

A

Fiscal Review
of the
2002 Legislative Session

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Introduction

The Fiscal Review is a report of actions taken by the 2002 regular session of the Minnesota Legislature. The 2002 appropriations amend the biennial budget adopted in the 2001 session. Some changes involve updated estimates of open and statutory appropriations, while other changes are the result of passage of new laws.

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 Review 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

HIGHLIGHTS

Budget Shortfall

The major issue facing the 2002 Legislature was a projected shortfall of almost \$2.3 billion in the General Fund for the 2001-2003 biennium. The Legislature is constitutionally required to balance the budget on all funds for the biennium. To balance the General Fund on July 1, 2003, the 2002 Legislature passed two budget balancing bills, commonly referred to as Phase 1 and Phase 2. Both bills were vetoed by the Governor and subsequently overridden by the Legislature. The Phase 1 budget bill (Chapter 220) was enacted early in the 2002 Legislative Session to take care of the budget shortfall projected in the November 2001 forecast (just under \$2 billion). The February forecast showed a larger deficit and required the Legislature to make additional budget changes in the Phase 2 budget bill (Chapter 374) to take care of an additional almost \$321 million shortfall in the General Fund. The Legislature also provided for an additional almost \$20.5 million in new spending from other legislation and provided a projected budgetary balance of just over \$315.7 million for the 2001-2003 biennium for a cushion in case the budget situation worsened. The following table shows the proportion of total General Fund budget savings from each of the sources used to balance the General Fund.

Baseball Park

A baseball park financing package was approved to assist the Minnesota Twins, under threat of elimination from Major League Baseball, to build a new ballpark. The plan approved by the Legislature contains no state appropriations. Under the plan approved, the state would issue \$330 million in revenue bonds for the construction of the new ballpark. The bond principle would then be repaid from the interest earnings on a Baseball Park Debt Service Account into which the Twins, and/or a combination of other private sources would deposit \$120 million prior to the issuance of the bonds. The annual interest payments of no more than \$12 million would be paid by the Twins and/or the host municipality which is authorized to impose, subject to a local referendum, local hospitality and lodging taxes up to five percent, as well as a \$2 per-vehicle surcharge at the facility to meet the obligation.

Antiterrorism Bill

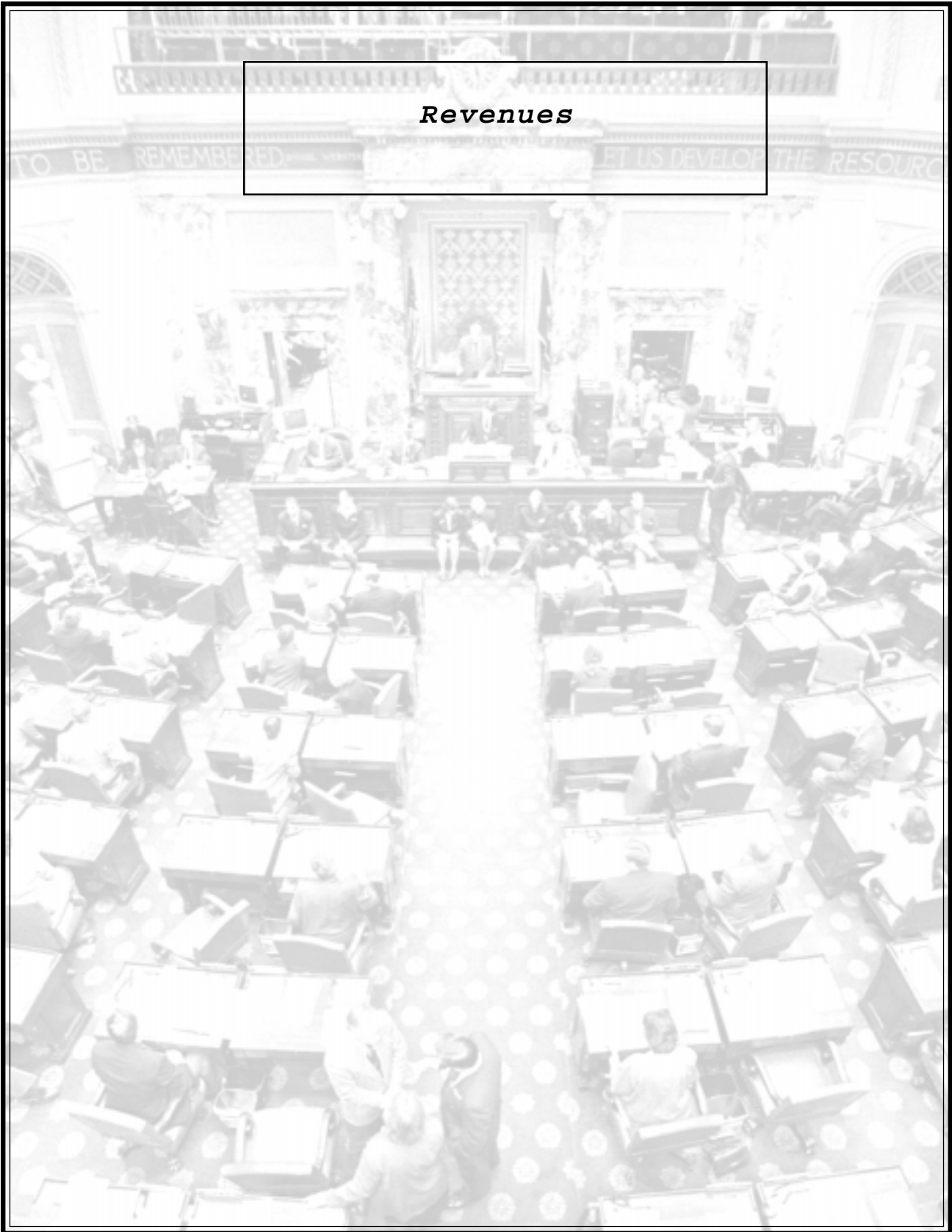
The antiterrorism bill appropriated \$13 million in General Fund money and \$4.2 million in special revenue from a six-cent increase in the 911 telephone surcharge for antiterrorism activities. The bulk of the General Fund appropriation was comprised of \$7.5 million for terrorism response-related training and \$3.75 million for terrorism response-related equipment.

Biodiesel Fuel Requirements

The Legislature mandated at least two percent biodiesel in all diesel fuel oil sold in Minnesota under two scenarios. The first scenario is when the state production capacity for biodiesel is greater than 8 million gallons, and 18 months have passed since a federal action creates a two cent per-gallon reduction in the price of diesel fuel containing at least two percent biodiesel. The second scenario is when the state production capacity for biodiesel is greater than 8 million gallons and June 30, 2005, has passed.

Phosphorus in Fertilizer

The Legislature prohibited, after January 1, 2004, the application of a fertilizer containing phosphorus on turf in the seven-county metro area and fertilizer containing greater than three percent phosphate on turf in the remaining 80 counties, except in specific situations. Local units of government in the remaining 80 counties may adopt the more restrictive prohibition on phosphorus that exists for seven-county metro area counties.



Revenues

State Taxes

INCOME TAX

Federal law changes enacted through March 15, 2002, were adopted for Minnesota income tax purposes. The net operating loss carryforward was extended from two years to five years for losses occurring between September 11, 2001, and September 10, 2004. A deduction of up to \$250 annually was allowed for expenses incurred by elementary and secondary teachers. Eighty percent of federal "bonus depreciation" was required to be added back to federal taxable income in calculating Minnesota taxable income. The federal bonus depreciation not allowed for state purposes in the first year can be deducted over the next five years on the state return. The update to federal law changes is estimated to cost \$2.8 million in the 2001-2003 biennium and raise \$25.5 million in the 2003-2005 biennium.

The income tax reciprocity agreement with the state of Wisconsin was changed to require that Wisconsin pay interest on the tax liability owed to Minnesota for Wisconsin resi-

dents who work in Minnesota. If Wisconsin does not agree to pay interest on the tax liability by October 1, 2002, the reciprocity agreement will be terminated. The interest payment to Minnesota is estimated to be \$5.5 million in the 2001-2003 biennium and \$9.9 million in the 2003-2005 biennium.

Dividends paid by members of insurance holding companies to their parent companies were excluded from taxable income for the corporate franchise tax. The cost of this exclusion was estimated to be \$600,000 for the 2001-2003 biennium and \$4.3 million in the 2003-2005 biennium.

SALES AND EXCISE TAXES

The required 62 percent of their estimated June sales tax that businesses must pay before the end of June was increased to 75 percent. The repeal of the accelerated June sales tax payment enacted last year remains effective in June 2004. The increase in the percentage is estimated to increase sales tax

revenue by \$25.5 million in the 2001-2003 biennium and reduce revenue by \$25.5 million in the 2003-2005 biennium.

The definition of prepared food for sales tax purposes was modified. Under the prepared food definition enacted in 2001, bakery products, unheated meat, and seafood made by the seller were taxable while identical products made by someone other than the seller were not taxable. The new definition exempts from sales tax bakery products, unheated meat, and seafood made by the seller. These changes are estimated to reduce sales tax revenue by \$7 million in the 2001-2003 biennium and \$16.3 million in the 2003-2005 biennium.

Under the Uniform Sales and Use Tax Administration Act enacted last year, installation charges by the seller were defined as being part of the sales price and became taxable. Installation charges made by someone other than the seller of the product remained exempt. The new law extended the sales tax to installation charges made by third

parties. This change is estimated to increase sales tax collections by \$3.2 million in the 2001-2003 biennium and \$7.4 million in the 2003-2005 biennium.

The sales tax was extended to meals served at colleges and universities except for meals served under a board contract. Vending machine sales at schools were also subjected to sales tax. These sales tax extensions are estimated to raise \$2.3 million in the 2001-2003 biennium and \$6.8 million in the 2003-2005 biennium.

The sales tax was also extended to interstate WATS telephone service. This change is estimated to raise \$6.5 million in the 2001-2003 biennium and \$15.6 million in the 2003-2005 biennium.

The sales tax exemption for materials used in low-income housing projects was restricted to only materials used in constructing low-income units, not to other portions of a project. This change is estimated to increase sales tax collections by \$869,000 in the 2001-2003 biennium and \$1.8 million in the 2003-2005 biennium.

An exemption from the sales tax was provided for construction materials used in building a major league baseball park. The exemption is estimated to cost \$1.6 million in the 2001-2003

biennium and \$9.1 million in the 2003-2005 biennium.

PROPERTY TAX AIDS AND CREDITS

The farm land market value credit was increased to 0.3 percent from 0.2 percent of land market value. The maximum credit was increased to \$345 from \$230. The increase in the credit is phased out for land market value between \$115,000 and \$345,000. The increase in the farm land credit is estimated to cost \$10.6 million in the 2003-2005 biennium.

Homestead and Agricultural Credit Aid (HACA) was provided for counties in which more than 40 percent of the total tax capacity for taxes payable in 2001 consisted of public utility value. The aid is equal to 83 percent of the lost tax base due to class rate reductions multiplied by the county's local tax rate. The utility HACA amounts to \$2.8 million in the 2003-2005 biennium.

Disparity Reduction Aid (DRA) was set at 87 percent of the aid payable in 2001. This increase in DRA restored a portion of the aid reduction, which resulted from class rate compression. The increased aid will be paid only in those taxing jurisdictions that have a total tax rate greater than

135 percent. The increase in DRA was \$3.1 million in the 2003-2005 biennium.

LOCAL DEVELOPMENT

The 2001 Legislature appropriated \$91 million for FY 2002 and an additional \$38 million annually to the Commissioner of Revenue to be used for tax increment financing grants. These appropriations were eliminated by the 2002 Legislature. The savings is \$129 million in the 2001-2003 biennium and \$76 million in the 2003-2005 biennium.

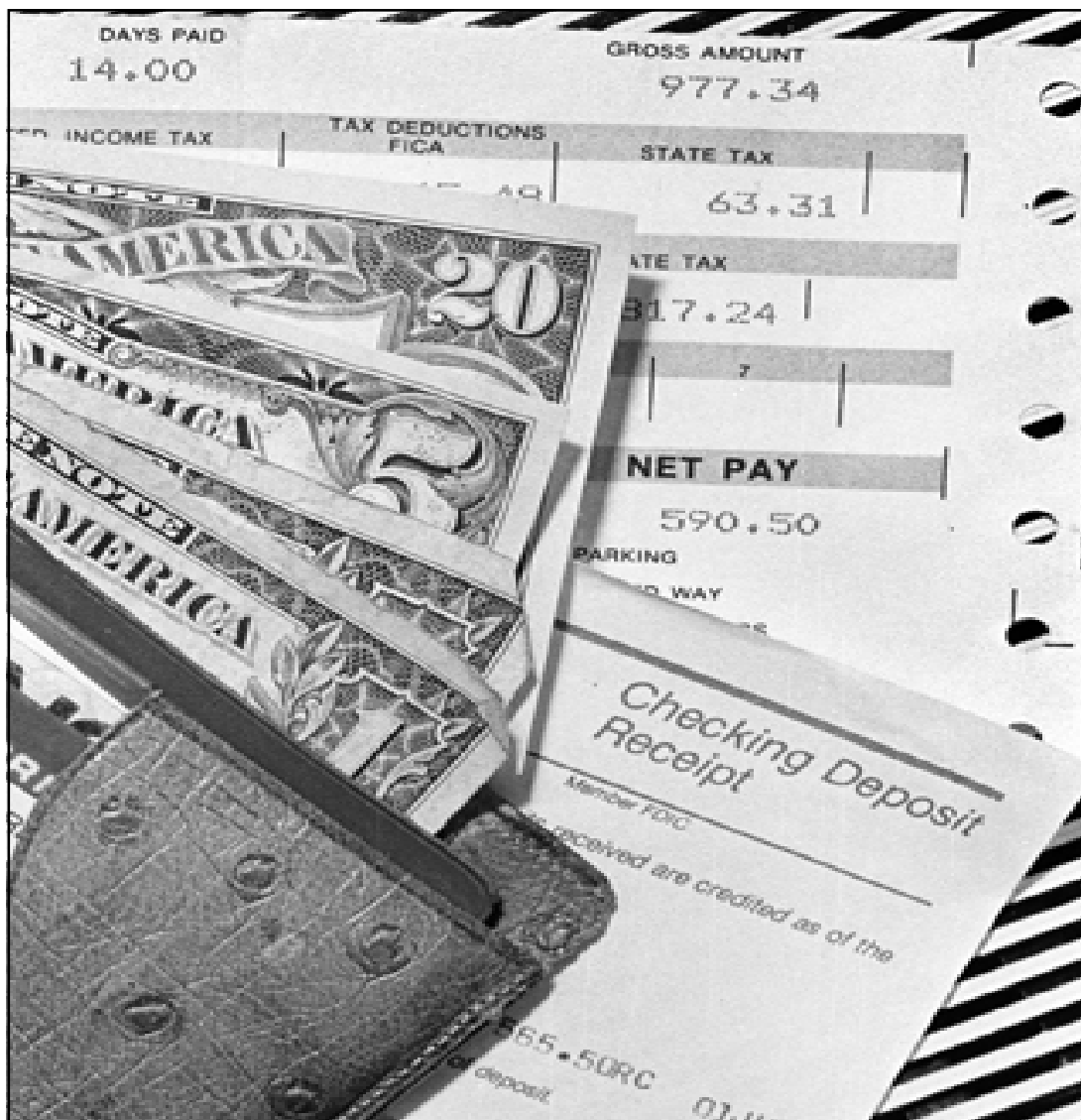
An appropriation of \$2.6 million in fiscal year 2003 was made for the Washburn-Crosby Mill City Historical Society tax increment project.

BUDGET RESERVE

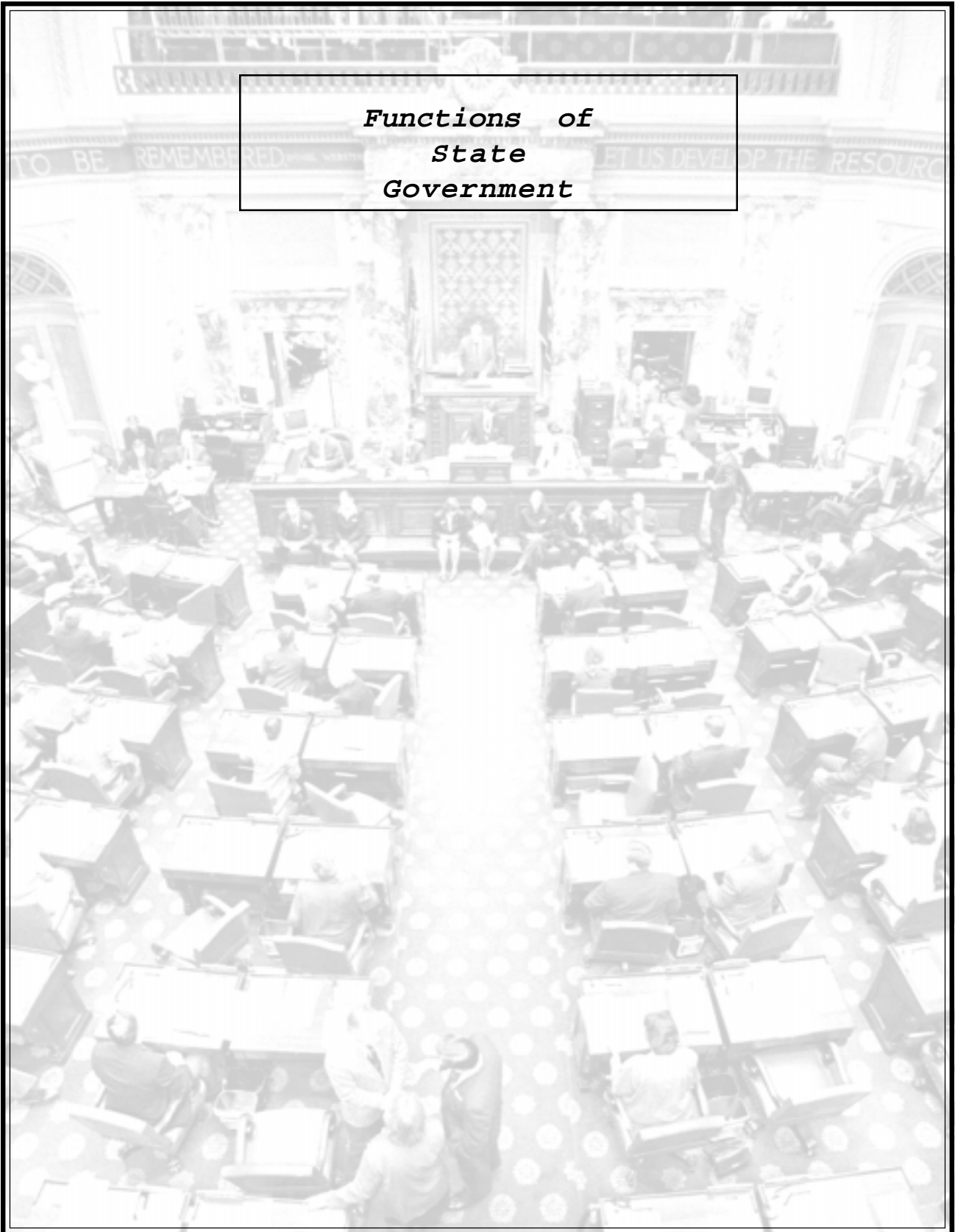
The Budget Reserve of \$653 million, the Local Government Aid Reform Account of \$14 million, the Tax Relief Account of \$153.1 million, and \$195 million of the unobligated balance of the cash flow account were canceled to the General Fund. The Commissioner of Finance was directed to transfer \$120 million from the Workers' Compensation Assigned Risk Plan and \$230 million from the Workers' Compensation Special

Compensation Fund to the General Fund. From the Assigned Risk Plan transfer, \$25.1 million was allocated to the settlement of a lawsuit. An appropriation to the Metropolitan Council for a bus transitway was reduced from \$25 million to \$4 million for FY 2001, and the appropriation of \$19 million for FY 2002 was canceled.

The Commissioner of Finance was authorized to use cash reserves of the Tobacco Use Prevention and Local Public Health Endowment Fund to meet cash flow needs of the General Fund. Any cash reserves taken from the endowment fund must be returned as soon as sufficient cash balances become available in the General Fund.



*Functions of
State
Government*



Elementary and Secondary Education

ELEMENTARY AND SECONDARY EDUCATION

Kindergarten through grade 12 (K-12) education appropriations were adjusted in both the Phase I (Chapter 220) and Phase II (Chapter 374) Budget Balancing Bills. K-12 education appropriations were reduced by \$14.8 million for the 2001-2003 biennium in the first round of overall budget reductions contained in Chapter 220. The second round of budget adjustments in Phase II contained about \$1.5 million of additional small spending items, but also contained a one-time savings of approximately \$446.5 million by delaying a portion of the education appropriations from FY 2003 to FY 2004. In addition to the changes in appropriations, the 2002 Legislature authorized about \$23 million per year in new school district levies.

PHASE I BUDGET ADJUSTMENTS

The \$14.8 million of appropriation reductions in Chapter 220 for K-12 education represented about three percent of the total

reductions contained in the Phase I Budget Bill. These changes also resulted in about \$30 million in savings for the 2003-2005 biennium. The 2001-2003 K-12 education appropriation changes resulted in less than a one percent reduction in the total K-12 education budget.

K-12 Education Appropriation Reductions

- *Learning Year Pupil Units Cap.* The bill limited the amount a school district can count for a pupil attending alternative programs to 1.5 pupil units. This provision will save the state approximately \$2 million annually beginning in FY 2003.
- *Advanced Placement/International Baccalaureate Examination Fees.* The FY 2003 appropriation was reduced from \$2 million to \$1 million by targeting the reimbursement of examination fees towards low-income students instead of all students.
- *Best Practices Seminars.* The FY 2003 appropriation for grants to school districts to

implement best practices methods was reduced from \$3.48 million to \$2.18 million.

- *Education and Employment Transitions Programs.* The bill eliminated grants for the Youth Apprenticeship, Junior Achievement, and Internet System for Education and Employment Knowledge (ISEEK) Solutions programs for FY 2003 and later for a savings of \$775,000 in FY 2003 and later.
- *Performance Incentive Pool.* The bill reduced the appropriation by \$1.3 million over the 2001-2003 biennium for grants to school districts that use alternative teacher compensation plans.
- *School Evaluation Services.* The FY 2002 appropriation was reduced to \$1.5 million from \$2.5 million for a state-contracted independent school evaluation service to evaluate and report on school districts' academic and financial performance.
- *Workstudy Compensation.* The bill canceled an appro-

priation for workstudy compensation from a previous biennium that had been unused. The unused amount is \$89,000.

- *Web-Based Intervention Plan.* A \$250,000 FY 2002 appropriation for the development of a Web-based interagency intervention plan was canceled. The state commitment for this initiative will likely be met with increased federal special education dollars.
- *Department of Children, Families, and Learning.* The department's appropriation was reduced by \$6.65 million in the 2001-2003 biennium resulting in a 10.5 percent reduction in the agency's budget. State funding for the Minnesota Academic Excellence Foundation of \$750,000 was eliminated as part of the reduction.
- *Perpich Center for Arts Education.* The bill reduced the 2001-2003 biennium appropriation for the Perpich Center for Arts Education by \$750,000. This amount was later reinstated in the Phase II Budget Bill.

K-12 Education Levy Increases

- *School Levy Issues.* School districts will be allowed to levy for career and technical education revenue in FY 2003 for the same amount the district levied for in FY 2002. The bill

also increased the levy share in integration revenue for FY 2005 only.

PHASE II

BUDGET ADJUSTMENTS

The Phase II Budget Bill contained some new K-12 education spending items, while also delaying education aid payments to school districts. The new spending items amounted to about \$1.5 million for the 2001-2003 biennium and carried ongoing costs of about \$2.2 for the 2003-2005 biennium. The delay in aid payments resulted in a one-time savings in the 2001-2003 biennium of about \$446.5 million and also reduced 2003-2005 appropriations by about \$6.4 million. The Omnibus Tax Bill also authorized about \$17.6 million in additional levy authority for school districts for FY 2003, and about \$23 million for FY 2004 and FY 2005.

K-12 Education

Appropriation Adjustments

- *Perpich Center for Arts Education.* The \$750,000 appropriation reduction made in the Phase I Budget Bill was canceled.
- *Duluth Referendum Revenue.* The bill adjusted the referendum allowance for the Duluth school district to reinstate supplemental revenue lost due to the referendum changes en-

acted in the 2001 legislative session. The aid cost of this item is about \$327,000 in FY 2003 and also resulted in a levy increase of \$229,000 in FY 2003.

- *Declining Enrollment Aid.* The Legislature appropriated declining enrollment aid to two school districts that encountered a high percentage of declining enrollment due to the loss of major employers in the districts. The Albert Lea school district will receive \$300,000 in FY 2003 and the Mesabi East school district will receive \$200,000 in FY 2003. The amount for each district will be appropriated for an additional three years at a declining amount.
- *Aid Payment Delay.* Beginning in FY 2003, the Legislature reduced the percentage of state aid that is paid to school districts during the current fiscal year from 90 percent to 83 percent of the estimated state aid entitlement for various K-12 education and early childhood and family education programs. The effect of this provision is to allow the state to count a one-time savings of about \$437.5 million in FY 2003, but will not reduce the overall revenues to school districts. However, the aid payment delay may require school districts to increase their short-term borrowing to compensate

for the delay in state aid payments. The Legislature also modified the accounting of some special education payments to reflect current payment practices. This modification allowed the state to count a one-time savings in FY 2003 of about \$26.5 million. In order to provide assistance to districts that are in statutory operating debt and cannot absorb the delay in aid payments, an appropriation of \$17.5 million was made to provide advanced final payments to those specific districts. The net savings of the delay in aid payments and the addition of advanced final payments is \$446.5 million in FY 2003.

K-12 Education Levy Changes

Chapter 374, the Omnibus Tax Bill, carried a number of K-12 education levy items resulting in an increase of about \$23 million for taxes payable in 2003 across the state.

- *Integration Revenue.* The Minneapolis school district will be allowed to levy an additional \$35 per pupil for integration programs, resulting in about \$1.9 million of additional integration revenue. This is a partial restoration of the \$90 per-pupil reduction of integration revenue for Minneapolis enacted in the 2001 legislative session.

