

**A**  
**Fiscal Review**  
**of the**  
**2001 Legislative Session**

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## **Dates of the 2001 Legislative Session**

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# *Introduction*

The Fiscal Review is a report of actions taken by the 2001 regular session and one special session of the Minnesota Legislature.

The Fiscal Review is not an accounting of all legislative actions. It covers those actions with significant fiscal impact and significant policy impact..

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 appropriations. Some appropriations allow for access to specified funds for specific purposes based on the amount available. These are called statutory appropriations. The Review uses the estimates of open and statutory appropriations made through the Department of Finance at the time the budget was enacted. The Fiscal Re-

view includes open and statutory appropriations from all funds. Open and statutory appropriations from funds other than the General Fund are included based on the level of spending reported by the Department of Finance in the Consolidated Fund Statement.

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

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

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

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

# *Highlights*

The 2001 session of the Minnesota Legislature passed and the Governor signed appropriations, including federal funds and open and statutory appropriations, of more than \$43 billion for the 2001-2003 biennium. Net state-generated appropriations totaled approximately \$34 billion. The largest source of state-generated appropriations is the General Fund with more than \$27 billion approved.

The largest General Fund appropriations went for education, with almost \$8.8 billion for elementary and secondary education, almost \$2.9 billion for higher education, and over \$544 million for early childhood and family education.

The largest program area appropriations, counting both state-generated and federal funds, were for health and human services. The total appropriations for this purpose are almost \$13.7 billion. Of this amount, almost \$6.3 billion is from federal funds.

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

- Transportation (over \$4.3 billion);
- Aids and credits to local government units and individuals (almost \$3.3 billion);
- Crime Prevention and Judiciary including the courts, the Department of Public Safety, the Department of Corrections, and other related agencies (almost \$1.6 billion); and
- Environment and Agriculture (almost \$1.2 billion).

## **Sales Tax Rebate**

The 2001 Legislature authorized payment of the third sales tax rebate in three years. The sales tax rebate is based on the estimated amount of Minnesota sales tax paid by taxpayers with respect to their income tax filing status and income category. The total amount of the rebate was set at \$852 million for fiscal year 2001. The Commissioner of Revenue was authorized to proportionately reduce rebate amounts for all recipients to remain within the actual surplus available for fiscal year 2001. The amount actually available for the rebate was determined to be \$791.3 million. As adjusted, the rebate for married couples filing joint returns and head of household returns ranged from a minimum of \$213 to a maximum of \$2,967. For single filers and married couples filing separately, the minimum rebate was \$108 and the maximum rebate was \$1,484.

## **State-Local Finance Reform**

The Legislature enacted a major reform of the state-local finance system, including a state takeover of the general education levy, restructuring of the property tax class rates, a new property tax levy by the state, replacement of the education homestead and agricultural credits with new market value-based credits, a state takeover of property tax levies for transit, and the completion of the state funding of the district court system.

Prior to the 2001 legislative session, the Legislature set the dollar amount to be raised each year from the general education property tax levy. For fiscal year 2002, the amount to be raised from the general education

property tax levy was \$1.33 billion. This amount was raised using a constant tax rate across all school districts applied to the taxable property value of each district as adjusted for local assessment practices. Beginning with fiscal year 2003, the general education levy was eliminated and the amount formerly levied becomes an obligation of the state general fund. The cost of the state takeover of the general education levy is \$1.2 billion in the 2001-2003 biennium and \$2.7 billion in the 2003-2005 biennium.

### **K-12 Education**

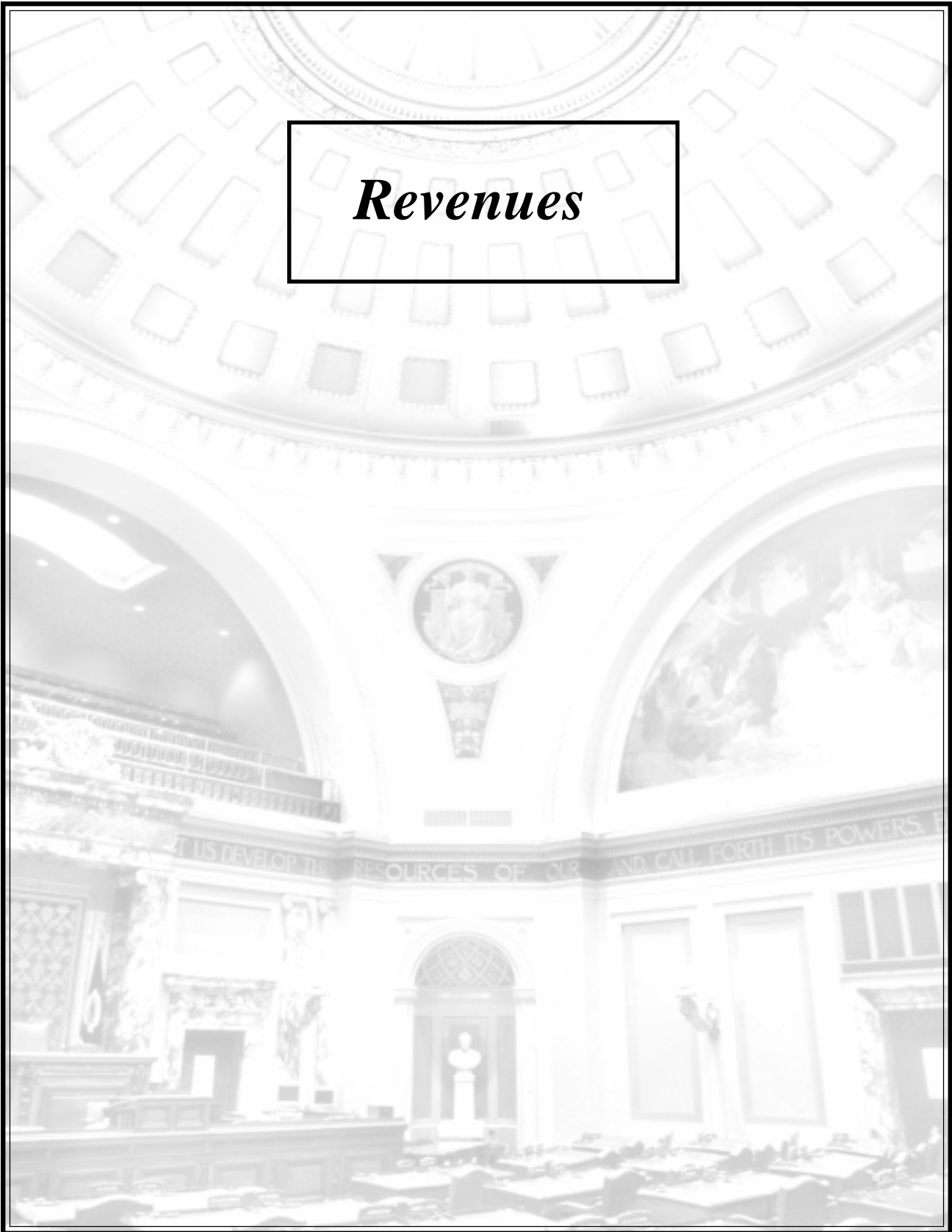
The 2001 Legislature instituted some major education funding and local property tax reforms that were designed to have the state assume a greater portion of education costs from local school property tax levies. Total K-12 education state appropriations, not including the state takeover of the general education levy, increased from \$8.16 billion for the 1999-2001 biennium to \$8.82 billion for the 2001-2003 biennium. Compared to the base budget for the 2001-2003 biennium, total state appropriations were increased by \$393 million for new spending when adjusted for pupil enrollment. The majority of the increase is due to the increase in the general education formula of \$104 per year, or roughly 2.6 percent in each year of the new biennium.

### **Human Services**

The state-generated total for human services is over \$7.4 billion. The largest portion of this total over \$4.6 billion, goes for health care programs (medical assistance, general assistance medical, and health care management). In addition to this amount, \$575.3 million was appropriated for MinnesotaCare and almost \$418.5 million went for regional treatment centers.

### **Transportation**

The 2001 Legislature appropriated over \$3.5 billion in direct appropriations for the 2001-2003 biennium for transportation purposes. The Minnesota Department of Transportation will receive the majority of the transportation funds — over \$3.2 billion in direct appropriations. The Department of Public Safety will receive approximately \$230 million in direct appropriations for transportation-related activities and the Metropolitan Council will receive approximately \$136 million for metropolitan area transit planning and operations.



*Revenues*

# *State Taxes*

## **Sales Tax Rebate**

The 2001 Legislature authorized payment of the third sales tax rebate in three years. The sales tax rebate is based on the estimated amount of Minnesota sales tax paid by taxpayers according to their income tax filing status and income category. The total amount of the rebate was set at \$852 million for fiscal year 2001. The Commissioner of Revenue was authorized to proportionately reduce rebate amounts for all recipients to remain within the actual surplus available for fiscal year 2001. The amount actually available for the rebate was determined to be \$791.3 million. As adjusted, the rebate for married couples filing joint returns and head of household returns ranged from a minimum of \$213 to a maximum of \$2,967. For single filers and married couples filing separately, the minimum rebate was \$108 and the maximum rebate was \$1,484.

## **Income Tax**

Federal law changes enacted through June 15, 2001, were adopted for Minnesota income tax purposes. A number of

changes were made to federal tax provisions concerning education and retirement savings that affect the taxable income of Minnesota taxpayers. The contribution limit for the education Individual Retirement Account (IRA) was increased from \$500 to \$2,000 beginning with tax year 2002. The definition of qualifying expenses that may be paid from an education IRA was expanded to include elementary and secondary school expenses. The contribution limit for the Roth IRA and the deductible IRA were increased to \$3,000 for tax years from 2002 through 2004, to \$4,000 from 2005 through 2007, and to \$5,000 for 2008 through 2010. The maximum contribution limits to 401(k) and 457 retirement plans were increased to \$11,000 for 2002 and increased by an additional \$1,000 per year to reach \$15,000 in 2006 through 2010. The phase-out of the standard deduction and personal exemption for high income individuals is eliminated over five years beginning in tax year 2006. The modified income phase-out for the federal earned income credit was adopted for

purposes of the Minnesota Working Family Credit. The percentage of expenses qualifying for the federal dependent care credit was increased from 30 to 35 percent. This will result in an increase in the state dependent care credit, which is based on federal qualifying expenses. The update to federal law changes is estimated to cost \$64 million in the 2001-2003 biennium and \$109.3 million in the 2003-2005 biennium.

The corporate franchise tax that applied to financial institutions that elected Subchapter S status for federal tax purposes was repealed. The credit against individual income tax liabilities that could be claimed for a portion of this franchise tax liability was also repealed. These changes brought the state into full conformity with the federal treatment of Subchapter S financial institutions. The repeal of the franchise tax cost \$55.9 million in corporate franchise tax collections, and the repeal of the franchise tax credit against individual income tax liabilities resulted in an increase of \$44.7 million in individual



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income tax collections, for a net cost of \$11.2 million in the 2001-2003 biennium and \$13 million in the 2003-2005 biennium.

The definition of “resident” was changed for the individual income tax to exclude members of the armed forces on active duty during the time that they are stationed outside of Minnesota. This change has the effect of excluding income earned by active duty military personnel stationed outside the state from the individual income tax. This provision was estimated to cost \$8.8 million in the 2001-2003 biennium and another \$8.8 million in the 2003-2005 biennium.

The rate of the K-12 education credit was reduced from 100 percent to 75 percent of qualifying education expenses. The definition of qualifying expenditures was expanded to include purchases of musical instruments. These changes are estimated to reduce the cost of the K-12 education credit by a net of \$7.9 million for the 2001-2003 biennium and \$18.3 million in the 2003-2005 biennium. The property tax reform enacted by the 2001 Legislature is projected to increase individual and corporate income tax collections by \$44 million in the 2001-2003 biennium and \$94.9 million in the 2003-2005 biennium,

due to a reduced level of property tax deductions claimed by individuals and businesses.

The corporate franchise tax on insurance companies was repealed. The cost of this repeal was estimated to be \$18.5 million for the 2001-2003 biennium and an additional \$18.5 million in the 2003-2005 biennium.

#### **Sales And Excise Taxes**

The requirement that businesses pay 62 percent of their estimated June sales tax before the end of June was repealed. The cost of this repeal of the accelerated June sales tax payment requirement is estimated to be \$154.2 million in the 2001-2003 biennium and \$17.6 million in the 2003-2005 biennium.

The definition of telecommunication services taxable in Minnesota was clarified and expanded. Purchases of machinery and equipment used to provide telecommunication services were exempted from the sales tax. These changes are estimated to result in increased sales tax revenue of \$52.4 million in the 2001-2003 biennium and \$65.3 million in the 2003-2005 biennium.

The Uniform Sales and Use Tax Administration Act, which provides for uniform definitions,

procedures, and tax rates among states was adopted for purposes of the Minnesota sales tax. Adoption of these provisions allows the state of Minnesota to participate in the Streamlined Sales and Use Tax Agreement with a number of other states, which are adopting similar provisions. Adoption of the uniform sales tax provisions is estimated to increase sales tax collections by \$32.3 million in the 2001-2003 biennium and \$49.3 million in the 2003-2005 biennium.

#### **Health Care Taxes**

The exemption for health maintenance organizations, community integrated service networks, and nonprofit health service corporations from the MinnesotaCare insurance premium tax was extended for one more year, through calendar year 2003. The rate of the health care provider tax is maintained at 1.5 percent for two additional years, through 2003. These health care tax changes are expected to cost the Health Care Access Fund \$97.4 million in the 2001-2003 biennium and \$56.9 million in the 2003-2005 biennium.

#### **State-Local Finance Reform**

The Legislature enacted a major reform of the state-local finance system, including a state take-over of the general education levy, restructuring of the prop-

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erty tax class rates, a new property tax levy by the state, replacement of the education homestead and agricultural credits with new market value-based credits, a state takeover of property tax levies for transit, and the completion of the state funding of the district court system.

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***The Legislature enacted a major reform of the state-local finance system, including a state takeover of the general education levy.***

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Prior to the 2001 legislative session, the Legislature set the dollar amount to be raised each year from the general education property tax levy. For fiscal year 2002, the amount to be raised from the general education property tax levy was \$1.33 billion. This amount was raised using a constant tax rate across all school districts applied to the taxable property value of each district as adjusted for local assessment practices. Beginning with fiscal year 2003, the general education levy was eliminated and the amount formerly levied becomes an obligation of the state general fund. The cost of the state takeover of the general education levy is \$1.2 billion in

the 2001-2003 biennium and \$2.7 billion in the 2003-2005 biennium.

In addition to the general education levy, the property tax levied by school districts for the first \$415 per pupil of excess operating referenda was also taken over by the state. This is a result of a provision that transferred \$415 per pupil to each district's general education formula allowance from its combined referendum, supplemental, and transition revenue formulas. Those school districts with referendum revenues less than \$415 per pupil will receive a mixture of property tax relief and additional school funding. School districts having referenda exceeding \$415 per pupil will receive property tax relief for the portion of the referendum financed by property taxes, but will not receive additional revenue. Operating referenda exceeding \$415 per pupil will be equalized using a two-tier formula. The first tier will equalize revenues up to \$126 per pupil using a market-value tax base equalizing factor of \$476,000 per pupil. The second tier will equalize revenues between \$126 and \$837 using an equalizing factor of \$270,000 per pupil. The cost of these provisions is estimated to be \$203.6 million in the 2001-2003 biennium and

\$456.4 million in the 2003-2005 biennium.

Debt service referendum revenues were equalized using a two-tier equalization aid formula. Beginning with property taxes payable in 2002, the first tier of the formula will equalize revenues between 15 and 25 percent of a school district's tax capacity using an equalizing factor of \$3,200 per pupil. The second tier will equalize revenues exceeding 25 percent of a district's tax capacity using an equalizing factor of \$8,000 per pupil. The cost of the debt service equalization aid is estimated to be \$13 million in the 2001-2003 biennium and \$24.4 million in the 2003-2005 biennium.

Major changes were made to the property tax class rates that are applied to the market value of each class of property in arriving at its net tax capacity. Beginning with taxes payable in 2002, the class rates for most property classes were significantly reduced. Some of the class rate changes were phased in over the period from taxes payable in 2002 through taxes payable in 2004. The table on the next page shows the class rates in effect for taxes payable in 2001 and the changes for 2002 through 2004 for the major types of property.

## Property Tax Class Rates from 2001 through 2004

	Payable 2001	Payable 2002	Payable 2003	Payable 2004
<b>Residential Homestead:</b>				
Less than \$76,000	1.00%	1.00%	1.00%	1.00%
\$76,000 - \$500,000	1.65%	1.00%	1.00%	1.00%
More than \$500,000	1.65%	1.25%	1.25%	1.25%
<b>Residential Nonhomestead:</b>				
Single unit:				
Less than \$76,000	1.20%	1.00%	1.00%	1.00%
\$76,000 - \$500,000	1.65%	1.00%	1.00%	1.00%
More than \$500,000	1.65%	1.25%	1.25%	1.25%
2-3 unit and undeveloped land	1.65%	1.50%	1.25%	1.25%
<b>Apartments:</b>				
Regular	2.40%	1.80%	1.50%	1.25%
Small city	2.15%	1.80%	1.50%	1.25%
Low income	1.00%	0.90%	1.00%	1.25%
<b>Commercial/Industrial/Public Utility<sup>1</sup>:</b>				
Less than \$150,000	2.40%	1.50%	1.50%	1.50%
More than \$150,000	3.40%	2.00%	2.00%	2.00%
<b>Seasonal Recreational Commercial:</b>				
Homestead resorts (1c)	1.00%	1.00%	1.00%	1.00%
Seasonal resorts (4c)				
Less than \$500,000	1.65%	1.00%	1.00%	1.00%
More than \$500,000	1.65%	1.25%	1.25%	1.25%
<b>Seasonal Recreational Residential<sup>1</sup>:</b>				
Less than \$76,000	1.20%	1.00%	1.00%	1.00%
\$76,000 - \$500,000	1.65%	1.00%	1.00%	1.00%
More than \$500,000	1.65%	1.25%	1.25%	1.25%
<b>Disabled Homestead</b> (Less than \$32,000)				
	0.45%	0.45%	0.45%	0.45%
<b>Agricultural Land and Buildings:</b>				
Homestead:				
Less than \$115,000	0.35%	0.55%	0.55%	0.55%
\$115,000 - \$600,000	0.80%	0.55%	0.55%	0.55%
More than \$600,000	1.20%	1.00%	1.00%	1.00%
Nonhomestead	1.20%	1.00%	1.00%	1.00%
<b>Education Homestead Credit:</b>				
Rate (Pct. of Gen. Ed. Levy)	83%	—	—	—
Maximum	\$390	—	—	—
<b>Education Agricultural Credit:</b>				
Homestead				
Less than \$600,000:	70%	—	—	—
More than \$600,000:	63%	—	—	—
Nonhomestead	63%	—	—	—
<b>Market Value Homestead Credit</b>				
Rate (Pct of Market Value)	—	0.40%	0.40%	0.40%
Maximum <sup>2</sup>	—	\$304	\$304	\$304
<b>Farm Land Credit</b>				
Rate (Pct. of Market Value)	—	0.20%	0.20%	0.20%
Maximum	—	\$230	\$230	\$230

<sup>1</sup> Subject to the state property tax, except for electric generation machinery

<sup>2</sup> Maximum credit is phased out for market values between \$76,000 and \$414,000

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Beginning with taxes payable in 2002, the state will impose a property tax on commercial-industrial and cabin properties. The amount of the state general levy is set at \$592 million for 2002. For taxes payable in 2003 and subsequent years, the amount of the state levy is indexed to the implicit price deflator for state and local government expenditures. The growth in the levy is dedicated to the Education Reserve Account. Funds in the Education Reserve Account may be used for education aids or higher education funding. The state property tax is estimated to raise \$888 million in the 2001-2003 biennium and \$1.2 billion in the 2003-2005 biennium.

The education homestead credit and education agricultural credit were eliminated and replaced by new market value-based homestead and farm land credits. For taxes payable in 2001, the education homestead credit was equal to 83 percent of the general education levy on the property up to a maximum credit of \$390. The education agricultural credit was equal to 70 percent of the general education levy on the first \$600,000 of homestead farm land market value and 63 percent on the remainder of homestead value and on all nonhomestead farm land value. Because these credits were calculated as a percentage of the

general education levy that the state has taken over, they were replaced by credits calculated as a percentage of the property's market value. Beginning with taxes payable in 2002, the homestead credit will be 0.4 percent of a homestead's market value up to \$304. The credit is phased out for market values between \$76,000 and \$414,000. The new farm land credit is equal to 0.2 percent of land market value up to a maximum of \$230. The elimination of the education homestead credit and education agricultural credit results in a savings of \$410 million in the 2001-2003 biennium and \$929.2 million in the 2003-2005 biennium. The market value-based homestead and farm land credits have a cost of \$328.6 million in the 2001-2003 biennium and \$698 million in the 2003-2005 biennium.

Homestead and Agricultural Credit Aid (HACA) was eliminated for cities, townships, school districts, and special taxing districts for aids payable in 2002. HACA for counties will be used to complete the state takeover of the cost of the district court system in the remaining counties and for paying up to 30 percent of county out-of-home placement costs. The reductions in HACA amount to \$271.1 million in the 2001-2003 biennium and \$538.7 million in the

2003-2005 biennium.

Local Government Aid (LGA) for cities was increased by \$140 million for aids payable in 2002. An additional \$14 million per year was set aside in an LGA Reform Reserve Account to be used for reforms of the LGA formula during future sessions. LGA was eliminated for townships. Beginning with taxes payable in 2003, tax base replacement aid will be paid to counties and cities to offset the reduction in tax base from the rental housing class rate changes. The rental housing tax base replacement aid will be added to the permanent LGA base for cities and to HACA for counties. The increase in city LGA was \$140 million in the 2001-2003 biennium and \$290.6 million in the 2003-2005 biennium. The reduction in township LGA was \$3.9 million in the 2001-2003 biennium and \$8 million in the 2003-2005 biennium. Rental Housing Tax Base Replacement Aid is estimated to cost \$34.9 million in the 2003-2005 biennium.

The authority of the Metropolitan Council to levy property taxes for transit operating costs was eliminated. To replace the property tax levy, 20.5 percent of motor vehicle sales tax (MVST) receipts was allocated to a metropolitan area Transit Fund.

An amount equal to 1.25 percent of MVST receipts was allocated to a Greater Minnesota Transit Fund. Beginning in FY 2004, an additional two percent of MVST receipts will be allocated to the metropolitan area appropriation account to be used for metropolitan transit systems by legislative appropriation. The cost of the MVST dedication to transit accounts is \$123.7 million in the 2001-2003 biennium and \$282.6 million in the 2003-2005 biennium.

population. The new levy limit is the greater of the levy base in 1999 adjusted for two years of inflation growth and aid changes or the amount levied in 2000 after adjusting for allowable special levies, state aid changes, and one year of inflation growth.

The maximum property tax refund for homeowners was increased from \$510 to \$1,500 for refunds based on taxes payable in 2002. The income thresholds and co-payments were reduced for incomes below

2001-2003 biennium and \$14.1 million in the 2003-2005 biennium.

### **Local Development**

An appropriation of \$91 million for fiscal year 2002 was made to the Commissioner of Revenue to be used for grant payments to cities to make up for tax increment financing deficits caused by the state takeover of the general education levy and the changes made to the property tax class rate structure. An additional \$38 million annually was appropriated in fiscal year 2003 and subsequent years. The cost of this grant program is \$129 million in the 2001-2003 biennium and \$76 million in the 2003-2005 biennium.

### **Budget Reserve**

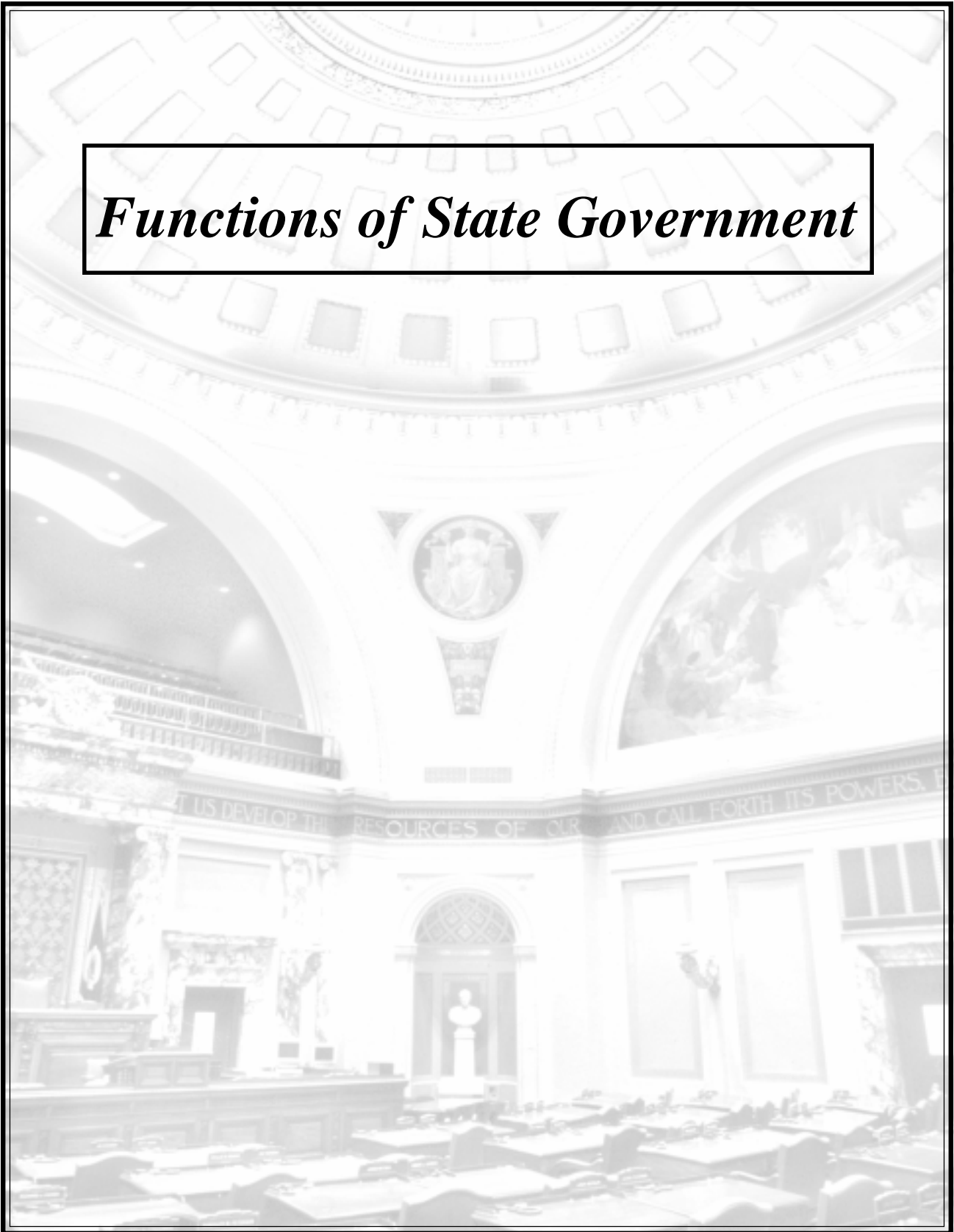
The budget reserve was increased from \$622 million to \$653 million effective July 1, 2001. The Commissioner of Finance was directed to transfer an additional \$31 million to the budget reserve account on July 1, 2003.



Limits on local property tax levies were reinstated after having ended with taxes levied in 1999, payable in 2000. Beginning with taxes levied in 2001, payable in 2002, new limits were placed on increases in property tax levies by counties and cities with more than 2,500

\$50,000. The maximum eligible income was increased from \$71,100 to \$80,000. The homeowner property tax refund for farmers was limited to the house, garage, and one acre of land. The changes to the property tax refund were estimated to cost \$7.2 million in the

# *Functions of State Government*



# *Elementary and Secondary Education*

The 2001 Legislature instituted some major education funding and local property tax reforms that were designed to have the state assume a greater portion of education costs from local school property tax levies. The changes were made with both the K-12 education and the tax committees working together on legislation that would increase K-12 education appropriations by over \$654 million from the previous biennium, while also appropriating about \$1.4 billion in new state aid for education-related property tax relief. These changes effectively eliminated the general education levy, which previously financed about one-third of Minnesota's basic K-12 education costs.

Total K-12 education appropriations increased from \$8.16 billion for the 1999-2001 biennium to \$8.82 billion for the 2001-2003 biennium. Compared to the base budget for the 2001-2003 biennium, total state appropriations were increased by \$393 million for new spending when adjusted for pupil enrollment. The majority of the increase is due to the increase in

the general education formula of \$104 per year, or roughly 2.6 percent in each year of the new biennium.

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*These changes effectively eliminated the general education levy, which previously financed about one-third of Minnesota's basic K-12 education costs.*

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## **GENERAL EDUCATION**

### **Basic Formula Allowance**

The increase in the general education formula allowance by \$104 in each fiscal year amounts to about \$285 million in new revenue for school districts on a statewide basis. Changes made in the tax bill also added an additional \$415 dollars per pupil to the basic education formula, bringing the new basic formula amount to \$4,601 per pupil by fiscal year 2003 (see Education Property Tax Changes for details on the \$415 per pupil added by the tax committee). These general education formula amounts will generate an additional \$36.9 million in compen-

satory revenue for students eligible for free or reduced priced lunches and will also generate an additional \$10.5 million in school sparsity aid for rural districts.

