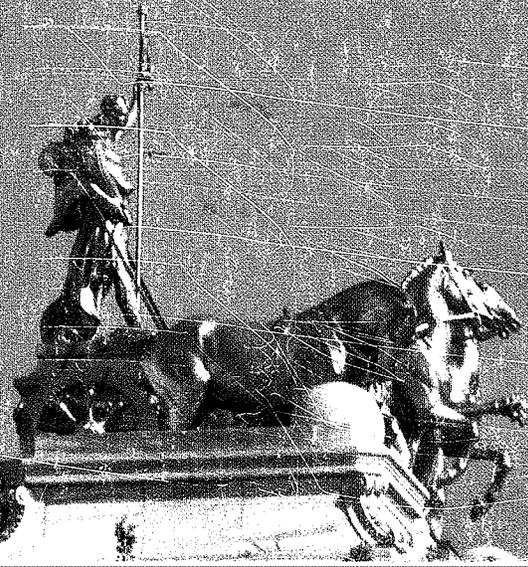


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MINNESOTA STATE SENATE

A FISCAL REVIEW

of the

1977 LEGISLATIVE SESSION



December, 1977

ACKNOWLEDGMENTS

The Minnesota State Senate is deeply grateful to all who graciously helped to make the Fiscal Review as informative as possible. It was prepared under the direction of Ted Miller with the assistance of Bill Riemerman and Gary Bastian.

Color photography for the cover was done by Mark Nelson, Senate Public Information Office.

Foreword

The purpose of this booklet is to provide the public with accurate, up to date information on state government spending and to explain the major programs funded by the Minnesota Legislature in 1977.

Deciding how to allocate the state's resources is the most difficult task performed by the Legislature. It is also the most important. The laws which underlie the allocations presented in this review are the result of many hours of public testimony and debate. It is our hope that they represent the wisest possible use of the public's money.

This review was prepared by the staff of the Senate Finance Committee. While it does not summarize all of the actions of the 1977 Legislature, it does deal fully with each of the items having substantial fiscal impact on the State.

A complete and timely accounting of its actions is a primary responsibility of any legislature. The review that follows is offered in the aim of discharging that responsibility.



Nicholas D. Coleman
Majority Leader
Minnesota State Senate

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I. HIGHLIGHTS OF THE 1977 SESSION

The spending program adopted by the 1977 Legislature for the biennium between July 1, 1977 and June 30, 1979 is estimated at \$8,989,660,406.

Of that amount, \$7,482,383,727 are state generated funds and the remaining \$1,507,276,679 are federal funds.

Estimated expenditures for the 1975-77 biennium were \$7,411,901,161 of which \$6,226,337,867 were state generated and \$1,185,563,294 were federal funds.

General fund appropriations were increased by \$1.2 billion from \$5,247,579,699 in 1975-77 to \$6,464,423,689 for the current biennium.

About \$800 million of that increase went for tax relief to individuals and education and welfare aids designed to lessen the burden on property taxes. Of that, \$424 million was appropriated for tax relief programs; about \$150 million of new money for school aids; and about \$212 million for welfare aids to counties.

Here's how the \$8,989,660,406 will be spent:

Education, \$2,585,107,440; property tax relief, shared taxes and aids to local governments, \$1,793,136,826; welfare, corrections and health, \$1,030,608,874; highways and mass transit, \$643,625,523; other executive branch functions, \$555,236,608; legislative, \$34,366,806; judicial, \$16,610,592; and miscellaneous, \$823,691,056; and federal funds (distributed in numerous programs), \$1,507,276,679.

Property Tax Relief

The legislature adopted a reclassification plan for homestead residential and agricultural property which will increase state school aids and shifts some property tax burden from homestead and agricultural properties to other types of property. Also the Property Tax Refund (circuit breaker) program was expanded to provide more property tax relief to homeowners who were at the maximum Property Tax Refund level. Property Tax Refund credits for renters were also increased by 10 percent.

Other major changes designed to provide property tax relief were:

An increase of per capita local aid payments from \$45 to \$52 the first year and to \$59 the second year; a reduction in local effort for elementary and secondary education maintenance from 29 equalized mills to 28 mills for the 1978-79 school year and 27 mills for the following year; an increase of the agricultural mill rate differential from 12 to 15 mills; and a state commitment to increase AFDC aids to counties by 20 percent. The state has been paying 50 percent of the non-

federal share of AFDC costs, the 1977 Legislature increased this to 60 percent of the non-federal share.

The 1977 session also increased taconite homestead credits by 10 percent and financed that increase by increasing the taconite production tax.

Education

The basic dollars available for educating elementary and secondary students were increased from \$960 per pupil unit to \$1,030 the first year and \$1,090 for the 1978-79 school year. A change in the formula for aids to districts with declining enrollment was adopted to significantly increase the aids to these schools. The legislature also provided substantial aid increases for vocational aids, special education aids and transportation aids. A post-secondary vocational tuition program for students between 18 and 21 was adopted along with a \$3.6 million subsidy fund for students who cannot afford tuition.

Income Taxes

Personal and dependent credits were increased from \$21 to \$30 and tax rates were increased for taxable incomes in excess of \$25,000. A number of changes were adopted to make Minnesota taxable income more similar to Federal Adjusted Gross Income. They were: A limitation on adjustments allowed for public pension income; abolition of the deductibility of income earned on out-of-state property and investments; and abolition of adjustment for portion of military pay and deductions for federal telephone and transportation taxes, mortgage registry tax and the real estate transfer tax.

The legislature also adopted a minimum tax for sheltered income which will be piggy-backed on the federal minimum tax.

Shade Tree Disease

The 1977 Legislature appropriated \$28.5 million to help local governments identify, remove and dispose of diseased elms and oaks and to replant other shade trees on public property in areas hit by Dutch elm or oak wilt disease problems.

Judicial

The State as of January 1, 1978 took over the responsibility of financing the salaries, pension liabilities, fringe benefits and expenses of county court judges.

II. TAX RELIEF, SHARED TAXES AND OTHER AIDS TO LOCAL GOVERNMENT

Property tax relief, shared taxes, and aids to local units of government — in a variety of forms — will account for a \$4,648,518,656 share, 62.1 percent, of total disbursements (other than federal funds) of the state government during the 1977-79 biennium.

Tax relief items amount to \$1,689,688,040. Shared taxes total \$140,051,481. School aids and other educational subsidies add up to \$1,816,253,309. Other forms of aid to local units of government add up to \$1,002,525,826.

Tax Relief

An estimated \$458,250,000 from the state general fund has been calculated for payment of a portion of the real property taxes levied against homeowners (Homestead credit). Under this program the state pays 45 percent of the gross tax to a maximum for any one homesteader of \$325.

Additional relief through the income adjusted property tax credit ("circuit breaker") is estimated to provide homeowners, renters, senior citizens and disabled \$365,900,000 during the 1977-79 biennium. Of this total \$153,800,000 has been identified as the income adjusted property tax credit for homeowners under 65 years of age, \$80,000,000 for renters under 65 years, and \$132,100,000 for homeowners and renters 65 years and over, plus disabled persons.

The local government aid program will provide \$382,517,000 in per capita aids to taxing districts, other than school districts, during the biennium. Of this sum, \$40,000,000 was calculated to cover an increase in the per capita sums available for distribution. Under the aid formula, the State will distribute \$52 per capita in calendar year 1978 and \$59 per capita in calendar year 1979, based upon the 1970 federal census. Each of the 80 outstate counties will receive their calculated shares for redistribution on a formula basis. The seven metropolitan counties are treated as one area for purposes of distribution. No taxing district shall receive less in 1978 or 1979 than it received in the preceding year. The per capita aid in 1977 was \$45.

The agricultural land tax differential aid is estimated at a net amount of \$62,500,000 — after adjustments of \$1.5 million for changes in the millage rate and in property classification — both changes instituted by the 1977 Legislature.

Payment of teachers' pensions and state debit charges formerly financed by a state property tax have been estimated at \$400,551,040. With the advent of the replacement sales tax, the last state levy was for 1966 — payable in 1967. However, the three cities of the first class were permitted to levy locally to supplement the state funds available for teacher retirement purposes. The 1975 Legislature amended M.S. 354 A. 12 (Chapter 306), and effective July 1, 1975, the state assumed fiscal responsibility for the total employer contribution, and disallowed cities of the first class to tax any additional sum. For teachers in cities of the first class, the open appropriation estimate is \$32,000,000; for other teachers, statewide, the estimate is \$201,274,109. The 1977 Legislature also provided an estimated \$10,000,000 to amortize the deficit in the Teachers' Retirement Fund (Chap. 313). The appropriation for the payment of principal and interest in general fund debt has been converted from an "open" appropriation to a "direct" appropriation in the sum of \$141,097,834. Principal and interest payments on new debt authorized by the 1977 Legislature amounts to an additional \$16,179,097, and is provided by open appropriation authority.

Personal property tax reimbursement to local taxing districts to cover attached machinery and associated items exempted by the 1973 Legislature is estimated at \$19,970,000.

All the above funds go, directly or indirectly, to provide property tax relief to local units of government. Not included in the total is an estimated \$22,400,000 provided as an individual credit for low income workers — a relief program enacted in the 1973 Session. Relief is based on total income and the number of dependents.

Shared Tax

Certain taxes collected by the State are "shared", in varying percentages, with local units of government. The total of such shared taxes is estimated at \$140,051,481 for the 1977-79 biennium.

From inheritance taxes, local governments can expect to receive \$5,590,000, while certain units of government will receive an estimated \$1,700,000 from the taconite tax on railroads, and \$132,761,481 in apportionment from the production tax on taconite. Of this latter sum, \$81,884,500 is the estimated amount which would have been distributed under existing law; the additional \$50,876,781 is the result of changes in both the taconite tax rate and in the payment dates.

Other State Aids

Other grants and aids to local governments for the 1977-79 fiscal period add up to \$2,818,779,135.

The largest segment is the \$1,800,613,380 which goes primarily for elementary and secondary education, including foundation aid, transportation aid, vocational aid, and other aids to school districts. Of this total \$29,000,000 is anticipated from earnings of the permanent school fund.

Educational grants-in-aid of \$6,939,929 for the school lunch program, \$4,700,000 for community library services, and \$4,000,000 for the State's share for cost of treatment of county indigent patients at the University Hospital together amount to \$15,639,929.

To assist counties in financing the public assistance (categorical aid) programs — Aid to Families with Dependent Children, Medical Assistance, and Minnesota Supplemental Assistance — the state will provide \$450,625,174, which sum includes \$11,000,000 provided to increase the state subsidy from 50 to 60 percent of the non-federal share of aid payments to recipients of Aid to Families with Dependent Children.

For general assistance, and general assistance medical care, the legislature provided \$67,839,820. The state share of the maintenance service is 50 percent, and 90 percent of the medical services costs. The county pays the balance, since there are no federal funds involved in either of those programs.

In addition, state welfare grants of \$33,230,409 for community mental health centers; \$16,646,388 for Developmental Achievement Centers, formerly daytime activity centers for the mentally retarded; \$9,452,844 for county aid for mentally retarded and emotionally disturbed children; \$24,284,700 for county administrative costs aids; \$2,217,420 for day care services development; \$11,494,894 for residential facilities for mentally retarded, for chemically dependent, and for mentally ill; \$2,400,000 for community action programs; \$300,000 to be expended in Ramsey, Washington, and Dakota counties for the cost of care of mentally ill persons who were in-patients of Hastings State Hospital on May 20, 1977, who may be placed in county facilities as a result of the closing of Hastings State Hospital; plus \$6,000,000 for special county aids (equalization aid, general relief for Indians, children under state guardianship, and the Red Lake Band of Chippewa Indians) brings the total welfare grants-in-aid to \$624,491,649.

Grants-in-aid distributed by the Department of Corrections total \$17,595,982 of which \$2,778,564 is for county reimbursement of probation services; \$830,000 for subsidy programs (foster group care and community corrections centers); \$13,637,418 for the Community Corrections Act and \$350,000 for the Hennepin County Corrections Facility.

To the Department of Health, the legislature provided \$16,958,000 for Community Health Subsidy payments.

By constitutional provision, counties and cities will receive \$212,064,600 from the Highway User Distribution Fund for highway and local street work outside the trunk highway and interstate systems. The sum of \$161,970,600 was appropriated for county state aid, and \$50,094,000 made available for municipal state-aid street projects.

The bicycle trail program received \$890,000 from the general fund for development and grants. Also from the general fund, the sum of \$21,000,000 was provided for Public Transit grants. The sum of \$15,942,958 from the State Airports Fund, was given to the Department of Aeronautics for grants and navigational aids.

Natural resources and conservation grant-in-aid projects total \$41,204,479. The projects include: \$4,000,000 for

regional recreational and natural areas; \$4,000,000 for local recreational and natural areas; \$225,000 to the cities of Knife River, and Lake Billesby and to Pine Lawn Park for dam repair; \$202,000 for an environmental conservation library; \$459,334 for flood plain management; \$1,316,345 for lake improvement; \$27,000,000 for the shade tree disease control program; \$850,000 for soil and water conservation districts; and \$3,151,800 for other soil and water projects.

Miscellaneous grants-in-aid total \$52,378,158 and include: \$33,001,000 for firemen's and policemen's relief and pensions; \$650,000 for criminal justice projects; \$3,914,000 for regional and local assistance provided by the State Planning Agency; \$230,000 for critical areas planning; \$300,000 for human services planning; \$700,000 for reimbursement to local governments for expenses of peace officers receiving state training from the Peace Officers Training Board; \$350,000 for automobile recycling; \$450,000 for investigating criminal activity; \$23,158 reimbursement for hotel fire at Breckenridge; \$30,000 for air warning signals; \$12,350,000 for state assumption of the salary costs of municipal judges; \$200,000 for the "911" emergency telephone services; \$40,000 for miscellaneous revenue payment; and \$140,000 for payments in lieu of taxes on lands in Voyageurs National Park and in St. Croix Wild River State Park.

III. FUNCTIONS OF THE STATE GOVERNMENT

Detailed statistical data relating to the appropriations for functions discussed in this section appear in Section VII Statistics.

A. Education

The 1977 Legislature provided \$2,585,107,440¹ for education, an increase of \$349,255,272, or 15.62 percent, over the sum appropriated for the 1975-77 biennium. In addition, institutions of higher education anticipate receipts of \$210,655,796 from tuition, course fees and miscellaneous income — bringing the total of available state funds for education — exclusive of local property tax receipts — to \$2,795,763,236.

The appropriations and other revenues will be used in the following manner:

- ... State Department of Education: \$53,615,211.
- ... Aids to elementary, secondary and vocational schools: \$1,837,880,880.
- ... Community Colleges: \$63,844,527 in state appropriations and \$23,235,486 in receipts.
- ... State Universities: \$139,388,901 in state appropriations and \$45,602,310 in receipts.

- ... University of Minnesota: \$383,762,017 in state appropriations and \$141,818,000 in receipts.
- ... Higher Education Coordinating Board: \$80,175,904.
- ... Aid to Non-Public Schools: \$24,000,000.
- ... Mayo Medical School: \$2,392,000.
- ... Mayo Graduate Program: \$48,000.

Federal funds, estimated at \$216,074,424² also will be available for a variety of purposes including elementary, secondary, and vocational education; higher education; vocational-technical instruction; the school lunch program, and public library services and inter-library cooperation.

¹Excludes an estimated \$800,000 county reimbursement for services provided indigent patients by the University Hospitals.
²Excludes federal funds to the University of Minnesota.

STATE DEPARTMENT OF EDUCATION

The State Department of Education is responsible for overall administration of Minnesota's public elementary, secondary, and vocational education system and supervises such related activities as aid to public libraries, vocational education, the school lunch program, aids for transportation of public and non-public school students, and others. Suggested courses of study are proposed by the department for use by the elementary and secondary public schools of the state. Local school districts may make their own adaptations to the suggested curriculum. All plans for new construction or remodeling of school structures costing in excess of \$30,000 (Laws 1975, Chapter 83) must be approved by the Department of Education. In addition, a review and comment by the Commissioner of Education is required prior to a referendum for the sale of bonds for construction costing more than \$400,000. Primary concerns of the department are the availability of properly qualified teachers and administrators, adequate space for the various subjects to be taught, and the health and safety of the students. The department has legal responsibility in meeting federal guidelines regarding desegregation.

Appropriations made directly to the department for these several purposes total \$53,615,211 for the 1977-79 biennium, an increase of \$20,974,457 over those for the 1975-77 fiscal period.

AID TO ELEMENTARY, SECONDARY AND VOCATIONAL SCHOOLS

The direct and open appropriations for elementary, secondary, and vocational schools total \$1,837,880,880 for the 1977-78 and 1978-79 school years can be found in the detailed listing of Appropriations by Function.

This figure includes appropriations for school districts and Educational Service Units from the Omnibus Education Aid Law (Chapter 447), the funding for schools from the permanent school fund, taconite taxes distributed to school districts, and the direct state appropriation for school loans.

Additional tax relief funds of \$302,822,628 are also appropriated for local school districts for a total state appropriation of \$2,140,703,508.

It is estimated that these state appropriations will provide 63 percent of the total elementary and secondary education revenue for each school year.

In addition, the state provides the total funding for the employers' share of teachers retirement and social security. This is an open and standing appropriation of \$233,274,109.

The omnibus school aid law contains appropriations totaling \$1,772,303,580 — with \$1,772,029,380 identified for various programs and \$274,200 for administrative costs. On a functional basis, \$3,600,000 covering vocational tuition subsidies was directed to the Higher Education Coordinating Board, \$3,000,000 for teacher mobility benefits was appropriated to the Department of Finance and \$416,000 for school bus reconditioning went to the Department of Corrections. The sum of \$159,700,170 was appropriated for post-secondary vocational education.

Appropriations totalling \$1,899,900 were directed to the Educational Cooperative Service Units to provide administration funds for the units, technical assistance to school districts for planning, evaluation and reporting on local goals and objectives and funding for educational planning task forces in each unit. The balance of the appropriations goes to the several school districts for programs of the elementary and secondary schools.

Foundation Formula

The primary source of funds for schools is the foundation formula. For the 1977-79 biennium, the legislature appropriated the sum of \$1,245,900,000 for foundation aid and \$29,000,000 for aid from the permanent school fund. These aids combined with local property tax levies and tax relief aids provide a guaranteed dollar amount of revenue for each pupil unit in every school district in the state.

The appropriation for foundation aid for the two-year period is \$61,900,000 more than was provided for the 1975-77 fiscal period, an increase of 5.23 percent.

The foundation aid formula includes special funding for declining enrollment, fast growing districts, AFDC aids, shared time aid for non-public students, emergency aid, and summer

school aid. These aids are provided to 438 school districts serving approximately 860,000 students.

Differences in district spending are also addressed by formula provisions to bring low spending districts up to the average over a six year period and to provide extra levy authority for those spending above the formula amount. All low spending districts will be funded at the state average amount in 1978-79.

Because the equalized foundation aid law was first passed in 1971, special provisions for high and low cost districts are related to 1971 costs.

Districts which were spending above the state average in 1971 may levy an additional levy of the amount per pupil unit by which they were above average in 1971 times their current year's pupil units. This enables districts entitled to the levy to maintain higher spending levels than the state average. However, the dollars available from this levy have declined as enrollment has declined in most of these districts.

Finally, districts may levy any additional amount approved by the voters through a referendum.

Aid Formulas

The basic foundation formula guarantees \$1,030 per pupil unit for 1977-78 and \$1,090 for 1978-79. The state pays the difference between the product of the formula allowance times pupil units and the amount received from a levy of 29 mills for 1977-78 and 28 mills for 1978-79. For 1979-80 the local effort will be reduced to 27 mills. In 1977-78 the state will also pay 30 percent of the 29 mill levy through tax relief aids. In 1978-79 this percentage will increase to 34 percent.

One of the ways the formula addresses equal opportunity is through the pupil weighting system: the formula amount is for pupil units not enrollment. Extra units are provided for special problems such as declining enrollment, fast growth and the socio-economic problems for which AFDC is used as an indicator.

Pupil weightings are as follows: .5 for kindergarten; 1.0 for grades 1 through 6; 1.4 for grades 7 through 12; .5 for each child from a family receiving AFDC aid plus additional weightings of .1 for each percentage of concentration of AFDC students above 6 percent; .1 unit for each percentage of increase in students above 2 percent; and for districts with enrollment declines a district may use the 3 year average of their enrollment, or the current year's enrollment plus .6 of the enrollment decline whichever is greater. Using this 3 year average will significantly increase the state aids paid to districts having financial problems due to declining enrollments. For 1977-78 \$24,000,000 of the foundation aid appropriation is estimated to be funding for declining enrollment aid, and \$31,500,000 in 1978-79 for a biennial total of \$55,500,000. The foundation aid appropriation also includes \$33,693,000 for AFDC aid and \$1,869,000 for increasing enrollment aid for the biennium.

Post Secondary Vocational Aid

The 1977 Legislature appropriated \$159,700,170 for Post Secondary Vocational Aid — a sum surpassed only by the amount provided for Foundation Aid. The funds available for the 1977-79 biennium represent an increase of \$16,100,170, or 11.21 percent over those for the 1975-77 biennium.

Post-secondary vocational education (AVTI students) is funded through a foundation formula as well as categorical aids. The foundation amount is \$2,120 per pupil for 1977-78 and \$2,240 for 1978-79. From this is subtracted the tuition of \$2.00 per day paid by students over 21 in 1977-78 and by all students in 1978-79 as well as the money received by a 1 mill local levy in outstate areas and a .5 mill in the three first class cities and three metropolitan area vocational schools. Additional tuition subsidies of \$3,600,000 have been provided for vocational students because of the tuition increase. The post-secondary vocational schools are operated as part of the

elementary-secondary school systems in Minnesota and, therefore, are run by the locally elected school boards in the 33 school districts having post-secondary vocational schools. In addition to the foundation aids of \$115,775,000, categorical aids of \$15,313,000 and aids for capital expenditures of \$12,000,000, are distributed based on budget and program approval indicating the need for additional funds. Debt service and deficiency aids totalling \$16,612,170 are also included in the appropriation.

Transportation Aid

For the 1977-79 biennium, the legislature provided \$153,125,000, up \$23,642,000 from the 1975-77 period.

Transportation aid is provided based on the 1975-76 cost per pupil transported. In 1977-78, the state will pay the actual cost per pupil not to exceed 117 percent of the 1975-76 cost, less a one mill levy. The percentage limitation is increased to 127 percent for 1978-79. In addition, the state pays 80 percent of the costs above 127 percent in 1977-78 and above 137 percent in 1978-79 for transportation of handicapped students. Depreciation on all school bus fleets owned by the districts is provided by the state on an eight year schedule.

Vocational Aids

The 1977 Legislature made \$45,097,860 available for vocational aids in the 1977-79 biennium — \$32,200,000 for Secondary Vocational; \$9,950,000 for Adult Vocational; and \$2,947,860 for the Veterans Farm Management Program.

Secondary vocational aids are based on the salaries of essential licensed personnel for vocational education. The state provides 50 percent of the previous year's salaries of teachers in 1977-78 and 50 percent of the current year's salaries in 1978-79. In addition, the state pays 50 percent of the costs of necessary equipment and 50 percent of the costs of travel by teachers between instructional sites. Any federal aids received are subtracted from the state aid paid.

Adult vocational aids use a similar system, paying 75 percent of the current year's salaries and 50 percent of the cost of necessary travel between instructional sites.

Special Education Aid

The sum of \$148,254,150 was provided for Special Education, of which \$3,889,150 was a deficiency appropriation for fiscal year 1977. The \$144,365,000 for 1977-79 represents an increase of \$51,200,250, or 54.96 percent, over the 1975-77 fiscal period.

Aid for handicapped students is based on the salaries of teachers and other licensed essential personnel. Essential personnel are designated as those concerned with speech correction, with educable mentally retarded or trainable mentally retarded children, with children having impaired hearing or vision or other special learning disabilities, and such personnel who are engaged with home and hospital work and summer programs.

For 1977-78 the state will pay 60 percent of the current salary not to exceed \$11,500 (previously \$10,000) for an individual normal school year salary plus 5 percent of the total salary for these personnel. In 1978-79 the formula is 65 percent to \$12,000 plus the supplement. Further, the deduction of aid for children in special education classes more than half time has been eliminated.

Aid is provided for handicapped children from age 4 through age 21.

Expenditures made by the public school for services provided to non-public school handicapped students are also covered under this appropriation.

Six New Programs Enacted

The 1977 Legislature created six new programs — Vocational Tuition Subsidies (\$3,600,000), Capital Expenditure Equalization Aid (\$860,000), Bus Reconditioning (\$416,000),

Teacher Mobility (\$3,000,000), Educational Planning Task Force (\$755,000), and Vocational Needs Assessment (\$15,000).

Capital Expenditure Equalization Aid represents the additional money that will be available in state aid to those districts in which a 10 EARC mill levy fails to raise \$75 per pupil unit (\$80 in fast growth districts).

Teacher Mobility Incentives is an experimental program to encourage teacher mobility through early retirement, part-time teaching, or extended leaves of absence.

Funding of \$755,000 was provided for establishing educational planning task forces for each Educational Cooperative Service Unit. Local districts are required to prepare plans for projecting enrollments, costs and district organization in their areas in the 1980's. The local plans are to be coordinated by the task forces.

Other Educational Aids

Numerous smaller aids provided by the state include aid for community education of 50¢ per capita; aid for adult continuing and GED education based on teachers' salaries, early childhood and family education program grants, innovative program grants, and school lunch aid.

OTHER LEGISLATION PERTAINING TO ELEMENTARY AND SECONDARY EDUCATION

Pilot Transitional Bilingual Education Programs Established

The sum of \$550,000 was appropriated to the State Board of Education for the establishment of not fewer than three pilot transitional bilingual education programs. Of this sum, \$400,000 shall be expended for grants in support of such programs. The programs are instructional for children of limited English speaking ability attending elementary and secondary schools. (Chap. 306).

American Indian Language and Culture Education Programs

The 1977 Legislature made available to the State Board of Education the sum of \$600,000 in grants for the establishment of no fewer than six school year pilot American Indian Language and Culture Education programs. At least three of the programs shall be in urban areas and at least three on or near reservations. The programs are to be located in facilities in which regular classes in a variety of subjects are offered on a daily basis. (Chap. 312).

COMMUNITY COLLEGES

Appropriations to the State Board for Community Colleges total \$63,844,527 for the 1975-77 biennium, an increase of \$13,144,850, or 25.93 percent, over the funds provided for the 1975-77 fiscal period.

Enrollments are estimated at 20,235 for each year of the biennium, computed on a full-time equivalent basis using 45 credit hours per school year. School enrollments in 1975-76 were 20,220, or 24 percent above the projected estimate. In the current year, enrollment is 20,321, or 2,571 above the projected estimate of 17,750. If enrollments during the coming biennium exceed the projected estimates, the Community College Board may expend such excess revenue for additional staff or other needs as required.

All eighteen of the Community Colleges are in operation — six in the Metropolitan area and twelve outstate. (See Map, page 8).

Academic Salaries Increased

The 1977 Legislature allowed for accumulative academic salary increases of 7 percent per year in cash plus fringe benefits (dental insurance, dependent health coverage, and

health testing). Administrators were granted increases of 6 percent per year in cash plus the fringe benefits. The estimated cost of the increase for the academic faculty and the administrators is \$5,700,000 for the biennium.

Staffing Ratios

The faculty-student staffing ratio, including counselors, librarians and administrative positions at the colleges is 1: 17.1 for each year of the biennium. (Increased enrollment could result in increased staffing as indicated above.)

Tuition Rates Increased

The General fee (tuition and student fee) was increased by the State Board for Community Colleges effective Fall quarter 1977. For resident students, the regular and summer session rates were set at \$11.50 per credit hour; for non-resident students, the rate will be \$23 per credit hour.

The Board increased the administrative fee from \$2.00 to \$2.50 per credit hour for students in the vocational certificate programs. Senior citizens may take courses free without credit if space permits. For credit, the "senior" must pay \$2.00 per credit hour.

Additional Revenue

Receipts from tuition, activity fees and miscellaneous income — as estimated by the Board — are \$11,358,607 in the 1977-78 school year, and \$11,876,879 in 1978-79. Federal funds are estimated to be \$1,604,000 in 1977-78 and \$1,680,000 in 1978-79. These funds, which total \$26,519,486, are additional to the state appropriations.

Student Loans — State Matching

State matching funds of \$175,000 for the biennium were continued for the National Defense Student Loan program (NDSL) and for the Nursing Student Loan program (NSL). The program provides low-cost, long-term loans to college students, with the Federal government supplying 90 percent and the State 10 percent of the loan funds.

Occupational Program Development

The sum of \$300,000 was made available for the biennium to provide for new occupational and technical programs generally of a para-professional nature. Prior to the use of these funds, the Chancellor of the Community College System is to submit the proposed program and expenditures for review by the chairmen of the House Appropriations and Senate Finance Committees.

Contingent Funds

The sum of \$300,000 was provided for meeting emergencies or necessary obligations beyond the limits of the enacted appropriations.

St. Paul Learning Center

The sum of \$90,000 was provided for the St. Paul Learning Center. The Board is to report to the Committee on Finance in the Senate, and the Committee on Appropriations in the House regarding the use of the money. This is a continuation of an educational program previously funded by an allocation from the Legislative Advisory Committee.

Repairs and Betterments

The sum of \$780,191 was made available for necessary repairs and betterments at the several colleges.

STATE UNIVERSITIES

Appropriations to the State University Board for the 1977-79 biennium total \$139,388,901, up \$22,948,032, or 19.71 percent from the \$116,440,869 provided by the 1975 and 1976 Legislatures for use in the 1975-77 fiscal period.

Total projected enrollments at the six State Universities located at Bemidji, Mankato, Marshall, Moorhead, St. Cloud and Winona (see Map page 8) computed on a full-time equivalent basis using 45 credit hours per school year is estimated at 33,388 for the 1977-78 school year, and 33,819 for 1978-79. Enrollment in 1975-76 was 32,699, or 1945 over the estimate. For 1976-77 the enrollment of 32,833 is 2,056 over the estimate of 30,777.

Appropriations to the State University Board includes \$2,104,549 for the Metropolitan State University for the 1977-79 biennium. Enrollment for the Metropolitan State University is estimated at 865 for each year — identical to the enrollments for the 1975-76 and 1976-77 school years. The previous estimates were 1,035 in 1975-76 and 1,055 in 1976-77.