- *Lease Levies.* New legislation will allow members of a group of metropolitan area school districts to make a lease levy for building space to be used for staff development. The amount levied statewide for this purpose is expected to be about \$630,000 a year.
- *Safe Schools Levy.* The Omnibus Tax Bill raised the amount a school district can levy for crime prevention and drug abuse programs to \$30 per pupil from \$11 per pupil. This will allow school districts across the state to collect \$16.8 million in additional revenue starting in FY 2004.

- *Interest Lost Levy.* The 2002 Legislature authorized school districts to levy for a portion of the loss in interest earnings due to the elimination of the general education levy in FY 2003. Previously, school districts would invest local levy collections from the general education levy and earn interest from those investments. The new levy is effective for four years and will be limited to \$3 million dollars for the entire state.



Higher Education

HIGHER EDUCATION

The 2002 legislative session produced the following provisions impacting funding for the University of Minnesota, the Minnesota State Colleges and Universities (MnSCU), and the Higher Education Services Office (HESO):

- Chapter 220, the Phase I Budget Reconciliation Bill, reduced the FY 2002-2003 appropriation to the University of Minnesota by over \$23.6 million, the FY 2002-2003 appropriation to MnSCU by almost \$22.7 million, and the FY 2002-2003 appropriation to HESO by about \$3.7 million.
- Chapter 374, the Phase II Budget Reconciliation Bill, appropriated \$5 million to HESO for the projected shortfall in the state grant program. Language included in the bill clarifies the steps to be taken in determining projected sufficiencies and deficiencies in the state grant program and prorating grants. HESO was directed to make transfers from the state work study appropriation and the

child care grant appropriation to make full state grant awards in the next fiscal year.

- MnSCU and HESO were exempted from the reduction in contract expenditures applicable to other state agencies. The University of Minnesota had not been included in the original draft of the contract expenditure reduction language.

- MnSCU and HESO were exempted from the moratorium on state contracts for professional and technical services. The University of Minnesota had not been included in the original draft of the moratorium language.



Family and Early Childhood Education

FAMILY AND EARLY CHILDHOOD EDUCATION

Family and early childhood education General Fund appropriations were reduced by \$4 million for the 2001-2003 biennium. This represented a less than one percent decrease in the total General Fund appropriations for the biennium. Chapter 220, the Phase I Budget Balancing Bill, also transferred \$3.5 million in non-General Fund money to offset the reductions in the General Fund appropriations.

- **Basic Sliding Fee Child Care.** The FY 2003 appropriation for basic sliding fee child care was reduced by \$3.5 million, from \$51,999,000 to \$48,499,000.
- **Child Care Service Grants.** The FY 2003 appropriation for child care service grants was reduced by \$500,000, from \$1,865,000 to \$1,365,000.
- **Adult Basic Education.** The Legislature eliminated the FY 2002 appropriation of \$100,000 for adult basic education audits and also removed

the requirement to hire a new state adult education director. The two provisions reduced state appropriations by a total of \$200,000 for the 2001-2003 biennium.

- **Regional Library Telecommunications Aid.** Regional library telecommunications aid was increased from \$1.2 million to \$1.4 million for FY 2003. The elimination of this program after FY 2003 remained unchanged.
- **Child Support Collection.** The special revenue fund appropriation for child support collections was increased by \$500,000, from \$2,340,000 to \$2,840,000.
- **TANF Updates.** Federal Temporary Assistance for Needy Families (TANF) appropriations were adjusted due to updated state estimates of child care usage. The Legislature also required that any unspent balances from FY 2002 and FY 2003 TANF appropriations be returned to the state TANF reserve. Of the \$13.1 million returned to the state TANF re-

serve, \$3 million was reappropriated to basic sliding fee child care.

- **Aid Payment Delay.** State General Fund appropriations for a variety of family and early childhood education programs were affected by the aid payment delay legislation in Chapter 374. Beginning in FY 2003, the Legislature reduced the percentage of state aid during the current fiscal year from 90 percent to 83 percent of the estimated state aid entitlement for the programs. The one-time savings of about \$437.5 million in FY 2003 mentioned in the K-12 education section of this report includes savings as a result of the aid payment delay to family and early childhood education programs.

Human Services

HUMAN SERVICES

The 2002 Legislature increased appropriations for the Department of Human Services (DHS) by about \$27.3 million from all sources. This net figure is the result of a General Fund reduction of about \$6.5 million; a Health Care Access Fund (HCAF) increase of about \$15.4 million; and a federal Temporary Assistance for Needy Families (TANF) Fund increase of about \$18.4 million.

The General Fund reduction was the net result of (1) an increase of about \$123.1 million to pay for forecasted cost increases in the entitlement programs administered by DHS, more than offset by (2) budget reductions of about \$66.7 million and revenue enhancements totaling more than \$62.8 million.

These actions occurred in two phases and were enacted as Chapters 220 and 374.

General Fund

Forecast Increases

About \$123.1 million was ap-

propriated from the General Fund to cover forecasted spending increases in the DHS entitlement programs. These are increases projected since the approval of the biennial budget in 2001. Spending was projected to increase in the following programs: General Assistance Medical Care (GAMC) (about \$77.6 million); Assistance to Families Grants (about \$50.4 million); General Assistance (GA) (over \$10.7 million); and Group Residential Housing (up about \$1.3 million). These increases were partially offset by projected reductions in the following programs: Minnesota Supplemental Aid (MSA) (down about \$3.1 million); the entitlement portion of the consolidated chemical dependency treatment fund (down almost \$1.1 million); and Medical Assistance (MA) (down almost \$12.7 million). Within the MA account, forecasted spending increases for long-term care waivers and home care (up over \$89 million) and services for the elderly and disabled (up \$328,000) were more than offset by anticipated reductions in services for families and children (down over

\$31.4 million) and long-term care facility costs (down almost \$70.7 million).

Nonforecast Budget Decisions

Budget reductions of about \$66.7 million were enacted. The largest single reduction was a one-time savings of over \$36.9 million achieved by delaying certain social service payments to counties. The state payments are made to counties on a calendar year basis. The savings are generated by delaying the timing of payments within the calendar year, beginning in 2003, so that a larger percentage of the payments occur after June 30 and fall into the next state fiscal year, which begins on July 1. The savings in FY 2003, by program, are as follows: family preservation, about \$2.7 million; children's mental health services, over \$3.8 million; Community Social Services Act grants, over \$13.7 million; adult mental health grants, over \$13.6 million; grants for semi-independent living services for persons with developmental disabilities (DD), almost \$1.8 million; and grants for family support services for persons with DD, over

\$1.2 million. The payment delay does not affect total county funding but does affect county cash flow.

Other DHS reductions totaled about \$29.8 million.

Funding for management of the agency was cut by almost \$9 million. This included a one-time administrative reduction of about \$4.2 million and a base reduction of almost \$3.5 million.

Children's grants were reduced by \$786,000. Funding for local children's mental health collaboratives was reduced by \$436,000. A reduction of over \$2.2 million in Chapter 220 for children's collaboratives was significantly offset by an appropriation of \$1.8 million in Chapter 374.

Basic health care grants were reduced by over \$11.1 million. MA spending for families and children was reduced by about \$2.5 million. A new supplemental drug rebate program is expected to save \$410,000. Under the program, DHS may require prior authorization for drugs from manufacturers that have not signed a supplemental rebate contract with the department. An appropriation of about \$6.4 million was provided to increase prepaid health care contract rates, and the amount of the rate increase plus the federal match it earned was allocated to

the University of Minnesota for clinical graduate medical education costs. (This allocation was offset by a transfer of an equal amount from the University of Minnesota appropriation, discussed under revenue enhancements below). A savings of over \$7.4 million in this spending category was anticipated through a "performance withhold" from payments to managed care providers. The five percent withheld from the payments will be returned to the provider, no sooner than July of the following year, if performance targets are achieved. A savings of over \$1 million was taken by reducing certain MA payments by one-half of one percent. Spending on MA services for elderly and disabled clients was reduced by almost \$6.3 million. A savings of almost \$1.1 million was achieved by reducing the prepaid payment rates by one percentage point in nonmetropolitan counties. The performance withhold initiative was expected to save almost \$2.7 million in spending on the elderly and disabled, and the one-half of one percent payment reduction was expected to save \$629,000. A variety of provisions designed to limit the ability to shield assets from consideration for purposes of determining MA eligibility were expected to save almost \$1.9 million.

Also in the basic health care grants function, GAMC program cuts related to the nonmetro rate

reduction, performance withholds, and one-half percent payment reduction were expected to save a total of about \$2.8 million. Spending on other health care assistance was increased by \$466,000. In order to fully cover anticipated costs in the state Prescription Drug Program, about \$1.2 million was appropriated, and the expansion of eligibility for senior citizens to 135 percent of federal poverty guidelines, from 120 percent, was delayed from January 1, 2002, to July 1, 2002. Also, \$350,000 was appropriated for the University of Minnesota Special Kids Program to provide medical case management services and \$108,000 was provided to extend until July 1, 2003, a temporary exemption that allows certain enrollees in the UCare health maintenance organization to enroll in the Prescription Drug Program. These expenditures were largely offset by a transfer of about \$1.2 million from HIV/AIDS grants, no longer needed because collections under the AIDS drug assistance rebate program are expected to exceed previous estimates.

Appropriations for health care management were reduced by almost \$1.1 million. An appropriation of \$450,000 to administer the supplemental drug rebate program was more than offset by a \$50,000 reduction in pharmacy program management and a base

reduction of almost \$1.5 million in the computer systems account.

Funding for state-operated services for persons with mental retardation, mental illness, and chemical dependency were reduced by over \$4.5 million. Reductions tied to campus consolidation and administrative funding reductions totaled over \$8.5 million, but \$4 million of this cut (\$3 million from the general fund and an additional \$1 million in anticipated third-party collections) was restored in Chapter 374.

Continuing Care and Community Support Grants were reduced by \$338,000. Funding for the statewide Community Social Ser-

vices Act (CSSA) formula was reduced by \$4.7 million, and the allocation for social service aids to former Group Residential Housing recipients was cut by \$290,000. Funding to plan and develop community-based services for elderly persons was reduced by about \$2.6 million. Funding for the waiver program for persons with mental retardation and related conditions was reduced by over \$5.1 million. The most significant change was to require DHS to manage the reassignment of waiver resources after persons leave the waiver in order to achieve a cost reduction equivalent to delaying the reuse of the resources by 180 days. (Waiver programs are programs serving a variety of

DHS clients. They are so named because they involve waivers of certain restrictive federal rules to permit clients to be served flexibly in home and community-based settings rather than in institutions.) Funding for long-term care facilities was increased by over \$12.4 million. Payments to nursing homes were increased by over \$17.8 million to offset a \$1 per day increase in the nursing home license surcharge, to \$990 per bed per year, and to offset an additional intergovernmental transfer from county-owned nursing homes of \$10,784 per bed per year. (The additional revenue garnered from these increases is discussed under revenue enhancements below.) These payment increases

were somewhat offset by a state savings of almost \$3.1 million from the establishment of a ten percent county share for nursing home placements that exceed 90 days and involve persons under age 65 who have disabilities. Over \$2.3 million was saved by limiting special rate exceptions for intermediate care facilities for persons with mental retardation (ICFs/MR).

Funding for management of Continuing



Care and Community Supports was reduced by \$1.5 million. The task force studying day training and habilitation (DI&H) rates was eliminated, saving \$100,000, and the deadline for developing a new nursing home reimbursement system was delayed one year, until January 15, 2004, saving an additional \$1.4 million.

Economic Support Grants funding was cut by over \$1.5 million by delaying the expansion of the supportive housing pilot project, saving \$1 million; by eliminating Work First grants, saving \$404,000; and through a \$100,000 reduction in fraud prevention grants.

Revenue Enhancements

About \$62.8 million was anticipated due to revenue enhancements. The most significant revenue increases were tied to changes in the nursing home surcharge and intergovernmental transfer. Increasing the surcharge by \$1 per day, to a total of \$990 per bed per year, and increasing the intergovernmental transfer from county-owned nursing homes by \$10,784 per bed per year is expected to generate almost \$40.1 million in added revenue. Also in the continuing care area, transfers to the general fund from the consolidated chemical dependency treatment fund of over \$15.5 million were approved. Reductions in payments

to counties and Area Agencies on Aging for planning and development of nursing home alternatives is expected to result in a \$484,000 loss of federal matching revenue.

The other major revenue enhancement was a \$12.7 million transfer to the General Fund from the University of Minnesota's appropriation. (The University was held harmless through a complicated funding mechanism. Of the transferred amount, \$6.35 million was used to increase prepaid MA payment rates which are fully matched by the federal government. The \$6.35 million plus the federal match, for a total of \$12.7 million, was transferred to the University for clinical graduate medical education costs.)

Reduced funding for DHS finance and management and state-operated services is expected to result in a net loss of almost \$5 million in federal match.

Health Care Access Fund

Appropriations to DHS from the HCAF were increased by almost \$15.4 million. The increase was almost solely due to a forecasted spending increase in the MinnesotaCare program of almost \$15.6 million. Another \$475,000 was allocated to expand farmer eligibility for the program by allowing farmers to count depreciation when deter-

mining gross income for eligibility purposes. These increases were somewhat offset by a savings of \$585,000 anticipated from the performance withhold on managed care contracts, but in MinnesotaCare the amount withheld is only one-half of one percent, not the five percent withheld under MA and GAMC. A savings of \$120,000 was anticipated from a modification in transitional coverage for children.

TANF

The Legislature appropriated about \$18.4 million from the federal TANF (Temporary Assistance for Needy Families) block grant. As with the HCAF, increased spending was largely due to forecasted spending increases in assistance to qualifying families. Over \$22.1 million was appropriated for this purpose. In addition, the Legislature provided \$166,000 for additional costs in the Minnesota Family Investment Program (MFIP) and \$93,000 to the Department of Children, Families, and Learning for related child care costs as the result of several modifications in state policy regarding hardship extensions from the 60-month time limit on MFIP eligibility. The extensions were for (1) victims of domestic violence; (2) participants who work fewer hours than required due to a verified illness

or incapacity; (3) participants who are in the process of collecting required documentation to demonstrate that they are ill or incapacitated or hard to employ; and (4) participants who are exempt from work requirements in order to care for an ill or incapacitated household member. Participants exempt under (3) may be responsible for an overpayment if they are not finally approved for an extension. A savings of \$4 million was taken as a result of reducing federal TANF spending on the MAXIS computer system to accurately reflect system costs.

HEALTH DEPARTMENT

Chapter 220 reduced General Fund appropriations for the Minnesota Department of Health (MDH) by almost \$14.5 million. The largest reduction was a savings of \$9.7 million in the health policy and systems compliance activity through the elimination of the general fund appropriation for the Medical Education and Research Fund. This reduction was partially restored by transferring almost \$4.9 million from the academic health center account within the medical education endowment fund to MDH. This amount was then matched by the federal government; the almost \$4.9 million plus interest was transferred to the University for the academic health center; and the

remaining amount was distributed through the medical education and research fund. Other cuts in the MDH access and quality improvement activity were a \$50,000 administrative funding reduction, and a reduction of \$240,000 in children's health improvement grants, bringing total reductions in this activity to almost \$10 million.

The General Fund appropriation for community health services was reduced by more than \$2.7 million. The largest reduction occurred in funding for juvenile assessment centers, which were cut by \$1.3 million. Other reductions in this area affected the summer healthcare internship program, cut \$400,000; the health and long-term care career promotion grant program, reduced by \$294,000; health disparities and suicide prevention, cut by \$650,000; and fetal alcohol syndrome grants, which received a \$100,000 reduction. The cuts to the summer internship program and the career promotion program were restored with funding from the HCAF. MDH administrative funding from the HCAF was reduced by \$694,000, so the overall effect on the HCAF was budget neutral.

Funding for health protection activities was reduced by more than \$1 million. The occupational respiratory disease information system was reduced by

\$402,000; food safety education was cut by \$200,000; and the emerging health threats function received a \$400,000 budget reduction. The appropriation for management and support operations was cut by \$750,000 through an administrative funding reduction in finance and administration.

In other significant action affecting MDH, the Legislature passed the "Minnesota Emergency Health Powers Act" (Chapter 402). This legislation gave the Governor the authority to declare a national security emergency or a peacetime emergency upon the occurrence of a public health emergency. This legislation also authorized the Governor, upon the declaration of a national security or peacetime emergency due to a public health emergency, to commandeer medical supplies and facilities for emergency management purposes and to ensure the safe disposition of dead human bodies. The legislation further authorizes the Commissioner of Health in very limited circumstances to isolate or quarantine a person or group of persons for a period no longer than 48 hours without a court order and establishes specific due process requirements that must be followed by the commissioner or any person acting under the commissioner's authority when the need to isolate or quarantine arises. Finally, the

legislation requires the commissioner, in consultation with a number of interested parties, to study and make further recommendations to the Legislature on the state's capacity to deal with a public health emergency while protecting the constitutional rights of its citizens.

Minnesota will receive \$16 million in federal grant money from the Centers for Disease Control and Prevention (CDC) to enhance the state's bioterrorism preparedness and response capabilities. Funded activities include planning and readiness assessment, disease surveillance and response capacity, and training and communications. In addition to MDH activities, about \$5 million of the federal money will be awarded to the state's network of local public health agencies. In addition to the CDC money, the state will also receive \$2.1 million from the federal Health Resources and Services Administration to help the state's hospitals prepare for a possible terrorism attack.

HEALTH-RELATED BOARDS

The Board of Chiropractic Examiners received \$75,000 in Chapter 220 from the State Government Special Revenue (SGSR) Fund to pay unanticipated legal costs.



care to public program recipients and the uninsured by dentists who volunteer their services without compensation. The program will establish a network of volunteer dentists and a system to refer eligible individuals to the appropriate dentist.

Chapter 399 also made available \$50,000 from the SGSR to the health-related boards administrative services unit to pay for medical professional liability insurance coverage for eligible health care providers participating in the volunteer health care provider program. The volunteer program was established to facilitate the provision of health care services provided by volunteer health care providers through eligible health care facilities and organizations. Medical professional liability insurance will be purchased for a volunteer provider who is participating in the program if the provider does not otherwise have professional liability coverage either personally or through an employer or facility.

Chapter 399 appropriated \$75,000 from the HCAF to the Board of Dentistry to implement the donated dental services program. The program was established to provide dental

VETERANS AFFAIRS

Veterans Nursing Homes Board

In Chapter 374 the Legislature appropriated \$900,000 from the General Fund for a deficiency in Veterans Nursing Homes Board operations. Chapter 374 also provides that the Board may also receive up to an additional \$500,000, if sufficient payments are received in settlement of the mold litigation at the Luverne facility. This is in addition to the almost \$61 million appropriated to the board by the 2001 Legislature for the 2001-2003 biennium.

In Chapter 393 the Legislature appropriated almost \$12.9 million from the Bond Proceeds Fund to the Veterans Nursing Homes Board for capital projects. The table in the Capital Expenditures section provides details on the specific bonding appropriations to the Veterans Nursing Homes Board.

Department of Veterans Affairs

In Chapter 220 the Legislature reduced the General Fund appropriation to the Department of Veterans Affairs in fiscal year 2003 by \$180,000. This is a cut from the just over \$8.9 million appropriated by the 2001 Legislature to the Department of Veterans Affairs for the 2001-2003 biennium.

In Chapter 220 the Legislature reduced the General Fund appropriation to the Department of Veterans Affairs in fiscal year 2003 by \$180,000.

Housing

HOUSING

The 2002 Legislature examined inclusionary housing policy as another method for providing affordable housing. Chapter 315 authorizes a municipality, subject to agreement by the developer, to establish the following criteria when approving a subdivision, planned unit development, site plan, or similar action for a proposed development that includes units for households of low and moderate incomes:

- Sales prices or rents for the affordable units;
- Maximum income limits for initial and subsequent purchasers or renters of the affordable units;
- Means for maintaining long-term affordability, including equity sharing, or similar activities; and
- Land trust agreements for the affordable units.

The first three options would apply for no more than 20 years from initial occupancy,

except where public financing or subsidies require longer terms.

The law also defines "housing fiscal impact" as increased or decreased costs that a housing development would incur as a result of local zoning changes that are adopted by a municipality after August 1, 2002. This definition applies to municipalities that have adopted the State Building Code and are located in counties with a population of 30,000 or more. Under this law, a municipality may, but is not required to, prepare a housing fiscal impact note prior to the public hearing on the proposed zoning changes. The impact note may estimate the increase or decrease in costs; specify long-range implications; describe appropriate alternatives; and discuss the rationale for the changes.



Chapter 220 cut the Minnesota Housing Finance Agency's (MHFA) budget by \$216,000 in FY 2003 and reduced the department's base funding by an additional \$457,000 each year of the 2003-2005 biennium. The Legislature directed the agency to make base reductions across agency accounts without a disproportionate reduction from a single program. Moreover, the reductions are to be made with an emphasis on cutting administration and overhead expenses.

In Chapter 393, \$16.2 million was appropriated to MHFA for loans and grants for publicly owned transitional and permanent housing. The loans or grants are to be used for the development, construction, acquisition, or rehabilitation of transitional or permanent housing to serve

veterans and single adults who are homeless or at risk of becoming homeless

Commerce, Insurance, and Labor

COMMERCE AND INSURANCE

Auto Glass

Chapter 283 modified the payment basis for auto glass claims from a price established by the Commissioner of Commerce through a market survey to a price that is fair and reasonable within the local industry at large. It also prohibits the use of material incentives as inducement for auto glass products or services. Chapter 283 also required an insurer that recommends a particular auto glass vendor to notify the insured that Minnesota law gives them the right to choose any glass vendor they wish and prohibits the insurer from pressuring the insured into choosing a particular vendor.

Credit Scoring

Chapter 357 placed limitations on the use of credit information in the determination to issue or continue an insurance policy on a private passenger vehicle or a homeowner's policy. Under this chapter, no insurer may reject, cancel, or refuse to renew a policy based solely or in part on credit information, including a

"credit score," without inclusion of any other applicable underwriting factor. Chapter 357 requires that insurers who use credit scoring in underwriting of coverage must place on file with the Commissioner of Commerce their credit scoring methodology along with information that supports the use of a credit score as an underwriting criteria. Further, Chapter 357 prohibits the use of the gender, race, nationality, or religion of an applicant in the credit scoring methodology.

Credit Unions

In Chapter 339 the Legislature modified existing law governing credit unions to allow them to: add small groups to their membership without prior approval of the Commissioner of Commerce; receive commissions on selling insurance to their members; offer trust-related services with the commissioner's approval; impose reasonable charges for services provided to their members; enforce loan repayment provisions; buy, sell, and otherwise deal with real estate, personal property, and loans or groups of loans other

than self-replenishing lines of credit; and engage in leasing transactions with their members.

Fireworks

The Legislature, in a bill originally intended to prohibit adverse action against volunteer firefighters who take unpaid leave to perform their volunteer duties, authorized the limited use of personal fireworks. Chapter 350 permits the personal use of nonaerial, nonexplosive fireworks. Purchase of such fireworks by persons under the age of 18 is prohibited. The language relating to volunteer firefighters was dropped from the final legislation.

Insurance Company Demutualization

Chapter 336 allowed mutual insurance holding companies to convert to stock holding companies. Currently, Minnesota Life is the only mutual insurance company in the state.

Insurance Fraud Prevention Division

In Chapter 331 the Legislature established the Division of Fraud Prevention in the Department of

Commerce and authorized that division to initiate investigations on its own, respond to complaints of suspected insurance fraud, review reports of fraud submitted by authorized insurers, and report incidents of fraud to the proper law enforcement authorities. The division also was authorized to administer the automobile theft prevention program.

Keg Registration and Hotel Mini-Bar Liquor Sales

In an effort to curb underage consumption, the Legislature enacted Chapter 232, which requires the registration of all off-sale beer kegs. The new law requires retailers to record the serial number of kegs sold to individual consumers, along with the consumer's driver's license number and contact information, and to keep such information on file for 90 days. The law does not apply to kegs sold to bars, restaurants, and other commercial enterprises. The keg registration law is intended to allow law enforcement personnel to track individuals who supply kegs to minors. In Chapter 318, the Legislature exempted sales of intoxicating beverages from cabinets in hotel rooms from on-sale hours restrictions, but refrained from extending hotel bar on-sale hours.

Real Property Seller Disclosure Requirements

In Chapter 306 the Legislature set forth disclosure requirements for sellers of real property intended for use as a single-family residence. Prior to signing an agreement to sell or transfer single-family residential real property, the seller must make a written disclosure to the prospective buyer or transferee that includes all material facts pertaining to adverse physical conditions of which the seller is aware that could adversely and significantly affect an ordinary buyer's rights and interests or any intended use of the property of which the seller is aware. The disclosure must be made in good faith and based on the best of the seller's knowledge at the time of the disclosure. Chapter 306 contains general provisions that are not considered material facts, including the fact that the property is or was occupied by an owner or occupant suspected to be infected with HIV or diagnosed with AIDS; was the site of a homicide, suicide, accidental death, natural death, or perceived paranormal activity; or is located in a neighborhood containing an adult family home, community-based residential facility, or nursing home. Sellers who fail to make a disclosure are subject to civil action for recovery of

damages and other equitable relief. Disclosure is required on purchase agreements entered into on or after January 1, 2003.

LABOR

Chapter 220 reduced the Department of Labor and Industry's budget by \$726,000 in the 2001-2003 biennium. Of these cuts, \$211,000 are for staff reductions.

A new law governing employee background checks was enacted in Chapter 380. Under this law, an employer is prohibited from requiring an employee or prospective employee to pay for criminal or background checks, credit checks, or orientation, except in the case of school district background checks, or as otherwise provided by law. It also prohibits an employer from requiring an employee or prospective employee to pay for training or testing that is required by state or federal law, unless the training is for a license, registration, or certification, or that is required for the employee to maintain the employee's current position.

Chapter 380 also amended the School Conference and Activity Leave law by providing that parents of foster children have the same benefits for school

conference and activity unpaid leave as biological and adoptive parents.

Youthbuild is a program in the Department of Economic Security that serves at-risk youth who have not been served well through the traditional education system. Chapter 380 amended a statute dealing with Youthbuild by requiring that priority be given to grants for programs that use Youthbuild for the construction or rehabilitation of early childhood learning and child protection facilities, as long as the work is appropriate and that use of Youthbuild will not increase overall project costs.