### **Equity Revenue**

The Legislature made further modifications in the state equity revenue funding formula. School districts are eligible for equity revenue based on how much revenue they receive compared to other districts in their region (there are two regions; metropolitan area and outstate area). The changes made in the equity formula will begin in fiscal year 2002 and will cost the state about \$23.8 million in additional revenue for the 2001-2003 biennium.

## **EDUCATION PROPERTY TAX CHANGES**

### **Repeal of the General Education Levy**

The 2001 tax bill repeals the general education levy beginning in fiscal year 2003 and replaces the levy with an additional \$1.2 billion of state aid for education. The additional

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state aid does not result in additional revenue for school districts, but represents a state General Fund takeover of the previously state-mandated general education levy. The Legislature also repealed the education homestead credit, the education agricultural credit, and school Homestead and Agricultural Credit Aid (HACA) which provided property tax relief related to the general education levy. The repeal of these property tax relief components saved \$681 million in fiscal year 2003.

#### **\$415 Transfer**

Beginning in the 2002-2003 school year, \$415 per pupil will be transferred to each district's general education formula allowance from its combined referendum, supplemental, and transition formulas. Districts currently receiving less than \$415 per pupil unit in these categories will receive a net increase in revenue per pupil unit equal to the difference between \$415 and their current revenue-per-pupil unit. The effect of this transfer is to: (a) reduce districts' reliance on voter approved referendums to finance regular operations of school districts; (b) eliminate the supplemental and transition categorical funding formulas; and (c) help equalize the distribution of state aid across all school districts.

The state appropriated about \$62.9 million in the K-12 Education Finance Bill and an additional \$180 million in the Omnibus Tax Bill to cover the costs of the \$415 transfer.

#### **Changes to Local Referendums**

In addition to the changes brought on by the \$415 transfer, other changes were made to local voter-approved referendums. Certain districts that were limited by a restriction on how much revenue they could raise with voter-approved referendums were allowed to raise additional revenue due to a provision which adjusted the referendum cap for inflation back to 1994. The Legislature also instituted a revised equalization program for district referendums. After adjusting referendums for the \$415 transfer, the remaining portion of district referendums will be equalized by the state using a new two-tiered formula. This additional equalization is essentially a property tax relief initiative. However, it may encourage more districts to seek higher voter-approved referendums that will result in more revenue for school districts. Another major change in local school referendums is that beginning with taxes payable in 2002, agricultural land and seasonal recreational residential properties (cabins) will be ex-

cluded from local school referendums.

### **OTHER EDUCATION**

#### **Additional Statewide Testing**

The 2001 Legislature appropriated an additional \$2.5 million in fiscal year 2003 for the development of a new seventh grade test to comply with federal Title I requirements. When combined with the appropriation for the existing tests at the third, fifth, and eighth grade levels, the additional amount brings the total state appropriation for testing up to \$15.5 million for the biennium.

#### **Charter School Building Lease Aid**

The appropriation for charter school building lease aid more than doubled from \$16.8 million in the 1999-2001 biennium to \$41.7 million in the 2001-2003 biennium. This large increase is due to the increased number of new charter schools and to increased building lease costs. The 2001 Legislature added some additional restrictions and increased state oversight surrounding charter school building lease aid costs, including a prohibition on charter schools using lease aid for custodial, maintenance service, utility, or other operating costs.



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### **Integration Aid**

In response to an expanding number of minority students in areas outside of the urban core cities, the Legislature modified the current program that provides additional aid to districts that are part of an integration plan determined by state rules. The modifications include: lowering the per pupil amount for the Minneapolis school district from \$536 to \$446 per pupil to make that district equal with the per pupil amount for the St. Paul school district; increasing the per-pupil amount from \$93 to \$130 per pupil for districts that have an enrollment of protected students, as defined by Minnesota Rules, exceeding 15 percent; and allowing more districts to be eligible to receive integration aid if they file an integration plan with the state. With these changes, the total appropriation for integration aid grew from \$93.4 million in the previous biennium to \$117.5 million in the 2001-2003 biennium.

### **New Accountability Programs**

Two new accountability programs were approved by the Legislature and signed into law by the Governor. The first program is funded by an \$8 million biennial appropriation for grants to school districts that develop an educational improvement plan and an alternative

teacher compensation system. The alternative teacher compensation system is intended to move participating districts into a system based on teacher performance rather than years of service. The second program provides the state with a \$2.5 million biennial appropriation to contract with an independent school evaluation service to assess and report on school districts' academic and financial performance.

### **Structurally Balanced Budgets**

A new law was put into place requiring school districts, prior to approving a new teacher contract, to determine that the proposed contract will not cause structural imbalance in the district's budget during the period of the agreement. In addition, each school board must also project revenues, expenditures, and fund balances for one year following the teacher contract. Districts must report this information to the public and to the state.

### **Special Education**

Although the Legislature did not propose any major changes in special education funding, previous years' changes and the growth of special education costs led to an approximate \$134 million increase in the appropriations for regular special

education aid, excess cost aid, and other special education programs. In order to urge the federal government to take over a larger portion of special education costs, the Legislature and the Governor have forwarded a resolution urging Congress to fulfill its promise to fund 40 percent of special education costs.

### **Career and Technical Programs**

The Legislature allowed the career and technical aid program to expire at the end of the 2000-2001 school year. The previous biennial appropriation for this program had been about \$24.8 million. However, the Legislature gave districts the authority to make a one-time levy for the 2001-2002 school year equal to the amount of state aid it received in 2000-2001. Other career and technical programs were also reduced from \$5.5 million in the previous biennium to \$1.55 million in the 2001-2003 biennium.

### **Education and Funding-Related Studies**

A number of education funding-related studies were requested by the 2001 Legislature and will be considered by the 2002 Legislature for potential major funding changes in the next few years. A Legislative Task Force on Reducing the Complexity and

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Inequities of K-12 Education will report to the 2002 Legislature any changes in statutes and rules needed to improve equity and quality and reduce the complexity of K-12 education funding. The task force will also look at the compensatory revenue program and how to equitably distribute integration revenue based on the level of services provided under the integration plan. Other studies will look at funding for telecommunication access, on-line learning, and school transportation costs.



# Higher Education

## HIGHER EDUCATION

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

### Student Financial Aid, Libraries, and Technology

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

- Several changes were made to the state grant program: students will be eligible to receive the grant for ten semesters or the equivalent; beginning in 2002, independent students will experience a reduction in the proportion of the cost of their education that they will be responsible for under the formula; and the actual tuition and fees paid by each student will be used in the calculation of the grant award amount.
- The proportion of a student's living expenses that is recognized in the calculation of a student's state grant award was increased.
- Students will be eligible to re-

ceive a child care grant for ten semesters or the equivalent.

- Language was adopted to complete implementation of the Edvest Program, a program established in 1997 to encourage individuals to save for college. The Edvest program: (1) provides a qualified state tuition program under federal tax law; (2) provides matching grants for contributions to the program by low- and middle-income families; and (3) encourages individuals, foundations, and businesses to provide additional grants to participating students.
- Money was appropriated for a variety of programs designed to support a student's education, including expanding the ability of libraries statewide to share books and other materials electronically, and improving the statewide electronic network that connects postsecondary education institutions.
- The Higher Education Services Office, which oversees student financial aid programs, was directed to collect data on each campus' disbursement of state financial aid.

## University of Minnesota

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

Several measures were enacted directing the Board of Regents to provide the Legislature and the Governor with information on: (1) the allocation of state appropriations; (2) the tuition and fee rates set by the board; (3) revenue received from funding sources other than the state; (4) the undergraduate programs determined to be of highest priority to the system; (5) the reallocation of money and curricular and staffing changes made to advance the system's priorities; (6) first generation students; (7) progress towards increasing graduation rates; (8) progress towards increasing revenue for research; and (9) enhancements in the training of health care workers.

The Legislature established the Academic Health Center account, which will provide the university with an additional source of revenue for the instructional costs of health professional programs at the Academic Health Center. The money deposited in this account is from the tobacco settlement.

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The Legislature also adopted legislation to establish the Commission on University of Minnesota Excellence. The commission is directed to examine a broad range of mission, fiscal, and programmatic issues surrounding the university's activities.

### **Minnesota State Colleges and Universities**

Funding for the Minnesota State Colleges and Universities (MnSCU) increased by approximately ten percent over the previous biennium.

The Board of Trustees must report to the Legislature and the Governor on the following: (1) the allocation of state appropriations; (2) the tuition and fee rates set by the board; (3) revenue received from other funding sources; (4) the undergraduate programs determined to be of highest priority to the system; (5) the reallocation of money and curricular and staffing changes made to advance the system's priorities; (6) first generation students; (7) progress towards increasing graduation rates; and (8) progress towards increasing customized training revenue.

The Chancellor of MnSCU is directed to consult with the Commissioner of Children, Families and Learning and designate at least one state college or university, and a minimum of four school dis-

tricts, to implement a comprehensive demonstration project designed to increase the number of high school graduates who are academically prepared to enroll in college level courses.

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*The Legislature also adopted legislation to establish the Commission on University of Minnesota Excellence.*

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### **Mayo Medical Foundation**

Approximately \$3.2 million was appropriated to the Mayo Medical Foundation for grants to support the education of medical students who are residents of Minnesota and students in the Family Practice and Graduate Residency Programs.

### **Miscellaneous Provisions**

The Board of Regents and the Board of Trustees must provide information to the Legislature on the progress they are making in implementing the master academic plan for the Twin Cities metropolitan area.



# *Family and Early Childhood Education*

While state appropriations for early childhood and family education programs increased by about \$88.6 million, or 19 percent, compared to the previous biennium, this represented no increase over the base budget for the 2001-2003 biennium. The increased state appropriations are attributed mostly to increased child care costs, a decrease in federal Temporary Assistance for Needy Families (TANF) funds for child care, and increased Adult Basic Education (ABE) costs. The only “new” money the 2001 Legislature had to work with in the early childhood and family education area was \$9 million of new TANF money that was appropriated for child care.

## **Child Care Program**

Despite having child care consolidation programs proposed by the Governor and by both houses of the Legislature, an agreement on a program that would consolidate the state’s basic sliding fee and Minnesota Family Investment Program (MFIP) child care programs was not reached. The state appropriation for child care programs increased by \$80.9 million from the 1999-2001

biennium to the 2001-2003 biennium. The increased spending is due to increased demand, not the result of any legislative change in the program. While state appropriations for child care increased, total federal TANF appropriations for child care programs declined by \$38.1 million from the 1999-2001 biennium to the 2001-2003 biennium.

## **Community Education and After-School Programs**

The Legislature increased the amount a school district may levy for community education for districts operating a youth after-school enrichment program. This will result in an \$5 million annual increase in the community education levy state-wide. The appropriation for after-school enrichment programs increased from \$10.5 million to \$11 million, although the increase was already built into the budget forecast.

## **Reserve Account Limits**

A new law will limit the average year-end balance in a district’s early childhood family education (ECFE) reserve account and school readiness reserve ac-

count. The new law will limit the year end balance in each account, over the prior three years adjusted for inflation, to 25 percent of the district’s revenue for that account. A district’s revenue will be reduced by any amount in excess of the limit.

## **Guard Our Youth**

The Legislature took some one-time savings from the adults



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with disabilities program and from violence prevention grants and reallocated the revenue to fund the Guard Our Youth program through the Department of Military Affairs for \$191,000. The program makes armories available for youth, after-school, and community education programs.

biennium difference in the appropriation for regional library telecommunications aid shows a \$2.9 million drop which includes about \$2.4 million in one-time money that was appropriated in the previous biennium but not included in the forecast for the 2001-2003 biennium.

### **Adult Education Programs**

The appropriations for adult education programs increased by about \$15.9 million, which reflects the increase in the forecasted amount for the adult basic education program. New legislation requires that two percent of the state total adult basic education aid must be set aside for supplemental and innovative grants.

### **Libraries**

Appropriations for county libraries were contained in the early childhood and family education bill for the first time in 2001. In previous years, the appropriations for libraries were carried in the K-12 education funding bill. Appropriations for libraries for the 2001-2003 biennium remained at the forecasted level. The biennium-to-



# *Human Services*

## **DEPARTMENT OF HUMAN SERVICES**

The 2001 Legislature (First Special Session Chapter 9) appropriated over \$7.3 billion for the department from a variety of funds, as follows: General Fund, almost \$6.3 billion; State Government Special Revenue (SGSR) fund, about \$1 million; Health Care Access Fund (HCAF), over \$484 million; federal Temporary Assistance for Need Families (TANF) funds, almost \$564 million; and lottery cash flow funds, over \$2.9 million.

An important funding initiative involved significant investments to downsize the nursing home industry, improve the community-based service system for the state's elderly population, and provide rate increases for nursing facilities and a wide variety of other service providers. Other significant funding efforts included expansion of the inter-governmental transfers the state collects from certain nonstate entities in order to generate additional federal revenue through the Medical Assistance

(MA) program, and establishment of parameters for extending welfare benefits beyond the five-year limit prescribed in federal law as recipients begin to reach that limit. Some of the most significant initiatives are described below.

### **Long-Term Care Initiative**

Faced with a severe shortage of nursing facility employees, increasing numbers of empty nursing facility beds, and growing concerns about the economic viability of the nursing facility industry, the Legislature appropriated over \$62.9 million as part of a long-term care initiative to close unneeded beds, improve quality, and expand community-based options. This expenditure was almost completely offset by anticipated reductions of almost \$60.5 million as the result of bed closures and reduced caseloads.

Almost \$1.6 million was made available to expand the Senior LinkAge Line to help older Minnesotans and their families make informed choices about long-term care options and health care benefits through a statewide toll-free number and

through the Internet. Another \$2 million was appropriated for grants to county boards and Area Agencies on Aging for planning and development of expanded community-based long-term care services. A \$5 million appropriation was made available for grants to public and private nonprofit agencies to establish services that strengthen the home and community-based services system for elderly persons. An additional \$5 million was appropriated for grants to communities, service providers, and providers' consortiums to establish older adult services. Over \$6.9 million was appropriated for the anticipated increases in Elderly Waiver (EW) expenditures as a result of nursing facility bed closures. Almost \$2.4 million was provided to simplify administration of the EW and Alternative Care Grant (ACG) programs by equalizing rates paid for these services across the state and by creating a common menu of reimbursable services. EW provides services to elderly persons who are MA eligible, and ACG provides services to persons who are at risk of institutional placement

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but who have incomes or assets somewhat in excess of MA limits. Almost \$9.7 million was provided to pay for the expected caseload growth in the ACG program as a result of nursing facility bed closures. This is in addition to over \$23.5 million provided to pay for ACG program growth otherwise anticipated. The Legislature provided \$500,000 to DHS to develop a new nursing facility reimbursement system by January 15, 2003, and \$1 million to conduct or contract for a study to determine the staff time spent on various case mix categories and determine whether current staffing standards are adequate. The long-term care initiative also included a number of smaller expenditures.

Savings of about \$44.5 million are anticipated in this program through an authorization to DHS to approve planned closures of up to 5,140 nursing facility beds during the 2001-2003 biennium. An additional savings of about \$16 million in facility costs and related costs is anticipated from the expansion of the ACG program.

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*The Legislature debated a major expansion of health care coverage ...*

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### **Comprehensive Rate Adjustment and Employee Cost of Living Adjustments (COLA) Initiative**

Closely related to the long-term care initiative was a comprehensive rate adjustment for a wide variety of service providers, including nursing facilities and community-based providers of services for the elderly, with much of the additional rate increases earmarked for employee compensation.

Almost \$107.5 million was provided for a rate adjustment of three percent per year for nursing facilities, MA long-term care waiver programs and home care programs, and a variety of other community-based programs, and rate increases of 3.5 percent for intermediate care facilities for persons with mental retardation (ICFs/MR) and for day training and habilitation services that provide nonresidential programs for persons with developmental disabilities. For all of these rate increases, providers are required to use two-thirds of the additional money to increase employee wages and benefits.

### **Welfare Time Limits Initiative**

Under the federal welfare reform legislation approved by Congress in 1996, persons are limited to 60 months of benefits through the federally supported Temporary Assistance for Needy

Families (TANF) program, called Minnesota Family Investment Program (MFIP) in Minnesota. The 2001 Legislature took steps to deal with the issue of serving recipients who will begin reaching the 60-month limit during the 2001-2003 biennium. Almost \$11.9 million in federal funds was provided for hardship extensions to the 60-month limit on MFIP assistance. Hardships were made available for recipients who are seriously ill or caring for a seriously ill family member and for employed recipients who satisfy new work requirements. Recipients must be in compliance with program requirements in order to seek a hardship extension. About \$6.3 million was provided from federal TANF funds to pay the added child care costs associated with extending benefits to those who qualify. The extensions will allow about 52 percent of the 5,200 families expected to reach the 60-month limit before July 1, 2003, to keep their benefits. Families that lose MFIP benefits may still be eligible for MA and other programs for which they qualify.

### **Health Coverage Initiative for Families and Children**

The Legislature debated a major expansion of health care coverage designed to provide insurance for all Minnesota children, but finally settled on a modest



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initiative designed to cover an additional 20,000 children by 2005. Over \$10 million was provided in the second year of the biennium to raise MA income standards for children to 170 percent of federal poverty guidelines, to raise income standards for adults to 100 percent of federal poverty guidelines, and to raise the asset limits for families to \$30,000. The Legislature also increased the MA income disregard for families, which is in effect for the first four months of MA eligibility. This appropriation was partially offset by a decision to begin paying the costs of MinnesotaCare coverage for pregnant women and children under age two out of the HCAF, effective January 1, 2003, instead of out of MA, resulting in an MA savings of about \$7.7 million. Another feature of this initiative eliminates MinnesotaCare premiums for the first 12 months for children in families with gross income below 217 percent of federal poverty guidelines who are terminated from MA but immediately eligible for MinnesotaCare. Persons who do not pay a premium are required to pay a \$5 copay for nonpreventive services. These MinnesotaCare changes are effective from July 1, 2002, to June 30, 2006.

### **Intergovernmental Transfers/Uncompensated Care Initiative**

The Legislature wrestled with the issue of hospital uncompensated care and finally agreed on a multifaceted response to that issue and several related hospital and public health clinic funding problems.

In order to finance this initiative, the Legislature required annual intergovernmental transfer payments of \$24 million from Hennepin County and \$12 million from Ramsey County. However, 71 percent of these amounts were directed back to the large public hospital in each county. When matched with federal MA funds, the net result was expected to make available \$10 million each year for uncompensated care costs for Hennepin County Medical Center and \$5 million each year for Regions Hospital. The remaining 29 percent of the annual payments were allocated as follows for the 2001-2003 biennium: (1) about \$6.1 million to increase prepaid MA rates at hospitals outside the seven-county metro area to 90 percent of the metro rate for 16 common diagnoses; (2) about \$2.2 million to forgive payments due to DHS from rural hospitals because of overpayments made to those hospitals between 1994

and 1997; (3) almost \$4.6 million for grants from the Minnesota Department of Health (MDH) to community clinics; and (4) about \$4.6 million for rural hospital capital improvement grants from MDH.

In a related decision, the Legislature repealed a \$3.4 million annual intergovernmental transfer paid by Hennepin County, but increased another transfer payment by a like amount and increased payment rates to the Metropolitan Health Plan, an HMO operated by Hennepin County, so that the net effect is budget neutral to the state and the county receives an additional \$3.4 million annually.

### **Dental Access Initiative**

The Legislature adopted a number of measures designed to address the growing problem facing clients of public programs who need dental services. An appropriation of \$274,000 from the HCAF and \$906,000 from the General Fund will enable an increase in dental payment rates for diagnostic examinations and x-rays for children. An additional \$600,000 from the HCAF and \$2.5 million from the General Fund was provided to increase rates by up to 50 percent, within the limits of the available appropriation, for "critical access" dental providers. An

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\$800,000 one-time appropriation from the HCAF will fund DHS dental access grants to clinics, other nonprofits, political subdivisions, professional associations, and others who demonstrate that they can effectively provide dental services to clients of public programs. The Legislature made about \$1.9 million available for DHS grants to teaching institutions to improve dental access for underserved populations and to provide innovative dental training. Another \$26,000 was appropriated to pay for malpractice insurance and licensing fees for retired dentists who provide at least 100 hours of volunteer service in a 12-month period. The Legislature approved a number of other dental programs that did not involve appropriations, as follows: (1) dental hygienists working in health care facilities were authorized to perform cleanings, polishing, and other dental services without the patient being seen first by a dentist, if certain conditions are met; (2) DHS will facilitate donations of dental practices by retiring dentists to nonprofit organizations, who in turn will transfer the practices to other dentists who agree to provide services to underserved populations for five years; (3) a five-county dental services demonstration project was authorized

to provide services under a capitated or fee-for-service model; and (4) the Board of Dentistry was directed to develop expanded duties for dental assistants and dental hygienists.

#### **Agency Programs**

The following is a program-by-program description of the agency's budget.

#### **Agency Management**

Chapter 9 provided about \$84.9 million for agency management activities, including about \$76.3 million from the general fund and over \$8.6 million from a variety of other funds. The Legislature provided over \$2 million to add 14 licensing positions in order to allow more timely completion of licensing reviews, responses to complaints, and processing of county licensing recommendations and variance requests. The Legislature also approved over \$6.5 million for an electronic government services (EGS) initiative within DHS. Eventually EGS will offer state residents, program clients, and policy makers direct, immediate, and secure access to DHS programs, including on-line application for specific programs. An appropriation of almost \$6.5 million was also approved to enable DHS to comply with new data privacy standards established in the

federal Health Insurance Portability and Accountability Act (HIPPA).

#### **Administrative Reimbursement and Pass-Through**

About \$112.6 million was appropriated from federal TANF funds for reimbursement of county costs associated with MFIP administration. This represents a \$10 million reduction from the adjusted base spending level. The appropriation was reduced because county administrative costs have been lower than anticipated.

#### **Children's Grants**

Over \$132 million was appropriated from the General Fund and about \$12.6 million from TANF for this activity. Major initiatives in this area included over \$10.9 million for adoption assistance and over \$6.8 million for relative custody assistance. These programs provide monthly support to adoptive parents and legal custodians who assume parenting responsibility for children who may have multiple emotional, physical, and medical problems. The major TANF initiative in this activity was an appropriation of \$9.3 million to continue the concurrent permanency planning initiative under which counties are required to simultaneously plan to reunite

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children in foster care with their parents and to provide for permanent placement elsewhere if reunification is not possible.

### **Children's Services Management**

The Legislature appropriated almost \$9.6 million for this activity. The most significant new initiative was an appropriation of \$1.8 million to correct a projected structural base deficit in the social services information system (SSIS), a county-based information system that supports the delivery of child welfare services and collects data needed to assess those services.

### **Basic Health Care Grants**

The Legislature approved almost \$2.9 billion for basic health care grants, including over \$2.4 billion from the General Fund and almost \$442 million from the HCAF. The major budget activities within this program are MinnesotaCare, MA for Families and Children, MA for Elderly and Disabled, General Assistance Medical Care (GAMC), and other health care assistance.

For the MinnesotaCare program, the Legislature appropriated over \$439 million from the HCAF, of which almost \$433 million was for adjusted base spending and

forecast growth, and about \$6.8 million was for new initiatives. The most significant program change was to move payments for pregnant women and children on MinnesotaCare from the general fund to the HCAF, at a cost of over \$7.7 million. This expenditure was partially offset by requiring prepayment of MinnesotaCare premiums, eliminating the one-month grace period for nonpayment of premiums, saving almost \$1.6 million, and by anticipated savings of almost \$1.1 million expected as MA enrollment of children expands and some children transfer from MinnesotaCare to MA. In an innovative attempt to capture federal money for medical education, the Legislature transferred to DHS an HCAF appropriation of about \$5.1

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***The Legislature approved almost \$2.9 billion for basic health care grants...***

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million that the University of Minnesota receives for educating and training primary care physicians. DHS was directed to increase capitated MA rates with this appropriation. These MA rate enhancements, including the federal match they generate, are transferred to the Commissioner of Health for the following

purposes: (1) a grant to the University of Minnesota to replace its original HCAF allocation; (2) a grant of more than \$1.2 million to the Hennepin County Medical Center for medical education; and (3) about \$3.8 million for grants to teaching institutions for dental access and dental training projects (discussed under the dental initiative).

For MA for Families and Children, the Legislature provided over \$964 million, of which almost \$951 million was for adjusted base spending and forecast spending increases and just over \$13 million was for new initiatives, including the expansion of health care coverage for families and children discussed above. Savings of over \$5.2 million resulted from disallowing the MA surcharge as a directly reimbursable cost within MA hospital payment rates. Hospitals recently won a Medicare appeal that would allow the cost of the surcharge to be included in a hospital's Medicare cost report. The change in state law maintains the status quo by not building surcharge reimbursement directly into MA rates as well. A savings of almost \$3.4 million occurred when the Legislature decided not to implement a federal waiver that would allow

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MFIP families who lose MFIP eligibility due to increased earnings to remain on MA for 12 additional months. The decision maintains current policy under which these families may qualify for six months of extended MA. An additional savings of \$3.8 million is anticipated through an initiative designed to reduce unnecessary use of pharmaceutical drugs. The other significant initiatives in this activity are discussed elsewhere in relation to intergovernmental transfers.

For MA for Elderly and Disabled Persons, the Legislature provided over \$1.12 billion, of which almost \$1.1 billion was for adjusted base spending and forecast increases, and about \$28 million was for new initiatives. The Legislature made available over \$16.1 million to increase the MA income standard for elderly, blind, and disabled persons to 100 percent of the federal poverty guidelines (FPG), up from less than 70 percent of FPG. As part of this initiative, persons enrolled in the MA for employed persons with disabilities (MA-EPD) option who have incomes under 100 percent of FPG will be transferred to regular MA. The Legislature liberalized eligibility for MA-EPD by allowing eligible persons who are temporarily out of work due to a medical condition to remain on the program for up to four months,

which will increase program costs by about \$1.1 million. In addition, premiums for enrollees in the MA-EPD program will be increased, resulting in a savings of almost \$1.6 million. The Legislature also provided almost \$6.8 million to improve community-based mental health services under the MA rehabilitation option. This spending is partially offset by anticipated savings of almost \$2.3 million through reduced spending for traditional MA services, including emergency room use and inpatient psychiatric admissions. Mental health payment rates were also rebased at a cost of over \$3.3 million.

For GAMC the Legislature provided over \$335 million, of which almost \$329 million was for adjusted base spending and forecast increases and about \$6.3 million was for new initiatives. The Legislature appropriated almost \$3 million to pay the GAMC costs of modifications in the federal Systematic Alien Verification for Entitlements (SAVE) program, which is designed to prevent illegal immigrants from accessing welfare programs to which they are not entitled. The added costs are expected as a result of a modification in the requirements for reporting to the Immigration and Naturalization Service (INS) undocumented persons who ap-

ply for welfare benefits. The requirement modified by the 2001 Legislature was scheduled to take effect July 1, 2001, and would have required DHS to report to INS any undocumented person identified through the application verification process or by self admission. The new requirement simply requires DHS to comply with federal reporting requirements, which are less stringent.

For other health care assistance, the Legislature provided over \$22.7 million from the general fund and \$2.3 million from the HCAF. The adjusted general fund base for this activity was about \$33.6 million, but it was reduced by almost \$17.5 million through the initiative to raise the income standard for the aged, blind, and disabled under MA, thereby reducing spending in the prescription drug program. However, increasing income eligibility for the prescription drug program resulted in added spending in this activity of about \$5.3 million. Eligibility was modified as follows: (1) the income standard for the elderly was raised to 135 percent of FPG from 120 percent, effective January 1, 2002; and (2) the income standard for disabled persons will be 120 percent, rather than 100 percent, when those persons become eligible for the program on July 1, 2002. The

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HCAF appropriation included an \$800,000 increase over the base level to pay for dental access grants, which are discussed under the dental initiative.

### Health Care Management

The Legislature appropriated about \$69.3 million for this activity, of which about \$36.6 million was from the general fund and almost \$32.7 million was from the HCAF. The Legislature made a one-time \$7 million reduction in funding for the Minnesota Medicaid Information System (MMIS), the computer system for state medical programs, because of a surplus in the systems account. The Legislature appropriated over \$4.6 million from the HCAF to hire 45 additional MinnesotaCare eligibility workers in order to reduce caseload sizes that have grown as a result of program enrollment increases.

### State-Operated Services

The Legislature appropriated about \$418.5 million for state-operated services, including regional treatment centers, the Minnesota Sex Offenders Program, adolescent services, and other programs. This amount is about

\$12.4 million less than the adjusted base funding level for these services. A savings of about \$1.1 million was achieved through an administrative restructuring of the sex offender program that eliminated 13 staff positions. An additional savings of over \$5.3 million was realized by shifting adolescent services to the self-supporting enterprise funding model. For Adult Services Grants, the Legislature appropriated about \$29.6 million, an increase of more than \$14.5 million above the adjusted base. The significant spending increases in this area are related to the long-term



care initiative which is discussed elsewhere.

For Deaf and Hard-of-Hearing Grants, about \$3.7 million was

provided, an increase of \$256,000 over the adjusted spending base.

For Mental Health Grants, the Legislature provided almost \$103 million from the General Fund, an increase of more than \$6 million over the adjusted base. The major initiative was a rate adjustment which is discussed elsewhere. An additional appropriation of about \$2.6 million was provided from the lottery fund, a \$300,000 increase over the base level.