Academic Salaries Increased

The 1977 Legislature provided for cumulative academic salary increases of 7.0 percent per year in cash plus fringe benefits. Administrators were granted increases of 6.0 percent per year in cash plus the fringe benefits. The estimated biennial cost for both academic personnel and administrators is \$11,601,000.

Staffing Ratios

The present faculty-student ratio for undergraduate students of 1 to 19 was continued at all the institutions except Southwest University at Marshall which does not conform due to its small enrollment. If enrollment exceeds the estimate at any of the institutions, the state university may expend such excess revenue to engage additional staff or for other needs.

Tuition Rates Increased

Tuition rates and required fees, as set by the Board, effective Fall quarter 1977, will be slightly higher:

	<u>Per Credit Hour</u>
Undergraduate — Resident	\$10.25
Undergraduate — Non-resident	20.25
Summer Session — Resident	10.25
Summer Session — Non-resident	20.25
Regular School Year and Summer Session —	
Graduate Resident	13.00
Regular School Year and Summer Session —	
Graduate Non-resident	25.25

Certain fees have now been combined — the student activity fee, the student union fee (debt service), the student unions program fee, and health service — the total cost for which may not exceed \$45 per quarter.

Additional Revenue

Receipts from tuition, fees and miscellaneous income from the State Universities, including the Metropolitan State University, were estimated to be \$22,339,548 in the 1977-78 school year, and \$23,262,762 in 1978-79. Of this total, \$2,214,854 is expected from self-supporting off-campus graduate programs at all the institutions. Federal funds are estimated at \$6,551,671 for each year — a total of \$13,103,342 for the biennium. All of those moneys are additional to the state appropriations.

Student Loans — State Matching

State appropriations totaling \$350,000 were provided as matching funds for the National Defense Student Loan Program (NDSL). The state's share is 10 percent and the Federal government's is 90 percent of the cost of any student aid or loan program.

Repairs and Betterments

The 1977 Legislature provided the sum of \$1,673,534 for essential repairs and betterments of the six state universities during the 1977-79 biennium.

Educational TV Facilities in Northern Minnesota

The State University Board was given \$440,000 for the purpose of providing a grant-in-aid to Northern Public Television, Inc., of Bemidji, a nonprofit corporation, to assist in constructing and equipping public educational television facilities at or near Bemidji State University. (Chap. 320)

UNIVERSITY OF MINNESOTA

The 1977 Legislature appropriated \$383,762,017 to the University's Board of Regents, an increase of \$81,279,552, or 26.87 percent, over the amount provided for the 1975-77 fiscal period.

Sources	1975	1977	Increase or (Decrease)
	<u>Legislature</u>	<u>Legislature</u>	
General Fund . . .	\$297,386,953	\$378,762,017	\$81,375,064
Trust Fund Earnings	5,095,512	5,000,000	(95,512)
Total	\$302,482,465	\$383,762,017	\$81,279,552

Additional Revenue

In addition to the appropriated funds, it is estimated that during the 1977-79 biennium the University — including the technical institutes at Crookston and Waseca — will receive \$141,818,000 in other income — from tuition and course fees, from overhead charges and earnings from temporary investments, and from special or departmental income.

Tuition Rates Increases

By action of the Board of Regents, tuition rates were increased effective the Fall quarter of 1977.

For the University's College of Liberal Arts, General and University Colleges, Program in Dental Hygiene, College of Letters and Sciences, School of Fine Arts (at Duluth), and the coordinate campus at Morris, resident undergraduate tuition was raised from \$221 to \$254 per quarter; non-resident tuition from \$636 to \$724.

For the University's Colleges of Agriculture, Business Administration, Education, Forestry, and Home Economics (Twin Cities Campus), resident undergraduate tuition was raised from \$239 to \$275 per quarter; non-resident tuition from \$701 to \$784.

For the Colleges of Education, and Business and Economics at Duluth, resident undergraduate tuition was raised from \$221 to \$275 per quarter; non-resident tuition from \$636 to \$784.

For the University's College of Biological Sciences, Institute of Technology and School of Nursing, resident undergraduate tuition was raised from \$255 to \$293 per quarter; non-resident tuition from \$751 to \$835.

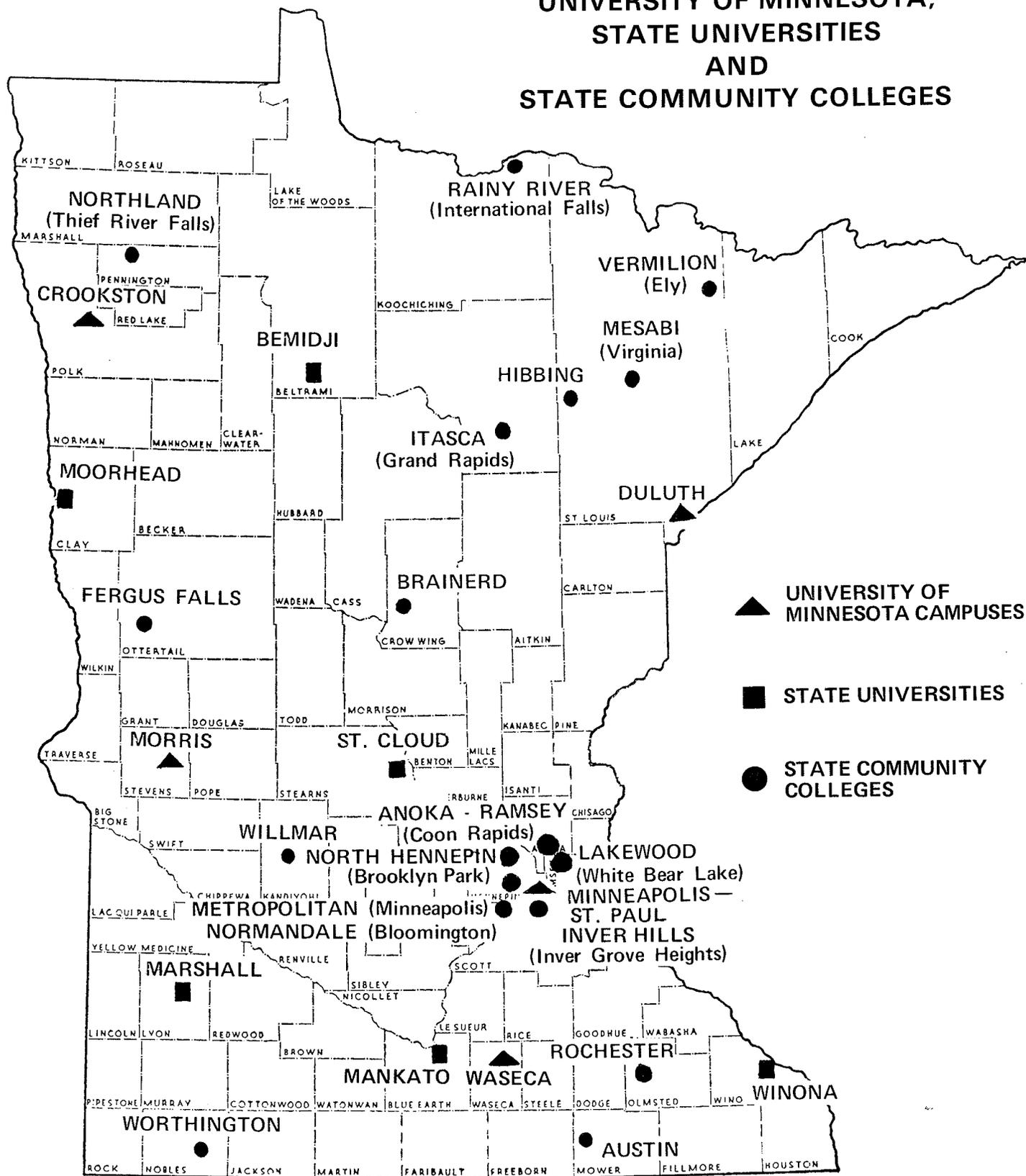
For students in the College of Pharmacy, Law School, Department of Mortuary Science — and for those doing graduate work in Law, resident tuition was increased from \$327 to \$376 per quarter; non-resident tuition from \$916 to \$1,053.

For students in the College of Veterinary Medicine, School of Dentistry, School of Medicine (Duluth), and for those doing graduate work in the School of Dentistry and College of Veterinary Medicine, resident tuition was raised from \$541 to \$622 per quarter; non-resident tuition from \$1,366 to \$1,679.

For students in the programs in Medical Technology, Physical and Occupational Therapy, Biomedical Graphic Design, Radiation Therapy and Nurse Anesthesia, School of Social Work (Duluth), and School of Public Health, resident tuition was increased from \$286 to \$329 per quarter; non-resident tuition from \$781 to \$905.

For students in the Medical School and those doing graduate work in Medicine, tuition rates were increased as follows: 1-9 credits — resident from \$271 to \$311 per quarter; non-resident \$683 to \$840; 10 credits or more — resident \$541 to \$622 per quarter; non-resident from \$1366 to \$1679; and for Post-M.D. Medical Fellow Specialist — resident and non-resident tuition remains unchanged at \$136 per quarter.

UNIVERSITY OF MINNESOTA, STATE UNIVERSITIES AND STATE COMMUNITY COLLEGES



The 1977-78 fee schedule is as follows — for resident and non-resident Graduate Assistants \$28.50 per credit hour; for other Graduate Students, resident \$28.50 per credit hour, non-resident \$79.75; for Doctoral Candidates in final quarter (taking no courses) \$165 per quarter; for continuous registration (taking no courses) \$70 per quarter; for Thesis only \$122 per quarter, and Examination only \$35 per quarter. The fee for Preparatory Courses was increased from \$40 to \$45 per course, and for Evening MBA Programs (Twin Cities and Duluth) from \$20 to \$23 per credit hour. The Summer Session fee remains at \$15 per credit hour.

Academic Salaries Increased

The 1977 Legislature provided for cumulative academic salary increases of 7.9 percent in fiscal 1978 and 8.0 percent in fiscal 1979. These percentage increases include fringe benefits. The estimated cost of the increases for all academic personnel on the main campus and the technical institutions is \$25,300,000 for the biennium.

Staffing Ratios, Personnel Complements

Funds provided by the 1977 Legislature will finance on overall faculty student ratio of 1 to 11.36 in the 1977-78 school year and 1 to 11.33 in 1978-79. The staffing ratios cover the Twin Cities, Duluth and Morris Campuses, and includes librarians, counselors and administrators.

There was a net reduction in the number of academic positions of 122 the first year. With eleven new positions added in the second year, the net reduction becomes 111. The reduction in cumulative salary liability is estimated at \$3,400,000 for the 1977-79 biennium. The legislatively approved academic complement for the maintenance and operations account is 4,393 for 1977-78, and 4,302 for 1978-79.

There was a net reduction of 44.5 civil service positions the first year. A total of 26.6 positions were added in the second year making the new reduction 17.9 positions in fiscal year 1978-79 — at an estimated cumulative reduction of \$910,877 in salary liability over the biennium. The legislatively approved civil service complement for the maintenance and operations account is 4183.5 in 1977-78, and 4210.1 in 1978-79.

Enrollments

Enrollments for all campuses, including the two technical institutes, have been estimated at 50,330 in fiscal 1978 and 51,876 in fiscal 1979. However, appropriations for the coming biennium have been computed on the basis of 48,742 — the actual enrollment count for fiscal 1977. Enrollments again are computed on a full-time equivalent basis using 45 credit hours per year. Estimated total enrollment for fiscal 1976 was 46,996. Enrollment was 47,971, or 975 above the estimate. For fiscal year 1977, the estimate was 48,187 and enrollment 48,742 or 555 over the estimate.

Summer School Tuition and Continuing Education Supplement

Supplemental funds of \$1,545,042 — up \$25,249 over the 1975-77 biennium — were provided "to equalize tuition rates among undergraduate students for the regular session, summer sessions and extension programs in order to facilitate to the maximum the use of campus units, buildings and staffs."

Care of Indigent County Patients by University Hospitals

University Hospital charges for indigent patients continue to be shared — with the state paying 70 percent and the county of residence 30 percent, up to \$5,000. The state pays the excess over \$5,000. To continue this level of support, \$4,000,000 was provided by the 1977 Legislature. It is estimated that the county reimbursement will approximate \$400,000 per year.

Special Hospitals, Community Service, and Educational Offset

The 1977 Legislature provided \$10,411,692 for the special hospitals, community service, and educational offset, up \$860,730 from the \$9,550,962 granted for the 1975-77 biennium.

SPECIAL APPROPRIATIONS

Of the \$46,354,614 provided in special appropriations, \$11,478,879 is available for agricultural extension service, and \$12,055,928 for general agricultural research. The extension appropriation includes funds for agriculture extension work, county agricultural agents, home demonstration and 4-H Club work, and soil conservation. The appropriation also includes money for the potato and sugar beet extension program in the Red River Valley, contingent on an equal sum of money being provided by the State of North Dakota. The research appropriation includes money for research on aquatic plants (including wild rice), soybeans, avian disease, corn improvement and irrigation.

The sum of \$15,792,225 was appropriated for medical or medically-related programs. Included are funds for a graduate residency program, medical services and instruction, basic sciences, medical training, dental hygiene, medical research, and for the veterinary diagnostic laboratory and teaching hospital.

Also included is \$7,027,582 for a variety of special projects, including a women's intercollegiate athletic program, graduate school of social work (Duluth), general research, Hormel Institute (Austin), geological survey, Lake Superior Basin studies, Freshwater Biological Research Institute (Lake Minnetonka), and the Industrial Relations Education Program.

HIGHER EDUCATION COORDINATING BOARD

Appropriations to the Minnesota Higher Education Coordinating Board for the 1977-79 biennium total \$80,175,904, up \$24,843,175, or 44.9 percent, from the \$55,332,729 provided for the 1975-77 fiscal period.

The principal increases were \$6,002,984 for the state scholarship program (total appropriation \$16,752,984), \$12,400,000 for the state grant-in-aid program (total appropriation \$30,300,000), \$2,000,000 for private college contracts (total appropriation \$9,200,000), \$1,450,000 for work study grants (total appropriation \$3,200,000), and \$3,600,000 for tuition subsidies for AVTI students. The appropriation for Interstate tuition reciprocity was reduced from \$14,232,938 in 1975-77 to \$12,722,670 for the current biennium.

Regional Coordination and Services

Appropriations for regional coordination and services were almost doubled — from \$247,813 in the 1975-77 biennium to \$486,219 for the 1977-79 fiscal period. The Board is to continue to develop and administer four (previously three) experimental regional post-secondary educational projects aimed at improving the efficiency and effectiveness of post-secondary education in meeting regional needs through inter-institutional cooperation and coordination of programs and planning.

Student Loans

The 1977 Legislature authorized an increase of \$35 million in revenue bonds — from \$90 to \$125 million — for the state student loan program (Chap. 384).

Part-time Student Grant Program Created

The 1977 Legislature created a grant-in-aid program to be administered by HECB to assist the growing number of part-time students in Minnesota. The sum of \$750,000 was provided (\$250,000 in F.Y. 1978 and \$500,000 in F.Y. 1979) to be distributed by the Board according to a formula which takes into account the number of part-time students enrolled in each eligible institution, as approved by the Board, as well as other relevant factors.

Osteopathy and Optometry Education

For students of osteopathy or optometry the 1977 Legislature provided \$217,000 to the HECB which shall contract with schools of optometry and osteopathy located in other states for the placement of Minnesota residents. Such students shall be required to enter into an agreement to practice their art in the State of Minnesota for a period of not less than three years. Of this amount, \$30,000 is for administrative expenses, \$52,000 for payment under contracts to schools of optometry, and \$135,000 to schools of osteopathy. The Board shall explore the feasibility of cooperating with neighboring states in the development of a regional system for the delivery of optometric education (Chap. 318).

Nursing Scholarship Program (Transferred to HECB)

The Nursing Scholarship Program, previously administered by the State Board of Nursing, has been transferred to the Higher Education Coordinating Board. By Executive Order, the transfer had been made earlier, but HECB began administering the program on July 1, 1977. The sum of \$155,000 per year was incorporated in the State Scholarship Program appropriation.

Work Study Program

Funding was substantially increased — from \$1,750,000 in 1975-77 to \$3,200,000 for the coming biennium — to continue a work study program initiated by the 1975 Legislature. Post-secondary education students will be eligible whether or not

such students are recipients of state scholarships or grants-in-aid. The Board shall prescribe criteria, policies, and procedures for participation of institutions and students in the program (Chap. 449).

MOIS Revolving Fund Created

The 1977 Legislature provided \$50,000 for the establishment of a Minnesota Occupational Information System Revolving Fund. The HECB shall charge for services provided them. Receipts are to be deposited in the revolving fund created and the general fund to be reimbursed \$50,000 by June 30, 1981 (Chap. 449).

OTHER LEGISLATION PERTAINING TO HIGHER EDUCATION

Mayo Medical School

Appropriations to the Mayo Medical School total \$2,392,000 for the 1977-79 biennium — to continue the capitation cost of \$8,000 for each student who is a resident of Minnesota for a maximum of 40 such students in each class (Chap. 449).

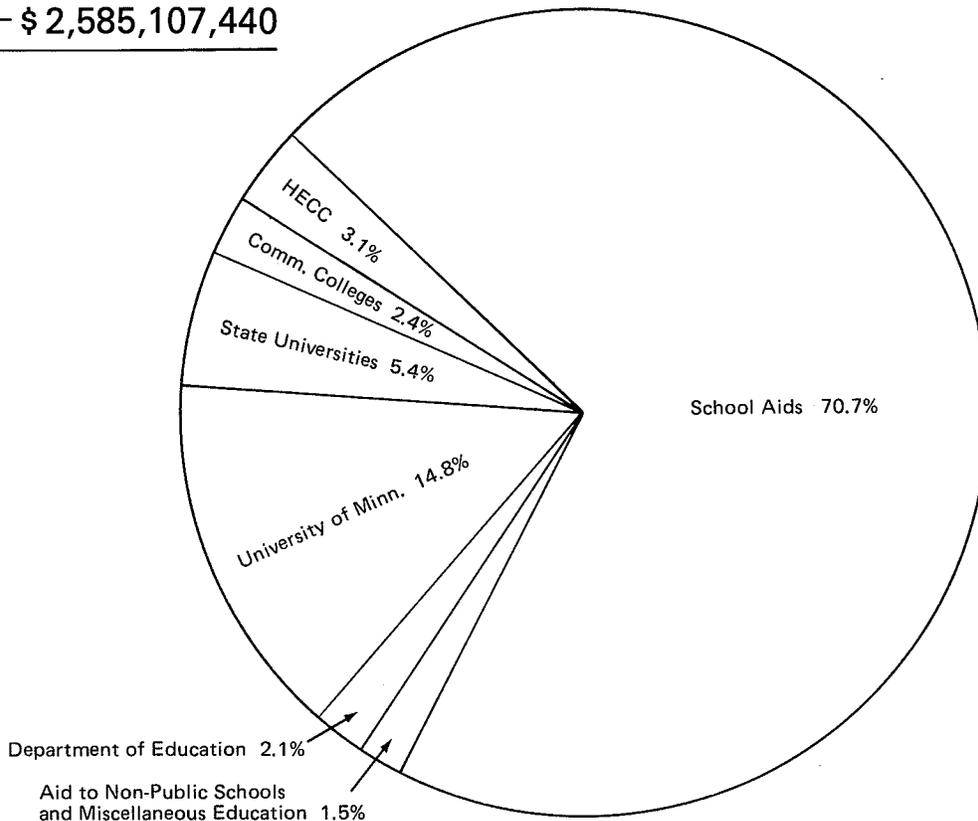
Mayo Graduate Program

The 1977 Legislature provided funds to the Mayo Foundation for a new graduate program in family practice of medicine. The sums of \$12,000 per student up to a maximum of \$48,000 was appropriated for the fiscal year beginning July 1, 1978 (Chap. 362).

Post-Secondary Education Consortium Created

A post-secondary education consortium for southwestern and west central Minnesota was created which shall have its principal office at Southwest State University at Marshall. The purpose of the consortium is to improve the efficiency and effectiveness of post-secondary education, through increased inter-institutional cooperation and planning in the area served by Southwest State University and the University of Minnesota at Morris (Chap. 449).

EDUCATION — \$ 2,585,107,440



B. Welfare

Federal, state and county funds available to be spent this biennium for public welfare activities will total \$1,997,317,298 with state funds accounting for \$885,110,431.

The four major components of the Department of Public Welfare are: Income Maintenance — \$539,911,852; Residential Services — \$216,168,194; Community Services — \$84,551,694; and Program and Administrative Support — \$41,244,905. Other welfare appropriations total \$3,233,786.

Income Maintenance

Income Maintenance embraces the public assistance activities — Medical Assistance, Aid to Families with Dependent Children, and Minnesota Supplemental Assistance, plus General Assistance (general assistance and general assistance medical care). Appropriations by the 1977 Legislature for the 1977-79 biennium total \$539,911,852. Included in the public assistance total of \$450,625,174 is the sum of \$11,000,000 provided in the Omnibus Tax Bill to increase the state's share of AFDC payments to 60 (previously 50) percent of the non-federal portion of the aid payment. It was anticipated by the legislature that such additional state support will lessen the reliance on the property tax for funding at the local level. An additional sum of \$8,000,000 was made available by the 1977 Legislature — \$7,100,000 to change the medical assistance standards so that more persons become eligible, and \$900,000 for catastrophic nursing home expenses (Chap. 448). Included in the Income Maintenance total is a new item of program support in the amount of \$2,544,744. The 1977-79 appropriations have been made on a programmatic basis so that each of the major components now includes funding for administrative purposes. Heretofore, such funds have been included as a lump sum under the Program and Administrative Support appropriation of the department.

The cost estimates for the public assistance programs again were based on a current analysis of caseload and payment trends. For the 1977-79 biennium the AFDC caseload has been estimated at 140,931 persons each year.

The Minnesota Supplemental Assistance program has been decreasing slightly, with the caseload estimated at 5,800 each year of the 1977-79 biennium.

A major portion of the funding in the Medical Assistance program is for cost of care of persons in nursing home facilities. The appropriation also covers cost of care of mentally retarded persons in state institutions. It is estimated that the total number of recipients will approximate 122,000 in each year of the biennium.

The General Assistance caseload is estimated at 17,500 for each year of the biennium, and for the General Assistance — Medical program at 10,400 in fiscal year 1978 and 10,595 in fiscal year 1979.

As a result of increased state funding, the 87 counties are expected to provide "matching funds" of \$103,581,508 for the three public assistance programs. The state share is \$450,625,174. The Federal Government share for AFDC and MA is estimated at \$658,653,906, or \$94,400,753 more than the 1975-77 estimate.

For General Assistance, including general assistance-medical, the Legislature provided \$67,839,820 (including a deficiency appropriation of \$2,413,669). These persons are not eligible under a regular categorical aid program. The state's share of the funding covers 90 percent of the medical costs, and 50 percent of the maintenance grant. The counties' obligation for the 1977-79 fiscal period is estimated to be \$36,669,100. There are no federal funds involved in general assistance.

The balance of this major component includes appropriations of \$10,256,669 for centralized disbursement, and \$645,445 for the 1977 Employee Pay Plan.

The approved legislative complement under the Income Maintenance Component is 215 persons.

Residential Services

Appropriations for the 1977-79 biennium are \$175,913,173, up \$36,313,173 from the sums provided for 1975-77, for the "Big 10" state hospital campuses located at Anoka, Fergus Falls, Hastings, Moose Lake, Rochester, St. Peter, Willmar, Faribault, Brainerd and Cambridge. The budgeted population for the state hospitals is estimated at 5,300 for fiscal year 1978 and 5,200 for fiscal year 1979. The actual average annual population for fiscal 1977 was 5,181. The approved legislative complement for the state hospitals for the 1977-79 biennium was set at 5,454.

In addition, the Commissioner of Public Welfare is authorized to fill up to 100 human service technician positions in the state hospitals (in addition to the legislative complement provided) for the purpose of alleviating recruitment delays in direct patient care, as salary savings become available.

On May 1, 1978, the Hastings State Hospital shall be closed. This language appears in Section 17 of Chapter 453. The Department of Veterans Affairs may establish a veterans home on that campus upon approval of the 1978 Legislature. The Finance Committee of the Senate and the Appropriations Committee of the House shall jointly study the feasibility of any other alternative for that campus and report their findings to the legislature on or before January 16, 1978.

Provision also is included in the appropriation measure for the transfer of patients and patient records, as well as the continued employment or payment of severance pay to affected employees of the Hastings State Hospital. The sum of \$1,000,000 in the general contingent account is available for expenditure if an alternative is established for the Hastings campus.

By "rider", the sum of \$100,000 of the state hospital appropriation is to be available to develop plans for a new security facility for 150 to 160 residents to be located on the St. Peter State Hospital Campus.

The 1977 Legislature appropriated \$18,980,636, up \$3,826,556 from the \$15,154,080 available in 1975-77 for the two state-operated nursing homes — Ah, Gwah Ching Nursing Home and the Glen Lake State Sanitorium and Oak Terrace Nursing Home.

The budgeted patient populations for 1977-79 is estimated at 730 for each year. For fiscal year 1977 the actual average population was 699.

For the two state nursing homes, the legislative approved complement is 617.

Program support in the amount of \$2,774,385 (with an approved complement of 49.5 persons), and the 1977 Employee Pay Plan allowance of \$18,500,000 complete the appropriations in this major component.

Community Services

Appropriations for the Community Services component total \$84,551,694 for the 1977-79 fiscal period.

Community Mental Health Centers were granted \$33,230,409. Grants-in-aid are made to 26 areas, each consisting of one or more counties, embracing 26 publicly-operated centers and six private facilities. The centers, with all 87 counties participating, provides a variety of health care services, including out-patient assistance to the mentally ill, mentally retarded, and chemically dependent, and also may accept cases from juvenile courts for diagnostic evaluation. The state funds provide up to 50 percent, except in a few instances, of the approved expenditures of local community mental health centers.

State support for Developmental Achievement Centers

(previously Daytime Activity Centers) was increased from \$13,637,900 in 1975-77 to \$16,646,388 for the 1977-79 biennium. The appropriation includes \$4,946,196 for transportation aids. This grant-in-aid money is intended to fund up to 60 percent of the operating costs of 117 centers. In certain distressed counties, the "state matching" may be up to 75 percent of approved expenditures.

Day care service development and funding received \$2,217,420, up \$417,920 from the \$1,799,500 made available for the 1975-77 biennium.

State appropriations for cost-of-care grants, representing not more than 70 percent of the actual cost, amount to \$9,452,844 — \$2,106,196 for care of the emotionally disturbed, and \$7,346,648 for care of the mentally retarded.

Community based residential services received \$11,494,894 — \$1,786,000 for the mentally ill; \$1,295,186 for the mentally retarded; and \$8,413,708 for the chemically dependent.

Appropriations for vocational rehabilitation of the blind are \$5,659,931, up \$3,450,431 from the \$2,209,500 available for the 1975-77 fiscal period.

The foster grandparent program received \$750,000 as compared to the \$462,000 for the 1975-77 period.

Program support in the sum of \$4,567,373, and \$532,435 for the Employee Pay Plan complete the appropriations for this component.

Program and Administrative Support

Appropriations for Program and Administrative Support total \$41,244,905 for the 1977-79 period and includes \$10,097,205 for Administrative Support; \$6,000,000 for

Special County Aids; \$24,284,700 for County Administrative Cost Reimbursement; and \$863,000 for the Employee Compensation Plan.

The Administrative Support appropriation covers the administrative aspects of the department's operations. The legislative approved complement for this component is 202.75 positions. The remaining portions of the program support for 1977-79 have been added to the other major components under the programmatic appropriation concept.

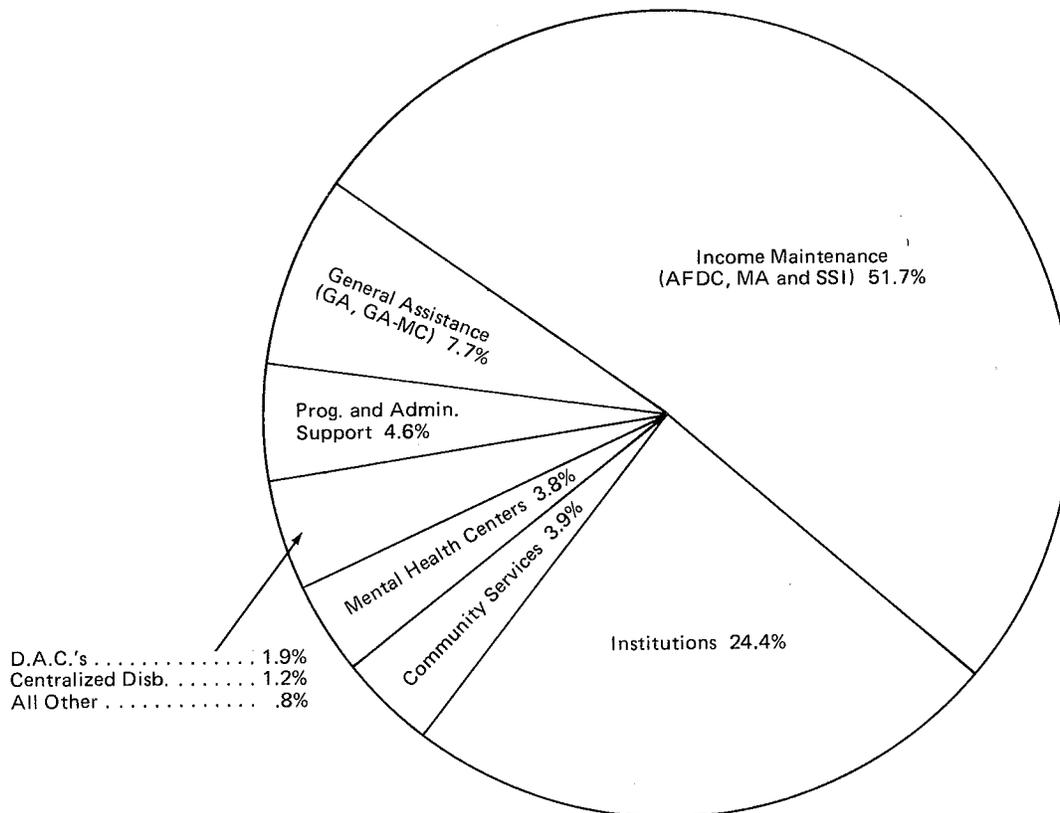
The Special County Aids appropriation of \$6,000,000 is to cover — in addition to other items — payments of equalization aid to distressed counties. The equalization aid continues to be paid on a four factor formula: recipient rate, per capita income, per capita taxable value, and per capita expenditures for welfare. Counties which received such supplemental aid during fiscal year 1977 and likely to be eligible for support during the 1977-79 biennium are:

Aitkin	Koochiching	Pine
Becker	Mahnomen	Red Lake
Beltrami	Mille Lacs	Todd
Cass	Morrison	Wadena
Hubbard		

The formula used for equalizing welfare costs will continue to be used in computing distressed county aid for Developmental Achievement Centers (Daytime Activity Centers), and Community Mental Health Centers.