In Chapter 272, the Legislature directed the Board of Nursing to recognize a nursing license issued by a border state as valid in Minnesota, as long as:

- the border state's licensure standards are substantially the same as Minnesota standards;
- the border state has not taken adverse action against the nurse's license;
- the nurse is not participating in an alternative or diversion program; and
- the nurse has not been refused a Minnesota nursing license.

Nurses from border states need to report their Minnesota employment with the board in a timely fashion, and they are subject to Minnesota's laws and rules. This chapter also prohibits hospitals and other health care facilities from taking action against a nurse for declining to work additional hours, if the nurse declines because working additional hours may jeopardize patient safety.

Chapter 262 made several technical and housekeeping changes to the Workers' Compensation statutes.

Economic Development

ECONOMIC DEVELOPMENT

Chapter 220 reduced the Department of Trade and Economic Development's (DTED) budget by over \$1.3 million in the 2001-2003 biennium. The Legislature directed the agency to make base reductions across agency accounts without a disproportionate reduction from a single program. Moreover, the reductions are to be made with an emphasis on cutting administration and overhead expenses.

- \$301,000 is for administrative cost reductions, and \$146,000 is for the state employee strike salary savings.
- Business and Community Development Programs were reduced by \$115,000 in the 2001-2003 biennium, and the Minnesota Investment Fund was reduced by \$500,000 each year of the 2003-2005 biennium.
- The Minnesota Trade Office received cuts of \$313,000 in the 2001-2003 biennium, and

its base funding was reduced by \$50,000 each year of the 2003-2005 biennium.

- The Office of Tourism received cuts of \$460,000 in the 2001-2003 biennium, and its base funding was reduced by \$350,000 each year of the 2003-2005 biennium. The Snowbate Program in the Minnesota Film Board was cut by \$20,000 in FY 2003 and its base funding was established at \$450,000 each year of the 2003-2005 biennium. In addition, \$426,000 of a 1999 appropriation for the Journey Travel Destination System was canceled and returned to the General Fund.
- The Information and Analysis Division was reduced by \$200,000 in the 2001-2003 biennium, and its base funding was reduced by \$79,000 each year of the 2003-2005 biennium.
- Appropriations to DTED in Chapter 220 include \$13.2 million for the Dislocated Worker Program; \$215,000 for

the Internet System for Education and Employment Knowledge (ISEEK) Program; and \$150,000 was added each year of the 2003-2005 biennium to the base for the Center for Rural Policy and Development.

Chapter 220 reduced the Department of Trade and Economic Development's (DTED) budget by over \$1.3 million in the 2001-2003 biennium.

Chapter 380 made several modifications to DTED programs, as well as some policy changes to the department's operations. DTED is vacating the World Trade Center (WTC) conference and service center space and consolidating operations on one floor of the WTC building. The Urban Initiative Board's grant and loans programs were changed to more easily accommodate the

lending practices of a more diverse, immigrant population. Chapter 380 also amended the Redevelopment Program so that funds are distributed evenly among rural and metropolitan projects. Previously, rural projects received one-quarter of the funding and metro projects received the remaining 75 percent.

Current law requires the Pollution Control Agency to file the intended use plan with the federal Environmental Protection Agency. Chapter 380 changed this requirement to the Public Facilities Authority, and changed some requirements related to the preparation of the plan. Chapter 380 also raised the limit on bonds issued by the Public Facilities Authority from \$850 million to \$1 billion.

Economic Opportunity

ECONOMIC OPPORTUNITY

Due to the downturn in the national and state economy, the closure of two significant employers (Fingerhut Companies, Incorporated, and Farmland Foods), as well as the events of September 11, 2001, and the devastating effect they had on the airline and related industries, the 2002 Legislature passed an extension of unemployment insurance benefits for certain specified workers in Chapter 380. Those eligible for the extensions include individuals who are in a Dislocated Worker Training Program and were laid off due to lack of work from the following employers:

- Farmland Foods on or after July 8, 2001;
- Fingerhut Companies, Incorporated, on or after January 1, 2002, if they were employed at locations in St. Cloud, Mora, or Eveleth; and
- Various specified airlines, including Northwest and Sun Country, and LSG Sky Chefs,

on or after September 11, 2001.

These benefit extensions expire on December 31, 2003, and the estimated cost is \$10 million.

In addition to the state extensions, Chapter 380 also provided a temporary extension for individuals who did not meet the eligibility criteria for the Federal Temporary Extended Unemployment Compensation Act of 2002. This "fill-in-the-gap" extension is available to qualified individuals until December 28, 2002.

Chapter 380 addressed other policy in the Unemployment Insurance (UI) Program. The changes include:

- Providing for an assessment on unemployment insurance taxes of between two and eight percent of all taxes due for a calendar year, if the Commissioners of Economic Security and Finance determine that the state will need to make an interest payment during that year. Any amount over what is needed to pay the interest

will go into the Unemployment Insurance Trust Fund. This change was intended to increase the solvency of the UI Fund in order to avoid borrowing from the federal government;

- Making the Unemployment Insurance base tax rate .38 for calendar year 2003;
- Extending a provision that allows wage credits earned by contract food service employees in an elementary or secondary school to be used for unemployment benefit purposes. This provision sunsets on December 31, 2004; and
- Directing the Unemployment Insurance Advisory Council to prepare a report on the long-term solvency of the Minnesota Unemployment Insurance Program Trust Fund. The report must be presented to the Legislature by January 15, 2003.

Finally, Chapter 220 cut a total of \$639,000 in FY 2002 and FY 2003 from the Department of Economic Security's budget,

and further reduced its base appropriation by \$200,000 in FY 2004, and then by an additional \$400,000 in FY 2005 as a result of reorganization of state agencies. The Legislature directed the agency to make base reductions across agency accounts without a disproportionate reduction from a single program. Moreover, the reductions are to be made with an emphasis on cutting administration and overhead expenses.

The budget reductions include:

- \$228,000 in the Workforce Services branch;
- \$204,000 in the Rehabilitation Services branch;
- \$127,000 in the Workforce Services for the Blind branch; and
- \$80,000 to capture strike salary savings.



Transportation

TRANSPORTATION

Transportation Program

Budget Reductions

Article 7 of Chapter 220 (the Phase I Budget Bill) contains the budget reductions for transportation-related programs. A summary of the transportation budget reductions is shown in the table to the right. All of the cuts shown reduce the agency's budget base for the 2003-2005 biennium. The transportation budget reductions totaled \$4.1 million for FY 2003 and \$8.2 million for the 2003-05 biennium. Article 13 of Chapter 220 also contained a one-time \$40 million reduction to a FY 2002 appropriation to the Metropolitan Council for the Riverview Transitway. With the exception of the Riverview Transitway Project, the cuts to transportation programs were relatively minor because the majority of transportation funding is from the constitutionally dedicated Highway User Fund, rather than from the state General Fund. There were no additional cuts to transportation-related programs in Chapter 374, the Phase II Budget Balancing Bill.

TRANSPORTATION PROGRAM BUDGET	GENERAL REDUCTIONS	FUND
Agency/Program		FY 2003
Department of Transportation		
Aeronautics		(\$ 50,000)
Greater MN Transit Administration		(400,000)
Railroads and Waterways		(60,000)
Metropolitan Council Transit		
Administration		(600,000)
Metropolitan Transportation Services		(100,000)
Transit Operations		(2,015,000)
Department of Public Safety		
State Patrol Capitol Security		(175,000)
Administration and Related Services		(500,000)
Driver and Vehicle Services		(200,000)
TOTAL		(\$4,100,000)

The \$400,000 reduction for Greater Minnesota Transit Administration was replaced by allowing the Department of Transportation to spend up to \$400,000 per year from the Greater Minnesota Transit Fund for program administration. This fund receives 1.25 percent of the proceeds from the motor vehicle sales tax and it is estimated that the fund has adequate revenues for both transit assistance grants

and these administrative costs.

The Metropolitan Council is required to first seek to achieve its \$2 million transit operations reduction by increasing operating revenue, reducing or eliminating service on routes with a fare box recovery of less than ten percent, or by reducing nonpeak service.

Transportation Funding

The Senate and House of

Representatives Transportation Finance Committees dedicated a large portion of their session work towards putting together a bill that would provide increased revenues for transportation purposes. Both bodies passed an Omnibus Transportation Finance Bill (S.F. No. 2812 and H.F. No. 3364), however, after contentious negotiations, the conference committee was unable to agree upon a final transportation funding package.

The Senate Omnibus Transportation Funding Bill contained: a six-cent gas tax increase; indexing of the gas tax based upon the rate of inflation; dedication of 10.8 percent of the motor vehicle sales tax (MVST) to a new multimodal fund for transit, small city roads, and other multimodal purposes; authorization of \$1 billion in trunk highway bonding over ten years; and a ballot referendum in the 11-county metropolitan area to authorize a half-cent sales tax increase for transportation purposes. The Senate bill would have provided over \$5 billion in new funding for transportation purposes over a ten-year period.

The House Omnibus Transportation Funding Bill contained an authorization for \$750 million in trunk highway bonds over a five-year period. The debt service on the bonds would have been paid using existing increases in trunk highway fund revenues rather

than providing new transportation revenue sources.

During the conference committee discussions, the Senate conferees offered a proposal containing a five-cent gas tax, \$1 billion over ten years in trunk highway bonding, and dedication of 8.25 percent of the MVST (equivalent of one and one-half cent gas tax) to multimodal purposes. Both the gas tax indexing and metropolitan referendum were dropped. The Governor's office indicated a strong interest in the funding package, however, the proposal failed on a vote of six to four, with four House members voting no. The House final offer was for a three-cent gas tax for highways only and a constitutional dedication of the MVST funds currently being spent on transportation purposes. However, when the conference committee voted on this proposal, only two of the five House members voted in favor of the proposal and the Senate conferees voted no.

Transportation Policy

The transportation policy changes primarily relating to the Department of Transportation are contained in Chapter 364. The bill amended language from Chapter 220, the Phase I Budget Balancing Bill, to exempt from the moratorium on professional or technical service contracts expenditures out of the Trunk Highway Fund, County State Aid Fund, Municipal State Aid Fund,

and State Airports Fund, and General Fund expenditures on interregional corridor and bottleneck projects. Other policy changes included allowing the department to acquire right-of-way to preserve future transportation corridors; allowing cities to advance up to \$10 million to MnDOT to expedite construction of interregional corridor or bottleneck reduction projects; requiring the department to conduct a corridor-protection demonstration project on Trunk Highway 55; and creating a technical advisory group to make recommendations for streamlining the environmental review process for transportation-related projects.

Transportation policy changes relating to the Department of Public Safety are contained in Chapter 371. This bill made modifications to the vehicle registration and titling processes; provided for the design and production of "Proud to be a Veteran" license plates; recodified the motor carrier fuel tax interstate compact; and made changes to the commercial vehicle enforcement regulations. It also provided an exception to the prohibition on spending trunk highway funds for congestion mitigation during highway construction for the Interstate 494/Highway 61 Wakota Bridge project. This exception will allow MnDOT to operate transit services in the corridor during the four-year construction period.

Agriculture

AGRICULTURE

Department of Agriculture

In Chapter 220 the Legislature reduced the General Fund appropriations to the Department of Agriculture by \$836,000 for the current biennium. Of this amount, \$250,000 was cut from agricultural protection services; \$92,000 was cut from agricultural marketing and development; and \$494,000 was cut from administration and financial assistance. Included in the cuts from administration and financial assistance was elimination of the grant program for agricultural information centers (\$175,000). The appropriation reductions are in FY 2003 from ongoing programs and will also reduce the base budget of the department in future fiscal years. The Legislature also cancelled \$43,000 from a one-time appropriation for grants to cooperative associations for short-rotation woody crop production and marketing.

In Chapter 393 the Legislature appropriated \$15 million from the Bond Proceeds Fund to the Department of Agriculture for Rural Finance Authority Loans.

Ethanol

In Chapter 220 the Legislature reduced ethanol producer payments to 19 cents per gallon from 20 cents per gallon beginning on July 1, 2004. Because of the July 1, 2004, effective date, this change will not result in savings to the General Fund in the current biennium but will reduce planned expenditures by over \$1.6 million in the second year of the 2003–2005 biennium.

Biodiesel Fuel Requirements

In Chapter 244 the Legislature mandated at least two percent biodiesel in all diesel fuel oil sold in Minnesota under two scenarios. The first scenario is when the state production capacity for biodiesel is greater than

eight million gallons, and 18 months have passed since a federal action creates a two cent per-gallon reduction in the price of diesel fuel containing at least two percent biodiesel. The second scenario is when the state production capacity for biodiesel is greater than eight million gallons and June 30, 2005, has passed. The bill exempts motors used at nuclear generation facilities, railroad locomotives, and off-road taconite and copper mining equipment and machinery. If the biodiesel mandate is repealed within eight years of its effective date, the bill makes distributors eligible for a partial refund for eligible capital expenditures necessary to comply with the biodiesel mandate.



Phosphorus in Fertilizer

In Chapter 345 the Legislature prohibited, after January 1, 2004, the application of a fertilizer containing phosphorus on turf in the seven-county metro area and fertilizer containing greater than three percent phosphate on turf in the remaining 80 counties, except in specific situations. Local units of government in the remaining 80 counties may adopt the more restrictive prohibition on phosphorus that exists for the seven metro area counties.

Chapter 345, as amended by Chapter 400, also preempts local ordinances and regulations relating to phosphorous fertilizers and phosphorous fertilizer products used in agriculture; preempts local ordinances relating to turf fertilizer containing phosphorus after January 1, 2004; and prohibits the application of a fertilizer to an impervious surface beginning on August 1, 2002. Local ordinances restricting the sale of turf fertilizer containing phosphorus in effect as of August 1, 2002, may continue in effect after January 1, 2004.

Methane Digester Loan Program

In Chapter 373 the Legislature revised the Methane Digester Loan Program and transferred the program from the Commis-

sioner of Agriculture to the Rural Finance Authority (RFA). Under the new program, the RFA may participate in or make direct loans for up to \$250,000 to a resident or an entity eligible to own farmland under the Corporate Farm Law. Loans made before July 1, 2003, are no-interest loans. Beginning July 1, 2003, the RFA may charge an interest rate of up to four percent for its portion of the loan.

In Chapter 220 the Legislature transferred additional funding to the Methane Digester Loan Program from the remaining balance in the Disaster Recovery Loan Program Revolving Account (over \$609,000). Future repayments on outstanding disaster recovery loans will also be deposited in the Methane Digester Revolving Loan Account (approximately \$187,000 through fiscal year 2008). These amounts are in addition to the original \$200,000 appropriated to a revolving account for methane digester loans in 1998. The transfer eliminated funding for the Disaster Revolving Loan Program.

Chronic Wasting Disease (CWD)

In Chapter 373 the Legislature addressed an increasing risk of CWD in cervidae (elk, deer, and moose). With the recent finding of CWD in wild deer in

Wisconsin, provisions were adopted to try to prevent the spread of the disease to Minnesota farm-raised cervidae that could get into the wild cervidae population. Until June 1, 2003, only cervidae from herds that have been under an approved CWD monitoring program for at least three years may be imported, and the importation of cervidae from CWD endemic areas is strictly prohibited. Chapter 373 provides that escaped farm-raised cervidae or wild cervidae within a farmed cervidae operation must be reported to the Department of Natural Resources (DNR) within 24 hours. Chapter 373 also requires a joint report to the 2003 Legislature from the Board of Animal Health and the DNR, after consultation with interested parties, on recommendations to protect Minnesota's wild and domestic cervidae from CWD.

Agricultural Utilization Research Institute (AURI)

In Chapter 220 the Legislature reduced the General Fund appropriation in the current biennium to AURI by \$801,000. The appropriation reductions are from ongoing programs and will also reduce the base budget of AURI in future biennia.

Natural Resources

NATURAL RESOURCES

Department of Natural Resources (DNR)

In Chapter 220 the Legislature reduced the General Fund appropriations to the DNR by almost \$5.5 million. Of this amount, \$189,000 was cut from land and mineral resource management, including \$100,000 from a statutory appropriation for mining company grants; \$563,000 was cut from water resource management; \$599,000 was cut from forest management, including \$200,000 from the Forest Resources Council; \$317,000 was cut from park and recreation management; \$177,000 was cut from trails and waterways management; \$154,000 was cut from fish management; \$110,000 was cut from wildlife management; \$44,000 was cut from ecological services; \$349,000 was cut from enforcement; and almost \$3 million was cut from operations support. The appropriation reductions are for FY 2003 from ongoing programs and will also

reduce the base budget of the DNR in future fiscal years.

In addition to these cuts in the base budget, the Legislature specified additional General Fund base cuts to the DNR in the next biennium. The additional General Fund cuts in the next biennium are: \$250,000 per year for state parks and recreation

with the elimination of the Minnesota Conservation Corps.

In Chapter 220 the Legislature appropriated over \$1.6 million from the Natural Resources Fund for snowmobile trails and enforcement. This amount reflects the increase in money available in the fund due to the increased portion of the gasoline tax



areas; \$400,000 per year for metropolitan regional parks maintenance and operations grants; \$901,000 per year for operations support; and just over \$1 million

designated to snowmobiles by the 2001 Legislature.

In Chapter 355 the Legislature appropriated over \$1.2 million

from the Natural Resources Fund for monitoring, enforcement, and environmental review of off-highway vehicle trails.

Department of Natural Resources Capital Budget

In Chapter 393 the Legislature appropriated almost \$102 million from the Bond Proceeds Fund to the DNR for capital projects. Of this amount, almost \$32.2 million was vetoed by the Governor. The table in the Capital Expenditures section provides details on the specific bonding appropriations to the DNR that were approved by the Governor and the others that were vetoed.

Consolidated Conservation (Con-Con) Lands

In Chapter 353 the Legislature provided for the designation of the remaining 102,315 acres of undesignated Con-Con lands as wildlife management areas (WMAs), effective on January 1, 2003. With the designation of these lands as WMAs, the counties and towns containing the designated lands will receive increased payments in lieu of taxes (PILT) for the designated lands. The increased cost of the PILT is estimated to be \$678,000 in the 2003-2005 biennium. To pay for the increased cost of the PILT, the Legislature reduced the percentage of the lottery in lieu of sales tax receipts scheduled to be allocated for natural resource

programs in fiscal year 2004 and thereafter from 88.5 percent to 87.1 percent.

Chapter 353 also requires the designation of at least 90 miles of all-terrain vehicle (ATV) trails on Con-Con lands designated as WMAs; establishes specific ATV operating times for firearms deer hunters on certain WMA land in Northwestern Minnesota; establishes warning procedures that are in effect until January 15, 2004, for enforcement of ATV violations on WMA lands designated under this act; and provides for separate eight-member wildlife management area access working groups for Beltrami, Marshall, and Roseau counties to identify and designate trails.

Off-Highway Vehicle (OHV) Use in State Forests

In Chapter 355 the Legislature

prohibited the off-trail use of OHVs in state forests and provided additional funding (over \$1.2 million) for monitoring, enforcement, and environmental review of OHV trails.

In Chapter 351 the Legislature provided for the establishment of a motorized trail task force to review and make recommendations on the use and management of OHVs on state forest lands. The task force must report its recommendations to the DNR and the Legislature by January 15, 2003.

Gross Overlimit Violations of Game and Fish Laws

In Chapter 270 the Legislature established a criminal gross misdemeanor penalty for gross overlimit violations of game and fish laws and established civil remedies for certain levels of



game and fish law violations. The gross misdemeanor penalty applies to game and fish law violations when the restitution value of the illegally taken wildlife is over \$1,000.

The civil remedies in Chapter 270 provide that an enforcement officer must seize the license of a person for a game and fish law violation with a restitution value over \$500. If the restitution value of the illegally taken wild animals is \$5,000 or more, the enforcement officer must seize all of the person's game and fish licenses. If convicted of the violation, the person will have license privileges revoked for three or five years, depending on the restitution value of the wild animals involved in the violation. Chapter 270 also provides enforcement officers with additional authority to seize boats, motors, and trailers used to take, possess, or transport illegally taken game and fish with a restitution value over \$500; provides for joint and several liability for license and equipment seizure for violations with a restitution value over \$500; and directs the DNR to amend rules relating to the restitution values for canvasback ducks, trumpeter swans, perch, and fingerlings.

Board of Water and Soil Resources

In Chapter 220 the Legislature reduced the General Fund appropriations to the Board of Water and Soil Resources by more than \$1.7 million. Of this amount, \$800,000 was cut from cost-share grants; \$523,000 was cut from board administration; \$382,000 was cut from natural resource block grants; and \$49,000 was cut from the Minnesota river basin flood plain management grant program. The appropriation reductions are for FY 2003 from ongoing programs and will also reduce the base budget of the board in future fiscal years.

In Chapter 393 the Legislature appropriated over \$8.2 million from the Bond Proceeds Fund to the board. The entire amount to the board was vetoed by the Governor. The table in the Capital Expenditures section provides details on the specific bonding appropriations to the board that were vetoed by the Governor.

Science Museum of Minnesota

In Chapter 220 the Legislature reduced the General Fund appropriations to the Science Museum by \$65,000. The appropriation

reductions are for FY 2003 from ongoing programs and will also reduce the base budget of the Science Museum in future fiscal years.

Minnesota Resources

In Chapter 220, the Legislature appropriated \$316,000 from the Minnesota Environment and Natural Resources Trust Fund. Of this amount, \$254,000 is for environmental education and \$62,000 is for expenses of the Citizens Advisory Committee of the Legislative Commission on Minnesota Resources. The environmental education funding is for a televised film series on the history of Minnesota's natural landscapes. Funding for this purpose was passed by the 2001 Legislature and vetoed by the Governor.

Environment

ENVIRONMENT

Pollution Control

Agency (PCA)

In Chapter 220 the Legislature reduced General Fund appropriations to the PCA by over \$3.2 million for the current biennium. Over \$2.7 million of this amount was replaced by other fee-based sources of funding - over \$2 million was appropriated from the Solid Waste Fund for the household hazardous waste program and \$683,000 was appropriated from the Environmental Fund. Money appropriated from the Solid Waste Fund was from an existing surplus in that fund; money appropriated from the Environmental Fund is from revenue generated by an increase in water quality fees assessed on water quality discharge permits. Other General Fund cuts to the PCA were for one-time strike savings related to the state employee strike in the fall of 2001 (\$236,000) and rent reductions (\$274,000).

In Chapter 393 the Legislature appropriated \$10 million from the Bond Proceeds Fund to the

PCA for the Closed Landfill Cleanup Program.

Office of Environmental Assistance (OEA)

In Chapter 220 the Legislature reduced General Fund appropriations to the OEA by just over \$2 million for the current biennium. Of this amount, just over \$1.4 million was cut from the recycling grants to local governments, commonly referred to as SCORE block grants; \$208,000 was cut from other grant and loan programs; and \$440,000 was cut from operations. The appropriation reductions are for FY 2003 from ongoing programs and will also reduce the base budget of the OEA in future fiscal years.

In Chapter 220 the Legislature expanded the eligibility of local governments for mixed municipal solid waste processing payments and increased the amount available in FY 2003 by \$1.5 million from the Solid Waste Fund.

In Chapter 374 the Legislature cancelled \$9 million from the General Fund for SCORE block

grants in fiscal year 2003 and replaced it with an appropriation of \$9 million from the Solid Waste Fund. This was a one-time funding shift and will not affect the General Fund base of the OEA in the next biennium. Chapter 374 also provided for the transfer of the household hazardous waste program from the PCA to the OEA beginning on July 1, 2003.

In Chapter 393 the Legislature appropriated \$3.6 million for capital assistance grants and over \$1.1 million for the Fergus Falls waste combustion facility from the Bond Proceeds Fund. The Governor vetoed the \$3.6 million for the capital assistance grants.

Phosphorus in Fertilizer

In Chapter 345 the Legislature restricted the use of fertilizer containing phosphorus on lawns beginning on January 1, 2004. Please see the section on Agriculture for more details.

Minnesota Zoological Garden

In Chapter 220 the Legislature reduced General Fund appropriations to the Minnesota

Zoological Garden by \$383,000 for the current biennium. The appropriation reduction is for FY 2003 from ongoing programs and will also reduce the base budget of the zoo in future fiscal years.

In Chapter 393 the Legislature appropriated \$3 million for capital asset preservation and almost \$8.2 million for the Asia Trail and master plan from the Bond Proceeds Fund to the Minnesota Zoological Board. The Governor vetoed the almost \$8.2 million for the Asia Trail and master plan.

Public Facilities

Authority Capital Budget

In Chapter 393 the Legislature appropriated \$16 million in matching funds for wastewater and drinking water revolving funds and over \$30 million for wastewater treatment grants from the Bond Proceeds Fund to the Public Facilities Authority. The Governor vetoed the appropriation for wastewater treatment grants

Regulated Industries

ENERGY

In Chapters 380 and 398, the 2002 Legislature directed the Commissioner of Commerce to identify and evaluate various criteria that a utility could use in evaluating and selecting bids in a competitive bidding process. As part of the evaluation, the commissioner is required to convene a series of forums in order to gather input from citizens and stakeholders. A report is due to the Legislature by January 15, 2003.

Last year the Legislature passed the 2001 Energy Security and Reliability Act, a comprehensive overhaul of the state's energy policy. This year, in Chapter 398, the Legislature made several amendments to the provisions in that act. The changes include:

- Correcting an unintended consequence resulting from the changed definition of high-voltage transmission line. In 2001, it was changed from one that is 200 kilovolts or greater, to one that is 100 kilovolts or greater. This change increased

the number of transmission lines that would be subject to eminent domain proceedings. The definition of a high-voltage transmission line was restored to mean a line that has a capacity of 200 kilovolts or more.

- Modifying the definition of "eligible energy technology" to mean an energy technology that generates electricity from various renewable sources that was not mandated by state law or a Public Utilities Commission (PUC) order enacted or issued prior to August 1, 2001.
- Adding an additional exemption to the Certificate of Need statute by excluding a high-voltage transmission line of one mile or less required to connect a new or upgraded substation to an existing, new, or upgraded high-voltage transmission line.
- Specifying that the reliability administrator (a position created in the Energy Security and Reliability Act of 2001 to provide independent, expert analysis of proposed energy in-

frastructure projects) may not have been a party or participant in an energy proceeding before the PUC for at least one year prior to being appointed by the Commissioner of Commerce.

