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# FISCAL REVIEW

Minnesota State Senate

1995 Session



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**A**

**Fiscal Review**

**of the**

**1995 Legislative Session**

**Minnesota Senate**  
**Office of Senate Counsel & Research**

**Edited by William Riemerman**

**November 1995**

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# Introduction

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

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

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

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

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

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

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

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

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

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

# Highlights

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

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

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

Other appropriation areas exceeding \$1 billion are:

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

## Taxes

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

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

## K-12 Education

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

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

## Higher Education

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

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

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

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

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

## **Human Services**

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

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

## **Economic Development**

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

## **Transportation**

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

## **Metropolitan Property Taxes**

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

## **Workers' Compensation**

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

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

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

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

## **Governance**

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

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

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

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

# Revenues

## State Taxes

### Income Tax

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

### Sales and Excise Taxes

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

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

### Insurance Gross Premiums Tax

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

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

### Budget Reserve and Cash Flow Account

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

### Department of Revenue Judgment Bonds

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

# Local Property Tax Aids and Credits

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

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

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

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

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

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

## All State Aids

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

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

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

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

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

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

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

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

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

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

Other aids for locally operated programs and their category are:

**PROPERTY TAX AND LOCAL AIDS**  
(000s)

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

# Appropriations

## Elementary and Secondary Education

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

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

### Elementary and Secondary Education Biennial Appropriation (000s)

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

## Department of Education

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

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

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

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

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

## General Education

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

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

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

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

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

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

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

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

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

## Transportation

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

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

## Special Programs

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

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

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

## **Community and Adult Education**

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

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

## **Capital**

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

## **Access to Excellence**

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

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

## **Other Education Programs**

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

## **Technology**

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

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

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

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

### Budget Reserve and Cost Management

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

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

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

## Higher Education

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

Appropriations were as follows:

<b>Summary by Fund</b>			
	<u>1996</u>	<u>1997</u>	<u>Total</u>
General Fund	\$ 1,066,898,000	\$ 1,077,189,000	\$ 2,144,087,000

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

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

### Base Reduction

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

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

- Library access;

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

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

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

### **Accountability Measures**

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

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

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

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

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

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

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

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

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

### **Mayo Medical Foundation**

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

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

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

### **Higher Education Coordinating Board**

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

Noteworthy appropriations include:

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

### **Miscellaneous Provisions**

Additional provisions include:

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

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

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

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

## Human Services

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

### Finance and Management Administration

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

### Life Skills Self-Sufficiency Administration

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

## **Children's Administration**

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

## **Economic Self-Sufficiency Administration**

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

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

## **Health Care Administration**

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

### **Alternative Care Grants**

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

### **Group Residential Housing (GRH) Grants**

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

### **Health Care Benefits**

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

## Medical Assistance

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

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

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

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

## Care Waivers and Home Care

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

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

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

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

## Managed Care and Fee-for-Service

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

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

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

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

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

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

## **General Assistance Medical Care Grants**

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

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

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

## **Mental Health Services**

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

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

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

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

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

## **Other Human Services Appropriations**

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

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

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

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

## **Welfare Reform**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## MinnesotaCare

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

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

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

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

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

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

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

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

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

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

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

## Health

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

### Systems Development

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

### Health Quality Assurance

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

### Health Protection

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

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

### Management and Support Services

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

### Other Health Department Appropriations

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

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

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

### **Health-Related Regulatory Boards**

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

### **Council on Disability**

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

### **Mental Health Retardation Ombudsman**

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

### **Ombudsman for Families**

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

## **Veterans Affairs**

### **Veterans Nursing Home Board**

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

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

### **Department of Veterans Affairs**

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

### **Veterans Service Organizations**

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

## Housing

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

Appropriations include:

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

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

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

## Economic Development

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

### Business and Community Development

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

- More than \$6 million for the economic

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

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

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

## Tourism

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

Other tourism appropriations were:

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

Beyond the appropriations, legislation involving economic development includes:

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

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

### **Minnesota Technology Inc.**

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

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

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

## **Transportation**

### **Department of Transportation**

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

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

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

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

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

## **Highways**

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

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

## **Metropolitan Transit**

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

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

## **Transportation Regulation Board**

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

## **Public Safety**

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

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

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

## Metropolitan Property Taxes

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

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

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

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

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

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

The livable communities legislation also allows

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

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

## Agriculture

### Department of Agriculture

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

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

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

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

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

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

### Board of Animal Health

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

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

### Ethanol Development Account

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

### Agricultural Utilization Research Institute

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

## Natural Resources

### Department of Natural Resources

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

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

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

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

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

Not included in the total appropriation amount

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

### **Department of Natural Resources Bonding**

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

### **Board of Water and Soil Resources**

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

### **Zoological Board**

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

### **Minnesota-Wisconsin Boundary Area Commission**

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

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

### **Citizen's Council on Voyageurs National Park**

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

### **Science Museum of Minnesota**

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

### **Minnesota Academy of Science**

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

### **Minnesota Horticultural Society**

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

### **Minnesota Resources**

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

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

**MINNESOTA RESOURCES**  
**Biennial Appropriations by Fund**

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

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

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

**MINNESOTA RESOURCES**  
**Biennial Appropriations by Purpose**

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

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

## Pollution Control

### Pollution Control Agency

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

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

**POLLUTION CONTROL AGENCY  
Biennial Appropriations by Fund**

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

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

**POLLUTION CONTROL AGENCY  
Biennial Appropriations by Purpose**

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

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

**Office of Environmental Assistance**

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

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

**Wetlands**

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

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

# Protection of Work Force and Economic Opportunity

## Workers' Compensation

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Economic Opportunity

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

- \$14 million for community action agencies;
- About \$9.3 million for summer youth employment, including \$600,000 for the Youthbuild program to deal with youth employment and housing for homeless youth; and \$250,000 for a new initiative learn-to-earn program which coordinates summer youth employment with basic skills learning and teaching within the summer employment program;
- \$1.4 million for food shelves;
- About \$1.9 million for a transitional housing program, including support services, to be operated by community action agencies and similar nonprofit agencies to deal with homeless problems; and
- \$1.3 million for the existing youth intervention program to help youths with problems by use of community facilities on a nonresidential basis.

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

## Public Employees

### Retirement

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

### Higher Education

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

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

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

### School Districts

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

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

### **Other Incentives**

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

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

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

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

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

## **Industry Regulation**

### **Gambling**

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

the Lawful Gambling Control Board for a new computer system.

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

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

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

## Energy

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

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

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

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

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

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

## Public Safety and Judiciary

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

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

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

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

federal funds which had been sunsetted after FY 1995.

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

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

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

### Ombudsman for Corrections

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

### Sentencing Guidelines

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

## Courts

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

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

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

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

## Public Defense

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

## Peace Officers Standards and Training Board

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

appropriations were line-item vetoed by the Governor.

## Private Detectives Board

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

## Department of Public Safety

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

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### DEPARTMENT OF PUBLIC SAFETY Criminal Justice Biennial Appropriations