To cover the 50 percent reimbursement of allowable county administrative expenses for public assistance programs, the 1977 Legislature provided \$24,284,700 for the biennium —

WELFARE — \$885,110,431



an increase of \$3,284,700 over the amount available in the 1975-77 biennium.

Other Welfare Items

Five new welfare programs were authorized by the 1977 Legislature.

The Vinland National Center is to be established to serve as a health resource, education and training center. A certificate of need is required before any money shall be expended for construction. The sum of \$200,000 was made available to the Commissioner of Public Welfare (Chap. 283).

The sum of \$122,000 was granted to the Commissioner of Public Welfare for the purpose of purchasing and providing liability insurance for foster boarding homes (Chap. 360).

The sum of \$300,000 was made available to the Department of Public Welfare to be expended in Ramsey, Washington and

Dakota counties for the cost of care of mentally ill patients who were in-patients of Hastings State Hospital on May 20, 1977 who may be placed in community facilities as a result of closing Hastings (Chap. 453).

The sum of \$300,000 was granted to the Department for financial assistance to persons or to the parent or guardian of dependent persons suffering from hemophilia who are unable to pay for or obtain third party reimbursement from any private or public source (Chap. 453).

The sum of \$300,000 was appropriated to the Commissioner to pay interest expense in connection with the Medical Assistance for the Needy program (Chap. 453).

The usual appropriations for Worker's Compensation (\$966,852) and Unemployment Compensation (\$1,044,934) complete the list of appropriated funds for welfare purposes.

C. Corrections

For the 1977-79 biennium, total appropriations for activities of the Department of Corrections are \$101,587,151, an increase of \$33,349,706, or 48.8 percent over the \$68,273,445 provided for 1975-77. Appropriations to the Corrections Ombudsman total \$442,472, making a total of \$102,029,623 for corrections activities for the 1977-79 biennium.

The format of the "Corrections portion" of the Omnibus Health-Welfare-Corrections Appropriation Bill for the 1977-79 biennium has been modified substantially with respect to both programs and activities making comparisons with prior appropriations extremely difficult. Personnel costs and the related allowances for supplies and expenses have now been distributed on a programmatic basis.

Appropriations for the department are grouped into four programs — General Support, Special Services, Community Services, and Correctional Institutions. In turn, there are separate activities within each of the programs.

For General Support the legislature appropriated \$9,523,305 for the 1977-79 biennium. The specific components in this program are (1) county probation reimbursement, (2) subsidy programs, and (3) support. The services that are funded include administration; personnel; training; subsidies for foster group care, community corrections centers, and grant administration; research and planning; and regional jails and detention centers.

For Special Services the legislature appropriated \$4,959,986 for the 1977-79 biennium. The specific components in this program include (1) health care, (2) education, and (3) support. The activities funded include vocational and higher education training, payment for housing of inmates in Federal prisons and county jails, costs incidental to the transfer of inmates between states, and for professional health care to persons confined in institutions under the control of the Commissioner of Corrections and to cover costs of care in hospitals and other medical facilities not under the control of the Commissioner, including the security treatment unit operated by the St. Paul — Ramsey Hospital.

By appropriation "rider" \$72,000 of the health care appropriation is available as the state's share in providing a secure holding area at the St. Paul — Ramsey Hospital.

Also, by "rider" the sum of \$778,000 of the appropriation is available "to establish, staff, equip, maintain and operate a psychiatric unit at one of the adult correctional institutions for the care and treatment of inmates who become mentally ill." It is estimated that these funds will support the addition of 19 new psychiatric positions in meeting the mental health needs of inmates.

For Community Services the legislature appropriated \$22,527,004 for the 1977-79 biennium. The specific com-

ponents in this program are (1) probation and parole; (2) residential programs, and (3) the Community Corrections Act. The activities funded include the work release program; contracts with private and non-profit organizations who provide facilities for the supervision and counseling of corrections clientele, and grants to counties to assist in the funding of correctional facilities.

For Correctional Institutions the legislature appropriated \$61,228,646 for the 1977-79 biennium. The seven¹ correctional institutions are — the Minnesota State Prison (at Stillwater), the State Reformatory for Men (St. Cloud), the Minnesota Correctional Institution for Women (Shakopee), the State Training School (Red Wing), the Willow River Camp, the Minnesota Home School (Sauk Centre), and the Metropolitan Training Center (Lino Lakes). The total budgeted population for these institutions is 2,045 for fiscal 1978 and 2,150 in fiscal 1979.

The approved employee complement was set at 1149.5 positions.

Appropriations for all other corrections activities total \$3,348,210 including the Criminal Justice contingent account in the amount of \$1,620,000.

Corrections Subsidy Act

Under the Corrections Subsidy Act, the Commissioner of Corrections is authorized to make grants to assist counties in the development, implementation, and operation of community based corrections programs. No county or group of counties electing to provide correctional services is eligible for a subsidy until its comprehensive plan has been approved by the Commissioner. At present there are 22 participating counties, and it is anticipated that there will be nine more (including Hennepin) by the end of the current biennium. An appropriation "rider" provides that as counties begin participating in the Corrections Subsidy Act, the complement of the central office shall be reduced by the number of positions transferred to the counties entering the program.

Bus Reconditioning

The 1977 Legislature appropriated, through the Omnibus School Aid bill, the sum of \$416,000 to the Department of Corrections for the reconditioning of school district owned buses. Such vehicles shall be eight years old or older, or have high mileage, or be in need of extensive repair. It is believed that such a repair facility will be located at the State Prison.

¹No state appropriation is made to the Thistledeew Camp (near Togo) which operates as a self-sustaining facility.

Battered Women

A new appropriation of \$500,000 was made available for the establishment of pilot programs to provide emergency shelter and support services to battered women. A battered woman is defined as "a woman who is being or has been assaulted by her spouse, other male relative, or by a male with whom she is residing or has resided in the past".

The Commissioner of Corrections is to designate and award grants to four pilot programs to provide emergency shelter services and support services to such battered women. Two programs shall be designated in the seven county metropolitan area, one in a city located outside the metropolitan area, and one in a location accessible to a predominately rural population.

The Commissioner also is authorized to award educational grants to any public or private non-profit agency for the development and implementation of education programs designed to promote public and professional awareness of the problems of battered women (Chap. 428).

Crime Victims' Crisis Center

The 1977 Legislature also appropriated the sum of \$250,000 to the Commissioner of Corrections for the establishment of at least two operational crime victim crisis centers.

Within three years, the Commissioner is to evaluate the

operation of the centers, including their impact in assisting the victims, impact on the criminal justice system, community attitudes generated by the centers, desirability of establishing additional centers, and proposed alternative means to accomplish the desired purposes in all areas of the state (Chap. 314).

Supplement to Hennepin County

The sum of \$350,000 was provided for the purpose of supplementing the cost to Hennepin County of operating the Hennepin county adult facilities (workhouse).

State Institutions Contingent

The 1977 Legislature provided a contingent appropriation in the sum of \$600,000 for use by state institutions under the control of either the Department of Public Welfare, or the Department of Corrections.

Corrections Ombudsman

In addition to the appropriations made to the Commissioner or Department of Corrections, the 1977 Legislature provided the sum of \$442,472 to the Corrections Ombudsman for the 1977-79 biennium, an increase of \$153,872 over the appropriations for the 1975-77 fiscal period. A field inspector position, previously funded by federal monies, will now be supported with state funds. The approved legislative complement is eight positions.

D. Health

Appropriations by the 1977 Legislature to the State Board of Health and for health-related activities total \$42,868,820 for the current biennium, up \$18,525,392, or 76.1 percent from the 1975-77 fiscal period.

For preventive and personal health services, health systems quality assurance, health support services, and for two contingent items — medical laboratory services and community health subsidy — the legislature appropriated \$36,137,324 for the 1977-79 biennium, up \$15,541,696, or 75.5 percent over the 1975-77 period.

Four new appropriations were made to the State Board of Health — \$100,000 for the purchase of quantities of somatotropin (Chap. 453); \$1,500,000 for merit fellowship grants, research grants, and health policy studies (Chap. 453); \$144,000 for a health screening program for preschool children (Chap. 437); and \$225,000 for reimbursement of the necessary

expense of the initial training of volunteer ambulance attendants (Chap. 427).

In addition, the sum of \$155,000 was provided for administration in connection with water well contractors (Chap. 446), and \$1,750,000 as a supplement to the grant program for construction of water filtration and purification systems for the communities using Lake Superior as a drinking water source (Chap. 423).

Under the Natural Resources Acceleration Section of the Omnibus State Departments Bill, the Department of Health was given the sum of \$81,273 for the 1977-79 biennium — \$40,173 for a framework water plan — Phase II, and \$41,100 to define the nature, extent and projected problems and solutions relating to contamination of groundwater in southeast Minnesota (Chap. 455).

E. Transportation

The new Department of Transportation¹ embraces the former Departments of Highways and Aeronautics and those portions of the Department of Public Service, and the State Planning Agency which deal with transportation.

For the 1977-79 biennium, total appropriations for the new Department of Transportation are \$643,625,523,² — an increase of \$31,760,970 over the \$611,864,553 provided in the 1975 and 1976 legislative sessions for comparable items covering the 1975-77 biennium.

Included in the new Omnibus Transportation Bill (Chap. 454) are virtually all of the operations of the Department of Highways including \$72,421,890 for highway development, \$1,200,000 for Highway Safety Devices, and \$24,712,000 for Highway Debt — all three items having previously been handled as open appropriations.

The state aids distributed to the County State Aid Highway and Municipal State Aid Street Funds (financed from gasoline and motor vehicle registration taxes), also have been made direct appropriations in the Omnibus Bill. The total sums provided for the 1977-79 biennium are \$161,970,600 and \$50,094,000 respectively, and will be distributed to the 87 counties and 101 cities for highway and local street work outside the trunk highway and interstate systems. These activities previously were funded under an open appropriation authority. The bill also includes a new appropriation of \$33,000 for a Sound Enforcement Study.

The Omnibus Bill includes appropriations for aeronautics, as well as provision for the payment of aeronautics debt which previously has been handled as an open appropriation. The sum of \$50,000 is included in the bill for start-up costs in establishing an air transportation revolving account. The equipment appropriation in highway maintenance includes the sum of \$400,000 for the purchase of an aircraft. The users of the air transportation services are to be charged direct and indirect

¹Created Laws 1976, Chapter 166.

²Appropriation Act reports "Highway Development" as funded from Trunk Highway Fund. Estimated by department that \$120,400,000 each year will come from federal reimbursements.

operating costs, excluding salaries and initial cost of acquisition of aircraft.

A comparison of the direct appropriations for the 1975-77 and 1977-79 bienniums follows:

	1975 and 1976 Sessions	1977 Session
Highways		
Administration Operations	\$ 9,260,000	\$ 13,432,360
Organize Department of Transportation	150,000	—
Legal Division	1,044,000	1,119,642
Maintenance Division	104,416,602	137,717,363
Highway Development Support	72,400,000	93,442,844
Research and Standards	2,000,000	2,121,249
State Aid Administration	475,832	631,915
Planning and Programming	5,300,000	6,550,776
Equipment	10,043,931	13,249,463
Building and Improvements	1,759,830	—
Interstate Safety Rest Area Facilities	1,204,805	—
Access Road to Zoological Gardens Highway Development (Construction)	750,000	72,421,890 ²
Highway Safety Devices	3	1,200,000
County State Aid Distr.	3	161,970,600
Municipal State Aid Distr.	3	50,094,000
Highway Debt	3	24,712,000
Bicycle Trails/Lanes	250,000	1,000,000
Sound Enforcement Study (new)	—	33,000
Construction/Reconstruction of Bridges and Bridge Approaches	25,000,000	—
TOTAL	\$234,055,000	\$579,697,102
Aeronautics		
Salaries	958,388	807,960
Supplies and Expense	256,000	
Aeronautics Proceedings	18,000	
Construction/Maintenance Support Aviation Regulation	—	
Administrative Support	—	536,975
Airport Construction and Improvements	9,468,295	12,749,846
Striping Airport Runways	52,000	
Airport Construction	—	
Airport Maintenance	—	1,190,298
Navigational Aids	1,245,700	107,052
Aeronautics Safety and Education Operation and Maintenance of State Owned Airports	43,200	—
Pine Creek Construction	35,300	—
Aeronautics Debt	22,500	—
Start-up costs for Air Trans- portation (new)	3	953,620
TOTAL	\$ 12,099,383	\$ 18,984,089
Transit, Rail and Common Carriers		
MTC Transit Subsidies	24,000,000	29,000,000
Outstate Transit Subsidies	2,000,000	4,000,000
Para-Transit Demonstrations	2,000,000	3,500,000
Regular Route Demonstrations	—	750,000

²Appropriation Act reports "Highway Development" as funded from Trunk Highway Fund. Estimated by department that \$120,400,000 each year will come from federal reimbursements.

³Funded by Open Appropriation Authority in 1975-77 biennium.

F. Other Executive Branch Functions

Once again the major portion of the state budget is consumed by appropriations for education, welfare, corrections, and transportation — plus tax relief, shared taxes and other aids to local units of government. Other executive branch functions including the State Planning Agency, the office of the Attorney General, the Departments of Administration, Economic Security, Finance, Revenue, Public Safety, Commerce, Natural Resources and the Minnesota Housing Finance

Transit, Rail and Common Carriers (Continued)	1975 and 1976 Sessions	1977 Session
Interstate Transit Study	\$ 25,000	—
State Planning-Administering public transit aid, and demonstration programs	85,000	—
To Dept. of Highways-Construction Program	14,000,000	—
Private Operator subsidies in Metro Area (New)	—	900,000
DOT Administration and Research Transit Improvement: Planning and Programming	—	250,000
—	—	450,701
Rail Service Improvement: Planning and Programming	—	398,182
Grants	—	3,000,000
Passenger Service (Amtrak)	—	1,300,000
Amtrak Deficiency	—	324,051
Transportation Regulation	—	1,071,398
TOTAL	\$ 42,110,000	\$ 44,944,332
TOTAL — DEPARTMENT OF TRANSPORTATION		\$643,625,523²

MTC Transit Subsidies

The method of distribution has been changed. Rather than a simple "block grant" as in the past, the Metropolitan Transit Commission will now receive funds based on their performance in carrying riders, on the number of reduced fare riders, and for specific projects, such as Project Mobility for the handicapped.

Outstate Transit Subsidies

Outstate transit subsidies will continue to be based on the size of the operator's deficit.

Private Operator Subsidies

A new program to directly subsidize private transit operators in the metropolitan area was established.

DOT Administration and Research on Transportation Systems Management

These are two new programs enacted by the 1977 Legislature.

Department Resources

To fund the operations of the Department of Transportation during the 1977-79 biennium, it is estimated that gasoline and motor vehicle registration taxes will provide \$554,500,000 of the state money, \$269,700,000 will come from federal funds, \$19,400,000 will come from flight property tax, aviation fuel tax, aircraft registration tax and other miscellaneous state airports revenues, \$23,802,000 from earned interest, and \$17,000,000 from the host of revenues credited to the General Fund.

Interstate Status

As of July 1, 1977, 803.1 of the 916.8 miles of the federal interstate system were open for traffic, 57.5 miles were under construction, and 56.2 miles were in preliminary phase: design, preliminary engineering or right-of-way.

THE GOVERNOR

State appropriations to the Governor by the 1977 Legislature total \$3,035,765, up \$335,082, or 12.4 percent, over those for the 1975-77 fiscal period. About one-third of the appropriations to the Governor's office continue to be made in support of agencies and commissions over which the Governor has direct supervision.

For general operations and management of the Governor's office the 1977 Legislature provided \$2,019,109 for the current biennium. Of this total, \$30,000, was appropriated for personal expenses connected with the office, and \$2,500 for the official governor's portrait.

Activities over which the Governor has direct authority, or for which appropriations have been made to him, have been identified as Interstate Representation and Cooperation and include the National Governors Conference — \$51,233; the Education Council — \$40,000; the Upper Great Lakes Regional Commission — \$142,000; the Great Lakes Basin Commission — \$44,600; the Upper Mississippi River Basin Commission — \$90,000; and the Missouri River Basin Commission — \$32,144. In addition, the Governor's Commission on Crime Prevention and Control received \$139,534.

There were four new appropriations — Liaison for Spanish Speaking People for which the sum of \$50,224 was made available to the Governor's office; \$59,600 for Detached Workers, \$200,000 for Volunteer Services, and \$150,000 for a Task Force on Waste and Mismanagement. An appropriation of \$17,321 for unemployment compensation completes the list of funds to the Governor's Office.

The \$2,400,000 appropriated for the Governor's Manpower Office, and the new appropriation of \$100,000 for Displaced Homemakers, also made to the Manpower Office, have been placed with other appropriations to the new Department of Economic Security (under Other Executive Branch Functions).

LIEUTENANT GOVERNOR

Appropriations to the Office of the Lieutenant Governor for the 1977-79 biennium total \$528,418 of which \$524,418 is for General Operations and Management and \$2,000 per year for personal expenses connected with the Office. The general operations appropriation includes funds to establish a federal relations office in Washington, D.C. to provide services to the executive and legislative branches of Minnesota state government. The legislatively-approved complement is nine positions.

GENERAL STATE GOVERNMENT

Appropriations to the State Auditor, the State Treasurer, the Secretary of State, the State Planning Agency, the Minnesota Housing Finance Agency, the Departments of Administration, Economic Security, Finance, Revenue, Veterans' Affairs, and to a variety of other state and quasi-state departments and agencies (but excluding the Office of the Governor, and Lieutenant Governor), total \$199,839,303 for the 1977-79 biennium.

The Department of Revenue received the largest single departmental appropriation — \$43,432,298 — for activities in the "General State Government" category. Other sizeable appropriations include the \$29,521,032 to the Department of Administration; \$19,481,416 to the Department of Economic Security; \$11,067,078 to the Department of Finance; and \$16,570,222 to the State Planning Agency.

New Pay Plan plus New and Expanded Fringe Benefits for State Employees

The 1977 Legislature provided for salary increases for employees in both the classified and unclassified civil service, the classified positions at the University, and the academic positions in the three systems of higher education — the Community Colleges, the State Universities, and the University of Minnesota.

The cost of the total compensation plan, including a general salary adjustment, cost-of-living increases and for new and increased fringe benefits is estimated at \$210,312,169 for the 1977-79 biennium, of which \$150,092,718 is the estimated general fund liability.

The plan provides for a general salary adjustment to all employees effective on the first day of the full pay period after July 1, 1977. The amount is four percent (4%) of payroll for those persons in the A (Professional) Schedule, and B (Trades) Schedule. For those in the C (General Services) Schedule the general increase is three and one-half percent (3.5%).

Cost of living adjustments also have been provided for A, B, C schedule employees based on a one cent per hour increase for every 4 point increase in the existing Consumer Price Index for Minneapolis and St. Paul. The first increase will be effective January 4, 1978 based on the increase in the CPI from January 1977 to October 1977. The second increase will be effective July 5, 1978 based on the increase in the CPI from October 1977 to April 1978. (Based on a six percent (6%) annual inflation rate, this would provide an increase of 20 cents per hour in fiscal 1978 and an additional 14 cents per hour in fiscal 1979 for all covered employees.)

The State's contribution to dependent hospital — medical insurance coverage will increase from \$30 to \$45 per month. Effective July 1978, the State will provide complete hospital/medical insurance coverage to eligible dependents of eligible employees.

Each eligible employee may participate in a new annual health screening program after July 1, 1977.

Effective July 1977, the State will provide dental insurance coverage to eligible employees. Eligible dependents may be enrolled at the option of the employee and to be paid for by the employee.

All employees who retire after July 1, 1977 will be provided a \$500.00 death benefit payable to their beneficiary upon their death.

The maximum accumulation of sick leave was increased effective July 1, 1977 from 800 to 900 hours. Severance pay will be continued at the rate of 40 percent of the number of sick leave hours unused.

The maximum accumulation of annual leave was increased effective July 1, 1977 to 224, an increase of 16 hours.

Special Salary Range for Physicians

The salary ranges for the Special Medical Doctor salary schedule was revised effective July 6, 1977 as follows: Range A \$29,000 to \$40,500; Range B \$35,500 to \$48,000; and Range C \$40,000 to \$57,500.

Youth Summer Employment Program

The Youth Summer Employment Program was substantially increased from \$4,000,000 in the 1975-77 biennium to \$6,500,000 for the current two year period. The Commissioner of Employment Services was authorized to hire youth (14 to 22 years) for a maximum of 12 weeks, not to exceed 40 hours per week for employment in local and state public jobs (Chapters 254 and 455).

State Arts Board

Appropriations to the State Arts Board were substantially increased from \$1,120,000 for the 1975-77 biennium to \$4,347,644 in the current fiscal period.

Public Television

The sum of \$300,000 was appropriated to the Board of the Arts to provide grants to public television stations. A bipartisan legislative commission also was created composed of five senators and five representatives to study public broadcasting and report its findings and recommendations by January 15, 1978 (Chap. 445).

Displaced Homemakers

The Executive Director of the Governor's Manpower Office (now in the new Department of Economic Security) may enter into arrangements with existing private or non-profit organizations and agencies to provide counseling and training services to displaced homemakers. The Director shall assist such persons in applying for appropriate welfare programs. The sum of \$100,000 was made available for the biennium (Chap. 428).

"911" Emergency Telephone Service

The sum of \$272,033 was appropriated to the Department of Administration for implementation of an emergency phone service. Counties are required to establish such emergency service to connect callers with police, firefighters, medical and other emergency services. Systems must be available in metro area counties by December 15, 1982, and in other counties by December 15, 1986 (Chap. 311).

Sheltered Workshop Procurement Program

The Sheltered Workshop Procurement Program was amended and extended. The purchase price of products from sheltered workshops may not exceed by more than five percent the fair market price (Chap. 94).

Information to County Libraries

Copies of the State Register, rules, manuals and the Statutes are to be provided free to county libraries. The sums of \$16,000 to the Commissioner of Administration and \$14,616 to the Revisor of Statutes were provided (Chap. 323).

Fire Detection Devices

The Commissioner of Administration is directed to amend the State Building Code to provide for the installation of smoke detection devices in certain residential housing (dwellings, lodging houses, apartment houses, and hotels). Such installation is required after January 1, 1980, except that the Commissioner of Public Safety shall promulgate rules concerning placement of smoke detectors effective August 1, 1977 (Chap. 333).

State Building Code to Apply Statewide

Application of the State Building Code is extended to apply to all cities and counties. The code is to apply statewide and supersedes the building codes of any municipality (Chap. 381).

Energy Agency

The 1977 Legislature appropriated \$2,633,002 for general operations and management of the energy agency covering the 1977-79 biennium — an increase of \$1,009,579 over the appropriations for the 1975-77 biennium.

Through appropriations to the Legislative Commission on Minnesota Resources, additional funds totalling \$761,927 were made available to the Energy Agency as follows: \$211,927 for work on the state framework water plan; \$400,000 for alternative energy research grants; \$50,000 for energy grant monitoring, and \$100,000 for grant application assistance.

Omnibus Energy Bill

Appropriations totalling \$383,000 were provided for energy conservation projects as follows: \$200,000 for study of impacts of increased coal use; \$25,000 for study of solar energy policy issues; \$75,000 for publicity on residential energy

conservation programs; \$18,000 for study of need for insulation standards; \$50,000 for study of grain alcohol as diesel fuel supplement; and \$15,000 to develop outdoor display lighting standards. There was also appropriated \$50,000 to the Department of Administration for energy surveys of state buildings and \$25,000 to the Department of Education for energy curriculum development.

Among other provisions, the measure required certificates of need for certain additional power plants, transmission lines, and other energy-related facilities; studies of state and local procurement policies with regard to energy; minimum efficiency standards for room air conditioners; prohibition of continuously burning pilot lights on certain gas appliances; separate metering of electricity to most multiple dwelling units, and a study of heating fuel inventories in the State (Chap. 381).

Department of Economic Security Created

A Department of Economic Security was created to supersede and replace the Departments of Employment Services and Vocational Rehabilitation. Powers and duties of the transferred departments were given to the new agency. A joint legislative committee also was created to review the management and structure plans for the department (Chap. 430).

PROTECTION TO PERSONS AND PROPERTY

Protection to persons and property takes place in a variety of undertakings involving many state departments and agencies.

The 1977 Legislature appropriated \$146,513,674 for such services, up \$38,199,790, or 35.3 percent, over the \$108,313,884 provided in the 1975-77 biennium.

The largest single appropriation in this expenditure category is the Department of Public Safety with appropriations totalling \$90,911,363 for the 1977-79 biennium. Of this sum, \$89,886,405 was made available for General Operations and Management of the department distributed as follows: \$2,839,725 for Administration and Related Services; \$54,114,018 for Investigation, Enforcement and Emergency Assistance; \$32,258,404 for Licensing, and \$674,258 for Ancillary Services.

Appropriations to the office of the Attorney General total \$10,324,710 for the 1977-79 biennium — \$9,821,574 for General Operations and Management; \$50,000 for the Special Contingent Account; \$449,524 for Antitrust Enforcement; and \$3,612 for Unemployment Compensation. The appropriations made to the Minnesota Peace Officers' Training Board in the Omnibus State Department Bill were subsequently transferred to the Minnesota Board of Peace Officers' Standards and Training (the renamed Peace Officers' Training Board). An additional appropriation of \$90,000 was added to the transferred funds for use by the renamed board, plus the sum of \$115,000 to the Bureau of Criminal Apprehension for training of local peace officers. (Chap. 433)

Appropriations to the Department of Commerce total \$9,343,771, up \$2,186,836 from the funds available in the 1975-77 biennium. Of the total, \$3,210,348 was provided for Supervision of Chartered Financial Institutions; \$1,309,486 for Investment Protection; \$757,097 for Consumer Services; \$2,548,240 for Regulation of Insurance Companies; \$1,511,056 for General Support of the Department; and \$7,544 for Workers' Compensation.

Appropriations to the Department of Public Service total \$7,074,542, up \$374,812 from the sum available in the 1975-77 biennium. Of the total, \$1,740,892 is for Utility Regulation; \$242,981 for Transportation and Warehouse Regulation; \$2,483,050 for Weights and Measures; \$2,587,564 for General

Support; and \$20,055 for Workers' and Unemployment Compensation payments.

Other departments and agencies in the "protection to persons and property" category include the Department of Human Rights, \$1,547,577; the Department of Labor and Industry, \$9,855,224; the Department of Military Affairs, \$7,038,431; the Bureau of Mediation Services, \$1,358,185; the Livestock Sanitary Board, \$2,271,651; the non-health related Examining Boards, \$4,852,139; the County Attorney's Council, \$58,876; the Public Employment Relations Board, \$85,582, and Security Protection for State Officials, and State Buildings, \$945,703.

Rate Case Filing Procedures Modified

The Statutes were amended changing the 30 day notice in a rate case filing (gas and electric) to 90 days. Following the 90 day period, the company may put the rates into effect under bond, and the Public Service Commission then has nine months to make its decision. Telephone regulations have been placed under the same provisions as those for gas and electric. The Statutes were further amended directing the Commission to use original cost of utility properties when determining the rate base (Chap. 359).

Crime Victims Reparations

Chapter 356 increases to \$25,000 (previously \$10,000) the maximum reparations allowed to any one victim.

NATURAL RESOURCES

Appropriations by the 1977 Legislature for the development and conservation of the State's natural resources total \$153,248,330, up \$23,758,000, or 18.35 percent, from the 1975-77 biennium. Appropriations to the Department of Natural Resources alone — directly or through the Natural Resources Acceleration account — amount to \$112,366,147.

The sum of \$24,839,205 was made available in the Natural Resources Acceleration Account to accelerate the acquisition and development of natural resources, up \$1,705,555 from the \$23,133,650 available in the 1975-77 period. Included is \$360,000 to the Legislative Commission on Minnesota Resources, \$100,255 to the Department of Agriculture (framework water plan), \$41,786 to the Department of Economic Development (framework water plan), \$761,927 to the Energy Agency (framework water plan, alternative energy grants, energy grant monitoring, and for energy grant application assistance), \$81,273 to the Department of Health (framework water plan, and southeast Minnesota groundwater contamination), \$520,000 to the Minnesota Historical Society, (restoration of Fort Snelling, statewide archeologic survey, and outdoor recreation act implementation), \$9,286,868 to the Department of Natural Resources (framework water plan, topographic mapping, Outdoor Recreation Act implementation, state land recreation development, Upper St. Croix riverway development and acquisition, plus others), \$1,423,433 to the Pollution Control Agency (framework water plan, and lake improvement grants-in-aid), \$10,322,000 to the State Planning Agency (framework water plan, copper-nickel regional impact study, grants-in-aid for local and regional recreation and natural areas and others), \$1,941,663 to the Regents of the University of Minnesota (pilot plant — copper nickel process, study of autogenous grinding and tailings analysis — copper nickel, accelerated detailed soil survey, and others).

Water Resources Management

A Water Planning Board was created consisting of the Commissioners of Natural Resources, Health, and Agriculture, the directors of the Pollution Control Agency, and the Energy Agency, and the chairman of the State Soil and Water Conservation Board, or their designees. The governor shall appoint

the chairperson of the Board, with the advice and consent of the Senate to serve at the pleasure of the governor for a four year term coterminous with the term of the governor. The chairperson shall not be a representative of the state agencies listed, but shall be the seventh member of the Board. The duties of the new Board include, among other things, direction of the preparation of the framework water and related land resources plan, assure the participation of the public and of all units of government in the preparation and implementation of all state water resources planning activities, direct state involvement in activities undertaken pursuant to the Federal Water Resources Planning Act, evaluate state participation in the federal-state river basin commissions, evaluate and recommend improvements in state laws, rules and procedures, and coordinate public water resource management activities among those state agencies having jurisdiction. The sum of \$1,241,000 was made available for the biennium ending June 30, 1979. (Chap. 446)

Soil and Water Conservation

Chapter 304 makes available \$3,000,000 to the State Soil and Water Conservation Board to initiate a cost-sharing program with conservation districts for reduction or prevention of soil erosion, flooding, sedimentation, filtration, and agriculturally related pollution.

