Planting	1,540,000	3.8%
Native Fish Species	458,000	1.1%
Exotic Species	550,000	1.4%
Total	\$40,500,000	100.0%

Environment

Pollution Control Agency (PCA)

In Chapter 231, the 1999 Legislature appropriated just over \$96 million to the PCA for the 1999-2001 biennium, which is a 7.8 percent increase over the last biennium. The two major sources of appropriations for the PCA are the Environmental Fund (42.4 percent) and the General Fund (35.1 percent). The Environmental Fund appropriations consist of fees collected by the PCA and other money transferred to the fund. New initiatives funded included additional funding for the clean water partnership program (\$2.75 million), continuation of a leaking underground storage tank program (\$1.1 million), increased funding for county feedlot program grants (\$901,000), the establishment of maximum load limits for waters (\$750,000), and continued funding related to malformed frogs (\$600,000). The table to the right provides a list of the funds along with the amounts and percentage of total funding.

The two areas of the PCA receiving the highest percentage of funding are Protection of the Land (35.3 percent) and Protection of the Water (33.1 percent). The table on the following page 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 Fund

Fund	1999-2001	% of Total
General Fund	\$33,749,000	35.1%
Petroleum Tank	6,976,000	7.3%
State Government Special Revenue	89,000	0.1%
Special Revenue	323,000	0.3%
Environmental	40,709,000	42.4%
Solid Waste	14,182,000	14.8%
Total	\$ 96,028,000	100.0%

Not included in the appropriation amounts is \$200,000 for wastewater cooperatives that was vetoed by the Governor.

Closed Landfill Cleanup and Dumps

In Chapter 231, the Legislature provided a window of opportunity for additional closed landfills to become "qualified facilities" under Minnesota Statutes, section 115B.39, and enter the Closed Landfill Cleanup Program (CLCP). To be eligible for the CLCP, landfills will be required to stop accepting waste by January 1, 2000, except that

demolition debris, industrial waste, and ash may be accepted in a separate area until January 1, 2001. Under the CLCP, the state takes over responsibility for care and maintenance of the closed landfill. The current program consists of 106 "qualified facilities." The PCA estimates that seven new landfills will enter through this new window of opportunity and become "qualified facilities."

The Legislature established the Closed Landfill Investment Fund for contingency actions and construction work at "quali-

POLLUTION CONTROL AGENCY

Biennial Appropriations by Purpose

Purpose	1999-2001	% of Total
Protection of the Water	\$31,792,000	33.1%
Protection of the Air	16,217,000	16.9%
Protection of the Land	33,887,000	35.3%
General Support	14,132,000	14.7%
Total	\$ 96,028,000	100.0%

fied facilities.” The fund balance will be established with a schedule of transfers of \$5.1million over four years from the Solid Waste Fund and may not be spent until the year 2020.

The Legislature also provided \$1 million in a statutory appropriation from the Solid Waste Fund for investigations at old unpermitted solid waste disposal facilities more commonly referred to as “dumps.” A program to address cleanup at high priority dumps on the Minnesota Superfund List was discussed but not enacted by the 1999 Legislature.

Office of Environmental Assistance (OEA)

In Chapter 231, the Legislature appropriated just over \$43.3 million to the OEA for the 1999-2001 biennium, which is a 5.4 percent increase over the last biennium. Of this total, almost \$40.8 million (or 94.1 percent)

is from the General Fund and just over \$2.5 million (or 5.9 percent) 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.

In Chapter 240, the 1999 Legislature also appropriated \$3 million in bond funds to the OEA for a grant to a local government unit for reconstruction of a solid waste resource recovery facility in the city of Perham.

Public Facilities Authority (PFA)

In Chapter 240, the Legislature appropriated \$20.5 million in bond funds to the PFA for wastewater infrastructure grants to eligible municipalities under the Wastewater Infrastructure Program in Minnesota Statutes, section 446A.072. The Legislature also appropriated \$2.2 million in bond funds to the PFA for matching federal grant money for the Drinking Water Fund under Minnesota Statutes, section 446A.081.



Economic Opportunity and Workforce Protection

Economic Opportunity

The 1999 Legislature made several changes to the Workforce Investment Fund (also known as the "Dislocated Worker Fund"). Chapter 223 renamed the Workforce Investment Fund as the Workforce Development Fund and appropriated into the fund \$29 million from the General Fund. Additional changes included the elimination of the fund balance trigger, which reduced the assessment from the current one-tenth of one percent on all taxable wages per year to one-twentieth of one percent when the fund balance reached \$30 million. The Legislature also reduced the employer assessment to seven-hundredths of one percent per year, beginning July 1, 2000.

The Legislature deemed it necessary to both expand the number and types of training programs in order to address the state's acute labor shortage and to improve the coordination of the state's training initiatives. To accomplish this, Chapter 223 transferred the responsibility for the dislocated workers' program from the Department of Economic Security to the Job Skills Partnership Board (under the Department of Trade and Eco-

omic Development) and required a multi-agency study of strategic consolidation of workforce training in the state. Additionally, Chapter 138 di-

The Legislature deemed it necessary to... expand the number and types of training programs in order to address the state's acute labor shortage.

rects the Commissioner of Economic Security, in conjunction with the Governor's workforce development council, to collect information regarding all employment and training programs that receive state or federal funds.

Reemployment Insurance

Chapter 107 made a number of technical changes and clarifications to reemployment insur-

ance provisions and codified several procedures found in Minnesota Rules. Among the changes, the legislation: (1) clarifies the definition of back pay; (2) limits an individual's base period, under all circumstances, to no more than four calendar quarters; (3) provides for rounding to the nearest \$1,000, rather than the nearest \$100, for the amount of taxable wages resulting in taxable wage adjustment being done every two or three years instead of annually; (4) eliminates the noncharging to an employer's experience rating account when an individual refuses an offer of employment; (5) eliminates the broad definition of construction employer and limits it to a narrower range of employers; (6) provides the department the same right to sell an assign to a third party the commissioner's right of redemption in specific real property for liens filed for unpaid reemployment insurance taxes; and (7) limits the scope of an appeal of an action by the commissioner to prevent the issuance of a business license to a person who has a debt related to reemployment insurance.

Regulated Industries

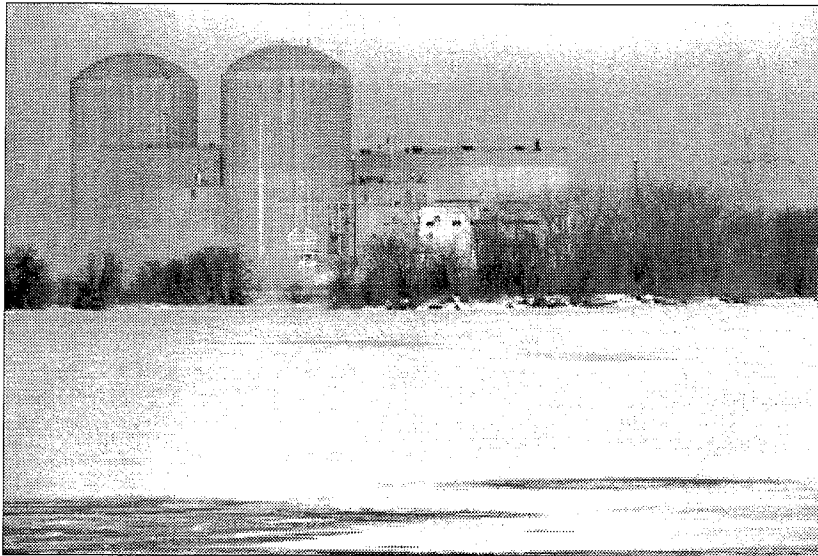
Chapter 125 made several administrative changes for the Public Utilities Commission (PUC). The changes, which are scheduled to sunset on June 30, 2002, include authorizing the commission to: (1) approve certain filings without taking formal action except publicizing notice of the approval; (2) create and appoint members to subcommittees and to delegate any of its functions to a subcommittee; and (3) designate a lead commissioner for a docket, a type of docket, or for a particular subject area.

Energy

The 1999 Legislature dealt with a variety of energy issues, including clarification of co-chair eligibility for the legislative electric energy task force, repeal of a sunset provision permitting performance-based gas purchasing plans, modifications to the conservation improvement program (CIP), and changes in the Prairie Island wind energy capacity requirement.

Chapter 21 repealed the sunset provision that would have

stricken, effective January 1, 2000, the law permitting performance-based gas purchasing plans. Performance-base plans reward a public utility's effi-



ciency efforts by allowing it to earn above the permitted rate of return if it succeeds in purchasing gas supplies at a price below an established benchmark.

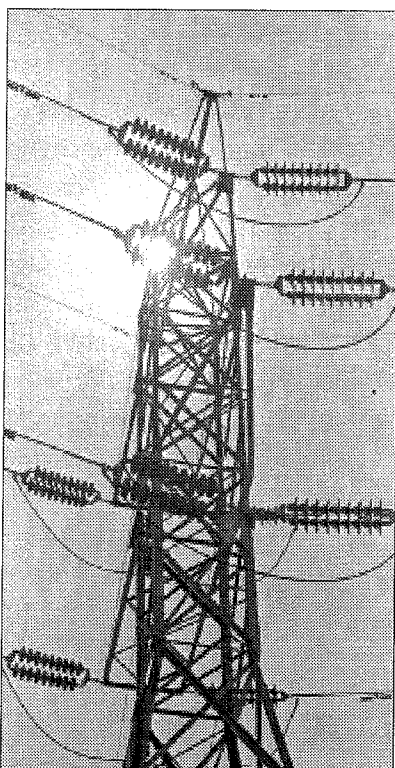
Chapter 140 modified the CIP, which requires utilities to spend a certain portion of their gross operating revenues on energy efficiency and conservation projects. A significant change is that a "large electric customer facility", a customer with a connected electric load of 20,000 kilowatts or greater, can opt out of CIP by petitioning the Commissioner of Public Service. In addition, CIP money may be spent on research and development projects and on recycled

and reclaimed materials used in the electric and gas system infrastructure. The Department of Public Service is charged with evaluating possible changes in

CIP and reporting back to the Legislature with its findings.

Chapter 198 made several clarifications to the law regarding the renewable energy account that was created as part of the 1994 Prairie Island leg-

islation. Beginning on January 1, 1999, the public utility that operates the Prairie Island nuclear generating plant transferred \$500,000 per year per nuclear dry cask stored at Prairie Island to a renewable development account. Changes to the law stipulate that expenditures from this account must be approved by the PUC, that a preference must be given to projects located within the state, and that expenditures from the renewable energy account may be recovered in the rates of the utility's customers. Additionally, a preference must be given to wind energy conversion systems in the state with regards to the 200 megawatts of wind en-



ergy capacity required to be installed by December 3, 2002, although the law does not require that wind energy be constructed in the state.

The Legislature also amended the Gopher One-Call excavation notice system law in Chapter 43. This change was in response to the gas explosion in St. Cloud that occurred in 1998 and clarified the responsibility of an excavator and public safety answering point when damage occurs to an underground facility or its protective covering.

Telecommunications

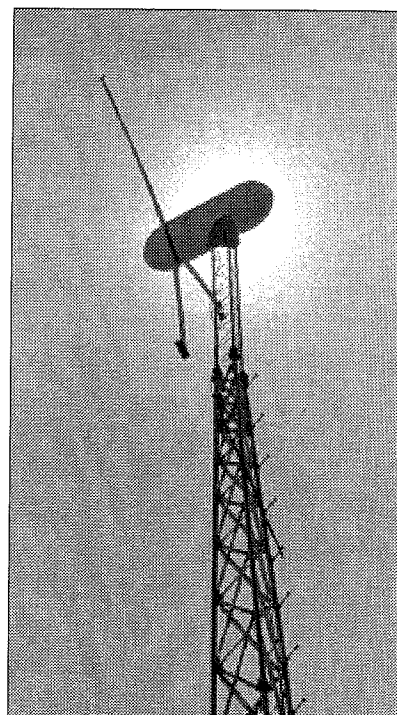
Chapter 224 removed most state regulation of pay telephones including approval for siting, changes in service, rates, loca-

tion, or ownership. However, owners of pay telephones are required to register with the PUC, provide free access to 911 and telecommunications relay service, and must post customer service complaint information and a toll free number for obtaining price information. Chapter 224 also authorized the PUC to assess administrative penalties against telecommunications providers for anticompetitive activities and increased the maximum court-imposed penalty for certain types of violations.

Chapter 228 authorized providers of telecommunications services to provide a state government telecommunications pricing plan with reduced rates for basic and advanced telecommunications services. The pricing plans may be offered to state agencies, public and private educational institutions, public corporations, and political subdivisions of the state, but not to home schools and for-profit post-secondary institutions. All pricing plans must be approved by the PUC. Additionally, the sunset provision for the right-of-way appeal process was amended to provide only for the sunset of the binding arbitration process.

Chapter 250 established new policy direction for state telecommunications procurement by strongly encouraging the state to meet its telecommuni-

cations needs in a manner that will help to promote investment and growth of the private sector information infrastructure. The state may purchase, own, or lease customer premises equipment and the Commissioner of Administration may purchase, own, or lease telecommunications network facilities or equipment only after first seeking bids or proposals and having determined that the private sector cannot, will not, or is unable to provide these services, facilities, or equipment as bid or proposed in a reasonable and timely fashion consistent with the policies set forth in this chapter. The commissioner may also approve community-based aggregation of demand for telecommunications services for state agencies, including Minnesota State Colleges and Universities.



Public Safety and Judiciary

The Criminal Justice Appropriations Act (Chapter 216) provided approximately \$673 million for the Department of Corrections. This amount includes a \$2.1 million base budget cut for salary increases from the Governor's recommended budget.

The biennial appropriation of \$429.4 million for institutions included approximately \$1.4 million for the expansion of the mental health and infirmary unit at the Oak Park Heights prison, and \$1

million for preservation and upkeep of correctional facilities statewide. The Legislature also cut the startup and operational base budget for the new prison at Rush City by \$3 million, and closed the low-level adult felony work facility at Camp Ripley, saving \$2.7 million.

Juvenile Services were funded at approximately \$26.9 million. Of this amount, \$400,000 is for juvenile transition and aftercare services for juveniles released from the Red Wing juvenile facility. In addition, \$200,000 and

\$130,000 are for hiring additional academic and vocational instructors respectively at Red Wing. The Red Wing facility also received \$200,000 for facility preservation and upkeep. The Legislature closed the Sauk Centre juvenile facility as of January 1, 2000, and transferred oversight authority for the juvenile weekend camp at Camp

ary increases for state probation officers and county probation officers respectively. Increased work release capacity and new sentencing-to-service teams each received an additional \$500,000. The Legislature also reinstated the \$2.2 million productive day grant program to county community corrections agencies that the Governor cut

from the agency's base budget, and added an additional \$700,000 to the program. Finally, the Legislature appropriated \$500,000 for a Dakota County community justice

DEPARTMENT OF CORRECTIONS

Biennial Appropriations

Division	1999-2001
Institutions	\$ 429,432,000
Juvenile Services	26,909,000
Community Services	192,743,000
Management Services	23,521,000
Total	\$ 672,605,000

Ripley from the Department of Corrections to the Department of Public Safety.