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

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

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

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

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

### **Miscellaneous Criminal Justice**

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

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

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

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

## **Governance**

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

### **Commissions**

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

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

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

### **Reorganization**

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

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

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

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

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

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

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

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

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

## **Presidential Primary**

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

## **Board of Arts**

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

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

### **Historical Society**

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

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

## **Vetoos**

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

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

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

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

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

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

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

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

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

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

### **Non-Line-Item Vetoes**

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

# State Debt, Bonding, and Capital Expenditures

## Capital Expenditures

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

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

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

# Statistics

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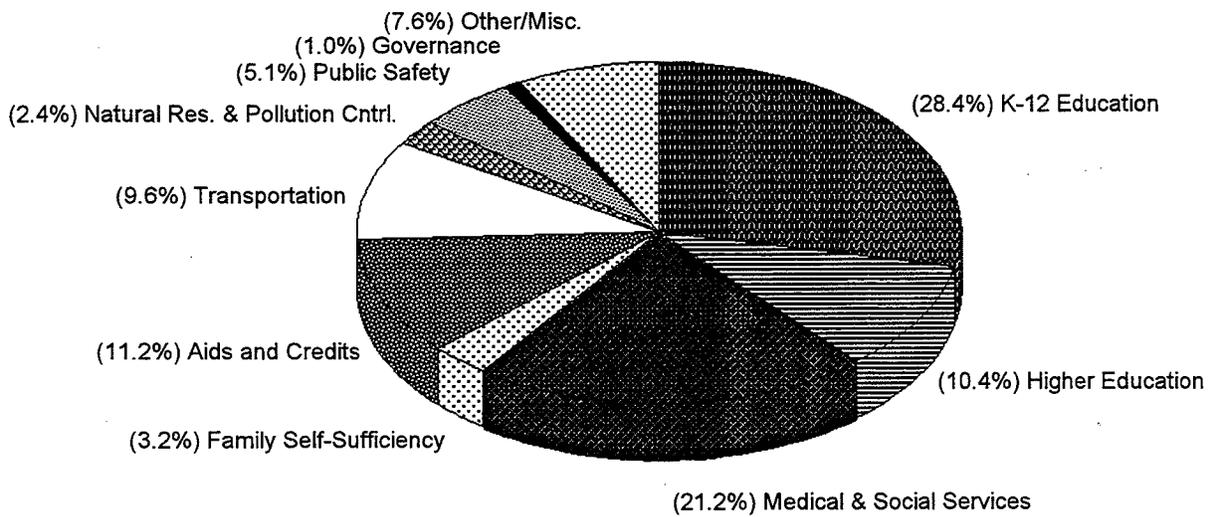
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**State Appropriations by Functional Area  
1995-1997 Biennium  
Total Appropriations (1):\$20,677,034,898**



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

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

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

NOTES:

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

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

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

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

NOTES:

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

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

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

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

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

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

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

### Higher Education

#### Higher Education Coordinating Board

Agency Administration	\$ 6,382,000	\$ 4,742,000	\$ (1,640,000)	
State Scholarships and Grants	192,900,000	195,690,000	2,790,000	
Interstate Tuition	10,100,000	9,000,000	(1,100,000)	
State Work Study	16,438,000	16,438,000	0	
Minitex Library Program	4,126,000	4,216,000	90,000	
Telecommunications	4,800,000	6,100,000	1,300,000	
Youthworks	230,000	0	(230,000)	
Crime Bill	400,000	0	(400,000)	
<b>Subtotal Higher Ed. Coordinating Board:</b>	<b>\$ 235,376,000</b>	<b>\$ 236,186,000</b>	<b>\$ 810,000</b>	<b>0.34%</b>
Higher Education Board	1,800,000	0	(1,800,000)	-100.00%
MN State Colleges & Universities	939,457,000	937,147,000	(2,310,000)	-0.25%
Board for Community Colleges	0	300,000	300,000	
University of Minnesota				
Operations and Maintenance	\$ 738,576,000	\$ 791,853,000	\$ 53,277,000	
Health Sciences	34,216,000	35,516,000	1,300,000	
Institute of Technology	5,932,000	6,134,000	202,000	
System Specials	38,662,000	40,137,000	1,475,000	
Agriculture and Extension Service	90,244,000	95,344,000	5,100,000	
Workers' Comp. Safety Pilot Project	0	200,000	200,000	
<b>Subtotal University of Minnesota:</b>	<b>\$ 907,630,000</b>	<b>\$ 968,984,000</b>	<b>\$ 61,354,000</b>	<b>6.76%</b>
Mayo Medical Foundation	1,648,000	1,770,000	122,000	7.40%
<b>State Appropriations:</b>	<b>\$ 2,085,911,000</b>	<b>\$ 2,144,587,000</b>	<b>\$ 58,676,000</b>	<b>2.81%</b>
<b>Federal Appropriations:</b>	<b>\$ 69,718,000</b>	<b>\$ 84,320,000</b>	<b>\$ 14,602,000</b>	<b>20.94%</b>
<b>Total Higher Education:</b>	<b>\$ 2,155,629,000</b>	<b>\$ 2,228,907,000</b>	<b>\$ 73,278,000</b>	<b>3.40%</b>