Migratory Waterfowl Stamp

Persons between ages 18 and 65 intending to hunt migratory waterfowl are now required to purchase a stamp (\$3.00 per year) in addition to a small game license. The revenues collected must be used for development of wetlands, protection of waterfowl and their habitat, and acquisition of construction sites. The sum of \$800,000 — the estimate stamp revenue — was appropriated for the 1977-79 biennium. (Chap. 317)

Parks and Recreation Bonding

The 1977 Legislature authorized the sale of \$61,500,000 in state bonds — to be allocated as follows:

- ... \$2,600,000 for local trails and athletic court grants (metro and non-metro) administered by State Planning Agency.
- ... \$2,500,000 for acquisition and development of parks and trails in non-metro Standard Metropolitan Statistical Areas administered by State Planning Agency.
- ... \$25,300,000 to Department of Natural Resources for acquisition of state parks, trails, forests, fishing management lands, wildlife management areas, and scenic and natural areas: for acquisitions under the Scenic Rivers Act; and the development of corridor trails and trails on DNR land.
- ... \$27,300,000 to Metropolitan Council for acquisition and development of metro recreational space, trails within metro parks, and corridor trails outside the metro recreational areas.
- ... \$3,800,000 to Department of Transportation for bicycle trail grants for trails along state and local roads (metro and non-metro). (Chap. 421)

AGRICULTURE

Appropriations to the Department of Agriculture and to the agricultural societies and associations total \$49,035,353, up \$23,369,203 from the \$25,666,150 provided for the 1975-77 biennium by the 1975 and 1976 Legislatures. The principal increase was the \$28,500,000 appropriated by the 1977 Legislature for increased funding of the shade tree disease control program (Chap. 90) of which \$27,525,000 was made available specifically to the Department of Agriculture to pass on to local units for tree sanitation and reforestation programs. The balance of this appropriation goes to the University of Minnesota for research on shade tree diseases, and

to the Department of Natural Resources for tree sanitation on state lands.

Funds to continue the Family Farm Security Program, initiated by the 1976 Legislature, were provided in the departmental appropriation for General Operations and Management in the sum of \$4,167,188.

Also included in the appropriation increase is a new program — Weather Modification — for which \$75,000 was made available (Chap. 426). Weather Modification means any activity performed in connection with placing or attempting to place any substance in the atmosphere or clouds within the

atmosphere with the intention of producing artificial changes in the composition, motion, and resulting behavior of the atmosphere or clouds.

Shade Tree Disease Control.

The 1977 Legislature provided \$26,600,000 in grants for (a) sanitation (\$21,650,000), (b) reforestation programs (\$4,400,000), and (c) wood utilization and disposal systems (\$550,000). In addition, the Commissioner of Agriculture was given \$225,000 for public information, \$400,000 for experimental programs, and \$300,000 for administration.

G. Legislative

State appropriations to the legislative branch of state government total \$34,366,806 for the 1977-79 biennium — or slightly less than one-half of one percent (.0045) of estimated state spending, exclusive of federal funds. For the 1977-79 biennium the appropriations are up \$6,682,334 or 24.14 percent, over appropriations for the 1975-77 fiscal period.

Specifically for the legislature — for the House of Representatives and for the Senate — the sum of \$26,609,260 was provided. Legislator's salaries and insurance benefits represent 17.37 percent of this total, and .000238 percent of estimated state spending. Most of the balance is for costs incidental to the conduct of legislative work; salaries of a research staff, clerks, stenographers, committee secretaries, pages, and other employees; the travel and per diem expense of legislative members; and printing of bills and Senate and House Journals; materials and supplies; and miscellaneous expenses.

For the Legislative Joint Coordinating Committee, the legislature appropriated \$3,138,588 — of which \$503,370 is for the Legislative Reference Library, \$2,540,718 for the Revisor of Statutes and \$94,500 for the Office of Legislative Research — Science and Technology Project. For the Revisor of Statutes, whose legal and clerical staff edit and publish the session laws and statutes, and at the request of the legislators, draft most of the bills introduced each session, the appropriations of \$2,540,718 are up \$394,963 from 1975-77 biennium.

The Legislative Audit Commission (including both the Commission and the Auditor) was appropriated \$3,765,876, up \$1,582,859 from 1975-77.

The Legislative Commission on Pensions and Retirement was continued with appropriations totaling \$197,000, as was the Mississippi River Parkway Commission which was provided the sum of \$23,000, and the Legislative Commission to Review Administrative Rules for which \$60,426 was appropriated. The Tax Study Commission was given an appropriation of \$250,000. In addition, the membership of the Commission was modified to cover seven members of the Senate, and seven members of the House of Representatives — including the Chairmen of the Committees on Taxes and Tax Laws of the respective bodies. The Commission is also charged with the responsibility of examining "the total tax structure and the revenue needs and the sources of revenue of this state and its political subdivisions". (Chap. 423)

Three new commissions, a feasibility study, and a joint legislative study were provided by the 1977 Legislature.

A Legislative Commission to Study Public Broadcasting in the state was created consisting of five Senators and five Representatives. The Commission was given an appropriation of \$25,000 and is to report to the legislature no later than January 15, 1978 (Chap. 445).

A Workers' Compensation Study Commission also was created consisting of three Senators, three Representatives, the Commissioner of Insurance (or designee), two citizens appointed by the Governor, and two representatives each from the insurance industry, employer representatives, and labor — to be

appointed by the Governor. The Commission was given \$10,000 and shall report to the Governor and Legislature not later than December 15, 1978 (Chap. 342).

Also created was a commission to study and consider alternatives for continuing financing of the statewide "911" Telephone Emergency System. Membership of the Commission to consist of two Representatives, two Senators, and three persons appointed by the Governor. The Commission is to report its findings and recommendations to the legislature not later than November 15, 1977, but may supplement them until January 15, 1978 (Chap. 311).

Chapter 454, the Metropolitan Transit Commission bill, provides for a feasibility study of the St. Paul Downtown People Mover. The steering committee membership is to include the Commissioner of the Department of Transportation, Chairman of the Transportation Advisory Board of the Metro Council, one Senator and one Representative as non-voting members.

Chapter 430 provides for a Joint Legislative Study Committee to the Department of Economic Security. A joint conference of three house governmental operations committee members, and three senate governmental operations committee members shall meet to review a report of the commissioner of economic security on or before January 1, 1978.

Activated Standing Committees

All Senate Standing Committees have been activated for the interim between the annual sessions. The standing committees are — Agriculture and Natural Resources; Commerce; Education; Elections; Employment; Energy and Housing; Finance; General Legislation and Veterans Affairs; Governmental Operations; Health, Welfare and Corrections; Judiciary; Local Government; Rules and Administration; Taxes and Tax Laws; and Transportation. The regular subcommittee structure and such additional subcommittees as are deemed necessary may be activated.

All House Standing Committees are being continued during the recess between annual sessions. The House Standing Committees are — Agriculture; Appropriations; Commerce and Economic Development; Criminal Justice; Education; Environment and Natural Resources; Financial Institutions and Insurance; General Legislation and Veterans Affairs; Governmental Operations; Health and Welfare; Higher Education; Labor-Management Relations; Local and Urban Affairs; Rules and Legislative Administration; Taxes; and Transportation. The regular subcommittee structure and such additional subcommittees as are deemed necessary may be activated.

Necessary committee and subcommittee expenses were provided for in the appropriations made to the Legislature.

Commissions and Committees

Legislative commissions and committees, many of which are permanent, will be operating during the interim between leg-

islative sessions. The legislature also authorized continued membership in specific inter-state commissions.

- Capitol Spaces and Land Use, House and Senate Ad Hoc Committee
- Commission to Study and Consider Alternates for Continuing Financing of the Statewide 911 Telephone Emergency System
- Education Commission of the States
- Ethical Conduct, Special Senate Committee
- Feasibility Study of the St. Paul Downtown People Mover
- Great Lakes Commission
- Indian Affairs Board
- Interstate Cooperation Commission (Senate & House Committees)
- Iron Range Resources and Rehabilitation Board
- Legislative Advisory Committee
- Legislative Audit Commission
- Legislative Commission on Claims¹
- Legislative Commission to Review Administrative Rules
- Legislative Commission to Study Public Broadcasting
- Legislative Coordinating Commission
- Minnesota Resources, Legislative Commission

¹Now operating as subcommittee of House Appropriations and Senate Finance.

²Chap. 357 should have been treated as a Resolution; became Resolution No. 1.

- Minnesota-Wisconsin Boundary Area Commission, Advisory Committee to
- Mississippi River Parkway Commission
- Pensions and Retirements, Legislative Commission
- Science and Technology (Subcommittee), Legislative Coordinating Committee
- Tax Study Commission
- Voyageurs National Park, Citizens Committee
- Women's Affairs, Advisory Committee
- Workers' Compensation Study Commission

Statistics of the 70th Legislature

	<u>1977 Session</u>
Bills Introduced — House	1701
Bills Introduced — Senate	1567
Bills Enacted into Law	455 ²

Legislative Periods:

Constitutional Limitation — 120 Days

1977 Session

Convened — January 4, 1977

Recessed — May 24, 1977

Session Days — 61

1978 Session

Will Convene — January 17, 1978 (Definite Date)

Session Days Available — 59

H. Judicial

State appropriations to the Judicial Branch of state government total \$16,610,592, down \$57,772 from the \$16,668,364 provided for the 1975-77 biennium.

Appropriations to the Supreme Court, including the contingent account, total \$3,753,676, up \$917,412 from the \$2,836,264 available in the 1975-77 biennium (Chap. 455).

Provision also was made to cover the basic salaries of the 72 District Court judges. This required appropriations totaling \$5,238,358 for salaries, plus a deficiency appropriation of \$19,000 covering fiscal year 1977.

Other judicial branch appropriations total \$5,949,558 including \$302,011 for the Judicial Council; \$209,000 for the Board of Judicial Standards; \$552,849 for the State Law Library; \$1,180,614 for the Public Defender; \$3,135,796 for retirement benefits for Supreme and District Court Judges and their spouses; and \$569,288 for the Tax Court of Appeals. Of this last item, \$411,500 was provided to afford the Court of Appeals full-time status.

Increases in Base Salaries

Two additional appropriation bills (Chapters 35 and 432) were passed which materially affect the judicial branch of state government.

Chapter 35 provides for the addition of 106 judges of County Courts (including five not learned in the law), 28 county municipal judges, and two probate court judges as an added state fiscal responsibility. The new salary of the above referenced judges is \$42,000 annually — except for the five

unlearned in the law whose salary was set at \$27,000. The previous salaries were \$32,000 for District Judges (each judge in Hennepin, Ramsey and St. Louis Counties received an additional \$1,500 in county funds), \$29,000 for County Judges, \$33,500 for the two Probate Judges in Hennepin and Ramsey Counties, and \$23,500 for County Court Judges not learned in the law. The additional sum from the county is eliminated under the new salary schedule.

The state is to pay the salary increases during the period from July 1, 1977 to January 1, 1978 — at which time the state assumes 100 percent of the full salary liability — plus pension and retirement provisions, other fringe benefits and reimbursement for necessary expenses. Chapter 35 also increases the salaries of the Chief Justice of the Supreme Court to \$52,000 annually (previously \$40,000); the Associate Justices to \$49,000 (previously \$36,500); and the Public Defender to \$35,000 (previous range \$24,000 — \$30,000). Of the \$15,749,000 provided in Chapter 35, \$13,726,000 was made available for salary increases for judges and other judicial positions.

Chapter 432 provides the sum of \$1,350,000 for compensation increases and reimbursement of expenses for judges. The salaries of judges of the District Court, County Courts (learned in the law), Probate Court, and County Municipal Court were set at \$40,000 in Chapter 35, and subsequently raised to \$42,000 annually in Chapter 432. Chapter 432 also provides \$300,000 for the biennium to cover the salaries of 10 District Court Administrators — a new innovation. The Chief Judge in each district is to make the appointment of the administrator.

I. Miscellaneous

Miscellaneous appropriations total \$553,579,850 for the 1977-79 biennium, up \$31,832,775 from the 1975-77 biennium.

The major expenditure items, which also account for a substantial portion of the biennial increase, are the income tax

refunds — estimated at \$366,800,000 for individuals and \$61,630,000 for corporations. The estimated "working poor" tax credit was reduced on the basis of actual experience from \$31,400,000 in 1975-77 to \$22,400,000 for 1977-79.

The sum of \$15,749,000 was provided to raise the base

salaries of certain executive branch employees; metropolitan agency officers, legislators (effective January 1979), judges and judicial branch employees (Chap. 35).

To cover a portion of the cost of the Economic Package for state employees, the estimated sum of \$32,056,000 was provided from the General Fund as an open appropriation to cover cost-of-living adjustments, and increased health and dental insurance costs during the 1977-79 biennium. For all other funds (state and federal) the estimated biennial cost of these two adjustments is \$16,885,235.¹ The estimated cost of the salary increases for all full and part-time classified and unclassified positions and included in the various omnibus appropriation bills was \$161,370,495 — making the total estimated cost of the Economic Package \$210,312,169 for the 1977-79 biennium.

Two new items are included in the Miscellaneous category — the Taconite Environmental Protection Fund, and the North-

¹This amount has not been added to total spending since it is assumed by the Department of Finance that such added liability will have to be financed within the limits of current estimated resources — state or federal.

east Minnesota Protection Fund.

The Taconite Environmental Protection Fund was created for the purpose of reclaiming, restoring and enhancing those areas of northeast Minnesota adversely affected by the environmentally damaging operations involved in mining taconite and iron ore and producing iron ore concentrate and for the purpose of promoting the economic development of northeast Minnesota.

The Northeast Minnesota Economic Protection Fund was created to be devoted to economic rehabilitation and diversification of industrial enterprises where these conditions ensue as the result of the decline of such a single industry. These funds shall not be expended prior to January 1, 2002 (Chap. 423).

Each of those funds is a recipient of revenues from the production tax on taconite. The estimated apportionments for the 1977-79 biennium are \$13,483,126 for the Taconite Environmental Protection Fund, and \$5,913,651 for the Northeast Minnesota Economic Protection Fund. The apportionments are based on a specific number of cents per taxable ton of processed taconite concentrate.

IV. RETIREMENT PROGRAMS

Employer contributions to the retirement benefit programs of state and local public employees¹ in Minnesota during the current biennium will reach an estimated \$420,943,594, an increase of \$47,093,495 over the 1975-77 biennium.

Of the total, approximately \$320,943,594 is made available by legislative enactments; an estimated \$100,000,000 will come from local units of government.

The major item among the state appropriations is the estimated \$248,912,109 that will go to the State Teachers Retirement Association and to separate teacher retirement groups in Minneapolis, St. Paul and Duluth.

Most of the balance of the State Contributions — \$72,031,485 — intended for retirement benefits for State employees, Supreme and District Court judges and legislators (employer contribution) — is included in departmental budgets as part of normal payroll costs.

Minnesota State Retirement System (MSRS)

Membership in the Minnesota State Retirement System is composed, generally, of employees or officers in the classified and unclassified service of the State. Employees of most of the metropolitan quasi-state activities, such as the State Fair, Historical Society and others, plus the non-faculty employees at the University of Minnesota are members of the system. MSRS administers three retirement funds — the State Employees Retirement Fund, the Highway Patrolmen's Retirement Fund and the Judge's Retirement Fund — plus seven retirement plans or accounts.

The employer "matching" contributions by the State (4 percent matching plus 2 percent for the past service accrued liability) are estimated at \$61,400,000 for the 1977-79 biennium.

Retirement and disability benefits are based upon the employee's highest five successive years of covered salary. To compute an employee's annuity, the retirement service credit is converted to a percentage using the following formula:

1 percent per year for the first 10 years:

1-1/2 percent for each year of service over 10.

The resulting percentage is then applied to the average of the five highest successive years of salary (salary for high 5 years divided by 60). This procedure determines the amount of monthly benefit payable at age 65. For example, an employee with 20 years of service and a 5 year average of \$900 per month would receive \$225 per month. Another with 30 years of service and 5 year average of \$900 per month would receive \$360 per month. The monthly annuity is in addition to whatever social security benefit the person is entitled.

The mandatory retirement age has been lowered, for most employees, to 65 effective July 1, 1975. Employees with 30 years of service may retire at age 62 with full benefits.

A separate Correctional Employees Retirement Plan is in effect for certain employees having direct inmate contact. The mandatory retirement age of these persons will decrease, in steps, to 55 years effective July 1, 1980.

Legislative Retirement

The salary base upon which legislative retirement benefits are calculated was changed, effective after the start of the 1979 session. A legislator's final monthly salary, rather than average monthly salary during final term, becomes the new base. In addition, legislators will no longer be able to accrue retirement benefits for their first eight years of service at the rate of five percent per year. Instead, a rate of 2.5 percent will be applied to all years of service which occur after the start of the 1979

session. There is, however, no reduction in already accumulated benefits.

After the end of the 1980 session, legislators will no longer be able to accumulate service credit for years beyond the 20th year of service. Therefore, all newly elected legislators after 1979 will be limited to a retirement benefit of 50 percent of final salary, even if they serve more than 20 years. For those legislators who have already served at least eight years (but fewer than 18 years) prior to 1979, the 20-year-limit will mean a 70 percent instead of 50 percent maximum benefit.

Public Employees Retirement Association (PERA)

Membership in the Association consists largely of elected officials (for whom membership is optional), appointed officers and employees, other than teachers, of governmental subdivisions. Also included in membership are district court reporters, employees of the League of Minnesota Municipalities, and officers and employees of public hospitals owned or operated by, or an integral part of, any governmental subdivision.

Employer contributions by local units of government are estimated at \$100,000,000 for the 1977-79 biennium.

The Association operates with three distinct funds — a basic fund, a coordinated fund, and a police and fire fund. The coordinated fund includes employees covered by an agreement made between the State and the Secretary of Health, Education and Welfare making the provision of the Federal Old Age, Survivors and Disability Insurance Act applicable to such members.

The contribution rate of both the employer and employee is 8 percent for those employees under the basic fund and 4 percent for those under the coordinated fund, in addition to matching the employee's contribution, the employer (the local governmental subdivision) pays 2-1/2 percent under the basic plan, and 1-1/2 percent under the coordinated plan. The employee contribution rate under the police and fire fund is 8 percent, and the employer contribution is 12 percent.

Annuities are based on the average annual salary paid the employee during his highest five successive salary years. Under the basic fund the pension is 2 percent of such average salary for each of the first 10 years of service and 2.5 percent for each year of service thereafter. Under the coordinated fund, the pension will be 1 percent of such average salary for each of the first 10 years of service and 1.5 percent for each year of service thereafter. Under the police and fire fund, the pension will be 2.5 percent of such average salary for each of the first 20 years of service and 2.0 percent for each year of service thereafter. In general, the annuity computations for the Public Employees Retirement Association are identical to those under the State Retirement System (MSRS).

Teachers Retirement Association (TRA)

Membership in the Teachers Retirement Association consists principally of persons who have served or are serving as teachers, supervisors and other professional personnel in the public schools located outside the cities of the first class, or in any charitable or state institutions supported, in whole or in part, by public funds. Membership also is extended to like employees of the State Universities and Community Colleges systems. Employees classified as teachers at the University of Minnesota are outside of TRA since they have their own retirement program. Also included are former members of the association currently employed by a teacher organization, i.e., Minnesota Education Association, Minnesota Federation of Teachers, and others.

Annuities are based on the use of the average annual salary for the five highest successive years.

¹Minneapolis Municipal Employees Retirement Fund not included; a separate organization, not a part of PERA.

Retirement service credit is determined using the following percentages:

	<u>Basic System</u>	<u>Coordinated System</u>
Each year of service during first 10	2.0%	1.0%
Each year of service thereafter	2.5%	1.5%

The resulting total percentage applied to the average annual salary for the five highest successive years produces the annuity payable at age 65.

Member contributions are 8 percent of salary in the basic system and 4 percent in the coordinated system. In addition to matching the employee contribution, the employer (State of Minnesota) pays 3% (previously 2-1/2%) under each system to amortize the deficit in the fund. The estimated cost of this percentage change is \$10 million for the 1977-79 biennium.

SUMMARY
EMPLOYER RETIREMENT CONTRIBUTIONS
(Estimated Amounts)

<u>By the State</u>	<u>1975 and 1976 Legislatures</u>	<u>1977 Legislature</u>
Minnesota State Retirement System	\$ 56,007,300	\$ 61,400,000
Teachers Retirement Association Statewide	166,128,768	201,274,109

<u>By the State (Continued)</u>	<u>1975 and 1976 Legislatures</u>	<u>1977 Legislature</u>
Cities of the First Class	29,823,765	32,000,000
Part-time Teacher Benefits	—	3,000,000
Deficit Amortization	—	10,000,000
Supplemental Increase	6,941,314	—
Supplemental Retirement Benefits For certain State Universities and Community Colleges personnel	2,767,519	2,625,000
For certain employees in:		
MSRS	198,300	162,000
Supplemental Increase	2,216,377	—
PERA	190,400	139,800
TRA	20,000	13,000
Highway Patrolmen's Retirement Association	5,455,000	6,000,000
Supplemental Increases	237,356	—
Elected State Officers' Retirement Programs	94,200	118,278
Legislative Retirements	879,300	1,075,611
Special Retirement Accounts For District Court Judges and their surviving spouses	1,429,300	1,400,000
Judges Retirement Plan	1,461,200	1,735,796
Total State Contributions	\$273,850,099	\$320,943,594

<u>By Local Units of Government</u>		
For Public Employees Retirement Association	\$100,000,000	\$100,000,000
Total Amounts	\$373,850,099	\$420,943,594

V. STATE BORROWING AND DEBT

The 1977 Legislature authorized the issuance and sale of \$236,365,232 in general obligation bonds, the proceeds of which are for capital outlay and other purposes. In addition, the Higher Education Coordinating Board was authorized to issue an additional \$35,000,000 in revenue bonds for student loans, and the Housing Finance Agency was given authority to increase its loan maximum by \$300,000,000 — to a grand total of \$900,000,000 for rehabilitation loans and other purposes.

State Building Program

For State building purposes, the 1977 Legislature authorized the sale of \$34,865,232 of general obligation bonds, maturing serially within 20 years from the date of issuance (Chap. 451).

Major items include:

- ... To the Commissioner of Administration — \$20,800,000 to design, construct and equip a new high security detention facility at Stillwater for adult felons, plus \$100,000 to the Commissioner to develop architectural plans for reducing the capacity of the present prison to less than 300 beds.
- ... To the University of Minnesota — \$12,965,222 to construct and equip a pharmacy and nursing facility at the Twin City campus. (Construction and purchase of equipment shall not begin until the sum of \$8,265,368 is available from federal funds). In addition, \$500,000 in bonds sales was authorized to cover the full appropriation for construction of the Law School as set forth in Laws 1975, Chap. 436, Section 1, Subdivision 1.
- ... To the Commissioner of Administration — \$500,000 to make state facilities barrier-free for the handicapped.

Repairs and Alterations

In addition to the bonding authorized for state buildings, the sum of \$831,300 was made available from current general funds for necessary repairs and alterations of state facilities (Chap. 451).

Highway Bridges and Approaches

The 1977 Legislature approved the sum of \$100,000,000 for highway bridges and approaches — \$50,000,000 from the Trunk Highway Fund for bridges and approaches on the trunk highway systems, including the interstate routes, and \$50,000,000 from the Minnesota State Transportation Funds for use on the county highway, the municipal street, and township road systems (Chap. 277).

State Water Pollution Control Bonds

Minnesota Statutes Section 116.18, Subdivision 1, was amended to increase the issuance of state water pollution control bonds from \$95,000,000 to \$135,000,000 to provide "grants to municipalities and agencies of the State for the acquisition and betterment of public land, buildings, and improvements of a capital nature needed for the prevention, control and abatement of water pollution". (Chap. 418)

Regional Open Spaces

The 1977 Legislature also appropriated from the Minnesota State Building Fund to the State Planning Agency, the Commissioner of Natural Resources, and the Commissioner of Transportation the sum of \$61,500,000 for grants to units of government for the betterment of public land and improvements (Chap. 421).

Funds have been authorized for the following purposes:

Grants for Parks, Trails and Athletic Courts	\$ 5,100,000
Acquisition of State Parks and Recreational Areas	25,300,000
Betterment of Public Land and Improvements needed for State Bicycle Trails	3,800,000
Regional Recreation Open Spaces	27,300,000
TOTAL	\$61,500,000

Student Loan Programs

The Higher Education Coordinating Board was authorized to increase the bonding and loan making authority of the board from \$90,000,000 to \$125,000,000 in revenue bonds — which sum shall not include the refunding bonds. There was also created a part-time student grant-in-aid program under the supervision of the Higher Education Coordinating Board, for which the sum of \$750,000 was provided from the State General Fund — \$250,000 for fiscal year 1978 and \$500,000 for fiscal year 1979. Also beginning July 1, 1977, the Higher Education Coordinating Board shall administer a program of grants to nursing students (Chap. 384).

Housing Finance Agency

Bonding limitations of the Housing Finance Agency were increased by \$300,000,000 — to a new maximum of \$900,000,000 — \$175,000,000 for rehabilitation loans or refunding bonds or notes for this purpose, plus \$725,000,000 for other purposes, including multifamily residential housing.

In addition, the sum of \$40,000,000 was provided from the General Fund for rehabilitation grants to persons and families of low income, low interest rate rehabilitation loans to persons and families of low and moderate income, for home ownership assistance, and innovative development and rehabilitation loans (Chap. 401).

General Obligation Debt

Payable from General Fund	Authorization Year — Chapter	Amount Outstanding June 30, 1977
State Buildings, Capital		
Improvements	x'59 — 90	\$ 4,603,000
	x'61 — 72;	
	'63 — 1	8,809,000
	'63 — 667	14,920,000
	'63 — 839	10,720,000
	'65 — 882	23,000,000
	'67 — 8	41,717,000
	'69 — 1159	100,093,000
	'71 — 963	87,507,000
	'73 — 778	43,420,000
	'74 — 541	3,690,000
	'75 — 436	31,688,000
	'76 — 348	52,070,000
	'76 — 339	25,000,000
School Loans	'63 — 601	12,580,000
	'65 — 875	8,500,000
	'67 — 583	2,800,000
	'69 — 1056	16,275,000
State Colleges (Universities)	'69 — 1152	10,785,000
	'73 — 759	7,225,000
Pollution Control	x'71 — 20;	
	'73 — 771;	
	'75 — 354	49,250,000
Voyageurs National Park	'71 — 852	3,470,000
Zoological Garden	'73 — 207	25,375,000
Vietnam Veterans' Bonus	'73 — 204	51,000,000
Natural Resources	'75 — 415	20,000,000
Total		\$654,497,000
Payable from Dedicated Receipts		
Employment Security Building	'65 — 532	1,600,000
	x'67 — 8	210,000
Minnesota Aeronautics	'63 — 791	2,570,000
Total		\$ 4,380,000
Payable from Motor Vehicle Taxes		
Bridges and Approaches	'55 — 748	\$ 550,000
Right of Way	'57 — 750	550,000
City of St. Paul	'59 — 538	3,300,000
Trunk Highway	'67 — 873	68,900,000
Total		\$ 73,300,000
GRAND TOTAL		\$732,177,000

Note: A general obligation bonds sale of \$134,000,000 is scheduled for December 14, 1977. The components are — \$11,000,000 for state buildings, \$54,000,000 for parks, and \$69,000,000 for bridges and bridge approaches (divided \$38,000,000 to the Transportation Fund, and \$31,000,000 to the Trunk Highway Fund).

VI. THE TAX LAWS

The 1977 Session of the Legislature enacted a number of changes in the property and income tax laws.

The major emphasis again was in the property tax area where the legislature increased the benefits under the circuit breaker, lowered the assessment classification ratios for homestead and agricultural properties, and increased the agricultural mill rate aid. The legislature also took over some county costs by increasing the state share of AFDC costs in addition to increasing various local government aids.

Income tax changes were also a part of the 1977 tax package. Increased personal and dependent credits were enacted in addition to rate changes for taxpayers in the upper income brackets and new limitations on the public pension exclusion.

PROPERTY TAX

Property Tax Refund (Circuit Breaker)

The circuit breaker program was retitled, changing the name from Income Adjusted Property Tax Relief to Property Tax Refund.

The Property Tax Refund provides for state payment of a portion of property taxes depending on income. The individual pays an amount equal to a given percentage of income. The State picks up the rest up to a maximum amount.

The refund is determined by a schedule based on income and property tax payments. This year the schedule was changed for those individuals with income below \$12,000, reducing the percentage of income which is required to be paid as property tax before the claimant qualifies for a refund.

The refund will be paid to claimants whose property taxes exceed the following percentages of their income, up to the maximum listed below:

<u>Schedule</u>		
\$ 50 to \$	2,999,	0.5 percent, up to \$475
3,000 to	3,999,	0.6 percent, up to \$475
4,000 to	4,999,	0.7 percent, up to \$475
5,000 to	5,999,	0.8 percent, up to \$475
6,000 to	6,999,	0.9 percent, up to \$475
7,000 to	7,999,	1.0 percent, up to \$475
8,000 to	8,999,	1.1 percent, up to \$475
9,000 to	9,999,	1.2 percent, up to \$475
10,000 to	10,999,	1.3 percent, up to \$475
11,000 to	11,999,	1.4 percent, up to \$475
12,000 to	19,999,	1.5 percent, up to \$475
20,000 to	22,999,	1.6 percent, up to \$475
23,000 to	25,999,	1.8 percent, up to \$425
26,000 to	30,999,	2.0 percent, up to \$375
31,000 to	35,999,	2.2 percent, up to \$350
36,000 to	40,999,	2.4 percent, up to \$325
41,000 to	44,999,	2.6 percent, up to \$325
45,000 to	52,999,	2.8 percent, up to \$325
53,000 to	65,999,	3.0 percent, up to \$325
66,000 to	81,999,	3.2 percent, up to \$325
82,000 to	99,999,	3.5 percent, up to \$325
100,000 and over,		4.0 percent, up to \$325

The law still provides that maximum credits for incomes above \$20,000 decline \$16.67 per \$1,000 between \$20,000 and \$26,000 of income, and \$5 per \$1,000 between \$26,000 and \$36,000 of income.

In addition to this basic refund plan, the legislature enacted a co-insurance plan for homeowners who have reached the maximum Property Tax Refund payment.