Approximately \$193 million was appropriated to Community Services. Of this amount, \$5 million is for probation caseload reduction, with an additional \$300,000 exclusively for probation caseload reduction for sex offenders. The Legislature appropriated \$1 million for increased intensive community supervision for offenders released early from prison, and \$300,000 and \$350,000 for sal-

ty zone pilot project, and \$230,000 for restorative justice grants.

Management Services was funded at \$23.5 million. This appropriation included \$2 million for upgrading the department's information technology systems.

Ombudsman for Corrections

The 1999 Legislature appropriated \$870,000 from the General Fund to the Ombudsman for Corrections. This represents a

\$383,000 cut in the agency's base funding.

Sentencing Guidelines

The Legislature appropriated approximately \$1.1 million from the General Fund to the Sentencing Guidelines Commission.

Courts

The Legislature appropriated \$51.8 million to the Supreme Court, including \$3 million for the criminal justice information system upgrades and \$1 million for regional jail planning grants. In addition, \$300,000 was appropriated for county civil commitment inmate holdover reimbursements, and approximately \$250,000 was appropriated for various judicial branch infrastructure needs.

The Court of Appeals received a biennial appropriation of approximately \$13 million.

The District Courts received \$156 million for the biennium, including approximately \$4.7 million for new judgeships and law clerks, \$400,000 for various court infrastructure needs, \$350,000 for community courts in the 2nd and 4th judicial districts, and \$225,000 for the expansion of court video technology.

Tax Court

The Legislature appropriated approximately \$1.3 million to the Tax Court.

Board of Judicial Standards

The Legislature appropriated \$471,000 to the Board of Judicial Standards.

Public Defense

The 1999 Legislature appropriated about \$91.9 million to the Board of Public Defense, including \$2.4 million in salary increases to bring the pay level of public defenders in line with that of assistant attorneys general. In addition, the Legislature appropriated \$300,000 for the public defender's information system, and \$250,000 for increased public defense corporation funding.

Peace Officer Standards and Training Board

The Legislature appropriated approximately \$8.7 million from the Special Revenue Fund to the Peace Officer Standards and Training Board, which reflected a base budget cut of \$50,000. In addition, it appropriated \$600,000 from the General Fund to the board for police pursuit training.

Private Detectives Board

The Legislature appropriated \$275,000 from the General Fund to the Private Detectives Board for the biennium.

Human Rights

A biennial appropriation of approximately \$7.8 million was made to the Department of Human Rights.

Uniform Laws Commission

The Legislature appropriated \$75,000 from the General Fund to the Uniform Laws Commission.

Auto Theft Prevention Board

The Legislature appropriated approximately \$4.2 million from the Special Revenue Fund to the Auto Theft Prevention Board.

Crime Victim Services Center

The Legislature appropriated approximately \$45.2 million to a new agency, the Crime Victim Services Center, which consolidates the crime victim services formerly housed at the Department of Corrections, the Department of Human Services, the Department of Public Safety, and the State Court Administrator's office. New programs funded by the Legislature include \$600,000 for a residential program serving women leaving prostitution, \$412,000 for two battered women's shelters, \$143,000 for a domestic fatality review team in Hennepin County, and \$100,000 for the Crime Victims Emergency Fund.

Crime Victim Ombudsman

The Legislature appropriated \$793,000 from the General Fund to the Crime Victim Ombudsman.

Department of Public Safety

The Legislature appropriated approximately \$82 million from the General Fund to the Department of Public Safety for Criminal Justice Purposes.

The major initiative in the Bureau of Criminal Apprehension appropriation of over \$46.4 million is \$9 million to enhance the statewide criminal justice information system. Other initiatives include \$800,000 for operating costs for a bureau satellite office in Bemidji, \$744,000 for lab supplies and equipment, \$555,000 for a new lab information management system, and \$125,000 to expand lab DNA testing capabilities.

Of the almost \$17.9 million appropriation for law enforcement and community grants, \$3,583,000 is for criminal gang strike force grants and \$1,512,000 is for criminal gang strike force administration. Other major initiatives include \$1.5 million for implementation of the Computer Optimized Development-Focus on Results (CODEFOR) law enforcement strategy in Hennepin County, \$1 million for the Minnesota for Hope, Education, and Law and Safety (HEALS) criminal justice information plan, and \$1 million for Asian-American Violence Prevention grants. In addition, the Legislature appropriated \$500,000 for police overtime grants, \$400,000 for

DEPARTMENT OF PUBLIC SAFETY	
Criminal Justice Biennial Appropriations	
Division	2000-2001
Bureau of Criminal Apprehension	\$ 46,407,000
Law Enforcement and Community Grants	17,873,000
Emergency Management	7,753,000
Fire Marshal	6,302,000
Alcohol and Gambling Enforcement	3,670,000
Total	\$ 82,005,000

the Southwest Regional Training Center and \$400,000 for the Center for Rural Violence Prevention. Smaller initiatives include \$300,000 for Weed and Seed grants, \$100,000 for minority law enforcement recruitment grants, and \$100,000 for teenage prostitution prevention grants. Finally, the appropriation reflects a \$1 million transfer from the Department of Corrections to the Department of Public Safety for operation of the juvenile weekend camp at Camp Ripley, as well as a \$250,000 base increase for the camp's operation.

Of the \$6.3 million appropriation to the Fire Marshal, \$52,000 is for fire code development and training position.

Of the \$3.7 million appropriation to alcohol and gambling enforcement, \$150,000 is for underage alcohol sales compliance checks.

Miscellaneous Criminal Justice

The Legislature appropriated approximately \$3.4 million to the Department of Administration for planning and designing a new Bureau of Criminal Apprehension building, and \$168,000 for maintenance of the grounds and buildings of the juvenile facility at Sauk Centre that is scheduled to close January 1, 2000. The Legislature also appropriated \$1 million to the Department of Economic Security for the Minnesota Cities grant program.

Governmental Operations

The 1999 Legislature appropriated \$710.3 million for operating state departments in the 1999-2001 biennium; about \$658.5 million of that came from the General Fund. The Governor vetoed a number of provisions, thereby reducing the total appropriation to around \$702.8 million, with approximately \$651 million coming from the General Fund.

HIGHLIGHTS

The Governor promoted reducing the growth in spending by state government, making the most notable exceptions in spending on technology.

Department of Administration

The Governor recommended, and the Legislature approved, changing the status of the Office of Technology from a stand-alone agency to an entity within the Department of Administration. From a total General Fund appropriation of over \$62.6 million, more than \$9.5 million is for technology projects involving the provision of electronic government services. Such services include contingency spending for Y2K problems in state agencies, the development of a one-stop business licensing website, and re-

fining the security infrastructure on state computers.

Department of Finance

The Department of Finance, in addition to receiving an appropriation of almost \$42.4 million, was authorized to create a \$20 Million Year 2000 Loan Fund. This fund would create a mechanism to enable smaller units of government to borrow money from the state to address unforeseen problems arising from the date change at the end of this year. These loans are to be repaid by June 30, 2001.

Department of Revenue

As part of their \$181.2 million General Fund appropriation, the Department of Revenue was allocated \$12 million to reengineer the agency's income tax system.

Legislature

The biennial appropriation for the Legislature was \$121.1 million, approximately one-half of 1 percent of the total budget. This appropriation includes:

- \$39.7 million for the Senate;
- \$53.0 million for the House; and
- \$28.4 million for joint legislative bodies, including \$10.1

million for the Legislative Auditor.

Governor and Constitutional Officers

The Governor's office and constitutional officers received the following appropriations:

- \$8.2 million for the Governor's office;
- \$18.3 million for the State Auditor;
- \$4.8 million for the State Treasurer;
- \$56.0 million for the Attorney General's office; and
- \$18.0 million for the Secretary of State. This includes about \$6 million to fund major systems upgrades and to achieve Y2K compliance.

VETOES

The Governor used his line-item veto authority to eliminate funding of the following projects:

- \$113,000 for grants to non-commercial public television stations for conversion to digital TV;
- \$220,000 to continue the Intergovernmental Information Systems Advisory Council;
- \$100,000 for bleacher safety grant funding;
- \$6 million to the Minnesota Amateur Sports Commission for ice center grants and certain amateur athletic programs, sometimes referred to as the "Mighty Ducks" or "Mighty Kids" programs; and
- \$1,000,000 for the Motherhead/Fatheread program.

Appropriations to other departments, boards, and commissions are shown in the following table.

OTHER DEPARTMENTS, BOARDS, AND COMMISSIONS	
Biennial Appropriations	
Division	2000-2001
Campaign Finance and Public Disclosure Board	\$ 4,104,000
State Investment Board	4,686
Board of Administrative Hearings	13,923,000
Office of Strategic and Long Range Planning	11,308,000
Capitol Area Architectural and Planning Board	1,194,000
Department of Employee Relations	20,928,000
Department of Military Affairs	21,937,000
Department of Veterans Affairs	10,254,000
Veterans of Foreign Wars	82,000
Military Order of the Purple Heart	40,000
Disabled American Veterans	26,000
Lawful Gambling Control Board	4,424,000
Minnesota Racing Commission	792,000
Amateur Sports Commission	2,758,000
Arts Board	26,158,000
Humanities Commission	1,806,000
MN State Retirement System	8,012,000
Minneapolis Employees Retirement Fund	12,884,000
Local Police & Fire Amortization Aid	12,598,000
Government Innovation and Cooperation Board	2,032,000

Pensions and Retirement

Teachers throughout Minnesota have been able to buy credit in their retirement systems for a wide range of prior experience under provisions included in the 1999 Omnibus Pension Act (Laws 1999, Chapter 222).

The provisions, found in article 16 of the Act, apply to vested members of the Teachers Retirement Association (TRA) and the Minneapolis, St. Paul, and Duluth teacher retirement associations who rendered teaching service after May 16, 1999, and whose applications for retirement were effective no later than July 1, 1999.

A teacher could purchase a maximum of ten years of credit toward retirement for military service before becoming a member of a public teacher retirement plan, or for service while on a military leave of absence from teaching for which the teacher failed to obtain service credit. The purchase was not permitted if the teacher was eligible for a military pension or for service credit in another pension plan for the period of military service.

In addition, teachers were eligible to purchase a maximum of ten years of service credit for teaching in a public institution in another state; for maternity leaves for which credit was not already provided; for teaching in a parochial, private, or char-

ter school; and for service in the Peace Corps or VISTA (Volunteers in Service to America).

Teachers purchasing service credit under these provisions were required to pay the full actuarial value of the resulting increased benefit.

The 1999 Omnibus Pension Act also established a new local government correctional plan, to be administered by the Public Employees Retirement Association (PERA). The new plan, established in article 2 of the Omnibus Act, covers employees working in a county-administered jail or correctional facility or in regional facilities who are certified by their employers to work directly with inmates at least 95 percent of their work periods. Like police officers and firefighters and state peace officers and correctional employees, persons covered by the new plan will be eligible for retirement with full benefits at age 55.

Related provisions found in article 14 reduce early retirement penalties for members of the state patrol and local police officers and firefighters. The deduction in benefits for each month the member was under age 55 at the time of retirement was cut from two-tenths of one percent to one-tenth.

Other provisions affecting law-enforcement retirement plans are found in article 4. They affect consolidation accounts administered by PERA for cities whose local police or fire retirement systems merged into PERA, while retaining separate accounts to cover benefits for members who chose to continue to be covered by the local plans for retirement purposes. Cities that choose to merge their consolidation accounts into the PERA Police and Fire Fund will receive a portion of any surplus assets in their accounts, which they may use for local police or fire services.

PERA, TRA, and the Minnesota State Retirement System may share a building under authority granted by article 22 of the Omnibus Act. The new law authorizes the Commissioner of Administration to build, buy, or lease facilities to house the three statewide systems. Any land and building acquired in any manner will be held in trust by the state for the systems. The commissioner may issue revenue bonds for as much as \$38 million to pay for the shared facility. Assets of the pension plans will be pledged as security for the bonds.

If the three systems do share a facility, they must report to the Legislature by July 15, 2001, on a plan for consolidating their administrative services.

Veto

The Governor vetoed six bills and exercised line-item veto authority on 12 bills. The total amount of the vetoes was over \$140.6 million. Of this amount:

- Almost \$97.8 million was from the General Fund (including \$30.9 million in FY 2002);
- Over \$24 million in capital projects was from the Bond Proceeds Fund;
- \$10 million in capital projects was from the Transportation Fund; and

- Almost \$8.7 million was from other funds.

Not included in the above dollar amounts were two technical vetoes by the Governor and the General Fund reductions in debt service because of the capital projects vetoed. The first technical veto was the creation of the Minnesota Minerals 21st Century Fund in Chapter 240 (the Capital Budget Bill) which was enacted in Chapter 243 (the Omnibus Tax Bill). The second technical veto was of Chapter 242 (the first State Government Finance Bill) which was also

repealed in Chapter 250. The General Fund debt service saved because of the capital projects vetoed is not included along with the dollar amount of the projects vetoed because including both here would be double counting the effect of the vetoes of the capital projects. The line-item appropriations are identified in the table on the next page.

Nonappropriation Bills Vetoed

The following is a list of five nonappropriation bills that were passed by the Legislature and vetoed by the Governor:

- Landscape irrigation system rain check installation requirement – Chapter 27
- Uniform municipal contracting law dollar limit increases and cooperative purchases authorization – Chapter 82
- Seatbelts or child passenger restraint system use - admissibility of evidence * – Chapter 106
- Local government units - exemption from competitive bidding requirements for certain contracts – Chapter 167
- Animal feedlots - hydrogen sulfide standards exemption and environmental review requirements – Chapter 204

* The Legislature was successful in overriding this veto.