- Authorizing the City of Duluth to use excess funds in accounts in its Home Energy Loan Program for other energy conservation programs provided that: (1) all bonds issued under the program have been retired; (2) no more energy loan bonds are issued; and (3) any sums used for other energy saving programs are in excess of market demands for home energy loans.



Chapter 260 amended the law that authorizes the Commissioner of Administration to enter into energy savings or energy efficiency improvement contracts for state buildings or facilities. The changes increase the contract terms from ten to 15 years, provided that the payback from implementing the efficiency improvements can be realized in 15 years, rather than ten years.



TELECOMMUNICATIONS

In the area of telecommunications, the 2002 Legislature passed a number of laws dealing with the privacy of communication. Chapter 367 is more commonly known as the "do-not-call" bill and regulates unsolicited telephone calls. Chapter 395 regulates both unsolicited electronic mail messages (spam) and the use and dissemination of consumer infor-

mation by Internet service providers (ISP).

The "do-not-call" law prohibits a telephone solicitor from making a telephone solicitation to a residential subscriber who is on the "no call" list maintained by the Department of Commerce. A "telephone solicitation" is defined as communication over a telephone line to encourage the purchase or renewal of, or investment in, property, goods, or services. However, certain organizations are exempt and include the following:

- Businesses that had a prior or current relationship with the subscriber;
- Nonprofit or political organizations; or
- Businesses that would complete the sales presentation at a later face-to-face meeting.

The Department of Commerce has until January 1, 2003, to establish the list, and the no-call prohibition is effective 30 days after the list is established. Telephone solicitors are required to pay a fee to obtain the list and must obtain a current version every 90 days.

The anti-spam law in Chapter 395 prohibits a person from initiating an e-mail message that

uses another party's domain name without permission, that misrepresents the originator of the message, or that contains false or misleading information in the subject line. The law requires a subject line disclosure tag of "ADV" for commercial e-mail messages and "ADV-ADULT" for commercial e-mail messages that contain material of a sexual nature intended for adults. Certain exclusions apply, including (1) a consent from the recipient, (2) if a prior business or personal relationship exists, and (3) for organizations or entities that use e-mail to communicate exclusively with their employees or members. The law provides for damages for violations. It also establishes immunity from liability for e-mail service providers who in good faith block a suspicious transmission, and for spam that was not initiated by the sender. This law is effective March 1, 2003.

The Internet privacy section of Chapter 395 has pioneered state efforts to regulate the disclosure of personally identifiable information concerning a customer of an ISP. An ISP may not disclose personally identifiable information except in certain instances, such as to a grand jury; to a state or federal law enforcement officer acting as authorized by law; to the

consumer, upon written or electronic request; or in response to a court order, a subpoena, or a warrant. Disclosure is only permitted under the following circumstances:

- With the authorization of the consumer;
- To a person in the ordinary course of business of an ISP; and
- As permitted by the state wire-tap statute.

This law also requires the ISP to maintain the security of personally identifiable information; removes ISP liability for damage caused by computer theft or hacking; prohibits the use of personally identifiable information as evidence unless it was obtained as provided by law; and provides for damages. This law is effective March 1, 2003.

Chapter 329 made some minor changes to the Telecommunications Access for Communication-Impaired Persons Program (TACIP). Its name was changed to the Telecommunications Access Minnesota Program, and the Commissioner of Commerce was authorized to contract with a qualified vendor for operation

and maintenance of the telecommunication relay system.

Previously, the commissioner was required to contract with a local consumer organization that serves communication-impaired persons.

This chapter also allowed a telephone company to provide a customer's periodic statement in electronic format in lieu of paper format if the customer has authorized the electronic format in writing. Finally, this chapter authorized the city of Alexandria to enter into a joint venture with Runestone Telephone Association and Runestone Electric Association for the purpose of providing local niche service, including Internet services and point-to-point transmission of digital information.

Public Safety and Judiciary

PUBLIC SAFETY AND JUDICIARY

Public Safety and Judiciary program cuts, appropriation transfers, and new appropriations are contained in two acts. The program cuts and appropriation transfers are in Chapter 220. The new appropriations are in Chapter 401, the Anti-terrorism Bill. Chapter 220 includes an overall reduction in General Fund criminal justice spending of \$23.3 million for the 2001-2003 biennium, and \$51 million for the 2003-2005 biennium. Special revenue fund appropriation transfers and fee increases totaled \$7 million for the 2001-2003 biennium and \$9.1 million for the 2003-2005 biennium.

Department of Corrections

The Legislature decreased funding by \$15.3 million for the 2001-2003 biennium.

Adult Institutions were cut by approximately \$7 million. This included a one-time cut of \$5.4 million to reflect savings from the operation of the Rush City prison and the fuel reserve account. Another \$1.6 million

was cut to reflect revised felony DWI bed impact statements.

An unspecified cut of \$115,000 was required of the Juvenile Services Division.

The Community Services Division biennial appropriation was reduced by \$7.9 million. Juvenile resident treatment grants to counties were cut by \$5 million, with a net of \$1.1 million flowing to the General Fund and \$3.9 million used to operate the Red Wing juvenile facility. This made permanent the 65/35 percent cost sharing arrangement between the counties and the state, with the counties paying 65 percent and the state (with the \$3.9 million) paying 35 percent of the cost for committing a juvenile to the Red Wing facility.

Other Community Services cuts included \$1.2 million in Extended Juvenile Jurisdiction (EJJ) grants, \$800,000 in Community Corrections Act (CCA) grants, \$322,000 for a pretrial bail evaluation, \$320,000 for state probation services, \$200,000 for the community reentry program, \$100,000 for the remote alcohol

monitoring program, and \$80,000 for county probation services reimbursements.

An unspecified cut of \$300,000 was required of the Management Services Division.

Finally, Chapter 374 restored \$4.8 million for fiscal year 2003 to partially buy back hiring freeze cuts required under Chapter 220, essentially exempting the adult institutions from the hiring freeze.

Ombudsman for Corrections

An unspecified reduction of \$168,000 was required of the Ombudsman for Corrections.

Sentencing

Guidelines Commission

An unspecified reduction of \$55,000 was required of the Sentencing Guidelines Commission.

Courts

The Legislature reduced the biennial General Fund appropriation to the courts by \$1.4 million. In addition, it raised the civil court filing fee by \$13 and the conciliation court filing fee by \$10, generating an

additional \$1.9million. Reductions included an unspecified cut to the Supreme Court of \$279,000, a \$175,000 reduction to civil legal services, and unspecified reductions of \$86,000 and \$845,000 to the Court of Appeals and the District Courts respectively.

Human Rights Department

The Legislature required the Human Rights Department to reduce its fiscal year 2003 budget by \$207,000.

Public Defense Board

An unspecified reduction of approximately \$1.2 million was required of the Public Defense Board.

Department of Public Safety

The Legislature reduced the 2001-2003 biennial General Fund appropriation of the Department of Public Safety by \$4.4million.

The Emergency Management Division was required to cut state match aid for disasters by \$200,000.

The Fire Marshal and Gambling Enforcement were both required to cut \$84,000.

Crime Victim Services was required to reduce crime victim grants and staffing by \$1.2 million and the battered women's shelter grants by \$600,000.

Law Enforcement and Community Grants were reduced as follows: \$1.2million was cut from the Drug Policy and Violence Prevention program through an accounting adjustment, with an additional \$284,000 in actual grant cuts; \$234,000 was cut from the Violence Prevention Council; \$176,000 was cut from the Gang Strike Force; the Camp Ripley weekend camp for juveniles was cut by \$175,000; and \$150,000 was cut from police overtime grants and the model policing program respectively.

SPECIAL REVENUE FUND APPROPRIATION TRANSFERS AND FEE INCREASE (dollars in thousands)		
	FY 2002-03	FY 2002-03
POST BOARD transfer from special revenue to general fund	179	179
12% of DWI reinstatement fee transferred to general fund	605	1,210
Auto theft prevention fund balance transferred to general fund	1,317	
Auto theft annual \$1.3million transferred to general fund	2,600	2,600
Fee increase - hazardous installation plan review	12	24
Fee increase - casino background checks	150	300
Civil court filing fee increase from \$122 to \$135	1,286	2,940
Conciliation court filing fee increase by \$10	638	1,460
Public Defender co-pay of \$28	215	250
TOTAL	7,002	9,148

ANTITERRORISM BILL

The Antiterrorism Bill, Chapter 401, appropriated \$13 million in General Fund money (all one-time appropriations) and approximately \$4.2 million in special revenue by imposing a six-cent increase in the 911 telephone surcharge.

The bulk of the General Fund appropriation was comprised of \$7.5 million for terrorism response-related training and \$3.75 million for terrorism response-related equipment. A \$600,000 appropriation went to fund increased state capitol security. This funding is for two additional state troopers, session overtime pay for troopers, and additional security guards. Other appropriations included \$400,000 for medical resource control centers; \$240,000 to establish hazardous material emergency response teams in Rochester, Moorhead, and Duluth; \$250,000 to reimburse local bomb squad units; \$150,000 for the collection of biological specimens for DNA testing; \$105,000 to increase personnel for existing chemical assessment teams; and \$5,000 to update the 2001 report to the Legislature on the 800 MHz public safety radio system.

Approximately \$4.2 million in special revenue was raised by increasing the 911 telephone surcharge to 33 from 27 cents per line per month. This money supports current 911-related statutory obligations incurred by the Department of Administration, including upgrading Public Safety Answering Points (PSAPs), which are the core function of the system. Finally, the Legislature made a deficiency appropriation of \$1.8 million to the Department of Administration from the 911 special revenue account.

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Local and Metropolitan Affairs and State Government Finance

STATE GOVERNMENT FINANCE

In Chapters 220 and 374, State Government appropriations were reduced by \$49.3 million over the 2001-2003 biennium. Below are details of these appropriation reductions.

Legislature

Total appropriations for the Senate were reduced by \$2.7 million, while appropriations for the House of Representatives were reduced by \$3.9 million. Of the reductions in the House of Representatives appropriations in the first year of the biennium, \$1 million was from amounts previously carried forward. The Legislative Coordinating Commission received a \$647,000 reduction in its appropriation in the final year of the biennium, \$164,000 of which is a reduction for the Office of the Legislative Auditor.

Office of the Governor

Appropriations for the Office of the Governor were reduced by \$1.2 million. No funding may be used for the operation of the Washington, D.C. office of the

state of Minnesota. The Legislature appropriated \$375,000 to reopen the Governor's residence in FY 2003. Of this appropriation, \$200,000 went to the Office of the Governor to make the Governor's residence accessible for public use. The remaining \$175,000 was appropriated to the Commissioner of Public Safety to provide security at the Governor's residence. The Legislature also required that all nonstate entities using the Governor's residence must pay the state for all direct and indirect costs associated with the use of the facility.

Other Executive Branch Agencies

Appropriations for the Secretary of State's office were reduced by \$199,000, with the restriction that budget reductions not come from revenue-producing programs or from elections. Appropriations for the State Auditor were reduced by just over \$1 million, while the State Treasurer's appropriations were reduced by \$30,000. The Attorney General's office faced a \$900,000 reduction in appropriations. The Board of Govern-

ment Innovation and Cooperation received a \$793,000 reduction, and the Office of Strategic and Long-Range Planning received a reduction of nearly \$1.2 million. Appropriations for the Department of Military Affairs were reduced by \$2.9 million, and Veterans Affairs appropriations were reduced by \$180,000. The Minnesota State Arts Board saw its appropriations reduced by \$526,000 in the second year of the biennium, and the Humanities Commission's appropriations were reduced by \$41,000. The Lawful Gambling Control Board received a \$126,000 reduction. The Minnesota State Retirement System received a \$2 million appropriation reduction, which eliminated the open appropriation for judges not participating in the post-retirement fund.

The agencies that received the greatest reduction in appropriations are the Departments of Administration, Finance, and Revenue, which, combined, faced over \$23 million in reductions. The Department of Administration's appropriations were reduced by slightly more than \$4 million; the Department of Fi-

nance received a \$5.4 million reduction; and the Department of Revenue faced a \$14 million appropriation reduction.

Contract Expenditure Reductions

The Legislature required the Governor to reduce planned Executive Branch Agency Fund expenditures on contracts for professional or technical services by at least \$28.3 million by June 30, 2003. Additionally, the Legislature instituted a moratorium until June 30, 2003, on all consultant contracts for all entities in the executive branch of state government, except for Minnesota State Colleges and Universities and the Higher Education Services Office.

Administration

The Legislature canceled \$2 million of the balance in the State Building Code account as of June 30, 2002, transferring the amount to the General Fund. The Legislature allowed for contracts encumbered or grants awarded by a state agency to a nonprofit corporation for services rendered in the biennium to be retroactive to the date the services were first provided under contract or grant.

The Legislature imposed a state employee hiring freeze, except for an employee at: a state correctional facility; a Department of Corrections employee who provides direct services to

offenders; an employee of a state-operated service under the Department of Human Services; a student worker; a position that is necessary to perform essential government services; or an employee who is paid entirely with federal funds or a special revenue fund, or whose costs are entirely recovered from nonstate entities. The hiring freeze is anticipated to generate a savings of \$29.7 million by June 30, 2003. If the savings are not achieved, the Governor must make proportional reductions in executive agency operating budgets, excluding the Department of Corrections and state-operated services under the Department of Human Services.

Transfers

Chapter 374 provides for the redirection of special fund monies to the General Fund. The funds transferred from the Medical Education Endowment Fund and the Tobacco Use Prevention Fund are utilized to provide more than \$1 billion in cash flow. Other special funds tapped to meet General Fund cash flow deficiencies include \$250 million from the Special Compensation Fund and \$134 million from the Assigned Risk Plan.

GAMING

Chapter 386 contained provisions related to gaming in the State of Minnesota. In that chapter, the Legislature:

- Legalized linked bingo games (games played at two or more locations with a single prize pool linked electronically);
- Made minor changes to license fees;
- Increased the starting prize amount for progressive bingo games;
- Required the Gambling Control Board to draft model rules relating to linked bingo games and electronic bingo devices; and
- Expanded the lawful purpose for which charitable gambling proceeds may be expended to include the payment of property taxes on licensed facilities owned or wholly leased by veterans organizations.

BASEBALL PARK

A baseball park financing package was approved to assist the Minnesota Twins, under threat of elimination from Major League Baseball, to build a new ballpark. The plan approved by the Legislature contains no state appropriations. Under the plan approved in Chapter 397, the state would issue \$330 million in revenue bonds for the construction of a new ballpark. The bond principal would then be repaid from interest earnings on a Baseball Park Debt Service

Account into which the Twins, and/or a combination of other private sources, would deposit \$120 million prior to issuance of the revenue bonds. The annual interest payments on the revenue bonds of no less than \$12 million would be met by the team and/or the host municipality, which is authorized to impose, subject to local referendum, admissions, hospitality and lodging taxes up to five percent, as well as a \$2 per-vehicle parking surcharge at the facility to meet this obligation. The baseball park financing plan approved by the Legislature is site neutral, except that it limits host communities to municipalities, excluding other forms of local government participation. Additional preconditions include that Major League Baseball demonstrate a reasonable prospect for economic reform. The legislation also establishes a Football Stadium Account in the State Treasury and requires the Metropolitan Sports Facilities Commission to deposit \$500,000 from its cash reserves, along with the net proceeds from the sale of the Metrodome if and when it is sold, into this account for a future joint Minnesota Vikings and University of Minnesota football stadium.

A baseball park financing package was approved to assist the Minnesota Twins, under threat of elimination from Major League Baseball, to build a new ballpark.

Ethics in Government

ETHICS IN GOVERNMENT

Campaign Finance

A candidate for state office may not transfer money from one principal campaign committee to another, unless the contributing candidate's principal campaign committee is being dissolved. Until the campaign finance law was recodified in 1999, a principal campaign committee was classified as a "political committee," so a contribution from a dissolving principal campaign committee was subject to the limit on contributions from a political committee. The recodification made principal campaign committees a separate class of their own but did not create a new limit on contributions from them since, except when a principal campaign committee was being dissolved, it was prohibited from making contributions. This created a loophole, leaving no limit on contributions from a principal campaign committee when it was being dissolved. Chapter 363, section 27, included contributions from a dissolving principal campaign

committee in the limit on contributions from a political party unit, which may not aggregate more than ten times the amount that may be contributed by an individual or political committee. There continues to be no limit on the amount that the dissolving principal campaign committee of a candidate for the legislature may contribute to another principal campaign committee of the same candidate. This means that a House of Representatives member who decides to run for the Senate may transfer all the assets of the dissolving House principal campaign committee to a new Senate principal campaign committee, but that a candidate for Governor who decides to run for the Senate may not transfer the assets of the gubernatorial campaign committee to a new Senate committee. Section 28 requires that the dissolution be completed within 12 months after the contribution is made.

Chapter 363, sections 38 and 39, modified the law passed in 2001 that provides for payment of general account money from the State Elections Campaign Fund

to major party candidates immediately following the primary, rather than after the general election. Last year's law required a candidate who wanted to receive the payment to file with the Campaign Finance and Public Disclosure Board within one week after the primary results have been certified an agreement to spend or promise to spend 50 percent of the general account money no later than the end of the final reporting period before the general election. This year's law incorporates that promise into the initial spending limit agreement, so the candidate need file only once each election cycle. Section 42 permits a candidate to wait until after the general election in 2002 to receive the general account money, if the candidate had signed a spending limit agreement for this election cycle before the law was amended and chooses not to sign a new spending limit agreement that incorporates the requirements of the new law.

Veto

VETOES

The Governor vetoed eight bills and exercised line-item veto authority in the Capital Budget Bill (Laws 2002, Chapter 393). Included in the bills vetoed were the two budget-balancing bills passed by the Legislature to eliminate the almost \$2.3 billion General Fund budget shortfall

that was estimated for the current biennium. The Legislature was successful in overriding the veto on both budget bills. The Legislature also overrode the veto on four of the six nonbudget bills vetoed by the Governor. An override of line items vetoed in the Capital Budget Bill was not attempted because the Legislature had adjourned prior to the

veto. The box below lists the vetoed bills and indicates whether the veto was overridden. The Capital Budget section delineates the specific capital budget items vetoed by the Governor.

VETOES

- Budget balancing act (phase one) – Chapter 220*
- Noncommercial television station and metropolitan bus station grants – Chapter 280*
- Authorizing automobile glass coverage on the same basis as damage to other parts of an automobile – Chapter 283*
- Auditing and reporting requirements for state and local government units – Chapter 309
- Real estate task force – Chapter 365*
- Budget balancing act (phase two) – Chapter 374*
- School employee health insurance study – Chapter 378*
- Pledge of allegiance recitation requirement for public schools – Chapter 391

* The Governor's veto was overridden by the Legislature.

Flood Relief

FLOOD RELIEF

In a special session called by the Governor on September 19, 2002, the Legislature provided flood relief for counties in the area designated under Presidential Declaration of Major Disaster, DR-1419. As of September 19, 2002, 19 counties were listed on DR-1419. They were: Becker, Beltrami, Clay, Clearwater, Goodhue, Hubbard, Itasca, Kittson, Koochiching, Lake of the Woods, Mahnommen, Marshall, McLeod, Norman, Pennington, Polk, Red Lake, Roseau, and Wright. If additional counties are added to DR-1419, persons in those counties would also be eligible for flood relief assistance.

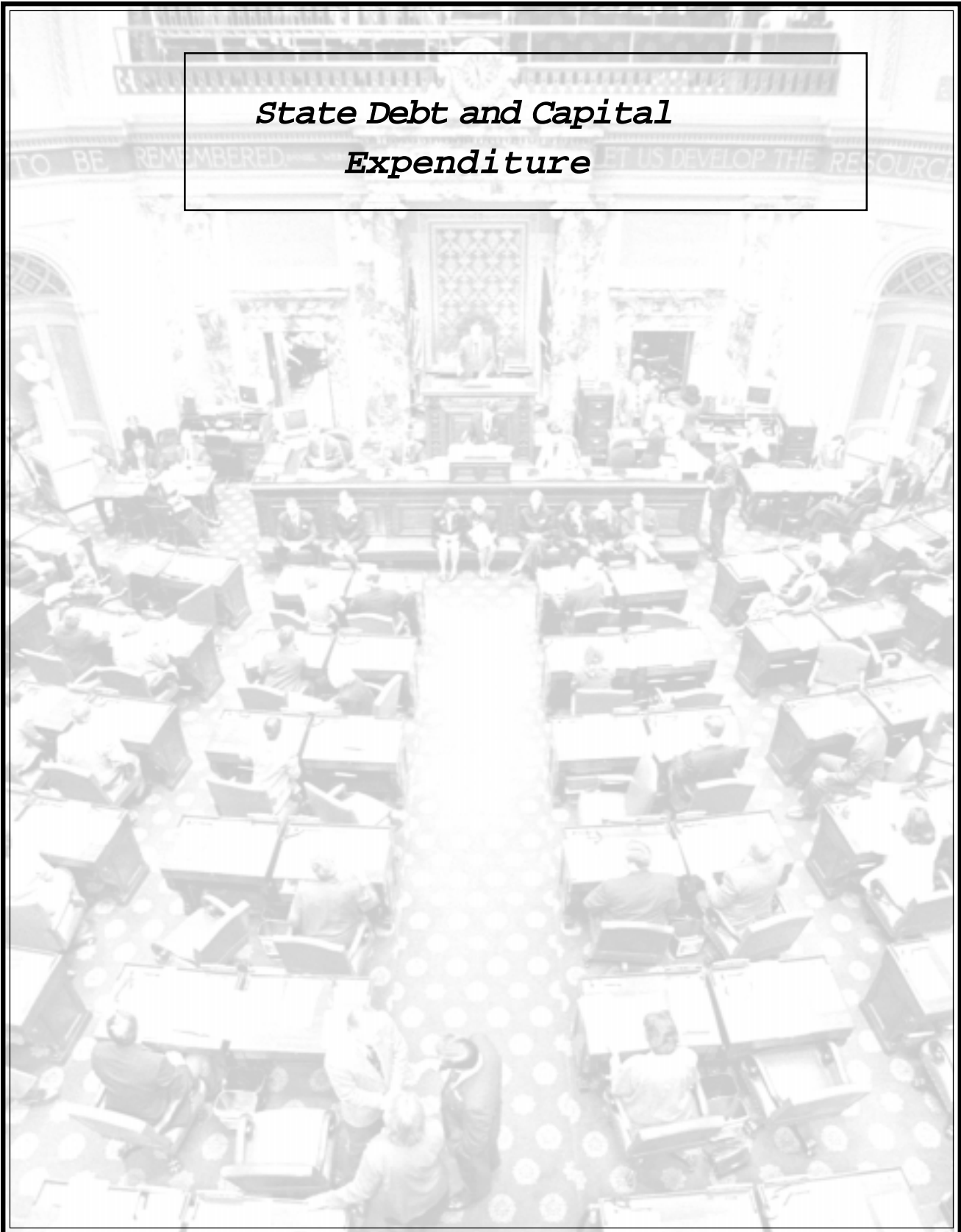
First Special Session Chapter 1 provided over \$31.7 million in flood relief, including almost \$29.4 million in new appropriations and over \$2.3 million that was reallocated from existing funding. Of the almost \$29.4 in new appropriations, over \$16.3 million was from the bond proceeds fund, \$10.1 million was from the General Fund, \$2 million was from the Trunk

Highway Fund, and \$1 million was from the Petroleum Tank Fund. The General Fund appropriations were made possible by cancelling a 2000 appropriation from the General Fund for highway projects and replacing the transportation funding with proceeds from the sale of Trunk Highway Bonds. The following table lists the program and amount appropriated for flood relief.

Flood Relief

Federal Emergency Funds Match	\$ 8,300,000
Property Tax Relief Abatement Aid	\$ 1,000,000
Agricultural Relief	\$ 3,000,000
Business Assistance	\$ 3,000,000
Housing Assistance	\$ 4,000,000
Public Infrastructure Assistance	\$ 2,000,000
Petroleum Contaminated Property Assistance	\$ 1,000,000
Local Road and Bridge Assistance	\$ 5,000,000
Roseau School District Enrollment	\$ 40,000
State Roads and Bridges	\$ 2,000,000
Bond Sale Expenses	\$ 30,000
	<hr/>
Total New Appropriations	\$29,370,000

*State Debt and Capital
Expenditure*



State Debt and Capital Expenditures

Capital Expenditures

The 2002 Legislature adopted a capital budget bill totaling approximately \$ 979 million. The following table delineates project amounts for bond authorization and direct appropriations.