Under this plan, the state will pay 35% of property taxes paid above the regular Property Tax Refund up to the maximums listed below:

\$ 0 - 19,999	up to \$800
20,000 - 25,999	up to \$800
26,000 - 35,999	up to \$650
36,000 and over	up to \$325

Senior citizens and disabled persons receive a more generous benefit under the co-insurance plan. The State picks up 50 percent of property taxes over maximum Property Tax Refund for individuals in these categories, up to the following maximum amounts:

\$ 0 - 19,000	up to \$800
20,000 - 22,999	up to \$800
23,000 - 25,999	up to \$763
26,000 - 35,999	up to \$725
36,000 and over	up to \$525

Renters are also included in the Property Tax Refund. For purposes of this program, 22 percent of annual rate paid will be considered the amount of property taxes paid. This was changed from the previous 20 percent. Renters do not qualify for the co-insurance portion of the Property Tax Refund, except for those over 65 or disabled.

Property Tax Relief Measures

A number of property tax relief measures were enacted, the largest of which was changing the assessment classification ratios for agricultural and homestead property.

The classification ratio is applied to the limited market value of property prior to applying the local mill rate to the resulting assessed value. These ratios were reduced for homestead and agricultural property.

This reduction provides relief in two ways. Because of higher inflation rates on agricultural and homestead properties in the past few years, reassessment has resulted in homestead and agricultural land paying a higher proportion of total property taxes each year. Reclassification, in most cases, will stabilize the proportions of property taxes paid among homeowners, farm land and other types of property. Second, it increases the school aid entitlement of local school districts. It reduces the amount the school districts contribute as the local effort portion of the school aid formula (28 mills), thereby increasing the state aid.

Classification ratios were changed as follows:

	Payable 1977 (Present)	Payable 1978	Payable 1979 and Subsequent Years
Agricultural Homestead (3b)			
Homestead Base Value*	20%	18%	16%
Excess Value	33-1/3%	31%	30%
Non-Ag. Homestead (3c)			
Homestead Base Value*	25%	22%	20%
Excess Value	40%	36%	33-1/3%
Agricultural Non-Homestead and Seasonal Residential for Recreation Purposes	33-1/3%	31%	30%
Blind, Paraplegic Veterans and Disabled (3cc)			
Homestead Base Value**	5%	5%	5%
Excess Value			
Ag	33-1/3%	31%	30%
Non-ag	40%	36%	33-1/3%

Beginning in 1978, the state paid agricultural credit (Agricultural Mill Rate Aid) will be increased from 12 mills to 15

mills on homestead agricultural property. This means that the State will pick up the first 15 mills of property taxes on these properties.

The 45% homestead credit which was previously based on individual property taxes minus the amount of taxes for non-school bonded indebtedness is now based on all ad valorem taxes including non-school debt.

For taxes payable in 1979, homestead credit shall be increased for agricultural homesteads by increasing the definition of agricultural homestead from 120 to 160 acres.

Local Government Assistance

There were a number of other property tax relief measures enacted by providing greater aids to local units of government.

The local aid distribution is based on a per capita basis to the counties, considering the seven county metropolitan areas one county. The actual sum received by the local unit of government is determined by a formula based on population and local effort.

Local government aid now provides \$52 per capita for 1978 and \$59 per capita for 1979. This is an increase from the 1977 provision of \$45 per capita.

Minor changes were also made in the formula.

The local effort for school maintenance has been reduced from 29 equalized mills this year to 28 equalized mills in 1978 and 27 mills thereafter.

The State share of AFDC costs has been increased from 50 to 60 percent of the non-federal share, thereby reducing the county's burden.

Attached machinery aids to counties, towns and cities was increased by 25%.

TACONITE AND IRON-ORE TAX CHANGES

The 1977 Legislature also revised the State taconite and iron-ore tax rates, timing of payments, and distribution of revenues as follows (The estimates included were made when the tax bill was approved. No adjustments have been made for the steelworker's strike.):

A. Occupation Tax Speed-Up

The occupation tax, which is paid in lieu of income taxes by all companies mining or producing iron-ore and taconite, will now be paid quarterly during the year the ore is produced, instead of in June of the year following production. Companies who paid less than \$100,000 in occupation taxes in the prior year are exempted. The speed-up is estimated to increase occupation tax revenues by \$23 million in the 1977-79 biennium.

B. Occupation Tax Distribution Revision

The distribution of the occupation tax to the Iron Range Resources and Rehabilitation Board was repealed. The occupation tax will now be distributed directly as provided in the state constitution: "50 percent to the state general fund, 40 percent for the support of elementary and secondary schools, and ten percent for the general support of the university".

C. Production Tax Increase

The taconite production tax, paid by mining companies in lieu of property taxes, was increased from \$.80 to \$1.25 per ton for production after January 1, 1977. The tax will automatically increase depending on the price of finished steel and the iron content of the taconite. The production tax will be calculated on a three-year average or on the current year of production, whichever is larger. The three former production taxes were repealed and replaced with this one higher tax. The increase is expected to provide \$56.1 million of additional revenues in the biennium.

The taconite production tax will now be distributed as follows:

2.5¢ per ton to the taconite cities or towns;
12.5¢ per ton to the taconite municipal aid account;
29¢ per ton to schools of which

- a) 6¢ per ton will go to the taconite schools
- b) 23¢ per ton will go to those schools that qualify for the taconite homestead credit in direct proportion to their levies;

19.5¢ per ton to counties of which

- a) 15.5¢ per ton will go to the taconite counties
- b) 4¢ per ton will go to the taconite counties' road and bridge funds (In 1978 and 1979, 2¢ per ton is outside of the county's levy limit; after 1979 only 1¢ per ton is outside the levy limit);

25.75¢ per ton to the taconite homestead credit fund;
1¢ per ton to the state;

3¢ per ton to the Iron Range Resources and Rehabilitation Board; and, the remainder of the tax will be divided two-thirds (from 1978-1982, one-half thereafter) to the Taconite Environmental Protection Fund and one-third (from 1978-1982, one-half thereafter) to the Minnesota Economic Protection Fund.

The amounts distributed to the counties and to the Taconite Homestead Credit Fund will increase with the price of finished steel. The amounts in the Taconite Environmental Protection Fund will be disbursed by the Iron Range Resources and Rehabilitation Board subject to review by the Legislative Advisory Commission and the approval of the Governor. If a taconite facility closes, the fund will pay the taconite aid recipients the amount of taconite production tax aid that they received in the last full year of operation, and the payments would continue for two years. Money is appropriated to this fund from the general fund only if this fund does not have enough money to make payments, but the general fund must be repaid. No money can be borrowed from the general fund under this provision after January 1, 1980.

Amounts in the Minnesota Economic Protection Fund can be used to fund economic assistance projects in northeast Minnesota, beginning in the year 2002, but only after the Governor has declared an economic emergency and the legislature has appropriated the funds.

D. Unmined Taconite Property Tax Increase

The property tax that is assessed on unmined taconite when less than 1,000 tons of iron-ore concentrate are removed from a 40-acre tract in any one year will be increased from \$1 to \$10 an acre.

E. Taconite Railroads Tax Distribution Revision

The gross earnings tax which every company owning or operating any taconite railroad must pay will be distributed in total to the State after December 31, 1977. Local governments will be grandfathered at the amount they received in 1977.

F. Tailings Tax Imposition

A ten cent per ton tailings tax will be imposed on any company that does not dispose of its tailings on land in accordance with state permits after July 1, 1977. This tax is expected to raise \$2.2 million in the biennium. An additional \$1.75 million is appropriated to the water filtration fund, which will be repaid from the tailings tax.

G. Taconite Homestead Credit Increase

The taconite homestead credit was increased as follows: From 60 to 66 percent of eligible property taxes, and from a maximum of \$350 to a maximum of \$385 for homesteaders in districts with a school district that has a municipality which has a taconite concentrating plant; and from 52 to 57 percent of eligible property taxes, and from a maximum of \$300 to a maximum of \$330 for homesteaders in a school district which does not have a concentrating plant, but has a specified amount of unmined ore, or mine or electric generating plant.

INCOME TAX

Several major provisions relating to the income tax were enacted by the 1977 Legislature:

Personal and Dependent Credits which are subtracted directly from a taxpayer's income tax liability will be increased from \$21 to \$30. Extra credits for taxpayers, spouses and dependents who are over 65 or blind or deaf will also be increased to \$30. The requirement that credits be apportioned according to the number of months the taxpayer qualifies is eliminated. The cost of these changes for the biennium will be \$41 million and are effective on 1978 income tax returns filed in 1979;

The Rate of Income Tax for those in upper income brackets has been increased from 15% on all taxable incomes in excess of \$20,000 to 16% on taxable incomes between \$25,000 and \$35,000; 17% on incomes between \$35,000 and \$50,000; and 18% on incomes over \$50,000. Revenues are expected to increase \$15 million as a result of the rate increase; which is effective on income tax returns filed in 1979;

A Minimum Tax modeled on the federal minimum tax on preference income items will be imposed by means of a "piggy back" computation from the taxpayer's federal liability. A taxpayer who has income taxed at capital gain rates, or who takes advantage of Internal Revenue Code provisions allowing accelerated depreciation on real property or leased personal property, special amortization treatment for certain kinds of property, stock options, depletion, or various other tax "preferences" or whose standard deductions exceed 60 percent of his adjusted gross income, will be subject to the added federal tax if those preference items exceed \$10,000 or a defined amount of tax actually paid. The federal tax is imposed at a rate of 15 percent on the preference items in excess of the basic amount. An additional state tax liability of 6 percent on preference items in excess of the basic amount will be imposed. Sixteen million dollars in additional revenues are estimated from the minimum tax;

A Public Pension Limit will be imposed on the amount of public pensions which may be excluded from federal adjusted gross income. Presently all military, federal, state and local government employee pensions are exempt from taxation by allowing the pensions to be deducted from federal gross adjusted income. The amended provision limits the amount of pension to be excluded to \$7,200 per year minus any social security or railroad retirement benefits plus any earned income. It does not change the current total exemption on pension benefits paid from employee contributions. Revenues will increase \$2 million;

Outstate Income of resident individuals, estates, and trusts, from all sources, will be considered for state income tax purposes, and a credit will be provided against Minnesota income

tax for income taxes paid to other states. Presently, Minnesota residents are taxed on their wages earned in other states, and receive a credit against their tax in this state for amounts paid as taxes to other states on the same income. This new provision brings income earned from property or other investments in other states into Minnesota gross income on the same basis as wages, and provides the same credit for taxes paid on that income. Losses incurred in connection with out-of-state income may be deducted only to the extent of income derived from out-of-state sources. Revenues are expected to increase \$6 million;

The Military Pay Subtraction from gross income presently permitted for the first \$3,000 of military pay by a resident in the State and an additional \$2,000 if the resident is stationed outside the State will be eliminated. Additional revenues of \$12 million are expected;

Property Tax Refunds or Credits received and consequently added to federal adjusted gross income may now be subtracted to arrive at Minnesota gross income;

Working Poor Credits now will be available only to people whose federal adjusted gross income, plus additions considered in the computation of Minnesota gross income, is no greater than \$20,000. This is intended to prevent persons with high incomes from taking advantage of this credit when they could qualify because of an unusual combination of income and losses;

Nuisance Tax Deductions allowed for taxes paid will be modified by excluding payments of mortgage registry tax, real estate transfer tax, federal telephone tax and federal transportation tax from those taxes which may be deducted from gross income. The sum of \$1 million in additional revenues is anticipated.

Employers' Excise Tax Exemption will be increased from \$100,000 to \$250,000 of annual payroll. This is estimated to cost \$5 million.

A dependent care credit also was enacted by the 1977 Legislature. This permits a person to take as a credit on his or her State income tax a portion of the amount expended to care for dependents in order that the taxpayer may continue employment.

The law is based on the federal law which defines dependent care expenses or "employment-related expenses" as expenses for household services and for the care of the child of a taxpayer, if the child is less than 15 years old or for the care of a disabled spouse or dependent of the taxpayer. These expenses qualify only if they are necessary to enable the taxpayer to be gainfully employed.

Minnesota law allows an individual to claim 50% of such expenses as a credit up to a maximum of \$150 per year per dependent or \$300 per year total. Additionally, this credit is reduced by 5% of the individual's income exceeding \$12,000.

If the credit amount exceeds the individual's tax liability, the excess amount will be refunded.

VII. STATISTICS

A. Comparison of Appropriations, 1975 and 1976, and 1977 Sessions

1. By Appropriation Measures

OMNIBUS APPROPRIATION BILLS

Direct appropriations in the Omnibus State Departments, Semi-State Activities, Health-Welfare-Corrections, Education, School Aids, Transportation, and Tax Bill enacted by the 1977 Legislature amount of \$4,641,569, up \$1,293,313,773 or 38.6 percent over the \$3,348,435,796 provided by the 1975-1977 biennium by the 1975 and 1976 Legislatures.

The dollar comparison between bienniums, however, is not valid since several major items are not found in both fiscal periods.

Appropriations for the 1977-79 period for the Department

of Transportation include funds for construction, reconstruction, and improvement of trunk highways; aids and assistance to local units of government; plus principal and interest on highway and aeronautics debt. These items previously were covered as open appropriations. In addition, certain payments for public assistance programs which also were open appropriations are now in the Omnibus Health-Welfare-Corrections Bill. Another substantial difference is the provision for salary adjustments (merit and cost-of-living) now included in the several operating appropriations which were funded as open appropriations in the 1975-77 biennium.

Omnibus Appropriation Bills and Tax Bill (Direct Appropriations)	1975 & 1976 Legislatures	1977 Legislature	Increase - (Decrease)	
			Amount	Percent
State Departments (Chap. 455)	\$ 364,950,540	\$ 485,119,454	\$ 120,168,914	32.93
Semi-State Activities (Chap. 332)	9,745,362	15,722,883	5,977,521	61.34
Health-Welfare-Corrections (Chap. 453)	587,366,797	1,016,558,290	429,191,493	73.07
Education				
School Aids (Chap. 447)	1,594,649,667	1,772,303,580	177,653,913	11.14
Other Than School Aids (Chap. 449)	538,913,428 ¹	693,943,890 ¹	155,030,462	28.77
Tax Bill (Chap. 423)	3,700,000	14,800,000	11,100,000	NM
	<u>\$3,099,325,796</u>	<u>\$3,998,448,097</u>	<u>\$ 899,122,301</u>	<u>29.01</u>

Department of Transportation (Chap. 454)

Direct appropriations for:

former Department of Highways including administrative operations, equipment, buildings and improvements, research and standards, State Aid administration, and planning and programming. The 1977-79 biennial period also includes appropriations for construction, reconstruction, and improvement of trunk highways; aids and assistance to local units of government; principal and interest on highway and aeronautics debt, and appropriations for aeronautics (previously in State Department Bill) and transit rail service improvements

\$ 207,000,000	\$ 643,301,472 ²	\$ 436,301,472	NM
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Gasoline Excise Tax Bill (L'75, C203)

Direct appropriations for:

Public Transit aid, demonstration programs, administering of supplemental transit aid program, and review of uncompleted sections of interstate system in metropolitan area

\$ 42,110,000	-0-	(42,110,000)	NM
<u>\$3,348,435,796</u>	<u>\$4,641,749,569</u>	<u>\$1,293,313,773</u>	<u>38.6</u>

NM—Not Meaningful

¹Includes estimated trust fund earnings of \$5,095,512 in 1975-77 and \$5,000,000 in 1977-79.

²Omnibus Transportation Bill reports "Highway Development" account as funded from Trunk Highway Fund. Department of Transportation estimates that \$120,400,000 each year will come from federal reimbursements. Appropriation total from state funds adjusted accordingly.

MISCELLANEOUS APPROPRIATION BILLS

Each session the legislature enacts several miscellaneous appropriation bills providing direct spending authority not included in the omnibus appropriation measures. Some of the appropriations are recurring items, such as miscellaneous claims, the youth employment program, and maintenance of State buildings. Some appropriations supplement items previously provided in an omnibus appropriation bill, or will become a continuing part of the State's service and be funded in one of the omnibus appropriation bills in succeeding legislative sessions. Some are for new activities which may or may not be continued beyond the 1977-79 biennium. Others are for activities which it is felt will not be continued beyond the

current biennium and are classified as nonrecurring.

The total of miscellaneous appropriations appears to have increased by \$117,649,336 — from \$173,865,044 in the 1975-77 biennium to \$291,514,380 for the current two year period. However, a major item in the current biennium total is the inclusion of certain appropriations, totaling \$166,385,226, which were made direct spending authorities (previously open) by the 1977 Legislature. Without this change, the miscellaneous appropriations would total \$125,129,154 for the 1977-79 biennium — actually a reduction of \$48,735,890 from the 1975-77 total.

1975, 1976 and 1977 Sessions

<u>Recurring Items</u>	<u>1975 & 1976 Legislatures</u>	<u>1977 Legislature</u>	<u>Increase or (Decrease)</u>
Miscellaneous Claims	\$ 303,198	\$ 155,040	\$ (148,158)
Dutch Elm (Shade Tree) Disease Control	1,595,000	28,500,000	26,905,000
Youth Employment Program	4,000,000	6,000,000	2,000,000
Judges' Salaries	—	1,350,000	1,350,000
Energy Program	—	458,000	458,000
Salary Bill — Executive, Legislative and Judicial	—	15,749,000	15,749,000
Motor Vehicle Registration	—	162,640	162,640
Judges' Retirement	2,022,700	—	(2,022,700)
Fluctuating School Enrollments	60,000	—	(60,000)
Lake Owasso Children's Home	300,000	—	(300,000)
Pollution Control (Sewers)	11,000,000	—	(11,000,000)
Outdoor Recreation Act	15,000,000	—	(15,000,000)
Housing Finance Agency	34,300,000	40,000,000	5,700,000
Bridges and Bridge Approaches —			
Construction and Reconstruction	25,000,000	—	(25,000,000)
Family Farm Security Program	10,874,300	—	(10,874,300)
State Buildings (Current Maintenance)	9,868,011	831,300	(9,036,711)
Snowmobile and Recreation Trails (Unrefunded gas tax)	1,300,000	—	(1,300,000)
Deer Habitat Improvement	300,000	—	(300,000)
Right-to-Read	290,000	—	(290,000)
Indian Affairs Intertribal Board	155,550	—	(155,550)
Public Television	120,000	325,000	205,000
Historic Sites	75,000	—	(75,000)
Indemnification of Diseased Cattle	40,000	—	(40,000)
Corrections Ombudsman	10,000	—	(10,000)
Soil and Water Conservation	—	3,000,000	3,000,000
Migratory Waterfowl Stamp	—	800,000	800,000
Crime Victims Reparation	—	150,000	150,000
Liability Insurance — Foster Boarding Homes	—	122,000	122,000
Water Resources Regulation	—	1,109,000	1,109,000
Total	\$116,613,759	\$ 98,711,980	\$ (17,901,779)
 <u>Major Appropriation Bills</u>			
Supplemental Appropriations	\$ 5,137,565	\$ 8,000,000	\$ 2,862,435
 <u>New Activities</u>			
Nutritional Program for Elderly	650,000	—	(650,000)
Nutritional Program for Mothers & Children	1,000,000	—	(1,000,000)
ARA Loan Revolving Program	1,000,000	—	(1,000,000)
Railroad Track Safety Standards	105,000	—	(105,000)
Administrative Procedures Act	356,000	—	(356,000)
Treatment of Adults having Cystic Fibrosis	80,000	—	(80,000)

New Activities (Continued)	1975 & 1976 Legislatures	1977 Legislature	Increase or (Decrease)
State Procurement Procedures	\$ 40,000	\$ —	\$ (40,000)
Advisory Task Force on Small Business	60,000	—	(60,000)
State Farm Census	50,000	—	(50,000)
Privacy Bill	25,000	—	(25,000)
Anatomical Gifts	35,000	—	(35,000)
Alcohol and Drug Abuse	6,113,000	—	(6,113,000)
Rail Service Improvement Program	3,150,000	—	(3,150,000)
Community Health Services	2,750,000	—	(2,750,000)
Land Use Planning Grants	2,500,000	—	(2,500,000)
Regional Education Coop. Service	599,950	—	(599,950)
Bicycle Ways and Lanes	493,000	—	(493,000)
Pilot Program of Dental Care for Senior Citizens	400,000	—	(400,000)
Pilot Program for Community Mental Health Treatment	350,000	—	(350,000)
Graphic Design License Plates	290,000	—	(290,000)
Comprehensive Health Insurance	275,000	—	(275,000)
DWI — Alcohol Safety Program	250,000	—	(250,000)
DWI — Driver's Licenses and Permits	159,300	—	(159,300)
Flood Plain Management	250,000	—	(250,000)
State Aid to Certain Legal Assistance Corporations	165,000	—	(165,000)
Department of Transportation	150,000	—	(150,000)
Mineland Reclamation	147,000	—	(147,000)
Environmental Permits	140,000	—	(140,000)
Auto Licensing — Dealers	114,014	—	(114,014)
Senior Companion Program	100,000	—	(100,000)
Health Facilities Complaints, Office of	67,000	—	(67,000)
Changing Precinct Boundaries (Census Data)	50,000	—	(50,000)
Vinland National Center	—	200,000	200,000
Bilingual Education Programs	—	550,000	550,000
Tax Court of Appeals	—	411,500	411,500
911 Emergency Telephone System	—	272,033	272,033
American Indian Language and Culture Education Act	—	600,000	600,000
Crime Victims Crisis Center	—	250,000	250,000
Out-of-State Osteopathy and Optometry	—	217,000	217,000
Educational TV — Northern Minnesota	—	440,000	440,000
Distribution of State publications to county libraries	—	30,616	30,616
Human Rights — Age Discrimination	—	100,000	100,000
Islands of Peace Park	—	150,000	150,000
Leave of Absence — World Athletic Competition	—	17,596	17,596
Graduate Training Family Practice — Mayo	—	48,000	48,000
Student Financial Aid (Part-Time)	—	750,000	750,000
Office of Volunteer Services	—	200,000	200,000
Voter Registration (Sec'y of State)	—	12,000	12,000
Weather Modification	—	75,000	75,000
Reimbursing Volunteer Ambulance Attendants	—	225,000	225,000
Emergency Shelter for Battered Women	—	500,000	500,000
Displaced Homemakers	—	100,000	100,000
Department of Economic Security	—	150,000	150,000
Judges Salaries	—	300,000	300,000
Board of Peace Officer Standards and Training	—	205,000	205,000
Detached Worker Program	—	59,600	59,600
Pre-school Health Screening Program	—	1,669,000	1,669,000
Total	\$ 21,914,264	\$ 7,532,345	\$ (14,381,919)
Non-Recurring Items			
Restoration and Rehabilitation of State Capitol Building	485,000	—	(485,000)
Vietnam Bonus	5,000,000	—	(5,000,000)
Redemption of Forfeited Property at Jonathon	825,000	—	(825,000)

<u>Non-Recurring Hems (Continued)</u>	<u>1975 & 1976 Legislatures</u>	<u>1977 Legislature</u>	<u>Increase or (Decrease)</u>
Retirement Funds, Supp'l.	21,207,456	—	(21,207,456)
Public Waters — Drainage	1,040,000	—	(1,040,000)
Zoo Road	750,000	—	(750,000)
Energy Conservation	595,400	—	(595,400)
Car Pooling of State Employees	100,000	—	(100,000)
I.S.D. No. 625 — St. Paul (Audit)	100,000	—	(100,000)
Council of Economic Status of Women	95,000	—	(95,000)
Study to merge Port Authorities at Duluth, MN and Superior, WI	1,600	—	(1,600)
Fire Fighting Deficiency	—	10,403,778	10,403,778
Amtrak Rail Service — Deficiency	—	339,051	339,051
Worker's Comp. Study Commission	—	10,000	10,000
Water Resources Regulation (Water Planning Bd.)	—	132,000	132,000
Total	<u>\$ 30,199,456</u>	<u>\$ 10,884,829</u>	<u>\$ (19,314,627)</u>
 <u>Conversion of Open Appropriations to Direct Appropriations</u>			
— Debt Service (General)	—	141,097,834	141,097,834
— School Loan	—	8,219,019	8,219,019
— Employment Security Bldg. Fund	—	487,608	487,608
— All Other (Reciprocity payments — higher educ., spec. comp. fund, security protection Governor and others, peace officers — survivor benefits, and emergency military forces)	—	16,580,765	16,580,765
Total	—	<u>\$166,385,226</u>	<u>\$166,385,226</u>
GRAND TOTAL	<u>\$173,865,044</u>	<u>\$291,514,380</u>	<u>\$117,649,336</u>

OPEN AND STANDING APPROPRIATIONS – STATE FUNDS

Open and standing appropriations from state funds are estimated at \$2,549,119,778 for the 1977-79 biennium. Of this sum, \$2,250,008,572 will be financed from the general fund – an increase of \$219,100,342, or 10.79 percent over

the estimates made for such appropriations in the 1975-77 period. The remainder – \$299,111,206 – will be financed from a number of other state sources.

General Fund	1975 & 1976 Legislatures	1977 Legislature	Increase or (Decrease)
Aids and Credits			
Property Tax Refund (Circuit Breaker)	\$ 60,600,000	\$112,000,000	\$ 51,400,000
Renters' Credit	84,000,000 ¹	67,330,000	(16,670,000)
Senior Citizen and Disabled	47,800,000 ¹	116,000,000 ¹	68,200,000
Senior Citizen Property Tax Freeze	2,000,000	– ²	(2,000,000)
Low Income Credit	31,400,000	22,400,000	(9,000,000)
Agricultural Land Tax Aid	43,894,817	61,000,000	17,105,183
Aid to Local Government	306,840,937	342,517,000	35,676,063
Exempt Property Reimbursement	17,539,547	17,620,000	80,453
Homestead Credit	418,723,007	461,250,000	42,526,993
Aid to Police/Fire	18,549,596	33,001,000	14,451,404
Peace Officer Survivor	600,000	– ³	(600,000)
Miscellaneous Payment Revenue	–	40,000	40,000
Mining Apportionment	63,201,103	81,884,500	18,683,397
Taconite Railroad Apportionment	5,640,000	1,700,000 ⁴	(3,940,000)
Inheritance Apportionment	6,220,000	5,590,000	(630,000)
Total Aids and Credits	<u>1,107,009,007</u>	<u>1,322,332,500</u>	<u>215,323,493</u>
Retirements			
Judges	5,200,000	1,735,796	(3,464,204)
Legislators	831,853	1,075,611	243,758
Constitutional Officers	100,249	118,278	18,029
Minnesota State Retirement System	245,000	162,000	(83,000)
Teachers' Retirement	20,000	13,000	(7,000)
Public Employees' Retirement	190,400	139,800	(50,600)
Teachers – State and Community Colleges	2,767,519	2,625,000	(142,519)
Teachers – Cities of the First Class	29,823,765	32,000,000	2,176,235
Teachers – Statewide	166,128,768	201,274,109	35,145,341
Total Retirement	<u>205,307,554</u>	<u>239,143,594</u>	<u>33,836,040</u>
Debt Service			
Previous Authorizations	119,340,000	– ³	(119,340,000)
By 1977 Legislature	–	16,179,097	16,179,097
Total Debt Service	<u>119,340,000</u>	<u>16,179,097</u>	<u>(103,160,903)</u>
Other Open and Standing			
EDA Work Study	1,265,810	– ³	(1,265,810)
Security Protection – Governor & Others	800,000	– ³	(800,000)
EQC Power Plants	782,100	1,200,000	417,900
Salary Supplement	96,900,000	32,056,000	(64,844,000)
Tuition Reciprocity	14,232,938	– ³	(14,232,938)
Campaign Checkoff	750,000	1,100,000	350,000
Treasurer Escheats	200,000	162,000	(38,000)
Uninsured Employers	300,000	– ³	(300,000)
Military Forces Emergency	42,100	– ³	(42,100)
Voyageurs National Park	65,000	– ³	(65,000)
R. Weber Compensation	2,400	2,400	–
St. Croix Park	7,480	– ³	(7,480)
Voting Machine Commission	600	– ⁵	(600)
Executive Council Emergency	–	4,000,000	4,000,000
Cancelled Warrants Suspense	20,000	–	(20,000)
Unclaimed Dividends	10,000	–	(10,000)
Total Other	<u>\$115,378,428</u>	<u>\$ 38,520,400</u>	<u>\$ (76,858,028)</u>

General Fund (Continued)	1975 & 1976 Legislature	1977 Legislature	Increase or (Decrease)
Refunds			
Individual Income Tax	\$310,800,000	\$366,800,000	\$ 56,000,000
Corporate Income Tax	40,000,000	61,630,000	21,630,000
Sales Tax Refunds	4,600,000	3,200,000	(1,400,000)
Other Revenue Department Refunds	4,603,100	4,850,000	246,900
Other Refunds	2,470,141	1,056,000	(1,414,141)
Total Refunds	362,473,241	437,536,000	75,062,759
Non-Public School Aid	24,000,000	24,000,000	—
Medical and Health			
Medical Assistance	70,400,000	Included in Omnibus	(70,400,000)
General Assistance — Medical	27,000,000	Approp. Bill	(27,000,000)
	97,400,000	—	(97,400,000)
1977 Session Additions and Changes			
Homestead Credit (a/c Reclassification)		(3,000,000)	
Aid to Local Government		40,000,000	
Property Tax Refund (Circuit Breaker)		41,800,000	
Renters' Credit		12,670,000	
Senior Citizens and Disabled		16,100,000	
Agricultural Land Tax Aid			
Change in millage		3,500,000	
Change in Classification		(2,000,000)	
Increase Attached Machinery Aid		2,350,000	
Mining Apportionment		50,876,981	
Teachers' Retirement Association — Deficit (Chap. 313)		10,000,000	
Net Total 1977 Session Changes		172,296,981	172,296,981
Total General Fund	\$2,030,908,230	\$2,250,008,572	\$219,100,342

Other State Funds

General — Dedicated	\$216,102,535
Miscellaneous Special Revenue	19,818,160
Endowment School Fund	29,000,000
Iron Range Resources and Rehabilitation	4,124,360
Consolidated Conservation	556,151
State Airports Fund	1,910,000
Trunk Highway	100,000
Highway User — Revenue Refunds	27,500,000
County State Aid	In Transportation bill
Municipal State Aid	In Transportation bill
Total Other Funds	\$299,111,206
Total Open and Standing Appropriations	\$2,549,119,778

¹Early in 1975-77 biennium all renters were grouped together; subsequently senior renters (age 65 and over) were classified with "senior citizens and disabled" accounting for the disparity in numbers. Actual expenditures for fiscal years 1976 and 1977 were:

	F.Y. 1976	F.Y. 1977	Biennium
Renters	\$25,165,226	\$33,014,675	\$58,179,901
Senior Citizens and Disabled	36,945,930	57,652,600	94,598,530
Total	\$62,111,156	\$90,667,275	\$152,778,431

²Repealed 1977 Session, Chap. 423.