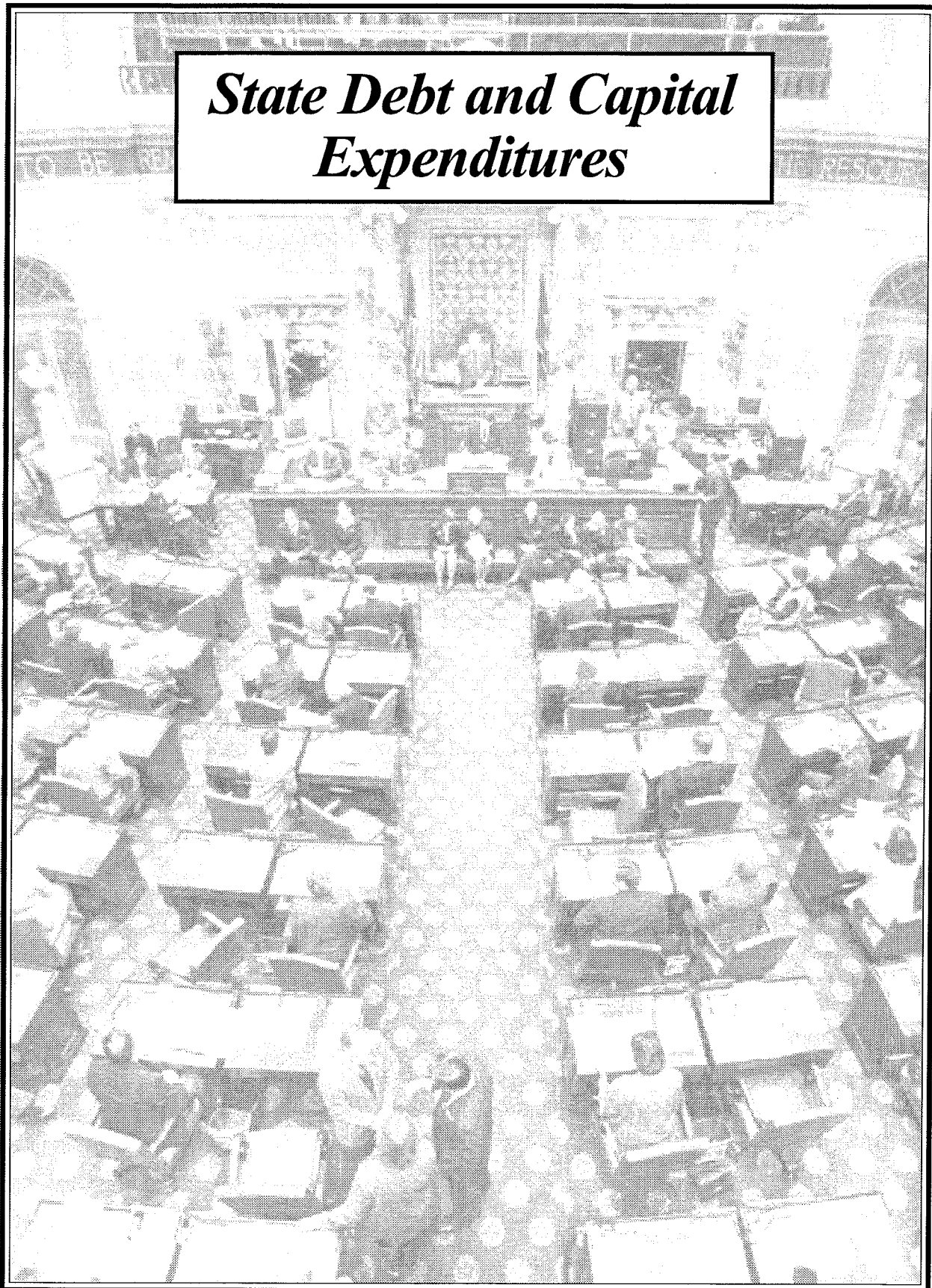
VETOES - GENERAL FUND

Item	Project	Total
PSEUDORABIES/FARM RELIEF – CHAPTER 45		\$245,000
Financial Analysis Assistance for Farmers - FY 1999	\$245,000	
FAMILY AND EARLY CHILDHOOD – CHAPTER 205		\$325,000
Kids Capacity Initiative	100,000	
Perspectives, Inc.	25,000	
Meadowbrook Collaborative Housing	50,000	
GED on TV	150,000	
CRIME BILL – CHAPTER 216		\$500,000
Ramsey County Domestic Assault Unit Grant	500,000	
ECONOMIC DEVELOPMENT – CHAPTER 223		\$700,000
Owatonna Infrastructure Improvements	300,000	
Labor Interpretive Center	400,000	
ENVIRONMENT AND AGRICULTURE – CHAPTER 231		\$2,631,000
Water Quality Cooperatives	200,000	
NW Counties Drainage Assessment Payments	232,000	
Fish and Wildlife Operations	1,565,000	
Walleye Stocking	500,000	
Citizens Council on Voyageurs National Park	134,000	
K-12 EDUCATION – CHAPTER 241		\$770,000
Adolescent Parenting Grants	300,000	
Talented Youth Math Project	320,000	
Urban Agricultural High School	50,000	
Teacher Training Improvement Pilot Program	100,000	
HEALTH AND HUMAN SERVICES – CHAPTER 245		\$265,000
DWI Offender Program	200,000	
Ramsey County ICF/MR	65,000	
TAXES – CHAPTER 243		\$84,900,000
Transfer to the Health Care Access Fund - 1999-2001 Biennium	54,000,000	
Transfer to the Health Care Access Fund - FY 2002	30,900,000	
STATE GOVERNMENT – CHAPTER 250		\$7,433,000
Intergovernmental Information Systems Council	220,000	
Bleacher Safety Grant Funding	100,000	
Digital TV Grants	113,000	
Ice Center Grants	4,000,000	
Amateur Athletic Facilities	2,000,000	
Reading Programs	1,000,000	
TOTAL GENERAL FUND VETOES		\$97,769,000

VETOES - OTHER FUNDS

Item	Project	Total
HIGHER EDUCATION – CHAPTER 214		\$450,000
Tuition Wavers for Certain Health Care Workers - Health Care Access Fund	200,000	
Compulsive Gambling Addiction Research and Education - Lottery Prize Fund	250,000	
ECONOMIC DEVELOPMENT – CHAPTER 223		\$452,000
Advocating Change Together - Workforce Development Fund	252,000	
St. Paul District 5 Planning Council Grant - Workforce Development Fund	200,000	
ENVIRONMENT AND AGRICULTURE – CHAPTER 231		\$1,750,000
Climate Variability and Change Impacts - Environmental Trust Fund	350,000	
Hyland Lake Environmental Center - Environmental Trust Fund	200,000	
Trout Stream Protection - Minnesota Future Resources Fund	1,200,000	
TRANSPORTATION – CHAPTER 238		\$6,000,000
Additional Highway Maintenance - Trunk Highway Fund	6,000,000	
CAPITAL BUDGET – CHAPTER 240		\$34,218,453
Minnesota State Colleges and Universities - Bond Proceeds Fund	11,080,000	
Board of Water and Soil Resources - Bond Proceeds Fund	2,375,000	
WW II Memorial - Bond Proceeds Fund	150,000	
Local Bridge Replacement and Rehabilitation - Transportation Fund	10,000,000	
Transportation Revolving Fund - Bond Proceeds Fund	10,000,000	
Labor History Center Reauthorization - Bond Proceeds Fund	613,453	
TOTAL VETOES OF OTHER FUNDS		\$42,870,453
TOTAL VETOES OF ALL FUNDS		\$140,639,453

State Debt and Capital Expenditures



Capital Expenditures

1999 Capital Projects

The 1999 Legislature adopted a Capital Budget Bill totaling approximately \$154.2 million. The following table delineates project amounts:

CAPITAL EXPENDITURES AUTHORIZED BY THE 1999 LEGISLATURE

BONDING AUTHORITY		
Item	Project	Total
BOARD OF WATER AND SOIL RESOURCES		\$ 2,375,000
Lazarus Creek- Grant for construction of LQP-25/ Lazarus Creek floodwater retention project	\$1,375,000*	
Grass Lake Restoration- To construct publicly owned stormwater flood reduction and water quality improvements related to the restoration of Grass Lake	1,000,000*	
DEPARTMENT OF ADMINISTRATION		\$ 4,150,000
Capital Asset Preservation and Replacement (CAPRA)	3,000,000	
Grant to Itasca County for predesign and design of public infrastructure improvements	1,000,000	
World War II Veterans Memorial	150,000*	
DEPARTMENT OF CORRECTIONS		\$1,785,000
For design for renovations of a capital nature to the storm and sanitary sewer lines at the correctional facility at Faribault and for making emergency capital repairs to the system		
DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING		\$ 5,300,000
Metropolitan Magnet School Grants- \$4,000,000 is for a grant to the Southwest Metropolitan Integration magnet school in Edina; \$1,300,000 is for a grant to the Interdistrict Arts and Sciences Middle School in the east metropolitan area		

(continued)

BONDING AUTHORITY

Item	Project	Total
DEPARTMENT OF NATURAL RESOURCES		\$ 18,968,000
State share of flood hazard mitigation grants for the Hoyt Avenue project in the city of St. Paul, and for Dawson, Granite Falls, and Montevideo	1,698,000	
Local share of flood hazard mitigation projects in Crookston, East Grand Forks, Warren, Ada, Breckenridge, and Oakport, to the extent that the cost of each project exceeds 2 percent of the median family income in the municipality multiplied by the number of households in the municipality	17,270,000	
DEPARTMENT OF TRANSPORTATION		\$ 80,440,000
Brooklyn Park Pedestrian Bridge	440,000	
Light-Rail Transit	60,000,000	
Local Bridge Replacement and Rehabilitation	10,000,000*	
Transportation Revolving Fund	10,000,000*	
MINNESOTA STATE COLLEGES AND UNIVERSITIES		\$ 11,080,000
Moorhead State University	3,730,000*	
Ridgewater College	1,250,000*	
Winona State University	6,100,000*	
OFFICE OF ENVIRONMENTAL ASSISTANCE		\$ 3,000,000
For the retrofit and reconstruction of a solid waste resource recovery facility in the city of Perham that serves a seven-county area. The appropriation is available until June 30, 2001		
PUBLIC FACILITIES AUTHORITY		\$ 22,700,000
Matching money for federal grants to the Drinking Water Fund	2,200,000	
Wastewater Infrastructure Program	20,500,000	
BOND SALE EXPENSES		\$152,000
REAUTHORIZATIONS		\$4,691,650
CANCELLATIONS		\$(440,000)
TOTAL		\$ 154,201,650

* Projects vetoed by the Governor are identified with an asterisk.

CHANGE IN FUNDING SOURCE FOR 1998 CAPITOL PROJECTS

Item	Project	Total
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Language authorizing the return of \$400 million to the unreserved General Fund by changing the fund source of the projects listed below was adopted. The language changes the designation of fund sources for the projects delineated in Laws 1998, chapters 389, article 9, section 2; 404; and 408, section 22. Money for the projects listed below are appropriated from the Bond Proceeds Fund and Transportation Fund.

CAPITOL AREA ARCHITECTURAL PLANNING BOARD

Capitol Building Structural Stabilization	\$6,500,000
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DEPARTMENT OF NATURAL RESOURCES

Metro Regional Park Acquisition and Betterment	9,000,000
Office Facility Consolidation	7,100,000
State Park and Recreation Area Building Development	5,000,000
Trail Acquisition and Development	3,350,000

DEPARTMENT OF TRADE AND ECONOMIC DEVELOPMENT

Duluth Convention Center	12,000,000
Earle Brown Heritage Center	2,500,000
Fergus Falls Convention Center	1,500,000
Humboldt Greenway (Hennepin County)	7,000,000
Hutchinson Civic Center	1,000,000
Minneapolis Convention Center	86,332,000
Minnesota African American Performing Arts	2,250,000
Montevideo Downtown Development	1,500,000
Paramount Arts Regional Arts Center (St. Cloud)	750,000
Prairieland Expo Center	3,000,000
Rochester Mayo Civic Center	2,800,000
St. Cloud Community/Rec Center	5,500,000
Veteran's Memorial Amphitheater	315,000

DEPARTMENT OF TRANSPORTATION

Local Bridge Replacement and Rehabilitation	28,000,000
Metropolitan Transitways	40,000,000
Port Development Assistance	3,000,000

INDIAN AFFAIRS COUNCIL

Battle Point Cultural and Educational Center	1,700,000
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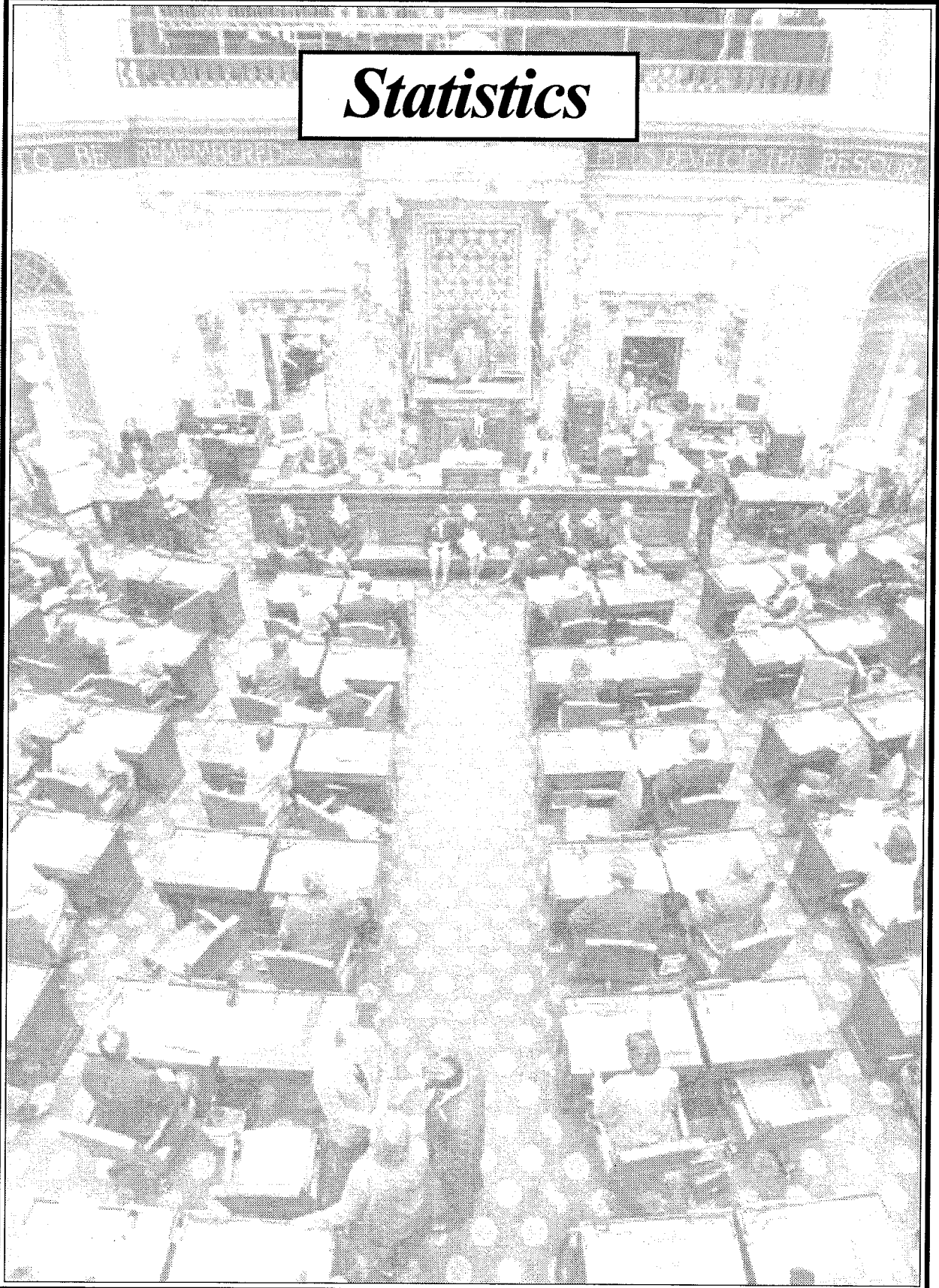
CHANGE IN FUNDING SOURCE FOR 1998 CAPITOL PROJECTS

Item	Project	Total
MINNESOTA HISTORICAL SOCIETY		
Humphrey Museum and Learning Center	1,000,000	
Northwest Company Fur Post Interpretive Center	1,500,000	
St. Anthony Falls Heritage Zone	4,000,000	
MINNESOTA STATE COLLEGES AND UNIVERSITIES		
Mankato State University	10,500,000	
Rochester Regional Recreation Center	4,800,000	
PUBLIC FACILITIES AUTHORITY		
Match federal grants to the Drinking Water Fund	1,500,000	
Wastewater Infrastructure Program	15,300,000	
RESIDENTIAL ACADEMIES AT FARIBAULT		
Lysen Hall Expansion and Renovation	4,413,000	
Tate Hall Renovation	3,500,000	
UNIVERSITY OF MINNESOTA		
Ag. Experiment Stations: Facility Improvement-Four Sites	3,600,000	
Crookston: Facility Improvements-Four Sites	3,500,000	
Duluth: Academic Space Renovation Design	200,000	
Library	17,000,000	
Minneapolis: Folwell Hall Renovation Design	690,000	
Utility Infrastructure	2,400,000	
Walter Digital Technology Center	52,200,000	
Morris: Science Building Renovation/Addition,	18,400,000	
Heating Plant Expansion, Rec Center		
St. Paul: Gortner/Snyder Biology Lab Renovations	3,900,000	
Greenhouse Renovation Design	900,000	
Peters Hall Renovation	6,900,000	
Women's Athletics Fields and Facilities	2,700,000	
VETERANS HOME BOARD		
Hastings Veterans Home	5,000,000	
Minneapolis Veterans Home	6,000,000	

OTHER PROVISIONS

The Governor vetoed two additional provisions in the Bonding Bill: a reauthorization of previous appropriations for the labor history center (\$613,453) and money for the Minnesota Minerals 21st Century Fund created in the Omnibus Jobs, Housing, and Economic Development Bill (\$20 million). The veto of the money for the Minnesota Minerals 21st Century Fund was a technical veto because the money was appropriated in the Omnibus Tax Bill (Chapter 243).