CAPITAL EXPENDITURES AUTHORIZED BY THE 2002 LEGISLATURE

Item	Project	Total
<u>BONDING AUTHORITY</u>		
AMATEUR SPORTS COMMISSION		\$8,250,000
Mount Itasca Biathlon Training Facility	250,000	
National Volleyball Center, Phase 3	3,000,000	
Sports Conference Center	5,000,000	
ARTS		\$29,000,000
Minneapolis Children's Theater Company	5,000,000	
Minneapolis Guthrie Theater	24,000,000	
BOARD OF WATER AND SOIL RESOURCES		\$8,250,000
Lazarus Creek	1,500,000	
RIM Conservation Easements	2,000,000	
Shoreland Protection Program	750,000	
Stillwater-Brown's Creek	1,300,000	
Wetland Replacement Due to Public Road Projects	2,700,000	
DEPARTMENT OF ADMINISTRATION		\$82,177,000
Capital Asset Preservation and Replacement	14,000,000	
Capitol Electrical Utility Infrastructure, Phase 6	3,231,000	
Government Services Center	700,000	
Governor's Residence Renovation	4,246,000	
Health and Agriculture Laboratories	60,000,000	
DEPARTMENT OF AGRICULTURE		\$15,292,000
Expansion of Metro Greenhouse and Storage Bay	292,000	
Rural Finance Authority Loan Participation	15,000,000	

DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING		\$34,900,000
Asian Community Center	1,000,000	
Colin Powell Youth Leadership Center	700,000	
Early Childhood Learning and Child Protection Facilities	2,000,000	
Library Access Grants	1,000,000	
Maximum Effort Capital Loans	12,400,000	
Minnesota Planetarium	9,500,000	
Neighborhood House/El Rio Vista	1,800,000	
Southwest Integration Magnet Schools	1,000,000	
Trollwood Performing Arts School	5,500,000	
DEPARTMENT OF COMMERCE		\$5,000,000
For the energy investment loan program		
DEPARTMENT OF CORRECTIONS		\$25,870,000
Asset Preservation	17,000,000	
Bayport Storm Sewer	1,550,000	
Minnesota Correctional Facility-Lino Lakes	4,160,000	
Minnesota Correctional Facility- Shakopee	3,070,000	
Minnesota Correctional Facility- Stillwater	90,000	
DEPARTMENT OF HEALTH		\$775,000
To design and construct a community dental clinic at Lake Superior Community College in Duluth and design and renovate the Northwest Technical College dental hygiene clinic in Moorhead		
DEPARTMENT OF HUMAN SERVICES		\$22,463,000
Brainerd Regional Treatment Center	6,305,000	
Fergus Falls Regional Treatment Center	3,000,000	
St. Peter Regional Treatment Center	3,619,000	
Systemwide Asset Preservation	4,000,000	
Systemwide Building and Structure Demolition	2,750,000	
Systemwide Roof Repairs and Replacement	2,789,000	
DEPARTMENT OF MILITARY AFFAIRS		\$4,357,000
ADA Improvements	357,000	
Asset Preservation	2,500,000	
Camp Ripley Antiterrorism Facility	500,000	
Facility Life Safety Improvements	1,000,000	
DEPARTMENT OF NATURAL RESOURCES		\$101,432,000
ADA Compliance	500,000	
Dam Improvements	1,800,000	
Field Office Renovations	1,000,000	
Fisheries Acquisition and Improvements	500,000	
Fish Hatchery Improvements	300,000	

Flood Hazard Mitigation Grants	30,000,000
Forest Road and Bridge Projects	1,200,000
Lake Superior Safe Harbor	1,100,000
Metro Greenways and Natural Areas	1,000,000
Metro Regional Park Acquisition and Betterment	8,700,000
Native Prairie Bank Easements	1,000,000
Natural and Scenic Area Land Acquisition Grants	1,000,000
Office Facility Development, Thief River Falls	1,500,000
Red Rock Rural Water System	125,000
Reforestation	1,500,000
Regional Parks, Greater Minnesota	4,000,000
RIM Consolidated Critical and Habitat Match	1,000,000
Scientific and Natural Area Acquisition and Improvement	2,500,000
State Forest Land Acquisition	500,000
State Park and Recreation Area Acquisition	3,000,000
State Park Initiative	28,000,000
State Trail Acquisition and Development	3,650,000
Statewide Asset Preservation	2,600,000
Stream Protection and Restoration	1,000,000
Trail Connections	1,857,000
Water Access Acquisition and Development	1,500,000
Well Sealing	600,000

DEPARTMENT OF TRADE AND ECONOMIC DEVELOPMENT

\$84,050,000

Fairmont- Winnebago Avenue Sports Center	500,000
Greater Minnesota Business Development Infrastructure Grant Program	12,000,000
Itasca County Children's Discovery Museum	300,000
Minneapolis- Empowerment Zone Projects	3,000,000
Olivia- Minnesota Center for Agricultural Innovation	1,000,000
Redevelopment Account	4,000,000
St. Cloud Civic Center Expansion	3,250,000
St. Paul- 2004 Renaissance Project	2,000,000
St. Paul- Phalen Boulevard	8,000,000
St. Paul Roy Wilkens Auditorium	4,000,000
State matching money for federal grants to the water pollution control revolving fund and the drinking water revolving fund	16,000,000
Wastewater Infrastructure Funding Program	30,000,000

DEPARTMENT OF TRANSPORTATION

\$92,000,000

Duluth Aerial Lift Bridge	1,000,000
Freight Access Improvements	7,000,000
Greater Minnesota Transit Facilities	2,000,000
Local Bridge Replacement and Rehabilitation	45,000,000
Local Road Improvement Program	20,000,000
Port Development Assistance	3,000,000
Town Road Sign Replacement	1,000,000
Radio Communications Statewide System	13,000,000

HOUSING FINANCE AGENCY		\$16,200,000
For loans and grants for publicly-owned transitional and permanent housing		
IRON RANGE RESOURCES AND REHABILITATION BOARD		\$1,500,000
To design, construct, furnish, and equip Mesabi station as the central guest services facility for the Mesabi trail		
METROPOLITAN COUNCIL		\$30,500,000
Central Corridor Transitway	1,000,000	
Livable Communities Grant Program	9,000,000	
Northwest Busway	20,000,000	
Park and Ride Facilities	500,000	
MINNESOTA HISTORICAL SOCIETY		\$3,867,000
County and Local Preservation Grants	300,000	
Fort Belmont	200,000	
Fort Snelling Historic Site	500,000	
Historic Site Asset Preservation	2,442,000	
Pipestone County Museum	125,000	
Sibley House Historic Site	300,000	
MINNESOTA STATE ACADEMIES		\$1,500,000
Asset Preservation		
MINNESOTA STATE COLLEGES AND UNIVERSITIES		\$209,563,000
Higher Education Asset Preservation and Replacement	60,000,000	
Alexandria Technical College	9,150,000	
Bemidji State University	1,000,000	
Century Community and Technical College	2,500,000	
Dakota Technical College	500,000	
Fergus Falls Community College	760,000	
Hennepin Technical College	2,000,000	
Inver Hills Community College	500,000	
Lake Superior Community and Technical College	700,000	
Metropolitan State University	17,442,000	
Minneapolis Community and Technical College	9,000,000	
Minnesota State University, Mankato, Phase 3	8,400,000	
Minnesota State University, Moorhead	18,955,000	
Minnesota West Community and Technical College, Worthington	6,300,000	
Normandale Community College	9,900,000	
Northeast Higher Education District-Virginia	5,496,000	
Northwest Technical College, Moorhead	400,000	
Ridgewater Community and Technical College (Projects at Willmar and Hutchinson campuses)	2,880,000	

St. Cloud State University	10,000,000	
St. Cloud Technical College	700,000	
St. Paul Technical College		
Authorizes donation for facility		
South Central Technical College (Projects at North Mankato and Faribault campuses)	300,000	
Southeast Technical College (Projects at Winona and Red Wing campuses)	580,000	
Southwest State University	9,200,000	
Winona State University	30,000,000	
Science Lab Renovation	1,900,000	
Land Acquisition	1,000,000	
MINNESOTA ZOOLOGICAL GARDENS		\$11,184,000
Asset Preservation	3,000,000	
Master Plan, Phase I	8,184,000	
OFFICE OF ENVIRONMENTAL ASSISTANCE		4,750,000
Solid Waste Capital Assistance Grants	3,600,000	
Solid Waste Combuster, Fergus Falls	1,150,000	
PERPICH CENTER FOR ARTS EDUCATION		\$768,000
Asset Preservation	643,000	
Performance Catwalk	125,000	
POLLUTION CONTROL AGENCY		\$10,000,000
To design and construct remedial systems and acquire land at landfills		
UNIVERSITY OF MINNESOTA		\$160,209,000
Higher Education Asset Preservation and Replacement	35,000,000	
Bede Hall, Crookston	7,701,000	
Laboratory Science Building, Duluth	25,500,000	
Jones Hall, Minneapolis	8,000,000	
Nicholson Hall, Minneapolis	24,000,000	
Translational Research Facility, Minneapolis	24,700,000	
Teaching and Technology Center, Minneapolis	3,000,000	
Social Science Building, Morris	8,600,000	
Plant Growth Facilities, Phase 2, St. Paul	17,700,000	
Veterinary Diagnostic Laboratory, St. Paul	1,500,000	
Research and Outreach Centers	2,508,000	
Systemwide Classroom Improvements	2,000,000	
VETERANS HOME BOARD		\$12,898,000
Asset Preservation at Veteran's Homes Statewide	2,000,000	
Hastings Veterans Home, Phase 3	8,553,000	
Silver Bay Veterans Home	2,345,000	

GENERAL FUND DIRECT APPROPRIATIONS

ARTS		\$2,000,000
Bloomington Center for the Arts	1,000,000	
Rochester Art Center	1,000,000	
CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD		\$646,000
Plaster and repaint public spaces and conserve and repair artwork in capitol building		
DEPARTMENT OF ADMINISTRATION		\$1,545,000
Agency Relocation	1,500,000	
Renovate Governor's Residence	45,000	
DEPARTMENT OF HUMAN SERVICES		\$375,000
People Inc. , Northside Community Support Program		
DEPARTMENT OF NATURAL RESOURCES		\$180,000
Lewis and Clark Rural Water System		
DEPARTMENT OF TRADE AND ECONOMIC DEVELOPMENT		\$600,000
Wastewater Infrastructure Program		
DEPARTMENT OF TRANSPORTATION		\$500,000
DM&E Working Group		
MINNESOTA HISTORICAL SOCIETY		\$100,000
New Brighton Caboose and History Center		
<u>BOND SALE EXPENSES</u>		\$880,000
<u>CANCELLATIONS</u>		\$(4,437,000)
<u>TOTAL</u>		\$979,144,000
<u>BOND PROCEEDS FUND (GENERAL FUND DEBT SERVICE)</u>		\$881,085,000
<u>BOND PROCEEDS FUND (USER FINANCED DEBT SERVICE)</u>		\$96,550,000
<u>GENERAL FUND DIRECT APPROPRIATIONS</u>		\$5,946,000

The Governor used his line item veto authority to eliminate over \$500 million of funding for projects as delineated below:

- Amateur Sports Commission, Mount Itasca Biathlon Training Facility, \$250,000
- Amateur Sports Commission, National Volleyball Center-Phase 2, \$3,000,000
- Amateur Sports Commission, Sports Conference Center, \$5,000,000
- Arts, Bloomington Center for the Arts, \$1,000,000
- Arts, Children's Theater Company, \$5,000,000
- Arts, Guthrie Theater, \$24,000,000
- Arts, Rochester Arts Center, \$1,000,000
- Board of Water and Soil Resources, Brown's Creek-Stillwater, \$1,300,000
- Board of Water and Soil Resources, Lazarus Creek, \$1,500,000
- Board of Water and Soil Resources, RIM Conservation Easements, \$2,000,000
- Board of Water and Soil Resources, Shoreland Protection Program, \$750,000
- Board of Water and Soil Resources, Wetland Replacement Due to Public Road Projects, \$2,700,000
- Department of Administration, Government Services Center, \$700,000
- Department of Administration, Renovate Governor's Mansion, \$4,291,000
- Department of Agriculture, Expansion of Metro Greenhouse and Storage Bay, \$292,000
- Department of Children, Families, and Learning, Asian Community Center, \$1,000,000
- Department of Children, Families, and Learning, Colin Powell Youth Leadership Center, \$700,000
- Department of Children, Families, and Learning, Early Childhood Learning and Child Protection Facilities, \$2,000,000
- Department of Children, Families, and Learning, Library Access Grants, \$1,000,000
- Department of Children, Families, and Learning, Minnesota Planetarium, \$9,500,000
- Department of Children, Families, and Learning, Neighborhood House/El Rio Vista, \$1,800,000
- Department of Children, Families, and Learning, Southwest Integration Magnet Schools, \$1,000,000
- Department of Children, Families, and Learning, Trollwood Performing Arts School, \$5,500,000
- Department of Corrections, Bayport Storm Sewer, \$1,550,000
- Department of Corrections, Stillwater Seg. Unit, \$90,000
- Department of Health, Dental Clinic, \$775,000
- Department of Human Services, Brainerd RTC, \$6,305,000
- Department of Human Services, People Inc., \$375,000
- Department of Military Affairs, Camp Ripley Anti-Terrorism Facility, \$500,000
- Department of Natural Resources, Dam Improvements, Crookston, \$1,050,000
- Department of Natural Resources, Dam Improvements, Rapidan, \$100,000
- Department of Natural Resources, Fisheries Acquisition and Improvement, \$500,000
- Department of Natural Resources, Fish Hatchery Improvements, \$300,000
- Department of Natural Resources, Lake Superior Safe Harbor, \$1,100,000
- Department of Natural Resources, Lewis and Clark Rural Water System, \$180,000
- Department of Natural Resources, Metro Greenways and Natural Areas, \$1,000,000
- Department of Natural Resources, Metro Regional Park Acquisition and Betterment, Como Park Conservatory, \$2,700,000
- Department of Natural Resources, Native Prairie Bank Easements, \$1,000,000

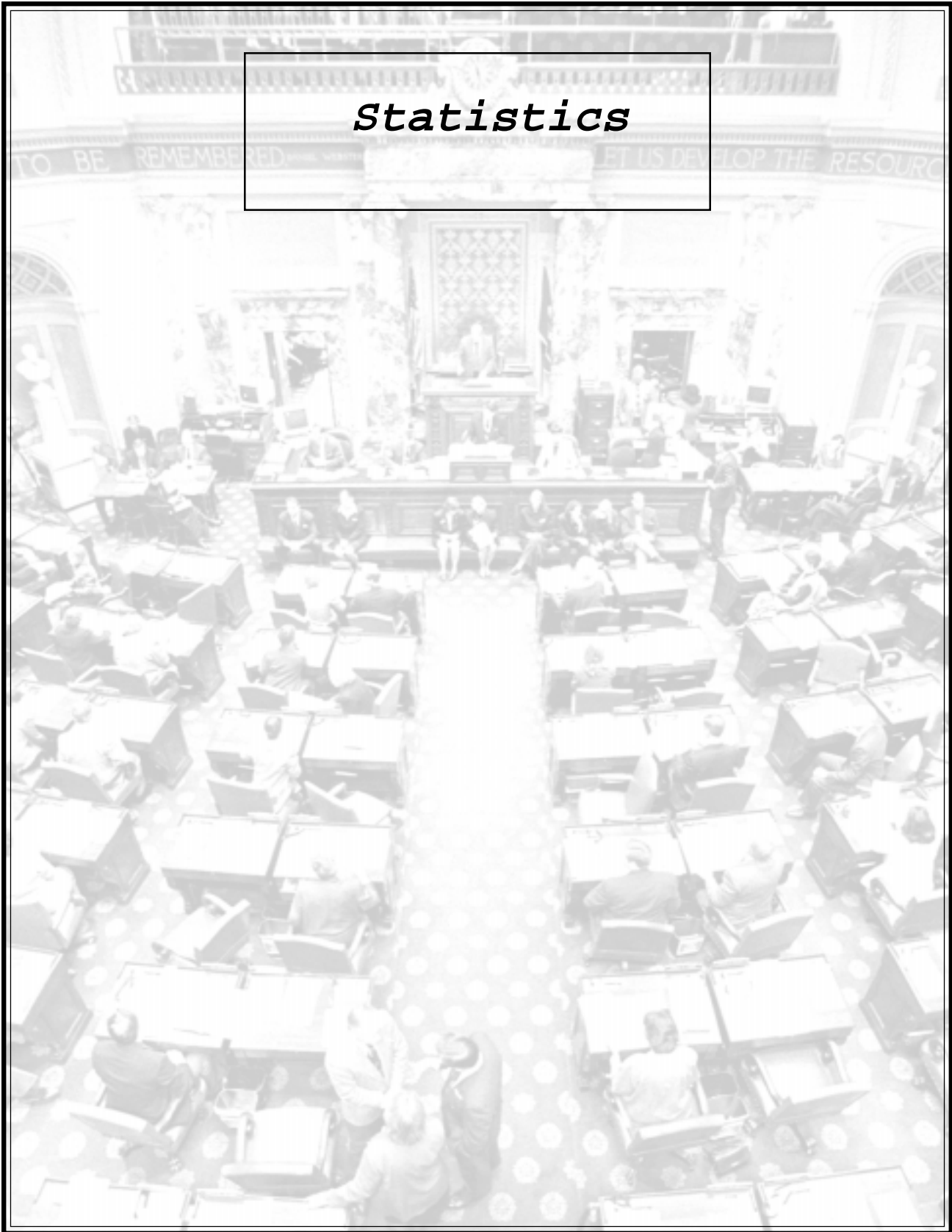
- Department of Natural Resources, Natural and Scenic Area Land Acquisition Grants, \$1,000,000
- Department of Natural Resources, Red Rock Rural Water System, \$125,000
- Department of Natural Resources, Reforestation, \$1,500,000
- Department of Natural Resources, Regional Parks: Greater Minnesota \$4,000,000
- Department of Natural Resources, Scientific and Natural Area Acquisition and Improvements, \$2,500,000
- Department of Natural Resources, State Forest Land Acquisition, \$500,000
- Department of Natural Resources, State Park Initiative, Big Bog State Recreation Area, \$1,600,000
- Department of Natural Resources, State Park Initiative, Red River State Recreation Area, \$2,900,000
- Department of Natural Resources, State Park and Recreation Area Acquisition, \$3,000,000
- Department of Natural Resources, State Trail Acquisition and Development, Blazing Star Trail, \$600,000
- Department of Natural Resources, State Trail Acquisition and Development, Gitchi-Gami Trail, \$725,000
- Department of Natural Resources, State Trail Acquisition and Development, Goodhue Pioneer Trail, \$475,000
- Department of Natural Resources, State Trail Acquisition and Development, Paul Bunyan Trail, \$500,000
- Department of Natural Resources, State Trail Acquisition and Development, Shooting Star Trail, \$450,000
- Department of Natural Resources, Stream Protection and Restoration, \$1,000,000
- Department of Natural Resources, Trail Connections, \$1,857,000
- Department of Natural Resources, Water Access Acquisition and Development, \$1,500,000
- Department of Trade and Economic Development, Fairmont Sports Complex, \$500,000
- Department of Trade and Economic Development, Greater Minnesota Business Development Infrastructure Grant Program, \$12,000,000
- Department of Trade and Economic Development, Itasca County Children's Museum, \$300,000
- Department of Trade and Economic Development, Minneapolis Empowerment Zone Projects, \$3,000,000
- Department of Trade and Economic Development, Olivia Center for Agricultural Innovation, \$1,000,000
- Department of Trade and Economic Development, Redevelopment Account, \$4,000,000
- Department of Trade and Economic Development, Roy Wilkins Auditorium, \$4,000,000
- Department of Trade and Economic Development, St. Cloud Civic Center Expansion, \$3,250,000
- Department of Trade and Economic Development, St. Paul Phalen Blvd., \$8,000,000
- Department of Trade and Economic Development, 2004 Renaissance, \$2,000,000
- Department of Trade and Economic Development, Wastewater Infrastructure Funding Program, \$30,600,000
- Department of Transportation, DM&E Working Group, \$500,000
- Department of Transportation, Duluth Aerial Lift Bridge, \$1,000,000
- Department of Transportation, Freight Access Improvements, \$7,000,000
- Department of Transportation, Greater Minnesota Transit Facilities, \$2,000,000

- Department of Transportation, Local Roads, \$10,000,000
- Department of Transportation, Port Development Assistance, \$3,000,000
- Department of Transportation, Radio Communications Statewide System, \$13,000,000
- Department of Transportation, Routes of Regional Significance, \$10,000,000
- Department of Transportation, Town Road Sign Replacement, \$1,000,000
- Iron Range Resources and Rehabilitation Board, Mesabi Station, \$1,500,000
- Metropolitan Council, Central Corridor Transitway, \$1,000,000
- Metropolitan Council, Livable Communities Grant Program, \$9,000,000
- Metropolitan Council, Park and Ride Facilities, \$500,000
- Minnesota Historical Society, County and Local Preservation Grants, \$300,000
- Minnesota Historical Society, Fort Belmont, \$200,000
- Minnesota Historical Society, New Brighton Caboose, \$100,000
- Minnesota Historical Society, Pipestone County Museum, \$125,000
- Minnesota State Colleges and Universities, Bemidji State University, \$1,000,000
- Minnesota State Colleges and Universities, Dakota Technical College, \$500,000
- Minnesota State Colleges and Universities, Fergus Falls Community College, \$760,000
- Minnesota State Colleges and Universities, Hennepin Technical College, \$2,000,000
- Minnesota State Colleges and Universities, Inver Hills Community College, \$500,000
- Minnesota State Colleges and Universities, Lake Superior Community and Technical College, \$700,000
- Minnesota State Colleges and Universities, Minnesota State University-Mankato-Phase 3, \$8,400,000
- Minnesota State Colleges and Universities, Minnesota West Community and Technical College Worthington, \$6,300,000
- Minnesota State Colleges and Universities, Northeast Higher Education District-Virginia, \$5,496,000
- Minnesota State Colleges and Universities, Northwest Technical College-Moorhead, \$400,000
- Minnesota State Colleges and Universities, Ridgewater Community and Technical College, \$2,880,000
- Minnesota State Colleges and Universities, St. Cloud State University, \$10,000,000
- Minnesota State Colleges and Universities, St. Cloud Technical College, \$700,000
- Minnesota State Colleges and Universities, South Central Technical College, \$300,000
- Minnesota State Colleges and Universities, Southeast Technical College, \$580,000
- Minnesota State Colleges and Universities, Southwest State University, \$9,200,000
- Minnesota State Colleges and Universities, Land Acquisition, \$1,000,000
- Minnesota Zoological Gardens, Phase 1 of Master Plan, \$8,184,000
- Office of Environmental Assistance, Solid Waste Capital Assistance Grants, \$3,600,000
- University of Minnesota, Minneapolis, Jones Hall, \$8,000,000
- University of Minnesota, Minneapolis, Translational Research Facility, \$24,700,000
- University of Minnesota, St. Paul, Teaching and Technology Center, \$3,000,000
- University of Minnesota, St. Paul, Veterinary Diagnostic Lab, \$1,500,000
- University of Minnesota, Morris, Social Science Building, \$8,600,000
- University of Minnesota, Research and Outreach Centers, \$2,508,000

Notable legislation in the bonding bill included:

- Authorizing the University of Minnesota, MnSCU, and the Commissioner of Administration, to use the unspent portion of an appropriation, not to exceed ten percent, for asset preservation at facilities under their jurisdiction.
- Clarifying the statutory language delineating the manner in which the one-third debt service requirement is calculated for the University of Minnesota and MnSCU, including the attribution of nonstate matches.
- Directing the Commissioner of Finance to combine, into a single account for the University of Minnesota, and a single account for MnSCU, the portion of the appropriation attributable to the amount budgeted for contingencies. The accounts will be under the control of the Board of Regents and the Board of Trustees. A report must be filed every even-numbered year delineating the use of the money in the account.
- Authorizing the Commissioner of Administration to enter into a long-term lease purchase agreement for up to 25 years for a facility for the Departments of Health, Human Services, and Agriculture.
- Delineating the procedures, to be used by the University of Minnesota, MnSCU, and the Commissioner of Administration, when using design-build method of construction.
- Establishing a shoreland protection program under which the Board of Water and Soil Resources may acquire conservation easements.
- Establishing the greater Minnesota business development public infrastructure grant program. The grants may be used to cover up to 50 percent of the cost infrastructure such as sewer and water, utilities, and streets, for an eligible economic development project.
- Replacing the current redevelopment account in the Department of Trade and Economic Development with a new greater Minnesota redevelopment account. Currently, 25 percent of the grants must go to projects outside the seven-county metro area. Under the new program, all the money goes to projects outside the metro area.
- Expanding the authority of the MnSCU Board of Trustees to acquire land adjacent to or near its two-year colleges.
- Creating a local road improvement fund whose primary funding source will be the general fund.
- Prohibiting the Metropolitan Council, the Commissioner of Transportation, and regional rail authorities from doing anything further to design or construct the Dan Patch Commuter Rail Line between Minneapolis and Northfield.
- Requiring the Commissioner of Transportation to convene a multi-agency group on the Dakota, Minnesota, and Eastern (DM&E) rail project mitigation.