### Human Services

#### Department of Human Services

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

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

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

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

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

### Economic Development

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

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

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

### Protection of Workers

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

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

### Public Employees

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

### Industry Regulation

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

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

### Public Safety

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

	1993-1995 Biennium	1995-1997 Biennium	Increase (Decrease)	Percent Change
Highway User Tax Transfer to General Fund	\$ 1,432,000	\$ 1,432,000	\$ 0	
Traffic Safety	446,000	489,000	43,000	
Manufacture Special License Plates	0	50,000	50,000	
Vulnerable Adults Act	0	21,000	21,000	
Crime Bill	2,910,000	0	(2,910,000)	
Flood Relief	2,908,000	0	(2,908,000)	
Juvenile Justice Bill	2,495,000	0	(2,495,000)	
Appropriations Carried Forward (1)	690,000	0	(690,000)	
<b>Subtotal Department of Public Safety:</b>	<b>\$ 223,870,000</b>	<b>\$ 221,937,000</b>	<b>\$ (1,933,000)</b>	<b>-0.86%</b>
<b>Department of Corrections</b>				
Management Services	\$ 31,230,000	\$ 37,104,000	\$ 5,874,000	
1995 Appropriation Reduction	(2,510,000)		2,510,000	
Community Services	99,753,000	142,557,000	42,804,000	
Correctional Institutions	296,824,000	366,000,000	69,176,000	
Crime Bill	3,100,000	0	(3,100,000)	
Corrections Aid	16,800,000	30,265,000	13,465,000	
Claims Against the State	160,857	117,233	(43,624)	
Appropriations Carried Forward (1)	589,000	0	(589,000)	
<b>Subtotal Department of Corrections:</b>	<b>\$ 445,946,857</b>	<b>\$ 576,043,233</b>	<b>\$ 130,096,376</b>	<b>29.17%</b>
Sentencing Guidelines Commission	753,000	740,000	(13,000)	-1.73%
Corrections Ombudsman	985,000	1,060,000	75,000	7.61%
Board of Peace Officers Standards and Training	8,297,000	8,450,000	153,000	1.84%
Added FY 1995 Appropriation	20,000		(20,000)	
<b>Military Affairs</b>				
Maintenance of Training Facilities	\$ 10,723,000	\$ 10,928,000	\$ 205,000	
General Support	3,074,000	3,123,000	49,000	
1995 Appropriation Adjustment	(246,000)		246,000	
Enlistment Incentives	4,700,000	4,702,000	2,000	
Appropriations Carried Forward (1)	775,000	0	(775,000)	
National Guard Youth Camp	50,000	0	(50,000)	
<b>Subtotal Department of Military Affairs:</b>	<b>\$ 19,076,000</b>	<b>\$ 18,753,000</b>	<b>\$ (323,000)</b>	<b>-1.69%</b>
<b>State Appropriations:</b>	<b>\$ 698,947,857</b>	<b>\$ 826,983,233</b>	<b>\$ 128,035,376</b>	<b>18.32%</b>
<b>Federal Appropriations:</b>	<b>\$ 59,702,000</b>	<b>\$ 89,109,000</b>	<b>\$ 29,407,000</b>	<b>49.26%</b>
<b>Total Public Safety:</b>	<b>\$ 758,649,857</b>	<b>\$ 916,092,233</b>	<b>\$ 157,442,376</b>	<b>20.75%</b>
<b>Governance</b>				
<b>LEGISLATURE</b>				
Senate	\$ 30,523,000	\$ 31,585,000	\$ 1,062,000	
House	42,404,000	43,776,000	1,372,000	
Legislative Rent	8,969,000	9,732,000	763,000	
Legislative Coordinating Commission	14,304,000	14,017,000	(287,000)	
1995 Appropriation Reduction	(500,000)		500,000	
Legislative Audit Commission	7,887,000	8,694,000	807,000	
Legislative Electric Energy Task Force	350,000	0	(350,000)	
<b>TOTAL LEGISLATURE:</b>	<b>\$ 103,937,000</b>	<b>\$ 107,804,000</b>	<b>\$ 3,867,000</b>	<b>3.72%</b>