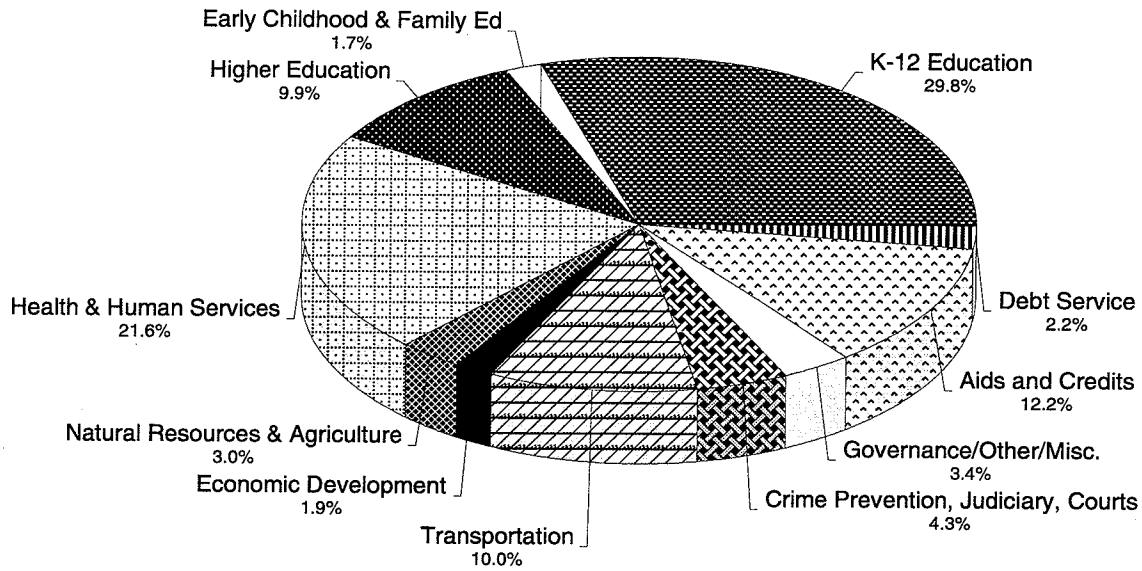
Statistics



State Appropriations by Functional Area

1999 -2001 Biennium

Total Appropriations (1): \$26,563,635,000



Note:

(1) Total does not include dedicated general fund appropriations and cancellations.

Table A

**Summary of Biennial Appropriations by Fund
1997-1999 and 1999-2001 Bienniums**

Fund	1997-1999 Biennium	1999-2001 Biennium	Difference
County-State Aid Highway	\$ 645,801,000	\$ 731,687,000	\$ 85,886,000
Environmental	42,399,000	45,896,000	3,497,000
Environmental Trust Fund	22,270,000	25,460,000	3,190,000
Game and Fish	110,373,000	121,934,000	11,561,000
General	22,175,818,000	23,089,674,000	913,856,000
Dedicated General Fund	294,486,000	236,591,000	(57,895,000)
Health Care Access Fund	282,860,000	330,628,000	47,768,000
Highway User Tax Distribution	32,653,000	35,357,000	2,704,000
Metro Landfill Contingency	663,000	0	(663,000)
Landfill Cleanup-Solid Waste	13,402,000	15,712,000	2,310,000
Minnesota Future Resources	14,668,000	14,840,000	172,000
Municipal-State Aid Street	195,844,000	212,943,000	17,099,000
Natural Resources	46,949,000	52,238,000	5,289,000
Endowment School	65,000,000	41,581,000	(23,419,000)
Petroleum Tank Release Cleanup	9,330,000	9,036,000	(294,000)
Special Revenue	41,915,000	92,022,000	50,107,000
State Airports	36,094,000	38,855,000	2,761,000
State Government Special Revenue	89,739,000	27,985,000	(61,754,000)
State Lottery Fund (1)	104,798,000	106,495,000	1,697,000
Trunk Highway	1,459,421,000	1,482,655,000	23,234,000
Workforce Development (2)	0	29,998,000	29,998,000
Workers' Compensation	54,727,000	58,639,000	3,912,000
Total State Appropriations (3):	\$ 25,739,210,000	\$ 26,800,226,000	\$ 1,061,016,000
Federal Funds:	\$ 7,515,039,000	\$ 8,503,097,000	\$ 988,058,000
TOTAL APPROPRIATIONS:	\$ 33,254,249,000	\$ 35,303,323,000	\$ 2,049,074,000

NOTES:

- (1) This item represents the statutory maximum of 15 percent of lottery gross revenues that may be annually credited to the lottery operations account.
- (2) Contains \$29,000,000 from general fund transfer.
- (3) The total state appropriations figure does not include cancellations.

Table B
General Fund
Resources and Appropriations
1999-2001 Biennium

	1999-2001 Biennium
<u>I. RESOURCES</u>	
A. Balance Forward	\$ 1,517,719,000
B. Taxes & Receipts (before 1999 Law Changes)	
Individual Income Taxes	13,308,500,000
Corporate Franchise Tax	1,593,500,000
Sales Tax	7,717,073,000
Motor Vehicle Tax	917,950,000
Inheritance & Estate Tax	94,000,000
Liquor, Wine, Beer	115,895,000
Cigarette and Tobacco Products Tax	359,797,000
Iron Ore Occupation	300,000
Taconite Occupation & Production	4,000,000
Deed and Mortgage Tax	252,200,000
Insurance Gross Premiums	350,400,000
Telephone, Telegraph, & Other Gross	90,000
Lawful Gambling Tax	126,692,000
Health Care Provider Tax	244,614,000
Controlled Substance	280,000
Investment Income	234,000,000
Income Tax Reciprocity	81,336,000
Tobacco Settlements	760,606,000
Other Non-Dedicated Receipts	144,020,000
Total Taxes & Receipts (Before 1999 Law Changes):	\$ 26,305,253,000
C. Revenue Refunds	
Individual Income Tax	(1,368,300,000)
Corporate Franchise Tax	(210,000,000)
Sales Tax	(372,734,000)
Other Agencies' Refunds	(200,000)
Other Refunds	(46,662,000)
Total Refunds:	\$ (1,997,896,000)
D. Transfers from Other Funds	
Other Special Revenue Funds	10,727,000
Cambridge Bank Special Fund	332,124,000
All Other Transfers	90,289,000
New Legislation Transfers	1,457,000
Total Transfers:	\$ 434,597,000
E. Taxes & Receipts (1999 Law Changes)	
Individual Income Taxes	(1,412,055,000)
Corporate Income Taxes	10,790,000
Sales Tax	(4,362,000)
Insurance Gross Earnings	(105,000)
Lawful Gambling Tax	(6,390,000)
Investment Income	(62,222,000)
Tobacco Settlement Funds	(507,148,000)
Miscellaneous Non-Dedicated Revenues	19,695,000
Total Taxes & Receipts (1999 Law Changes):	\$ (1,961,797,000)

		1999-2001 Biennium
F. Prior Year Adjustments	\$	20,200,000
G. Total Dedicated Revenues	\$	252,360,000
TOTAL REVENUES	\$	24,570,436,000

II. APPROPRIATIONS

A. Major Spending Categories		
Elementary and Secondary Education		8,332,551,000
Higher Education		2,615,500,000
Health and Human Services		5,313,293,000
Natural Resources and Agriculture		418,727,000
Economic Development (1)		392,008,000
Transportation		143,002,000
Crime Prevention, Judiciary, and Courts		1,165,522,000
State Government and Departments		747,152,000
Total Major Spending Categories:	\$	19,127,755,000
B. Open and Standing Appropriations		
Aids and Credits		3,011,344,000
Debt Service		585,765,000
Other Open and Standing		479,029,000
Total Open and Standing Appropriations:	\$	4,076,138,000
TOTAL APPROPRIATIONS	\$	23,203,893,000
TOTAL REVENUES AND RECEIPTS	\$	24,570,436,000
TOTAL APPROPRIATIONS -- GROSS	\$	23,203,893,000
Dedicated Expenditures		236,591,000
Dept. of Human Services RTC Collections (1)		(42,400,000)
Indirect Cost Receipts		(42,819,000)
Less Cancellations		(20,340,000)
TOTAL APPROPRIATIONS -- NET	\$	23,334,925,000
Reserves		
Cash Flow Account		350,000,000
Budget Reserve		622,000,000
Dedicated Reserves		133,105,000
Total Reserves:	\$	1,105,105,000
UNRESTRICTED BUDGETARY BALANCE	\$	130,406,000

NOTES:

- (1) Contains \$29,000,000 transfered to the Workforce Development Fund
- (2) Dept. of Human Services RTC receipts already counted in the appropriation for MA/ GAMC federal funds.

Table C
Detailed Appropriations by Function - All Funds
1997-1999 Biennium Compared to 1999-2001 Biennium

	1997-1999 Biennium	1999-2001 Biennium	Increase (Decrease)	Percent Change
Aids and Credits				
Homestead & Agricultural Credit Aid (HACA)				
School Districts	\$ 166,865,000	\$ 71,964,000	\$ (94,901,000)	
Cities, Towns, Counties	889,651,000	917,964,000	28,313,000	
Tax Incremental Financing	48,000	0	(48,000)	
Subtotal HACA:	1,056,564,000	989,928,000	(66,636,000)	-6.31%
Property Tax Refund				
Renters	197,798,000	228,175,000	30,377,000	
Homeowners	170,469,000	157,879,000	(12,590,000)	
Targeting	8,100,000	3,600,000	(4,500,000)	
Political Contribution Refunds	7,478,000	7,903,000	425,000	
Supplemental Homestead				
Property Tax Relief	948,000	1,088,000	140,000	
Education Homestead Credit	142,644,000	718,375,000	575,731,000	
Aid to Local Governments	729,350,000	777,336,000	47,986,000	
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	11,052,000	12,000,000	948,000	
Enterprise Zone Credit				
School Districts	16,000	16,000	0	
Cities, Towns, Counties	22,000	22,000	0	
Regional Transit Board Levy Reduction	4,370,000	3,524,000	(846,000)	
Region 3 Occupation Tax Distribution & Taconite Aid	2,422,000	2,458,000	36,000	
Disparity Aid				
School Districts	24,250,000	21,206,000	(3,044,000)	
Cities, Towns, Counties	30,132,000	26,376,000	(3,756,000)	
Border City Disparity Credit				
School Districts	3,446,000	3,379,000	(67,000)	
Cities, Towns, Counties	6,483,000	7,872,000	1,389,000	
Disaster & Flood Relief Aid				
School Districts	481,000	373,000	(108,000)	
Cities, Towns, Counties	784,000	462,000	(322,000)	
FY1999 Farm Relief Aid	69,400,000	0	(69,400,000)	
Family Preservation Aid	3,236,000	23,400,000	20,164,000	
Local Performance Aid	19,818,000	19,536,000	(282,000)	
Total Aids and Credits:	\$ 2,495,699,000	\$ 3,011,344,000	\$ 515,645,000	20.66%
One-Time Tax Rebates				
Property Tax Rebate on Income Tax Form (1997 & 1998)	967,463,000	0	(967,463,000)	
Sales Tax Rebate (1999)	1,250,000,000	0	(1,250,000,000)	
Total One-Time Tax Rebates:	2,217,463,000	0	(2,217,463,000)	-100.00%

	1997-1999 Biennium	1999-2001 Biennium	Increase (Decrease)	Percent Change
Elementary and Secondary Education				
General Education Aid	\$ 5,322,343,000	\$ 6,017,654,000	\$ 695,311,000	
Property Tax Recognition	108,800,000	0	(108,800,000)	
Equity Revenue	15,969,000	41,934,000	25,965,000	
New Class Size Reduction Aid	0	85,865,000	85,865,000	
Limited English Proficiency Aid	56,386,000	72,386,000	16,000,000	
Transp. Aid for Post-Sec. Enrollment Options	204,000	204,000	0	
School Bus Safety	2,873,000	144,000	(2,729,000)	
Rural Computerized Routing	70,000	0	(70,000)	
Wide Area Transp. Service	150,000	0	(150,000)	
Endowment Fund	65,000,000	41,581,000	(23,419,000)	
District Cooperation Revenue	16,953,000	6,503,000	(10,450,000)	
Subtotal General Education:	5,588,748,000	6,266,271,000	677,523,000	12.12%
Special Programs				
Special Education Aid	722,882,000	1,072,988,000	350,106,000	
Integration Aid	54,690,000	80,969,000	26,279,000	
Indian Education Programs	7,351,000	7,904,000	553,000	
Tribal Contract Schools	4,942,000	5,632,000	690,000	
School-to-Work.Students w/Disabilities	15,027,000	17,860,000	2,833,000	
Magnet School Grants	7,500,000	3,500,000	(4,000,000)	
Integration Grants	2,000,000	2,000,000	0	
Inter-District Desegregation	1,770,000	1,940,000	170,000	
First Grade Preparedness Program	11,429,000	14,000,000	2,571,000	
Homeless Student Programs	1,480,000	20,000	(1,460,000)	
Center for Torture Victims	120,000	150,000	30,000	
New Programs/Dept. Assistance	250,000	100,000	(150,000)	
Grants to School Districts	1,258,000	0	(1,258,000)	
Low-Income Concentration Grants	1,000,000	0	(1,000,000)	
Education Performance Imprvmnt. Grants	1,100,000	0	(1,100,000)	
Discontinued Programs	810,000	0	(810,000)	
Subtotal Special Programs:	833,609,000	1,207,063,000	373,454,000	44.80%
Lifework Development				
Secondary Vocational Education Aid	25,583,000	12,465,000	(13,118,000)	
Youthworks Program	3,676,000	3,576,000	(100,000)	
Education Employment Transition	9,700,000	6,450,000	(3,250,000)	
MN School-to-Work Student Organizations	750,000	1,250,000	500,000	
Learn & Earn Program	2,000,000	1,450,000	(550,000)	
Southwest Star Concept School	193,000	0	(193,000)	
Lifework Learning Sites	1,450,000	0	(1,450,000)	
Subtotal Lifework Development:	43,352,000	25,191,000	(18,161,000)	-41.89%
Facilities & Technology				
Debt Service Equalization Aid	69,014,000	65,249,000	(3,765,000)	
Health and Safety	29,115,000	29,485,000	370,000	
Alternative Facilities Aid	14,717,000	38,359,000	23,642,000	
Telecommunication Access Grants	23,000,000	5,000,000	(18,000,000)	
Interactive Television Levy Aid	10,598,000	7,048,000	(3,550,000)	
Disaster Relief Grants & Aid	15,775,000	4,973,000	(10,802,000)	
Local Legislation & Grants	1,986,000	750,000	(1,236,000)	
Historic Building Aid	413,000	0	(413,000)	
Discontinued Technology Programs	54,978,000	0	(54,978,000)	
Subtotal Facilities & Technology:	219,596,000	150,864,000	(68,732,000)	-31.30%