Statistics

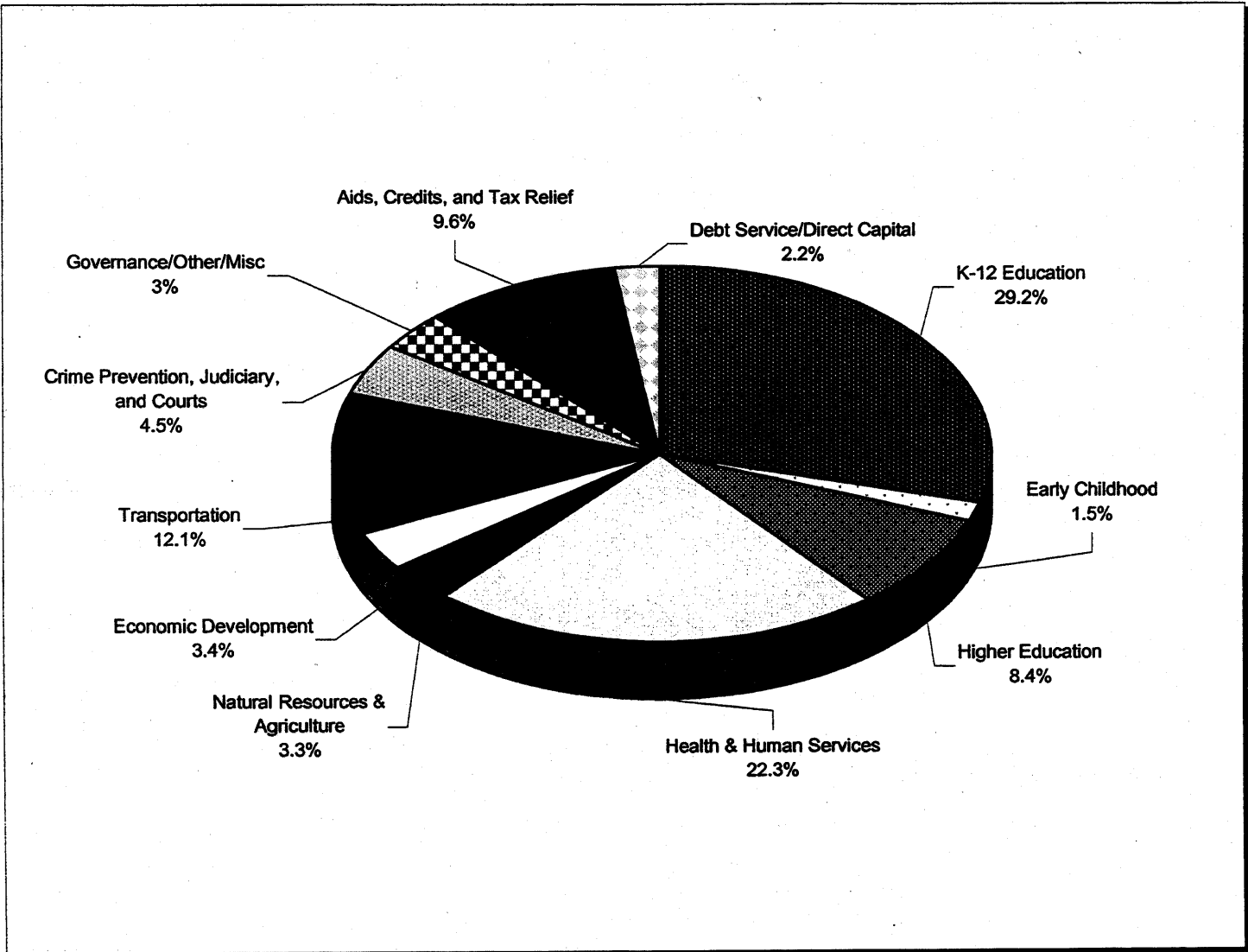


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**State Appropriations by Functional Area
2001-2003 Biennium
Total Appropriations (1): \$33,677,172,000**



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

Table A

**Summary of Biennial Appropriations by Fund
2001 & 2002 Legislative Sessions**

Fund	2001-2003 Biennium	2002 Changes	New Total
Agriculture Fund	\$ 39,158,000	\$ (336,000)	\$ 38,822,000
County-State Aid Highway	840,462,000	0	840,462,000
Debt Service (General Fund & Other Funds)	757,481,000	1,066,000	758,547,000
Endowment Fund	10,000	60,000	70,000
Endowment & Permanent School	43,000,000	1,703,000	44,703,000
Environmental	63,987,000	239,000	64,226,000
Environmental Trust Fund	34,165,000	316,000	34,481,000
Game and Fish	165,038,000	(1,808,000)	163,230,000
General Fund	26,416,940,000	(487,282,000)	25,929,658,000
Dedicated General Fund	284,062,000	(191,201,000)	92,861,000
Gifts	11,779,000	8,628,000	20,407,000
Greater Minnesota Transit	6,475,000	400,000	6,875,000
Health Care Access Fund	575,300,000	2,481,000	577,781,000
Highway User Tax Distribution	40,714,000	0	40,714,000
IRRRB Fund	62,593,000	(17,987,000)	44,606,000
Landfill Cleanup-Solid Waste Fund	78,002,000	(4,543,000)	73,459,000
Medical Education & Research	56,476,000	(23,413,000)	33,063,000
Medical Education & Research, Federal Sources	36,000,000	91,206,000	127,206,000
Metro Landfill Contingent	5,000,000	0	5,000,000
Metropolitan Area Transit	116,621,000	5,006,000	121,627,000
Minnesota Future Resources	15,110,000	0	15,110,000
Minnesota Technology, Inc., State Sources	16,173,000	(1,968,000)	14,205,000
Minnesota Technology, Inc., Federal Sources	4,000,000	0	4,000,000
Municipal-State Aid Street	220,786,000	0	220,786,000
Natural Resources	92,111,000	4,245,000	96,356,000
NE Minnesota Economic Protection	8,978,000	21,087,000	30,065,000
Petroleum Tank Release Cleanup	72,535,000	100,000	72,635,000
Special Revenue, State Sources	958,164,000	311,790,000	1,269,954,000
Special Revenue, Federal Sources	21,329,000	(2,402,000)	18,927,000
State Airports, State Sources	44,051,000	0	44,051,000
State Airports, Federal Sources	500,000	0	500,000
State Govt. Special Revenue	143,312,000	25,936,000	169,248,000
State Lottery Fund (1)	117,617,000	0	117,617,000
Tobacco Use Prevention	49,123,000	(393,000)	48,730,000
Trunk Highway, State Sources	1,696,129,000	0	1,696,129,000
Trunk Highway, Federal Sources	647,000,000	0	647,000,000
Workers' Compensation	374,640,000	(87,718,000)	286,922,000
Total State Appropriations (2):	\$ 34,114,821,000	\$ (344,788,000)	\$ 33,770,033,000
Federal Funds:	\$ 8,908,698,000	\$ 290,611,000	\$ 9,199,309,000
TOTAL APPROPRIATIONS:	\$ 43,023,519,000	\$ (54,177,000)	\$ 42,969,342,000

NOTES:

- (1) This item represents the statutory maximum of 15 percent of lottery gross revenues that may be annually credited to the lottery operations account.
- (2) The total state appropriations figure does not include cancellations.

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

	2001 Session	2002 Forecast & Legislative Changes	New 2001-2003 Biennium
I. RESOURCES			
A. Balance Forward	\$ 1,109,357,000	\$ 464,843,000	\$ 1,574,200,000
B. Taxes & Receipts (before 2002 Law Changes)			
Individual Income Taxes	14,498,138,000	(1,055,338,000)	13,442,800,000
Corporate Franchise Tax	1,951,880,000	(425,780,000)	1,526,100,000
Sales Tax	8,734,768,000	(670,315,000)	8,064,453,000
Motor Vehicle Tax	626,147,000	68,682,000	694,829,000
Inheritance & Estate Tax	140,000,000	(10,000,000)	130,000,000
Liquor, Wine, Beer	118,931,000	3,186,000	122,117,000
Cigarette and Tobacco Products Tax	341,078,000	(4,172,000)	336,906,000
Taconite Occupation & Production	4,250,000	(1,356,000)	2,894,000
Statewide Property Tax	888,000,000	2,851,000	890,851,000
Deed and Mortgage Tax	313,520,000	43,080,000	356,600,000
Insurance Gross Premiums	376,980,000	49,820,000	426,800,000
Telephone, Telegraph, & Other Gross	92,000	8,000	100,000
Lawful Gambling Tax	122,184,000	(5,138,000)	117,046,000
Health Care Provider Tax	262,466,000	10,993,000	273,459,000
Controlled Substance	100,000	20,000	120,000
Investment Income	175,000,000	(60,000,000)	115,000,000
Income Tax Reciprocity	92,704,000	4,540,000	97,244,000
Lottery Revenue	63,482,000	(5,708,000)	57,774,000
Departmental Earnings	379,640,000	0	379,640,000
Tobacco Settlements	313,708,000	(12,502,000)	301,206,000
Other Non-Dedicated Receipts	150,633,000	59,724,000	210,357,000
Total Taxes & Receipts (Before Law Changes):	\$ 29,553,701,000	\$ (2,007,405,000)	\$ 27,546,296,000
C. Revenue Refunds			
Individual Income Tax	(1,434,000,000)	(221,300,000)	(1,655,300,000)
Corporate Franchise Tax	(280,000,000)	(90,100,000)	(370,100,000)
Sales Tax	(411,947,000)	(66,709,000)	(478,656,000)
Other Agencies' Refunds	(20,000,000)	0	(20,000,000)
Other Refunds	(48,305,000)	1,704,000	(46,601,000)
Total Refunds:	\$ (2,194,252,000)	\$ (376,405,000)	\$ (2,570,657,000)
D. Transfers from Other Funds			
Other Special Revenue Funds	10,093,000	10,140,000	20,233,000
Cambridge Bank Special Fund	0	5,148,000	5,148,000
All Other Transfers	79,935,000	(33,443,000)	46,492,000
New Legislation Transfers	0	297,298,000	297,298,000
Total Transfers:	\$ 90,028,000	\$ 279,143,000	\$ 369,171,000
E. 2002 Law Changes			
Individual Income Taxes	0	(4,900,000)	(4,900,000)
Corporate Income Taxes	0	1,790,000	1,790,000
Sales Tax	0	27,805,000	27,805,000
Deed and Mortgage Tax	0	400,000	400,000
Departmental Earnings	0	(401,000)	(401,000)
Income Tax Reciprocity	0	5,500,000	5,500,000
Miscellaneous Non-Dedicated Revenues	0	180,575,000	180,575,000
Law Changes:	\$ 0	\$ 210,769,000	\$ 210,769,000
F. Prior Year Adjustments	\$ 20,200,000	\$ (137,357,000)	\$ (117,157,000)
G. Total Dedicated Revenues	\$ 284,062,000	\$ (191,201,000)	\$ 92,861,000
TOTAL REVENUES	\$ 28,863,096,000	\$ (1,757,613,000)	\$ 27,105,483,000

	2001 Session	2002 Forecast & Legislative Changes	New 2001-2003 Biennium
II. APPROPRIATIONS			
A. Budget Divisions			
Elementary and Secondary Education	9,499,923,000	277,341,000	9,777,264,000
Family and Early Childhood Education	544,042,000	(43,322,000)	500,720,000
Higher Education	2,854,253,000	(46,412,000)	2,807,841,000
Health and Family Security	6,273,586,000	56,635,000	6,330,221,000
Environment and Agriculture	415,616,000	(22,516,000)	393,100,000
Economic Development	371,981,000	11,503,000	383,484,000
Transportation	216,744,000	214,425,000	431,169,000
Crime Prevention and Judiciary	1,369,908,000	(115,000)	1,369,793,000
State Government and Departments	650,850,000	(3,711,000)	647,139,000
Capital Projects and Other Changes	6,550,000	(109,163,000)	(102,613,000)
Property Tax Reform	493,229,000	(130,314,000)	362,915,000
Total Budget Divisions:	\$ 22,696,682,000	\$ 204,351,000	\$ 22,901,033,000
B. Open and Standing Appropriations			
Aids and Credits	3,396,948,000	(659,963,000)	2,736,985,000
Debt Service	629,739,000	(21,779,000)	607,960,000
Other Open and Standing	506,835,000	(23,040,000)	483,795,000
Total Open and Standing Appropriations:	\$ 4,533,522,000	\$ (704,782,000)	\$ 3,828,740,000
C. Transfer to Other Funds			
	\$ 163,120,000	\$ (1,318,000)	\$ 161,802,000
TOTAL APPROPRIATIONS	\$ 27,393,324,000	\$ (501,749,000)	\$ 26,891,575,000
TOTAL REVENUES AND RECEIPTS			
	\$ 28,863,096,000	\$ (1,757,613,000)	\$ 27,105,483,000
TOTAL APPROPRIATIONS -- GROSS			
	\$ 27,393,324,000	\$ (501,749,000)	\$ 26,891,575,000
Dedicated Expenditures	284,062,000	(191,201,000)	92,861,000
Dept. of Human Services RTC Collections (1)	(130,328,000)	0	(130,328,000)
Indirect Cost Receipts	(53,197,000)	13,149,000	(40,048,000)
Less Cancellations	(20,000,000)	(7,800,000)	(27,800,000)
TOTAL APPROPRIATIONS -- NET	\$ 27,473,861,000	\$ (687,601,000)	\$ 26,786,260,000
Reserves			
Cash Flow Account	350,000,000	(350,000,000)	0
Budget Reserve	653,000,000	(333,895,000)	319,105,000
Dedicated Reserves	151,357,000	(151,357,000)	0
Total Reserves:	\$ 1,154,357,000	\$ (835,252,000)	\$ 319,105,000
UNRESTRICTED BUDGETARY BALANCE	\$ 234,878,000		\$ 118,000

NOTES:

(1) Dept. of Human Services Regional Treatment Center receipts already counted in the appropriation for Medial Assistance and GAMC federal funds.

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

	2001-2003 Biennium	Forecast & Estimate Changes	2002 Legislative Changes	Biennium Total
Aids and Credits				
Property Tax Refund				
Renters	\$ 249,474,000	\$ (2,932,000)	\$ 0	\$ 246,542,000
Homeowners	149,807,000	10,392,000	0	160,199,000
Targeting	3,136,000	727,000	0	3,863,000
Aid to Local Governments	972,073,000	6,979,000	0	979,052,000
Disparity Aid				
School Districts	20,688,000	(1,919,000)	0	18,769,000
Cities, Towns, Counties	22,324,000	991,000	0	23,315,000
Border City Disparity Credit				
School Districts	2,909,000	(669,000)	0	2,240,000
Cities, Towns, Counties	4,584,000	1,479,000	0	6,063,000
Attached Machinery Aid				
School Districts	1,672,000	0	0	1,672,000
Cities, Towns, Counties	4,764,000	0	0	4,764,000
Homestead & Agricultural Credit Aid (HACA)				
School Districts	31,401,000	(11,327,000)	0	20,074,000
Cities, Towns, Counties	944,210,000	(266,425,000)	0	677,785,000
Region 3 Occupation Tax Distribution & Taconite Aid				
	2,458,000	(234,000)	0	2,224,000
Supplemental Homestead Property Tax Relief				
	1,166,000	3,829,000	0	4,995,000
Regional Transit Board Levy Reduction				
	2,101,000	53,000	0	2,154,000
Disaster & Flood Relief Aid				
School Districts	61,000	(51,000)	0	10,000
Cities, Towns, Counties	89,000	(63,000)	0	26,000
Enterprise Zone Credit				
School Districts	2,000	0	0	2,000
Cities, Towns, Counties	6,000	(2,000)	0	4,000
Family Preservation Aid				
	45,960,000	90,000	0	46,050,000
Education Homestead and Agricultural Credits				
	906,636,000	(400,557,000)	0	506,079,000
Political Contribution Refunds				
	9,879,000	721,000	0	10,600,000
Payments in Lieu of Taxes-DNR Lands				
	23,494,000	246,000	0	23,740,000
Total Aids and Credits:	\$ 3,398,894,000	\$ (658,672,000)	\$ 0	\$ 2,740,222,000

Property Tax Reform

Property Tax Aids and Rate Reforms

Market Value Homestead Credit	\$ 328,620,000	\$ 9,359,000	\$ 0	\$ 337,979,000
TIF Grant Aid/Penalties	134,400,000	(5,400,000)	(129,000,000)	0
Replace Taconite Production Tax	25,200,000	(5,273,000)	0	19,927,000
Met Council Trans. Funding and DOT Owned Lands	5,009,000	0	0	5,009,000
Metropolitan Area Transit Fund	116,621,000	5,006,000	0	121,627,000
Greater Minnesota Transit Fund	6,475,000	400,000	0	6,875,000
Total Tax Rebates and Property Tax Reform:	\$ 616,325,000	\$ 4,092,000	\$ (129,000,000)	\$ 491,417,000

	2001-2003 Biennium	Forecast & Estimate Changes	2002 Legislative Changes	Biennium Total
Elementary and Secondary Education				
General Education	\$ 6,413,086,000	\$ 794,057,000	\$ (1,901,000)	\$ 7,205,242,000
General Education Levy Takeover	1,198,087,000	0	0	1,198,087,000
Transp. Aid for Post-Sec. Enrollment Options	150,000	0	0	150,000
Abatement Aid	14,790,000	(6,028,000)	0	8,762,000
Nonpublic Pupil Aid	30,571,000	(977,000)	0	29,594,000
Nonpublic Transportation	45,290,000	(719,000)	0	44,571,000
Consolidation Transition Aid	1,344,000	0	0	1,344,000
Other Local General Education	480,000	(666,000)	795,000	609,000
Endowment Fund	43,000,000	1,703,000	0	44,703,000
Gift Fund	902,000	1,516,000	0	2,418,000
Disaster Relief Grants & Aid	1,649,000	0	0	1,649,000
Shift Payment of Education Aids (5)	0	0	(420,000,000)	(420,000,000)
Subtotal General Education:	7,749,349,000	788,886,000	(421,106,000)	8,117,129,000
Special Programs				
Special Education Aid	1,038,929,000	1,465,000	0	1,040,394,000
Excess Cost Aid	207,438,000	(21,309,000)	0	186,129,000
Other Special Education	23,101,000	(167,000)	0	22,934,000
HIV Training Sites	350,000	0	0	350,000
Web-Based Interagency Plan	500,000	0	(250,000)	250,000
Shift Excess Cost Payment Schedule	0	0	(26,520,000)	(26,520,000)
Subtotal Special Programs:	1,270,318,000	(20,011,000)	(26,770,000)	1,223,537,000
Education Excellence				
Advanced Placement/IB	4,000,000	0	(1,000,000)	3,000,000
Statewide Testing	15,500,000	0	0	15,500,000
Charter School Building Lease Aid	41,730,000	(13,941,000)	0	27,789,000
Charter School Start-Up Grants & Integration Aid	5,976,000	(2,255,000)	0	3,721,000
Best Practice Seminars	8,740,000	0	(1,300,000)	7,440,000
Metro Magnet School Grants & Aid	2,308,000	(11,000)	0	2,297,000
Integration Aid	117,474,000	(33,000)	0	117,441,000
Integration Grants	2,000,000	0	0	2,000,000
Inter-District Desegregation	2,932,000	0	0	2,932,000
Indian Education Programs	8,404,000	(123,000)	0	8,281,000
Tribal Contract Schools	5,423,000	(750,000)	0	4,673,000
First Grade Preparedness Program	14,400,000	0	0	14,400,000
Secondary Vocational Education Aid	1,242,000	0	0	1,242,000
Education Employment Transition	1,550,000	0	(775,000)	775,000
Youthworks Program	3,576,000	0	0	3,576,000
MN School-to-Work Student Organizations	1,250,000	0	0	1,250,000
Learn & Earn Program	725,000	0	0	725,000
Urban Educator Program	2,600,000	0	0	2,600,000
Other Local Programs and Grants	230,000	89,000	0	319,000
Alternative Teacher Compensation	8,000,000	0	(1,300,000)	6,700,000
Education Accountability Audits	2,500,000	0	(1,000,000)	1,500,000
Cancelled FY2000 Appropriation	0	0	(89,000)	(89,000)
Subtotal Education Excellence:	250,560,000	(17,024,000)	(5,464,000)	228,072,000
Facilities & Technology				
Debt Service Equalization Aid	60,916,000	(2,680,000)	0	58,236,000
Health and Safety	29,530,000	(7,500,000)	0	22,030,000
Alternative Facilities Aid	38,566,000	1,000	0	38,567,000
Interactive Television Levy Aid	1,547,000	0	0	1,547,000
Telecommunication Access Revenue	16,952,000	(652,000)	0	16,300,000
Local Legislation & Other Programs	100,000	0	0	100,000
Electronic Library for MN	800,000	0	0	800,000
Web-Based Courses	100,000	0	0	100,000
Subtotal Facilities & Technology:	148,511,000	(10,831,000)	0	137,680,000

	2001-2003 Biennium	Forecast & Estimate Changes	2002 Legislative Changes	Biennium Total
Nutrition Programs				
School Lunch and Milk Aid	\$ 17,660,000	\$ (450,000)	\$ 0	\$ 17,210,000
Summer Food Service	300,000	0	0	300,000
School Breakfast Aid	1,340,000	(20,000)	0	1,320,000
Fast Break to Learning	5,285,000	0	0	5,285,000
Subtotal Nutrition Programs:	24,585,000	(470,000)	0	24,115,000
Department of Children, Families, & Learning	60,824,000	0	(5,763,000)	55,061,000
Board of Teaching	1,374,000	0	(137,000)	1,237,000
MN Academic Excellence Foundation	750,000	0	(750,000)	0
Board of School Administrators	330,000	0	0	330,000
Special Revenue Fund Open/Statutory Approps.	10,128,000	4,299,000	0	14,427,000
Subtotal Dept. of Children, Families, & Learning:	73,406,000	4,299,000	(6,650,000)	71,055,000
Lola & Rudy Perpich Center for Arts Education	15,497,000	0	0	15,497,000
Gift Fund	2,104,000	217,000	0	2,321,000
Special Revenue Fund Open/Statutory Approps.	804,000	145,000	0	949,000
Subtotal Perpich Center for Arts Education:	18,405,000	362,000	0	18,767,000
Faribault Academies	21,729,000	7,000	0	21,736,000
Gift Fund	48,000	274,000	0	322,000
Special Revenue Fund Open/Statutory Approps.	1,838,000	570,000	0	2,408,000
Subtotal Faribault Academies:	23,615,000	851,000	0	24,466,000
State Appropriations:	\$ 9,558,749,000	\$ 746,062,000	\$ (459,990,000)	\$ 9,844,821,000
Federal Appropriations:	\$ 903,055,000	\$ 68,315,000	\$ 0	\$ 971,370,000
Total Elementary & Secondary Education:	\$ 10,461,804,000	\$ 814,377,000	\$ (459,990,000)	\$ 10,816,191,000

Early Childhood & Family Education

Children & Family Support Programs

School Readiness	\$ 20,790,000	\$ 0	\$ 0	\$ 20,790,000
Early Childhood Family Education (ECFE)	41,421,000	(48,000)	0	41,373,000
Health & Developmental Screening Aid	5,322,000	0	0	5,322,000
Way to Grow - Early Childhood Grants	950,000	0	0	950,000
Head Start	36,750,000	0	0	36,750,000
School-Age/Extended Day Aid	354,000	(33,000)	0	321,000
Child Care - Basic Sliding Fee	108,779,000	0	(3,500,000)	105,279,000
TANF/MFIP Child Care	160,859,000	(32,721,000)	0	128,138,000
Child Care Development	3,730,000	0	(500,000)	3,230,000
Child Care Integrity	350,000	0	0	350,000
Subtotal Children & Family Support Programs:	379,305,000	(32,802,000)	(4,000,000)	342,503,000

Prevention

Family Collaborative	2,340,000	0	0	2,340,000
Community Education Aid	27,320,000	(4,935,000)	0	22,385,000
Adults with Disabilities Program Aid	1,489,000	0	0	1,489,000
Violence Prevention Education Grants	2,755,000	0	0	2,755,000
Abused Children Programs	1,890,000	0	0	1,890,000
Children's Trust Fund	1,750,000	0	0	1,750,000
Family Visitation Centers	400,000	0	0	400,000
After School Enrichment Grants	11,020,000	0	0	11,020,000
Chemical Abuse Prevention Grants	350,000	0	0	350,000
Meadowbrook Collaborative	50,000	0	0	50,000
Guard Our Youth (Military Affairs)	191,000	0	0	191,000
Gift Fund	114,000	4,000	0	118,000
Subtotal Prevention:	49,669,000	(4,931,000)	0	44,738,000

	2001-2003 Biennium	Forecast & Estimate Changes	2002 Legislative Changes	Biennium Total
Self-Sufficiency & Life-Long Learning				
MN Economic Opportunity Grants	\$ 17,028,000	\$ 0	\$ 0	\$ 17,028,000
Transitional Housing Programs	3,976,000	0	0	3,976,000
Foodshelf Programs	2,556,000	0	0	2,556,000
Adult Education Programs	74,057,000	(1,585,000)	(200,000)	72,272,000
Lead Hazard Reduction	200,000	0	0	200,000
Emergency Services Grants	1,200,000	0	0	1,200,000
Family Assets for Independence	500,000	0	0	500,000
State Govt. Special Revenue - Open/Statutory	0	192,000	0	192,000
Special Revenue Fund Open/Statutory Approps.	7,025,000	4,360,000	0	11,385,000
Subtotal Self-Sufficiency & Life-Long Learning:	106,542,000	2,967,000	(200,000)	109,309,000
Libraries				
Basic Support Grants	17,140,000	0	0	17,140,000
Multicounty, Mutitype Library Grants	1,806,000	0	0	1,806,000
Regional Library Telecommunications Aid	2,400,000	0	200,000	2,600,000
Subtotal Libraries:	21,346,000	0	200,000	21,546,000
State Appropriations: \$	556,862,000	\$ (34,766,000)	\$ (4,000,000)	\$ 518,096,000
Federal Appropriations: \$	237,174,000	\$ 59,134,000	\$ 0	\$ 296,308,000
Total Early Childhood & Family Education: \$	794,036,000	\$ 24,368,000	\$ (4,000,000)	\$ 814,404,000

Higher Education

Higher Education Services Office

Agency Administration	\$ 7,761,000	\$ 0	\$ (519,000)	\$ 7,242,000
State Scholarships and Grants	236,266,000	0	9,455,000	245,721,000
Interstate Tuition	10,500,000	0	(2,500,000)	8,000,000
State Work-Study	24,888,000	0	0	24,888,000
Minitex Library Program	11,736,000	0	(1,941,000)	9,795,000
Learning Network of MN	12,158,000	0	(1,170,000)	10,988,000
Edvest	3,040,000	0	(2,000,000)	1,040,000
Appropriation Carried Forward (1)	100,000	8,588,000	0	8,688,000
Special Revenue Fund Open/Statutory Approps.	324,000	0	0	324,000
Subtotal Higher Education Services Office:	306,773,000	8,588,000	1,325,000	316,686,000
MN State Colleges & Universities	1,241,567,000	0	(22,692,000)	1,218,875,000
Special Revenue Fund Open/Statutory Approps.	0	209,000	0	209,000
Subtotal MN State Colleges & Universities:	1,241,567,000	209,000	(22,692,000)	1,219,084,000

University of Minnesota

Operations and Maintenance	1,145,145,000	0	(23,633,000)	1,121,512,000
Health Sciences	11,692,000	0	0	11,692,000
Institute of Technology	3,290,000	0	0	3,290,000
System Specials	15,160,000	0	0	15,160,000
Agriculture and Extension Service	117,676,000	0	0	117,676,000
Medical Education & Research Fund	35,289,000	(2,490,000)	0	32,799,000
State Govt. Special Revenue - Open/Statutory	90,000	0	0	90,000
Subtotal University of Minnesota:	1,328,342,000	(2,490,000)	(23,633,000)	1,302,219,000

University of MN Biomedical Investment Grant	10,000,000	0	(10,000,000)	0
Mayo Medical Foundation	3,274,000	0	0	3,274,000

State Appropriations: \$	2,889,956,000	\$ 6,307,000	\$ (55,000,000)	\$ 2,841,263,000
Federal Appropriations: \$	6,512,000	\$ 0	\$ 0	\$ 6,512,000
Total Higher Education: \$	2,896,468,000	\$ 6,307,000	\$ (55,000,000)	\$ 2,847,775,000