For Community Support Grants, almost \$26 million was appropriated, an increase of about \$1 million over the base. A \$748,000 appropriation for the Region 10 Quality Assurance project and a \$654,000 appropriation for a rate adjustment were partially offset by a \$394,000 reduction in disability project grants, a demonstration project that no longer exists.

For MA Long-Term Care Waivers and Home Care, the Legislature provided over \$984 million, an increase of about \$44.8 million over the adjusted base

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and forecast spending increases. A net increase of about \$7.5 million was approved for an initiative to relocate 1,300 disabled nursing home residents under age 65 back to their communities and to divert additional persons at risk of placement. Savings of over \$10.8 million were anticipated from a decision to limit enrollment in the state-funded consumer support grant program and make consumer-directed home care available through a new federal waiver program. The other major spending items in this activity were a number of long-term care initiatives and rate adjustments, which are discussed elsewhere.

For MA Long-Term Care Facilities, almost \$1.16 billion was appropriated, an increase of about \$9.7 million over base level funding and forecast spending increases. Many of the spending initiatives in this activity relate to the long-term care initiative or to rate adjustments, which are discussed elsewhere. A savings of almost \$7.9 million was anticipated in this activity from the initiative to relocate and divert disabled persons under age 65 from nursing facilities. About \$14.3 million was appropriated for a staged reduction in rate disparities directed at nursing facilities statewide with

operating rates below a “rate target” established in law. More than \$4.9 million was made available to increase MA payments during the first 90 days of a nursing facility admission in order to help offset the higher costs facilities face with new residents. For the first 30 days, the rate is 120 percent of the MA rate, and for the next 60 days the rate is 110 percent of the rate. Facilities must devote to employee wages and benefits at least one-half of the revenue they receive from a rate disparities adjustment and from the rate increase for the first 90 days. Over \$2.1 million was appropriated to enable nursing facilities to provide scholarships to employees to encourage careers in long-term care or to provide job-related training in English as a second language.

For Alternative Care Grants, almost \$166 million was provided, an increase of about \$40.9 million above base funding. All the major spending changes in this activity were part of the long-term care initiative or the comprehensive rate adjustment, which is discussed elsewhere.

For Group Residential Housing (GRH), the Legislature appropriated over \$166.6 million, an increase of about \$5 million over the base funding level and

spending forecast. The initiative to discharge disabled persons under age 65 from nursing facilities is expected to increase GRH costs by \$949,000. In addition to spending associated with the broad rate adjustment, which is discussed elsewhere, the Legislature provided \$2.1 million for separate rate increases for board and lodging facilities that offer special services and for noncertified board and care homes.

For chemical dependency treatment programs, over \$85 million was appropriated for the entitlement portion of the treatment fund, which is set aside for clients entitled to treatment under program eligibility guidelines. This amount is about \$3 million less than adjusted base funding and forecast spending increases for this program. Savings of over \$1 million were taken by limiting vendor rate increases to three percent per year, a reduction from the four percent increases assumed in the budget forecast. Another \$2 million was saved by reallocating federal chemical dependency funding from specific grants to the fund that supports chemical dependency services for so-called “Tier II” clients. These clients are eligible for services only to the extent of available funding.

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### **Continuing Care and Community Support Management**

The Legislature appropriated about \$46.4 million for this activity, including about \$45.9 million from the General Fund, \$236,000 from the SGSR, and \$293,000 from the lottery. This represents an increase of about \$8.4 million over adjusted base spending. The most significant increase was an appropriation of more than \$4.4 million for the administrative costs, including staff, studies, and consultants, related to the long-term care initiative, which is discussed elsewhere. In addition, \$925,000 was provided for administration of the initiative to relocate and divert disabled persons under age 65 from nursing facilities. A \$1.4 million appropriation was provided to evaluate the anticipated federal consumer directed home care waiver. The appropriations from the SGSR and the lottery were equal to adjusted base spending from those funds for this activity.

### **Economic Support Grants**

The Legislature appropriated almost \$624 million for this activity, including about \$189.3 million from the General Fund and about \$434.6 million from federal TANF funds.

For Assistance to Families Grants, about \$345.4 million was provided, with about \$59.3

million appropriated from the General Fund and over \$286 million from the state's federal TANF grant. The General Fund amount is almost \$8.8 million below the adjusted base and spending forecast for this program. Most of this reduction was the result of a reduction in the state's "maintenance of effort" spending for the Minnesota Family Investment Program (MFIP) to 75 percent of its historical base from 80 percent. The state was permitted to make this reduction because it satisfied federal requirements regarding percentage of adults on MFIP who are engaged in employment activities. The federal TANF appropriation for this program represented an increase of more than \$58 million over the base funding level. Almost \$5 million in federal funds was appropriated to pay the additional benefits expected to be distributed as a result of a modification in the requirements for reporting to the Immigration and Naturalization Service undocumented persons who apply for welfare benefits. The requirement modified by the 2001 Legislature was scheduled to take effect July 1, 2001, and would have required DHS to report to INS any undocumented person identified through the application verification process or by self admission. The new requirement simply requires DHS

to comply with federal reporting requirements, which are less stringent. Almost \$11.9 million in federal funds was provided for hardship extensions to the 60-month limit on MFIP assistance. These policy changes are discussed under the welfare time limits initiative. The Legislature provided \$725,000 in federal funds to increase MFIP benefits so that the MFIP exit level remains at 120 percent of federal poverty guidelines. About \$3.8 million in federal funds was provided to allow post-secondary education and training for MFIP recipients for up to 24 months. The previous limit was 12 months. Almost \$7.3 million in federal funds was provided to continue providing MFIP cash and food assistance to certain noncitizens not eligible under regular program guidelines. The reduction in the state maintenance of effort to 75 percent of base year expenditures resulted in an increase in spending from the federal TANF grant of \$8.5 million. Over \$21.7 million was provided to delay for two years the requirement that MFIP recipients count as income the first \$100 of public housing assistance they receive. The net effect of this requirement would be to reduce MFIP grants for recipients who live in public housing.

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For Work Grants, over \$156.3 million was provided, with about \$19.7 million coming from the General Fund and almost \$136.7 million coming from federal TANF funds. The General Fund appropriation was \$874,000 below the adjusted base funding level as a result of minor base reductions in the Food Stamp employment and training program relating to start work grants, literacy training funds, and transportation funds. The federal TANF appropriation is about \$14.9 million higher than the base level. The Legislature appropriated an additional \$10 million for employment and training programs and about \$4.9 million for supportive work grants from the federal TANF fund.

For Other Economic Assistance, the Legislature provided over \$18 million, including about \$6.7 million from the General Fund and almost \$11.4 million from federal TANF funds. The General Fund appropriation represented an increase of more than \$2 million, due mostly to a \$2 million appropriation for a supportive housing and managed care pilot project. The federal TANF appropriation was almost \$9.4 million in excess of the base funding level. This funding is devoted to providing child care to

support other MFIP initiatives, including extensions beyond the 60-month limit and the extension of post-secondary education benefits to 24 months from 12 months.

For Child Support Enforcement, about \$8.9 million was provided, including almost \$8.5 million from the General Fund, a \$100,000 increase over the adjusted base level, and \$520,000 in federal TANF funds, an amount equal to the base level.

For General Assistance (GA), the Legislature appropriated over \$33.6 million, an increase of \$781,000 over the adjusted base plus forecasted spending increases. The new funding is to pay added benefits associated with another delay in implementation of a policy to make noncitizens who lost eligibility for the federal Supplemental Security Income (SSI) program under federal welfare reform legislation also ineligible for state programs. That policy change has now been delayed until July 1, 2003.

For Minnesota Supplemental Aid, about \$61 million was provided. The only spending increase was \$338,000 to pay the added costs anticipated in this program from the initiative to

relocate and divert disabled persons under age 65 from nursing facilities.

For Refugee Services, \$500,000 was provided. This amount is equal to base level funding for this program.

### **Economic Support Management**

Almost \$75.1 million was appropriated for this activity, including about \$69 million from the General Fund, about \$2.7 million from the HCAF, and over \$3.4 million from federal TANF funds.

For Economic Support Policy Administration, about \$19.6 million was appropriated. The General Fund appropriation for this program was almost \$16.2 million, an increase of more than \$3 million above the adjusted base spending level. Almost \$3.4 million was provided for an initiative to improve access to human services programs for non-English-speaking persons in compliance with federal equal access requirements. The initiative will include the establishment of phone lines that accommodate persons with limited English skills, translation of important documents into other languages, reimbursement for translator services used by health



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care providers, assessment of county policies and procedures, and staff training. This appropriation was partially offset by a \$384,000 administrative funding reduction. Over \$3.4 million was appropriated from federal TANF funds for Economic Support Policy Administration, an increase of over \$1.9 million. The increase was provided to pay the DHS share of a collaborative effort with the Department of Economic Security to develop an accurate employment services tracking system for MFIP recipients.

For Economic Support Operations, the Legislature provided \$52.8 million from the General Fund, a reduction of \$8.2 million over the adjusted base spending level. The major reduction was an \$8 million reduction in funding for the PRISM and MAXIS computer systems that support the child support enforcement and support payment programs operated by DHS. The reduction does not reduce spending but is in response to a surplus that developed in the computer systems fund. An additional appropriation of almost \$2.7 million was provided for Economic Support Operations from the HCAF. This amount is equal to the adjusted base spending level from the HCAF for this program.

## HEALTH

### **Minnesota Department of Health**

First Special Session Chapter 9 appropriated almost \$266.2 million to the Minnesota Department of Health (MDH), including about \$158.4 million from the General Fund, over \$55.5 million from the SGSR Fund, more than \$20 million from the HCAF, and \$32 million in federal TANF funds. In addition, MDH received almost \$59.3 million in open appropriations, the most significant of which is more than \$58 million from the Medical Education and Research Fund to support medical education and research activities around the state.

### **Health Systems and Special Populations**

More than \$136.1 million was provided for this activity, including about \$93.8 million from the General Fund, more than \$2.9 million from the SGSR fund, almost \$7.4 million from the HCAF, and \$32 million from federal TANF funds.

For Community Health Services activities, about \$53.1 million was appropriated, including about \$43.1 million from the General Fund, about \$2.7 million from the SGSR Fund, and almost \$7.4 million from the

HCAF. The General Fund appropriation represented an increase of about \$1.1 million over the adjusted base funding level for this activity. A dental student loan forgiveness program was established and funded at \$420,000 for dental students who agree that at least 25 percent of their patient encounters for at least three years will be with persons on public programs or who receive a discount on a sliding fee basis. The summer health care internship program received \$400,000 to expand internships to include nursing facilities and home care providers in addition to hospitals and clinics, and to eliminate the \$6 per-hour cap on interns' hourly wages. Another \$295,000 was provided for grants to encourage middle and high school students to work and volunteer in long-term care settings. The SGSR Fund appropriation for Community Health Services was \$1 million more than the adjusted base funding level. This increase was provided for ongoing maintenance and administration of the vital records system, which is a computerized database of birth and death records. The HCAF appropriation for Community Health Services was identical to the base funding level.

For the Family Health program, about \$82.6 million was pro-

vided, including about \$50.3 million from the General Fund, \$254,000 from the SGSR Fund, and \$32 million from federal TANF funds. The General Fund appropriation was an increase of more than \$12.9 million over the adjusted base funding level. The major new activity in this area was a \$9.9 million health disparities initiative to improve the health status of the state's minority populations. While Minnesota ranks as one of the healthiest states in the nation on an overall basis, it has some of the widest gaps between the majority white population and the state's racial and ethnic minorities on health status measurements. The \$9.9 million was allocated as follows: \$1 million for formula-based grants to American Indian tribal governments to implement cultural interventions to reduce disparities; \$1.2 million for state administrative costs; \$2.8 mil-



lion for efforts to reduce disparities in infant mortality and child immunization rates; \$500,000 for grants to community health boards to improve access to health screening and follow-up services for foreign-born populations; and \$4.4 million for competitive grants to reduce disparities in breast and cervical cancer screening rates, HIV/AIDS and sexually-transmitted disease infections rates, cardiovascular disease rates, diabetes rates, and rates of accidental injuries and violence. The Legislature also appropriated over \$2.7 million for the Minnesota Poison Control System. The base funding for the teen pregnancy prevention program called ENABL was reduced by \$684,000. About \$2.1 million was provided for suicide prevention grants. Base funding for family planning special grants was reduced by \$690,000 in FY 2003. Family health programs received \$254,000 from the SGSR Fund, which was the adjusted base funding level from that source. Family health programs received \$32 million from federal TANF funds, an \$18 million increase over the adjusted base. From TANF, \$8 million was provided for the family home visiting program designed to foster a healthy beginning for children in families at or below 200 percent of the federal poverty guidelines,

prevent child abuse and neglect, reduce juvenile delinquency, promote positive parenting and resiliency in children, and promote family health and economic self-sufficiency; \$2 million was allocated for the ENABL program, more than offsetting the General Fund reduction; \$4 million was set aside for efforts to reduce risky behaviors by youth; and \$4 million was provided for efforts to reduce infant mortality.

For the Minority Health Program, \$412,000 was provided from the General Fund. This amount is equal to the program's adjusted base spending level.

#### **Access and Quality Improvement**

The Legislature provided almost \$56.6 million for this program, including about \$26.4 million from the General Fund, about \$17.4 million from the SGSR Fund, and over \$12.8 million from the HCAF.

For Health Policy and Systems Compliance, over \$41.7 million was allocated, of which about \$23.5 million was from the General Fund, almost \$5.4 million was from the SGSR Fund, and more than \$12.8 million was from the HCAF. The General Fund appropriation represented an increase of almost \$12.5 million over the

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adjusted base. These increases were funded through the inter-governmental transfer mechanism, which is explained in the Department of Human Services section of this document. The increases were more than \$7.9 million for grants to community clinics and almost \$4.6 million in rural hospital capital improvement grants. The SGSR Fund appropriation for Health Policy and Systems Compliance was equal to adjusted base spending. The HCAF appropriation represented an increase of more than \$6.3 million over the adjusted base. The major increase here was an allocation of more than \$5.4 million for additional rural hospital capital improvement grants. In addition, \$656,000 was provided to extend the Health Technology Advisory Committee.

For Facility and Provider Compliance, about \$14.9 million was provided, of which about \$2.9 million was from the General Fund and nearly \$12 million was from the SGSR Fund. The General Fund appropriation represents an increase over the base of almost \$2.8 million, all of which was allocated to MDH functions tied to the long-term care initiative. The initiative is designed to reduce the state's reliance on nursing facilities and encourage development of community-based options. MDH

received \$1 million for transition planning grants to nursing facilities to assist them to develop strategic plans that identify the appropriate institutional and non-institutional settings needed to meet the service needs of older adults. Another \$120,000 was provided for grant administration. The Legislature provided \$300,000 for MDH to develop an alternative nursing home survey schedule that focuses inspections on lower-quality homes and reduces inspections at homes with a good compliance record. MDH was directed to seek federal law changes needed to implement a new inspection process. MDH also received \$1 million for innovations in quality demonstration grants, plus \$120,000 for grant administration. These grants are for providers of direct services or housing to elderly persons for projects that demonstrate innovations and measurable improvement in resident care, quality of life, use of technology, or customer satisfaction. MDH also received \$120,000 for its costs in developing a new nursing home reimbursement system and \$99,000 for its costs in the conduct of a study of the time spent by nursing facility staff with residents in each case mix class. The SGSR Fund appropriation for Facility and Provider Compliance represented an increase of almost \$1.6

million over the adjusted base. The agency received \$820,000 to provide training and consultation to home care providers, especially providers of assisted living services. The Legislature authorized \$485,000 for the regulation of supplemental nursing services agencies that supply temporary staff to nursing facilities. The Legislature required these agencies to be registered with MDH, established minimum standards for agencies, and set a cap on the maximum they can charge a nursing facility for providing temporary employees to the facility. MDH also received \$270,000 to conduct initial Medicare certification surveys of health care and home service providers that wish to provide Medicare services. Due to a lack of federal funding, MDH has been unable to conduct these surveys and a large backlog of certification requests has developed. The appropriation must be recovered through fees charged for the surveys.

### **Health Protection**

The Legislature provided about \$62.1 million for this activity, including almost \$27.2 million from the General Fund and over \$34.9 million from the SGSR.

For Environmental Health, almost \$5 million was provided from the General Fund, an

amount equal to the adjusted base funding level. Almost \$28 million was provided from the SGSR Fund, an increase of about \$3.7 million. MDH received \$920,000 to increase testing of public water supplies to ensure safe drinking water. A \$1.3

million was provided from the General Fund and \$311,000 from the SGSR Fund. The General Fund appropriation represented a reduction of more than \$900,000 from the base. The base was reduced by more than \$1.1 million through a

provided from the General Fund and over \$3 million from the SGSR Fund. The General Fund appropriation represented a \$3.4 million increase over the adjusted base, all of which was dedicated to an initiative to respond to emerging health threats, including disease outbreaks, terrorism threats, natural disasters, the spread of antibiotic-resistant diseases, and contamination from clandestine methamphetamine labs. The SGSR Fund appropriation represents a \$218,000 base reduction. This reflects a decision to finance core public laboratory services from the General Fund rather than through fees, reducing SGSR Fund contributions by \$368,000. This was somewhat offset by an appropriation of \$150,000 from the SGSR Fund to cover the current costs of the state's environmental laboratory certification program.



million increase was approved for food, beverage, and lodging inspections. This will allow MDH to increase the frequency of inspections at food establishments and pay for the additional staff needed because MDH has assumed from Cook County responsibility for inspections in that county. Over \$1 million was provided for water well management activities, which include licensing and training of well drillers and inspection of well construction.

For Infectious Disease Prevention and Control, almost \$10

transfer to DHS of case management services for persons with HIV. DHS spending was increased by a like amount. This reduction was partially offset by a \$200,000 appropriation to Minneapolis for a community-based health education and promotion program on food safety in the Latino, Somali, and Southeast Asian communities. The SGSR Fund appropriation for Infectious Disease Prevention and Control represented no change from the adjusted base.

For the Public Health Laboratory, over \$6 million was

### **Chronic Disease Prevention and Control**

Almost \$6.3 million was provided from the General Fund for this activity, an amount equal to adjusted base-level funding.

### **Management and Support Services**

Over \$11.3 million was provided for this activity, including about

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\$11 million from the General Fund and \$306,000 from the SGSR Fund. The only change from base-level funding was a \$100,000 reduction in Finance and Administration achieved by eliminating one support staff position in a field office in Greater Minnesota.

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

First Special Session Chapter 9 appropriated about \$22.6 million from the SGSR fund to operate the boards that regulate a wide variety of health-related service providers. All board revenues are derived from fees collected from the regulated providers.

Many of the boards were funded at the adjusted base level, and the others received mostly modest funding increases. The Board of Nursing received the largest increase of \$626,000, which included \$266,000 for a staff increase for the health professionals services program. This program, which serves all the boards, provides early intervention, treatment, and monitoring of health professionals with chemical dependency problems and other issues that may affect their performance. The Board of Nursing also received \$360,000 in additional funding for its ongoing operational expenses.

### **Emergency Medical Services Board**

First Special Session Chapter 9 provided more than \$5.5 million from the General Fund for the Emergency Medical Services (EMS) Board, which regulates and supports statewide emergency medical care. This represents a General Fund increase of almost \$4.2 million. However, about \$3.7 million of that increase simply allocated General Fund dollars to replace Trunk Highway Fund appropriations previously used to support the board. The 2000 Legislature severely restricted the use of Trunk Highway Funds and appropriated General Fund dollars as a replacement, but only for fiscal year 2001. In order to maintain agency services in the 2001-2003 biennium, this General Fund appropriation was required. The board also received \$600,000 to operate the Comprehensive Advanced Life Support System (CALSS), a program that trains rural health care providers in a team approach to anticipate, recognize, and treat life-threatening emergencies. The board also received an open General Fund appropriation of about \$2.1 million.

### **Council on Disability**

First Special Session Chapter 9 provided about \$1.4 million for the operations of the Council on

Disability. Base level funding for the council was zero because it was scheduled to sunset on June 30, 2001. However, the sunset date was extended and funding was restored to the previous base funding level.

### **Ombudsman for Mental Health and Mental Retardation**

First Special Session Chapter 9 provided about \$2.9 million to operate the ombudsman's office. This amount was equal to the office's base funding level.

### **Ombudsperson for Families**

First Special Session Chapter 9 provided \$481,000 to operate this agency, an increase of \$124,000 over base level funding. The increase was necessary because base level funding did not cover all expected salary and fringe benefit costs.



# *Housing*

## **Housing Finance Agency**

First Special Session Chapter 4, article 1, appropriated more than \$129 million to the Minnesota Housing Finance Agency (MHFA) for housing purposes. Of this amount, about \$105.3 million was from the General Fund and almost \$24.3 million is federal Temporary Assistance for Needy Families (TANF) funds. This appropriation represents approximately a seven percent increase over the previous biennium. This table provides a breakdown of major spending areas for the housing funds. Other program specifics included:

- The Challenge grant funds must be used to discount the interest rate on home improvement loans and be matched by funds from a local unit of government or nonprofit organization, and the loans must be targeted to households based on need.
- \$250,000 of the funds for home ownership education must be used to provide services to non-English speaking

## **MINNESOTA HOUSING FINANCE AGENCY** Biennial Appropriations by Program

Program	2001-2003
Challenge Grant	\$ 24,008,000
Rental Assistance for Mentally Ill	3,400,000
Family Homeless & Prevention	7,500,000
Home Ownership Education	1,966,000
Housing Trust Fund	9,246,000
Affordable Rental Investment Fund	68,000,000
Urban Indian Housing Program	374,000
Tribal Indian Housing Program	3,366,000
Nonprofit Capacity Building Grant	680,000
Housing Rehabilitation & Accessibility Program	8,574,000
Home Ownership Assistance Fund	1,800,000
Manufactured Home Park Redevelopment	400,000
Rental Housing Pilot Program	100,000
Supportive Housing Grants	100,000
<b>Total</b>	<b>\$ 129,514,000</b>

persons, recent immigrants, and historically underserved populations.

acquisition, rehabilitation, and debt restructuring of federally assisted rental property.

- \$20 million of the funds in the Affordable Rental Investment fund must be used to finance

- \$24 million of the funds in the Affordable Rental Investment fund must be used to finance

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permanent and supportive rental housing units and to provide rental assistance.

- The rental housing pilot program is a new one-time program to encourage landlords to rent to high-risk tenants with poor rental histories. The MHFA must report to the Leg-

islature by January 15, 2003, on the effectiveness of the pilot program.

The MHFA appropriations section also contained cancellations of the unobligated balances of 1997 and 1998 appropriations to the Affordable Rental Investment fund. These balances were

transferred to the Housing Development fund and appropriated as follows: \$257,000 to the rental housing pilot program; \$250,000 for administrative costs of agencies administering the federal section 8 housing program; and \$420,000 for housing loans and grants for veterans.



# *Commerce*

## **Department of Commerce**

In Laws 2001, First Special Session Chapter 4, the Legislature appropriated just under \$54.8 million to the Department of Commerce for the 2001-03 Biennium. The Department also received a \$1 million appropriation for fair housing education from the Real Estate Education, Research, and Recovery Fund in Laws 2001, Chapter 208. The table on the right provides a list of funds along with the amounts and percentage of total direct appropriations.

<b>DEPARTMENT OF COMMERCE</b>		
Biennial Appropriations by Fund		
Fund	Biennium	% of Total
General	\$51,427,000	92.2%
Petroleum Tank	2,148,000	3.9%
Workers' Compensation	1,214,000	2.2%
Real Estate Education, Research, and Recovery	1,000,000	1.8%
<b>Total</b>	<b>\$55,789,000</b>	<b>100.0%</b>

<b>DEPARTMENT OF COMMERCE</b>		
Biennial Appropriations by Purpose		
Purpose	Biennium	% of Total
Financial Examinations	\$12,934,000	23.2%
Petroleum Tank Release Cleanup Board	2,148,000	3.9%
Administrative Services	11,855,000	21.2%
Enforcement and Compliance	11,521,000	20.7%
Energy	7,693,000	13.8%
Telecommunications	1,994,000	3.6%
Weights and Measures	6,644,000	11.9%
Fair Housing Education	1,000,000	1.8%
<b>Total</b>	<b>\$55,789,000</b>	<b>100.0%</b>

The three largest purpose categories of direct appropriations to the Department of Commerce are Financial Examinations (23.2 percent), Administrative Services (21.2 percent), and Enforcement and Compliance (20.7 percent). The table on the left provides a list of appropriations along with the amounts and percentage of total direct appropriations for each purpose.



# *Economic Development*

## **Department Of Trade**

### **And Economic Development**

Chapter 4, article 1, of the First Special Session appropriated more than \$80 million to the Department of Trade and Economic Development (DTED). This represents more than a 20 percent decrease from the department's appropriation in the previous biennium. This reduction is primarily due to a one-time appropriation of \$20 million to the Jobs Skills Partnership Program during the 1999-2001 biennium.

### **DEPARTMENT OF TRADE AND ECONOMIC SECURITY** Biennial Appropriations by Purpose

Purpose	2001-2003	% o Total
Business and Community Development	\$23,416,000	29.1%
Tourism	20,130,000	25.0%
Workforce Development	21,340,000	26.5%
Administration	7,191,000	9.0%
Trade Office	5,080,000	6.3%
Information and Analysis	3,299,000	4.1%
<b>Total</b>	<b>\$80,456,000</b>	<b>100.0%</b>

Most of the department's funding comes from the General Fund (93 percent). DTED's appropriations by fund and percentage of total funding are shown in the table below. The

three largest areas of spending for DTED are business and community development (29.1 percent), workforce development (26.5 percent) and tourism

(25 percent). The table above provides a list of appropriations, along with the amounts and percentages of total appropriations for each purpose.

### **DEPARTMENT OF TRADE AND ECONOMIC DEVELOPMENT** Biennial Appropriations by Fund

Fund	2001-2003	% of Total
General	\$ 74,779,000	93.0%
Temporary Assistance to Needy Families	2,750,000	3.4%
Environmental Fund	1,400,000	1.7%
Special Revenue Fund	1,527,000	1.9%
<b>Total</b>	<b>\$ 80,456,000</b>	<b>100.0%</b>

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**Business and Community Development Grants**

Of the more than \$23 million appropriated for Business and Community Development Grants, \$7.7 million was for transfer to the Minnesota Investment Fund – a decrease of approximately \$1.3 million from the previous biennium. Other one-time grants included:

- \$300,000 to the Rural Policy and Development Center at Minnesota State University at Mankato for research and policy analysis on emerging economic and social issues in rural Minnesota;
- \$310,000 to the Metropolitan Economic Development Association for minority business development;
- \$300,000 for grants to non-profit organizations to provide assistance to self-employment and microenterprise businesses;
- \$35,000 for the Blue Earth rural advanced business facilitation program;
- \$50,000 for the Minnesota Rural Summit;
- \$1 million to a political subdivision selected as a site for a

soybean oilseed processing facility;

- \$500,000 to the city of Duluth for the Duluth Technology Village;
- \$75,000 for the West Central Growth Alliance to establish a regional marketing pilot program;
- \$150,000 to the city of Ironton for the Cuyuna Range technology center; and
- \$97,000 for the Neighborhood Development Center.

In addition, the Governor line-item vetoed three one-time grants, including: \$500,000 to the city of St. Paul for the design of the new Roy Wilkins auditorium; \$100,000 to the Albert Lea Port Authority to remodel Northaire Industrial Park; and \$300,000 to the St. Paul Port Authority to purchase the Trillium site as part of the Trout Brook greenway corridor.

**Workforce Development**

The \$21 million appropriation for Workforce Development included: \$8.5 million each year for the Jobs Skills Partnership and Pathways

programs; \$450,000 each year for one-time grants to immigrant/refugee programs; \$330,000 each year for Twin Cities Rise; \$265,000 each year for women's business development programs; and \$750,000 for a voucher program to reimburse entities that provide employment training to low-income individuals.

**Office of Tourism**

The Office of Tourism received over \$20 million for the biennium. However, of the amount appropriated for marketing activities, \$3.5 million each year is contingent upon receipt of an equal contribution from nonstate sources for joint venture marketing. The Minnesota film board received \$829,000 each year, of which \$500,000 each year must be used to reimburse film and television producers for documented wages paid to Minnesotans. The Governor line-item vetoed two appropriations for tourism, including \$150,000 to plan and promote the 2004 Grand Excursion and \$50,000 for the construction of a North American bear center.

**Minnesota Technology Inc. (MTI)**

The 2001 Legislature

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appropriated over \$12 million to MTI, about a 12 percent reduction from the previous biennial appropriation of \$13.7 million. Of this appropriation, \$5.0 million the first year and \$6.1 million the second year are for the Minnesota Technology Fund, \$875,000 is for Minnesota Project Innovation, and \$50,000 is for the Minnesota Inventors Congress.

**Department of Economic Security**

The Department of Economic Security (DES) received more than \$80 million for the 2001-2003 biennium. The primary areas of spending for DES include Workplace Services, rehabilitation Services, and State Services for the Blind. DES received almost \$24 million for the biennium for Workplace Services for programs, including the Displaced Homemaker Program, youth violence prevention, the Opportunities Industrialization Center, and youth intervention programs. Rehabilitation Services received \$46.4 million for the biennium, of which \$23.8 million is for extended employment services for persons with severe disabilities and other programs, including the centers for independent

living, employment services for individuals with mental illness, and vocational rehabilitation. The appropriation for State Services for the Blind was approximately \$10 million for the biennium.