	1997-1999 Biennium	1999-2001 Biennium	Increase (Decrease)	Percent Change
Education Excellence				
Advanced Placement/IB	\$ 3,750,000	\$ 3,750,000	\$ 0	
Community-Based Charter School Grant	3,300,000	3,000,000	(300,000)	
Statewide Testing	5,000,000	18,000,000	13,000,000	
Homework Helpline	200,000	80,000	(120,000)	
Charter School Building Lease Aid	3,146,000	6,608,000	3,462,000	
Charter School Start Up Grants & Integration Aid	1,983,000	3,765,000	1,782,000	
Graduation Rule Resource Grants	3,200,000	600,000	(2,600,000)	
Special Education Staff Development	0	1,500,000	1,500,000	
Laboratory Schools	2,500,000	0	(2,500,000)	
Gifted & Talented Grants	3,000,000	0	(3,000,000)	
Graduation Rule Implementation	10,000,000	0	(10,000,000)	
Residential Academies	12,000,000	0	(12,000,000)	
Discontinued Grant Programs	8,859,000	0	(8,859,000)	
Subtotal Education Excellence:	56,938,000	37,303,000	(19,635,000)	-34.48%
Other Education Programs				
Consolidation Transition Aid	1,523,000	826,000	(697,000)	
Abatement Aid	27,700,000	18,057,000	(9,643,000)	
Nonpublic Pupil Aid	19,118,000	22,874,000	3,756,000	
Nonpublic Transportation	15,467,000	39,508,000	24,041,000	
HIV Training Sites	200,000	458,000	258,000	
Partners for Quality School Improvement	500,000	500,000	0	
Local Programs & Fund Transfers	230,000	375,000	145,000	
Urban Educator Program	1,395,000	2,600,000	1,205,000	
Professional Teaching Standards	400,000	400,000	0	
MN Learning Resource Center/New Visions	300,000	450,000	150,000	
Family Connections Aid	500,000	0	(500,000)	
Enrollment Options Replacement Aid	12,000	0	(12,000)	
Cooperation and Combination Aid	564,000	0	(564,000)	
Preventing Violence Through Plays	150,000	0	(150,000)	
Minnesota International Center	160,000	0	(160,000)	
Subtotal Nutrition & Other Programs:	68,219,000	86,048,000	17,829,000	26.13%
Nutrition Programs				
School Lunch and Milk Aid	15,024,000	16,400,000	1,376,000	
Summer Food Service	330,000	300,000	(30,000)	
School Breakfast Aid	942,000	912,000	(30,000)	
Fast Break to Learning	1,037,000	5,000,000	3,963,000	
Subtotal Nutrition Programs:	17,333,000	22,612,000	5,279,000	30.46%
Libraries				
Basic Support Grants	\$ 15,888,000	\$ 17,065,000	\$ 1,177,000	
Multicounty, Mutitype Library Grants	1,768,000	1,806,000	38,000	
Library for the Blind Technology	60,000	212,000	152,000	
Library Technology Grants	3,500,000	2,900,000	(600,000)	
Discontinued Library Programs	935,000	0	(935,000)	
Subtotal Libraries:	22,151,000	21,983,000	(168,000)	-0.76%
Department of Children, Families, & Learning				
State Board of Education	49,346,000	58,585,000	9,239,000	
Board of Teaching	417,000	165,000	(252,000)	
Litigation Costs	464,000	1,351,000	887,000	
Academic Excellence Foundation	2,600,000	2,000,000	(600,000)	
FY1999 Deficiencies	1,249,000	0	(1,249,000)	
	3,500,000	0	(3,500,000)	
Subtotal Dept. of Children, Families, & Learning:	57,576,000	62,101,000	4,525,000	7.86%

	1997-1999 Biennium	1999-2001 Biennium	Increase (Decrease)	Percent Change
Lola & Rudy Perpich Center for Arts Education	\$ 11,638,000	\$ 14,639,000	\$ 3,001,000	25.79%
Faribault Academies	17,886,000	20,297,000	2,411,000	13.48%
State Appropriations:	\$ 6,937,046,000	\$ 7,914,372,000	\$ 977,326,000	14.09%
Federal Appropriations:	\$ 679,026,000	\$ 681,668,000	\$ 2,642,000	0.39%
Total Elementary & Secondary Education:	\$ 7,616,072,000	\$ 8,596,040,000	\$ 979,968,000	12.87%

Early Childhood & Family Education

Children & Family Support Programs

School Readiness	20,701,000	20,790,000	89,000	
Early Childhood Family Education (ECFE)	29,879,000	39,905,000	10,026,000	
Health & Developmental Screening Aid	3,100,000	5,100,000	2,000,000	
Way to Grow - Early Childhood Grants	950,000	950,000	0	
Head Start	36,750,000	36,750,000	0	
School-Age/Extended Day Aid	661,000	490,000	(171,000)	
Child Care - Basic Sliding Fee	95,752,000	43,998,000	(51,754,000)	
TANF/MFIP Child Care	99,169,000	174,761,000	75,592,000	
Child Care Development	7,730,000	3,730,000	(4,000,000)	
Part H - Early Childhood Program	400,000	0	(400,000)	
ECFE Infant Development	2,210,000	0	(2,210,000)	
Subtotal Children & Family Support Programs:	297,302,000	326,474,000	29,172,000	9.81%

Community and Systems Change

Family Collaborative	14,137,000	7,312,000	(6,825,000)	
Community Education Aid	3,173,000	28,832,000	25,659,000	
Adults w/Disabilities Program Aid	1,560,000	1,480,000	(80,000)	
First Call Minnesota	0	50,000	50,000	
Subtotal Community & Systems Change:	18,870,000	37,674,000	18,804,000	99.65%

Prevention and Intervention Programs

Violence Prevention Education Grants	2,900,000	2,900,000	0	
Male Responsibility & Fathering Grants	500,000	500,000	0	
Abused Children Programs	1,859,000	1,890,000	31,000	
Children's Trust Fund	450,000	450,000	0	
After School Enrichment Grants	9,520,000	10,520,000	1,000,000	
Alcohol-Impaired Driver Education	400,000	400,000	0	
Adolescent Parenting Grants	1,280,000	1,000,000	(280,000)	
Family Visitation Centers	400,000	400,000	0	
Drug Policy & Violence Prevention Programs	4,990,000	0	(4,990,000)	
Citizenship Promotion Program	975,000	0	(975,000)	
Child Guide Prevention Program	250,000	0	(250,000)	
Meadowbrook Collaborative	50,000	0	(50,000)	
Subtotal Prevention & Intervention Programs:	23,574,000	18,060,000	(5,514,000)	-23.39%

Self-Sufficiency and Life-Long Learning

MN Economic Opportunity Grants	17,028,000	17,028,000	0	
Transitional Housing Programs	3,584,000	3,975,000	391,000	
Foodshelf Programs	2,454,000	2,556,000	102,000	
Adult Education Programs	30,384,000	52,735,000	22,351,000	
Lead Hazard Reduction	300,000	500,000	200,000	
Emergency Services Grants	300,000	700,000	400,000	
Family Assets for Independence	0	500,000	500,000	
Emergency Food Assistance	194,000	0	(194,000)	
Energy Assistance & Weatherization	1,000,000	0	(1,000,000)	
Subtotal Self-Sufficiency & Life-Long Learning:	55,244,000	77,994,000	22,750,000	41.18%

State Appropriations: \$ 394,990,000 \$ 460,202,000 \$ 65,212,000 16.51%

Federal Appropriations: \$ 237,378,000 \$ 318,146,000 \$ 80,768,000 34.03%

Total Early Childhood & Family Education: \$ 632,368,000 \$ 778,348,000 \$ 145,980,000 23.08%

	1997-1999 Biennium	1999-2001 Biennium	Increase (Decrease)	Percent Change
Higher Education				
Higher Education Services Office				
Agency Administration	\$ 5,450,000	\$ 6,978,000	\$ 1,528,000	
State Scholarships and Grants	213,917,000	246,274,000	32,357,000	
Interstate Tuition	8,000,000	9,000,000	1,000,000	
State Work-Study	19,888,000	24,888,000	5,000,000	
Minitex Library Program	5,216,000	9,916,000	4,700,000	
Learning Network of MN	10,792,000	10,357,000	(435,000)	
Edvest	3,039,000	3,040,000	1,000	
Appropriation Carried Forward	473,000	60,000	(413,000)	
Library Information Network	12,000,000	0	(12,000,000)	
Subtotal Higher Education Services Office:	278,775,000	310,513,000	31,738,000	11.38%
MN State Colleges & Universities	1,058,071,000	1,115,791,000	57,720,000	5.46%
University of Minnesota				
Operations and Maintenance	971,354,000	1,041,225,000	69,871,000	
Health Sciences	17,132,000	11,635,000	(5,497,000)	
Institute of Technology	3,104,000	3,245,000	141,000	
System Specials	14,358,000	14,732,000	374,000	
Agriculture and Extension Service	105,744,000	115,176,000	9,432,000	
Subtotal University of Minnesota:	1,111,692,000	1,186,013,000	74,321,000	6.69%
Mayo Medical Foundation	2,431,000	3,183,000	752,000	30.93%
State Appropriations:	\$ 2,450,969,000	\$ 2,615,500,000	\$ 164,531,000	6.71%
Federal Appropriations:	\$ 63,200,000	\$ 79,014,000	\$ 15,814,000	25.02%
Total Higher Education:	\$ 2,514,169,000	\$ 2,694,514,000	\$ 180,345,000	7.17%

Human Services

Department of Human Services				
Financial & Management Administration	50,490,000	57,419,000	6,929,000	
Children Grants & Services	85,535,000	115,416,000	29,881,000	
Health Care Programs				
Medical Assistance Grants	1,348,753,000	1,513,591,000	164,838,000	
Gen Assistance Medical Care	284,306,000	269,817,000	(14,489,000)	
Health Care Management	48,020,000	46,495,000	(1,525,000)	
Medical Assistance - Long-term Care	1,585,623,000	1,867,804,000	282,181,000	
State Operated Treatment Centers	410,349,000	418,931,000	8,582,000	
Continuing Care & Community Support Grants				
Community Social Services Block Grants	112,258,000	86,095,000	(26,163,000)	
Community Care & Support Grants	35,682,000	41,876,000	6,194,000	
Mental Health Grants	100,595,000	94,013,000	(6,582,000)	
Alternative Care Grants	103,296,000	120,854,000	17,558,000	
Group Residential Housing Grants	118,346,000	136,867,000	18,521,000	
Chemical Dependency Grants	77,882,000	88,504,000	10,622,000	
Support Management	38,612,000	35,447,000	(3,165,000)	
Compulsive Gambling Treatment	3,200,000	0	(3,200,000)	
Economic Support Grants				
Assistance to Families Grants / MFIP	200,273,000	132,414,000	(67,859,000)	
General Assistance Grants	91,800,000	48,900,000	(42,900,000)	
Work Grants	26,858,000	21,462,000	(5,396,000)	
Minnesota Supplemental Aid	46,171,000	52,641,000	6,470,000	
Child Support Enforcement	9,118,000	10,718,000	1,600,000	
Administration	76,051,000	81,307,000	5,256,000	
Refugee Service	3,210,000	660,000	(2,550,000)	
Special Education Reform	483,000	0	(483,000)	
Claims Against the State	3,000	0	(3,000)	
Tornado Relief	400,000	0	(400,000)	
FY1999 Claims	5,000	0	(5,000)	
Federal Reimbursement	(44,836,000)	(58,588,000)	(13,752,000)	
Subtotal Department of Human Services:	4,812,483,000	5,182,643,000	370,160,000	7.69%

	1997-1999 Biennium	1999-2001 Biennium	Increase (Decrease)	Percent Change
Ombudsman for Mental Health & Retardation	\$ 2,711,000	\$ 2,716,000	\$ 5,000	0.18%
Ombudsman for Families	318,000	337,000	19,000	5.97%
MinnesotaCare/Health Care Access Fund				
Department of Health	23,218,000	20,001,000	(3,217,000)	
Department of Human Services	218,705,000	301,240,000	82,535,000	
Department of Revenue	4,789,000	3,413,000	(1,376,000)	
University of Minnesota	5,074,000	5,674,000	600,000	
Legislative Coordinating Commission	300,000	300,000	0	
Department of Commerce	30,100,000	0	(30,100,000)	
Council on People with Disabilities	93,000	0	(93,000)	
Transfer from Health Care Access Fund	8,216,000	0	(8,216,000)	
FY1999 Deficiencies	11,647,000	0	(11,647,000)	
Subtotal MinnesotaCare:	302,142,000	330,628,000	28,486,000	9.43%
State Appropriations:	\$ 5,117,654,000	\$ 5,516,324,000	\$ 398,670,000	7.79%
Federal Appropriations:	\$ 4,850,898,000	\$ 5,345,750,000	\$ 494,852,000	10.20%
Total Human Services:	\$ 9,968,552,000	\$ 10,862,074,000	\$ 893,522,000	8.96%

Health

Department of Health				
Health Protection	46,151,000	54,286,000	8,135,000	
Health Systems	112,527,000	113,461,000	934,000	
Health Management & Support Services	6,425,000	11,317,000	4,892,000	
FY1999 Claims	10,000	0	(10,000)	
Subtotal Department of Health:	165,113,000	179,064,000	13,951,000	8.45%
Health-Related Boards	25,132,000	26,906,000	1,774,000	7.06%
Council on People with Disabilities	1,245,000	1,320,000	75,000	6.02%
State Appropriations:	\$ 191,490,000	\$ 207,290,000	\$ 15,800,000	8.25%
Federal Appropriations:	\$ 216,692,000	\$ 217,984,000	\$ 1,292,000	0.60%
Total Health:	\$ 408,182,000	\$ 425,274,000	\$ 17,092,000	4.19%