	2001-2003 Biennium	Forecast & Estimate Changes	2002 Legislative Changes	Biennium Total
Health & Human Services				
Department of Human Services				
Financial & Management Administration	\$ 77,117,000	\$ 0	\$ (11,686,000)	\$ 65,431,000
Children's Grants & Services	142,032,000	1,907,000	(786,000)	143,153,000
Health Care Programs				
Medical Assistance Grants	2,101,151,000	(31,089,000)	(4,352,000)	2,065,710,000
Transfer to Nonentitlement Mental Health Grants	0	(5,403,000)	0	(5,403,000)
Health Care Management	36,627,000	0	(28,000)	36,599,000
Medical Assistance - Long-term Care	2,142,217,000	18,395,000	9,615,000	2,170,227,000
General Assistance Medical Care	335,314,000	77,566,000	0	412,880,000
Prescription Drug Program	12,649,000	0	0	12,649,000
State Operated Treatment Centers	418,455,000	0	(4,520,000)	413,935,000
Continuing Care & Community Support Grants				
Community Social Services Block Grants	98,405,000	0	(4,990,000)	93,415,000
Community Care & Support Grants	59,341,000	3,549,000	(1,538,000)	61,352,000
Mental Health Grants	105,594,000	0	0	105,594,000
Alternative Care Grants	165,529,000	0	0	165,529,000
Group Residential Housing Grants	166,617,000	1,294,000	(4,600,000)	163,311,000
Chemical Dependency Grants	96,263,000	(1,084,000)	0	95,179,000
Support Management	46,415,000	0	0	46,415,000
Economic Support Grants				
Assistance to Families Grants / MFIP	59,337,000	50,351,000	0	109,688,000
General Assistance Grants	33,637,000	10,728,000	0	44,365,000
Work Grants	19,688,000	0	(504,000)	19,184,000
Minnesota Supplemental Aid	61,029,000	(3,068,000)	0	57,961,000
Child Support Enforcement	15,137,000	0	0	15,137,000
Administration	68,968,000	0	0	68,968,000
Refugee Service	500,000	0	0	500,000
Delay County Human Services Payments	0	0	(36,916,000)	(36,916,000)
Federal Reimbursement	(68,153,000)	0	4,841,000	(63,312,000)
Special Revenue Fund Open/Statutory Approps.	167,124,000	80,343,000	0	247,467,000
State Govt. Special Revenue - Open/Statutory	2,801,000	52,000	0	2,853,000
Gift Fund	54,000	245,000	0	299,000
Claims Against the State	8,000	0	0	8,000
Appropriation Carried Forward (1)	0	1,347,000	0	1,347,000
Subtotal Department of Human Services:	6,363,856,000	205,133,000	(55,464,000)	6,513,525,000
Ombudsman for Mental Health & Retardation	2,881,000	0	0	2,881,000
Appropriation Carried Forward (1)	0	16,000	0	16,000
Subtotal Ombudsman for Ment. Health & Ret.:	2,881,000	16,000	0	2,897,000
Ombudsman for Families	481,000	0	0	481,000
MinnesotaCare/Health Care Access Fund				
Department of Health	20,230,000	0	0	20,230,000
Department of Human Services	484,270,000	0	15,368,000	499,638,000
Department of Revenue	3,495,000	0	0	3,495,000
University of Minnesota	5,074,000	0	0	5,074,000
Legislative Coordinating Commission	300,000	0	0	300,000
HCAF Open/Statutory Appropriations	61,931,000	(12,962,000)	0	48,969,000
Subtotal MinnesotaCare:	575,300,000	(12,962,000)	15,368,000	577,706,000

	2001-2003 Biennium	Forecast & Estimate Changes	2002 Legislative Changes	Biennium Total
Department of Health				
Health Protection	\$ 62,105,000	\$ 0	\$ (1,002,000)	\$ 61,103,000
Health Systems	140,495,000	0	(12,730,000)	127,765,000
Health Management & Support Services	11,322,000	0	(750,000)	10,572,000
Appropriation Carried Forward (1)	0	57,000	0	57,000
Special Revenue Fund Open/Statutory Approps.	63,110,000	3,124,000	0	66,234,000
Medical Education & Research Fund	57,187,000	70,283,000	0	127,470,000
Tobacco Use Prevention Fund Approps.	49,123,000	(393,000)	0	48,730,000
Gift Fund	512,000	194,000	0	706,000
State Govt. Special Rev. Open/Statutory Approps.	1,102,000	226,000	0	1,328,000
Subtotal Department of Health:	384,956,000	73,491,000	(14,482,000)	443,965,000
Health-Related Boards				
Health-Related Boards	30,238,000	0	207,000	30,445,000
Appropriation Carried Forward (1)	0	86,000	0	86,000
Special Revenue Fund Open/Statutory Approps.	3,126,000	262,000	0	3,388,000
Gift Fund	10,000	15,000	0	25,000
State Govt. Special Rev. Open/Statutory Approps.	632,000	(65,000)	0	567,000
Subtotal Health-Related Boards:	34,006,000	298,000	207,000	34,511,000
Veterans Nursing Homes Board				
Veterans Nursing Homes Board	60,978,000	0	900,000	61,878,000
Gift Fund	1,466,000	821,000	0	2,287,000
Special Revenue Fund Transfer Adjustment	(6,465,000)	3,636,000	0	(2,829,000)
Subtotal Veterans Nursing Homes Board:	55,979,000	4,457,000	900,000	61,336,000
Council on People with Disabilities				
Council on People with Disabilities	1,406,000	0	0	1,406,000
Appropriation Carried Forward (1)	0	2,000	0	2,000
Subtotal Council on People with Disabilities:	1,406,000	2,000	0	1,408,000
State Appropriations: \$ 7,418,865,000 \$ 270,435,000 \$ (53,471,000) \$ 7,635,829,000				
Federal Appropriations: \$ 6,268,931,000 \$ 98,636,000 \$ 0 \$ 6,367,567,000				
Total Health & Human Services: \$ 13,687,796,000 \$ 369,071,000 \$ (53,471,000) \$ 14,003,396,000				

Environment & Agriculture

Department of Agriculture				
Protection Service	\$ 23,894,000	\$ 0	\$ (250,000)	\$ 23,644,000
Agricultural Marketing and Development	11,155,000	0	(92,000)	11,063,000
Administration and Financial Assistance	9,801,000	0	(494,000)	9,307,000
Cancelled FY2000 Appropriation	0	0	(43,000)	(43,000)
Appropriation Carried Forward (1)	0	645,000	0	645,000
Special Revenue Fund Open/Statutory Approps.	7,031,000	4,921,000	0	11,952,000
Environmental Fund Open/Statutory Approps.	936,000	0	0	936,000
Gift Fund	130,000	176,000	0	306,000
Agricultural Fund Open/Statutory Approps.	38,758,000	(336,000)	0	38,422,000
Subtotal Department of Agriculture:	91,705,000	5,406,000	(879,000)	96,232,000
Agricultural Utilization Research Institute				
Agricultural Utilization Research Institute	8,410,000	0	(801,000)	7,609,000
Board of Animal Health				
Board of Animal Health	5,836,000	0	0	5,836,000
Appropriation Carried Forward (1)	0	110,000	0	110,000
Subtotal Board of Animal Health:	5,836,000	110,000	0	5,946,000
Board of Water & Soil Resources				
Board of Water & Soil Resources	37,990,000	0	(1,754,000)	36,236,000
Appropriation Carried Forward (1)	0	350,000	0	350,000
Special Revenue Fund Open/Statutory Approps.	310,000	47,000	0	357,000
Subtotal Board of Water & Soil Resources:	38,300,000	397,000	(1,754,000)	36,943,000
Ethanol Producer Payments				
Ethanol Producer Payments	70,892,000	0	0	70,892,000
Minnesota Horticultural Society				
Minnesota Horticultural Society	164,000	0	(16,000)	148,000

	2001-2003 Biennium	Forecast & Estimate Changes	2002 Legislative Changes	Biennium Total
Department of Natural Resources				
Operations Support	\$ 66,966,000	\$ 0	\$ (2,983,000)	\$ 63,983,000
Land and Water Resources Management	24,955,000	0	(563,000)	24,392,000
Mineral Resources Management	14,352,000	0	(89,000)	14,263,000
Forest Management	73,896,000	0	(599,000)	73,297,000
Fish and Wildlife Management	122,049,000	0	(158,000)	121,891,000
Parks and Recreation Management	81,463,000	0	(317,000)	81,146,000
Enforcement	49,960,000	0	(199,000)	49,761,000
Trails and Waterways	38,879,000	0	1,323,000	40,202,000
Appropriation Carried Forward (1)	0	45,000	0	45,000
Leech Lake and White Earth Reservation	4,998,000	(40,000)	0	4,958,000
1854 Indian Treaty Settlement	9,857,000	(6,000)	0	9,851,000
Wildlife Management Lands in Lieu of Taxes	172,000	124,000	0	296,000
DNR Firefighting	14,358,000	(1,065,000)	0	13,293,000
Game and Fish Fund Open/Statutory Approps.	6,156,000	(1,958,000)	0	4,198,000
Natural Resources Fund Open/Statutory Approps.	1,645,000	1,380,000	0	3,025,000
Special Revenue Fund Open/Statutory Approps.	29,319,000	14,404,000	0	43,723,000
Gift Fund	2,820,000	2,803,000	0	5,623,000
State Govt. Special Revenue Fund Open Approps.	233,000	0	0	233,000
Environmental Fund Open/Statutory Approps.	520,000	0	0	520,000
Claims Against the State	135,000	0	0	135,000
Off-Highway Vehicle Trails	0	0	1,215,000	1,215,000
Subtotal Department of Natural Resources:	542,733,000	15,687,000	(2,370,000)	556,050,000
Zoological Board				
	15,417,000	0	(383,000)	15,034,000
Special Revenue Fund Open/Statutory Approps.	19,235,000	315,000	0	19,550,000
Gift Fund	2,556,000	253,000	0	2,809,000
Subtotal Zoological Board:	37,208,000	568,000	(383,000)	37,393,000
Minnesota-Wisc. Boundary Area Commission	393,000	(322,000)	0	71,000
Minnesota Resources				
LCMR Administration	1,535,000	0	62,000	1,597,000
Recreation	23,180,000	0	0	23,180,000
Water Quality	1,970,000	0	0	1,970,000
Environment & Natural Resources-Based Industries	740,000	0	0	740,000
Decision-Making Tools	1,777,000	0	0	1,777,000
Environmental Education	1,970,000	0	254,000	2,224,000
Critical Lands or Habitats	18,280,000	0	0	18,280,000
Energy	90,000	0	0	90,000
Subtotal Minnesota Resources:	49,542,000	0	316,000	49,858,000
Pollution Control Agency				
Protection of the Water	32,741,000	0	0	32,741,000
Protection of the Air	15,592,000	0	0	15,592,000
Protection of the Land	20,380,000	0	0	20,380,000
General Support	4,315,000	0	(510,000)	3,805,000
Integrated Environmental Programs	31,368,000	0	0	31,368,000
Appropriation Carried Forward (1)	0	252,000	0	252,000
Solid Waste Fund Open/Statutory Approps.	49,318,000	(17,114,000)	0	32,204,000
Special Revenue Fund Open/Statutory Approps.	23,599,000	2,324,000	0	25,923,000
State Govt. Special Revenue Fund Open Approps.	2,000	0	0	2,000
Environmental Fund Open/Statutory Approps.	7,567,000	(234,000)	0	7,333,000
Metro Landfill Contingency Open/Stat. Approps.	4,000,000	0	0	4,000,000
Deficiency Solid Waste FY2001 Appropriation	500,000	0	0	500,000
Subtotal Pollution Control Agency:	189,382,000	(14,772,000)	(510,000)	174,100,000
Science Museum of Minnesota	2,600,000	0	(65,000)	2,535,000

	2001-2003 Biennium	Forecast & Estimate Changes	2002 Legislative Changes	Biennium Total
Office of Environmental Assistance	\$ 15,424,000	\$ 34,000	\$ (648,000)	\$ 14,810,000
SCORE County Block Grants	28,016,000	0	(1,401,000)	26,615,000
Solid Waste Processing Grants	12,000,000	0	1,500,000	13,500,000
Special Revenue Fund Open/Statutory Approps.	0	4,000	0	4,000
Environmental Fund Open/Statutory Approps.	5,147,000	(210,000)	0	4,937,000
Subtotal Office of Environmental Assistance:	60,587,000	(172,000)	(549,000)	59,866,000
Office of Strategic & Long-Range Planning: Reorganize State Water Programs	75,000	0	0	75,000
State Appropriations:	\$ 1,097,827,000	\$ 6,902,000	\$ (7,011,000)	\$ 1,097,718,000
Federal Appropriations:	\$ 89,416,000	\$ 11,911,000	\$ 0	\$ 101,327,000
Total Environment & Agriculture:	\$ 1,187,243,000	\$ 18,813,000	\$ (7,011,000)	\$ 1,199,045,000

Economic Development

Department of Trade & Economic Development

Tourism	\$ 20,130,000	\$ 0	\$ (886,000)	\$ 19,244,000
Administration	7,191,000	0	(447,000)	6,744,000
Business & Community Development	23,856,000	0	(115,000)	23,741,000
Minnesota Trade Office	5,080,000	0	(313,000)	4,767,000
Information & Analysis	3,299,000	0	(200,000)	3,099,000
Workforce Development	18,590,000	0	215,000	18,805,000
Special Revenue Fund Open/Statutory Approps.	54,325,000	122,012,000	0	176,337,000
IRRRB Fund Open/Statutory Appropriation	61,257,000	(17,753,000)	0	43,504,000
IRRRB Brd.-NE MN Economic Protection Fund	8,978,000	21,087,000	0	30,065,000
State Govt. Special Revenue Fund Open Approps.	0	150,000	0	150,000
Gift Fund Open/Statutory Appropriation	0	16,000	0	16,000
Appropriation Carried Forward (1)	0	3,076,000	0	3,076,000
Transfer from Gen. Fund to Workforce Dev. Fund	0	0	13,200,000	13,200,000
Subtotal Dept. of Trade & Economic Development:	202,706,000	128,588,000	11,454,000	342,748,000

Minnesota Technology, Incorporated	12,035,000	0	(750,000)	11,285,000
Minnesota Technology, Inc. Fund - Open Approps.	8,138,000	(1,968,000)	0	6,170,000
Special Revenue Fund Open/Statutory Approps.	35,000	2,000	0	37,000
Subtotal Minnesota Technology, Inc.:	20,208,000	(1,966,000)	(750,000)	17,492,000

Department of Economic Security

Workforce Services	22,171,000	0	(228,000)	21,943,000
Rehabilitation Services	46,242,000	0	(204,000)	46,038,000
Services for the Blind	10,007,000	0	(127,000)	9,880,000
Strike Salary Savings	0	0	(80,000)	(80,000)
Gift Fund	514,000	762,000	0	1,276,000
Special Revenue Fund Open/Statutory Approps.	21,867,000	1,804,000	0	23,671,000
Appropriation Carried Forward (1)	0	55,000	0	55,000
Subtotal Department of Economic Security:	100,801,000	2,621,000	(639,000)	102,783,000

Housing Finance Agency	105,264,000	0	(216,000)	105,048,000
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Department of Commerce

Financial Examinations	12,934,000	0	0	12,934,000
Administrative Services	11,855,000	0	(676,000)	11,179,000
Enforcement and Compliance	11,521,000	0	582,000	12,103,000
Petroleum Tank Release Cleanup Board	2,148,000	0	0	2,148,000
Telecommunications	1,994,000	0	0	1,994,000
Energy	7,693,000	0	0	7,693,000
Weights and Measurers	6,644,000	0	(206,000)	6,438,000
Hydro/Wind Power	4,188,000	0	0	4,188,000
School Employee Health Insurance Study	0	0	670,000	670,000
Special Revenue Fund Open/Statutory Approps.	23,590,000	14,260,000	0	37,850,000
Petro Tank Release Fund Open/Stat. Approps.	63,260,000	100,000	0	63,360,000
Subtotal Department of Commerce:	145,827,000	14,360,000	370,000	160,557,000

	2001-2003 Biennium	Forecast & Estimate Changes	2002 Legislative Changes	Biennium Total
Non Health-Related Boards	\$ 3,671,000	\$ (23,000)	\$ 0	\$ 3,648,000
Special Revenue Fund Open/Statutory Approps.	29,907,000	9,409,000	0	39,316,000
Subtotal Non Health-Related Boards:	33,578,000	9,386,000	0	42,964,000
Public Utilities Commission	8,157,000	0	0	8,157,000
Special Revenue Fund Open/Statutory Approps.	4,994,000	2,728,000	0	7,722,000
Appropriations Carried Forward	210,000	(142,000)	0	68,000
Subtotal Public Utilities Commission:	13,361,000	2,586,000	0	15,947,000
Department of Labor & Industry				
Workers' Comp. Regulation & Enforcement	22,090,000	0	0	22,090,000
Workplace Services	15,112,000	0	0	15,112,000
General Support	14,212,000	0	(726,000)	13,486,000
Workers' Comp. Fund Open/Stat. Approps.	312,074,000	(87,718,000)	0	224,356,000
Special Revenue Fund Open/Statutory Approps.	1,157,000	791,000	0	1,948,000
Subtotal Department of Labor & Industry:	364,645,000	(86,927,000)	(726,000)	276,992,000
Workers' Compensation Court of Appeals	3,187,000	0	0	3,187,000
Bureau of Mediation Services	4,566,000	1,000	(60,000)	4,507,000
Appropriation Carried Forward (1)	0	4,000	0	4,000
Special Revenue Fund Open/Statutory Approps.	342,000	57,000	0	399,000
Subtotal Bureau of Mediation Services:	4,908,000	62,000	(60,000)	4,910,000
Minnesota Historical Society	54,260,000	0	(800,000)	53,460,000
Special Revenue Fund Open/Statutory Approps.	1,496,000	0	0	1,496,000
Subtotal Minnesota Historical Society:	55,756,000	0	(800,000)	54,956,000
Indian Affairs Council	1,186,000	2,000	0	1,188,000
Special Revenue Fund Open/Statutory Approps.	548,000	1,243,000	0	1,791,000
Subtotal Indian Affairs Council:	1,734,000	1,245,000	0	2,979,000
Council on Chicano-Latino Affairs	682,000	11,000	0	693,000
Council on Black Minnesotans	698,000	13,000	0	711,000
Council on Asian-Pacific Minnesotans	611,000	17,000	0	628,000
State Appropriations:	\$ 1,053,966,000	\$ 69,996,000	\$ 8,633,000	\$ 1,132,595,000
Federal Appropriations:	\$ 698,579,000	\$ 35,815,000	\$ 0	\$ 734,394,000
Total Economic Development:	\$ 1,752,545,000	\$ 105,811,000	\$ 8,633,000	\$ 1,866,989,000

Transportation

State Roads

Construction	\$ 554,414,000	\$ 0	\$ 0	\$ 554,414,000
Highway Debt Service	43,463,000	0	0	43,463,000
Operations	444,465,000	0	0	444,465,000
Central Engineering Services	131,369,000	0	0	131,369,000
Research & Investment Management	24,398,000	0	0	24,398,000
Design & Engineering	180,381,000	0	0	180,381,000
Electronic Communications	11,363,000	0	0	11,363,000
Subtotal State Roads:	1,389,853,000	0	0	1,389,853,000

Local Roads

County State Aids	823,443,000	0	0	823,443,000
Municipal State Aids	216,296,000	0	0	216,296,000
County State Aids Open/Statutory Approps.	17,019,000	0	0	17,019,000
Municipal Street Aids Open/Statutory Approps.	4,490,000	0	0	4,490,000
Subtotal Local Roads:	1,061,248,000	0	0	1,061,248,000

	2001-2003 Biennium	Forecast & Estimate Changes	2002 Legislative Changes	Biennium Total
Public Transit: Metro & Greater MN				
Greater Minnesota Transit Assistance	\$ 36,699,000	\$ 0	\$ (400,000)	\$ 36,299,000
Met Council Transit	136,202,000	0	(2,715,000)	133,487,000
Subtotal Public Transit: Metro & Greater MN:	172,901,000	0	(3,115,000)	169,786,000
General Support & Management				
General Management	79,013,000	0	0	79,013,000
General Services	25,622,000	0	0	25,622,000
Motor Carrier Regulation	8,147,000	0	0	8,147,000
Railroads and Waterways	3,562,000	0	(60,000)	3,502,000
Buildings & Equipment	7,716,000	0	0	7,716,000
Subtotal General Support & Management:	124,060,000	0	(60,000)	124,000,000
Aeronautics				
Aviation Support	12,238,000	0	0	12,238,000
Airport Development and Assistance	28,596,000	0	0	28,596,000
Air Transportation Services	273,000	0	(50,000)	223,000
Civil Air Patrol	130,000	0	0	130,000
State Airport Fund Open/Statutory Approps.	3,096,000	0	0	3,096,000
Subtotal Aeronautics:	44,333,000	0	(50,000)	44,283,000
MN DOT Sales Tax Exemption	4,370,000	0	0	4,370,000
Federal Funds Included in Highway Operations, Technical Services & Program Management	575,000,000	0	0	575,000,000
MN DOT: Trunk Highway Open/Statutory Approps.	64,737,000	(95,000)	0	64,642,000
MN DOT: Special Revenue Open/Statutory Approps.	163,564,000	6,903,000	0	170,467,000
Capital Projects - Direct Appropriations				
Met Council Capital Projects	19,000,000	0	0	19,000,000
Capital Projects Reductions and Cancelations (4)	0	0	(47,800,000)	(47,800,000)
Carry Forward of Appropriation for Construction (6)	0	259,729,000	0	259,729,000
Department of Public Safety - Transportation				
Administration and Related Services	22,874,000	0	(500,000)	22,374,000
State Patrol	124,912,000	237,000	0	125,149,000
Driver and Vehicle Services	77,369,000	0	(105,000)	77,264,000
Pipeline Safety	1,973,000	0	0	1,973,000
Traffic Safety	641,000	0	0	641,000
Appropriation Carried Forward	56,000	6,184,000	0	6,240,000
Trunk Highway Open/Statutory Approps.	2,007,000	0	0	2,007,000
Gift Fund	123,000	117,000	0	240,000
Highway User Tax Open/Statutory Approps.	12,272,000	0	0	12,272,000
Transfer to Trunk Highway Fund	3,660,000	0	0	3,660,000
Subtotal Department of Public Safety:	245,887,000	6,538,000	(605,000)	251,820,000
State Appropriations:	\$ 3,864,953,000	\$ 273,075,000	\$ (51,630,000)	\$ 4,086,398,000
Federal Appropriations:	\$ 511,976,000	\$ 6,290,000	\$ 0	\$ 518,266,000
Total Transportation:	\$ 4,376,929,000	\$ 279,365,000	\$ (51,630,000)	\$ 4,604,664,000

	2001-2003 Biennium	Forecast & Estimate Changes	2002 Legislative Changes	Biennium Total
Crime Prevention & Judiciary				
Supreme Court				
Operations	\$ 10,429,000	\$ 0	\$ (454,000)	\$ 9,975,000
State Court Administrator	32,385,000	0	0	32,385,000
State Law Library	4,170,000	0	0	4,170,000
Low Income & Family Farm Legal Assistance	13,714,000	0	0	13,714,000
Family Law Legal Assistance	1,754,000	0	0	1,754,000
Special Revenue Fund Open/Statutory Approps.	2,290,000	325,000	0	2,615,000
Gift Fund	90,000	52,000	0	142,000
Court Information System	15,000,000	0	0	15,000,000
Appropriation Carried Forward (1)	0	90,000	0	90,000
Subtotal Supreme Court:	79,832,000	467,000	(454,000)	79,845,000
Court of Appeals				
Appropriation Carried Forward (1)	15,693,000	0	(86,000)	15,607,000
Subtotal Court of Appeals:	15,693,000	90,000	(86,000)	15,697,000
District Courts				
Board of Judicial Standards	256,013,000	8,701,000	(845,000)	263,869,000
Appropriation Carried Forward (1)	497,000	0	0	497,000
Board of Public Defense	0	1,000	0	1,000
Appropriation Carried Forward (1)	4,710,000	0	(1,153,000)	3,557,000
State Public Defender	0	89,000	0	89,000
District Public Defense	7,184,000	0	0	7,184,000
Tax Court	93,538,000	0	0	93,538,000
Appropriation Carried Forward (1)	1,486,000	0	0	1,486,000
Gift Fund	0	23,000	0	23,000
Special Revenue Fund Open/Statutory Approps.	6,000	16,000	0	22,000
Subtotal District Courts:	14,000	16,000	0	30,000
Subtotal District Courts:	363,448,000	8,846,000	(1,998,000)	370,296,000
Department of Public Safety - Crime Prevention				
Emergency Management	11,111,000	18,000	(200,000)	10,929,000
Criminal Apprehension	69,016,000	0	0	69,016,000
Fire Marshal	6,643,000	0	(84,000)	6,559,000
Alcohol & Gambling Enforcement	3,686,000	0	(84,000)	3,602,000
Law Enforcement & Community Grants	17,038,000	0	(2,319,000)	14,719,000
Special Revenue Fund Open/Statutory Approps.	29,195,000	6,057,000	0	35,252,000
State Govt. Special Revenue Fund Open Approps.	690,000	119,000	0	809,000
Felony-Level DWI Costs	84,000	0	0	84,000
Anti-Terrorism Act	0	0	13,000,000	13,000,000
Subtotal Department of Public Safety:	137,463,000	6,194,000	10,313,000	153,970,000
Crime Victims Services				
Crime Victims Ombudsman	64,338,000	150,000	(1,752,000)	62,736,000
Appropriation Carried Forward (1)	811,000	0	(411,000)	400,000
Subtotal Crime Victims Ombudsman:	0	13,000	0	13,000
Subtotal Crime Victims Ombudsman:	811,000	13,000	(411,000)	413,000
Private Detective & Protective Agency Lic. Board				
Private Detective & Protective Agency Lic. Board	292,000	0	0	292,000
Department of Corrections				
Management Services	26,529,000	0	(300,000)	26,229,000
Community Services	223,040,000	0	(7,913,000)	215,127,000
Correctional Institutions	459,666,000	0	(6,950,000)	452,716,000
Corrections Aid	62,847,000	103,000	0	62,950,000
Juvenile Services	28,267,000	0	(115,000)	28,152,000
Special Revenue Fund Open/Statutory Approps.	26,285,000	8,967,000	0	35,252,000
Claims against the State	13,000	0	0	13,000
Gift Fund	70,000	161,000	0	231,000
CRIMNET	1,500,000	0	0	1,500,000
Appropriation Carried Forward (1)	0	784,000	0	784,000
Subtotal Department of Corrections:	828,217,000	10,015,000	(15,278,000)	822,954,000