DES was also required to prepare a report for the Legislature on the costs and benefits of providing paid or insured wage replacement during parental leave. The report must include estimates of the number of employees who can take parental leave, the impact on employers of offering paid parental leave, and an estimate of the public health costs of not providing wage replacement during parental leave.

# *Transportation*

The appropriations for transportation purposes are contained in Article 1 of the Transportation, Public Safety and Judicial Appropriations Omnibus Bill (First Special Session Chapter 8). This bill appropriated over \$3.5 billion for the 2001-2003 biennium for transportation purposes. This total is about a 9.5 percent increase over the 1999-2001 biennium (excluding the one-time transportation capital appropriations of \$566 million made in the 2000 session). The total transportation appropriations by fund and the percentage of funding are shown in the table on the right.

The Minnesota Department of Transportation (MnDOT) will receive the majority of the transportation funds — over \$3.2 billion. The Department of Public Safety will receive approximately \$230 million for transportation-related activities and the Metropolitan Council will receive approximately \$136 million for metropolitan area transit planning and operations.

## DEPARTMENT OF TRANSPORTATION

### Biennial Appropriations by Fund

Fund	2001-2003	% of Total
General	\$ 197,078,000	5.5%
Airports	41,355,000	1.1%
Highway User	24,014,000	.7%
County State Aid Highway	823,443,000	23.0%
Municipal State Aid Street	216,296,000	6.1%
Trunk Highway	2,272,010,000	63.5%
Special Revenue	1,973,000	.1%
<b>Total</b>	<b>\$ 3,576,169,000</b>	<b>100.00%</b>

### **Minnesota Department of Transportation**

MnDOT will receive \$3.2 billion for the biennium. The majority of this funding, about \$2.2 billion, is from the Trunk Highway Fund. This fund receives 62 percent of the revenues generated by the state's vehicle registration tax, the state's 20 cent per gallon gas tax, and a percentage of the sales tax on motor vehicles. It also receives federal highway aid for road construction. For the 2001-2003 biennium, the

federal highway aid is estimated to be \$550 million, or approximately 24 percent of MnDOT's total Trunk Highway Fund appropriation.

The table on the next page provides a breakdown of MnDOT's total appropriation and the corresponding percentage of the total for the department's primary activities. The amounts shown for county state-aids (\$732 million) and municipal state-aids

(\$213 million) are pass-through funds distributed by MnDOT on a formula basis to the state's 87 counties and cities with a population over 5,000 for expen-

diture on local road systems. MnDOT also received supplementary appropriations from the General Fund for FY 2001,

including \$1.0 million for the rail service improvement program and \$1.0 for port development assistance.

**DEPARTMENT OF TRANSPORTATION  
Biennial Appropriations by Purpose**

Purpose	2001-2003	% of Total
Aeronautics	\$ 41,237,000	1.3%
Greater MN Transit	36,699,000	1.1%
Railroads & Waterways	3,562,000	.1%
Motor Carrier Regulation	8,147,000	.3%
State Road Construction	1,129,414,000	35.2%
Highway Debt Service	43,463,000	1.4%
Research & Investment Management	24,398,000	.8%
Central Engineering Services	131,369,000	4.1%
Design & Construction Engineering	180,381,000	5.6%
State Road Operations	444,465,000	13.9%
Electronic Communications	11,363,000	.3%
General Support	104,635,000	3.3%
Buildings	7,716,000	.2%
 MnDOT Total	 \$ 2,166,849,000	 67.6%
County State Aids	823,443,000	25.7%
Municipal State Aids	216,296,000	6.7%
 Total	 \$ 3,206,588,000	 100.0%

MnDOT's major area of expenditure, excluding the local road program, is for state road construction, which accounts for over one-half of MnDOT's total appropriation. The 2001-2003 state road construction appropriation of \$1.13 billion represents the largest construction program in the state's history and is an approximate increase of \$92 million, or 9 percent over the 1999-2001 biennium. In addition, during the 2000 legislative session, MnDOT received a one-time appropriation of \$359 million for state road construction (\$277.5 million from the General Fund and \$76.5 million from the Trunk Highway Fund). This appropriation was meant to be spent over a three-year period and approximately \$270 million will be spent during the 2001-2003 biennium, bringing the total appropriation for road construction to over \$1.4 billion.

The Omnibus Bill also included a number of transportation policy changes related to MnDOT operations. These policy changes include:

- The commissioner is prohibited until July 1, 2002, from canceling or removing from the statewide transportation improvement program the project that would construct a

new bridge across the St. Croix river on trunk highway No. 36.

- The commissioner was appropriated \$100,000 to study the feasibility and desirability of allowing all vehicles to use lanes on I-394 and I-35W presently restricted to high occupancy vehicles.
- The commissioner is prohibited from spending state funds on light rail or commuter rail unless the funds are specifically appropriated in legislation that identifies the route, including its origin and destination.
- The commissioner is also prohibited from contracting for reconstruction of the I-35W/trunk highway No. 62 interchange until after May 1, 2002. The commissioner must contract with a consultant to prepare a report and recommendations on issues surrounding the project and submit a report to the House and Senate Transportation Committees by January 15, 2002.

**Metropolitan Council Transit**

The Legislature appropriated \$136.2 million from the General Fund to the Metropolitan Council for metropolitan transit planning and operations. This is an

increase of about \$23 million, or 21 percent, over the previous biennium. The legislation specifies that the agency's budget base for the next biennium will be \$131.6 million, a \$5 million reduction from this biennium. This appropriation will allow the council to preserve existing levels of transit service, provide for very limited service expansion, and will provide a contingency fund for increases in fuel costs. The legislation prohibits the Council from spending more than \$42.2 million for the operation of Metro Mobility. The Governor also recommended an increase of 25 cents in base-level transit fares. This increase took place in July of 2001 and is predicted to raise approximately \$16 million for the biennium.

**Department of Public Safety**

The Omnibus Transportation, Public Safety, and Judicial Appropriations Bill included approximately \$230 million for the Department of Public Safety (DPS) for transportation-related activities. The breakdown of DPS's appropriation and percentage of the total appropriation by major activity is shown in the table below.

The appropriation for the state patrol was an approximate \$10.2

million, or nine percent, increase over the previous biennium. The bill specifies that, of this appropriation, \$1.2 million the first year and \$3.1 million the second year are for hiring 65 new state troopers and for the Trooper Recruit Training Academy.

The appropriation for Driver and

Vehicle Services of \$76 million appears to be a decrease of approximately \$1.8 from the previous biennium. However, this is due to the removal of an \$11.8 million appropriation for motor vehicle license plate production from a direct legislative appropriation to an open appropriation. When this open appropriation is included,

Driver and Vehicle Services actually received about a 12.8 percent increase over the previous biennium. Driver and Vehicle Services also received FY 2001 supplementary appropriations of \$875,000 for increased license plate costs and \$445,000 for increased costs of producing drivers' license cards.

**DEPARTMENT OF PUBLIC SAFETY**

Biennial Transportation-Related Appropriations by Purpose

Purpose	2001-2003	% of Total
Administration & Related Services	\$ 26,534,000	11.5%
State Patrol	124,192,000	54.2%
Driver & Vehicle Services <sup>(1)</sup>	76,050,000	33.1%
Traffic Safety	641,000	.3%
Pipeline Safety	1,973,000	.9%
Total	\$ 230,109,000	100.0%

NOTES:

(1) Reduction is due to an appropriation of \$11.8 million being changed from a direct to an open appropriation.

# *Agriculture*

## **Department of Agriculture**

In Laws 2001, First Special Session Chapter 2, the 2001 Legislature directly appropriated almost \$44.9 million to the Department of Agriculture for the 2001-2003 biennium, which is a 6.4 percent reduction over the previous biennium. The major reason for the reduction was a number of one-time appropriations by the

1999 and 2000 Legislatures to the department that did not carry forward to the current biennium.

The table below provides a list of funds along with the amounts and percentage of total direct appropriations.

<b>DEPARTMENT OF AGRICULTURE Biennial Appropriations by Fund</b>		
Fund	2001-2003	% of Total
General	\$44,150,000	98.4%
Environmental	700,000	1.6%
<b>Total</b>	<b>\$44,850,000</b>	<b>100.0%</b>

<b>DEPARTMENT OF AGRICULTURE Biennial Appropriations by Purpose</b>		
Purpose	2001-2003	% of Total
Protection Service	\$23,894,000	53.3%
Agricultural Marketing and Development	11,155,000	24.9%
Administration and Financial Assistance	9,801,000	21.9%
<b>Total</b>	<b>\$44,850,000</b>	<b>100.0%</b>

The largest area of spending by the Department of Agriculture is for the Agricultural Protection Service (53.3 percent). The table above provides a list of appropriations, along with the amounts and percentage of total direct appropriations for each purpose.



Two areas of significant increases in General Fund appropriations to the department are for expansion of the Dairy Diagnostics Program and for the Minnesota Certification Program. The 2001 Legislature doubled the amount of funding for the Dairy Diagnostics Program from \$1 million to \$2 million for the biennium. The newly created Minnesota Certification Program received \$250,000 for the biennium. The Minnesota Certification Program was established as a pilot program by the 2000 Legislature and extended by the 2001 Legislature until 2007. The program provides certification for agricultural production methods to provide assurance for claims made by participating businesses. The Legislature also appropriated \$192,000 from the General Fund for a grant for a feedlot EIS (environmental impact statement) that was ordered by a district court.

The Legislature increased a number of fees charged by the department that will lead to increased statutory appropriations from those accounts. The one significant change is the fee system for the dairy inspection program. The Legislature established a new milk procurement fee of 0.71 cents per hundred

weight of all milk purchased by dairy processors. The new fee will raise over \$1.3 million for

plants due to the ten-year limitation on payments under the program.



the biennium and will be used to offset an administrative reduction in the fluid milk processor assessment that was paid by fluid milk processors only.

#### **Ethanol Development**

The 2001 Legislature did not make changes to the ethanol producer payment program to allow additional producers in the program. The level of appropriation from the open appropriation for the 2001-2003 biennium is estimated to be just under \$70.9 million, which is a 1.7 percent reduction in payments under the program. The reduction is due to reduced ethanol producer payments at several existing ethanol

#### **Board of Animal Health**

In First Special Session Chapter 2, the Legislature appropriated just over \$5.8 million from the General Fund to the Board of Animal Health for the 2001-2003 biennium, which is a 10.1 percent reduction over the previous biennium. The reduction is due to the additional one-time appropriations made to the board in the previous biennium for control of pseudorabies. The Legislature also increased the appropriation to the board for Johne's disease (\$250,000) and for the avian pneumovirus program (\$80,000).

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### **Agricultural Utilization Research Institute**

In First Special Session Chapter 2, the 2001 Legislature appropriated just over \$8.4 million from the General Fund to the Agricultural Utilization Research Institute (AURI) for the 2001-2003 biennium, which is a 3.1 percent increase over the previous biennium. The reason for the increase was some one-time cuts in appropriations to AURI in the previous biennium. Of the amount appropriated, approximately \$8 million is from the General Fund and includes \$400,000 for hybrid tree management research. The remaining \$400,000 is from the pesticide regulatory account in the Agricultural Fund for research on pesticide use reduction.

### **Emergency Livestock Disease Control**

In Chapter 192, the 2001 Legislature established emergency measures to control livestock diseases that provide a substantial and imminent threat to Minnesota's domestic animal population. If the Governor declares a livestock disease emergency, the law allows the Board of Animal Health, its executive director, or a designated veterinarian to issue orders temporarily restricting the movement of people, livestock, machinery, and personal property out of quarantine zones. The law allows the Governor to commandeer private property for disposal of diseased animals where adequate land in the area that is necessary to

dispose of the animals cannot be obtained voluntarily. Livestock owners with destroyed livestock and landowners whose property has been temporarily commandeered are eligible for compensation for losses and damages. The motivation for the emergency measures was the concern over the potential threat of foot and mouth disease.

### **Minnesota Horticultural Society**

In First Special Session Chapter 2, the 2001 Legislature appropriated \$164,000 to the Minnesota Horticultural Society for the 2001-2003 biennium, which is the same level of funding as the previous biennium.



# *Natural Resources*

**Department of  
Natural Resources**

In Laws 2001, First Special Session Chapter 2, the 2001 Legislature appropriated just over \$472.5 million to the Department of Natural Resources (DNR) for the 2001-2003 biennium, which is a 6.3 percent increase in direct appropriations over the last biennium. In addition to a three percent budget increase for inflation, the other major reason for the increase over the previous biennium was the full two-year funding to the DNR for the 2001-

2003 biennium from the lottery in lieu of sales tax money that was newly dedicated to the DNR by the 2000 Legislature and revenue from game and fish license increases enacted by the 2000 Legislature. The previous biennium only included funding from these sources in the second year of the biennium.

The two largest direct appropriation sources for the DNR are the General Fund (47.3 percent) and the Game and Fish Fund (33.6 percent). One change worthy of

note is that revenue from state park vehicle entry permits and camping fees is now deposited in the Natural Resources Fund instead of the General Fund. With this shift of almost \$14 million in fee revenue to the Natural Resources Fund, the percentage of overall funding to the DNR from the General Fund is substantially lower than the previous biennium. The table below provides a list of funds along with the amounts and percentage of total direct appropriations.

**DEPARTMENT OF NATURAL RESOURCES  
Biennial Appropriations by Fund**

Fund	2001-2003	% of Total
General	\$223,347,000	47.3%
Natural Resources	90,091,000	19.1%
Game and Fish	158,882,000	33.6%
Solid Waste	200,000	0.0%
<b>Total</b>	<b>\$472,520,000</b>	<b>100.0%</b>

The three largest purpose categories of direct appropriations to the DNR are park and recreation area management (17.2 percent), forest management (15.6 percent), and operations support (14.2 percent). In previous biennia, the largest purpose category of appropriation was fish and wildlife. Under the DNR's reorganization, the Fish and Wildlife Division was split into three divisions. If the percentage of total for the fish management (12 percent), wildlife management (9.8 percent), and ecological services (four percent) is

added together, the total of 25.8 percent is still the largest overall spending area of the DNR. The table below provides a list of

appropriations along with the amounts and percentage of total direct appropriations for each purpose.



**DEPARTMENT OF NATURAL RESOURCES  
Biennial Appropriations by Purpose**

Purpose	2001-2003	% of Total
Land and Mineral Resources Management	\$14,352,000	3.0%
Water Resources Management	24,955,000	5.3%
Forest Management	73,896,000	15.6%
Parks and Recreation Management	81,463,000	17.2%
Trails and Waterways Management	38,879,000	8.2%
Fish Management	56,640,000	12.0%
Wildlife Management	46,469,000	9.8%
Ecological Services	18,940,000	4.0%
Enforcement	49,960,000	10.6%
Operations Support	66,966,000	14.2%
<b>Total</b>	<b>\$472,520,000</b>	<b>100.0%</b>

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Included in the General Fund appropriations to the DNR are:

- a \$2 million increase (to \$8 million from \$6 million for the biennium) in base appropriations for metropolitan park maintenance and operation funding;
- a \$2 million increase in forest management activities; and
- a \$749,000 increase for hiring new conservation officers.

Not included was \$50,000 for a grant to the City of Taylors Falls for fire and rescue operations at Interstate State Park that was vetoed by the Governor.

In First Special Session Chapter 12, the Legislature appropriated \$2 million from bond funds to the DNR for flood hazard mitigation grants.

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

In Laws 2001, First Special Session Chapter 2, the 2001 Legislature appropriated almost \$38 million to the Board of Water and Soil Resources for the 2001-2003 biennium, which is a 6.2 percent decrease in direct appropriations over the last biennium. The decrease in appropriations to the board is mostly due to several one-time appropriations made by the 2000 Legislature, including over \$2.6 million for an agricultural land set-aside program.

Included in the appropriations to the board are base increases for feedlot cost-share grants (over \$1.2 million) and general services grants to soil and water conservation districts (\$270,000). The Legislature also provided an additional \$100,000 to the board for reimbursement to the town of West Newton for excessive costs of a wastewater treatment system.

In First Special Session Chapter 12 (the capital budget), the Legislature appropriated just under \$53.5 million to the board from the bond proceeds. Of this amount, just under \$51.5 million is for the Conservation Reserve Enhancement Program (CREP) and \$2 million for restoration of wetlands necessary because of local road projects. The additional money for CREP, along with 2000 appropriations, will fully fund the state portion necessary to leverage \$163 million in federal funds to purchase perpetual easements of marginal agricultural lands in the Minnesota River Valley.

### **Zoological Board**

In First Special Session Chapter 2, the 2001 Legislature appropriated just over \$15.4 million to the Zoological Board for the 2001-2003 biennium, which is a 6.8 percent increase in direct appropriations over the last biennium. The increase is due to direct funding of the Minnesota Zoological Garden from the portion of the lottery in lieu of

sales tax revenue dedicated to the Minnesota Zoological Garden.

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

In Laws 2001, First Special Session Chapter 2, the 2001 Legislature appropriated \$393,000 to the Minnesota-Wisconsin Boundary Area Commission for the 2001-2003 biennium, which is a 5.9 percent increase over the last biennium. Of this amount, \$322,000 is from the General Fund and \$71,000 is from the Natural Resources Fund.

Because Minnesota's appropriation is contingent on an equal appropriation from the state of Wisconsin and the Wisconsin Legislature discontinued funding the Minnesota-Wisconsin Boundary Area Commission, the commission will be discontinuing its activities and most of the money appropriated to the commission under this law will not be expended.

### **Science Museum of Minnesota**

In First Special Session Chapter 2, the 2001 Legislature appropriated \$2.6 million to the Science Museum of Minnesota for the 2001-2003 biennium, which is an 11.7 percent increase over the last biennium. The increase is due to the decision by the 2001 Legislature to increase the state appropriation for operating expenditures at the Science Museum.

**Minnesota Resources**

In First Special Session Chapter 2, the 2001 Legislature appropriated just over \$49.5 million from four funds used for natural resources projects that are based on recommendations of the Legislative Commission on Minnesota Resources. The level of funding for the 2001-2003 biennium is a 22.3 percent increase over the previous biennium and is mostly due to the increased balance of the principal amount in the Minnesota Environment and Natural Resources Trust Fund. The Minnesota Constitution provides that the Legislature may annually spend 5.5 percent of the principal amount in the Trust Fund before the beginning of the biennium. With 40 percent of the net proceeds from the State Lottery dedicated to the Trust Fund, the principal balance in the fund has been increasing.

The two major sources of funding for Minnesota Resources projects are the Minnesota Environment and Natural Resources Trust Fund (69 percent) and the Minnesota Future Resources Fund (30.5 percent). The table above provides a list of funds along with the amounts and percentages of total funding.

The two areas of spending receiving the largest appropriations were recreation (46.8 percent) and

MINNESOTA RESOURCES Biennial Appropriations by Fund		
Fund	Biennium	% of Total
Minnesota Future Resources	\$15,110,000	30.5%
Environment and Natural Resources Trust	34,165,000	69.0%
Oil Overcharge	180,000	0.4%
Great Lakes Protection	87,000	0.2%
Total	\$49,542,000	100.0%

fish and wildlife habitat (36.9 percent). The table below provides a list of appropriations along with the appropriation amounts and percentage of total funding for each of the categories.

Not included in the appropriation totals are \$275,000 from the

Minnesota Future Resources Fund for green building infrastructure design strategies and \$455,000 from the Minnesota Environment and Natural Resources Trust Fund for a television series on the history of Minnesota's natural landscapes that were vetoed by the Governor.

MINNESOTA RESOURCES Biennial Appropriations by Purpose		
Fund	Biennium	% of Total
Administration	\$ 1,535,000	3.1%
Fish and Wildlife Habitat	18,280,000	36.9%
Recreation	23,180,000	46.8%
Water Resources	1,970,000	4.0%
Land Use and Natural Resource Information	1,777,000	3.6%
Agriculture and Natural Resource Industries	740,000	1.5%
Energy	90,000	0.2%
Environmental Education	1,970,000	4.0%
Total	\$49,542,000	100.0%

# *Environment*

**Pollution Control Agency**  
 In Laws 2001, First Special  
 Session Chapter 2, the 2001  
 Legislature appropriated almost  
 \$104.4 million in direct appro-

ated money for new budget  
 initiatives for feedlot permitting  
 (\$1.45 million), county feedlot  
 administrative grants (\$1 mil-  
 lion), Empire Building site

(35.6 percent). The table below  
 provides a list of the funds along  
 with the amounts and percentage  
 of total direct appropriations to  
 the PCA.

## POLLUTION CONTROL AGENCY Biennial Appropriations by Fund

Fund	2001-2003	% of Total
General	\$37,115,000	35.6%
Petroleum Tank	7,127,000	6.8%
State Government Special Revenue	95,000	42.6%
Solid Waste	14,623,000	14.0%
Metro Landfill Contingency Action Trust	1,000,000	1.0%
<b>Total</b>	<b>\$104,396,000</b>	<b>100.0%</b>

priations to the Pollution Control  
 Agency (PCA) for the 2001-  
 2003 biennium, which is a 7.8  
 percent increase over the last  
 biennium. In addition to a three  
 percent base increase for infla-  
 tion, the Legislature appropri-

remediation (\$1 million), and air  
 monitoring (\$250,000).

The two largest sources of  
 appropriations for the PCA are  
 the Environmental Fund (42.6  
 percent) and the General Fund

The three largest purpose cat-  
 egories of direct appropriations  
 to the PCA are protection of the  
 water (31.4 percent), integrated  
 environmental programs (30  
 percent), and protection of the  
 land (19.5 percent).

The table below provides a list of appropriations along with the amounts and percentage of total direct appropriations for each purpose.

permits, of the interest accumulated on the original transfer (almost \$3.7 million). The Legislature also authorized the use of the MLCAT Fund for

of Finance, based on a general law requiring the cancellation of unused bonding authority after four years.

<b>POLLUTION CONTROL AGENCY Biennial Appropriations by Purpose</b>		
Purpose	2001-2003	% of Total
Protection of the Water	\$ 32,741,000	31.4%
Protection of the Air	15,592,000	14.9%
Protection of the Land	20,380,000	19.5%
Integrated Env. Programs	31,368,000	30.0%
Administrative Support	4,315,000	4.1%
<b>Total</b>	<b>\$104,396,000</b>	<b>100.0%</b>

The 2001 Legislature also provided for the repayment of money transferred in 1994 from the Metropolitan Landfill Contingency Action Trust (MLCAT) Fund to the Solid Waste Fund (formerly called the Landfill Cleanup Account). The money was transferred in 1994 to help with cash flow needs of the newly created Closed Landfill Cleanup Program. The 2001 Legislature provided for the immediate repayment of the original amount transferred (just over \$9.5 million) and for the eventual transfer, as cash flow

cleanup of the Pig's Eye dump in St. Paul. The total cost to clean the dump over the next four years is estimated to be around \$7.1 million.

In First Special Session Chapter 12, the Legislature appropriated \$20.5 million from the Bond Proceeds Fund for the Closed Landfill Cleanup Program. The money appropriated will partially offset the cancellation of the remaining balance in the 1994 bond authorization. The 1994 bond authorization was canceled by the Commissioner

**Office of Environmental Assistance**

In First Special Session Chapter 2, the 2001 Legislature appropriated just over \$55.4 million to the Office of Environmental Assistance (OEA) for the 2001-2003 biennium, which is a 28 percent increase over the previous biennium. The reason for the large increase was the appropriation of \$12 million from the Solid Waste Fund for payments under the newly created Mixed Municipal Solid Waste (MMSW) Processing Payment Program. Of the total appropriations to the



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OEA, just over \$40.8 million is from the General Fund (73.7 percent of the total appropriations to the OEA); \$12 million for the new MMSW Processing Payment Program is from the Solid Waste Fund (21.6 percent of the total); and just over \$2.6 million from the Environmental Fund (4.7 percent of the total). Within the General Fund appropriation is \$28 million for recycling grants to counties based on population. The recycling grants program was established as part of 1989 recycling legislation commonly referred to as SCORE (Select Committee on Recycling and the Environment).



The newly created MMSW Processing Payment Program is a grant program to counties based on the amount of MMSW generated in the county that is processed into energy or compost. The payment is \$5 for each ton of the county's MMSW that is processed from July 1, 2001, to June 30, 2005. As mentioned above, the Legislature appropriated \$12 million (\$6 million per year) for the program for the 2001-2003 biennium.

# *Regulated Industries*

## **Minnesota Energy Security and Reliability Act**

The 2001 Legislature enacted significant, comprehensive energy legislation in Chapter 212, entitled the Minnesota Energy Security and Reliability Act. The Act, responding to a projected shortage in regional electric energy generation capacity over the next decade, contains several provisions intended to ensure that the state has the essential energy infrastructure necessary to meet the projected increase in demand. The major provisions of the Minnesota Energy Security and Reliability act are outlined below.

## **Sustainable Building Guidelines**

The Minnesota Energy Security and Reliability Act authorizes the Commissioner of Commerce to transfer up to \$500,000, as needed annually, to the Commissioner of Administration for the Department of Administration to develop, in conjunction with other agencies, sustainable building guidelines which are to be

mandatory for all new buildings receiving funding from the Bond Proceeds Fund after January 2004. The primary objectives of the sustainable building guidelines are to ensure that all new buildings built with bond proceeds initially exceed by at least 30 percent the existing Minnesota Energy Code, as established in Minnesota Rules, Chapter 7676, and focus on achieving the lowest lifetime cost for new buildings while creating and maintaining a healthy environment.

## **Energy Efficiency Benchmarks**

The Minnesota Energy Security and Reliability Act requires the Department of Administration to collect and maintain information on energy usage in all existing public buildings for the purpose of establishing energy efficiency benchmarks and energy conservation goals. The department is also required, under Chapter 212, to develop a comprehensive plan by 2003 to maximize electrical and thermal energy efficiency in existing public buildings through conservation

measures.

## **Joint Ventures by Utilities**

The Minnesota Energy Security and Reliability Act authorized municipal utilities to enter into joint ventures with other municipal utilities, municipal power agencies, cooperative associations or investor-owned utilities to provide retail electric service, subject to ratification by the governing bodies of the respective utilities.

## **Distributed Generation**

The act also addressed the emerging issue of on-site distributed generations. The act directs the Public Utilities Commission (PUC) to establish standards for utility tariffs for interconnection and parallel operation of distributed generation of no more than ten megawatts fueled by clean or renewable fuels.

## **Consumer Protection**

The act modified the rules governing the disconnection of residential utility customers who are unable to pay their utility bills during cold weather to

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include all households whose income is less than 50 percent of the state median income. The act also requires utilities to offer budget billing plans. Municipal utilities serving less than 3,000 customers are exempt from this requirement, while municipal utilities serving more than 3,000 are required to comply within two years. The Legislature also provided additional disconnection protections for customers with medically necessary electric devices in their homes.

#### **Incentive Payments**

The act extended the eligibility for payments under the renewable energy production incentive program for qualified hydroelectric facilities, and provided eligibility for wind energy conversion systems meeting certain conditions.

#### **Distribution Reliability**

In addition to the projected electric generation capacity shortage, the Legislature addressed the other critical issue facing the state's power grid, namely the reliability of the state's existing electric energy distribution infrastructure. The Legislature directed the PUC and each cooperative electrical association and municipal utility to adopt standards for safety, reliability, and service quality for distribution utilities. The Legis-

lature also directed the Commissioner of Commerce to provide a cost benefit analysis of these standards.

#### **Power Plant Siting and Transmission Line Routing**

Citing the lengthy process required in gaining approval of proposed power plant sites and transmission line routes, the Legislature streamlined the approval process for certain proposed projects. The act extended the Environmental Quality Board's (EQB) jurisdiction to transmission lines of 100 kilovolts and above, but required the EQB to incorporate into one proceeding the route selection for high voltage transmission lines directly associated with and necessary to connect a proposed large electric generating plant to the transmission system. Additionally, the act specifies that when the Public Utility Commission has determined the need for a project, the EQB may not consider issues of need in the siting or routing of the project. The act also provided for EQB issuance of emergency permits for the construction of large generating plants or high voltage transmission lines due to major unforeseen events, and shortened the time allowed for the EQB to make its final decision on projects that are subject to the

full permitting process. The act established an even shorter time limit in the permitting process, allowing only 90 days to final decision for small generation facilities, facilities fueled by natural gas, transmission lines between 100 and 200 kilovolts, and upgrades to existing transmission lines.

#### **Conservation and Renewable Energy Objectives**

The act tightened the definition of what constitutes an eligible energy conservation improvement for the purpose of the state's Conservation Improvement Plan. The act also increased the conservation expenditure requirement on municipal utilities to 1.5 percent of their gross operating revenues from the sale of electricity and required similar expenditure levels in cooperative electric associations to be phased in by 2005. The act also required each utility to use five percent of its required conservation expenditures on distributed generation or renewable energy projects until this requirement expires on May 30, 2006. The Legislature also required each electric utility to make a good faith effort to ensure that ten percent of the electricity it provides to retail customers be derived from renewable energy by 2015.

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**OTHER  
ENERGY-RELATED  
LEGISLATION**

**Bio-Diesel Emissions Study**

In Chapter 2 of the 2001 First Special Session, the Legislature appropriated \$90,000 in FY 2001 from Oil Overcharge Money to the Commissioner of Administration for an agreement with the University of Minnesota to evaluate the impact on air quality of emissions from the use of bio-diesel fuel in diesel-powered generators. Additionally, the Legislature extended until June 30, 2004, the availability of the appropriation in Minnesota Laws 1999, chapter 231, section 16, subdivision 9, paragraph (c), to evaluate bio-diesel made from waste fats and oils.