Veterans

Veterans Affairs	\$ 9,627,000	\$ 8,664,000	\$ (963,000)	
Gulf War Bonus Payments	17,090,000	1,590,000	(15,500,000)	
Veterans Nursing Homes Board	43,761,000	53,224,000	9,463,000	
Veterans Homes Improvement	1,270,000	0	(1,270,000)	
Subtotal Veterans Affairs:	71,748,000	63,478,000	(8,270,000)	-11.53%
Veterans of Foreign Wars	82,000	82,000	0	0.00%
Disabled American Veterans	26,000	26,000	0	0.00%
Military Order of the Purple Heart	40,000	40,000	0	0.00%
Total Veterans:	\$ 71,896,000	\$ 63,626,000	\$ (8,270,000)	-11.50%

Transportation

State Roads				
Construction	481,660,000	488,391,000	6,731,000	
Highway Debt Service	28,700,000	27,124,000	(1,576,000)	
Operations	407,934,000	425,264,000	17,330,000	
Central Engineering Services	113,977,000	139,503,000	25,526,000	
Research & Investment Management	23,397,000	25,047,000	1,650,000	
Design & Engineering	147,124,000	163,838,000	16,714,000	
Electronic Communications	19,034,000	11,227,000	(7,807,000)	
Subtotal Highway Develop. & Operations:	1,221,826,000	1,280,394,000	58,568,000	4.79%

	1997-1999 Biennium	1999-2001 Biennium	Increase (Decrease)	Percent Change
Local Roads				
County State Aids	\$ 645,801,000	\$ 731,687,000	\$ 85,886,000	
Municipal State Aids	195,844,000	212,943,000	17,099,000	
Subtotal Transp. Aids to Local Gov.:	841,645,000	944,630,000	102,985,000	12.24%
Public Transit: Metro & Greater MN				
Greater Minnesota Transit Assistance	29,585,000	32,430,000	2,845,000	
Met Council Transit	102,202,000	109,902,000	7,700,000	
Subtotal Public Transit: Metro & Greater MN:	131,787,000	142,332,000	10,545,000	8.00%
General Support & Management				
General Management	51,521,000	57,704,000	6,183,000	
General Services	26,455,000	24,473,000	(1,982,000)	
Motor Carrier Regulation	4,924,000	5,716,000	792,000	
Railroads and Waterways	3,936,000	3,188,000	(748,000)	
Buildings & Equipment	12,271,000	7,551,000	(4,720,000)	
Subtotal General Support & Management:	99,107,000	98,632,000	(475,000)	-0.48%
Aeronautics				
Aviation Support	9,691,000	10,446,000	755,000	
Airport Development and Assistance	25,896,000	27,896,000	2,000,000	
Air Transportation Services	598,000	265,000	(333,000)	
Civil Air Patrol	130,000	130,000	0	
Subtotal Aeronautics:	36,315,000	38,737,000	2,422,000	6.67%
Dept. of Transportation - Environmental Study	0	200,000	200,000	
Federal Funds Included in Highway Operations, Technical Services & Program Management	(40,426,000)	(70,852,000)	(30,426,000)	75.26%
State Appropriations:	\$ 2,290,254,000	\$ 2,434,073,000	\$ 143,819,000	6.28%
Federal Appropriations:	\$ 776,664,000	\$ 1,101,480,000	\$ 324,816,000	41.82%
Total Transportation:	\$ 3,066,918,000	\$ 3,535,553,000	\$ 468,635,000	15.28%
Agriculture				
Department of Agriculture				
Protection Service	\$ 37,126,000	\$ 22,803,000	\$ (14,323,000)	
Agricultural Marketing and Development	7,045,000	11,931,000	4,886,000	
Administration and Financial Assistance	12,966,000	11,435,000	(1,531,000)	
Individual Sewage Treatment Systems	4,000,000	0	(4,000,000)	
Crop Insurance	8,800,000	0	(8,800,000)	
Tornado Relief	4,000,000	0	(4,000,000)	
Subtotal Department of Agriculture:	73,937,000	46,169,000	(27,768,000)	-37.56%
Agricultural Utilization Research Institute	8,750,000	8,160,000	(590,000)	-6.74%
Board of Water & Soil Resources	32,824,000	37,124,000	4,300,000	13.10%
Board of Animal Health	4,915,000	5,574,000	659,000	
FY1999-Pseudo Rabies Prevention	1,255,000	0	(1,255,000)	
Subtotal Board of Animal Health:	6,170,000	5,574,000	(596,000)	-9.66%
Ethanol Producer Payments	49,651,000	68,447,000	18,796,000	37.86%
Minnesota Horticultural Society	164,000	164,000	0	0.00%
State Appropriations:	\$ 171,496,000	\$ 165,638,000	\$ (5,858,000)	-3.42%
Federal Appropriations:	\$ 4,507,000	\$ 5,122,000	\$ 615,000	13.65%
Total Agriculture:	\$ 176,003,000	\$ 170,760,000	\$ (5,243,000)	-2.98%

	1997-1999 Biennium	1999-2001 Biennium	Increase (Decrease)	Percent Change
Natural Resources				
Department of Natural Resources				
Operations Support	\$ 60,992,000	\$ 64,424,000	\$ 3,432,000	
Water Resources Management	22,892,000	27,542,000	4,650,000	
Mineral Resources Management	10,235,000	10,218,000	(17,000)	
Forest Management	69,864,000	69,845,000	(19,000)	
Fish and Wildlife Management	86,617,000	92,580,000	5,963,000	
Parks and Recreation Management	54,333,000	61,060,000	6,727,000	
Enforcement	39,506,000	43,857,000	4,351,000	
Trails and Waterways	34,639,000	38,189,000	3,550,000	
Leech Lake and White Earth Reservation	3,837,000	3,988,000	151,000	
1854 Indian Treaty Settlement	7,701,000	8,376,000	675,000	
Wildlife Management Lands in Lieu of Taxes	2,850,000	3,000,000	150,000	
DNR Firefighting	8,093,000	12,000,000	3,907,000	
Emergency Flood Relief	900,000	0	(900,000)	
Subtotal Dept. of Natural Resources:	402,459,000	435,079,000	32,620,000	8.11%
Zoological Board	12,394,000	14,378,000	1,984,000	
FY1999 Deficiencies	800,000	0	(800,000)	
Subtotal Zoological Board:	13,194,000	14,378,000	1,184,000	8.97%
Minn.-Wisc. Boundary Area Commission	349,000	371,000	22,000	6.30%
Voyageurs National Park Citizens Committee	127,000	0	(127,000)	-100.00%
Minnesota Resources				
LCMR Administration	776,000	867,000	91,000	
Recreation	10,000,000	11,127,000	1,127,000	
Additional FY1999 Appropriation	991,000	0	(991,000)	
Historic Sites	1,388,000	690,000	(698,000)	
Water Quality	2,170,000	3,000,000	830,000	
Ag. & Natural Resources Based Industries	1,685,000	6,100,000	4,415,000	
Urbanization Impacts	1,985,000	1,373,000	(612,000)	
Decision-Making Tools	1,410,000	1,355,000	(55,000)	
Innovations in Energy & Transportation	1,698,000	325,000	(1,373,000)	
Environmental Education	2,478,000	2,655,000	177,000	
Benchmarks and Indicators	1,715,000	4,230,000	2,515,000	
Native Fisheries	336,000	458,000	122,000	
Critical Lands or Habitats	7,432,000	6,230,000	(1,202,000)	
Native Species Planting	670,000	1,540,000	870,000	
Exotic Species	500,000	550,000	50,000	
Pollution Prevention	265,000	0	(265,000)	
Public Access to Natural Resources Data	850,000	0	(850,000)	
Land Acquisition in High Growth Areas	850,000	0	(850,000)	
Wildlife or Trail Corridors	1,000,000	0	(1,000,000)	
Subtotal Minnesota Resources:	38,199,000	40,500,000	2,301,000	6.02%
State Appropriations:	\$ 454,328,000	\$ 490,328,000	\$ 36,000,000	7.92%
Federal Appropriations:	\$ 16,146,000	\$ 33,828,000	\$ 17,682,000	109.51%
Total Natural Resources:	\$ 470,474,000	\$ 524,156,000	\$ 53,682,000	11.41%

Pollution Control

Pollution Control Agency

Protection of the Water	26,682,000	31,792,000	5,110,000	
Protection of the Air	15,984,000	16,217,000	233,000	
Protection of the Land	31,541,000	33,887,000	2,346,000	
General Support	13,861,000	14,132,000	271,000	
Sewage Treatment Grants	1,000,000	0	(1,000,000)	
Subtotal Pollution Control Agency:	89,068,000	96,028,000	6,960,000	7.81%

	1997-1999 Biennium	1999-2001 Biennium	Increase (Decrease)	Percent Change
Office of Environmental Assistance	\$ 13,068,000	\$ 15,298,000	\$ 2,230,000	17.06%
SCORE County Block Grants	28,016,000	28,016,000	0	0.00%
State Appropriations:	\$ 130,152,000	\$ 139,342,000	\$ 9,190,000	7.06%
Federal Appropriations:	\$ 33,507,000	\$ 43,735,000	\$ 10,228,000	30.52%
Total Pollution Control:	\$ 163,659,000	\$ 183,077,000	\$ 19,418,000	11.86%

Economic Development

Department of Trade & Economic Development

Tourism	16,830,000	21,715,000	4,885,000	
Administration	5,974,000	7,089,000	1,115,000	
Business & Community Development	61,794,000	63,722,000	1,928,000	
Minnesota Trade Office	4,788,000	4,593,000	(195,000)	
Information & Analysis	2,845,000	2,865,000	20,000	
Appropriation Carried Forward	0	200,000	200,000	
Contaminated Site Cleanup	8,600,000	0	(8,600,000)	
Emergency Flood Relief	8,200,000	0	(8,200,000)	
Tornado Relief	5,950,000	0	(5,950,000)	
Subtotal Dept. of Trade & Economic Dev.:	114,981,000	100,184,000	(14,797,000)	-12.87%
World Trade Center Corporation	233,000	0	(233,000)	-100.00%
Minnesota Technology Incorporated	19,574,000	13,650,000	(5,924,000)	-30.26%
Windom Ag Processing Facility	0	250,000	250,000	
Amateur Sports Commission	2,244,000	1,258,000	(986,000)	
Ice Arenas	5,000,000	0	(5,000,000)	
Sports Facility Financing	1,500,000	1,500,000	0	
Subtotal Amateur Sports Commission:	8,744,000	2,758,000	(5,986,000)	-68.46%
Labor Interpretive Center	421,000	0	(421,000)	-100.00%
State Appropriations:	\$ 143,953,000	\$ 116,842,000	\$ (27,111,000)	-18.83%
Federal Appropriations:	\$ 168,682,000	\$ 160,147,000	\$ (8,535,000)	-5.06%
Total Economic Development:	\$ 312,635,000	\$ 276,989,000	\$ (35,646,000)	-11.40%

Housing

Housing Finance Agency	\$ 62,206,000	\$ 71,054,000	\$ 8,848,000	
Affordable Rental Investment Fund	10,000,000	42,986,000	32,986,000	
Implement Property Tax Reform	450,000	0	(450,000)	
Tornado Relief	4,000,000	0	(4,000,000)	
Emergency Flood Relief	6,500,000	0	(6,500,000)	
Total Housing:	\$ 83,156,000	\$ 114,040,000	\$ 30,884,000	37.14%

Protection of Workers

Department of Labor & Industry

Workers' Comp. Regulation & Enforcement	24,304,000	21,419,000	(2,885,000)	
Workplace Services	13,106,000	15,235,000	2,129,000	
General Support	12,860,000	12,916,000	56,000	
Claims Against the State	24,000	0	(24,000)	
Subtotal Department of Labor & Industry:	50,294,000	49,570,000	(724,000)	-1.44%
Workers' Compensation Court of Appeals	2,962,000	3,128,000	166,000	5.60%
Bureau of Mediation Services	4,131,000	4,310,000	179,000	4.33%

	1997-1999 Biennium	1999-2001 Biennium	Increase (Decrease)	Percent Change
Department of Economic Security				
Workforce Preparation	\$ 27,187,000	\$ 27,088,000	\$ (99,000)	
Youthbuild	1,400,000	1,703,000	303,000	
Rehabilitation Services	40,674,000	43,915,000	3,241,000	
Services for the Blind	7,551,000	10,931,000	3,380,000	
Workforce Exchange	3,000,000	100,000	(2,900,000)	
FY1999 Deficiencies	370,000	0	(370,000)	
Curfew Program	1,300,000	1,000,000	(300,000)	
Subtotal Department of Economic Security:	81,482,000	84,737,000	3,255,000	3.99%
State Appropriations:	\$ 138,869,000	\$ 141,745,000	\$ 2,876,000	2.07%
Federal Appropriations:	\$ 318,526,000	\$ 347,171,000	\$ 28,645,000	8.99%
Total Protection of Workers:	\$ 457,395,000	\$ 488,916,000	\$ 31,521,000	6.89%
Public Employees				
Department of Employee Relations				
Administration	15,379,000	16,327,000	948,000	
Employee Insurance	1,558,000	5,201,000	3,643,000	
Subtotal Dept. of Employee Relations:	16,937,000	21,528,000	4,591,000	27.11%
Retirement				
Minneapolis Employees' Retirement Fund	19,455,000	11,784,000	(7,671,000)	
Pre-1973 Retirement Adjustment	1,100,000	1,100,000	0	
Local Police and Fire Amortization Aid	9,457,000	9,850,000	393,000	
Police & Fire Supplemental Amortization Aid	1,520,000	2,000,000	480,000	
Aid to Police and Fire Departments	124,562,000	123,244,000	(1,318,000)	
Legislators' Retirement	5,290,000	7,600,000	2,310,000	
Judges' Retirement	2,970,000	3,921,000	951,000	
Teachers' Retirement	5,000,000	5,000,000	0	
Firefighters' Relief Surcharge	746,000	748,000	2,000	
Constitutional Officers' Retirement	355,000	412,000	57,000	
Pension Uniformity	39,534,000	32,534,000	(7,000,000)	
PERA/MSRS Changes	23,135,000	29,900,000	6,765,000	
Subtotal Retirement:	233,124,000	228,093,000	(5,031,000)	-2.16%
Total Public Employees:	\$ 250,061,000	\$ 249,621,000	\$ (440,000)	-0.18%
Industry Regulation				
Department of Commerce				
Financial Examinations	7,685,000	8,015,000	330,000	
Registration and Analysis	9,069,000	9,850,000	781,000	
Administrative Services	5,677,000	7,811,000	2,134,000	
Enforcement and Licensing	7,976,000	8,651,000	675,000	
Petroleum Tank Release Cleanup Board	1,926,000	2,060,000	134,000	
Subtotal Department of Commerce:	32,333,000	36,387,000	4,054,000	12.54%
Non-Health-Related Boards	2,980,000	3,172,000	192,000	
FY1999 Deficiencies	36,000	0	(36,000)	
Subtotal Non-Health Related Boards:	3,016,000	3,172,000	156,000	5.17%
Public Utilities Commission	7,439,000	7,661,000	222,000	2.98%
Department of Public Service	18,105,000	19,418,000	1,313,000	
Hydro/Wind Power	1,813,000	1,656,000	(157,000)	
Subtotal Department of Public Service:	19,918,000	21,074,000	1,156,000	5.80%
State Lottery Board	101,598,000	103,895,000	2,297,000	2.26%
Lawful Gambling Control Board	4,448,000	4,424,000	(24,000)	-0.54%
Racing Commission	750,000	792,000	42,000	5.60%
State Appropriations:	\$ 169,502,000	\$ 177,405,000	\$ 7,903,000	4.66%
Federal Appropriations:	\$ 1,629,000	\$ 2,680,000	\$ 1,051,000	64.52%
Total Industry Regulation:	\$ 171,131,000	\$ 180,085,000	\$ 8,954,000	5.23%