	2001-2003 Biennium	Forecast & Estimate Changes	2002 Legislative Changes	Biennium Total
Sentencing Guidelines Commission	\$ 1,073,000	\$ 0	\$ (55,000)	\$ 1,018,000
Appropriation Carried Forward (1)	0	1,000	0	1,000
Subtotal Sentencing Guidelines Commission:	1,073,000	1,000	(55,000)	1,019,000
Corrections Ombudsman	659,000	0	(168,000)	491,000
Appropriation Carried Forward (1)	0	11,000	0	11,000
Subtotal Corrections Ombudsman:	659,000	11,000	(168,000)	502,000
Board of Peace Officer Standards and Training	9,416,000	443,000	(179,000)	9,680,000
Department of Human Rights	8,180,000	113,000	0	8,293,000
Special Revenue Fund Open/Statutory Approps.	108,000	0	(207,000)	(99,000)
Subtotal Department of Human Rights:	8,288,000	113,000	(207,000)	8,194,000
Uniform Laws Commission	79,000	0	10,000	89,000
Attorney General: Felony-Level DWI Costs	127,000	0	0	127,000
State Appropriations:	\$ 1,509,736,000	\$ 26,343,000	\$ (10,265,000)	\$ 1,525,814,000
Federal Appropriations:	\$ 90,184,000	\$ 7,958,000	\$ 0	\$ 98,142,000
Total Crime Prevention & Judiciary:	\$ 1,599,920,000	\$ 34,301,000	\$ (10,265,000)	\$ 1,623,956,000

Government Operations

Veterans Affairs	\$ 8,903,000	\$ 0	\$ (180,000)	\$ 8,723,000
Appropriation Carried Forward (1)	0	384,000	0	384,000
Gift Fund	0	95,000	0	95,000
Special Revenue Fund Open/Statutory Approps.	98,000	255,000	0	353,000
Subtotal Veterans Affairs:	9,001,000	734,000	(180,000)	9,555,000
Veterans of Foreign Wars	110,000	0	0	110,000
Disabled American Veterans	26,000	0	0	26,000
Military Order of the Purple Heart	40,000	0	0	40,000
Amateur Sports Commission	1,334,000	0	(120,000)	1,214,000
Sports Facility Financing	1,500,000	0	0	1,500,000
Subtotal Amateur Sports Commission:	2,834,000	0	(120,000)	2,714,000
Department of Employee Relations				
Administration	17,290,000	0	(1,929,000)	15,361,000
Employee Insurance	140,000	0	0	140,000
Special Revenue Fund Open/Statutory Approps.	46,832,000	8,084,000	0	54,916,000
Subtotal Department of Employee Relations:	64,262,000	8,084,000	(1,929,000)	70,417,000
Retirement				
Minneapolis Employees' Retirement Fund	6,464,000	1,278,000	0	7,742,000
Local Police and Fire Amortization Aid	9,850,000	(1,491,000)	0	8,359,000
Police & Fire Supplemental Amortization Aid	2,000,000	(721,000)	0	1,279,000
Aid to Police and Fire Departments	133,005,000	(5,478,000)	0	127,527,000
Legislators' Retirement	14,051,000	(100,000)	0	13,951,000
Judges' Retirement	4,373,000	(415,000)	(2,004,000)	1,954,000
Teachers' Retirement	5,000,000	0	0	5,000,000
Firefighters' Relief Surcharge	840,000	40,000	0	880,000
Constitutional Officers' Retirement	731,000	0	0	731,000
Pension Uniformity	32,534,000	(486,000)	0	32,048,000
PERA/MSRS Changes	29,576,000	(404,000)	0	29,172,000
Claims Against the State	70,000	0	0	70,000
Subtotal Retirement:	238,494,000	(7,777,000)	(2,004,000)	228,713,000

	2001-2003 Biennium	Forecast & Estimate Changes	2002 Legislative Changes	Biennium Total
State Lottery Board	\$ 114,708,000	\$ 0	\$ 0	114,708,000
Lawful Gambling Control Board	4,941,000	0	(126,000)	4,815,000
Special Revenue Fund Open/Statutory Approps.	10,000	0	0	10,000
Subtotal Lawful Gambling Control Board:	4,951,000	0	(126,000)	4,825,000
Racing Commission	840,000	0	(21,000)	819,000
Appropriation Carried Forward (1)	0	2,000	0	2,000
Special Revenue Fund Open/Statutory Approps.	730,000	64,000	0	794,000
Subtotal Racing Commission:	1,570,000	66,000	(21,000)	1,615,000
Military Affairs				
Maintenance of Training Facilities	14,385,000	0	(2,851,000)	11,534,000
General Support	4,044,000	0	0	4,044,000
Enlistment Incentives	9,713,000	0	0	9,713,000
Special Revenue Fund Open/Statutory Approps.	885,000	0	0	885,000
Emergency Services	0	3,827,000	0	3,827,000
Appropriations Carried Forward	0	378,000	0	378,000
Subtotal Military Affairs:	29,027,000	4,205,000	(2,851,000)	30,381,000
Legislature				
Senate	46,939,000	0	(2,688,000)	44,251,000
House	58,353,000	0	(3,910,000)	54,443,000
Appropriation Carried Forward (1)	0	12,087,000	0	12,087,000
Legislative Coordinating Commission	30,957,000	0	(647,000)	30,310,000
Gift Fund	0	92,000	0	92,000
Special Revenue Fund Open/Statutory Approps.	1,200,000	0	0	1,200,000
Subtotal Legislature:	137,449,000	12,179,000	(7,245,000)	142,383,000
Governor and Lieutenant Governor	9,315,000	1,000	(962,000)	8,354,000
Secretary of State	12,509,000	0	(199,000)	12,310,000
Uniform Commercial Code Filing System	2,360,000	0	0	2,360,000
Special Revenue Fund Open/Statutory Approps.	100,000	269,000	0	369,000
Subtotal Secretary of State:	14,969,000	269,000	(199,000)	15,039,000
State Auditor	20,348,000	0	(1,043,000)	19,305,000
Special Revenue Fund Open/Statutory Approps.	56,000	0	0	56,000
Subtotal State Auditor:	20,404,000	0	(1,043,000)	19,361,000
State Treasurer	4,682,000	0	(30,000)	4,652,000
State Govt. Special Rev. Open/Stat. Approps.	0	2,953,000	0	2,953,000
Appropriation Carried Forward (1)	0	1,076,000	0	1,076,000
Subtotal State Treasurer:	4,682,000	4,029,000	(30,000)	8,681,000
Attorney General	59,189,000	0	(900,000)	58,289,000
Special Revenue Fund Open/Statutory Approps.	425,000	444,000	0	869,000
Claims Against the State	12,000	0	0	12,000
Subtotal Attorney General:	59,626,000	444,000	(900,000)	59,170,000
Investment Board	5,012,000	0	(127,000)	4,885,000
Campaign Finance and Public Disclosure Board	1,376,000	0	(35,000)	1,341,000
Appropriation Carried Forward (1)	0	35,000	0	35,000
Special Revenue Fund Open/Statutory Approps.	5,258,000	985,000	0	6,243,000
Subtotal Camp. Fin. & Public Disclosure Brd.:	6,634,000	1,020,000	(35,000)	7,619,000
Office of Administrative Hearings	15,385,000	0	0	15,385,000

	2001-2003 Biennium	Forecast & Estimate Changes	2002 Legislative Changes	Biennium Total
Department of Administration				
Operations Management	\$ 7,377,000	\$ 0	\$ (989,000)	\$ 6,388,000
Technology Management	59,543,000	0	4,518,000	64,061,000
Facilities Management	7,578,000	647,000	(714,000)	7,511,000
Management Services	7,591,000	0	(707,000)	6,884,000
Public Broadcasting	14,460,000	0	(67,000)	14,393,000
Fiscal Agent	1,904,000	0	(74,000)	1,830,000
Legislative & Veterans Organizations Rent	16,040,000	(524,000)	0	15,516,000
Special Revenue Fund Open/Statutory Approps.	20,644,000	(2,577,000)	0	18,067,000
State Govt. Special Rev. Open/Stat. Approps.	11,546,000	16,620,000	0	28,166,000
Gift Fund	240,000	143,000	0	383,000
Digital Public Broadcasting	0	0	7,800,000	7,800,000
Appropriations Carried Forward	2,690,000	684,000	0	3,374,000
Subtotal Department of Administration:	149,613,000	14,993,000	9,767,000	174,373,000
Capitol Area Architectural & Planning Board	638,000	3,000	(16,000)	625,000
Appropriation Carried Forward (1)	0	163,000	0	163,000
Subtotal Capitol Area Arch. & Planning Board:	638,000	166,000	(16,000)	788,000
Department of Finance	38,948,000	3,000	(5,383,000)	33,568,000
Appropriation Carried Forward (1)	0	88,000	0	88,000
Special Revenue Fund Open/Statutory Approps.	15,040,000	0	0	15,040,000
Transfer to Workforce Development Fund	0	0	2,800,000	2,800,000
Subtotal Department of Finance:	53,988,000	91,000	(2,583,000)	51,496,000
Department of Revenue				
Tax System Management	166,759,000	0	(6,400,000)	160,359,000
Accounts Receivable Operations	21,554,000	0	0	21,554,000
Outstanding Collections/Property	3,800,000	0	0	3,800,000
Administration & New Tax Law Changes	4,924,000	0	0	4,924,000
Other Aids, Credits, and Payments	8,864,000	44,000	0	8,908,000
Special Revenue Fund Open/Statutory Approps.	5,000,000	766,000	0	5,766,000
Claims Against the State	13,000	0	0	13,000
Revenue - Local Grant	0	0	2,600,000	2,600,000
Appropriations Carried Forward	1,400,000	4,192,000	0	5,592,000
Subtotal Department of Revenue:	212,314,000	5,002,000	(3,800,000)	213,516,000
Office of Strategic & Long-Range Planning	10,609,000	0	(1,160,000)	9,449,000
Appropriation Carried Forward (1)	0	23,000	0	23,000
Special Revenue Fund Open/Statutory Approps.	2,471,000	618,000	0	3,089,000
Subtotal Strategic & Long-Range Planning:	13,080,000	641,000	(1,160,000)	12,561,000
Board of Government Innovation and Cooperation	1,030,000	22,000	(793,000)	259,000
Arts Board	26,260,000	0	(526,000)	25,734,000
Gift Fund	0	552,000	0	552,000
Subtotal Arts Board:	26,260,000	552,000	(526,000)	26,286,000
Minnesota Humanities Commission	2,058,000	0	(41,000)	2,017,000
State Appropriations:	\$ 1,197,480,000	\$ 44,721,000	\$ (16,924,000)	\$ 1,225,277,000
Federal Appropriations:	\$ 102,871,000	\$ 2,552,000	\$ 0	\$ 105,423,000
Total Government Operations:	\$ 1,300,351,000	\$ 47,273,000	\$ (16,924,000)	\$ 1,330,700,000

	2001-2003 Biennium	Forecast & Estimate Changes	2002 Legislative Changes	Biennium Total
Miscellaneous				
Debt Service & Borrowing				
General Fund Debt Service	\$ 629,739,000	\$ (21,779,000)	\$ 5,272,000	\$ 613,232,000
Other Debt Service	127,742,000	1,066,000	0	128,808,000
Subtotal Debt Service & Borrowing:	757,481,000	(20,713,000)	5,272,000	742,040,000
General Contingent Accounts				
General Fund	6,000,000	(363,000)	(5,637,000)	0
Trunk Highway Fund	400,000	0	0	400,000
Highway User Tax Distribution Fund	250,000	0	0	250,000
State Govt. Special Revenue	800,000	0	0	800,000
Airport Fund	100,000	0	0	100,000
Workers' Compensation	200,000	0	0	200,000
Subtotal General Contingent Accounts:	7,750,000	(363,000)	(5,637,000)	1,750,000
Capital Projects - Direct Appropriations	0	0	2,146,000	2,146,000
Convert Capital Projects from Gen. Fund to Bond Funds	0	0	(77,531,000)	(77,531,000)
Dedicated General Fund Appropriations	284,062,000	(191,101,000)	(100,000)	92,861,000
Tort Claims	1,750,000	0	(114,000)	1,636,000
Campaign Fund Check-Off	4,242,000	(142,000)	0	4,100,000
Loans to Revolving Fund	12,000,000	1,400,000	0	13,400,000
Finance Non-Operating	7,448,000	6,045,000	0	13,493,000
Professional Contracts Reduction for State Agencies	0	0	(28,300,000)	(28,300,000)
State Agency Hiring Freeze	0	0	(29,736,000)	(29,736,000)
Lawsuit Settlement - Assigned Risk Plan	0	0	25,100,000	25,100,000
Tax Refund Interest	60,000,000	(20,000,000)	0	40,000,000
Total Miscellaneous:	\$ 1,134,733,000	\$ (224,874,000)	\$ (108,900,000)	\$ 800,959,000

TOTALS

State Appropriations - Gross	\$ 34,298,346,000	\$ 529,621,000	\$ (887,558,000)	\$ 33,940,409,000
Dept. of Human Services RTC Collections (2)	(130,328,000)	0	0	(130,328,000)
Indirect Cost Receipts	(53,197,000)	13,149,000	0	(40,048,000)
Cancellations	(20,000,000)	(7,800,000)	0	(27,800,000)
State Appropriations - Net:	\$ 34,094,821,000	\$ 534,970,000	\$ (887,558,000)	\$ 33,742,233,000
Federal Funds Appropriations:	\$ 8,908,698,000	\$ 290,611,000	\$ 0	\$ 9,199,309,000
Total Appropriations:	\$ 43,003,519,000	\$ 825,581,000	\$ (887,558,000)	\$ 42,941,542,000

General Fund

Cash Flow Account	\$ 350,000,000	\$ 0	\$ (350,000,000)	0
Budget Reserves	653,000,000	0	(333,895,000)	319,105,000
Dedicated Reserves	151,357,000	20,791,000	(172,148,000)	0
	\$ 1,154,357,000	\$ 20,791,000	\$ (856,043,000)	\$ 319,105,000

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) Department 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) Capital project reduction and cancellations include FY2000 direct general fund appropriations cancelled and counted as a positive adjustment in FY2002. Some projects have been converted from general fund to bond funds.
- (5) The shift of payments of education aids in FY2003 under General Education includes a shift of payments for some Early Childhood and Family Education programs.
- (6) The appropriation carried forward for transportation is from a one-time appropriation of \$287,300,000 for transportation construction projects first appropriated in the 2000 Legislative Session and counted in the 1999-2001 biennium. The amount shown is the remaining unspent amount of that appropriation and is carried forward into the 2001-2003 biennium.
- (7) Federal funds for Minnesota State Colleges and Universities are no longer tracked at the state level on the Consolidated Fund Statement.

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

				FY 2002	FY 2003	2001-2003 Biennium			
Environment & Natural Resources Trust Fund									
Chpt.	220	Phase I Budget Balancing Bill	\$	158,000	\$	158,000	\$	316,000	
Total Environment & Natural Resources Trust Fund:				\$	158,000	\$	158,000	\$	316,000
Environmental Fund									
Chpt.	220	Phase I Budget Balancing Bill	\$	-	\$	683,000	\$	683,000	
Total Environmental Fund:				\$	-	\$	683,000	\$	683,000
Game and Fish Fund									
Chpt.	376	Natural Resources - Lake Mille Lacs Research	\$	150,000	\$	-	\$	150,000	
Total Game and Fish Fund:				\$	150,000	\$	-	\$	150,000
General Fund									
Chpt.	220	Phase I Budget Balancing Bill	\$	(137,654,000)	\$	(286,560,000)	\$	(424,214,000)	
Chpt.	332	Athlete Agent Registration		-		30,000		30,000	
Chpt.	336	Mutual Insurance Holding Company		-		70,000		70,000	
Chpt.	367	Unsolicited Telephone Calls / No-Call List		-		482,000		482,000	
Chpt.	374	Phase II Budget Balancing Bill		3,915,000		(542,965,000)		(539,050,000)	
Chpt.	377	Omnibus Tax Bill		585,000		9,615,000		10,200,000	
Chpt.	378	School Employee Health Insurance Study		-		670,000		670,000	
Chpt.	393	Bonding Bill		-		8,308,000		8,308,000	
Chpt.	401	Anti-Terrorism Bill		-		13,000,000		13,000,000	
Total General Fund:				\$	(133,154,000)	\$	(797,350,000)	\$	(930,504,000)
Health Care Access Fund									
Chpt.	220	Phase I Budget Balancing Bill	\$	13,881,000	\$	8,410,000	\$	22,291,000	
Chpt.	374	Phase II Budget Balancing Bill		(2,605,000)		(4,318,000)		(6,923,000)	
Chpt.	399	Mortuary Science Registration		-		75,000		75,000	
Total Health Care Access Fund:				\$	11,276,000	\$	4,167,000	\$	15,443,000
Natural Resources Fund									
Chpt.	220	Phase I Budget Balancing Bill	\$	800,000	\$	850,000	\$	1,650,000	
Chpt.	355	Rec. Vehicles-Restrictions in Rec. Areas		-		1,215,000		1,215,000	
Total Natural Resources Fund:				\$	800,000	\$	2,065,000	\$	2,865,000
Solid Waste Fund									
Chpt.	220	Phase I Budget Balancing Bill	\$	1,030,000	\$	2,541,000	\$	3,571,000	
Chpt.	374	Phase II Budget Balancing Bill		-		9,000,000		9,000,000	
Total Solid Waste Fund:				\$	1,030,000	\$	11,541,000	\$	12,571,000
Special Revenue Fund									
Chpt.	220	Phase I Budget Balancing Bill	\$	(88,000)	\$	9,000	\$	(79,000)	
Chpt.	401	Anti-Terrorism Bill		1,781,000		4,244,000		6,025,000	
Total Special Revenue Fund:				\$	1,693,000	\$	4,253,000	\$	5,946,000
State Government Special Revenue Fund									
Chpt.	220	Phase I Budget Balancing Bill	\$	75,000	\$	-	\$	75,000	
Chpt.	361	Telemedicine Regulations		-		4,000		4,000	
Chpt.	370	Dentists and Hygienists License & Registration		-		3,000		3,000	
Chpt.	374	Phase II Budget Balancing Bill		-		4,000		4,000	
Chpt.	399	Mortuary Science Registration		-		50,000		50,000	
Total State Govt. Special Revenue Fund:				\$	75,000	\$	61,000	\$	136,000
Trunk Highway Fund									
Chpt.	344	Limited Drivers License-Child Support	\$	-	\$	95,000	\$	95,000	
Total Trunk Highway Fund:				\$	-	\$	95,000	\$	95,000
Grand Total Direct Appropriations:				\$	(117,972,000)	\$	(774,327,000)	\$	(892,299,000)

Table E
Open and Statutory Appropriations
Fiscal Years 2002 and 2003

	FY 2002	FY 2003	2001-2003 Biennium
General Fund			
Aids & Credits			
Property Tax Refund	\$ 197,271,000	\$ 213,333,000	\$ 410,604,000
Homestead Credit and Agricultural Credit	488,664,000	209,195,000	697,859,000
Political Contribution Refunds	5,400,000	5,200,000	10,600,000
Disparity Aid	23,408,000	18,676,000	42,084,000
Border City Disparity Credit	5,393,000	2,910,000	8,303,000
Disaster & Flood Relief Aid	35,000	1,000	36,000
Local Government Aid	411,926,000	564,991,000	976,917,000
Attached Machinery Aid	3,218,000	3,218,000	6,436,000
Supplemental Homestead Property Tax Relief	290,000	4,705,000	4,995,000
Education Homestead Credit	459,190,000	46,889,000	506,079,000
In Lieu of Taxes Payments on DNR Lands	11,779,000	11,961,000	23,740,000
Enterprise Zone Credit	3,000	3,000	6,000
Regional Transit Board Levy Reduction	2,154,000	0	2,154,000
Region 3 - Occupation Tax	561,000	561,000	1,122,000
Family Preservation Aid	22,644,000	23,406,000	46,050,000
Total Aids and Credits:	\$ 1,631,936,000	\$ 1,105,049,000	\$ 2,736,985,000
Other General Fund Open and Statutory Appropriations			
Corrections Aid	\$ 30,954,000	\$ 31,996,000	\$ 62,950,000
Minneapolis Employees' Retirement Fund	3,232,000	4,510,000	7,742,000
Local Police & Fire Amortization Aid	3,713,000	5,925,000	9,638,000
Aid to Police & Fire Departments	62,288,000	65,239,000	127,527,000
Judges' Retirement	1,890,000	2,068,000	3,958,000
Legislators' & Constitutional Officers' Retirement	7,076,000	7,606,000	14,682,000
Teachers' Retirement	2,500,000	2,500,000	5,000,000
Other Pension Categories	31,293,000	30,807,000	62,100,000
Ethanol Producer Payments	34,791,000	36,101,000	70,892,000
1854 Indian Treaty Settlement	4,570,000	5,281,000	9,851,000
DNR Firefighting	6,214,000	7,079,000	13,293,000
Leech Lake & White Earth Indian Reservation	2,479,000	2,479,000	4,958,000
Non-game Wildlife Checkoff	153,000	143,000	296,000
Tax Refund Interest	20,000,000	20,000,000	40,000,000
Revolving Loans	7,400,000	6,000,000	13,400,000
Debt Service and Borrowing	285,575,000	322,385,000	607,960,000
Other General Fund Open and Statutory	18,907,000	18,601,000	37,508,000
Total Other Open & Statutory Appropriations:	\$ 523,035,000	\$ 568,720,000	\$ 1,091,755,000
Total General Fund Open and Statutory Appropriations:	\$ 2,154,971,000	\$ 1,673,769,000	\$ 3,828,740,000

	FY 2002	FY 2003	2001-2003 Biennium
Non-General Fund Open and Statutory Appropriations (1)			
School Endowment Fund	\$ 21,851,000	\$ 22,852,000	\$ 44,703,000
State Lottery Board	56,555,000	57,403,000	113,958,000
Environmental Fund	6,863,000	6,863,000	13,726,000
Game and Fish Fund	2,099,000	2,099,000	4,198,000
Landfill Cleanup-Solid Waste	16,102,000	16,102,000	32,204,000
Metro Landfill Contingency Fund	2,000,000	2,000,000	4,000,000
Natural Resources	1,512,000	1,513,000	3,025,000
Petroleum Tank Release Cleanup	31,680,000	31,680,000	63,360,000
Special Revenue	575,571,000	522,355,000	1,097,926,000
State Government Special Revenue Fund	21,492,000	21,404,000	42,896,000
Health Care Access Fund	24,484,000	24,485,000	48,969,000
Minnesota Technology Fund	3,085,000	3,085,000	6,170,000
Agricultural Fund	19,211,000	19,211,000	38,422,000
Iron Range Resources & Rehabilitation Fund	22,224,500	22,381,500	44,606,000
State Airports	1,548,000	1,548,000	3,096,000
Trunk Highway Fund	33,325,000	33,324,000	66,649,000
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	121,627,000	121,627,000
Greater Minnesota Transit Fund	0	6,875,000	6,875,000
Medical Education & Research Fund	75,430,000	84,839,000	160,269,000
Tobacco Use Prevention Fund	20,865,000	27,865,000	48,730,000
NE MN Economic Protection Fund	15,422,000	14,643,000	30,065,000
Workers' Compensation Fund	112,178,000	112,178,000	224,356,000
Gift Fund	16,869,000	16,956,000	33,825,000
Endowment Fund	35,000	35,000	70,000
Other Open and Statutory (Non Gen Fund Debt Service)	64,404,000	64,404,000	128,808,000
Total Non-General Fund Open and Statutory.:	\$ 1,161,695,500	\$ 1,254,618,500	\$ 2,416,314,000
Grand Total: All Open and Statutory:	\$ 3,316,666,500	\$ 2,928,387,500	\$ 6,245,054,000

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 bienniums 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**

	FY 2002	FY 2003	2001-2003 Biennium
Elementary and Secondary Education	\$ 465,063,000	\$ 506,307,000	\$ 971,370,000
Early Childhood & Family Education	153,553,000	142,755,000	296,308,000
Higher Education			
Higher Education Services Office	3,206,000	3,306,000	6,512,000
Health and Human Services			
Department of Human Services	2,900,116,000	3,157,363,000	6,057,479,000
Department of Health	152,365,000	157,142,000	309,507,000
Veterans Nursing Homes Board	289,000	292,000	581,000
Environment and Agriculture			
Department of Agriculture	7,791,000	5,093,000	12,884,000
Board of Animal Health	721,000	835,000	1,556,000
Department of Natural Resources	17,347,000	13,817,000	31,164,000
Pollution Control Agency	28,399,000	26,845,000	55,244,000
Other Environment and Agriculture	443,000	36,000	479,000
Economic Development			
Department of Trade & Economic Development	100,743,000	92,367,000	193,110,000
Department of Economic Security	266,862,000	259,116,000	525,978,000
Department of Commerce	1,853,000	2,389,000	4,242,000
Housing Finance Agency	316,000	125,000	441,000
Department of Labor & Industry	4,862,000	5,092,000	9,954,000
Minnesota Historical Society	267,000	267,000	534,000
Indian Affairs Council	75,000	60,000	135,000
Transportation			
Department of Transportation	240,155,000	236,206,000	476,361,000
Public Safety-Transportation	19,631,000	22,274,000	41,905,000
Crime Prevention & Judiciary			
Department of Public Safety	37,051,000	29,078,000	66,129,000
Supreme Court	3,310,000	2,787,000	6,097,000
Department of Corrections	18,587,000	7,122,000	25,709,000
Board of Public Defense	106,000	101,000	207,000
State Government			
Military Affairs	44,167,000	44,455,000	88,622,000
Attorney General	1,236,000	1,200,000	2,436,000
Department of Administration	2,000,000	1,830,000	3,830,000
Other State Government	5,829,000	4,706,000	10,535,000
Total Federal Funds: \$	4,476,343,000 \$	4,722,966,000 \$	9,199,309,000