**Energy Conservation**

In Chapter 4 of the 2001 First Special Session, the Legislature appropriated \$1.2 million over the biennium to the Energy and Conservation Account for programs administered by the Commissioner of Economic Security to improve the energy efficiency of residential oil-fired heating plants in low income households.

**Energy Loan Program Extension**

The 2001 Legislature, in Chap-

ter 147, authorized the extension of the rental energy revolving loan program funds, as appropriated in Minnesota Laws 1993, chapter 369, section 11, subdivision 6, from the Oil Overcharge Fund, to owner-occupied residential housing, and eliminated the metropolitan area eligibility restriction.

**Propane Education and Research Council**

Minnesota Laws 2001, Chapter 130, allows for the creation of a propane education and research council for the purpose of establishing, supporting, or conducting research, training, and education programs concerning the safe and efficient use of propane, to be funded by dues collected from propane producers and propane retail marketers. The law also contains a provision to repeal the legislation authorizing the creation of the council by August 1, 2009, or August 1, 2004, if no propane education and research council has been established by that date.

**Energy Assistance**

In Chapter 2, the 2001 Legislature authorized the Commissioner of Economic Security to expend \$12.2 million in federal funds allocated to the state for the energy assistance program under Minnesota Statutes, section 119A.42.

**TELECOMMUNICATIONS**

**Enhanced Wireless 911**

In Chapter 10 of the First Special Session 2001, the Legislature appropriated nearly \$4 million for FY 2002 from the 911 Fund for increased costs associated with wireless-enhanced 911 and for reimbursements to providers for prior period services not yet certified by the PUC. The appropriation from the special revenue fund is for recurring costs of 911 emergency telephone service.

**911 Service Fee**

Additionally, in the First Special Session 2001, Chapter 10, the Legislature established a universal emergency telephone service fee of 27 cents for each customer access line to cover the costs of ongoing maintenance and related improvements for trunking and central office switching equipment for minimum 911 emergency telephone service, plus administrative and staffing costs of the Department of Administration related to managing the 911 emergency telephone service program.

# *Public Safety and Judiciary*

Public Safety and Judiciary appropriations are contained in two acts. Funding for the Department of Corrections, the Board of Public Defense, the Ombudsman for Corrections, and the Sentencing Guidelines Commission are part of First Special Session Chapter 9, the Health, Human Services, and Corrections Appropriations Act. The General Fund total of this is about \$842.2 million. Funding for the courts, the Department of Public Safety, and related agencies is contained in First Special Session Chapter 8, the Transportation and Public Safety Appropriations Act. The General Fund total of this is about \$519.4 million. Combined, the total appropriations for Public Safety and Judiciary are approximately \$1.4 billion.

## **DEPARTMENT OF CORRECTIONS**

The Health, Human Services and Corrections Appropriation Act provided approximately \$735 million for the Department of Corrections. The biennial appropriation of \$458 million for adult correctional institutions includes base budget reductions of approximately \$18.4 million, which were the result of the department's

per diem cost reduction plan. Caseload increases accounted for an additional \$16.3 million, and salary and health benefit increases accounted for a \$14.9 million increase. The Legislature appropriated \$2 million for capital cost efficiencies (mainly increased security measures) and \$2.1 million for increased costs related to the new felony Driving While Intoxicated (DWI) Law adopted in 2001.

Juvenile Services were funded at approximately \$28.3 million, with the only increase being a salary and health benefit increase of \$879,000.

Approximately \$223 million was appropriated to Community Services. Of this amount, \$15 million is for an increase in the Community Corrections Act (CCA) subsidy. The Legislature appropriated \$3.7 million for the supervision of released sex offenders, and \$1.9 million and \$960,000

were appropriated for the reimbursement of county (non-CCA) and state probation officers respectively. Program cuts, particularly a reduction in the extended jurisdiction juvenile grant program, saved approximately \$2.9 million. Finally, \$600,000 was appropriated for restorative justice programs at the county level.

Management Services was funded at \$25.9 million. This appropriation does not include an additional \$1.5 million to Management Services for the Department of Corrections component of the Criminal Justice Information System (CRIMNET), which was funded in the Transportation and Public Safety Bill.



DEPARTMENT OF PUBLIC SAFETY	
Criminal Justice Biennial Appropriations	
Division	2001-2002
Bureau of Criminal Apprehension	\$ 67,186,000
Crime Victims Services Center	64,488,000
Law Enforcement and Community Grants	13,078,000
Emergency Management	11,033,000
Fire Marshal	6,643,000
Alcohol and Gambling Enforcement	3,686,000

Minnesota Criminal Information System (MNCIS), which is the court component of the statewide CRIMNET.

The Court of Appeals received a biennial appropriation of approximately \$15.7 million, \$1.8 million of which is for salary and benefit increases.

The District Courts received \$247.3 million for the biennium, including \$2.3 million for five new judgeships, \$29.2

**Ombudsman for Corrections**  
The 2001 Legislature appropriated \$659,000 from the General Fund to the Ombudsman for Corrections. This represents a \$211,000 cut in the agency's base funding.

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

**Public Defense**  
The 2001 Legislature appropriated approximately \$105.4 million to the Board of Public Defense. This appropriation included over \$9.2 million in salary and benefit increases,

\$325,000 for an increase in Public Defense Corporation funding, and \$125,000 for increased costs related to the felony DWI offense created by the Legislature.

**Courts**  
The Legislature appropriated \$77.5 million to the Supreme Court, including salary and benefit increases of approximately \$3.4 million. In addition, the Legislature appropriated \$3 million to increase nonjudicial court employment to enhance Supreme Court infrastructure and increased state spending on Civil Legal Services by \$2.5 million. Finally, the Legislature appropriated \$15 million for the

million for court salary and benefit increases statewide, \$12.2 million for the state takeover of the District Courts, and \$1.6 million for court initiatives, such as community courts in Hennepin and Ramsey counties, and court fine screener-collectors statewide. The latter will ensure increased collections of criminal fines imposed by the courts.

**Tax Court**  
The Legislature appropriated approximately \$1.5 million to the Tax Court.

**Board of Judicial Standards**  
The Legislature appropriated \$497,000 to the Board of Judicial Standards.

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**Peace Officer Standards and Training Board**

The Legislature appropriated approximately \$9.4 million from the Special Revenue Fund to the Peace Officer Standards and Training Board.

**Private Detectives Board**

The Legislature appropriated \$292,000 from the General Fund to the Private Detectives Board for the biennium.

**Human Rights**

A biennial appropriation of approximately \$8.2 million was made to the Department of Human Rights.

**Uniform Laws Commission**

The Legislature appropriated \$79,000 from the General Fund to the Uniform Laws Commission.

**Crime Victims Ombudsman**

The Legislature appropriated \$811,000 from the General Fund to the Crime Victims Ombudsman.

**DEPARTMENT OF  
PUBLIC SAFETY**

The Legislature appropriated approximately \$166 million from the General Fund to the Department of Public Safety for criminal justice purposes.



The major initiative in the Bureau of Criminal Apprehension (BCA) appropriation of over \$67 million was \$10.5 million for the Department of Public Safety Criminal Justice Information System (CRIMNET). Of that amount, \$4 million is for creating the information system infrastructure, \$3 million is for grants to counties to integrate with the state system, \$2 million is for eliminating the current backlog of criminal files at the BCA, and \$1.5 million is for increased staffing. In addition, the Legislature appropriated \$300,000 for overtime compensation of BCA investigators. Finally, the Legislature approved the Governor's proposal to permanently fund 14 existing forensic scientist positions with General Fund monies, and four positions with Trunk

Highway Fund monies.

Other major initiatives in the Department of Public Safety budget included a \$2 million increase for battered women's shelters, a \$1.5 million increase in Gang Strike Force grants, \$800,000 for overtime compensation grants to local police departments, and \$471,000 for the detection and destruction of methamphetamine labs.

Finally, the Legislature appropriated \$4.3 million for anti-racial profiling initiatives, including cameras in squad cars and training for law enforcement. To pay for the anti-racial profiling initiatives, the Legislature increased the Criminal and Traffic Fine Surcharge (Minnesota Statutes, section 357.021) from \$25 to \$28.

# *Local and Metropolitan Affairs and State Government*

## **State Departments**

First Special Session Chapter 10 funded state agencies, the Legislature, and constitutional offices for the 2001-2003 biennium. The law spent \$774.6 million for the two-year budget.

## **Legislature**

The Legislature was appropriated roughly \$67.8 million in 2002 and \$68.8 million in 2003, with all but \$150,000 in health care access funds coming from the state's General Fund. Of these funds, \$24 million in 2002 and \$22.9 million in 2003 is for the Senate, \$28 million in 2002 and \$30.3 million in 2003 is for the House, and \$10.2 million in 2002 and \$10.06 million in 2003 is for the Legislative Coordinating Commission.

## **Constitutional Offices**

The Governor and Lieutenant Governor were appropriated about \$4.6 million in 2002 and about \$4.7 million in 2003 for operations of those offices.

The State Auditor was appropriated about \$10.1 million in 2002 and about 10.3 million in 2003 for operations of that office. The

State Treasurer was appropriated about \$2.3 million each year. The Attorney General was appropriated about \$29.3 million in 2002 and about \$30 million in 2003 for operations; the bulk of these funds came from the General Fund, with small appropriations from the Special Revenue, Environmental, and Solid Waste Funds. The Secretary of State was appropriated about \$7.4 million in 2002 and about \$7.5 million in 2003, which includes additional funds for new duties related to the Uniform Commercial Code.

## **State Agencies and Boards**

The Campaign Finance and Public Disclosure Board was appropriated \$674,000 in 2002 and \$702,000 in 2003. The State Investment Board received about \$2.4 million in 2002 and about \$2.5 million in 2003. The Office of Administrative Hearings was appropriated about \$7.4 million in 2002 and about \$7.9 million in 2003. The Office of Strategic and Long-Range Planning received about \$5.6 million in 2002 and about \$5.0 million in 2003, including amounts for grants to regional development

commissions, environmental impact statements on animal agriculture, and I-35W corridor planning.

The Department of Administration was appropriated about \$67.6 million in 2002 and about \$47 million in 2003, which went for agency operations, the Office of Technology, the Inter-Technologies Group, the Facilities Management Division, and the Management Services Division. Portions of the budget are also for public broadcasting, including approximately \$7.8 million in the first year for grants to public television to assist with digital conversion.

The Capitol Area Architectural and Planning Board was appropriated \$315,000 in 2002 and \$323,000 in 2003. The Department of Finance received about \$18.2 million in 2002 and about \$18.6 million in 2003. The Department of Employee Relations was appropriated about \$8.2 million in 2002 and about \$8.5 million in 2003.

The Department of Revenue was appropriated about \$95.3 mil-



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lion in 2002 and about \$96.5 million in 2003. The bulk of these funds are from the General Fund with additional smaller amounts from the Health Care Access, Highway User Tax Distribution, Environmental, and Solid Waste funds.

The Department of Military Affairs was appropriated about \$14.1 million in 2002 and about \$14 million in 2003.

The Board of Arts was appropriated about \$13.1 million each year. The Minnesota Humanities Commission received about \$1 million each year. The Minnesota State Retirement System was appropriated about \$9.3 million in 2002 and about \$9.9 million in 2003. The State Board of Government Innovation and Cooperation received \$512,000 in 2002 and \$518,000 in 2003.

The Commissioner of Human Services was appropriated \$750,000 from state lottery prize funds for a grant to Project Turnabout in Granite Falls for a facility that was destroyed by the Granite Falls tornado.

The Amateur Sports Commission was appropriated about \$1.3 million in 2002 and \$677,000 in 2003. The Legislature appropriated \$3.5 million each year from the General Fund to the General

Contingent accounts to pay for claims against the state.

### **Legislative Provisions**

In addition to these appropriations, the State Government Omnibus Bill included provisions to increase the salaries of constitutional officers, with the exception of the Governor. These increases will take effect January 6, 2003. The act also contained a provision requiring a cost-benefit analysis that shows a positive benefit for the approval of any public transit project. The law allows legislative employees to work in executive agencies during the interim between legislative sessions. The law reduces marriage license fees for couples who have undergone premarital counseling. The law increases tuition and textbook reimbursement grant amounts for National Guard students. A \$1.9 million appropriation was made to the Commissioner of Administration for upgrading election equipment.

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*The law increases tuition and textbook reimbursement grant amounts for National Guard students.*

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# *Ethics in Government*

## **Campaign Finance**

Laws 2001, First Special Session chapter 10, article 18, section 2, provides for earlier payment of public campaign money to candidates who survive the state primary. Under the former law, candidates were paid money from their party account immediately following the state primary but were not paid money from the general account until after the general election in November. Payments from the general account were made only to statewide candidates who had received at least five percent of the vote in the general election and legislative candidates who had received at least ten percent of the vote. That provision forced candidates, like Jesse Ventura in 1998, to borrow money in anticipation of receiving the public subsidy after the general election. The new law pays money from both the party account and the general account to candidates as soon as the results of the state primary are known. Instead of limiting the payment of general account money to candidates who receive a certain percentage of the vote in the general election, the

new law limits the payment to candidates of a major political party; that is, a party whose candidate has received at least five percent of the vote at the last election for constitutional officer, U.S. Senator, or President. In addition, the new law requires a candidate to agree to spend or promise to spend 50 percent of the money from the general account no later than 17 days before the general election.

on the ballot, including both undervotes and overvotes. The grants will be made by the Commissioner of Administration after receiving recommendations from the Secretary of State. The political subdivision must match the state grant with an equal amount, which may not come from state or federal money. \$1.9 million was appropriated from the General Fund for the grant account.

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*Laws 2001, First Special Session chapter 10, article 18, section 26, creates a voting equipment grant account ...*

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## **Voting Equipment**

Laws 2001, First Special Session chapter 10, article 18, section 26, creates a voting equipment grant account to provide grants to political subdivisions to purchase precinct-based optical scan ballot tabulation equipment. The equipment must permit the voter to verify and correct any errors

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# *Pensions and Retirement*

## **Post-Retirement Health Costs**

State and local government employees will be able to save for post-retirement health care costs under a program authorized by the Legislature this year. The legislation, Laws 2001, First Special Session Chapter 10, article 7, section 1, was part of this year's Omnibus Pension Act.

The new law authorizes the Minnesota State Retirement System (MSRS) to establish one or more trusts into which savings will be deposited. Each participating employee will have a separate account structured in accordance with the Internal Revenue Code to provide tax-preferred or tax-free treatment of contributions, earnings, and distributions. MSRS may contract with outside public or private entities to administer the accounts.

Contributions will be determined through collective bargaining agreements or personnel policies. The law provides, however, that public employers are not required to bargain with

employee representatives over employer contributions to the savings accounts, and that it is not the Legislature's intent to authorize the state to incur new financial obligations for retiree health care costs or plan administration.

Covered employees may draw from their account assets to cover health-related costs after retirement. If a retiree dies with assets remaining in an account, the retiree's surviving spouse or dependents may use the balance for their health-related costs.

## **Long-Term Care Insurance Program**

Eligibility for participation in the recently enacted long-term care insurance program was expanded during the regular session. Laws 2001, Chapter 94, Section 1, extends eligibility to retired or terminated state employees so long as they were eligible for participation at the time of their separation from employment. Previously, participation was limited to active employees, their spouses, and their parents.

## **Public Employee Retirement Association**

The Omnibus Pension Act contains two provisions aimed at reducing the shortfall in the Public Employee Retirement Association (PERA) fund. Laws 2001, First Special Session Chapter 10, Article 11, Sections 15 and 16, increase employer and employee contribution rates from 8.75 percent of pay to 9.10 percent for basic members and from 4.75 to 5.1 percent for coordinated members. The change is effective January 1, 2002. In addition, Section 18 extended the full funding date for the PERA general fund from June 30, 2024, to June 30, 2031. The Legislature, however, did not approve a requested general fund appropriation to PERA to make up part of the shortfall.

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*State and local government employees will be able to save for post-retirement health care costs...*

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# Vetoed

The Governor vetoed 11 bills and exercised line-item veto authority on five bills. The total amount vetoed through line-item veto authority was just over \$4 million. Of this amount, over \$2.2 million was from the General Fund and almost \$1.8 million was from other funds, including \$1 million from the

Bond Proceeds Fund. Not included in these amounts are vetoes by the Governor of two Omnibus Appropriation Bills that were later enacted in the 2001 First Special Session and a Transitional Financing Bill that was passed by the Legislature to keep certain functions of government financed if the Legislature

and Governor could not resolve the Omnibus Spending Bills in time. The Transitional Financing Bill was not necessary because the Omnibus Spending Bills were passed and signed in time to keep state government from shutting down. The line-item vetoed appropriations are listed in the table on the next page.

## Bills Vetoed by the Governor

- Extension of rulemaking authority for the Edvest higher education program – Chapter 58;
- Authorization for Edina to restrict the operation of recreational motor vehicles – Chapter 114;
- Omnibus Health, Human Services, and Corrections Finance – Chapter 118;
- Modification of utility facility regulation – Chapter 122;
- Regulation of public works contracts – Chapter 126;
- Exemption from architect requirement for certain local government building projects – Chapter 172;
- Regulation of medical malpractice expert review certification and clarification of the statute of limitations – Chapter 189;
- Patient protection provision modifications – Chapter 196;
- Omnibus Family and Early Childhood Finance – Chapter 217;
- Reclassification of customized trainer positions for the Minnesota State Colleges and Universities System – Chapter 218; and
- Transitional financing of certain governmental functions – First Special Session Chapter 11.

**LINE ITEM VETOES - 2001**

<b>Item</b>	<b>Amount</b>
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**General Fund**

**Environment and Agriculture - 1st Special Session, Chapter 2**

Taylors Falls fire and rescue operations	\$ 50,000
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**Jobs, Housing, and Economic Dev. - 1st Special Session Chapter 4**

Roy Wilkins Auditorium predesign	\$ 500,000
Albert Lea Port Authority building remodel	50,000
Trout Brook Greenway corridor in St. Paul	300,000
Big Bear Education and Logging Center	50,000
2004 Grand Excursion planning and promotion	150,000
Minnesota-based business start-up investment	200,000

<b>Total Jobs, Housing, and Economic Development</b>	<b>\$ 1,250,000</b>
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**Transportation, Public Safety, and Judiciary - 1st Special Session Chapter 8**

Investigation Unit Grants to local agencies	\$ 300,000
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**State Government Finance - 1st Special Session Chapter 10**

Longville city hall ambulance building	\$ 35,000
Amateur sports grants	600,000

<b>Total State Government Finance</b>	<b>\$ 635,000</b>
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<b>Total General Fund</b>	<b>\$ 2,235,000</b>
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**Other Funds**

**Environment and Agriculture - 1st Special Session Chapter 2**

Green building infrastructure design strategies - Minnesota Future Resources Fund	\$ 275,000
TV series on the history of Minnesota's natural landscapes - Environment and Natural Resources Trust Fund	455,000

<b>Total Environment and Agriculture Other Funds</b>	<b>\$ 730,000</b>
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**Capital Budget Bill - 1st Special Session Chapter 12**

Acquisition of the Trillium site in St. Paul - Bond Proceeds Fund	\$ 1,000,000
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**Jobs, Housing, and Economic Dev. - 1st Special Session Chapter 4**

Albert Lea Port Authority building remodel - Minnesota Investment Fund	\$ 50,000
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<b>Total Other Funds</b>	<b>\$ 1,780,000</b>
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<b>Total All Funds</b>	<b>\$ 4,015,000</b>
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A grayscale photograph of a grand legislative chamber, likely the Texas State Capitol. The image shows a large, ornate dome with a central skylight and a series of smaller skylights around the perimeter. The interior features high ceilings, arched windows, and a balcony with a decorative railing. The walls are adorned with murals and inscriptions. In the foreground, there are rows of desks and chairs arranged in a semi-circle, suggesting a legislative assembly. The overall atmosphere is one of historical grandeur and formal governance.

*State Debt and Capital Expenditures*

# *Capital Expenditures*

## 2001 Capital Projects

The 2001 Legislature adopted a capital budget bill totaling approximately \$118 million. The following table delineates project amounts.

### CAPITAL EXPENDITURES AUTHORIZED BY THE 2001 LEGISLATURE

#### BONDING AUTHORITY

Item	Project	Total
<b>BOARD OF WATER AND SOIL RESOURCES</b>		<b>\$53,487,000</b>
Minnesota River Basin Conservation Reserve Enhancement Program	51,487,000	
Wetland replacement due to public road project	2,000,000	
<b>DEPARTMENT OF ADMINISTRATION</b>		<b>\$ 3,400,000</b>
Repairs on state office building	2,200,000	
Electrical utility infrastructure	1,200,000	
<b>DEPARTMENT OF CHILDREN, FAMILIES AND LEARNING</b>		<b>\$20,700,000</b>
Maximum Effort Capital Loans	19,000,000	
Metropolitan Magnet Schools, East Metro, complete construction of middle school	1,700,000	

(continued)



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<b>BONDING AUTHORITY</b>
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<b>Item</b>	<b>Project</b>	<b>Total</b>
<b>DEPARTMENT OF NATURAL RESOURCES</b>		<b>\$ 2,000,000</b>
Flood Hazard Mitigation Grants	2,000,000	
<b>DEPARTMENT OF TRADE AND ECONOMIC DEVELOPMENT</b>		<b>\$ 8,000,000</b>
Payment of costs not covered by federal disaster programs: \$5,000,000 to Eagan; \$2,000,000 to Austin	7,000,000	
Acquisition of Trillium site	1,000,000	
<b>DEPARTMENT OF TRANSPORTATION</b>		<b>\$ 10,000,000</b>
Local bridge replacement and rehabilitation	10,000,000	
<b>POLLUTION CONTROL AGENCY</b>		<b>\$20,500,000</b>
Closed Landfill Cleanup Program	20,500,000	
<b>BOND SALE EXPENSES</b>		<b>\$118,000</b>
<b>TOTAL</b>		<b>\$118,205,000</b>

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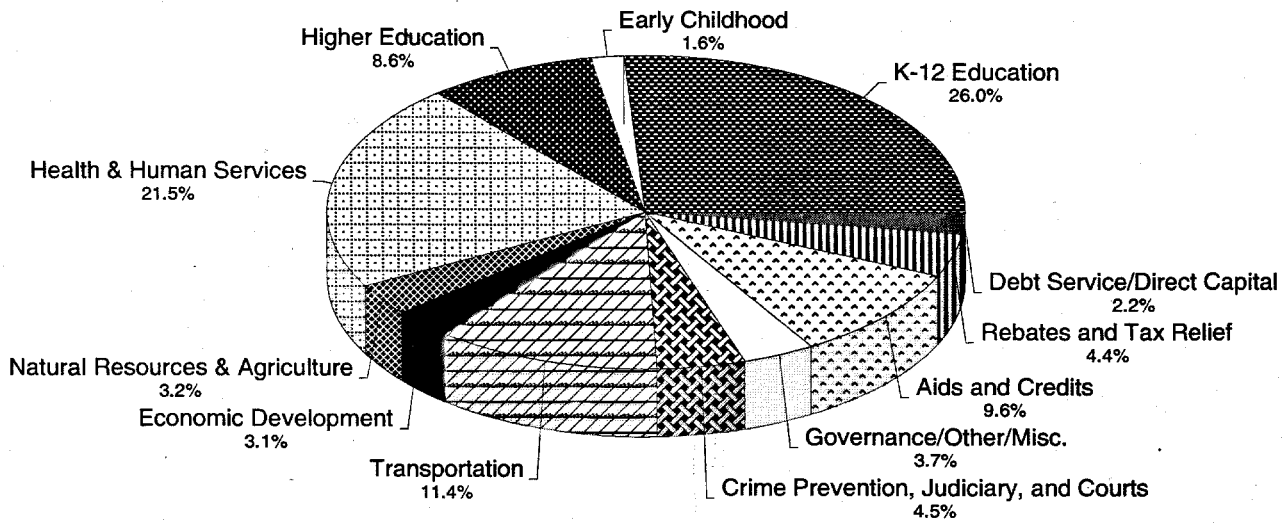
The Governor used his line-item veto authority to eliminate funding for the Trillium project.

A grayscale photograph of a grand, ornate legislative chamber, likely the U.S. Capitol. The image shows a large, domed interior with a high ceiling featuring a circular skylight pattern. The walls are decorated with classical architectural elements, including arches, columns, and a large mural. A prominent inscription on the wall reads "LET US DEVELOP THE RESOURCES OF OUR AND CALL FORTH ITS POWERS." The floor is filled with rows of desks and chairs, suggesting a formal assembly or debate space. The overall atmosphere is one of historical significance and grandeur.

# *Statistics*

## 2001-2003 Biennium

Total Appropriations (1): \$33,853,177,000



**Note:**

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

Table A

**Summary of Biennial Appropriations by Fund  
1999-2001 and 2001-2003 Bienniums**

<b>Fund</b>	<b>1999-2001 Biennium</b>	<b>2001-2003 Biennium</b>	<b>Difference</b>
County-State Aid Highway	\$ 755,487,000	\$ 840,462,000	\$ 84,975,000
Environmental	64,095,000	63,987,000	(108,000)
Environmental Trust Fund	25,460,000	34,165,000	8,705,000
Game and Fish, State Sources	111,788,000	165,038,000	53,250,000
Game and Fish, Federal Sources	32,000,000	0	(32,000,000)
General Fund (includes rebates)	24,057,511,000	26,417,040,000	2,359,529,000
Dedicated General Fund	282,346,000	284,062,000	1,716,000
Health Care Access Fund	394,805,000	575,300,000	180,495,000
Highway User Tax Distribution	35,357,000	40,714,000	5,357,000
Solid Waste Fund	74,915,000	78,002,000	3,087,000
Minnesota Future Resources	14,840,000	15,110,000	270,000
Municipal-State Aid Street	219,143,000	220,786,000	1,643,000
Natural Resources	68,136,000	92,111,000	23,975,000
Endowment School	39,755,000	43,000,000	3,245,000
Petroleum Tank Release Cleanup	68,327,000	72,535,000	4,208,000
Special Revenue, State Sources	633,937,000	967,064,000	333,127,000
Special Revenue, Federal Sources	55,550,000	21,329,000	(34,221,000)
State Airports, State Sources	41,718,000	44,051,000	2,333,000
State Airports, Federal Sources	500,000	500,000	0
State Govt. Special Revenue, State Sources	111,062,000	143,312,000	32,250,000
State Govt. Special Revenue, Federal Sources	706,000	0	(706,000)
State Lottery Fund (1)	106,743,000	117,617,000	10,874,000
Trunk Highway, State Sources	1,594,928,000	1,696,129,000	101,201,000
Trunk Highway, Federal Sources	605,000,000	647,000,000	42,000,000
Workforce Development	31,825,000	0	(31,825,000)
Workers' Compensation	261,098,000	374,640,000	113,542,000
Minnesota Technology, Inc., State Sources	19,174,000	16,173,000	(3,001,000)
Minnesota Technology, Inc., Federal Sources	4,326,000	4,000,000	(326,000)
Agriculture Fund	37,697,000	39,158,000	1,461,000
Cambridge Debt Service	110,280,000	0	(110,280,000)
IRRRB Fund	64,314,000	62,593,000	(1,721,000)
Medical Education & Research Fund	26,632,000	56,476,000	29,844,000
Medical Education & Research Fund, Federal Sources	0	36,000,000	36,000,000
Tobacco Use Prevention Fund	18,881,000	49,123,000	30,242,000
NE Minnesota Economic Protection	20,444,000	8,978,000	(11,466,000)
Gifts	25,993,000	25,197,000	(796,000)
Endowment Fund	34,000	10,000	(24,000)
Metropolitan Area Transit	0	116,621,000	116,621,000
Greater Minnesota Transit	0	6,475,000	6,475,000
Metro Landfill Contingent	0	5,000,000	5,000,000
Debt Service (General Fund & Other Funds)	681,879,000	757,481,000	75,602,000
<b>Total State Appropriations (2):</b>	<b>\$ 30,696,686,000</b>	<b>\$ 34,137,239,000</b>	<b>\$ 3,440,553,000</b>
<b>Federal Funds:</b>	<b>\$ 8,021,349,000</b>	<b>\$ 8,982,104,000</b>	<b>\$ 960,755,000</b>
<b>TOTAL APPROPRIATIONS:</b>	<b>\$ 38,718,035,000</b>	<b>\$ 43,119,343,000</b>	<b>\$ 4,401,308,000</b>

## NOTES:

(1) This item represents the statutory maximum of 15 percent of lottery gross revenues that may be annually credited to the lottery operations account.

(2) The total state appropriations figure does not include cancellations.