³Converted from "open" appropriation to "direct" appropriation status, Laws 1977, Chap. 403.

⁴Repealed effective January 1, 1978 — subsequent annual payments to be made from Taconite Production Tax.

⁵Repealed 1975 Session, Chap. 61, Sec. 3.

FEDERAL FUNDS

Federal funds, to supplement state moneys for various purposes, are expected to total \$1,507,276,679¹ for the 1977-79 biennium — up \$321,713,385, or 27.14 percent, over a similar estimate for the 1975-77 biennium.

Transportation	\$ 269,690,571 ¹
Semi-State Activities	1,063,544
Education	215,397,506
Welfare-Corrections-Health	864,407,849
General State Government	155,995,555
IRRRB (Other Executive Branch)	44,736
Minnesota Educational Computing Consortium	676,918
Total	\$1,507,276,679 ¹

TOTAL SPENDING

Authorized expenditures by the state government during the 1977-79 biennium including both direct and open appropriations, but excluding those from federal funds and the proceeds from bond sales — are estimated at \$7,482,383,727.¹ With the addition of federal funds, the two year spending total becomes \$8,989,660,406.

		Percent of total
Omnibus Appropriation Bills	\$4,641,749,569 ¹	51.63
Miscellaneous Appropriation Bills	291,514,380	3.24
Open and Standing Appropriations	2,549,119,778	28.36
Total Spending — State Funds	\$7,482,383,727 ¹	83.23
Federal Funds	1,507,276,679 ¹	16.77
Total Spending — All Funds	\$8,989,660,406	100.00%

SUMMARY OF DIRECT AND OPEN/STANDING APPROPRIATIONS — BY FUND —

(Includes appropriations immediately available and 1977 deficiencies)

Fund	APPROPRIATIONS		
	Direct	Open and Standing	Total
General	\$4,214,415,117	\$2,250,008,572	\$6,464,423,689
Trunk Highway	423,089,266 ¹	100,000	423,189,266 ¹
Highway User	15,714,683	27,500,000	43,214,683
Game and Fish	30,314,593	—	30,314,593
State Parks Development	2,400,000	—	2,400,000
Wildlife Acquisition	1,200,000	—	1,200,000
State Airports	19,449,089	1,910,000	21,359,089
Consolidated Conservation	1,000,000	556,151	1,556,151
Permanent University Trust	5,000,000	—	5,000,000
County State Aid	161,970,600	—	161,970,600
Municipal State Aid	50,094,000	—	50,094,000
Endowment School	—	29,000,000	29,000,000
School Loan	8,219,019	—	8,219,019
Employment Security Building	487,608	—	487,608
Miscellaneous Special	—	19,818,160	19,818,160
General Dedicated	—	216,102,535	216,102,535
Iron Range Resources and Rehabilitation	9,973	4,124,360	4,134,333
Total State Funds	\$4,933,263,949 ¹	\$2,549,119,778	\$7,482,383,727 ¹
Federal Funds	—	1,507,276,679	1,507,276,679 ¹
Grand Total	\$4,933,263,949	\$4,056,396,457	\$8,989,660,406

¹Omnibus Transportation Bill reports "Highway Development" account as funded from Trunk Highway Fund. Department of Transportation estimates that \$120,460,000 each year will come from federal reimbursements.

2. SUMMARY OF LEGISLATIVE APPROPRIATIONS-BY FUNCTION 1975, 1976, AND 1977 SESSIONS

Function	1975 & 1976 Legislatures	1977 Legislature	Increase 1977 Over 1975 & 1976	Percent Increase
Property Tax Relief, Shared Taxes and Aids to Local Governments	\$1,369,325,540	\$1,793,136,826	\$ 423,811,286	30.95%
Education				
Department of Education	32,640,754	53,615,211	20,974,457	64.26
School Aids	1,636,108,550	1,818,629,361	182,520,811	11.16
Special School Aids	6,786,867	7,832,500	1,045,633	15.41
State Community Colleges	50,699,677	63,844,527	13,144,850	25.93
State Universities	116,440,869	139,388,901	22,948,032	19.71
University of Minnesota	302,482,465	383,762,017	81,279,552	26.87
Higher Education Coordinating Commission	55,332,729	80,175,904	24,843,175	44.90
Aid to Private Schools	24,000,000	24,000,000	-	-
Miscellaneous Education	11,360,257	13,859,019	2,498,762	21.99
Total Education	<u>\$2,235,852,167</u>	<u>\$2,585,107,440</u>	<u>\$ 349,255,272</u>	<u>15.62</u>
Welfare, Corrections, and Health				
Department of Public Welfare	449,829,325	665,708,451	215,879,126	47.99
Institutions	154,754,080	216,168,194	61,414,114	39.69
All Other Welfare	1,244,064	3,233,786	1,989,722	159.94
Department of Corrections	24,441,467	37,010,295	12,568,828	51.42
Institutions	41,244,300	61,228,646	19,984,346	48.45
Board of Health	23,175,628	40,011,324	16,835,696	72.64
Miscellaneous	5,233,078	7,248,176	2,015,098	38.51
Total Welfare, Corrections, and Health	<u>\$ 699,921,941</u>	<u>\$1,030,608,874</u>	<u>\$ 330,686,930</u>	<u>47.25</u>
Highways and Mass Transit				
Department of Transportation				
Highways	567,536,600	579,697,102	12,160,502	5.24
Aeronautics	13,047,953	18,984,089	5,936,136	45.49
Transit and Rail Service Improvement	31,175,000	43,872,934	12,697,934	40.73
Transportation Regulation	105,000	1,071,398	966,398	N.M.
Total Highways and Mass Transit	<u>\$ 611,864,553</u>	<u>\$ 643,625,523</u>	<u>\$ 31,760,970</u>	<u>7.34</u>
Other Executive Branch Functions				
Governor	2,700,683	3,035,765	335,082	12.41
General State Government	164,182,273	203,403,486	39,221,213	23.89
Protection to Persons and Property	108,313,884	146,513,674	38,199,790	35.27
Natural Resources	129,490,328	153,248,330	23,758,000	18.35
Agriculture	25,666,150	49,035,353	23,369,203	11.05
Total Other Executive Branch	<u>\$ 430,353,318</u>	<u>\$ 555,236,608</u>	<u>\$ 124,883,290</u>	<u>28.21</u>
Legislative	27,684,472	34,366,806	6,682,334	24.14
Judicial	16,668,364	16,610,592	(57,772)	(.35)
Miscellaneous	521,747,075	553,579,850	31,832,775	6.10
Total	<u>\$5,913,417,430</u>	<u>\$7,212,272,521</u>	<u>\$1,298,855,091</u>	<u>21.96%</u>
Additional Open Appropriations (State)		<u>\$ 270,111,206</u>		
Total State Funds		<u>\$7,482,383,727</u>		
Federal Funds		<u>\$1,507,276,679</u>		
Grand Total		<u>\$8,989,660,406</u>		

NOTE: Columns may not add due to dropping of cents.
N.M. - Not Meaningful

2. APPROPRIATIONS BY FUNCTION (Continued)

	1975 & 1976 Legislatures	1977 Legislature	Increase or Decrease
Property Tax Relief, Shared Taxes and Aids to Local Government			
Aid to Police and Fire Departments	\$ 18,549,596	\$ 33,001,000	\$ 14,451,004
Taconite a/c Non-Tax Areas	24,000	—	(24,000)
Property Tax Relief			
Elimination of State Mill Levy			
Teacher Retirements			
Cities of First Class	29,823,675	32,000,000	2,176,235
Statewide	166,128,768	201,274,109	35,145,341
Debt Service	119,340,000	141,097,834	21,757,834
New Debt Service	—	16,179,097	16,179,097
Agricultural Mill Rate Aid			
School Districts	43,894,817	52,044,628	8,149,811
Other Units of Local Government	—	10,455,372	10,455,372
Homestead Credit			
School Districts	231,344,461	246,770,000	15,425,539
Other Units of Local Government	187,378,546	211,480,000	24,101,454
Attached Machinery			
School Districts	5,304,000	4,008,000	(1,296,000)
Other Units of Local Government	12,235,547	15,962,000	3,726,453
Property Tax Refund ¹	192,400,000	365,900,000	173,500,000
Senior Citizen Tax Freeze	2,000,000	—	(2,000,000)
Aids to Local Government	306,840,937	382,517,000	75,676,063
Apportionments			
Inheritance Tax ²	6,220,000	5,590,000	(630,000)
Taconite R. R.	5,640,000	1,700,000 ³	(3,940,000)
Taconite Production	42,201,103	73,157,786	30,956,683*
	\$1,369,325,540	\$1,793,136,826	\$ 423,811,286
Education			
Department of Education	\$ 26,610,554	\$ 39,243,818	\$ 12,633,264
1977 Employee Pay Plan	—	2,078,466	2,078,466
Special Education Needs Assessment	—	15,000	15,000
Education Planning — Administration	—	55,000	55,000
Community Library Services	4,500,000	5,414,927	914,927
Miscellaneous Deficiencies	180,200	—	(180,200)
Planning, Evaluation and Review Technical Assistance	—	200,000	200,000
Educational Planning Task Forces	—	700,000	700,000
Early Childhood CQE	1,000,000	1,708,000	708,000
Flexible School Year Planning Grants	100,000	—	(100,000)
Education Assessment	250,000	—	(250,000)
Bilingual Education Program	—	550,000	550,000
Native American Education Program	—	600,000	600,000
Curricular Assessment — Energy	—	25,000	25,000
Pre-School Screening	—	1,525,000	1,525,000
Inservice Training for Teachers Special Education Functions	—	1,500,000	1,500,000
School Aids			
Foundation	1,184,000,000	1,245,900,000	61,900,000
Transportation	129,483,000	153,125,000	23,642,000
Special Education	89,275,600	144,365,000	55,089,400
Deficiency	—	3,889,150	3,889,150
Secondary Vocational Education	30,000,000	32,200,000	2,200,000
Post-Secondary Vocational Education			
Foundation	80,200,000	115,775,000	35,575,000
Categorical	47,300,000	15,313,000	(31,987,000)
Capital Expenditure	6,000,000	12,000,000	6,000,000
Debt Service	7,000,000	15,423,245	8,423,245
Deficit Payments	1,600,000	1,188,925	(411,075)
Construction	1,500,000	—	(1,500,000)
Adult Vocational	8,000,000	9,950,000	1,950,000
Veteran Cooperative Training	2,000,000	2,947,860	947,860
Endowment School Apportionment	28,250,000	29,000,000	750,000
Taconite Apportionment to School Districts	21,000,000	36,552,281	15,552,281
Educational Cooperative Service Units	499,950	999,900	499,950
Special School Aids			
Gross Earnings	1,691,442	600,000	(1,091,442)
Tax Exempt Land	400,000	—	(400,000)
School Districts a/c Non-Tax Lands	24,000	—	(24,000)
Airport	160,000	—	(160,000)
Adult Education	926,425	1,194,000	267,575
C.E.C. Reimbursement	120,000	160,000	40,000
Community Education	2,800,000	3,300,000	500,000
Eligible Teacher	150,000	172,500	22,500
Declining Valuation	—	240,000	240,000
Deficiency	—	320,000	320,000

2. APPROPRIATIONS BY FUNCTION (Continued)

Education (Continued)	1975 & 1976 Legislatures	1977 Legislature	Increase or Decrease
Extraordinary Tax Delinquency	\$ 165,000	\$ 400,000	\$ 235,000
Deficiency	—	186,000	186,000
Emergency	300,000	400,000	100,000
S. E. Asian Students	50,000	—	(50,000)
Capital Expend. Equalization	—	860,000	860,000
Career Study Centers I.S.D. #625	90,000	200,000	110,000
Part Time Teachers Benefits	—	3,000,000	3,000,000
Miscellaneous Education Appropriations	285,000	—	(285,000)
School Loan Bond Fund	8,561,257	8,219,019	(342,238)
Aid to Non-Public Schools	24,000,000	24,000,000	—
Community Colleges			
Maintenance and Equipment	46,622,527	60,321,462	13,698,935
Occupational Program Development	450,000	300,000	(150,000)
Student Loans	160,000	175,000	15,000
Contingent	300,000	300,000	—
E.D.A. Work Study	371,022	691,000	319,978
Repairs and Betterments	1,504,778	780,191	(724,587)
St. Paul Learning Center	—	90,000	90,000
Special Assessments	41,500	235,215	193,715
Worker's Compensation	108,502	10,716	(97,786)
Unemployment Compensation	215,751	63,007	(152,744)
Supplemental Retirements — TRA	925,597	877,936	(47,661)
State Universities			
Maintenance and Equipment	109,933,648	133,353,093	23,419,445
Contingent	750,000	750,000	—
Student Loans	350,000	350,000	—
General Research	50,000	—	(50,000)
E.D.A. Work Study	894,788	691,000	(203,788)
Repairs and Betterments	2,620,511	1,673,534	(946,977)
N. Minnesota Public T.V., Inc.	—	440,000	440,000
Worker's Compensation	—	98,255	98,255
Unemployment Compensation	—	285,955	285,955
Supplemental Retirements — TRA	1,841,922	1,747,064	(94,858)
University of Minnesota			
Maintenance and Operation	245,963,794	307,500,688	61,536,894
Civil Service Salary and Fringe Benefits Incr.	—	5,893,855	5,893,855
Equipment Replacement	—	1,000,000	1,000,000
Library Supplement	1,400,000	2,372,600	972,600
Student Loans	395,000	500,000	105,000
Women's Intercollegiate Athletics	175,000	1,254,600	1,079,600
Summer School Tuition and Continuing Education	1,519,793	1,545,042	25,249
University General Hospital	4,250,000	4,000,000	(250,000)
Special Hospitals, Community Services and Educational Offset	9,550,962	10,411,692	860,730
Agricultural Extension Service	10,124,217	11,478,879	1,354,662
General Agricultural Research	9,646,280	12,055,928	2,409,648
Hormel Institute	200,000	210,000	10,000
Veterinary Diagnostic Lab. and Hospital	905,123	1,272,406	367,283
Geological Research	533,040	855,028	321,988
Mn. Geological Survey — Water Well Data Bank	—	270,000	270,000
Lake Superior Basin Studies	108,332	112,272	3,940
General Research	2,908,843	2,780,680	(128,163)
Industrial Relations Education Program	639,353	749,796	110,443
Medical Research	2,272,512	2,437,048	164,536
Duluth — Specials	3,869,291	4,732,099	862,808
Graduate Residency Programs	5,768,000	5,934,256	166,256
Freshwater Biological Research Institute	225,000	308,418	83,418
Medical Services and Instruction	1,802,925	2,173,604	370,679
Clinical Law Program	200,000	—	(200,000)
Health Sciences Contingent	—	3,563,126	3,563,126
Dutch Elm Research and Continuing Education	—	350,000	350,000
Child Care Center	25,000	—	(25,000)
Higher Education Coordinating Board			
Administration	1,477,128	1,830,687	353,559
M.O.I.S. Revolving Fund	—	50,000	50,000
Regional Coordination and Service	247,813	486,219	238,406
Minitex Library Program	700,000	825,000	125,000
State Scholarships	10,750,000	16,752,984	6,002,984
State Grants-in-Aid	17,900,000	30,300,000	12,400,000
Work Study Grants	1,750,000	3,200,000	1,450,000
Student Loan Reserve	44,850	60,000	15,150
Foreign Student Loans	160,000	160,000	—
Part-Time Students — Grants-in-Aid	—	750,000	750,000
Tuition Subsidies — AVTI Students	—	3,600,000	3,600,000

2. APPROPRIATIONS BY FUNCTION (Continued)

Education (Continued)	1975 & 1976 Legislatures	1977 Legislature	Increase or Decrease
Interstate Tuition Reciprocity	\$ 14,232,938	\$ 12,722,670	\$ (1,510,268)
Education of P.O.W. or M.I.A. Dependents	20,000	20,000	—
Private College Contracts	7,200,000	9,200,000	2,000,000
Out-of-State Medical School Contracts	—	217,000	217,000
Nursing Scholarships	250,000	— 4	(250,000)
Univac 1110 Computer-Monitoring, Testing and Backup Services	600,000	—	(600,000)
Unemployment Compensation	—	1,344	1,344
Mayo Medical School	2,424,000	2,392,000	(3,200)
Family Practice Graduate Program	—	48,000	48,000
	\$2,235,852,068	\$2,585,107,440	\$ 349,255,372
Open Appropriations		771,262	
Department of Education			
Tuition and Course Fees, and Miscellaneous Income (Community Colleges, State Universities, and University of Minnesota)		210,655,796	
Higher Education Coordinating Board		106,000	
Higher Education Facilities Acct.		98,260	
Education Computing Consortium		1,276,951	
Federal Funds		216,074,424	
		\$3,014,090,133	
Welfare, Corrections and Health			
Department of Public Welfare			
Administration	\$ 13,389,000	\$ — 5	\$ (13,389,000)
Program and Administrative Support			
Administration	—	10,097,205	10,097,205
County Administrative Expense	21,000,000	24,284,700	3,284,700
Special County Aids	5,638,500	6,000,000	361,500
1977 Employee Pay Plan	—	863,000	863,000
Community Services			
Community Mental Health Centers	17,309,625	33,230,409	15,920,784
Developmental Achievement Centers	13,637,900	16,646,388	3,008,488
Day Care	1,799,500	2,217,420	417,920
Cost-of-Care			
Emotionally Disturbed	2,212,000	2,106,196	(105,804)
Mentally Retarded	6,267,300	7,346,648	1,079,348
Residential Services			
Mentally III	699,800	1,786,000	1,086,200
Mentally Retarded	1,876,000	1,295,186	(580,814)
Chemically Dependent	11,323,200	8,413,708	(2,909,492)
Vocational Rehab of the Blind	2,209,500	5,659,931	3,450,431
Foster Grandparents	462,000	750,000	288,000
Program Support			
Nutritional Programs for Elderly	650,000	— 6	(650,000)
Programs for Aging	270,000	— 6	(270,000)
Senior Companion Program	100,000	— 6	(100,000)
Dental Care for Senior Citizens	400,000	—	(400,000)
1977 Employee Pay Plan	—	532,435	532,435
Income Maintenance			
Public Assistance (MSA; AFDC; MA)	299,700,000	439,625,174	139,925,174
Increase State's Share of AFDC Payments to 60%	—	11,000,000	11,000,000
Medical Assistance — Eligibility Criteria Adjustment	—	7,100,000	7,100,000
Catastrophic Nursing Home Expense	—	900,000	900,000
General Assistance and General Assistance			
Medical Care	39,600,000	65,426,151	25,826,151
Deficiency	—	2,413,669	2,413,669
Centralized Disbursement	11,285,000	10,256,669	(1,028,331)
Program Support	—	2,544,744	2,544,744
1977 Employee Pay Plan	—	645,445	645,445
Residential Services			
State Hospitals	139,600,000	175,913,173	36,313,173
Nursing Homes	15,154,080	18,980,636	3,826,556
Program Support	—	2,774,385	2,774,385
1977 Employee Pay Plan	—	18,500,000	18,500,000
Other Welfare			
Fergus Falls Study	100,000	—	(100,000)
Vinland National Center	—	200,000	200,000
Foster Parent Liability Insurance	—	122,000	122,000
Worker's Compensation	653,622	966,852	313,230
Unemployment Compensation	490,442	1,044,934	554,492
In-Patients of Hastings State Hospital			
Placement in Community Facilities	—	300,000	300,000
Hemophilia-Financial Assistance	—	300,000	300,000

2. APPROPRIATIONS BY FUNCTION (Continued)

Welfare, Corrections and Health (Continued)	1975 & 1976 Legislatures	1977 Legislature	Increases or Decrease
Medical Assistance for Needy — Interest Expense	—	300,000	300,000
Department of Corrections			
Administration	10,158,267	— 5	(10,158,267)
General Support			
County Probation Reimbursement	1,540,000	2,494,564	954,564
Deficiency	—	284,000	284,000
Subsidy Program	1,225,000	830,000	(395,000)
Support	1,239,300	5,471,848	4,232,548
1977 Employee Pay Plan	—	442,893	442,893
Special Services			
Health Care	2,312,000	3,590,875	1,278,875
Education	140,000	743,714	603,714
Support	—	465,673	465,673
1977 Employee Pay Plan	—	159,724	159,724
Community Services			
Probation and Parole	—	5,291,043	5,291,043
Residential Programs	457,000	2,997,979	2,540,979
Community Corrections Act	7,369,900	13,637,418	6,267,518
1977 Employee Pay Plan	—	600,564	600,564
Correction Institutions	38,844,300	55,966,509	17,122,209
Deficiency	—	535,300	535,300
School Bus Reconditioning	—	416,000	416,000
Repairs and Rehabilitation	2,400,000	—	(2,400,000)
1977 Employee Pay Plan	—	4,310,837	4,310,837
Criminal Justice Contingent	1,620,000	1,620,000	—
Battered Women — Emergency Shelter	—	500,000	500,000
Corrections Institution Study	335,000	—	(335,000)
Special Projects	364,400	— 7	(364,400)
Crime Victim Crisis Centers	—	250,000	250,000
Worker's Compensation	113,607	267,930	154,323
Unemployment Compensation	118,671	296,985	178,314
Father Miller Memorial Chapel	—	63,295	63,295
Hennepin County Workhouse	—	350,000	350,000
Corrections Ombudsman	288,600	398,000	109,400
1977 Employee Pay Plan	—	41,374	41,374
Unemployment Compensation	—	3,098	3,098
State Institutions Contingent	1,225,000	600,000	(625,000)
Department of Health	20,595,628	— 8	(20,595,628)
Preventive Personal Health Services	—	12,060,054	12,060,054
1977 Employee Pay Plan	—	594,252	594,252
Medical Lab. Services Contingent	—	106,000	106,000
Health Systems Quality Assurance	—	2,701,267	2,701,267
1977 Employee Pay Plan	—	237,654	237,654
Health Support Services	—	18,616,705	18,616,705
Community Health Subsidy — Contingent	—	1,542,877	1,542,877
1977 Employee Pay Plan	—	278,515	278,515
Ambulance Volunteer Training Reimbursement	—	225,000	225,000
Pre-School Health Screening	—	144,000	144,000
Regulation and Licensing Water Well Contractors	—	155,000	155,000
Water Filtration and Purification System Grants	2,500,000	1,750,000	(750,000)
Cystic Fibrosis Adults	80,000	—	(80,000)
Purchase of Somatotropin	—	100,000	100,000
Statewide Health Coordinating Council — Grants	—	1,500,000	1,500,000
Health Related Boards	1,167,800	2,723,318	1,555,518
1977 Employee Pay Plan	—	134,178	134,178
	<u>\$ 699,921,943</u>	<u>\$ 1,030,608,874</u>	<u>\$ 330,686,931</u>
Open Appropriations			
Department of Corrections		2,348,386	
Department of Health		28,633	
Federal Funds		864,407,849	
		<u>\$1,897,393,742</u>	
Highways & Mass Transit			
Department of Transportation	\$ 150,000	\$ — 9	\$ (150,000)
Highways10			
Planning and Programming	5,300,000	6,550,776	1,250,776
Highway Development	81,800,000	72,421,890	9,378,110
Highway Safety	1,200,000	1,200,000	—
Highway Development Support	86,400,000	93,442,844	7,042,844
Research and Standards	2,000,000	2,121,249	121,249

2. APPROPRIATIONS BY FUNCTION (Continued)

Highways & Mass Transit (Continued)	1975 & 1976 Legislatures	1977 Legislature	Increase or Decrease
Highway Maintenance			
Maintenance	\$ 104,416,602	\$ 137,717,363	\$ 33,300,761
Equipment	10,043,931	13,249,463	3,205,532
Aids and Assistance			
State Aid Administration	475,832	631,915	156,083
County State Aid Distribution	157,100,000	161,970,600	4,870,600
Municipal State Aid Distribution	50,700,000	50,094,000	(606,000)
General Administration Support			
Administration	9,260,000	12,137,213	2,877,213
Program Management	—	1,295,147	1,295,147
Legal Services	1,044,000	1,119,642	75,642
Bicycle Trails Program	250,000	1,000,000	750,000
Debt Service	28,681,600	24,712,000	(3,969,600)
Sound Enforcement Study	—	33,000	33,000
Zoo Road Construction	750,000	—	(750,000)
Bridge Construction	25,000,000	—	(25,000,000)
Equipment Storage and Rest Area Construction	1,204,805	—	(1,204,805)
Buildings and Improvement	1,759,830	—	(1,759,830)
Aeronautics, Department of Airport Development Assistance	1,232,388	— ⁵	(1,232,388)
Construction Grants	9,520,295	12,749,846	3,229,551
Maintenance Grants	—	2,002,814	2,002,814
Navigational Aids	1,245,700	1,190,298	(55,402)
Construction and Maintenance Support	—	807,960	807,960
Safety Education and Aviation Regulation	43,200	692,576	649,376
Admin. Support	—	502,742	502,742
Deficiency	—	34,233	34,233
Air Transportation Revolving Account	—	50,000	50,000
Debt Service	948,570	953,620	5,050
State Owned Airports	57,800	—	(57,800)
Transit and Rail Service Improvement			
Transit Improvement			
Planning and Programming	—	450,701	450,701
Public Transit Assistance	28,000,000	38,400,000	10,400,000
Rail Service Improvement			
Planning and Programming	150,000	398,182	248,182
Rail Service Improvement	3,000,000	3,000,000	—
Rail Passenger Service Grant	—	1,300,000	1,300,000
Amtrak Deficiency	—	324,051	324,051
Metro Council Interstate Transit Study	25,000	—	(25,000)
Transportation Regulation	105,000 ¹¹	1,071,398	966,398
	<u>\$ 611,864,553</u>	<u>\$ 643,625,523</u>	<u>\$ 31,760,970</u>
Open Appropriations			
Highway Safety Account		1,600,000	
State Airports Fund		1,910,000	
Revenue Refund (Trunk Highway Fund)		100,000	
Revenue Refund (Highway User Fund)		27,500,000	
Federal Funds		<u>269,690,571</u>	
		<u>\$944,426,094</u>	
Other Executive Branch Functions			
Governor			
General Support	\$ 1,550,500	\$ 2,019,109	\$ 468,609
Interstate Representation	434,410	399,977	(34,433)
Liaison for Spanish Speaking People	—	50,244	50,244
Governor's Commission on Crime Prevention and Control	123,254	139,534	16,280
Unemployment Compensation	—	17,321	17,321
Detached Workers	—	59,600	59,600
Task Force on Waste and Mismanagement	—	150,000	150,000
Volunteer Services	—	200,000	200,000
Bicentennial Commission	536,850	—	(536,850)
Environmental Research and Consultation	50,000	—	(50,000)
Worker's and Unemployment Compensation	5,669	—	(5,669)
	<u>\$ 2,700,683</u>	<u>\$ 3,035,765</u>	<u>\$ 335,082</u>
General State Government			
Lieutenant Governor	\$ 327,538	\$ 528,418	\$ 200,880
State Auditor	330,279	419,163	88,884
State Treasurer	738,474	911,795	173,321
Secretary of State	2,175,859	1,443,630	(732,229)
Voter Registration Cards	—	12,000	12,000
Worker's and Unemployment Compensation	—	3,760	3,760

2. APPROPRIATIONS BY FUNCTION (Continued)

<u>Other Executive Branch Functions (Continued)</u>	<u>1975 & 1976 Legislatures</u>	<u>1977 Legislature</u>	<u>Increases or Decrease</u>
Department of Administration	\$ 23,075,209	\$ 27,943,108	\$ 4,867,899
Postage Contingent	250,000	250,000	-
911 Emergency Phone Service	-	272,033	272,033
State Register — Free Distribution to County Libraries	-	16,000	16,000
State Building Code	-	50,000	50,000
State Building Bill	-	831,300	831,300
Worker's and Unemployment Compensation	-	158,591	158,591
Capitol Complex Repairs	685,000	-	(685,000)
Car Pooling - State Employees	100,000	-	(100,000)
Energy Standards and Survey of State Bldgs.	195,400	-	(195,400)
North Capitol Area Improvements	800,000	-	(800,000)
Acquisition of Mechanic Arts High School	2,000,000	-	(2,000,000)
Repairs and Betterments	898,500	-	(898,500)
Department of Economic Development	4,457,925	4,202,639	(255,286)
Small Business Task Force	60,000	-	(60,000)
Worker's and Unemployment Compensation	933	6,692	5,759
Department of Economic Security	-	150,000 ¹²	150,000
Department of Vocational Rehab	6,687,982	10,331,416	3,643,434
Department of Employment Security	-	-	-
Youth Summer Employment	4,000,000	6,500,000	2,500,000
Governor's Manpower Office	1,200,000	2,400,000	1,200,000
Displaced Homemakers	-	100,000	100,000
Employment Security Building Fund	512,608	487,608	(25,000)
Department of Finance	8,985,611	9,549,482	563,871
Tort Claims	500,000	1,500,000	1,000,000
Athletic Leaves of Absence	-	17,596	17,596
Department of Personnel	3,494,509	4,579,577	1,085,068
Personnel Board	103,650	28,453	(75,197)
Department of Revenue	33,490,163	43,401,537	9,911,374
Worker's Compensation	33,062	30,761	(2,301)
Department of Veteran's Affairs	3,227,826	3,781,665	553,839
Veterans' Preference Enforcement	10,000	-	(10,000)
Vietnam Bonus Payments	5,000,000	-	(5,000,000)
Minnesota Veterans Home	1,360,449	1,399,905	39,456
Worker's and Unemployment Compensation	11,478	-	(11,478)
Worker's and Unemployment Compensation	-	27,759	27,759
Iron Range Resources and Rehab. (Apport.)	-	3,654,637	3,654,637
State Planning Agency	11,835,772	15,355,222	3,519,450
EQC Power Plant Siting	782,100	1,200,000	417,900
Commission on Minnesota's Future	160,000	-	(160,000)
R.R. Right of Way-Power Line Corridor Study	-	15,000	15,000
Capitol Area Arch. and Planning Commission	124,763	132,516	7,753
Council for the Handicapped	268,210	448,248	180,038
Energy Agency	1,623,423	2,633,002	1,009,579
Alternative Energy Grants	400,000	-	(400,000)
Energy Conservation Projects	-	383,000	383,000
Ethical Practices Board	245,220	293,899	48,679
Indian Affairs Intertribal Board	266,539	322,448	55,909
Board of Investment	1,354,976	1,773,627	418,651
Minnesota Academy of Science	32,400	32,400	-
Minnesota Historical Society	5,952,685	5,198,286	(754,399)
Historical Sites	75,000	-	(75,000)
Repairs and Betterments	500,000	-	(500,000)
Historic Site I.D., Development and Grants	-	5,748,738	5,748,738
Sibley House	30,000	32,100	2,100
Minnesota Housing Finance Agency	34,200,000	40,000,000	5,800,000
Minnesota Municipal Board	216,735	273,109	56,374
Minnesota Safety Council	95,000	95,000	-
Board of the Arts	1,000,000	4,046,454	3,046,454
Public T.V. Grants	120,000	300,000	180,000
Unemployment Compensation	-	1,190	1,190
Minnesota Humane Society	30,000	24,222	(5,778)
Miscellaneous Veterans Association	41,000	41,000	-
Uniform Laws Commission	22,795	22,000	(795)
Minnesota-Wisconsin Boundary Area Commission	93,200	42,500	(50,700)
	<u>\$ 164,182,273</u>	<u>\$ 203,403,486</u>	<u>\$ 39,221,213</u>
Protection to Persons and Property	-	-	-
Attorney General	3,192,912	9,821,574	6,628,662
Special Contingent	50,000	50,000	-
Anti-Trust Enforcement	200,000	449,524	249,524
Unemployment Compensation	2,207	3,612	1,405