	1997-1999 Biennium	1999-2001 Biennium	Increase (Decrease)	Percent Change
Public Safety				
Department of Public Safety				
Administration and Related Services	\$ 20,609,000	\$ 22,056,000	\$ 1,447,000	
Emergency Management	7,001,000	7,843,000	842,000	
Additional FY1999 Appropriation	2,074,000	0	(2,074,000)	
Criminal Apprehension	52,372,000	50,755,000	(1,617,000)	
Fire Marshal	6,118,000	6,302,000	184,000	
State Patrol	106,867,000	114,689,000	7,822,000	
Driver and Vehicle Services	70,292,000	77,891,000	7,599,000	
Alcohol & Gambling Enforcement	3,398,000	3,670,000	272,000	
Law Enforcement & Community Grants	6,755,000	17,373,000	10,618,000	
Pipeline Safety	1,839,000	1,912,000	73,000	
Transfer to Trunk Highway Fund	3,681,000	3,660,000	(21,000)	
Traffic Safety	708,000	614,000	(94,000)	
Appropriation Carryforward	0	67,000	67,000	
FY1999 Claims	5,000	0	(5,000)	
Special DWI Enforcement	103,000	0	(103,000)	
Tornado Relief	8,800,000	0	(8,800,000)	
Youth Drivers License	303,000	0	(303,000)	
FY1999 Deficiencies	829,000	0	(829,000)	
Subtotal Department of Public Safety:	291,754,000	306,832,000	15,078,000	5.17%
Department of Corrections				
Management Services	43,185,000	23,935,000	(19,250,000)	
Community Services	167,326,000	192,923,000	25,597,000	
Correctional Institutions	369,788,000	431,082,000	61,294,000	
Corrections Aid	56,351,000	58,894,000	2,543,000	
Juvenile Services	34,860,000	26,909,000	(7,951,000)	
FY1999 Claims	107,000	0	(107,000)	
Claims Against the State	61,000	0	(61,000)	
Subtotal Department of Corrections:	671,678,000	733,743,000	62,065,000	9.24%
Sentencing Guidelines Commission	880,000	1,095,000	215,000	24.43%
Crime Victims Services	4,302,000	45,152,000	40,850,000	949.56%
Crime Victims Ombudsman	1,053,000	793,000	(260,000)	-24.69%
Priv. Detective & Protective Agen. Lic. Board	262,000	275,000	13,000	4.96%
Corrections Ombudsman	1,163,000	870,000	(293,000)	-25.19%
Board of Peace Officers Standards and Training	7,530,000	9,301,000	1,771,000	23.52%
Automobile Theft Prevention Board	3,734,000	4,163,000	429,000	11.49%
Minnesota Safety Council	134,000	134,000	0	0.00%
Military Affairs				
Maintenance of Training Facilities	12,185,000	13,646,000	1,461,000	
General Support	4,950,000	3,582,000	(1,368,000)	
Enlistment Incentives	4,705,000	4,709,000	4,000	
Welfare-to-Work Training	0	100,000	100,000	
Subtotal Department of Military Affairs:	21,840,000	22,037,000	197,000	0.90%
State Appropriations:	\$ 1,004,330,000	\$ 1,124,395,000	\$ 120,065,000	11.95%
Federal Appropriations:	\$ 133,617,000	\$ 151,117,000	\$ 17,500,000	13.10%
Total Public Safety:	\$ 1,137,947,000	\$ 1,275,512,000	\$ 137,565,000	12.09%

	1997-1999 Biennium	1999-2001 Biennium	Increase (Decrease)	Percent Change
Governance				
LEGISLATURE				
Senate	\$ 37,991,000	\$ 39,661,000	\$ 1,670,000	
House	53,569,000	53,031,000	(538,000)	
Legislative Coordinating Commission	26,453,000	28,465,000	2,012,000	
TOTAL LEGISLATURE:	\$ 118,013,000	\$ 121,157,000	\$ 3,144,000	2.66%
COURTS				
Supreme Court				
Operations	8,668,000	9,055,000	387,000	
State Court Administrator	18,959,000	26,093,000	7,134,000	
State Law Library	3,467,000	3,717,000	250,000	
Low Income & Family Farm Leg. Assistance	11,214,000	11,214,000	0	
Family Law Legal Assistance	1,754,000	1,754,000	0	
Appropriation Carried Forward	0	24,000	24,000	
FY1999 Claims	29,000	0	(29,000)	
Community Dispute Resolution	320,000	0	(320,000)	
Victim Offender Mediation Grants	340,000	0	(340,000)	
Subtotal Supreme Court:	44,751,000	51,857,000	7,106,000	15.88%
Court of Appeals	12,467,000	12,999,000	532,000	4.27%
District Courts	144,246,000	158,944,000	14,698,000	
Board on Judicial Standards	561,000	471,000	(90,000)	
Board of Public Defense	2,849,000	2,458,000	(391,000)	
State Public Defender	6,565,000	6,463,000	(102,000)	
District Public Defense	75,250,000	82,968,000	7,718,000	
Tax Court	1,619,000	1,331,000	(288,000)	
Subtotal District Courts:	231,090,000	252,635,000	21,545,000	9.32%
TOTAL COURTS:	\$ 288,308,000	\$ 317,491,000	\$ 29,183,000	10.12%
CONSTITUTIONAL OFFICERS				
Governor and Lieutenant Governor	7,700,000	8,223,000	523,000	6.79%
Secretary of State	11,943,000	12,201,000	258,000	
Sec of State Technology Upgrade	0	5,803,000	5,803,000	
Appropriation Carried Forward	0	100,000	100,000	
Subtotal Secretary of State:	11,943,000	18,104,000	6,161,000	51.59%
State Auditor	15,641,000	18,278,000	2,637,000	16.86%
State Treasurer	4,704,000	4,846,000	142,000	3.02%
Attorney General	53,481,000	56,030,000	2,549,000	4.77%
Investment Board	4,410,000	4,686,000	276,000	6.26%
Board of Public Disclosure	1,076,000	1,419,000	343,000	31.88%
TOTAL CONSTITUTIONAL OFFICERS:	\$ 98,955,000	\$ 111,586,000	\$ 12,631,000	12.76%
State Appropriations:	\$ 505,276,000	\$ 550,234,000	\$ 44,958,000	8.90%
Federal Appropriations:	\$ 2,451,000	\$ 5,610,000	\$ 3,159,000	128.89%
Total Governance:	\$ 507,727,000	\$ 555,844,000	\$ 48,117,000	9.48%

	1997-1999 Biennium	1999-2001 Biennium	Increase (Decrease)	Percent Change
Other Departments, Boards, and Commissions				
Office of Administrative Hearings	\$ 8,302,000	\$ 13,923,000	5,621,000	67.71%
Department of Administration				
Operations Management	8,017,000	8,162,000	145,000	
Technology Management	61,582,000	41,733,000	(19,849,000)	
additional FY1999 Appropriation	465,000	0	(465,000)	
Facilities Management	12,500,000	10,013,000	(2,487,000)	
Management Services	6,534,000	7,292,000	758,000	
Public Broadcasting	9,361,000	6,660,000	(2,701,000)	
Children's Museum	320,000	520,000	200,000	
Fiscal Agent	900,000	1,260,000	360,000	
Legislative Rent	10,436,000	10,907,000	471,000	
Special Studies	150,000	20,000	(130,000)	
Design & Site for Bureau of Criminal App. Building	0	3,554,000	3,554,000	
Complete Transportation Building Renovation	15,775,000	0	(15,775,000)	
Subtotal Department of Administration:	126,040,000	90,121,000	(35,919,000)	-28.50%
Capitol Area Architectural and Planning Board	875,000	1,194,000	319,000	36.46%
Department of Finance	45,249,000	42,373,000	(2,876,000)	
Tornado Relief Contingency	2,700,000	0	(2,700,000)	
Subtotal Department of Finance:	47,949,000	42,373,000	(5,576,000)	-11.63%
Department of Revenue				
Tax System Management	158,489,000	181,047,000	22,558,000	
Accounts Receivable Operations	5,015,000	5,043,000	28,000	
Outstanding Collections/Property	2,800,000	3,800,000	1,000,000	
Administration & New Tax Law Changes	5,710,000	7,114,000	1,404,000	
FY1999 Approp - Farm Aid Admin	68,000	0	(68,000)	
FY1999 Approp - Sales Tax Rebate Admin	1,257,000	0	(1,257,000)	
Emergency Flood Relief	10,600,000	0	(10,600,000)	
Disaster Abatement Aid	500,000	0	(500,000)	
Other Aids, Credits and Payments	2,313,000	14,428,000	12,115,000	
MN Minerals 21st Century Fund	0	20,000,000	20,000,000	
Dept. of Revenue - State Claims	20,000	0	(20,000)	
Subtotal Department of Revenue:	186,772,000	231,432,000	44,660,000	23.91%
Office of Strategic & Long-Range Planning	11,680,000	11,796,000	116,000	0.99%
Brd. of Government Innovation and Cooperation	2,321,000	2,032,000	(289,000)	-12.45%
Human Rights	7,645,000	7,786,000	141,000	1.84%
Indian Affairs Council	1,058,000	1,118,000	60,000	5.67%
Council on Chicano-Latino Affairs	605,000	638,000	33,000	5.45%
Council on Black Minnesotans	642,000	649,000	7,000	1.09%
Council on Asian-Pacific Minnesotans	541,000	563,000	22,000	4.07%
Minnesota Municipal Board	622,000	162,000	(460,000)	-73.95%
Uniform Laws Commission	71,000	75,000	4,000	5.63%
Minnesota Historical Society	48,437,000	49,728,000	1,291,000	2.67%
Board of the Arts	26,052,000	26,158,000	106,000	0.41%
Minnesota Humanities Commission	1,772,000	1,806,000	34,000	1.92%
Minnesota Academy of Science	82,000	82,000	0	0.00%
Science Museum of Minnesota	2,300,000	2,328,000	28,000	1.22%
State Appropriations:	\$ 473,766,000	\$ 483,964,000	\$ 10,198,000	2.15%
Federal Appropriations:	\$ 12,116,000	\$ 9,645,000	\$ (2,471,000)	-20.39%
Total Depts., Boards, & Commissions:	\$ 485,882,000	\$ 493,609,000	\$ 7,727,000	1.59%

	1997-1999 Biennium	1999-2001 Biennium	Increase (Decrease)	Percent Change
Debt Service & Borrowing				
Debt Service	\$ 554,994,000	\$ 585,765,000	\$ 30,771,000	
Cambridge Bank Payment-Debt.Service	16,600,000	0	(16,600,000)	
Total Debt Service & Borrowing:	\$ 571,594,000	\$ 585,765,000	\$ 14,171,000	2.48%
Miscellaneous				
General Contingent Accounts				
General Fund	200,000	200,000	0	
Trunk Highway Fund	400,000	400,000	0	
Highway User Tax Distribution Fund	250,000	250,000	0	
State Govt. Special Revenue	800,000	800,000	0	
Airport Fund	100,000	100,000	0	
Workers' Compensation	200,000	200,000	0	
Subtotal General Contingent Accounts:	1,950,000	1,950,000	0	0.00%
Capital Projects - Direct Appropriations	501,890,000	0	(501,890,000)	-100.00%
Dedicated General Fund Appropriations	294,486,000	236,591,000	(57,895,000)	-19.66%
Tort Claims	1,750,000	1,750,000	0	0.00%
Campaign Fund Check-Off	4,513,000	4,104,000	(409,000)	-9.06%
Loans to Revolving Fund	19,000,000	12,000,000	(7,000,000)	-36.84%
Revolving Loan - Year 200	0	20,000,000	20,000,000	
Tax Refund Interest	26,140,000	47,000,000	20,860,000	79.80%
Property Tax Reform/Aid Payments	82,500,000	0	(82,500,000)	-100.00%
Appropriations Carried Forward (1)	492,000	0	(492,000)	-100.00%
Insurance Premium Supplement	435,000	0	(435,000)	-100.00%
Total Miscellaneous:	\$ 933,156,000	\$ 323,395,000	\$ (609,761,000)	-65.34%
TOTALS				
State Appropriations - Gross	\$ 27,197,100,000	\$ 26,885,445,000	\$ (311,655,000)	-1.15%
Dept. of Human Services RTC Collections (2)	(64,130,000)	(42,400,000)	21,730,000	-33.88%
Indirect Cost Receipts	(50,912,000)	(42,819,000)	8,093,000	-15.90%
Cancellations	(20,643,000)	(20,340,000)	303,000	-1.47%
State Appropriations - Net:	\$ 27,061,415,000	\$ 26,779,886,000	\$ (281,529,000)	-1.04%
Federal Funds Appropriations:	\$ 7,515,039,000	\$ 8,503,097,000	\$ 988,058,000	13.15%
Total Appropriations:	\$ 34,576,454,000	\$ 35,282,983,000	\$ 706,529,000	2.04%
Cash Flow Account	\$ 350,000,000	\$ 350,000,000	\$ 0	0.00%
Budget Reserves	613,200,000	622,000,000	8,800,000	1.44%
Property Tax Reserve	330,942,000	0	(330,942,000)	-100.00%
Dedicated Reserves	97,248,000	133,105,000	35,857,000	36.87%
	\$ 1,391,390,000	\$ 1,105,105,000	\$ (286,285,000)	-20.58%

NOTES:

(1) Dept. of Human Services RTC receipts already counted in the appropriation for MA and GAMC federal funds.