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

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

#### Other Departments, Boards, and Commissions

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

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

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

#### Direct Capital Appr. & Debt Service

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

#### Miscellaneous

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

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

NOTES:

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

Table D

**Direct Appropriations  
by Fund, by Chapter**

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

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

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

**Table E**

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

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

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

	FY 1996	FY 1997	Biennium
Elementary and Secondary Education	\$ 308,994,000	\$ 369,217,000	\$ 678,211,000
Higher Education	42,160,000	42,160,000	84,320,000
Human Services	2,199,324,000	2,269,570,000	4,468,894,000
Health	100,191,000	100,148,000	200,339,000
Transportation	380,664,000	380,642,000	761,306,000
Agriculture	2,660,000	2,603,000	5,263,000
Economic Development	66,670,000	66,670,000	133,340,000
Natural Resources	10,375,000	10,224,000	20,599,000
Pollution Control	22,545,000	16,504,000	39,049,000
Protection of Workers	242,789,000	226,021,000	468,810,000
Industry Regulation	1,355,000	669,000	2,024,000
Public Safety	44,536,000	44,573,000	89,109,000
Governance	805,000	805,000	1,610,000
Other	7,573,000	7,573,000	15,146,000
<b>Total Federal Funds:</b>	<b>\$ 3,430,641,000</b>	<b>\$ 3,537,379,000</b>	<b>\$ 6,968,020,000</b>

## Appendix

### Tax Reference Information (Selected Taxes)

#### Individual Income Tax:

Tax Base: Federal taxable income with certain modifications.

Tax Rates: (Tax Year 1995)

Married, Joint Returns:  
 \$ 1 - 22,840 6.0%  
 22,841 - 88,460 8.0%  
 88,461 and over 8.5%

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

Heads of Households:  
 \$ 1 - 19,240 6.0%  
 19,241 - 77,310 8.0%  
 77,311 and over 8.5%

Married, Separate Returns:  
 \$ 1 - 11,420 6.0%  
 11,421 - 45,380 8.0%  
 45,381 and over 8.5%

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

Disposition:           General Fund

#### Corporation Franchise Tax:

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

Tax Rate: 9.8%

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

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

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

Disposition:           General Fund

#### Sales and Use Tax:

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

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

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

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

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

Disposition:           General Fund

#### Motor Vehicle Sales Tax:

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

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

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

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

Disposition:           General Fund

## Appendix Tax Reference Information (Selected Taxes)

### Motor Fuels Tax:

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

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

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

**Recent Collections:**

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

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

### Alcoholic Beverages Tax:

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

**Tax Rate:**

<b>Beer (rates per 31 gallon barrel):</b>	
3.2% or less alcohol by weight	\$ 2.40
More than 3.2%	4.60
Distilled spirits:	
per gallon	\$ 5.03
<b>Wine (alcohol by volume):</b>	
14% or less	\$.30 per gallon
14% to 21%	0.95 per gallon
21% to 24%	1.82 per gallon
More than 24%	3.52 per gallon
Sparkling Wine	1.82 per gallon

**Recent Collections:**

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

**Disposition:** General Fund

### Cigarette Tax:

**Tax Base:** Cigarettes sold or used in Minnesota

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

**Tax Rate:** 48 cents per pack of 20

**Recent Collections:**

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

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

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

### Gambling Taxes:

#### Lawful Gambling Tax

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

**Tax Rate:** 10%

#### Pull-Tab and Tipboard Tax

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

**Tax Rate:** 2%

#### Combined Receipts Tax

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

<u>Receipts</u>	<u>Rate</u>
\$ 0 - 500,000	0%
500,001 - 700,000	2%
700,001 - 900,000	4%
900,001 and over	6%

**Recent Collections:**

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

**Disposition:** General Fund

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