2. APPROPRIATIONS BY FUNCTION (Continued)

Other Executive Branch Functions (Continued)	1975 & 1976 Legislatures	1977 Legislature	Increases or Decrease
Minnesota Board of Police Officer Standards and Training	\$ 817,068	\$ 845,920	\$ 28,852
Department of Commerce	7,156,935	9,336,227	2,179,292
Worker's Compensation	—	7,544	7,544
Department of Human Rights	1,064,423	1,444,061	379,638
Age Discrimination Complaint Investigation	—	100,000	100,000
Unemployment Compensation	—	3,516	3,516
Department of Labor and Industry	6,706,300	9,516,161	2,809,861
Uninsured Employers	300,000	300,000	—
Worker's and Unemployment Compensation	3,044	39,063	36,019
Department of Military Affairs	5,192,536	6,671,995	1,479,459
Military Forces - Emergency	42,100	300,000	257,900
Worker's and Employment Compensation	26,833	66,436	39,603
Department of Public Safety	70,305,227	89,886,405	19,581,178
Motor Vehicle Contingent	150,000	150,000	—
Traffic Safety Contingent	50,000	150,000	100,000
Postage Contingent	250,000	250,000	—
Crime Victims - Reparations Increased	—	150,000	150,000
Owner Information - Motor Vehicle Registration	—	162,640	162,640
Worker's and Unemployment Compensation	26,805	47,318	20,513
Alcohol Safety Program	250,000	—	(250,000)
Bureau of Criminal Apprehension - Police Officer Training	—	115,000	115,000
Security Protection for State Officials	800,000	945,703	145,703
Department of Public Service	6,694,881	7,054,487	359,606
Worker's and Unemployment Compensation	4,849	20,055	15,206
Bureau of Mediation Services	1,114,000	1,356,640	242,640
Unemployment Compensation	—	1,545	1,545
Public Employment Relations Board	—	85,582	85,582
Examining Boards - Non-Health Related	1,855,108	4,852,139	2,997,031
Livestock Sanitary Board	1,946,874	2,268,119	321,245
Worker's Compensation	11,782	3,532	(8,250)
County Attorneys' Council	100,000	54,976	(45,024)
Unemployment Compensation	—	3,900	3,900
	\$ 108,313,884	\$ 146,513,674	\$ 38,199,790
Development and Conservation of Natural Resources			
Department of Natural Resources	62,385,936	92,150,501	29,764,565
Game and Fish Contingent	2,600,000	100,000	(2,500,000)
Forest Fire Deficiency	—	10,403,778	10,403,778
Diseased Shade Tree Removal	—	625,000	625,000
Waterfowl Habitat Improvement	—	800,000	800,000
Island of Peace State Park - Handicapped Improvements	—	150,000	150,000
Water Resource Regulation	—	500,000	500,000
Soil and Water Conservation Bd. Erosion			
Control and Water Supply	—	3,000,000	3,000,000
Floodwater Retention Structure Grants	250,000	—	(250,000)
Groundwater Data Collection and Management	—	184,000	184,000
Outdoor Recreation Act	15,000,000	—	(15,000,000)
Reserve Mining Environment Impact Statements	1,500,000	—	(1,500,000)
Drainage	1,040,000	—	(1,040,000)
Worker's and Unemployment Compensation	707,706	1,299,815	592,008
Water Resources Board	150,786	166,690	15,904
Zoological Board	2,500,000	8,523,213	6,023,213
Natural Resources Acceleration			
Legislative Commission on Minnesota Resources	299,750	360,000	60,250
Department of Agriculture	—	100,255	100,255
Department of Economic Development	—	41,786	41,786
Energy Agency	—	761,927	761,927
Department of Health	11,000	81,273	70,273
Minnesota Historical Society	2,320,000	520,000	(1,800,000)
Department of Natural Resources	5,414,900	9,286,868	6,871,968
Pollution Control Agency	—	1,423,433	1,423,433
University of Minnesota	100,000	1,941,663	1,841,663
State Planning Agency	1,688,000	10,322,000	8,634,000
Department of Administration	13,210,000	—	(13,210,000)
Department of Education	90,000	—	(90,000)
Pollution Control Agency			
Operations and Management	6,553,669	9,541,175	2,987,506
Special Studies	245,000	225,000	(20,000)
Pollution Control Grants	2,216,000	359,000	(1,857,000)
Water Pollution Control (Sewers)	11,000,000	—	(11,000,000)
The Great Lakes Commission	55,000	31,500	(23,500)
Voyagers National Park	65,000	100,000	35,000
Advisory Commission	—	35,000	35,000

2. APPROPRIATIONS BY FUNCTION (Continued)

Other Executive Branch Functions (Continued)	1975 & 1976 Legislatures	1977 Legislature	Increases or Decrease
Southern Minnesota River Basin Commission	\$ 80,000	\$ 42,453	\$ (37,547)
St. Croix State Park - County Reimbursement	7,480	40,000	32,520
Water Planning Board	-	132,000	132,000
	<u>\$ 129,490,328</u>	<u>\$ 153,248,330</u>	<u>\$ 23,758,000</u>
Agriculture			
Department of Agriculture	12,409,500	21,256,369	8,846,869
State Farm Census	50,000	-	(50,000)
Shade Tree Disease	1,595,000	27,525,000	25,930,000
Family Farm Security Act	10,874,300	-	(10,874,300)
Agricultural Societies & Associations	641,350	-	(641,350)
State Horticultural Society	43,000	80,000	37,000
Weather Modification Regulation	-	75,000	75,000
Worker's and Unemployment Compensation	53,000	98,984	45,984
	<u>\$ 25,666,150</u>	<u>\$ 49,035,353</u>	<u>\$ 23,369,203</u>
Total Other Executive Branch Functions	\$ 430,353,318	\$ 555,236,608	\$ 124,883,290
Open Appropriations			
Iron Range Resources and Rehabilitation		4,124,360	
Board of Law Examiners		726,300	
Consolidated Conservation		556,151	
Department of Veterans Affairs		5,149,094	
Special Revenue Fund		13,160,013	
Federal Funds		<u>156,744,147</u>	
		<u>\$ 735,696,673</u>	
Legislative			
Legislature - Senate	8,000,000	10,695,260	2,695,260
- House	13,210,000	15,100,000	1,890,000
Legislative Coordinating Commission			
Reference Library	465,909	503,370	37,461
Revisor of Statutes	2,145,755	2,540,718	394,963
Minn. Statutes Free Dist. to Cty. Libraries	-	14,616	14,616
Legislative Research	81,500	94,500	13,000
Legislative Audit Commission	50,000	50,000	-
Legislative Auditor	2,128,449	3,715,876	1,587,427
St. Paul School Audit	100,000	-	(100,000)
Housing Finance Agency Audit	100,000	-	(100,000)
Worker's Compensation	4,568	11,429	6,861
Legislative Comm. on Pensions and Retirement	155,000	197,000	42,000
Tax Study Commission	200,000	250,000	50,000
Privacy of Records Commission	25,000	-	(25,000)
Mississippi River Parkway Commission	16,000	23,000	7,000
Legislative Building Commission, Unemployment Compensation	1,280	-	(1,280)
Legislative Comm. to Review Admin. Rules	30,000	60,426	30,426
Study of Economic Status of Women	95,000	-	(95,000)
Worker's Compensation Study Commission	-	10,000	10,000
Public Broadcasting Study Commission	-	25,000	25,000
Retired Legislator Retirement Benefits	876,011	1,075,611	199,600
	<u>\$ 27,684,472</u>	<u>\$ 34,366,806</u>	<u>\$ 6,682,334</u>
Federal Funds		<u>83,000</u>	
		<u>\$ 34,449,806</u>	
Judicial			
District Courts	5,348,768	5,254,940	(93,828)
Worker's Compensation	2,312	2,418	106
Public Defender	579,500	1,180,614	601,114
Supreme Court	2,836,264	3,719,283	883,019
Supreme Court Contingent	-	32,500	32,500
Worker's Compensation	-	1,893	1,893
Judicial Council	6,000	302,011	296,011
Board of Judicial Standards	73,704	209,000	135,296
State Law Library	423,028	552,849	129,821
Tax Court of Appeals	132,567	157,788	25,221
Full Time Status	-	411,500	411,500
Worker's Compensation	697	-	(697)
Judicial District Administration	-	300,000	300,000
Judges Compensation Increase	-	1,350,000	1,350,000
Retired Supreme and District Court Judges	7,265,524	3,135,796	(4,129,728)
	<u>\$ 16,668,364</u>	<u>\$ 16,610,592</u>	<u>\$ (57,772)</u>
Federal Funds		<u>276,688</u>	
		<u>\$ 16,887,280</u>	

2. APPROPRIATIONS BY FUNCTION (Continued)

	1975 & 1976 Legislatures	1977 Legislature	Increases or Decrease
Miscellaneous			
Claims Against the State	\$ 181,538	\$ 29,397	\$ (152,141)
R. A. Weber Compensation	2,400	2,400	—
Cancelled Warrants Suspense	20,000	—	(20,000)
General Fund Contingent	4,000,000	8,259,164	4,259,164
Constitutional Officers, Legislators, Judges and			
Department Heads Salary Increase	—	15,749,000 ¹⁴	15,749,000
Economic Package State Employees	96,900,000 ¹⁵	32,056,000	(64,844,000)
Peace Officer Survivor Benefits	600,000	790,392	190,392
Income Tax Refunds			
Individuals	313,200,000	366,800,000	53,600,000
Corporate	40,000,000	61,630,000	21,630,000
Working Poor Tax Credit	31,400,000	22,400,000	(9,000,000)
Sales Tax Refunds	4,600,000	3,200,000	(1,400,000)
Revenue Refunds	4,603,100	4,850,000	246,900
Non-Revenue Refunds	2,470,141	1,056,000	(1,414,141)
Miscellaneous Payment Revenue	—	40,000	40,000
Interim Claims	121,659	125,642	3,983
Unclaimed Dividends	10,000	—	(10,000)
Treasurer Escheats	200,000	162,000	(38,000)
Campaign Fund Checkoff	750,000	1,100,000	350,000
State Compensation Revolving Funds	967,690	—	(967,690)
Executive Council Emergency	—	4,000,000	4,000,000
Study to merge Duluth and Superior Port Auths.	1,600	—	(1,600)
Retirements:			
MSRS	245,000	162,000	(83,000)
Supplemental Increase	2,216,377	—	(2,216,377)
PERA	190,400	139,800	(50,600)
TRA	20,000	13,000	(7,000)
Hwy. Patrolmen's Retire. Suppl. Increase	237,356	—	(237,356)
Constitutional Officers	100,249	118,278	18,029
TRA Deficit Amortization	—	10,000,000	10,000,000
Increased Benefits -			
Teachers Retirement	6,941,314	—	(6,941,314)
Certain Public Employee and Municipal Retirement Systems	11,768,251	—	(11,768,251)
Apportionments			
N.E. Minn. Economic Protection Fund	—	5,913,651	5,913,651
Taconite Environmental Protection Fund	—	13,483,126	13,483,126
Taconite Environmental Protection Fund	—	1,500,000	1,500,000
	<u>\$ 521,747,075</u>	<u>\$ 553,579,850</u>	<u>\$ 31,832,775</u>
Group Totals — By Function (Direct and Open Approp.)		\$7,212,272,521	
Additional Open Appropriations		270,111,206	
Total State Funds		<u>\$7,482,383,727</u>	
Federal Funds		1,507,276,679	
Grand Total		<u>\$8,989,660,406</u>	

- 1 Formerly known as the "Circuit Breaker". Property Tax Refund includes: Circuit Breaker, \$112,000,000; Renters Credit, \$67,330,000; and, Senior Citizen and Disabled Citizen Credit, \$116,000,000.
- 2 Inheritance Tax collections are apportioned between counties (10%) and the State (90%). The comparison amount is the estimated county portion.
- 3 Repealed effective January 1, 1978.
- 4 Funding was transferred from a separate direct appropriation to the State Grant-in-aid program administered by the Higher Education Coordinating Board.
- 5 The appropriation for "administration" has been spread throughout the department's 1977 appropriations on a programmatic basis. A breakdown of the 1975 and 1976 appropriations on a program basis was not available.
- 6 Now included in "program support", see above.
- 7 "Special Project" appropriations are now appropriated on a program basis.
- 8 The Community Health Services Act changed the appropriation character of the Department of Health to such an extent that the traditional comparison was not possible. Only the 1977 appropriations have been spread in the functional comparison.
- 9 This was the start-up appropriation for the Department of Transportation.
- 10 Many of the former "open" highway appropriations were made direct appropriations in the 1977 Omnibus Transportation Bill. The 1975 and 1976 figures have been adjusted to reflect the change.
- 11 Does not include the administrative costs which were included in the Department of Public Service's 1975 Appropriation.
- 12 Created by the 1977 Legislature effective, in part, on July 1, 1977.
- 13 Included in the department's appropriation, see above.
- 14 Chapter 35 appropriated \$814,000 for Legislators; \$13,726,000 for Judges and Judicial Positions; \$203,000 for Constitutional Officers and their Deputies; and, \$1,005,600 for Department Heads and their Deputies.
- 15 The 1975 Economic Package for state employees was not enacted in time to be spread through the omnibus appropriations bills as was the 1977 package. For details on the provisions of the 1977 package see page 16 and Appendix E (page 54).

3. APPROPRIATIONS BY THE 1977 LEGISLATURE, BY FUND, COMPARED WITH APPROPRIATIONS MADE BY THE 1975 AND 1976 LEGISLATURES

Fund	1975 & 1976 Legislatures	1977 Legislature	Increase or (Decrease)
General	\$5,247,579,699	\$6,464,423,689	\$1,216,843,990
Endowment School	28,250,000	29,000,000	750,000
Trunk Highway	252,862,438	422,982,266	170,126,828
Highway User Tax Distribution	13,913,480	15,714,683	1,801,203
State Airports	12,109,130	19,449,089	7,339,959
Game and Fish	21,103,070	30,314,593	9,211,523
State Parks Development	1,800,000	2,400,000	600,000
Wildlife Acquisition	1,200,000	1,200,000	-
Consolidated Conservation	-	1,000,000	1,000,000
Social Welfare Account	86	-	(86)
County State Aid	-	161,970,600	161,970,600
Municipal State Aid Street	-	50,094,000	50,094,000
Iron Range Resources and Rehabilitation	-	9,973	9,973
Employment Security Building Fund	-	487,608	487,608
School Loan Fund	-	8,219,019	8,219,019
	<u>\$5,579,817,905</u>	<u>\$7,207,272,521</u>	<u>\$1,627,454,616</u>
Portion of the University's Maintenance and Improvement Appropriation to be financed from the earnings of the University's consolidated trust funds	<u>5,095,512</u>	<u>5,000,000</u>	<u>(95,512)</u>
	<u>\$5,584,913,417</u>	<u>\$7,212,272,521</u>	<u>\$1,627,359,104</u>
Additional Open Appropriations			
General Fund — Dedicated Receipts	\$ 247,818,234	\$ 216,102,535	\$ (31,715,699)
Miscellaneous Special Revenue	16,685,471	19,818,160	3,132,689
Highway User Tax Distribution	24,000,000	27,500,000	3,500,000
Trunk Highway	111,681,600	100,000	(111,581,600)
State Airports	2,260,000	1,910,000	(350,000)
Consolidated Conservation	412,425	556,151	143,726
Iron Range Resources and Rehabilitation	2,778,142	4,124,360	1,346,218
Game and Fish	7,200	-	(7,200)
County State Aid	157,100,000	-	(157,100,000)
Municipal State Aid Street	50,700,000	-	(50,700,000)
Debt Service	17,585,144	-	(17,585,144)
Trust Fund	75,000	-	(75,000)
Revolving Funds	10,321,234	-	(10,321,234)
	<u>\$ 641,424,450</u>	<u>\$ 270,111,206</u>	<u>\$ (371,313,244)</u>
Total Appropriations:			
State Funds	\$6,226,337,867	\$7,482,383,727	\$1,256,045,860
Federal Funds	\$1,185,563,294	\$1,507,276,679	\$ 321,713,385
GRAND TOTAL	<u>\$7,411,901,161</u>	<u>\$8,989,660,406</u>	<u>\$1,577,759,245</u>

B. General Fund Estimated Non-Dedicated Resources and Expenditures, 1977 - 79 Biennium

(ESTIMATES AS OF CLOSE OF 1977 SESSION)

<u>Code</u>	<u>1977-79 Biennium Amount</u>
General Fund (Non-Dedicated)	
<u>Estimated Resources</u>	
Adjusted Estimated Cash Balance, July 1, 1977	\$ 232,815,641 ¹
 <u>Taxes and Receipts</u>	
<u>Department of Revenue</u>	
Individual Income (Gross)	2,950,870,000 ²
Corporate Income (Gross)	613,480,000
Sales Tax — General	1,099,980,000
(1) Bank Excise	47,500,000
(2) Inheritance	57,100,000
Employers Excise	36,400,000
(3) Liquor and Malt Beverage	106,730,000
(4) Cigarette and Tobacco Products	176,800,000
(5) Gross Earnings	152,569,000
Deed and Mortgage Registry	25,454,000
(6) Iron Ore Occupation	10,499,000
(7) Taconite Occupation and Production	134,339,000
(8) Royalty	11,256,000
Other — Department of Revenue	14,634,000
Total — Department of Revenue	\$5,437,611,000
 <u>Other Agencies</u>	
Insurance Gross Premiums and State Fire Marshall	107,850,000
Motor Vehicle Excise	154,411,000
Motor Vehicle Recycle	1,843,000
Departmental Earnings	220,803,235
Income Tax Reciprocity	18,000,000
Investment Income	25,000,000
Federal Revenue Sharing	91,628,900
Other Federal Grants	22,000,000
Other Non-Dedicated Receipts	20,765,070
Total — Other Agencies	\$ 662,301,205
 <u>Other Revenue Items</u>	
(9) Indirect Costs	\$ 5,785,000
Motor Vehicle Transfer of Ownership	4,000,000
(10) Gas Tax Reimbursement	1,500,000
(11) State Park Receipts	2,000,000
Federal Reimbursement (DNR)	3,500,000
All Other Items	1,851,667
Total — Other Revenue	\$ 18,636,667

¹ By reason of savings in open and standing appropriations, higher-than-estimated revenue collections in fiscal year 1977, and cancellations of appropriation balances from prior years, the Department of Finance now (Nov. 25, 1977) reports this free balance to be \$273,100,000.

² Includes an estimated \$46,000,000 adjustment in collections based on federal tax changes.

Code

1977-79
Biennium
AmountTax and Receipt Changes — 1977 Session

Minimum Tax	\$ 16,000,000
Pension Tax	2,000,000
Military Income Tax	12,000,000
Out-of-State Income Tax	6,000,000
Eliminate Deduction for Nuisance Taxes	1,000,000
Rate Change — Individual Income Tax	15,000,000
Dependent Care Credit	(8,000,000)
Personal Credits	(41,000,000)
Employers Excise, Exemption Increase	(5,000,000)
Payment Date Change — Taconite Occupation Tax	19,355,000
— Iron Ore Occupation Tax	2,316,000
Taconite Production, Tax Rate Change	56,102,000
Taconite Tailing Tax (New)	2,200,000
Departmental Earnings, Zoo Board Receipts and Undedicating Non-Health Boards	7,313,282
Investment Income, Occupation Tax speed-up	1,329,000
Other Federal Grants, Transfers to General	659,481
Reimbursement from Taconite Environmental Protection Fund	1,500,000
Total — 1977 Session Changes	\$ 88,774,763
Total Taxes and Receipts	\$6,207,323,635
Total Estimated Resources (Including Opening Balance)	<u>\$6,440,139,276</u>

Estimated ExpendituresOmnibus Appropriation Bills

State Departments	\$ 379,562,463
Semi-State Activities	15,627,883
Health-Welfare-Corrections	1,016,027,879
Education — School Aids	1,772,303,580
— Other than School Aids	688,909,243
Transportation	45,370,281
Tax Bill	14,800,000
	<u>\$3,932,601,329</u>
Miscellaneous Appropriations	281,813,788
Open and Standing Appropriations	2,250,008,572
Total Appropriation Liability	6,464,423,689
Less — Estimated Cancellations	(50,000,000)
Net Appropriation Liability	<u>\$6,414,423,689</u>
Estimated General Fund Balance, June 30, 1979	\$ 25,715,587

Code

Disposition of Tax

(1)	100 percent to State General Fund.
(2)	Distributed 90 percent to State; 10 percent to county
(3)	Liquor and Beer taxes — 100 percent to State.
(4)	Credited to State General Fund with 11.0 percent of cigarette tax designated as follows: 5.5 percent to Natural Resources Account, and 5.5 percent to Natural Resources Acceleration Account. Designation by Minnesota Statutes.
(5)	Local share consists of 94 percent of gross earnings on taconite railroads. Effective Jan. 1, 1978 payments for calendar year 1978 and subsequent years will be in same amount as in calendar year 1977. Payment starting in calendar 1978 to come from Taconite Production Tax which has been credited to General Fund.
(6)	Distributed 85 percent to general fund, 10 percent to University, and 5 percent to Iron Range Resources and Rehabilitation Account.
(7)	See details in Section VI — The Tax Laws.
(8)	100 percent to State General Fund.
(9)	Reimbursement for services (utility and others) furnished to other-than-general fund financed activities.
(10)	Reimbursement for costs incurred in both collecting and refunding of gasoline taxes.
(11)	Excess over \$50,000 balance at end of each fiscal year credited to general fund.

C. Rates of Principal Taxes

INCOME TAXES*

Individual and Fiduciary Income Tax

(Effective Taxable Year after December 31, 1977)

First	\$ 500	1.6%
Next	500	2.2
Next	1,000	3.5
Next	1,000	5.8
Next	1,000	7.3
Next	1,000	8.8
Next	2,000	10.2
Next	2,000	11.5
Next	3,500	12.8
Next	7,500	14.0
20,000	— 25,000	15.0
25,000	— 35,000	16.0
35,000	— 50,000	17.0
Over 50,000		18.0

(Federal income tax paid is deductible in computing taxable income.)

(Personal credits against computed tax: taxpayer or dependent, \$30 each. Additional credits against computed tax: age 65 or over, \$30; single blind or deaf, \$30; married blind or deaf, self, \$30 — spouse, \$30; deaf dependent, \$30.)

Taxable Income Effective Rates Levels

These are the rates at taxable income levels, which consists of gross income, less federal taxes paid and less standard or itemized deductions.

Taxable Income	Effective Tax Rate	Taxable Income	Effective Tax Rate
\$ 500	1.6%	11,000	8.75%
1,000	1.9	12,000	9.09
2,000	2.7	12,500	9.24
3,000	3.73	14,000	9.75
4,000	4.63	15,000	10.03
5,000	5.46	18,000	10.69
6,000	6.25	20,000	11.03
7,000	6.81	25,000	11.82
8,000	7.4	35,000	13.01
9,000	7.86	50,000	14.21
10,000	8.35	100,000	16.11

Working Poor Tax Credit

Credit equal to tax liability as follows:

	Maximum Income
Unmarried claimant	\$4,400
Claimant plus one dep.	5,200
Claimant plus two dep.	6,000
Claimant plus three dep.	6,700
Claimant plus four dep.	7,300
Claimant plus five dep.	7,800

Excess income taxed at 15%, or computed tax obligation without the working poor provisions, whichever is less.

Corporation Income Tax 12%

(Federal income tax paid is not deductible in computing taxable income.)

Bank Excise Tax 12%

(Federal income tax paid is not deductible in computing taxable income.)

SALES AND EXCISE TAXES

Retail Sales and Use Tax 4.0%

(Exempts foodstuffs, clothing, medicines, gasoline and cigarettes.)

Liquor Tax (per gallon) 27¢ to \$4.39

Bear Tax (per barrel)

3.2% beer	\$2.00
Strong beer	\$4.00

(For breweries who produce and sell in Minnesota there is a 50% credit on first 40,000 barrels — tax \$1 barrel on 3.2% and \$2 on strong beer.)

Cigarette Tax (per pack) 18¢

Tobacco Products 20%

(Tax computed on wholesale price)

Gasoline Tax (per gallon) 9¢

GROSS EARNINGS TAXES

Railroad Companies 5%

Telephone Companies	
—service to rural subscribers	4%
—exchange business in cities of fourth class and villages with 10,000 or less population	4%
—all other business	7%
—companies with gross earnings of \$1,000 or less per connected telephone)	30¢

Telegraph Companies 6%

Sleeping Car Companies 6%

Express Companies 5%

Freight Line Companies 7%

Taconite Railroads 5%

SEVERANCE TAXES

Iron Ore Occupation Tax* 15.5%

Iron Ore Royalty Tax 15.5%

Taconite Occupation Tax* 15.0%

Taconite Royalty Tax 15.0%

Taconite and Iron Sulphides Production Tax*

per ton of concentrates \$1.25
indexed to the steel mill products index

additional tax on content of 62% dry iron plus, for each additional 1% of dry iron content 1.6% of base tax

(based on three year average of production or annual productive whichever is higher)

Tailings Tax*

per ton of tailings not deposited on land with permits 10¢

Copper-Nickel Occupation Tax 1%

Copper-Nickel Royalty Tax 1%

Copper-Nickel Production Tax

—per gross ton of concentrate 2.5¢

—plus, for each 0.1% by which mineral content exceeds 1% .025¢

REAL ESTATE TRANSFER TAXES

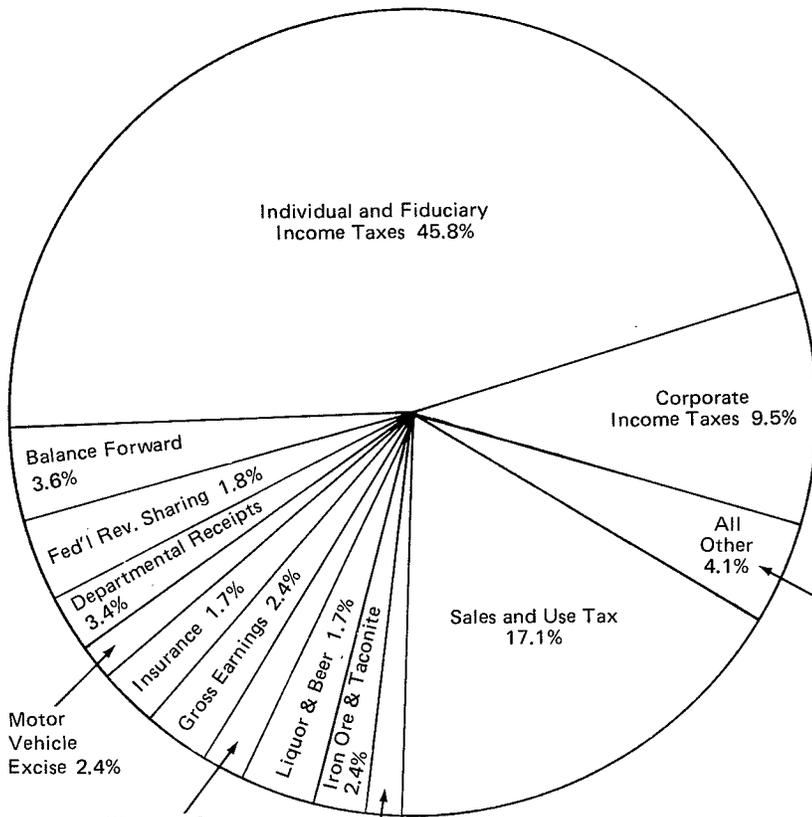
—first \$1,000 \$2.10
—each additional \$500 1.10

Employers Excise Tax*

(Effective after December 31, 1977.)
Per dollar or total wages paid (Excluding first \$250,000) 0.2¢

* Amended by 1977 Legislature — (See Tax Laws, Section VI)

ESTIMATED RESOURCES AND EXPENDITURES GENERAL FUND 1977-79 BIENNIUM



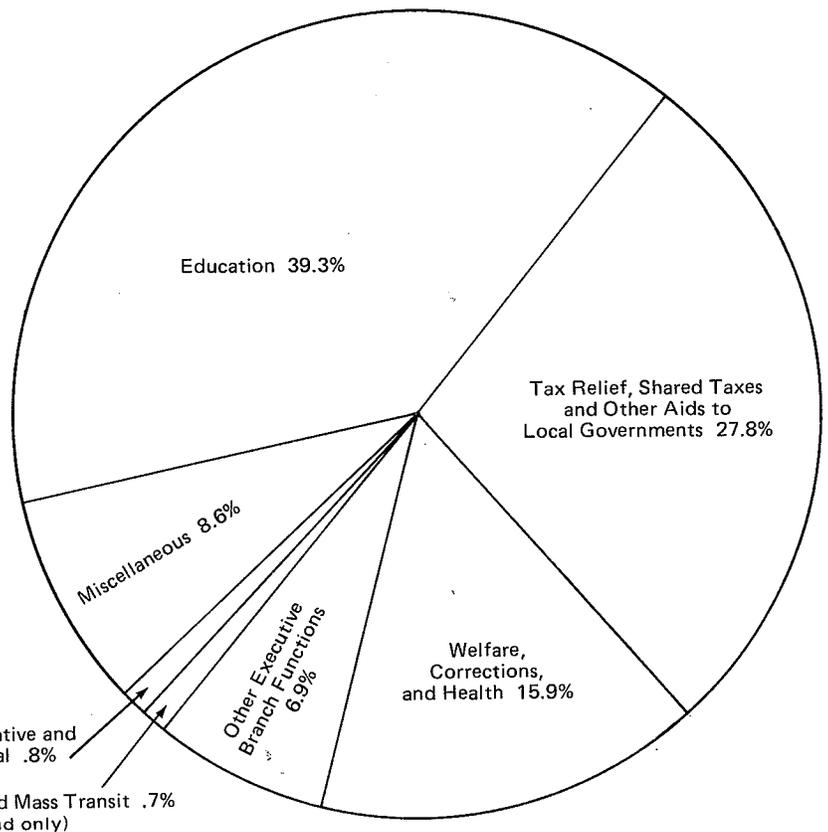
ESTIMATED RESOURCES
\$6,440,139,276

Bank Excise, Employers Excise, Deed and Mortgage Registry, Motor Vehicle Recycling, Inheritance Taxes, Investment Income, Reciprocity, and Other.