Table D

**2000 & 2001 Direct Appropriations
by Fund, by Chapter**

				FY 2000	FY 2001	1999-2001 Biennium
County-State Highway Fund						
Chpt.	238	Transportation	\$	365,063,000	\$ 366,624,000	\$ 731,687,000
Total County-State Highway Fund:				\$ 365,063,000	\$ 366,624,000	\$ 731,687,000
Environmental Fund						
Chpt.	216	Crime Prevention and Judiciary	\$	44,000	\$ 46,000	\$ 90,000
Chpt.	223	Economic Development and Security		700,000	700,000	1,400,000
Chpt.	231	Natural Resources, Environment, & Agriculture		21,744,000	22,184,000	43,928,000
Chpt.	250	State Government and Departments		236,000	242,000	478,000
Total Environmental Fund:				22,724,000	\$ 23,172,000	\$ 45,896,000
Environmental Trust Fund						
Chpt.	231	Natural Resources, Environment, & Agriculture	\$	12,730,000	\$ 12,730,000	\$ 25,460,000
Total Environmental Trust Fund:				\$ 12,730,000	\$ 12,730,000	\$ 25,460,000
Game and Fish Fund						
Chpt.	231	Natural Resources, Environment, & Agriculture	\$	60,413,000	\$ 61,521,000	\$ 121,934,000
Total Game and Fish Fund:				\$ 60,413,000	\$ 61,521,000	\$ 121,934,000
General Fund						
Chpt.	205	Early Childhood and Family Education	\$	229,821,000	\$ 229,981,000	\$ 459,802,000
Chpt.	214	Higher Education		1,277,440,000	1,338,000,000	2,615,440,000
Chpt.	216	Crime Prevention and Judiciary		547,345,000	582,487,000	1,129,832,000
Chpt.	223	Economic Development and Security		224,257,000	184,393,000	408,650,000
Chpt.	231	Natural Resources, Environment, & Agriculture		215,389,000	206,198,000	421,587,000
Chpt.	238	Transportation		85,231,000	80,853,000	166,084,000
Chpt.	241	K-12 Education		3,883,431,000	3,989,318,000	7,872,749,000
Chpt.	243	Omnibus Tax Bill		22,915,000	17,554,000	40,469,000
Chpt.	245	Health and Human Services		2,621,780,000	2,744,737,000	5,366,517,000
Chpt.	250	State Government and Departments		326,211,000	291,163,000	617,374,000
Total General Fund:				\$ 9,433,820,000	\$ 9,664,684,000	\$ 19,098,504,000
Health Care Access Fund						
Chpt.	214	Higher Education	\$	2,837,000	\$ 2,837,000	\$ 5,674,000
Chpt.	245	Health and Human Services		146,224,000	175,017,000	321,241,000
Chpt.	250	State Government and Departments		1,842,000	1,871,000	3,713,000
Total Health Care Access Fund:				\$ 150,903,000	\$ 179,725,000	\$ 330,628,000

				FY 2000	FY 2001	1999-2001 Biennium
Highway User Tax Distribution Fund						
Chpt.	238	Transportation	\$	15,480,000	\$ 15,575,000	\$ 31,055,000
Chpt.	250	State Government and Departments		2,129,000	2,173,000	4,302,000
Total Hwy. User Tax Distribution Fund:				\$ 17,609,000	\$ 17,748,000	\$ 35,357,000
Landfill Cleanup-Solid Waste Fund						
Chpt.	231	Natural Resources, Environment, & Agriculture	\$	7,153,000	\$ 7,229,000	\$ 14,382,000
Chpt.	250	State Government and Departments		660,000	670,000	1,330,000
Total Landfill Cleanup-Solid Waste Fund				\$ 7,813,000	\$ 7,899,000	\$ 15,712,000
Minnesota Future Resources Fund						
Chpt.	231	Natural Resources, Environment, & Agriculture	\$	14,840,000	\$ 0	\$ 14,840,000
Total Minnesota Future Resources Fund:				\$ 14,840,000	\$ 0	\$ 14,840,000
Municipal State Aid Street Fund						
Chpt.	238	Transportation	\$	105,549,000	\$ 107,394,000	\$ 212,943,000
Total Municipal State Aid Street Fund:				\$ 105,549,000	\$ 107,394,000	\$ 212,943,000
Natural Resources Fund						
Chpt.	231	Natural Resources, Environment, & Agriculture	\$	26,406,000	\$ 25,832,000	\$ 52,238,000
Total Natural Resources Fund:				\$ 26,406,000	\$ 25,832,000	\$ 52,238,000
Petroleum Tank Release Cleanup Fund						
Chpt.	223	Economic Development and Security	\$	1,015,000	\$ 1,045,000	\$ 2,060,000
Chpt.	231	Natural Resources, Environment, & Agriculture		3,583,000	3,393,000	6,976,000
Total Petroleum Tank Release Cleanup Fund:				4,598,000	4,438,000	9,036,000
Special Revenue Fund						
Chpt.	205	Early Childhood and Family Education	\$	200,000	\$ 200,000	\$ 400,000
Chpt.	216	Crime Prevention and Judiciary		8,258,000	7,902,000	16,160,000
Chpt.	223	Economic Development and Security		100,000	0	100,000
Chpt.	231	Natural Resources, Environment, & Agriculture		723,000	200,000	923,000
Chpt.	238	Transportation		947,000	965,000	1,912,000
Chpt.	245	Health and Human Services		36,424,000	36,103,000	72,527,000
Total Special Revenue Fund:				46,652,000	45,370,000	92,022,000
State Airport Fund						
Chpt.	238	Transportation	\$	19,386,000	\$ 19,469,000	\$ 38,855,000
Total State Airport Fund:				\$ 19,386,000	\$ 19,469,000	\$ 38,855,000
State Government Special Revenue Fund						
Chpt.	162	Licensure of Midwives	\$	8,000	\$ 4,000	\$ 12,000
Chpt.	216	Crime Prevention and Judiciary		7,000	7,000	14,000
Chpt.	231	Natural Resources, Environment, & Agriculture		44,000	45,000	89,000
Chpt.	250	State Government and Departments		13,986,000	13,884,000	27,870,000
Total State Government Special Revenue Fund:				\$ 14,045,000	\$ 13,940,000	\$ 27,985,000

				FY 2000	FY 2001	1999-2001 Biennium
State Lottery Fund						
Chpt.	245	Health and Human Services	\$	1,300,000	1,300,000	2,600,000
Chpt.	250	State Government and Departments		110,000	0	\$ 110,000
Total State Lottery Fund:				\$ 1,410,000	\$ 1,300,000	\$ 2,710,000
Trunk Highway Fund						
Chpt.	216	Crime Prevention and Judiciary	\$	1,626,000	\$ 1,656,000	\$ 3,282,000
Chpt.	223	Economic Development and Security		745,000	766,000	1,511,000
Chpt.	238	Transportation		766,984,000	778,111,000	1,545,095,000
Chpt.	241	K-12 Education		21,000	21,000	42,000
Chpt.	245	Health and Human Services		1,726,000	1,773,000	3,499,000
Chpt.	250	State Government and Departments		39,000	39,000	\$ 78,000
Total Trunk Highway Fund:				\$ 771,141,000	\$ 782,366,000	\$ 1,553,507,000
Workers Compensation Fund						
Chpt.	223	Economic Development and Security	\$	22,217,000	\$ 22,439,000	\$ 44,656,000
Chpt.	250	State Government and Departments		7,024,000	6,959,000	13,983,000
Total Workers Compensation Fund:				29,241,000	29,398,000	58,639,000
Workforce Development (1)						
Chpt.	223	Economic Development and Security	\$	17,717,000	\$ 12,281,000	\$ 29,998,000
Total Workforce Development Fund:				\$ 17,717,000	\$ 12,281,000	\$ 29,998,000
Grand Total Direct Appropriations:				\$ 11,122,060,000	\$ 11,375,891,000	\$ 22,497,951,000

NOTES:

(1) Contains \$29,000,000 from general fund transfer

Table E
Open and Standing Appropriations (1)
Fiscal Years 2000 and 2001

	FY 2000	FY 2001	1999-2001 Biennium
Aids and Credits			
Property Tax Refund	\$ 192,519,000	\$ 197,135,000	\$ 389,654,000
Homestead Credit and Agricultural Credit	494,764,000	495,164,000	989,928,000
Political Contribution Refunds	3,450,000	4,453,000	7,903,000
Disparity Aid	23,841,000	23,741,000	47,582,000
Border City Disparity Credit	6,352,000	4,899,000	11,251,000
Disaster & Flood Relief Aid	801,000	34,000	835,000
Local Government Aid	386,549,000	390,787,000	777,336,000
Attached Machinery Aid	3,218,000	3,218,000	6,436,000
Suppl. Homestead Prop. Tax Relief	544,000	544,000	1,088,000
Education Homestead Credit	284,220,000	434,155,000	718,375,000
In Lieu of Taxes Payments on DNR Lands	6,000,000	6,000,000	12,000,000
Enterprise Zone Credit	19,000	19,000	38,000
Regional Transit Board Levy Reduction	1,762,000	1,762,000	3,524,000
Region 3 - Occupation Tax	1,229,000	1,229,000	2,458,000
Local Performance Aid	9,768,000	9,768,000	19,536,000
Family Preservation Aid	1,679,000	21,721,000	23,400,000
Total Aids and Credits:	\$ 1,416,715,000	\$ 1,594,629,000	\$ 3,011,344,000
Other Open and Standing Appropriations			
School Endowment Fund	\$ 20,343,000	\$ 21,238,000	\$ 41,581,000
State Lottery Board	51,892,000	51,893,000	103,785,000
Corrections Aid	29,085,000	29,809,000	58,894,000
Minneapolis Employees' Retirement Fund	5,892,000	5,892,000	11,784,000
Local Police & Fire Amortization Aid	5,925,000	5,925,000	11,850,000
Aid to Police & Fire Departments	60,447,000	62,797,000	123,244,000
Judges' Retirement	1,885,000	2,036,000	3,921,000
Legislators & Constitutional Officers' Retirement	3,998,000	4,014,000	8,012,000
Teachers' Retirement	2,500,000	2,500,000	5,000,000
Other Pension	32,137,000	32,145,000	64,282,000
Ethanol Producer Payments	35,250,000	33,197,000	68,447,000
1854 Indian Treaty Settlement	4,188,000	4,188,000	8,376,000
DNR Firefighting	6,000,000	6,000,000	12,000,000
Leach Lake & White Earth Indian Reservation	1,994,000	1,994,000	3,988,000
Non-game Wildlife Checkoff	1,500,000	1,500,000	3,000,000
Tax Refund Interest	25,000,000	22,000,000	47,000,000
Revolving Loans	26,000,000	6,000,000	32,000,000
Debt Service and Borrowing	282,615,000	303,150,000	585,765,000
Other Open and Standing	6,519,000	10,712,000	17,231,000
Total Other Open & Standing Approps.:	\$ 603,170,000	\$ 606,990,000	\$ 1,210,160,000
Total Open and Standing Appropriations:	\$ 2,019,885,000	\$ 2,201,619,000	\$ 4,221,504,000

NOTES:

- (1) Includes only open and standing appropriations from the general fund, the school endowment fund and the state lottery fund. Open and standing appropriations from other funds are not included.

Table F

**Biennial Appropriations of Federal Funds
Fiscal Years 2000 and 2001**

	FY 2000	FY 2001	1999-2001 Biennium
Elementary and Secondary Education	\$ 343,469,000	\$ 338,199,000	\$ 681,668,000
Early Childhood & Family Education	159,019,000	159,127,000	318,146,000
Higher Education	39,507,000	39,507,000	79,014,000
Human Services	2,627,466,000	2,718,284,000	5,345,750,000
Health	109,485,000	108,499,000	217,984,000
Transportation	548,790,000	552,690,000	1,101,480,000
Agriculture	2,607,000	2,515,000	5,122,000
Economic Development	83,036,000	77,111,000	160,147,000
Natural Resources	17,022,000	16,806,000	33,828,000
Pollution Control	26,749,000	16,986,000	43,735,000
Protection of Workers	173,842,000	173,329,000	347,171,000
Industry Regulation	1,390,000	1,290,000	2,680,000
Public Safety	75,982,000	75,135,000	151,117,000
Governance	2,792,000	2,818,000	5,610,000
Other	4,851,000	4,794,000	9,645,000
Total Federal Funds:	\$ 4,216,007,000	\$ 4,287,090,000	\$ 8,503,097,000

APPENDIX A

Tax Reference Information

(Selected Taxes)

Individual Income Tax

Tax Base: Federal taxable income with certain modifications

Tax Rates: (Tax Year 1999)

Married Joint Returns		Heads of Households	
\$1 - 25,220	5.5%	\$1 - 21,240	5.5%
25,221 - 100,200	7.25%	21,241 - 85,350	7.25%
100,201 and over	8.0%	85,351 and over	8%

Single		Married Separate Returns	
\$1 - 17,250	5.5%	\$1 - 12,610	5.5%
17,251 - 56,680	7.25%	12,611 - 50,100	7.25%
56,681 and over	8.0%	50,101 and over	8%

Recent Collections: FY 1998 - \$4,746,569,000 FY 1999 - \$5,138,580,000

Disposition: General Fund

Corporation Franchise Tax

Tax Base	Major Exemptions	Appointment Factors*:
Minnesota taxable net income of the corporation. ("Domestic Unitary" reporting method is used.)	Nonprofit Corporations Cooperative Associations Credit Unions Mining companies subject to occupation tax	Minnesota Property ratio weighted 15% Minnesota Payroll ratio weighted 15% Minnesota Sales ratio weighted 70%
Tax Rate 9.8%		

* Beginning in 2001: Sales 75%, Property 12.5%, Payroll 12.5%

Recent Collections: FY 1998 - \$752,061,000 FY 1999 - \$781,820,000

Disposition: General Fund

Sales and Use Tax

Tax Base	Major Exemptions	Tax Rates
Sale and rental of tangible personal property at retail	Food (off-premise consumption) Prescription drugs Clothing Gasoline Motor vehicles (see tax below) Many professional services Capital equipment Special tooling	General Rate 6.5% Liquor and Beer 9.0% Farm Machinery* 1.0%

* Farm machinery is exempt starting July 1, 2000.

Recent Collections: FY 1998 - \$3,251,685,000 FY 1999 - \$3,414,627,000

Disposition: General Fund

APPENDIX A

Tax Reference Information

(Selected Taxes)

Motor Vehicle Sales Tax

Tax Base	Major Exemptions	Tax Rate
Purchase price (less trade-in value) of any motor vehicle required to be registered in Minnesota.	Purchases for resale by dealers Inheritances Gratuitous transfers between joint owners, spouses, parents, children	6.5%, (for vehicles 10 years of age or older: \$10)

Recent Collections: FY 1998 - \$444,976,000 FY 1999 - \$461,500,000

Disposition: General Fund

Motor Fuels Tax

Tax Base	Credits	Tax Rates
Gallons of gasoline or special fuel used in highway vehicles, snowmobiles, motorboats, all-terrain vehicles and aircraft.	Refunds or credits are available for non-highway use (except for that used in snowmobiles, motorboats, and all-terrain vehicles).	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 1998 - \$555,471,000 FY1999 - \$583,487,000

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	Tax Rates	
Distilled spirits, beers, malt beverages, wines, and premixed alcoholic beverages manufactured or received for sale in Minnesota.	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 1998 - \$57,455,000 FY 1999 - \$58,076,000

Disposition: General Fund

APPENDIX A

Tax Reference Information

(Selected Taxes)

Cigarette Tax

Tax Base	Credits	Tax Rate
Cigarettes sold or used in Minnesota	Distributors receive a 1.0% discount on the first \$1.5 million of stamps purchased and 0.60% on additional purchases.	48 cents per pack of 20

Recent Collections*: FY 1998 - \$194,379,000 FY 1999 - \$191,870,000

* 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	Pull-tab and tipboard tax	Combined Receipts Tax	
Tax Base	Tax Base	Tax Base	
Gross receipts of a licensed organization from lawful gambling (bingo, raffles, and paddlewheels) less prizes actually paid out.	Ideal gross of each pull-tab or tipboard deal sold by a distributor.	Gross receipts from all lawful gambling, except bingo, raffles, and paddlewheels, at the following rates:	
Tax Rates	Tax Rates	Tax Rates	
9%	1.8%	<u>Receipts</u>	<u>Rate</u>
		\$ 0 - 500,000	0%
		500,001 - 700,000	1.8%
		700,001 - 900,000	3.6%
		900,001 and over	5.4%

Recent Collections: FY 1998 - \$64,913,000 FY 1999 - \$63,692,000

Disposition: General Fund

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