**Table B**  
**General Fund**  
**Resources and Uses**  
**1999-2001 and 2001-2003 Bienniums**

	1999-2001 Biennium		2001-2003 Biennium		Difference
<b>I. RESOURCES</b>					
<b>A. Balance Forward</b>		\$	<b>1,109,357,000</b>		
<b>B. Taxes &amp; Receipts (before 2000 Law Changes)</b>					
Individual Income Taxes	12,653,852,000		14,460,300,000		1,806,448,000
Corporate Franchise Tax	1,725,825,000		2,000,600,000		274,775,000
Sales Tax	7,984,281,000		8,786,553,000		802,272,000
Motor Vehicle Tax	1,057,350,000		913,472,000		(143,878,000)
Inheritance & Estate Tax	155,000,000		140,000,000		(15,000,000)
Liquor, Wine, Beer	118,926,000		118,931,000		5,000
Cigarette and Tobacco Products Tax	352,227,000		341,078,000		(11,149,000)
Iron Ore Occupation	300,000		0		(300,000)
Taconite Occupation & Production	3,946,000		4,250,000		304,000
Deed and Mortgage Tax	263,100,000		310,800,000		47,700,000
Insurance Gross Premiums	349,300,000		377,700,000		28,400,000
Telephone, Telegraph, & Other Gross	90,000		92,000		2,000
Lawful Gambling Tax	124,202,000		122,184,000		(2,018,000)
Health Care Provider Tax	253,035,000		262,466,000		9,431,000
Controlled Substance	195,000		100,000		(95,000)
Investment Income	244,347,000		175,000,000		(69,347,000)
Income Tax Reciprocity	85,144,000		92,704,000		7,560,000
Lottery Revenue	0		63,482,000		63,482,000
Departmental Earnings	0		346,000,000		346,000,000
Tobacco Settlements	222,067,000		657,121,000		435,054,000
Other Non-Dedicated Receipts	246,988,000		150,190,000		(96,798,000)
<b>Total Taxes &amp; Receipts (Before Law Changes):</b>	<b>\$ 25,840,175,000</b>	<b>\$</b>	<b>29,323,023,000</b>	<b>\$</b>	<b>3,482,848,000</b>
<b>C. Revenue Refunds</b>					
Individual Income Tax	(1,624,300,000)		(1,434,000,000)		190,300,000
Corporate Franchise Tax	(243,800,000)		(280,000,000)		(36,200,000)
Sales Tax	(395,485,000)		(411,847,000)		(16,362,000)
Other Agencies' Refunds	(200,000)		(20,000,000)		(19,800,000)
Other Refunds	(46,578,000)		(48,305,000)		(1,727,000)
<b>Total Refunds:</b>	<b>\$ (2,310,363,000)</b>	<b>\$</b>	<b>(2,194,152,000)</b>	<b>\$</b>	<b>116,211,000</b>
<b>D. Transfers from Other Funds</b>					
Other Special Revenue Funds	10,325,000		10,093,000		(232,000)
Cambridge Bank Special Fund	347,165,000		0		(347,165,000)
All Other Transfers	95,575,000		50,126,000		(45,449,000)
New Legislation Transfers	130,752,000		29,809,000		(100,943,000)
<b>Total Transfers:</b>	<b>\$ 583,817,000</b>	<b>\$</b>	<b>90,028,000</b>	<b>\$</b>	<b>(493,789,000)</b>
<b>E. 2001 Law Changes</b>					
Individual Income Taxes	0		37,838,000		37,838,000
Corporate Income Taxes	0		(48,720,000)		(48,720,000)
Sales Tax	0		(51,785,000)		(51,785,000)
Motor Vehicle Tax	0		(287,325,000)		(287,325,000)
Statewide Property Tax	0		888,000,000		888,000,000
Deed and Mortgage Tax	0		2,720,000		2,720,000
Insurance Gross Premiums	0		(720,000)		(720,000)
Departmental Earnings	0		33,640,000		33,640,000
Tobacco Settlements	0		(343,413,000)		(343,413,000)
Miscellaneous Non-Dedicated Revenues	0		443,000		443,000
<b>Law Changes:</b>	<b>\$ 0</b>	<b>\$</b>	<b>230,678,000</b>	<b>\$</b>	<b>230,678,000</b>
<b>F. Prior Year Adjustments</b>	<b>\$ 20,200,000</b>	<b>\$</b>	<b>20,200,000</b>	<b>\$</b>	<b>0</b>
<b>G. Total Dedicated Revenues</b>	<b>\$ 313,571,000</b>	<b>\$</b>	<b>284,062,000</b>	<b>\$</b>	<b>(29,509,000)</b>
<b>TOTAL REVENUES</b>	<b>\$ 24,447,400,000</b>	<b>\$</b>	<b>28,863,196,000</b>	<b>\$</b>	<b>3,306,439,000</b>

	1999-2001	2001-2003	
	Biennium	Biennium	Difference
<b>II. APPROPRIATIONS</b>			
<b>A. Budget Divisions</b>			
Elementary and Secondary Education	8,136,233,000	8,758,502,000	622,269,000
Family and Early Childhood Education	438,306,000	544,042,000	105,736,000
Higher Education	2,641,402,000	2,854,253,000	212,851,000
Health and Family Security	5,331,379,000	6,273,586,000	942,207,000
Environment and Agriculture	436,280,000	415,616,000	(20,664,000)
Economic Development	454,718,000	371,981,000	(82,737,000)
Transportation	531,863,000	216,744,000	(315,119,000)
Crime Prevention and Judiciary	1,171,433,000	1,369,908,000	198,475,000
State Government and Departments	676,655,000	650,850,000	(25,805,000)
Capital Projects and Other Changes	113,850,000	6,550,000	(107,300,000)
Tax Rebates and Property Tax Changes (2)	1,536,192,000	1,367,041,000	(169,151,000)
<b>Total Budget Divisions:</b>	<b>\$ 21,468,311,000</b>	<b>\$ 22,829,073,000</b>	<b>\$ 1,360,762,000</b>
<b>B. Open and Standing Appropriations</b>			
Aids and Credits	3,042,403,000	3,264,657,000	222,254,000
Debt Service	578,681,000	629,739,000	51,058,000
Other Open and Standing	509,801,000	506,835,000	(2,966,000)
<b>Total Open and Standing Appropriations:</b>	<b>\$ 4,130,885,000</b>	<b>\$ 4,401,231,000</b>	<b>\$ 270,346,000</b>
<b>C. Transfer to Other Funds</b>			
	<b>\$ 326,902,000</b>	<b>\$ 163,120,000</b>	<b>\$ (163,782,000)</b>
<b>TOTAL APPROPRIATIONS</b>	<b>\$ 25,926,098,000</b>	<b>\$ 27,393,424,000</b>	<b>\$ 1,467,326,000</b>
<b>TOTAL REVENUES AND RECEIPTS</b>	<b>\$ 24,447,400,000</b>	<b>\$ 28,863,196,000</b>	<b>\$ 3,306,439,000</b>
<b>TOTAL APPROPRIATIONS – GROSS</b>	<b>\$ 25,926,098,000</b>	<b>\$ 27,393,424,000</b>	<b>\$ 1,467,326,000</b>
Dedicated Expenditures	282,346,000	284,062,000	1,716,000
Dept. of Human Services RTC Collections (1)	(45,560,000)	(130,328,000)	(84,768,000)
Indirect Cost Receipts	(46,491,000)	(53,197,000)	(6,706,000)
Less Cancellations	(34,340,000)	(20,000,000)	14,340,000
<b>TOTAL APPROPRIATIONS – NET</b>	<b>\$ 26,082,053,000</b>	<b>\$ 27,473,961,000</b>	<b>\$ 1,391,908,000</b>
<b>Reserves</b>			
Cash Flow Account	350,000,000	350,000,000	0
Budget Reserve	622,000,000	653,000,000	31,000,000
Dedicated Reserves	145,272,000	151,357,000	6,085,000
<b>Total Reserves:</b>	<b>\$ 1,117,272,000</b>	<b>\$ 1,154,357,000</b>	<b>\$ 37,085,000</b>
<b>UNRESTRICTED BUDGETARY BALANCE</b>		<b>\$ 234,878,000</b>	

NOTES:

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

(2) Contains FY2001 Sales Tax Rebate from appropriated during the 2001 Legislative Session.

**Table C**  
**Detailed Appropriations by Function - All Funds**  
**1999-2001 Biennium Compared to 2001-2003 Biennium**

	1999-2001 Biennium	2001-2003 Biennium	Increase (Decrease)	Percent Change
<b>Aids and Credits</b>				
<b>Homestead &amp; Agricultural Credit Aid (HACA)</b>				
School Districts	\$ 71,989,000	\$ 31,401,000	\$ (40,588,000)	
Cities, Towns, Counties	924,490,000	944,210,000	19,720,000	
Subtotal HACA:	996,479,000	975,611,000	(20,868,000)	-2.09%
<b>Property Tax Refund</b>				
Renters	221,420,000	242,304,000	20,884,000	
Homeowners	154,865,000	149,807,000	(5,058,000)	
Targeting	4,902,000	5,400,000	498,000	
Political Contribution Refunds	8,510,000	9,879,000	1,369,000	
Supplemental Homestead			0	
Property Tax Relief	1,054,000	1,166,000	112,000	
Education Homestead and Agricultural Credits	719,329,000	906,636,000	187,307,000	
Aid to Local Governments	781,821,000	835,942,000	54,121,000	
Attached Machinery Aid			0	
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	12,050,000	23,494,000	11,444,000	
Enterprise Zone Credit			0	
School Districts	8,000	2,000	(6,000)	
Cities, Towns, Counties	10,000	6,000	(4,000)	
Regional Transit Board Levy Reduction	3,234,000	4,202,000	968,000	
Region 3 Occupation Tax Distribution & Taconite Aid	2,458,000	2,458,000	0	
Disparity Aid			0	
School Districts	21,073,000	20,688,000	(385,000)	
Cities, Towns, Counties	26,247,000	26,044,000	(203,000)	
Border City Disparity Credit			0	
School Districts	2,421,000	2,909,000	488,000	
Cities, Towns, Counties	7,677,000	7,509,000	(168,000)	
Disaster & Flood Relief Aid			0	
School Districts	288,000	61,000	(227,000)	
Cities, Towns, Counties	364,000	89,000	(275,000)	
FY1999 Farm Relief Aid-Carryforward & Extension	40,526,000	0	(40,526,000)	
Family Preservation Aid	23,400,000	45,960,000	22,560,000	
Local Performance Aid	9,763,000	0	(9,763,000)	
<b>Total Aids and Credits:</b>	<b>\$ 3,044,335,000</b>	<b>\$ 3,266,603,000</b>	<b>\$ 222,268,000</b>	<b>7.30%</b>

	1999-2001 Biennium	2001-2003 Biennium	Increase (Decrease)	Percent Change
<b>Tax Rebates and Property Tax Reform</b>				
<b>Tax Rebates</b>				
Agricultural Disaster Relief	\$ 18,000,000	\$ 0	\$ (18,000,000)	
Sales Tax Rebate (2000 Session)	647,420,000	100,000	(647,320,000)	
FY2001 Sales Tax Rebate (2001 Session)	839,880,000	0	(839,880,000)	
<b>Education Finance Property Tax Reform</b>				
General Education Levy Takeover	0	1,198,087,000	1,198,087,000	
Referendum Tax Base Replacement Aid	0	7,850,000	7,850,000	
Eliminate Education Property Tax Credits	0	(681,113,000)	(681,113,000)	
School District Referendum Aid	0	203,642,000	203,642,000	
Debt Service Equalization Aid	0	12,955,000	12,955,000	
<b>Property Tax Aids and Rate Reforms</b>				
Reduce Disparity Aid and Credit	0	(6,645,000)	(6,645,000)	
Market Value Homestead Credit	0	328,620,000	328,620,000	
TIF Grant Aid/Penalties	0	134,400,000	134,400,000	
Local Government Aid	0	136,131,000	136,131,000	
Property Tax Refunds	0	4,906,000	4,906,000	
Replace Taconite Production Tax	0	25,200,000	25,200,000	
Met Council Trans. Funding and DOT Owned Lands	0	5,009,000	5,009,000	
Eliminate RTB Levy Reduction	0	(2,101,000)	(2,101,000)	
Metropolitan Area Transit Fund	0	116,621,000	116,621,000	
Greater Minnesota Transit Fund	0	6,475,000	6,475,000	
<b>Total Aids and Credits:</b>	<b>\$ 1,505,300,000</b>	<b>\$ 1,490,137,000</b>	<b>\$ (15,163,000)</b>	<b>-1.01%</b>

#### Elementary and Secondary Education

General Education Aid	6,313,801,000	6,882,707,000	568,906,000	
Transp. Aid for Post-Sec. Enrollment Options	140,000	150,000	10,000	
Abatement Aid	17,856,000	14,790,000	(3,066,000)	
Nonpublic Pupil Aid	24,444,000	30,571,000	6,127,000	
Nonpublic Transportation	41,691,000	45,290,000	3,599,000	
Consolidation Transition Aid	1,018,000	1,344,000	326,000	
Other Local General Education	300,000	480,000	180,000	
Endowment Fund	39,755,000	43,000,000	3,245,000	
Gift Fund	100,000	902,000	802,000	
Disaster Relief Grants & Aid	5,586,000	1,649,000	(3,937,000)	
General Education One-Time Revenue	32,339,000	0	(32,339,000)	
School Bus Safety	144,000	0	(144,000)	
District Cooperation Revenue	6,437,000	0	(6,437,000)	
<b>Subtotal General Education:</b>	<b>6,483,611,000</b>	<b>7,020,883,000</b>	<b>537,272,000</b>	<b>8.29%</b>
<b>Special Programs</b>				
Special Education Aid	955,194,000	1,038,929,000	83,735,000	
Excess Cost Aid	155,301,000	207,438,000	52,137,000	
Other Special Education	25,379,000	23,101,000	(2,278,000)	
HIV Training Sites	458,000	350,000	(108,000)	
Web-Based Interagency Plan	0	500,000	500,000	
Center for Torture Victims	150,000	0	(150,000)	
<b>Subtotal Special Programs:</b>	<b>1,136,482,000</b>	<b>1,270,318,000</b>	<b>133,836,000</b>	<b>11.78%</b>



	1999-2001 Biennium	2001-2003 Biennium	Increase (Decrease)	Percent Change
<b>Education Excellence</b>				
Advanced Placement/IB	\$ 3,750,000	\$ 4,000,000	\$ 250,000	
Statewide Testing	18,000,000	15,500,000	(2,500,000)	
Charter School Building Lease Aid	16,788,000	41,730,000	24,942,000	
Charter School Start-Up Grants & Integration Aid	4,981,000	5,976,000	995,000	
Best Practice Seminars	5,000,000	8,740,000	3,740,000	
Metro Magnet School Grants & Aid	3,725,000	2,308,000	(1,417,000)	
Integration Aid	93,438,000	117,474,000	24,036,000	
Integration Grants	2,000,000	2,000,000	0	
Inter-District Desegregation	1,940,000	2,932,000	992,000	
Indian Education Programs	7,904,000	8,404,000	500,000	
Tribal Contract Schools	3,689,000	5,423,000	1,734,000	
First Grade Preparedness Program	14,000,000	14,400,000	400,000	
Secondary Vocational Education Aid	24,830,000	1,242,000	(23,588,000)	
Education Employment Transition	5,539,000	1,550,000	(3,989,000)	
Youthworks Program	3,576,000	3,576,000	0	
MN School-to-Work Student Organizations	1,250,000	1,250,000	0	
Learn & Earn Program	1,450,000	725,000	(725,000)	
Urban Educator Program	2,600,000	2,600,000	0	
Other Local Programs and Grants	941,000	230,000	(711,000)	
Alternative Teacher Compensation	0	8,000,000	8,000,000	
Education Accountability Audits	0	2,500,000	2,500,000	
Special Revenue Fund Open Approps.	540,000	0	(540,000)	
Community-Based Charter School Grant	3,000,000	0	(3,000,000)	
Graduation Rule Resource Grants	600,000	0	(600,000)	
Special Education Staff Development	1,500,000	0	(1,500,000)	
Magnet School Facility Grants	1,300,000	0	(1,300,000)	
Partners for Quality School Improvement	500,000	0	(500,000)	
Professional Teaching Standards	550,000	0	(550,000)	
MN Learning Resource Center/New Visions	450,000	0	(450,000)	
Homeless Student Programs	1,015,000	0	(1,015,000)	
Sober School Grants	500,000	0	(500,000)	
Assistance for Immigrant Families	500,000	0	(500,000)	
<b>Subtotal Education Excellence:</b>	<b>225,856,000</b>	<b>250,560,000</b>	<b>24,704,000</b>	<b>10.94%</b>
<b>Facilities &amp; Technology</b>				
Debt Service Equalization Aid	62,541,000	49,705,000	(12,836,000)	
Health and Safety	28,565,000	29,530,000	965,000	
Alternative Facilities Aid	38,054,000	38,566,000	512,000	
Interactive Television Levy Aid	6,955,000	1,547,000	(5,408,000)	
Telecommunication Access Revenue	16,668,000	16,952,000	284,000	
Local Legislation & Other Programs	1,967,000	100,000	(1,867,000)	
One-Time Debt Redemption Fund Adj.	0	(1,744,000)	(1,744,000)	
Electronic Library for MN	0	800,000	800,000	
Web-Based Courses	0	100,000	100,000	
Telecommunication Access Grants	5,000,000	0	(5,000,000)	
One-Time Facilities Aid	23,360,000	0	(23,360,000)	
<b>Subtotal Facilities &amp; Technology:</b>	<b>183,110,000</b>	<b>135,556,000</b>	<b>(47,554,000)</b>	<b>-25.97%</b>
<b>Nutrition Programs</b>				
School Lunch and Milk Aid	16,906,000	17,660,000	754,000	
Summer Food Service	300,000	300,000	0	
School Breakfast Aid	1,426,000	1,340,000	(86,000)	
Fast Break to Learning	5,000,000	5,285,000	285,000	
<b>Subtotal Nutrition Programs:</b>	<b>23,632,000</b>	<b>24,585,000</b>	<b>953,000</b>	<b>4.03%</b>
<b>Department of Children, Families, &amp; Learning</b>				
State Board of Education	61,611,000	60,824,000	(787,000)	
Board of Teaching	165,000	0	(165,000)	
Board of Teaching	1,351,000	1,374,000	23,000	
MN Academic Excellence Foundation	1,288,000	750,000	(538,000)	
Board of School Administrators	0	330,000	330,000	
Special Revenue Fund Open/Statutory Approps.	8,151,000	10,128,000	1,977,000	
<b>Subtotal Dept. of Children, Families, &amp; Learning:</b>	<b>72,566,000</b>	<b>73,406,000</b>	<b>840,000</b>	<b>1.16%</b>

	1999-2001 Biennium	2001-2003 Biennium	Increase (Decrease)	Percent Change
Lola & Rudy Perpich Center for Arts Education	\$ 14,639,000	\$ 15,497,000	\$ 858,000	
Gift Fund	1,561,000	2,104,000	543,000	
Special Revenue Fund Open/Statutory Approps.	696,000	804,000	108,000	
Subtotal Perpich Center for Arts Education:	16,896,000	18,405,000	1,509,000	8.93%
Faribault Academies	20,754,000	21,729,000	975,000	
Gift Fund	32,000	48,000	16,000	
Special Revenue Fund Open/Statutory Approps.	230,000	1,838,000	1,608,000	
Subtotal Faribault Academies:	21,016,000	23,615,000	2,599,000	12.37%
<b>State Appropriations:</b>	<b>\$ 8,163,169,000</b>	<b>\$ 8,817,328,000</b>	<b>\$ 654,159,000</b>	<b>8.01%</b>
<b>Federal Appropriations:</b>	<b>\$ 771,498,000</b>	<b>\$ 903,055,000</b>	<b>\$ 131,557,000</b>	<b>17.05%</b>
<b>Total Elementary &amp; Secondary Education:</b>	<b>\$ 8,934,667,000</b>	<b>\$ 9,720,383,000</b>	<b>\$ 785,716,000</b>	<b>8.79%</b>

### Early Childhood & Family Education

#### Children & Family Support Programs

School Readiness	20,790,000	20,790,000	0	
Early Childhood Family Education (ECFE)	41,408,000	41,421,000	13,000	
Health & Developmental Screening Aid	5,100,000	5,322,000	222,000	
Way to Grow - Early Childhood Grants	950,000	950,000	0	
Head Start	36,750,000	36,750,000	0	
School-Age/Extended Day Aid	519,000	354,000	(165,000)	
Child Care - Basic Sliding Fee	43,998,000	108,779,000	64,781,000	
TANF/MFIP Child Care	145,130,000	160,859,000	15,729,000	
Child Care Development	3,730,000	3,730,000	0	
Child Care Integrity	0	350,000	350,000	
Subtotal Children & Family Support Programs:	298,375,000	379,305,000	80,930,000	27.12%

#### Prevention

Family Collaborative	7,212,000	2,340,000	(4,872,000)	
Community Education Aid	29,410,000	27,320,000	(2,090,000)	
Adults w/Disabilities Program Aid	1,520,000	1,489,000	(31,000)	
Violence Prevention Education Grants	2,900,000	2,755,000	(145,000)	
Abused Children Programs	1,890,000	1,890,000	0	
Children's Trust Fund	1,950,000	1,750,000	(200,000)	
Family Visitation Centers	400,000	400,000	0	
After School Enrichment Grants	10,520,000	11,020,000	500,000	
Chemical Abuse Prevention Grants	400,000	350,000	(50,000)	
Meadowbrook Collaborative	25,000	50,000	25,000	
Guard Our Youth (Military Affairs)	0	191,000	191,000	
Gift Fund	728,000	114,000	(614,000)	
First Call Minnesota	50,000	0	(50,000)	
Subtotal Community & Systems Change:	57,005,000	49,669,000	(7,336,000)	-12.87%

#### Self-Sufficiency and Life-Long Learning

MN Economic Opportunity Grants	17,028,000	17,028,000	0	
Transitional Housing Programs	3,975,000	3,976,000	1,000	
Foodshelf Programs	2,556,000	2,556,000	0	
Adult Education Programs	58,115,000	74,057,000	15,942,000	
Lead Hazard Reduction	500,000	200,000	(300,000)	
Emergency Services Grants	1,322,000	1,200,000	(122,000)	
Family Assets for Independence	500,000	500,000	0	
Cooperative Language Instruction	250,000	0	(250,000)	
Special Revenue Fund Open/Statutory Approps.	4,292,000	7,025,000	2,733,000	
Subtotal Self-Sufficiency & Life-Long Learning:	88,538,000	106,542,000	18,004,000	20.33%

#### Libraries

Basic Support Grants	17,065,000	17,140,000	75,000	
Multicounty, Mutitype Library Grants	1,806,000	1,806,000	0	
Library for the Blind Technology	212,000	0	(212,000)	
Regional Library Telecommunications Aid	5,306,000	2,400,000	(2,906,000)	
Subtotal Libraries:	24,389,000	21,346,000	(3,043,000)	-12.48%

**State Appropriations:** \$ 468,307,000 \$ 556,862,000 \$ 88,555,000 18.91%

**Federal Appropriations:** \$ 342,686,000 \$ 237,174,000 \$ (105,512,000) -30.79%

**Total Early Childhood & Family Education:** \$ 810,993,000 \$ 794,036,000 \$ (16,957,000) -2.09%

	1999-2001 Biennium	2001-2003 Biennium	Increase (Decrease)	Percent Change
<b>Higher Education</b>				
Higher Education Services Office				
Agency Administration	\$ 6,978,000	\$ 7,761,000	\$ 783,000	
State Scholarships and Grants	246,274,000	236,266,000	(10,008,000)	
Interstate Tuition	9,000,000	10,500,000	1,500,000	
State Work-Study	24,888,000	24,888,000	0	
Minitex Library Program	9,916,000	11,736,000	1,820,000	
Learning Network of MN	10,357,000	12,158,000	1,801,000	
Edvest	3,040,000	3,040,000	0	
Special Revenue Fund Open/Statutory Approps.	370,000	324,000	(46,000)	
Appropriations Carried Forward (1)	11,521,000	100,000	(11,421,000)	
Subtotal Higher Education Services Office:	322,344,000	306,773,000	(15,571,000)	-4.83%
MN State Colleges & Universities	1,129,428,000	1,241,567,000	112,139,000	
Special Revenue Fund Open/Statutory Approps.	9,914,000	8,900,000	(1,014,000)	
Gift Fund	17,234,000	13,418,000	(3,816,000)	
Subtotal MN State Colleges & Universities:	1,156,576,000	1,263,885,000	107,309,000	9.28%
University of Minnesota				
Operations and Maintenance	1,041,225,000	1,145,145,000	103,920,000	
Health Sciences	11,635,000	11,692,000	57,000	
Institute of Technology	3,245,000	3,290,000	45,000	
System Specials	14,732,000	15,160,000	428,000	
Agriculture and Extension Service	115,776,000	117,676,000	1,900,000	
Medical Education & Research Fund	15,391,000	35,289,000	19,898,000	
State Govt. Special Revenue - Open/Statutory	0	90,000	90,000	
Duluth Child Care Start-Up	220,000	0	(220,000)	
Subtotal University of Minnesota:	1,202,224,000	1,328,342,000	126,118,000	10.49%
University of MN Biomedical Investment Grant	0	10,000,000	10,000,000	
Mayo Medical Foundation	3,183,000	3,274,000	91,000	2.86%
State Appropriations:	\$ 2,684,327,000	\$ 2,912,274,000	\$ 227,947,000	8.49%
Federal Appropriations:	\$ 82,114,000	\$ 79,918,000	\$ (2,196,000)	-2.67%
<b>Total Higher Education:</b>	<b>\$ 2,766,441,000</b>	<b>\$ 2,992,192,000</b>	<b>\$ 225,751,000</b>	<b>8.16%</b>
<b>Health &amp; Human Services</b>				
Department of Human Services				
Financial & Management Administration	57,419,000	77,117,000	19,698,000	
Children Grants & Services	120,359,000	142,032,000	21,673,000	
Health Care Programs				
Medical Assistance Grants	1,570,086,000	2,113,800,000	543,714,000	
General Assistance Medical Care	274,527,000	335,314,000	60,787,000	
Health Care Management	46,559,000	36,627,000	(9,932,000)	
Medical Assistance - Long-term Care	1,834,022,000	2,142,217,000	308,195,000	
State Operated Treatment Centers	417,436,000	418,455,000	1,019,000	
Continuing Care & Community Support Grants				
Community Social Services Block Grants	86,997,000	98,405,000	11,408,000	
Community Care & Support Grants	42,308,000	59,341,000	17,033,000	
Mental Health Grants	96,091,000	105,594,000	9,503,000	
Alternative Care Grants	122,487,000	165,529,000	43,042,000	
Group Residential Housing Grants	134,718,000	166,617,000	31,899,000	
Chemical Dependency Grants	90,974,000	96,263,000	5,289,000	
Support Management	35,447,000	46,415,000	10,968,000	
Economic Support Grants				
Assistance to Families Grants / MFIP	190,471,000	59,337,000	(131,134,000)	
General Assistance Grants	46,323,000	33,637,000	(12,686,000)	
Work Grants	21,212,000	19,688,000	(1,524,000)	
Minnesota Supplemental Aid	53,288,000	61,029,000	7,741,000	
Child Support Enforcement Administration	10,718,000	15,137,000	4,419,000	
Administration	81,307,000	68,968,000	(12,339,000)	
Refugee Service	660,000	500,000	(160,000)	

	1999-2001 Biennium	2001-2003 Biennium	Increase (Decrease)	Percent Change
Federal Reimbursement	\$ (58,588,000)	\$ (68,153,000)	\$ (9,565,000)	
Special Revenue Fund Open/Statutory Approps.	95,280,000	167,124,000	71,844,000	
State Govt. Special Revenue - Open/Statutory	1,282,000	2,801,000	1,519,000	
Gift Fund	251,000	54,000	(197,000)	
Claims Against the State	0	8,000	8,000	
Subtotal Department of Human Services:	5,371,634,000	6,363,856,000	992,222,000	18.47%
Ombudsman for Mental Health & Retardation	2,716,000	2,881,000	165,000	6.08%
Ombudsman for Families	337,000	481,000	144,000	42.73%
MinnesotaCare/Health Care Access Fund				
Department of Health	20,001,000	20,230,000	229,000	
Department of Human Services	305,907,000	484,270,000	178,363,000	
Department of Revenue	3,413,000	3,495,000	82,000	
University of Minnesota	5,674,000	5,074,000	(600,000)	
Legislative Coordinating Commission	300,000	300,000	0	
HCAF Open/Statutory Appropriations	59,510,000	61,931,000	2,421,000	
Subtotal MinnesotaCare:	394,805,000	575,300,000	180,495,000	45.72%
Department of Health				
Health Protection	54,461,000	62,105,000	7,644,000	
Health Systems	114,392,000	140,495,000	26,103,000	
Health Management & Support Services	11,317,000	11,322,000	5,000	
Special Revenue Fund Open/Statutory Approps.	70,713,000	63,110,000	(7,603,000)	
Medical Education & Research Fund	11,241,000	57,187,000	45,946,000	
Tobacco Use Prevention Fund Approps.	18,881,000	49,123,000	30,242,000	
Gift Fund	130,000	512,000	382,000	
State Govt. Special Rev. Open/Statutory Approps.	344,000	1,102,000	758,000	
Subtotal Department of Health:	281,479,000	384,956,000	103,477,000	36.76%
Health-Related Boards	27,133,000	30,238,000	3,105,000	
Special Revenue Fund Open/Statutory Approps.	2,177,000	3,126,000	949,000	
Gift Fund	4,000	10,000	6,000	
State Govt. Special Rev. Open/Statutory Approps.	505,000	632,000	127,000	
Subtotal Health-Related Boards:	29,819,000	34,006,000	4,187,000	14.04%
Veterans Nursing Homes Board	53,453,000	60,978,000	7,525,000	
Gift Fund	974,000	1,466,000	492,000	
Special Revenue Fund Transfer Adjustment	(7,099,000)	(6,465,000)	634,000	
Subtotal Veterans Nursing Homes Board:	47,328,000	55,979,000	8,651,000	18.28%
Council on People with Disabilities	1,320,000	1,406,000	86,000	6.52%
<b>State Appropriations:</b>	<b>\$ 6,129,438,000</b>	<b>\$ 7,418,865,000</b>	<b>\$ 1,289,427,000</b>	<b>21.04%</b>
<b>Federal Appropriations:</b>	<b>\$ 5,530,186,000</b>	<b>\$ 6,268,931,000</b>	<b>\$ 738,745,000</b>	<b>13.36%</b>
<b>Total Health &amp; Human Services:</b>	<b>\$ 11,659,624,000</b>	<b>\$ 13,687,796,000</b>	<b>\$ 2,028,172,000</b>	<b>17.39%</b>