1977, Changes	
Ind. Income Tax	1.4%
Employers Excise	.05
Iron Ore-Tacon.	(.08)
Dept. Receipts	1.24
Federal	.11
Reimb.-Other	.01
	.04

ESTIMATED EXPENDITURES
\$6,414,423,689

(Net after deduction of an estimated \$50,000,000 in appropriation cancellations)



APPENDIX A (Continued)

<u>Position</u>	<u>Current Salary or Range (July 1, 1977)</u>
Department Heads, Deputies and Assistants (Continued)	
Energy — Director	36,000
Finance — Commissioner	45,000
— Deputy Commissioner	40,500
Health — Commissioner	41,000
Hearing Examiner's Office — Chief Hearing Examiner	36,000
Higher Education Coordinating Commission — Executive Director	36,000
Housing Finance Agency — Executive Director	36,000
Human Rights — Commissioner	29,000
— Deputy Commissioner	26,100
Indian Affairs Commission — Executive Director	25,000
Investment Board — Executive Secretary	41,000
Iron Range Resources and Rehabilitation Board — Commissioner	29,000
— Deputy Commissioner	26,100
Labor and Industry — Commissioner	36,000
— Deputy Commissioner	32,400
— Judge of Workers; Compensation Court of Appeals	36,000
— Director, Mediation Services	29,000
Natural Resources — Commissioner	41,000
— Deputy Commissioner	36,900
Personnel — Commissioner	41,000
— Deputy Commissioner	36,900
Planning Agency — Director	41,000
Pollution Control Agency — Director	36,000
— Deputy Director	32,400
Public Safety — Commissioner	36,000
— Deputy Commissioner	32,400
Public Service — Commissioners (5)	32,000
— Director	32,000
Public Welfare — Commissioner	41,000
— Deputy Commissioner	36,900
Revenue — Commissioner	41,000
— Deputy Commissioner	36,900
State University System — Chancellor	41,000
Transportation — Commissioner	41,000
— Deputy Commissioner	36,900
Veterans Affairs — Commissioner	29,000
— Deputy Commissioner	26,100
Vocational Rehabilitation — Commissioner	32,000

Heads of State Institutions

(Pursuant to delegation in Section 15A.021, Subd. 2, Department of Personnel sets salary ranges of unclassified positions comparable to salary ranges for similar positions in the classified service. Appointing authority shall fix the individual salary within the range.)

¹Until the start of the 1979 Legislative session, legislators' salaries will be \$8,400. Commencing with the start of the 1979 Legislative session, the salary will be \$16,500. Effective January 1, 1980, the salary will be increased to \$18,500.

APPENDIX B

Direct Appropriations Made by the 1977 Legislature By Fund, By Year Excluding Bond Authorizations

Chapter		1977	1978	1979	Biennial Total	Total Including FY 1977
	General Fund					
35	Executive, legislative and judicial salaries	\$	\$ 6,166,500	\$ 9,582,500	\$ 15,749,000	\$ 15,749,000
36	Firefighting deficiency	10,403,778				10,403,778
87	Amtrak rail service	324,051	15,000		15,000	339,051
90	Shade tree disease control	14,737,500	13,762,500		13,762,500	28,500,000
223	Interim claims	7,057				7,057
254	Summer youth employment	6,000,000				6,000,000
283	Vinland national center		200,000		200,000	200,000
304	Soil and water erosion control	3,000,000				3,000,000
306	Pilot transitional bilingual education		550,000		550,000	550,000
307	Tax court		208,000	203,500	411,500	411,500
311	911 emergency telephone system		54,450	217,583	272,033	272,033
312	American Indian language and culture pilot programs		600,000		600,000	600,000
314	Crime victim crisis centers		250,000		250,000	250,000
318	Out of state osteopathy and optometry, feasibility study		217,000		217,000	217,000
320	Educational TV — northern Minnesota		440,000		440,000	440,000
323	Distribution of state publications to county libraries		30,616		30,616	30,616
332	Omnibus semi-state	14,312	8,453,041	7,160,530	15,613,571	16,627,883
342	Workers' compensation study commission	10,000				10,000
351	Human rights — age discrimination		50,000	50,000	100,000	100,000
352	Islands of Peace Park — handicapped accessibility development		150,000		150,000	150,000
354	Leave of absence — world athletic competition		17,596		17,596	17,596
356	Crime victims reparation		75,000	75,000	150,000	150,000
360	Liability insurance — foster boarding homes			122,000	122,000	122,000
362	Family practice training — Mayo foundation			48,000	48,000	48,000
381	Energy		458,000		458,000	458,000
384	Student financial aid		250,000	500,000	750,000	750,000
389	Office of volunteer services		200,000		200,000	200,000
395	Voter registration		12,000		12,000	12,000
401	Housing finance		40,000,000		40,000,000	40,000,000
403	Converting open appropriations to direct		79,157,921	78,520,678	157,678,599	157,678,599
423	Omnibus tax bill		14,800,000		14,800,000	14,800,000
426	Weather modification		75,000		75,000	75,000
427	Reimbursing ambulance service operators		225,000		225,000	225,000
428	Battered women		600,000		600,000	600,000
430	Department of economic security		150,000		150,000	150,000
432	Court reorganization		1,650,000		1,650,000	1,650,000
433	Peace officer standards and training board		205,000		205,000	205,000
435	Detached worker program		59,600		59,600	59,600
437	Pre-school health screening program		507,000	1,162,000	1,669,000	1,669,000
445	Public broadcasting	25,000	300,000		300,000	325,000
446	Water resources planning and regulation		1,241,000		1,241,000	1,241,000
447	Education aids	4,595,150	869,540,415	898,168,015	1,767,708,430	1,772,303,580
448	Catastrophic health insurance		7,550,000	450,000	8,000,000	8,000,000
449	Omnibus education	459,277	338,301,989	350,147,977	688,449,966	688,909,243
450	Claims	16,657	100,000		100,000	116,657
451	Building — bonding bill		831,300		831,300	831,300
453	Omnibus health, welfare and corrections	5,812,768	493,847,495	516,367,616	1,010,215,111	1,016,027,879
454	Omnibus transportation		43,266,849	2,103,432	45,370,281	45,370,281
455	Omnibus state departments	2,418,506	190,402,684	186,741,273	377,143,957	379,562,463
	Total General Fund	47,824,057	2,114,970,956	2,051,620,104	4,166,591,060	4,214,415,117
	State Airports Fund					
454	Omnibus transportation	34,233	10,257,726	9,092,130	19,349,856	19,384,089
455	Omnibus state departments		32,500	32,500	65,000	65,000
	Total State Airports Fund	34,233	10,290,226	9,124,630	19,414,856	19,449,089

APPENDIX B (Continued)

Chapter	1977	1978	1979	Biennial Total	Total Including FY 1977
<u>Game and Fish Fund</u>					
317		400,000	400,000	800,000	800,000
455	304,564	14,382,848	14,827,181	29,210,029	29,514,593
	304,564	14,782,848	15,227,181	30,010,029	30,314,593
<u>Consolidated Conservation Area</u>					
455		500,000	500,000	1,000,000	1,000,000
<u>Trunk Highway Fund</u>					
223	12,366				12,366
332		47,500	47,500	95,000	95,000
449		17,170	17,477	34,647	34,647
450	8,985				8,985
453					
		263,082	267,329	530,411	530,411
454		184,021,697	182,460,805	366,482,502	366,482,582
455	3,000	27,592,457	28,229,898	55,822,355	55,825,355
	24,351	211,941,906	211,023,009	422,964,915	422,989,266
<u>County State Aid Fund</u>					
454		80,839,800	81,130,800	161,970,600	161,970,600
<u>Municipal State Aid Fund</u>					
454		25,002,000	25,092,000	50,094,000	50,094,000
<u>Highway User Tax Distribution Fund</u>					
370					
		162,640		162,640	162,640
455		7,640,828	7,911,215	15,552,043	15,552,043
		7,803,468	7,911,215	15,714,683	15,714,683
<u>School Loan Bond Fund</u>					
403		4,152,022	4,066,997	8,219,019	8,219,019
<u>Employment Security Building Fund</u>					
403		246,929	240,679	487,608	487,608
<u>Wildlife Acquisition Account</u>					
455		600,000	600,000	1,200,000	1,200,000
<u>State Park Development Account</u>					
455		2,400,000		2,400,000	2,400,000
<u>Permanent University Fund</u>					
449		2,500,000	2,500,000	5,000,000	5,000,000
<u>Iron Range Resources & Rehabilitation Account</u>					
223		9,973			9,973
	\$ 48,197,179	\$ 2,476,030,155	\$ 2,409,036,615	\$ 4,885,066,770	\$ 4,933,263,949

¹Omnibus Transportation Bill reports "Highway Development" account as funded from Trunk Highway Fund. Department of Transportation estimates that \$120,400,000 each year will come from federal reimbursements. Appropriations from state funds adjusted accordingly.

APPENDIX C

General Fund – Direct Appropriations Summary

MAJOR BILLS

	1977	1978	1979	Biennial	Total Including FY 1977
Omnibus Appropriation Bills					
State Departments	\$ 2,418,506	\$ 190,402,684	\$ 186,741,273	\$ 377,143,957	\$ 379,562,463
Education Aids	4,595,150	869,540,415	898,168,015	1,767,708,430	1,772,303,580
Education	459,277	338,301,989	350,147,977	688,449,966	688,909,243
Health, Welfare, Corrections	5,812,768	493,847,495	516,367,616	1,010,215,111	1,016,027,879
Transportation	—	43,266,849	2,103,432	45,370,281	45,370,281
Semi-State	14,312	8,453,041	7,160,530	15,613,571	15,627,883
Tax Bill	—	14,800,000	—	14,800,000	14,800,000
	\$ 13,300,013	\$ 1,958,612,473	\$ 1,960,688,843	\$ 3,919,301,316	\$ 3,932,601,329
Miscellaneous Appropriations	34,524,044	156,358,483	90,931,261	247,289,744	281,813,788
TOTAL	\$ 47,824,057	\$ 2,114,970,956	\$ 2,051,620,104	\$ 4,166,591,060	\$ 4,214,415,117

APPENDIX D

Selected Appropriations for Welfare and Corrections Activities 1972-79 Deficiency Appropriations included in pertinent years (a)

Fiscal Year	Welfare Categorical Aids (b)	Major Welfare Hospitals	Other Welfare Institutions	Mental Health Centers	Daytime Activity Centers	Corrections Institutions	Veterans Relief
1972	\$ 67,789,000	\$ 52,707,500	\$ 9,998,800	\$ 5,375,000(e)	\$ 1,400,000	\$ 15,654,508	\$ 810,000
1973	84,146,000	54,307,500	10,526,800	4,500,000	1,500,000	16,581,976	860,000
1974	86,400,000	54,223,100	10,330,050	8,125,000(e)	4,350,000(c)	15,360,400	910,000
1975	101,278,000	54,577,450	10,514,650	6,223,125(e)	—	15,830,067	960,000
1976	109,400,000	67,508,800	10,685,400	10,218,800(e)	6,614,600	19,463,200	1,010,000
1977	119,900,000	67,801,000	10,588,000	14,029,900(e)	7,023,300	19,916,400	1,010,000
1978	214,233,076	96,208,374	10,316,835(d)	16,327,237(e)	7,921,266	30,565,099	1,124,802
1979	225,392,098	96,290,682	10,398,577(d)	16,903,172(e)	8,644,562	29,712,247	1,142,921

- (a) This chart is a composite of tables IX and X from "Actions of the 1973 Legislature."
 (b) Welfare categorical aids are: Medical Assistance, Aid to Families With Dependent Children and Minnesota Supplemental Assistance.
 (c) Two year appropriation for 1974 and 1975.
 (d) Control and funding of Braille and Sight Saving School, and Deaf School transferred to Dept. of Education effective July 1, 1977.
 (e) Includes Sharing Life in the Community (SLIC) appropriation and Chemical Dependency Appropriations.

APPENDIX E

Increased Salary and Fringe Benefit Costs Enacted by 1977 Legislature By Fund 1977-79 Biennium

Fund	Direct Appropriations Salaries	Open Appropriations		Biennium Total	
		Cost of Living	Insurance Rate Increase	Amount	Percent
General Fund	\$118,036,279	\$ 18,613,340	\$ 13,443,099	\$150,092,718	71.4
Trunk Highway	24,542,245	462,115	3,049,396	28,053,756	13.3
Game and Fish	2,032,370	1,194,349	252,545	3,479,264	1.7
Highway User	636,145	374,199	79,156	1,089,500	.5
State Airports	167,306	98,241	21,000	286,547	.1
Special Revenue	1,092,381	641,328	135,696	1,869,405	.9
Federal and Other	14,863,769	8,730,231	1,846,979	25,440,979	12.1
TOTAL	\$161,370,495*	\$ 30,113,803	\$ 18,827,871	\$210,312,169	100.0

*Includes approximately \$23 million/year to annualize F.Y. 1977 Cost of Living and Insurance Rate Increases.

APPENDIX F

Analysis of State Employee Complements By Department of Finance As of September 14, 1977

Department	Fund	Legislative Approved Positions			Adj. Actual Positions 9-14-77		
		Legislative Complement	Budgetary Authorized	Total	Legislative Complement	Budgetary Authorized	Total
TRANSPORTATION, DEPARTMENT OF . . .	Trk. Hwy.	4,872.001		4,872.00	5,023.001		5,023.00
SEMI-STATE							
Historical Society			214.00	214.00		214.00	214.00
State Arts Board			10.00	10.00		11.00	11.00
South MN River Basin Commission			1.00	1.00		1.00	1.00
County Attorneys Council			4.50	4.50		4.50	4.50
Voyageurs National Park Committee50	.50		.50	.50
Subtotal			230.00	230.00		231.00	231.00
EDUCATION							
Education, Department of	General	521.37		521.37	521.37		521.37
	Federal	218.70		218.70	218.70	5.00	223.70
Subtotal		740.07		740.07	740.07	5.00	745.07
Higher Education Coordinating Board			81.00	81.00		81.00	81.00
Community College Board			1,720.401	1,720.40		1,836.931	1,836.93
State University Board			3,635.901	3,635.90		3,687.501	3,687.50
Subtotal		740.07	5,437.30	6,177.37	740.07	5,610.43	6,350.50
HEALTH, WELFARE AND CORRECTIONS							
Welfare, Department of		6,657.25	128.75	6,786.00	6,657.25	128.75	6,786.00
Correction, Department of		1,430.40	197.00	1,627.40	1,430.40	202.89	1,633.29
Ombudsman for Corrections			8.00	8.00		8.00	8.00
Vocational Rehabilitation, Dept.		162.00	281.00	443.00	162.00	281.00	443.00
Health, Department of		317.50	396.181	713.68	317.50	421.181	738.68
Health Boards			39.00	39.00		38.75	38.75
Subtotal		8,567.15	1,049.93	9,617.08	8,567.15	1,080.57	9,647.72
STATE DEPARTMENTS							
Governor's Office		4.75	51.40	56.15	4.75	53.50	58.25
Lieutenant Governor		9.00		9.00	9.00		9.00
Attorney General	General	189.00		189.00	189.00		189.00
	Federal	5.00		5.00	5.00	3.00	8.00
Subtotal		194.00		194.00	194.00	3.00	197.00
State Auditor	General	8.00		8.00	8.00		8.00
	Revolving	103.00		103.00	103.00		103.00
Subtotal		111.00		111.00	111.00		111.00
Secretary of State		27.00		27.00	27.00		27.00
State Treasurer	General	22.00		22.00	22.00		22.00
	Special	4.00		4.00	4.00	5.00	9.00
Subtotal		26.00		26.00	26.00	5.00	31.00
Ethical Practices Board		5.00		5.00	5.00		5.00
Administration, Department of	General	483.35		483.35	483.35	1.00	484.35
	Special	9.00		9.00	9.00		9.00
	Federal	18.00		18.00	18.00		18.00
	Revolving	541.00		541.00	541.00		541.00
Subtotal		1,051.35		1,051.35	1,051.35	1.00	1,052.35
Finance, Department of		124.00		124.00	124.00	3.00	127.00
Personnel, Department of	General	93.00		93.00	93.00	1.00	94.00
	Federal	7.00		7.00	7.00		7.00
	Revolving	7.00		7.00	7.00		7.00
Subtotal		107.00		107.00	107.00	1.00	108.00
Personnel Board		1.00		1.00	1.00		1.00
State Planning Agency	General	112.00		112.00	112.00		112.00
	Federal	29.00		29.00	29.00		29.00
	Revolving	2.00		2.00	2.00		2.00
	LCMR	47.00		47.00	47.00		47.00
Subtotal		190.00		190.00	190.00		190.00
Capitol Area Architect Planning Bd.		2.00		2.00	2.00		2.00
Municipal Board		4.00		4.00	4.00		4.00
Economic Security			8.00	8.00		8.00	8.00
Council for the Handicapped		8.00		8.00	8.00		8.00
Human Rights, Department of	General	36.00		36.00	36.00		36.00
	Federal	12.00		12.00	12.00	10.001	22.00
Subtotal		48.00		48.00	48.00	10.00	58.00

APPENDIX F (Continued)

Department	Fund	Legislative Approved Positions			Adj. Actual Positions 9-14-77		
		Legislative Complement	Budgetary Authorized	Total	Legislative Complement	Budgetary Authorized	Total
Indian Affairs Intertribal Board		7.00		7.00	7.00		7.00
Veterans Affairs, Department of		163.00		163.00	163.00		163.00
Military Affairs	General	170.00		170.00	170.00		170.00
	Federal	13.00		13.00	13.00		13.00
Subtotal		183.00		183.00	183.00		183.00
Governor's Crime Commission	General	35.00		35.00			
	Federal	51.00		51.00	86.00	11.00	97.00
Subtotal		86.00		86.00	86.00	11.00	97.00
Public Safety, Department of	General	279.00		279.00	279.00		279.00
	Sp. Rev.	101.00		101.00	101.00		101.00
	Federal	73.00		73.00	73.00		73.00
	Trk. Hwy.	1,021.00		1,021.00	1,021.00		1,021.00
	Hwy. User	209.00		209.00	209.00		209.00
Subtotal		1,683.00		1,683.00	1,683.00		1,683.00
Commerce, Department of		215.00		215.00	215.00		215.00
Non-Health Boards		50.00		50.00	49.50		49.50
Labor and Industry, Department of	General	205.00		205.00	205.00		205.00
	Federal	44.00		44.00	44.00		44.00
Subtotal		249.00		249.00	249.00		249.00
Mediation Services		25.00		25.00	25.00		25.00
Public Service, Department of		133.00		133.00	132.00		132.00
Economic Development, Department of	General	47.00		47.00	47.00		47.00
	LCMR	1.00		1.00	1.00		1.00
Subtotal		48.00		48.00	48.00		48.00
Agriculture, Department of	General	403.00		403.00	405.00	10.50	415.50
	Spec. Rev.	77.00		77.00	73.00		73.00
	Federal	3.00		3.00	5.00		5.00
Subtotal		483.00		483.00	483.00	10.50	493.50
Livestock Sanitary Board		45.00		45.00	45.00		45.00
Revenue, Department of		933.00		933.00	933.00		933.00
State Board of Investment		29.00		29.00	29.00		29.00
Energy Agency		54.00		54.00	54.00	7.00	61.00
Natural Resources, Department of	General	826.00		826.00	825.00	82.50 ¹	907.50
	Game & Fish	494.00		494.00	494.00		494.00
	Sp. Rev.					9.50 ¹	9.50
	Federal	34.00		34.00	34.00		34.00
	LCMR	56.00		56.00	56.00		56.00
	Agency	2.00		2.00	2.00		2.00
Subtotal		1,412.00		1,412.00	1,411.00	92.00	1,503.00
Water Planning Board			2.00	2.00		2.00	2.00
Water Resources Board		3.00		3.00	3.00		3.00
Pollution Control Agency	General	176.00		176.00	176.00		176.00
	Federal	78.00		78.00	78.00	10.50 ¹	88.50
	LCMR	11.00		11.00	11.00		11.00
Subtotal		265.00		265.00	265.00	10.50	275.50
Minnesota Zoological Garden	General	155.00 ¹		155.00	116.00 ¹		116.00
	Spec. Rev.	1.00		1.00	2.00		2.00
	Federal	1.00		1.00			
Subtotal		157.00		157.00	118.00		118.00
Public Employees Relations Board		1.00		1.00	1.00		1.00
Employment Services, Department of			1,952.00	1,952.00		1,947.70	1,947.70
Governor's Manpower Office			132.00	132.00		144.60 ¹	144.60
Minnesota Housing Finance Agency		90.00		90.00	90.00		90.00
Minnesota State Retirement System			39.00	39.00		39.00	39.00
Subtotal		8,226.10	2,184.40	10,410.50	8,184.60	2,348.80	10,533.40
OTHER							
Iron Range Resources and Rehabilitation			49.25	49.25		54.00	54.00
MN Education Computing Consortium			73.50	73.50		75.50	75.50
Higher Education Facility Authority			2.00	2.00		2.00	2.00
Office of Hearing Examiners			24.45	24.45		24.45	24.45
Teachers Retirement Association			54.20	54.20		54.20	54.20
Public Employees Retirement Association			53.00	53.00		53.00	53.00
Subtotal			256.40	256.40		263.15	263.15
LEGISLATIVE AND JUDICIAL							
Legislative Audit Commission			80.00	80.00		80.00	80.00
Tax Study Commission			5.00	5.00		5.00	5.00
Minnesota Supreme Court			64.00	64.00		68.00	68.00
District Court		223.00		223.00	223.00		223.00
Judicial Standards Board		2.00		2.00	2.00		2.00
Law Library		8.00		8.00	8.00		8.00
Public Defender		23.00		23.00	23.00		23.00
Tax Court		6.00		6.00	6.00		6.00
Subtotal		262.00	149.00	411.00	262.00	153.00	415.00

APPENDIX F (Continued)

Department	Fund	Legislative Approved Positions			Adj. Actual Positions 9-14-77		
		Legislative Complement	Budgetary Authorized	Total	Legislative Complement	Budgetary Authorized	Total
SUMMARY							
Transportation		4,872.00		4,872.00	5,023.00		5,023.00
Semi-State			230.00	230.00		231.00	231.00
Education		740.07	5,437.30	6,177.37	740.07	5,610.43	6,350.50
Welfare, Corrections, and Health		8,567.15	1,049.93	9,617.08	8,567.15	1,080.57	9,647.72
State Departments		8,226.10	2,184.40	10,410.50	8,184.60	2,348.80	10,533.40
Other Agencies			256.40	256.40		263.15	263.15
Subtotal		<u>22,405.32</u>	<u>9,158.03</u>	<u>31,563.35</u>	<u>22,514.82</u>	<u>9,533.95</u>	<u>32,048.77</u>
Legislative and Judicial		262.00	149.00	411.00	262.00	153.00	415.00
TOTAL		<u>22,667.32</u>	<u>9,307.03</u>	<u>31,974.35</u>	<u>22,776.82</u>	<u>9,686.95</u>	<u>32,463.77</u>
UNIVERSITY OF MINNESOTA							
Academic		4,292.00		4,292.00			
Civil Service		4,183.50		4,183.50			
Subtotal		<u>8,475.50</u>		<u>8,475.50</u>			
GRAND TOTAL 1977-78		31,142.82		40,449.85			
UNIVERSITY OF MINNESOTA							
Academic		4,302.00		4,302.00			
Civil Service		4,210.10		4,210.10			
Subtotal		<u>8,512.10</u>		<u>8,512.10</u>			
GRAND TOTAL 1978-79		31,179.42		40,486.45			

¹The variances between the adjusted position count as of September 14, 1977, and the reported number of legislative approved positions can be accounted for as follows (1) a 3 percent position "float" allowed for the Department of Transportation, (2) auxiliary enterprises, (3) federally-funded positions, (4) higher enrollment estimates, (5) approval of additional positions by the Legislative Advisory Committee (LAC), and some budget errors.

²Excludes those employed in cafeterias, dormitories, bookstores, intercollegiate athletic programs, or other non-academic self-sustaining operations or sponsored research, training programs and institutes.

APPENDIX G

GLOSSARY

Agricultural Mill Rate Aid — Under Minnesota law, the State pays some of the school tax bill for owners of agricultural property and owners of seasonal residential recreational property. The portion the State pays is 15 mills for homestead portion of agricultural property and 10 mills for non-homestead agricultural property and residential seasonal recreational property.

Aid to Families with Dependent Children (AFDC) — Aid provided through counties to the qualifying families described in the title. Eligibility involves low or no income and lack of other assets. The Federal government pays about 56 percent of this cost; the State pays 60% of the remainder and the counties 40% through the property tax levy.

Assessed Value — Under Minnesota law, actual or limited market value is reduced for tax purposes under a classification system. The amount of the reductions range from 57 percent to 95 percent depending on the class of property. Tax obligations are calculated by applying the mills levied to the assessed values.

Biennium — Two consecutive fiscal years beginning July 1 in an odd numbered year. The biennium is described by the odd numbered year in which it begins and the odd numbered year in which it ends, such as the 1977-79 biennium.

Blind — Anyone with central visual acuity of 20/200 or less in the better eye with the use of a correcting lens. The better eye which is accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees shall also be considered blind.

Deaf — Anyone whose average loss in the speech frequencies (500-2000 Hertz) in the better ear, unaided, is 92 decibels, American National Standards Institute, or worse.

Disabled — Anyone unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death, or has lasted or can be expected to last for a continuous period of not less than 12 months. Disabled includes anyone defined as blind, for tax relief purposes.

E.A.R.C. Ratio — The percentage the assessor's market value is of the market value determined by the Equalization Aid Review Committee.

E.A.R.C. Values — The actual market value of a taxing district's property as determined by the Equalization Aid Review Committee (EARC). The determination is made by comparing values of actual sales of property to the market value at which these properties were assessed.

Fiscal Year — That period of time beginning July 1 continuing 365 days until the following June 30. Used by the State for budgeting purposes. The fiscal year is described as the year in which it ends, such as the 1978 fiscal year ending June 30, 1978.

Foundation Aids — The state aids provided to school districts on the basis of pupil units to supplement the local 28 mill property tax value in 1978 and 27 mills thereafter.

General Assistance — Maintenance cash payments to eligible poor persons who do not qualify for AFDC or SSI aids. This program is financed 50 percent from State funds and 50 percent from local funds.

General Assistance — Medical — Payments made to medical vendors on behalf of medically indigent persons who do not qualify for federally assisted aid because they do not qualify as present or potential AFDC or SSI recipients. The State finances 90 percent of this program and the counties finance 10 percent.

Homestead — One of the property classifications. Homesteads are residences occupied by the owner. Property owners may have no more than one homestead.

Levy Limits — The amount local governments are permitted to levy against their property tax base for certain services.

Limited Market Value — Under Minnesota law, the amount of increase in an assessment any year is limited to ten percent of the value in the preceding assessment or one-fourth of the total amount of the increase in valuation whichever is greater. The old value plus the limited increase constitutes the limited market value. The property is then taxed at the limited rather than actual market value.

Local Aids — Those funds distributed from the state general fund to all cities, townships, and counties (except Hennepin, Ramsey and St. Louis) and certain special taxing districts in the State.

Low Income Credit — An amount granted to low income individuals sufficient to fully offset or reduce their income tax liability as determined by a schedule set by law.

Market Value — The value the assessor puts on your property. This is supposed to be the worth of the property in a transaction between a willing buyer and a willing seller. In actuality the market value on the average varies 10 to 30 percent from the actual value.

Mill — One dollar in each thousand used to determine taxation on Minnesota property and payrolls. This means that each mill levied by local government results in the taxpayer paying one dollar in taxes for each \$1,000 assessed value. In relation to the Minnesota payroll tax the two mill levy means that each business is taxed \$2 for each \$1,000 of payroll in excess of \$250,000 a year.

Medical Assistance — Payments made to medical vendors (nursing home operators, physicians, dentists, druggists, etc.) on behalf of welfare recipients and others who are eligible because of a combination of lack of resources to pay for medical care as determined by statutory schedule and rules and regulations. The Federal government finances about 56 percent of this; the State finances 90 percent of the remainder and the county, the rest.

Occupation Tax — Paid in lieu of income taxes by all companies mining or producing iron-ore and taconite based on tonnage produced.

APPENDIX G (Continued)

Production Tax — Paid in lieu of property taxes by all companies mining or producing iron-ore and taconite based on tonnage produced.

Property Tax Refund — A yearly refund up to \$475 given to homeowners and renters based on their incomes and the amount of property taxes they paid.

Property Tax Co-Insurance Refund — An additional yearly refund given to homeowners whose property tax refund calculation exceeded the \$475 limit. The additional refund is equal to 50 percent of the amount over \$475 for anyone who is disabled or over 65 years of age, or 35 percent of the amount over \$475 for anyone who is under 65 years of age. The sum of the property tax refund and the property tax co-insurance refund can not exceed \$800.

Special Aids — School aids for specific purposes such as transportation, education of the handicapped, and others.

Special Levies — Levies not covered by the levy limitation law, principally, welfare income maintenance, and bonded debt levies.

Supplemental Security Income (SSI) — Supplements paid to Minnesota residents who are aged, blind or disabled and get welfare aid directly from the federal government. The supplements are financed 50 percent by the State and 50 percent by the county. These supplements are paid because these government supports are less than we paid to these welfare recipients under the State program before it was taken over by the Federal government (about two years ago).

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