## Environment & Agriculture

Department of Agriculture				
Protection Service	24,734,000	23,894,000	(840,000)	
Agricultural Marketing and Development	11,931,000	11,155,000	(776,000)	
Administration and Financial Assistance	11,485,000	9,801,000	(1,684,000)	
Special Revenue Fund Open/Statutory Approps.	6,711,000	7,031,000	320,000	
Environmental Fund Open/Statutory Approps.	762,000	936,000	174,000	
Gift Fund	54,000	130,000	76,000	
Agricultural Fund Open/Statutory Approps.	37,697,000	38,758,000	1,061,000	
Subtotal Department of Agriculture:	93,374,000	91,705,000	(1,669,000)	-1.79%
Agricultural Utilization Research Institute	8,160,000	8,410,000	250,000	3.06%
Board of Animal Health	6,494,000	5,836,000	(658,000)	-10.13%
Ethanol Producer Payments	72,106,000	70,892,000	(1,214,000)	-1.68%
Minnesota Horticultural Society	164,000	164,000	0	0.00%

	1999-2001 Biennium	2001-2003 Biennium	Increase (Decrease)	Percent Change
Board of Water & Soil Resources	\$ 40,498,000	\$ 37,990,000	\$ (2,508,000)	
Special Revenue Fund Open/Statutory Approps.	42,000	310,000	268,000	
Subtotal Board of Water & Soil Resources:	40,540,000	38,300,000	(2,240,000)	-5.53%
<b>Department of Natural Resources</b>				
Operations Support	65,296,000	66,966,000	1,670,000	
Land and Water Resources Management	27,542,000	24,955,000	(2,587,000)	
Mineral Resources Management	10,218,000	14,352,000	4,134,000	
Forest Management	69,845,000	73,896,000	4,051,000	
Fish and Wildlife Management	97,736,000	122,049,000	24,313,000	
Parks and Recreation Management	65,597,000	81,463,000	15,866,000	
Enforcement	44,682,000	49,960,000	5,278,000	
Trails and Waterways	39,189,000	38,879,000	(310,000)	
Leech Lake and White Earth Reservation	4,119,000	4,998,000	879,000	
1854 Indian Treaty Settlement	8,533,000	9,857,000	1,324,000	
Wildlife Management Lands in Lieu of Taxes	3,050,000	172,000	(2,878,000)	
DNR Firefighting	14,000,000	14,358,000	358,000	
Lifetime Hunting & Fishing Licenses	60,000	0	(60,000)	
Additional Walleye Stocking	500,000	0	(500,000)	
Game & Fish Projects	12,304,000	0	(12,304,000)	
Trail Grants	6,275,000	0	(6,275,000)	
Zoo Grants	328,000	0	(328,000)	
Mille Lacs Treaty Legal Fees	4,309,000	0	(4,309,000)	
North Shore Wildfire Planning	1,459,000	0	(1,459,000)	
Game and Fish Fund Open/Statutory Approps.	5,074,000	6,156,000	1,082,000	
Natural Resources Fund Open/Statutory Approps.	3,594,000	1,645,000	(1,949,000)	
Special Revenue Fund Open/Statutory Approps.	25,183,000	29,319,000	4,136,000	
Gift Fund	1,950,000	2,820,000	870,000	
State Govt. Special Revenue Fund Open Approps.	0	233,000	233,000	
Environmental Fund Open/Statutory Approps.	51,000	520,000	469,000	
Claims Against the State	0	135,000	135,000	
Subtotal Dept. of Natural Resources:	510,894,000	542,733,000	31,839,000	6.23%
<b>Zoological Board</b>	14,602,000	15,417,000	815,000	
Special Revenue Fund Open/Statutory Approps.	17,814,000	19,235,000	1,421,000	
Gift Fund	2,122,000	2,556,000	434,000	
Subtotal Zoological Board:	34,538,000	37,208,000	2,670,000	7.73%
<b>Minn.-Wisc. Boundary Area Commission</b>	371,000	393,000	22,000	5.93%
<b>Minnesota Resources</b>				
LCMR Administration	867,000	1,535,000	668,000	
Recreation	11,817,000	23,180,000	11,363,000	
Water Quality	3,000,000	1,970,000	(1,030,000)	
Environment & Natural Resources-Based Industries	6,100,000	740,000	(5,360,000)	
Urbanization Impacts	1,373,000	0	(1,373,000)	
Decision-Making Tools	5,585,000	1,777,000	(3,808,000)	
Environmental Education	2,655,000	1,970,000	(685,000)	
Critical Lands or Habitats	8,778,000	18,280,000	9,502,000	
Energy	325,000	90,000	(235,000)	
Subtotal Minnesota Resources:	40,500,000	49,542,000	9,042,000	22.33%
<b>Pollution Control Agency</b>				
Protection of the Water	32,099,000	32,741,000	642,000	
Protection of the Air	16,217,000	15,592,000	(625,000)	
Protection of the Land	33,887,000	20,380,000	(13,507,000)	
General Support	14,132,000	4,315,000	(9,817,000)	
Integrated Environmental Programs	0	31,368,000	31,368,000	
Solid Waste Fund Open/Statutory Approps.	59,203,000	49,318,000	(9,885,000)	
Special Revenue Fund Open/Statutory Approps.	14,367,000	23,599,000	9,232,000	
State Govt. Special Revenue Fund Open Approps.	2,000	2,000	0	
Environmental Fund Open/Statutory Approps.	9,606,000	7,567,000	(2,039,000)	
Metro Landfill Contingency Fund Open/Stat. Approps.	0	4,000,000	4,000,000	
Deficiency Solid Waste FY2001 Appropriation	0	500,000	500,000	
Subtotal Pollution Control Agency:	179,513,000	189,382,000	9,869,000	5.50%

	1999-2001 Biennium	2001-2003 Biennium	Increase (Decrease)	Percent Change
Science Museum of Minnesota	\$ 2,328,000	\$ 2,600,000	\$ 272,000	11.68%
Minnesota Academy of Science	82,000	0	(82,000)	-100.00%
Dept. of Transportation - Environmental Study	200,000	0	(200,000)	-100.00%
Windom Agriculture Processing Facility	250,000	0	(250,000)	-100.00%
Office of Environmental Assistance	15,298,000	27,424,000	12,126,000	
SCORE County Block Grants	28,016,000	28,016,000	0	
Environmental Fund Open/Statutory Approps.	7,780,000	5,147,000	(2,633,000)	
Special Revenue Fund Open/Statutory Approps.	316,000	0	(316,000)	
Subtotal Office of Env. Assistance:	51,410,000	60,587,000	9,177,000	17.85%
Office of Strategic & Long-Range Planning:				
Reorganize State Water Programs	0	75,000	75,000	
State Appropriations:	\$ 1,040,924,000	\$ 1,097,827,000	\$ 56,903,000	5.47%
Federal Appropriations:	\$ 95,567,000	\$ 89,416,000	\$ (6,151,000)	-6.44%
Total Environment & Agriculture:	\$ 1,136,491,000	\$ 1,187,243,000	\$ 50,752,000	4.47%

### Economic Development

#### Department of Trade & Economic Development

Tourism	22,136,000	20,130,000	(2,006,000)	
Administration	7,089,000	7,191,000	102,000	
Business & Community Development	40,027,000	23,856,000	(16,171,000)	
Minnesota Trade Office	4,593,000	5,080,000	487,000	
Information & Analysis	2,865,000	3,299,000	434,000	
Workforce Development	28,670,000	18,590,000	(10,080,000)	
Special Revenue Fund Open/Statutory Approps.	34,372,000	54,325,000	19,953,000	
IRRRB Fund Open/Statutory Appropriation	64,314,000	61,257,000	(3,057,000)	
IRRRB Brd.-NE MN Economic Protection Fund	20,444,000	8,978,000	(11,466,000)	
Subtotal Dept. of Trade & Economic Dev.:	224,510,000	202,706,000	(21,804,000)	-9.71%

#### Minnesota Technology, Incorporated

Minnesota Technology Inc. Fund - Open Appropriation	12,790,000	8,138,000	(4,652,000)	
Special Revenue Fund Open/Statutory Approps.	862,000	35,000	(827,000)	
Subtotal Minnesota Technology, Inc.:	27,502,000	20,208,000	(7,294,000)	-26.52%

#### Department of Economic Security

Workforce Services	30,078,000	22,171,000	(7,907,000)	
Rehabilitation Services	44,888,000	46,242,000	1,354,000	
Services for the Blind	10,823,000	10,007,000	(816,000)	
Gift Fund	108,000	514,000	406,000	
Special Revenue Fund Open/Statutory Approps.	67,787,000	21,867,000	(45,920,000)	
Subtotal Department of Economic Security:	153,684,000	100,801,000	(52,883,000)	-34.41%

#### Housing Finance Agency

	114,040,000	105,264,000	(8,776,000)	-7.70%
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#### Department of Commerce

Financial Examinations	8,015,000	12,934,000	4,919,000	
Administrative Services	6,811,000	11,855,000	5,044,000	
Enforcement and Compliance	18,501,000	11,521,000	(6,980,000)	
Petroleum Tank Release Cleanup Board	2,060,000	2,148,000	88,000	
Telecommunications	1,942,000	1,994,000	52,000	
Energy	7,920,000	7,693,000	(227,000)	
Weights and Measurers	6,345,000	6,644,000	299,000	
Hydro/Wind Power	1,656,000	4,188,000	2,532,000	
Minnesota Comprehensive Health Association	15,000,000	0	(15,000,000)	
Department of Public Service Operations	3,211,000	0	(3,211,000)	
Special Revenue Fund Open/Statutory Approps.	23,324,000	23,590,000	266,000	
Petro Tank Release Fund Open/Stat. Approps.	58,991,000	63,260,000	4,269,000	
Subtotal Department of Commerce:	153,776,000	145,827,000	(7,949,000)	-5.17%

#### Non Health-Related Boards

Special Revenue Fund Open/Statutory Approps.	21,845,000	29,907,000	8,062,000	
Appropriations Carried Forward	0	23,000	23,000	
Subtotal Non Health-Related Brds.:	25,212,000	33,578,000	8,366,000	33.18%

	1999-2001 Biennium	2001-2003 Biennium	Increase (Decrease)	Percent Change
<b>Department of Labor &amp; Industry</b>				
Workers' Comp. Regulation & Enforcement	\$ 21,419,000	\$ 22,090,000	\$ 671,000	
Workplace Services	15,325,000	15,112,000	(213,000)	
General Support	12,916,000	14,212,000	1,296,000	
Workers' Comp. Fund Open/Stat. Approps.	202,369,000	312,074,000	109,705,000	
Special Revenue Fund Open/Statutory Approps.	2,694,000	1,157,000	(1,537,000)	
Subtotal Department of Labor & Industry:	254,723,000	364,645,000	109,922,000	43.15%
Workers' Compensation Court of Appeals	3,128,000	3,187,000	59,000	1.89%
Bureau of Mediation Services	4,310,000	4,566,000	256,000	
Special Revenue Fund Open/Statutory Approps.	440,000	342,000	(98,000)	
Subtotal Bureau of Mediation Services:	4,750,000	4,908,000	158,000	3.33%
Public Utilities Commission	7,661,000	8,157,000	496,000	
Special Revenue Fund Open/Statutory Approps.	5,094,000	4,994,000	(100,000)	
Appropriations Carried Forward	0	210,000	210,000	
Subtotal Public Utilities Commission:	12,755,000	13,361,000	606,000	4.75%
Minnesota Historical Society	50,588,000	54,260,000	3,672,000	
Special Revenue Fund Open/Statutory Approps.	1,446,000	1,496,000	50,000	
Subtotal MN Historical Society:	52,034,000	55,756,000	3,722,000	7.15%
Indian Affairs Council	1,118,000	1,186,000	68,000	
Special Revenue Fund Open/Statutory Approps.	397,000	548,000	151,000	
Subtotal Indian Affairs Council:	1,515,000	1,734,000	219,000	14.46%
Council on Chicano-Latino Affairs	700,000	682,000	(18,000)	-2.57%
Council on Black Minnesotans	669,000	698,000	29,000	4.33%
Council on Asian-Pacific Minnesotans	583,000	611,000	28,000	4.80%
Military Affairs: Welfare-to-Work Training	100,000	0	(100,000)	-100.00%
Airport Housing Relocation	5,000,000	0	(5,000,000)	-100.00%
Dept. of Administration: Special Studies	20,000	0	(20,000)	-100.00%
<b>State Appropriations:</b>	<b>\$ 1,034,701,000</b>	<b>\$ 1,053,966,000</b>	<b>\$ 19,265,000</b>	<b>1.86%</b>
<b>Federal Appropriations:</b>	<b>\$ 539,933,000</b>	<b>\$ 698,579,000</b>	<b>\$ 158,646,000</b>	<b>29.38%</b>
<b>Total Economic Development:</b>	<b>\$ 1,574,634,000</b>	<b>\$ 1,752,545,000</b>	<b>\$ 177,911,000</b>	<b>11.30%</b>

## Transportation

### State Roads

Construction	488,391,000	554,414,000	66,023,000	
Highway Debt Service	27,124,000	43,463,000	16,339,000	
Operations	425,269,000	444,465,000	19,196,000	
Central Engineering Services	139,503,000	131,369,000	(8,134,000)	
Research & Investment Management	25,047,000	24,398,000	(649,000)	
Design & Engineering	163,838,000	180,381,000	16,543,000	
Electronic Communications	11,227,000	11,363,000	136,000	
Subtotal Highway Develop. & Operations:	1,280,399,000	1,389,853,000	109,454,000	8.55%

### Local Roads

County State Aids	755,487,000	823,443,000	67,956,000	
Municipal State Aids	219,143,000	216,296,000	(2,847,000)	
County State Aids Open/Statutory Approps.	0	17,019,000	17,019,000	
Municipal Street Aids Open/Statutory Approps.	0	4,490,000	4,490,000	
Subtotal Transp. Aids to Local Government:	974,630,000	1,061,248,000	86,618,000	8.89%

### Public Transit: Metro & Greater MN

Greater Minnesota Transit Assistance	32,430,000	36,699,000	4,269,000	
Met Council Transit	113,602,000	136,202,000	22,600,000	
Subtotal Public Transit: Metro & Greater MN:	146,032,000	172,901,000	26,869,000	18.40%

### General Support & Management

General Management	57,704,000	79,013,000	21,309,000	
General Services	24,473,000	25,622,000	1,149,000	
Motor Carrier Regulation	5,716,000	8,147,000	2,431,000	
Railroads and Waterways	3,188,000	3,562,000	374,000	
Buildings & Equipment	5,912,000	7,716,000	1,804,000	
Subtotal General Support & Management:	96,993,000	124,060,000	27,067,000	27.91%

	1999-2001 Biennium	2001-2003 Biennium	Increase (Decrease)	Percent Change
<b>Aeronautics</b>				
Aviation Support	\$ 10,446,000	\$ 12,238,000	\$ 1,792,000	
Airport Development and Assistance	27,896,000	28,596,000	700,000	
Air Transportation Services	365,000	273,000	(92,000)	
Civil Air Patrol	130,000	130,000	0	
State Airport Fund Open/Statutory Approps.	3,263,000	3,096,000	(167,000)	
Subtotal Aeronautics:	42,100,000	44,333,000	2,233,000	5.30%
MN DOT Sales Tax Exemption	0	4,370,000	4,370,000	
Federal Funds Included in Highway Operations, Technical Services & Program Management	534,148,000	575,000,000	40,852,000	7.65%
Transportation Revolving Loan Fund	15,000,000	0	(15,000,000)	-100.00%
MN DOT: Trunk Highway Open/Statutory Approps.	17,060,000	64,737,000	47,677,000	279.47%
MN DOT: Special Revenue Open/Statutory Approps.	9,756,000	163,564,000	153,808,000	1576.55%
<b>Capital Projects - Direct Appropriations</b>				
Transportation Capital Projects	72,746,000	0	(72,746,000)	
Met Council Capital Projects	41,300,000	19,000,000	(22,300,000)	
State Roads Capital Projects	359,000,000	0	(359,000,000)	
Railroad and Waterways Capital Projects (FY2001)	2,000,000	0	(2,000,000)	
Subtotal Capital Projects-Direct Approps.:	475,046,000	19,000,000	(456,046,000)	-96.00%
<b>Department of Public Safety</b>				
Administration and Related Services	22,175,000	22,874,000	699,000	
State Patrol	114,689,000	124,912,000	10,223,000	
Driver and Vehicle Services (4)	77,891,000	77,369,000	(522,000)	
Pipeline Safety	1,912,000	1,973,000	61,000	
Traffic Safety	614,000	641,000	27,000	
Appropriations Carried Forward	0	56,000	56,000	
Trunk Highway Open/Statutory Approps.	4,255,000	2,007,000	(2,248,000)	
Gift Fund	90,000	123,000	33,000	
Highway User Tax Open/Statutory Approps.	711,000	12,272,000	11,561,000	
Transfer to Trunk Highway Fund	3,660,000	3,660,000	0	
Subtotal Dept. of Public Safety:	225,997,000	245,887,000	19,890,000	8.80%
Minnesota Safety Council	134,000	0	(134,000)	-100.00%
<b>State Appropriations:</b>	<b>\$ 3,817,295,000</b>	<b>\$ 3,864,953,000</b>	<b>\$ 47,658,000</b>	<b>1.25%</b>
<b>Federal Appropriations:</b>	<b>\$ 501,064,000</b>	<b>\$ 511,976,000</b>	<b>\$ 10,912,000</b>	<b>2.18%</b>
<b>Total Transportation:</b>	<b>\$ 4,318,359,000</b>	<b>\$ 4,376,929,000</b>	<b>\$ 58,570,000</b>	<b>1.36%</b>

### Crime Prevention & Judiciary

#### Supreme Court

Operations	9,059,000	10,429,000	1,370,000	
State Court Administrator	26,215,000	32,385,000	6,170,000	
State Law Library	3,717,000	4,170,000	453,000	
Low Income & Family Farm Legal Assistance	11,214,000	13,714,000	2,500,000	
Family Law Legal Assistance	1,754,000	1,754,000	0	
Special Revenue Fund Open/Statutory Approps.	2,382,000	2,290,000	(92,000)	
Gift Fund	80,000	90,000	10,000	
Court Information System	3,512,000	15,000,000	11,488,000	
Subtotal Supreme Court:	57,933,000	79,832,000	21,899,000	37.80%

#### Court of Appeals

	13,199,000	15,693,000	2,494,000	18.90%
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#### District Courts

Board on Judicial Standards	471,000	497,000	26,000	
Board of Public Defense	2,458,000	4,710,000	2,252,000	
State Public Defender	6,463,000	7,184,000	721,000	
District Public Defense	83,085,000	93,538,000	10,453,000	
Tax Court	1,331,000	1,486,000	155,000	
Additional FY2001 Appropriation	14,000	0	(14,000)	
Gift Fund	2,000	6,000	4,000	
Special Revenue Fund Open/Statutory Approps.	6,000	14,000	8,000	
Subtotal District Courts:	264,370,000	363,448,000	99,078,000	37.48%



	1999-2001 Biennium	2001-2003 Biennium	Increase (Decrease)	Percent Change
<b>Department of Public Safety</b>				
Emergency Management	\$ 11,676,000	\$ 11,029,000	\$ (647,000)	
Criminal Apprehension	53,579,000	69,016,000	15,437,000	
Fire Marshal	6,302,000	6,643,000	341,000	
Alcohol & Gambling Enforcement	3,670,000	3,686,000	16,000	
Law Enforcement & Community Grants	19,809,000	17,038,000	(2,771,000)	
Special Revenue Fund Open/Statutory Approps.	21,895,000	29,195,000	7,300,000	
State Govt. Special Revenue Fund Open Appropriations	643,000	690,000	47,000	
Electronic Fingerprinting/Information Access	9,659,000	0	(9,659,000)	
Additional FY2001 Appropriation	8,600,000	0	(8,600,000)	
Appropriations Carried Forward	0	82,000	82,000	
Felony-Level DWI Costs	0	84,000	84,000	
<b>Subtotal Department of Public Safety:</b>	<b>135,833,000</b>	<b>137,463,000</b>	<b>1,630,000</b>	<b>1.20%</b>
<b>Crime Victims Services</b>	<b>46,396,000</b>	<b>64,338,000</b>	<b>17,942,000</b>	
Special Revenue Fund Open/Statutory Approps.	1,189,000	0	(1,189,000)	
<b>Subtotal Crime Victims Services:</b>	<b>47,585,000</b>	<b>64,338,000</b>	<b>16,753,000</b>	<b>35.21%</b>
<b>Crime Victims Ombudsman</b>	<b>783,000</b>	<b>811,000</b>	<b>28,000</b>	<b>3.58%</b>
<b>Priv. Detective &amp; Protective Agen. Lic. Board</b>	<b>275,000</b>	<b>292,000</b>	<b>17,000</b>	<b>6.18%</b>
<b>Department of Corrections</b>				
Management Services	23,935,000	26,529,000	2,594,000	
Community Services	190,981,000	223,040,000	32,059,000	
Correctional Institutions	439,045,000	459,666,000	20,621,000	
Corrections Aid	58,894,000	62,847,000	3,953,000	
Juvenile Services	26,909,000	28,267,000	1,358,000	
Special Revenue Fund Open/Statutory Approps.	30,763,000	26,285,000	(4,478,000)	
Claims against the State	27,000	13,000	(14,000)	
Gift Fund	48,000	70,000	22,000	
CRIMNET	0	1,500,000	1,500,000	
<b>Subtotal Department of Corrections:</b>	<b>770,602,000</b>	<b>828,217,000</b>	<b>57,615,000</b>	<b>7.48%</b>
<b>Sentencing Guidelines Commission</b>	<b>1,215,000</b>	<b>1,073,000</b>	<b>(142,000)</b>	<b>-11.69%</b>
<b>Corrections Ombudsman</b>	<b>780,000</b>	<b>659,000</b>	<b>(121,000)</b>	<b>-15.51%</b>
<b>Board of Peace Officers Standards and Training</b>	<b>9,301,000</b>	<b>9,416,000</b>	<b>115,000</b>	<b>1.24%</b>
<b>Automobile Theft Prevention Board</b>	<b>2,277,000</b>	<b>0</b>	<b>(2,277,000)</b>	
Special Revenue Fund Open/Statutory Approps.	20,000	0	(20,000)	
<b>Subtotal Automobile Theft Prevention Brd.:</b>	<b>2,297,000</b>	<b>0</b>	<b>(2,297,000)</b>	<b>-100.00%</b>
<b>MN Safety Council: Crosswalk Safety</b>	<b>200,000</b>	<b>0</b>	<b>(200,000)</b>	<b>-100.00%</b>
<b>Department of Human Rights</b>	<b>7,786,000</b>	<b>8,180,000</b>	<b>394,000</b>	
Special Revenue Fund Open/Statutory Approps.	108,000	108,000	0	
<b>Subtotal Department of Human Rights:</b>	<b>7,894,000</b>	<b>8,288,000</b>	<b>394,000</b>	<b>4.99%</b>
<b>Uniform Laws Commission</b>	<b>75,000</b>	<b>79,000</b>	<b>4,000</b>	<b>5.33%</b>
<b>Curfew Program</b>	<b>1,000,000</b>	<b>0</b>	<b>(1,000,000)</b>	<b>-100.00%</b>
<b>Attorney General: Felony-Level DWI Costs</b>	<b>0</b>	<b>127,000</b>	<b>127,000</b>	
<b>Univ. of MN: Parent Education Curriculum</b>	<b>20,000</b>	<b>0</b>	<b>(20,000)</b>	<b>-100.00%</b>
<b>Design &amp; Site for Bureau of Criminal App. Building</b>	<b>3,554,000</b>	<b>0</b>	<b>(3,554,000)</b>	<b>-100.00%</b>
<b>State Appropriations:</b>	<b>\$ 1,316,916,000</b>	<b>\$ 1,509,736,000</b>	<b>\$ 192,820,000</b>	<b>14.64%</b>
<b>Federal Appropriations:</b>	<b>\$ 67,374,000</b>	<b>\$ 90,184,000</b>	<b>\$ 22,810,000</b>	<b>33.86%</b>
<b>Total Crime Prevention &amp; Judiciary:</b>	<b>\$ 1,384,290,000</b>	<b>\$ 1,599,920,000</b>	<b>\$ 215,630,000</b>	<b>15.58%</b>

	1999-2001 Biennium	2001-2003 Biennium	Increase (Decrease)	Percent Change
<b>Government Operations</b>				
Veterans Affairs	\$ 8,685,000	\$ 8,903,000	\$ 218,000	
Gulf War Bonus Payments	1,590,000	0	(1,590,000)	
Special Revenue Fund Open/Statutory Approps.	136,000	98,000	(38,000)	
Subtotal Veterans Affairs:	10,411,000	9,001,000	(1,410,000)	-13.54%
Veterans of Foreign Wars	82,000	110,000	28,000	34.15%
Disabled American Veterans	26,000	26,000	0	0.00%
Military Order of the Purple Heart	40,000	40,000	0	0.00%
Amateur Sports Commission	1,258,000	1,334,000	76,000	6.04%
Sports Facility Financing	1,500,000	1,500,000	0	
Subtotal Amateur Sports Commission:	2,758,000	2,834,000	76,000	2.76%
<b>Department of Employee Relations</b>				
Administration	16,427,000	17,290,000	863,000	
Employee Insurance	5,201,000	140,000	(5,061,000)	
Special Revenue Fund Open/Statutory Approps.	46,914,000	46,832,000	(82,000)	
Subtotal Dept. of Employee Relations:	68,542,000	64,262,000	(4,280,000)	-6.24%
<b>Retirement</b>				
Minneapolis Employees' Retirement Fund	8,558,000	6,464,000	(2,094,000)	
Pre-1973 Retirement Adjustment	1,100,000	0	(1,100,000)	
Local Police and Fire Amortization Aid	9,067,000	9,850,000	783,000	
Police & Fire Supplemental Amortization Aid	1,544,000	2,000,000	456,000	
Aid to Police and Fire Departments	123,793,000	133,005,000	9,212,000	
Legislators' Retirement	7,600,000	14,051,000	6,451,000	
Judges' Retirement	3,921,000	4,373,000	452,000	
Teachers' Retirement	5,000,000	5,000,000	0	
Firefighters' Relief Surcharge	828,000	840,000	12,000	
Constitutional Officers' Retirement	628,000	731,000	103,000	
Pension Uniformity	32,534,000	32,534,000	0	
PERA/MSRS Changes	29,576,000	29,576,000	0	
Claims Against the State	0	70,000	70,000	
Subtotal Retirement:	224,149,000	238,494,000	14,345,000	6.40%
State Lottery Board	103,895,000	114,708,000	10,813,000	10.41%
Lawful Gambling Control Board	4,514,000	4,941,000	427,000	
Special Revenue Fund Open/Statutory Approps.	28,000	10,000	(18,000)	
Subtotal Lawful Gambling Control Board:	4,542,000	4,951,000	409,000	9.00%
Racing Commission	792,000	840,000	48,000	
Special Revenue Fund Open/Statutory Approps.	452,000	730,000	278,000	
Subtotal Racing Commission:	1,244,000	1,570,000	326,000	26.21%
<b>Military Affairs</b>				
Maintenance of Training Facilities	13,941,000	14,385,000	444,000	
General Support	3,582,000	4,044,000	462,000	
Enlistment Incentives	4,709,000	9,713,000	5,004,000	
Special Revenue Fund Open/Statutory Approps.	856,000	885,000	29,000	
Subtotal Department of Military Affairs:	23,088,000	29,027,000	5,939,000	25.72%
<b>Legislature</b>				
Senate	41,834,000	46,939,000	5,105,000	
House	59,252,000	58,353,000	(899,000)	
Legislative Coordinating Commission	30,584,000	30,957,000	373,000	
Special Revenue Fund Open/Statutory Approps.	0	1,200,000	1,200,000	
Subtotal Legislature:	131,670,000	137,449,000	5,779,000	4.39%
Governor and Lieutenant Governor	8,223,000	9,315,000	1,092,000	13.28%
Secretary of State	12,401,000	12,509,000	108,000	
Sec of State Technology Upgrade	5,803,000	0	(5,803,000)	
Uniform Commercial Code Filing System	4,000,000	2,360,000	(1,640,000)	
Special Revenue Fund Open/Statutory Approps.	1,463,000	100,000	(1,363,000)	
Subtotal Secretary of State:	23,667,000	14,969,000	(8,698,000)	-36.75%

	1999-2001 Biennium	2001-2003 Biennium	Increase (Decrease)	Percent Change
State Auditor	\$ 18,499,000	\$ 20,348,000	\$ 1,849,000	
Special Revenue Fund Open/Statutory Approps.	36,000	56,000	20,000	
Subtotal State Auditor:	18,535,000	20,404,000	1,869,000	10.08%
State Treasurer	7,948,000	4,682,000	(3,266,000)	-41.09%
Attorney General	56,402,000	59,189,000	2,787,000	
Special Revenue Fund Open/Statutory Approps.	544,000	425,000	(119,000)	
Claims Against the State	0	12,000	12,000	
Subtotal Attorney General:	56,946,000	59,626,000	2,680,000	4.71%
Investment Board	4,686,000	5,012,000	326,000	6.96%
Board of Public Disclosure	1,457,000	1,376,000	(81,000)	
Additional FY2001 Appropriation	35,000	0	(35,000)	
Special Revenue Fund Open/Statutory Approps.	4,032,000	5,258,000	1,226,000	
Subtotal Brd. of Public Disclosure:	5,524,000	6,634,000	1,110,000	20.09%
Office of Administrative Hearings	13,923,000	15,385,000	1,462,000	10.50%
Department of Administration				
Operations Management	8,672,000	7,377,000	(1,295,000)	
Technology Management	41,733,000	59,543,000	17,810,000	
Facilities Management	10,013,000	7,578,000	(2,435,000)	
Additional FY2001 Appropriation	75,000	0	(75,000)	
Management Services	7,541,000	7,591,000	50,000	
Public Broadcasting	6,660,000	14,460,000	7,800,000	
Children's Museum	520,000	0	(520,000)	
Fiscal Agent	1,260,000	1,904,000	644,000	
Legislative & Veterans Organizations Rent	12,175,000	16,040,000	3,865,000	
Special Revenue Fund Open/Statutory Approps.	5,892,000	20,644,000	14,752,000	
State Govt. Special Rev. Open/Stat. Approps.	8,300,000	11,546,000	3,246,000	
Gift Fund	192,000	240,000	48,000	
Appropriations Carried Forward	0	2,690,000	2,690,000	
Subtotal Department of Administration:	103,033,000	149,613,000	46,580,000	45.21%
Capitol Area Architectural and Planning Board	1,357,000	638,000	(719,000)	-52.98%
Department of Finance	42,373,000	36,889,000	(5,484,000)	
Appropriations Carried Forward	0	2,059,000	2,059,000	
Special Revenue Fund Open/Statutory Approps.	0	15,040,000	15,040,000	
Subtotal Department of Finance:	42,373,000	53,988,000	11,615,000	27.41%
Department of Revenue				
Tax System Management	182,305,000	166,759,000	(15,546,000)	
Accounts Receivable Operations	5,043,000	21,554,000	16,511,000	
Outstanding Collections/Property	3,800,000	3,800,000	0	
Administration & New Tax Law Changes	2,235,000	4,924,000	2,689,000	
Additional FY2001 Appropriation	2,151,000	0	(2,151,000)	
Other Aids, Credits, and Payments	15,844,000	8,864,000	(6,980,000)	
MN Minerals 21st Century Fund	20,000,000	0	(20,000,000)	
Special Revenue Fund Open/Statutory Approps.	2,494,000	5,000,000	2,506,000	
Claims Against the State	0	13,000	13,000	
Appropriations Carried Forward	0	1,400,000	1,400,000	
Subtotal Department of Revenue:	233,872,000	212,314,000	(21,558,000)	-9.22%
Office of Strategic & Long-Range Planning	12,184,000	10,609,000	(1,575,000)	
Special Revenue Fund Open/Statutory Approps.	1,223,000	2,471,000	1,248,000	
Subtotal Strategic & Long-Range Planning:	13,407,000	13,080,000	(327,000)	-2.44%
Brd. of Government Innovation and Cooperation	2,032,000	1,030,000	(1,002,000)	-49.31%
Arts Board	26,158,000	26,260,000	102,000	0.39%
Minnesota Humanities Commission	1,806,000	2,058,000	252,000	13.95%
<b>State Appropriations:</b>	<b>\$ 1,133,937,000</b>	<b>\$ 1,197,480,000</b>	<b>\$ 63,543,000</b>	<b>5.60%</b>
<b>Federal Appropriations:</b>	<b>\$ 90,927,000</b>	<b>\$ 102,871,000</b>	<b>\$ 11,944,000</b>	<b>13.14%</b>
<b>Total Government Operations:</b>	<b>\$ 1,224,864,000</b>	<b>\$ 1,300,351,000</b>	<b>\$ 75,487,000</b>	<b>6.16%</b>

	1999-2001 Biennium	2001-2003 Biennium	Increase (Decrease)	Percent Change
<b>Miscellaneous</b>				
<b>Debt Service &amp; Borrowing</b>				
General Fund Debt Service	\$ 578,681,000	\$ 629,739,000	\$ 51,058,000	
Cambridge Debt Service Fund	110,280,000	0	(110,280,000)	
Other Debt Service	103,198,000	127,742,000	24,544,000	
<b>Total Debt Service &amp; Borrowing:</b>	<b>792,159,000</b>	<b>757,481,000</b>	<b>(34,678,000)</b>	<b>-4.38%</b>
<b>General Contingent Accounts</b>				
General Fund	200,000	6,000,000	5,800,000	
Trunk Highway Fund	400,000	400,000	0	
Highway User Tax Distribution Fund	250,000	250,000	0	
State Govt. Special Revenue	800,000	800,000	0	
Airport Fund	100,000	100,000	0	
Workers' Compensation	200,000	200,000	0	
<b>Subtotal General Contingent Accounts:</b>	<b>1,950,000</b>	<b>7,750,000</b>	<b>5,800,000</b>	<b>297.44%</b>
Capital Projects - Direct Appropriations	113,850,000	0	(113,850,000)	-100.00%
Dedicated General Fund Appropriations	282,346,000	284,062,000	1,716,000	0.61%
Tort Claims	1,750,000	1,750,000	0	0.00%
Campaign Fund Check-Off	3,969,000	4,242,000	273,000	6.88%
Loans to Revolving Fund	12,200,000	12,000,000	(200,000)	-1.64%
Revolving Loan - Year 2000	20,000,000	0	(20,000,000)	-100.00%
Finance Non-Operating	492,000	7,448,000	6,956,000	1413.82%
Tax Refund Interest	70,000,000	60,000,000	(10,000,000)	-14.29%
Motor Vehicle Tax Reduction (FY2001)	11,725,000	0	(11,725,000)	-100.00%
Minnesota Minerals 21st Century Fund	30,000,000	0	(30,000,000)	-100.00%
<b>Total Miscellaneous:</b>	<b>\$ 1,340,441,000</b>	<b>\$ 1,134,733,000</b>	<b>\$ (205,708,000)</b>	<b>-15.35%</b>
<b>TOTALS</b>				
<b>State Appropriations - Gross</b>	<b>\$ 31,679,090,000</b>	<b>\$ 34,320,764,000</b>	<b>\$ 2,641,674,000</b>	<b>8.34%</b>
Dept. of Human Services RTC Collections (2)	(45,560,000)	(130,328,000)	(84,768,000)	
Indirect Cost Receipts	(46,491,000)	(53,197,000)	(6,706,000)	
Cancellations	(34,340,000)	(20,000,000)	14,340,000	
<b>State Appropriations - Net:</b>	<b>\$ 31,552,699,000</b>	<b>\$ 34,117,239,000</b>	<b>\$ 2,564,540,000</b>	<b>8.13%</b>
<b>Federal Funds Appropriations:</b>	<b>\$ 8,021,349,000</b>	<b>\$ 8,982,104,000</b>	<b>\$ 960,755,000</b>	<b>11.98%</b>
<b>Total Appropriations:</b>	<b>\$ 39,574,048,000</b>	<b>\$ 43,099,343,000</b>	<b>\$ 3,525,295,000</b>	<b>8.91%</b>
<b>General Fund</b>				
Cash Flow Account	\$ 350,000,000	\$ 350,000,000	0	
Budget Reserves	622,000,000	653,000,000	31,000,000	
Dedicated Reserves	145,272,000	151,357,000	6,085,000	
	<b>\$ 1,117,272,000</b>	<b>\$ 1,154,357,000</b>	<b>\$ 37,085,000</b>	<b>3.32%</b>

**NOTES:**

- (1) Appropriations carried forward are unused funds appropriated in a previous year that did not cancel but were carried forward into the next fiscal year.
- (2) Dept. of Human Services RTC receipts already counted in the appropriation for MA and GAMC federal funds.
- (3) Open and statutory appropriations from non-General Fund sources are included and are based on the Consolidated Fund Statement prepared by the Department of Finance with some minor adjustments. The amounts represent the difference between the direct appropriations in law and the level of estimated expenditures from that fund. Prior to the 2000 issue, the Fiscal Review did not include these non-General Fund open and statutory appropriations and comparisons of overall appropriation levels with previous biennia must be adjusted to reflect this change in reporting of open and statutory appropriations.
- (4) Department of Public Safety Driver and Vehicle Services 1999-2001 biennial appropriation contains FY2001 appropriations from the 2001 Session.

**Table D**  
**2002 & 2003 Direct Appropriations**  
**by Fund, by Chapter**

				FY 2002	FY 2003	2001-2003 Biennium		
<b>Agricultural Fund</b>								
S.S. Chpt.	2	Natural Resources, Environment, & Agriculture	\$	200,000	\$	200,000	\$	400,000
<b>Total Agricultural Fund:</b>			\$	<b>200,000</b>	\$	<b>200,000</b>	\$	<b>400,000</b>
<b>Airport Fund</b>								
S.S. Chpt.	8	Transportation & Public Safety	\$	20,807,000	\$	20,548,000	\$	41,355,000
<b>Total Airport Fund:</b>			\$	<b>20,807,000</b>	\$	<b>20,548,000</b>	\$	<b>41,355,000</b>
<b>County-State Highway Fund</b>								
S.S. Chpt.	8	Transportation & Public Safety	\$	405,330,000	\$	418,113,000	\$	823,443,000
<b>Total County-State Highway Fund:</b>			\$	<b>405,330,000</b>	\$	<b>418,113,000</b>	\$	<b>823,443,000</b>
<b>Environment &amp; Natural Resources Trust Fund</b>								
S.S. Chpt.	2	Natural Resources, Environment, & Agriculture	\$	17,082,000	\$	17,083,000	\$	34,165,000
<b>Total Environment &amp; Natural Resources Trust Fund:</b>			\$	<b>17,082,000</b>	\$	<b>17,083,000</b>	\$	<b>34,165,000</b>
<b>Environmental Fund</b>								
S.S. Chpt.	2	Natural Resources, Environment, & Agriculture	\$	23,701,000	\$	24,116,000	\$	47,817,000
S.S. Chpt.	4	Economic Development		700,000		700,000		1,400,000
S.S. Chpt.	8	Transportation & Public Safety		47,000		49,000		96,000
S.S. Chpt.	10	State Government Operations		249,000		255,000		504,000
<b>Total Environmental Fund:</b>			\$	<b>24,697,000</b>	\$	<b>25,120,000</b>	\$	<b>49,817,000</b>
<b>Game and Fish Fund</b>								
S.S. Chpt.	2	Natural Resources, Environment, & Agriculture	\$	78,527,000	\$	80,355,000	\$	158,882,000
<b>Total Game and Fish Fund:</b>			\$	<b>78,527,000</b>	\$	<b>80,355,000</b>	\$	<b>158,882,000</b>
<b>General Fund</b>								
Chpt.	169	Claims Against the State	\$	251,000	\$	0	\$	251,000
S.S. Chpt.	1	Higher Education		1,380,039,000		1,464,114,000		2,844,153,000
S.S. Chpt.	2	Natural Resources, Environment, & Agriculture		206,408,000		209,073,000		415,481,000
S.S. Chpt.	3	Family & Early Childhood Education		273,571,000		270,471,000		544,042,000
S.S. Chpt.	4	Economic Development		191,271,000		192,512,000		383,783,000
S.S. Chpt.	5	Omnibus Tax Bill		134,326,000		1,260,610,000		1,394,936,000
S.S. Chpt.	6	K-12 Education		4,311,118,000		4,447,384,000		8,758,502,000
S.S. Chpt.	8	Transportation & Public Safety		352,848,000		363,096,000		715,944,000
S.S. Chpt.	9	Health, Human Services & Corrections		3,495,223,000		3,834,743,000		7,329,966,000
S.S. Chpt.	10	State Government Operations		330,716,000		315,516,000		646,232,000
<b>Total General Fund:</b>			\$	<b>10,675,771,000</b>	\$	<b>12,357,519,000</b>	\$	<b>23,033,290,000</b>
<b>Health Care Access Fund</b>								
S.S. Chpt.	1	Higher Education	\$	2,537,000	\$	2,537,000	\$	5,074,000
S.S. Chpt.	9	Health, Human Services & Corrections		222,097,000		282,403,000		504,500,000
S.S. Chpt.	10	State Government Operations		1,881,000		1,914,000		3,795,000
<b>Total Health Care Access Fund:</b>			\$	<b>226,515,000</b>	\$	<b>286,854,000</b>	\$	<b>513,369,000</b>
<b>Highway User Tax Distribution Fund</b>								
S.S. Chpt.	8	Transportation & Public Safety	\$	12,628,000	\$	11,386,000	\$	24,014,000
S.S. Chpt.	10	State Government Operations		2,191,000		2,237,000		4,428,000
<b>Total Highway User Tax Distribution Fund:</b>			\$	<b>14,819,000</b>	\$	<b>13,623,000</b>	\$	<b>28,442,000</b>
<b>Metro Landfill Contingency Fund</b>								
S.S. Chpt.	2	Natural Resources, Environment, & Agriculture	\$	1,000,000	\$	0	\$	1,000,000
<b>Metro Landfill Contingency Fund:</b>			\$	<b>1,000,000</b>	\$	<b>0</b>	\$	<b>1,000,000</b>
<b>Minnesota Future Resources Fund</b>								
S.S. Chpt.	2	Natural Resources, Environment, & Agriculture	\$	14,770,000	\$	340,000	\$	15,110,000
<b>Total Minnesota Future Resources Fund:</b>			\$	<b>14,770,000</b>	\$	<b>340,000</b>	\$	<b>15,110,000</b>

		FY 2002	FY 2003	0 Biennium
<b>Municipal State Aid Street Fund</b>				
S.S. Chpt. 8	Transportation & Public Safety	\$ 106,469,000	\$ 109,827,000	\$ 216,296,000
<b>Total Municipal State Aid Street Fund:</b>		<b>\$ 106,469,000</b>	<b>\$ 109,827,000</b>	<b>\$ 216,296,000</b>
<b>Natural Resources Fund</b>				
S.S. Chpt. 2	Natural Resources, Environment, & Agriculture	\$ 45,028,000	\$ 45,438,000	\$ 90,466,000
<b>Total Natural Resources Fund:</b>		<b>\$ 45,028,000</b>	<b>\$ 45,438,000</b>	<b>\$ 90,466,000</b>
<b>Petroleum Tank Release Cleanup Fund</b>				
S.S. Chpt. 2	Natural Resources, Environment, & Agriculture	\$ 3,511,000	\$ 3,616,000	\$ 7,127,000
S.S. Chpt. 4	Economic Development	1,064,000	1,084,000	2,148,000
<b>Total Petroleum Tank Release Cleanup Fund:</b>		<b>\$ 4,575,000</b>	<b>\$ 4,700,000</b>	<b>\$ 9,275,000</b>
<b>Solid Waste Fund</b>				
S.S. Chpt. 2	Natural Resources, Environment, & Agriculture	\$ 13,794,000	\$ 13,529,000	\$ 27,323,000
S.S. Chpt. 10	State Government Operations	677,000	684,000	1,361,000
<b>Solid Waste Fund:</b>		<b>\$ 14,471,000</b>	<b>\$ 14,213,000</b>	<b>\$ 28,684,000</b>
<b>Special Revenue Fund</b>				
S.S. Chpt. 2	Natural Resources, Environment, & Agriculture	\$ 267,000	\$ 0	\$ 267,000
S.S. Chpt. 3	Family & Early Childhood Education	2,641,000	2,540,000	5,181,000
S.S. Chpt. 4	Economic Development	11,849,000	10,942,000	22,791,000
S.S. Chpt. 8	Transportation & Public Safety	8,345,000	8,405,000	16,750,000
S.S. Chpt. 9	Health, Human Services & Corrections	1,389,000	1,242,000	2,631,000
S.S. Chpt. 10	State Government Operations	300,000	0	300,000
<b>Total Special Revenue Fund:</b>		<b>\$ 24,791,000</b>	<b>\$ 23,129,000</b>	<b>\$ 47,920,000</b>
<b>State Government Special Revenue Fund</b>				
S.S. Chpt. 2	Natural Resources, Environment, & Agriculture	\$ 47,000	\$ 48,000	\$ 95,000
S.S. Chpt. 8	Transportation & Public Safety	7,000	7,000	14,000
S.S. Chpt. 9	Health, Human Services & Corrections	38,529,000	40,672,000	79,201,000
S.S. Chpt. 10	State Government Operations	24,261,000	22,645,000	46,906,000
<b>Total State Government Special Revenue Fund:</b>		<b>\$ 62,844,000</b>	<b>\$ 63,372,000</b>	<b>\$ 126,216,000</b>
<b>State Lottery Fund</b>				
S.S. Chpt. 9	Health, Human Services & Corrections	\$ 1,453,000	\$ 1,456,000	\$ 2,909,000
S.S. Chpt. 10	State Government Operations	750,000	0	750,000
<b>Total State Lottery Fund:</b>		<b>\$ 2,203,000</b>	<b>\$ 1,456,000</b>	<b>\$ 3,659,000</b>
<b>Trunk Highway Fund</b>				
S.S. Chpt. 8	Transportation & Public Safety	\$ 1,131,773,000	\$ 1,140,952,000	\$ 2,272,725,000
<b>Total Trunk Highway Fund:</b>		<b>\$ 1,131,773,000</b>	<b>\$ 1,140,952,000</b>	<b>\$ 2,272,725,000</b>
<b>Workers' Compensation Fund</b>				
S.S. Chpt. 4	Economic Development	\$ 23,216,000	\$ 23,765,000	\$ 46,981,000
S.S. Chpt. 10	State Government Operations	7,544,000	8,041,000	15,585,000
<b>Total Workers Compensation Fund:</b>		<b>\$ 30,760,000</b>	<b>\$ 31,806,000</b>	<b>\$ 62,566,000</b>
<b>Grand Total Direct Appropriations:</b>		<b>\$ 12,902,432,000</b>	<b>\$ 14,654,648,000</b>	<b>\$ 27,557,080,000</b>

**Table E**  
**Open and Statutory Appropriations**  
**Fiscal Years 2002 and 2003**

	FY 2002	FY 2003	2001-2003 Biennium
<b>General Fund</b>			
<b>Aids &amp; Credits</b>			
Property Tax Refund	\$ 193,363,000	\$ 204,148,000	\$ 397,511,000
Homestead Credit and Agricultural Credit	488,753,000	486,858,000	975,611,000
Political Contribution Refunds	4,916,000	4,963,000	9,879,000
Disparity Aid	23,366,000	23,366,000	46,732,000
Border City Disparity Credit	5,081,000	5,337,000	10,418,000
Disaster & Flood Relief Aid	144,000	6,000	150,000
Local Government Aid	411,831,000	423,501,000	835,332,000
Attached Machinery Aid	3,218,000	3,218,000	6,436,000
Suppl. Homestead Prop. Tax Relief	570,000	596,000	1,166,000
Education Homestead Credit	451,101,000	455,535,000	906,636,000
In Lieu of Taxes Payments on DNR Lands	11,618,000	11,876,000	23,494,000
Enterprise Zone Credit	4,000	4,000	8,000
Regional Transit Board Levy Reduction	2,101,000	2,101,000	4,202,000
Region 3 - Occupation Tax	561,000	561,000	1,122,000
Family Preservation Aid	22,645,000	23,315,000	45,960,000
<b>Total Aids and Credits:</b>	<b>\$ 1,619,272,000</b>	<b>\$ 1,645,385,000</b>	<b>\$ 3,264,657,000</b>
<b>Other General Fund Open and Statutory Appropriations</b>			
Corrections Aid	\$ 30,954,000	\$ 31,893,000	\$ 62,847,000
Minneapolis Employees' Retirement Fund	3,232,000	3,232,000	6,464,000
Local Police & Fire Amortization Aid	5,925,000	5,925,000	11,850,000
Aid to Police & Fire Departments	64,819,000	68,186,000	133,005,000
Judges' Retirement	2,123,000	2,250,000	4,373,000
Legislators' & Constitutional Officers' Retirement	7,176,000	7,606,000	14,782,000
Teachers' Retirement	2,500,000	2,500,000	5,000,000
Other Pension	31,475,000	31,475,000	62,950,000
Ethanol Producer Payments	35,436,000	35,456,000	70,892,000
1854 Indian Treaty Settlement	4,670,000	5,187,000	9,857,000
DNR Firefighting	7,279,000	7,079,000	14,358,000
Leach Lake & White Earth Indian Reservation	2,493,000	2,505,000	4,998,000
Non-game Wildlife Checkoff	86,000	86,000	172,000
Tax Refund Interest	30,000,000	30,000,000	60,000,000
Revolving Loans	6,000,000	6,000,000	12,000,000
Debt Service and Borrowing	297,087,000	332,652,000	629,739,000
Other General Fund Open and Statutory	16,171,000	17,116,000	33,287,000
<b>Total Other Open &amp; Statutory Approps.:</b>	<b>\$ 547,426,000</b>	<b>\$ 589,148,000</b>	<b>\$ 1,136,574,000</b>
<b>Total General Fund Open and Statutory Appropriations:</b>	<b>\$ 2,166,698,000</b>	<b>\$ 2,234,533,000</b>	<b>\$ 4,401,231,000</b>

	FY 2002	FY 2003	2001-2003 Biennium
<b>Non-General Fund Open and Statutory Appropriations (1)</b>			
School Endowment Fund	\$ 21,000,000	\$ 22,000,000	\$ 43,000,000
State Lottery Board	56,555,000	57,403,000	113,958,000
Environmental Fund	7,085,000	7,085,000	14,170,000
Game and Fish Fund	3,078,000	3,078,000	6,156,000
Landfill Cleanup-Solid Waste	24,659,000	24,659,000	49,318,000
Metro Landfill Contingency Fund	2,000,000	2,000,000	4,000,000
Natural Resources	822,000	823,000	1,645,000
Petroleum Tank Release Cleanup	31,630,000	31,630,000	63,260,000
Special Revenue	423,308,000	371,176,000	794,484,000
State Government Special Revenue Fund	8,592,000	8,504,000	17,096,000
Health Care Access Fund	30,965,000	30,966,000	61,931,000
Minnesota Technology Fund	4,069,000	4,069,000	8,138,000
Agricultural Fund	19,379,000	19,379,000	38,758,000
Iron Range Resources & Rehabilitation Fund	31,218,000	31,375,000	62,593,000
State Airports	1,548,000	1,548,000	3,096,000
Trunk Highway Fund	33,372,000	33,372,000	66,744,000
Highway User Tax Distribution Fund	6,136,000	6,136,000	12,272,000
Municipal-State Aid Street	2,245,000	2,245,000	4,490,000
County-State Aid Highway	8,509,000	8,510,000	17,019,000
Metropolitan Area Transit Fund	0	116,621,000	116,621,000
Greater Minnesota Transit Fund	0	6,475,000	6,475,000
Medical Education & Research Fund	41,534,000	50,942,000	92,476,000
Tobacco Use Prevention Fund	21,061,000	28,062,000	49,123,000
NE MN Economic Protection Fund	4,879,000	4,099,000	8,978,000
Workers' Compensation Fund	156,037,000	156,037,000	312,074,000
Gift Fund	12,555,000	12,642,000	25,197,000
Endowment Fund	5,000	5,000	10,000
Other Open and Statutory (Non Gen Fund Debt Service)	63,871,000	63,871,000	127,742,000
<b>Total Non-General Fund Open and Statutory.:</b>	<b>\$ 1,016,112,000</b>	<b>\$ 1,104,712,000</b>	<b>\$ 2,120,824,000</b>
<b>Grand Total: All Open and Statutory:</b>	<b>\$ 3,182,810,000</b>	<b>\$ 3,339,245,000</b>	<b>\$ 6,522,055,000</b>

**NOTES:**

- (1) Open and statutory appropriations from non-General Fund sources are included and are based on the Consolidated Fund Statement prepared by the Department of Finance with some minor adjustments. The amounts represent the difference between the direct appropriations in law and the level of estimated expenditures from that fund. Prior to the 2000 issue, the Fiscal Review did not include these non-General Fund open and statutory appropriations and comparisons of overall appropriation levels with previous biennia must be adjusted to reflect this change in reporting of open and statutory appropriations.



**Table F**

**Biennial Appropriations of Federal Funds  
Fiscal Years 2002 and 2003**

	<b>FY 2002</b>	<b>FY 2003</b>	<b>2001-2003 Biennium</b>
Elementary and Secondary Education	\$ 455,031,000	\$ 448,024,000	\$ 903,055,000
Early Childhood & Family Education	128,695,000	108,479,000	237,174,000
Higher Education	39,909,000	40,009,000	79,918,000
Human Services	2,871,105,000	3,121,499,000	5,992,604,000
Health	138,703,000	137,043,000	275,746,000
Veterans Homes	289,000	292,000	581,000
Agriculture	4,528,000	4,236,000	8,764,000
Natural Resources	14,661,000	13,590,000	28,251,000
Pollution Control	27,373,000	25,028,000	52,401,000
Trade & Economic Development	94,746,000	82,756,000	177,502,000
Housing Finance Agency	236,000	125,000	361,000
Economic Security	259,854,000	260,208,000	520,062,000
Historical Society & Indian Affairs	327,000	327,000	654,000
Transportation	237,300,000	235,921,000	473,221,000
Public Safety-Transportation	17,101,000	21,654,000	38,755,000
Criminal Justice	48,884,000	35,363,000	84,247,000
Courts	3,049,000	2,888,000	5,937,000
Military Affairs	43,809,000	44,165,000	87,974,000
Attorney General	1,175,000	1,200,000	2,375,000
Other	6,336,000	6,186,000	12,522,000
<b>Total Federal Funds:</b>	<b>\$ 4,393,111,000</b>	<b>\$ 4,588,993,000</b>	<b>\$ 8,982,104,000</b>

## Appendix A

### Tax Reference Information

(Selected Taxes)

#### Individual Income Tax:

Tax Base:	Federal taxable income with certain modifications	
Tax Rates:	(Tax Year 2001)	
	Married Joint Returns:	
	\$ 1 - 26,480	5.35%
	26,481 - 105,200	7.05%
	105,201 and over	7.85%
	Single	
	\$ 1 - 18,120	5.35%
	18,121 - 59,500	7.05%
	59,501 and over	7.85%
	Heads of Households:	
	\$ 1 - 22,300	5.35%
	22,301 - 89,610	7.05%
	89,611 and over	7.85%
	Married Separate Returns:	
	\$ 1 - 13,240	5.35%
	13,241 - 52,600	7.05%
	52,601 and over	7.85%

Recent Collections:	FY 2000	\$ 5,556,371,000
	FY 2001	5,915,391,000

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 Insurance Companies Mining companies subject to occupation tax.	
Apportionment Factors:	Minnesota Property ratio weighted	12.5%
	Minnesota Payroll ratio weighted	12.5%
	Minnesota Sales ratio weighted	75.0%

Recent Collections:	FY 2000	\$ 800,130,000
	FY 2001	729,075,000

Disposition: General Fund

#### Sales and Use Tax:

Tax Base:	Sales price of tangible personal property and certain services.	
Major Exemptions:	Food (off-premise consumption) Prescription drugs Clothing Gasoline Motor vehicles (see tax below) Many professional services Capital equipment Special tooling Farm machinery	
Tax Rates:	General Rate	6.5%
	Liquor and Beer:	9.0%

Recent Collections:	FY 2000	\$3,715,267,000
	FY 2001	3,762,460,000

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 individuals and between joint owners.	
Tax Rate:	6.5%	\$10 for cars 10 years or older and under \$3,000 in value \$90 for collector vehicles

Recent Collections:	FY 2000	\$ 540,300,000
	FY 2001	545,472,000

Disposition: Beginning July 1, 2001:  
30.86% to Highway User Tax Distribution Fund  
Balance to General Fund

Beginning July 1, 2002:  
32% to Highway User Tax Distribution Fund  
20.5% to Metropolitan Area Transit Fund  
1.25% to Greater Minnesota Transit Fund  
Balance to General Fund

## Appendix A

### 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.

**Exemptions:** Transit systems receiving state assistance.

**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 2000	\$ 606,149,000
FY 2001	609,382,000

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

#### Alcoholic Beverages Tax:

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

**Tax Rate:**

**Beer (rates per 31 gallon barrel):**

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

**Distilled spirits:**

per gallon	5.03
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**Wine (alcohol by volume):**

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

**Cider 0.5% to 7% alcohol** .15 per gallon

**Recent Collections:**

FY 2000	\$62,139,000
FY 2001	60,962,000

**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 2000	\$ 190,159,000
FY 2001	185,798,000

**\* 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 the Minnesota  
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 paddlewheels) less prizes actually paid out.

**Tax Rate:** 8.5%

##### Pull-tab and tipboard tax

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

**Tax Rate:** 1.7%

##### Combined Receipts Tax

**Tax Base:** Gross receipts from pull-tabs and tipboards, at the following rates:

<u>Receipts</u>	<u>Rate</u>
\$ 0 - 500,000	0%
500,001 - 700,000	1.7%
700,001 - 900,000	3.4%
900,001 and over	5.1%

**Recent Collections:**

FY 2000	\$63,428,000
FY 2001	57,639,000

**Disposition:** General Fund