



A

Fiscal Review

of the

2003 Legislative Session

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Introduction

The Fiscal Review is a report of actions taken in the 2003 regular session and the 2003 first special session of the Minnesota Legislature.

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

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

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

Some appropriations are open-ended and determined by formula or participation rates specified by statute. These are called open appropriations. Some appropriations allow for access to specified funds for specific purposes based on the amount available. These are called statutory appropriations. The Review uses the estimates of open and statutory appropriations made through the Department of Finance at the time the budget was enacted. The Fiscal 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 agency and fund (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

2003-2005 Biennial Budget Overview

The 2003 session of the Minnesota Legislature passed and the Governor signed appropriations, including federal funds and open and statutory appropriations, of almost \$46.1 billion for the 2003-2005 biennium. Net state-generated appropriations totaled approximately \$35.2 billion. The largest source of state-generated appropriations is the General Fund, with over \$28 billion appropriated for the biennium.

The largest General Fund appropriations went for education, with almost \$12 billion for early childhood, elementary, and secondary education, and just under \$2.6 billion for higher education.

The largest program area appropriations, counting both state-generated and federal funds, were for health and human services. The total appropriations for this purpose are almost \$16.8 billion. Of this amount, over \$8.1 billion is from federal funds.

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

- Transportation (over \$4.4 billion);
- Aids and credits to local government units and individuals, including property tax reform (almost \$3 billion);
- Crime Prevention and Judiciary, including the courts, the Department of Public Safety, the Department of Corrections, and other related agencies (over \$1.7 billion);
- Economic Development and Housing (almost \$1.6 billion); and
- Environment and Agriculture (just over \$1.1 billion).

General Fund Budget Shortfall

The overarching issue that faced the 2003 Legislature was a projected shortfall in the General Fund of over \$4.5 billion. Of this amount, over \$330 million was the projected shortfall in the 2001-2003 biennium and over \$4.2 billion was the projected shortfall for the 2003-2005 biennium. The 2001-2003 biennial budget was balanced by the Administration through an unallotment of appropriations and transfers, the delay of certain state payments, and voluntary reductions in legislative and court budgets. The unallotment amounts are shown for each agency as a line item in Table C. The second part of the shortfall of over \$4.2 billion was accomplished through permanent spending cuts (over \$2 billion), permanent revenue changes (\$417 million), onetime payment shifts (over \$500 million), and onetime revenue transfers (approximately \$1.4 billion). These changes eliminated the projected shortfall and included additional money for restoring the budget reserve.

Property Tax Aids and Credits

Payments of aids and credits to counties, cities, towns, and special taxing districts in 2003 and 2004 were significantly reduced and the major aid programs to counties and cities were restructured.

The aid cuts and formula revisions for local governments are estimated to save \$541.5 million in the 2003-2005 biennium and \$469.4 million in the 2005-2007 biennium.

Job Opportunity Building Zones

The Commissioner of the Department of Employment and Economic Development (DEED) was authorized to designate up to ten Job Opportunity Building Zones (JOBZ) in which tax incentives are provided to stimulate business development and expansion. The zones must be located in economically distressed areas outside the seven-county metropolitan area. The maximum size of a zone is limited to 5,000 acres. Each zone may include subzones that are not contiguous.

In addition to the ten JOBZ, another five zones may be designated for agricultural processing facilities. These zones are limited to the site of the facility. The commissioner of DEED was also authorized to designate one biotechnology and health science zone. The cost of the job and biotechnology zone tax incentives is estimated to be \$5.5 million in the 2003-2005 biennium and \$9.3 million in the 2005-2007 biennium.

K-12 Education

The 2003 Legislature tried to minimize cuts in the education area as it dealt with the state's forecasted \$4.5 billion deficit. Similar to the previous legislative session, the Legislature used a combination of appropriation cuts and appropriation shifts that resulted in a net reduction of \$622 million in the General Fund to the education budget for the 2003-2005 biennium.

Total state appropriations for the 2003-2005 biennium for K-12 education, family and early childhood programs, and state education agencies are over \$11.9 billion. This is a net increase in

state general fund appropriations of about \$1.9 billion over the previous biennium. However, most of the increase does not result in new revenue for school districts. The 2003-2005 biennium contains two years of the cost of the state's takeover of the general education levy, whereas the 2001-2003 biennium total only contains one year of the general education levy buyout. About \$880 million of the difference between biennia is due to the takeover.

In addition, the cumulative effect of the appropriation shifts from the 2002 and 2003 legislative sessions amounts to a \$978 million difference between the two biennia. Other factors that make up the remaining balance between the biennia include some pupil growth in certain demographics, increased state cost of school district referenda, and forecasted growth in other education programs.

The \$622 million reduction to the 2003-2005 base budget is about a five percent change from the base. Of the \$622 million, only \$184.9 million is from actual program cuts. The balance of the reduction, \$436.9 million, comes from delaying a portion of the education appropriations from FY 2004 to FY 2005.

Higher Education

The Omnibus Higher Education Funding Act decreased funding for higher education by approximately 12 percent from the previous biennium. Funding for the University of Minnesota was decreased by approximately 15 percent from the previous biennium. Funding for the Minnesota State Colleges and Universities (MnSCU) decreased by approximately 15 percent over the previous biennium.

Department of Human Services

The 2003 Legislature made available over \$15.9 billion from all sources for the Department of

Human Services (DHS). General Fund appropriations totaled over \$7.1 billion; available federal funds exceeded \$7.8 billion; the Health Care Access Fund (HCAF) appropriation was over \$661 million; and the remainder came from a variety of other funding sources. The DHS appropriations reflect significant budget savings enacted by the Legislature.

Prairie Island Nuclear Generating Facility

First Special Session Chapter 11 eliminated the statutory requirement for legislative approval to store spent nuclear fuel at a nuclear generating facility in Minnesota. It specifically authorized sufficient additional dry cask storage of spent nuclear fuel at the Prairie Island nuclear generation facility to permit the plant to continue operating until the end of its current licenses in 2013 and 2014.

Transportation

The appropriations for transportation purposes are contained in First Special Session Chapter 19, the Omnibus Transportation Funding and Policy Act. This act appropriated nearly \$3.8 billion for the 2003-2005 biennium for transportation purposes. This is about a six percent increase over the 2001-2003 biennium.

Transportation programs received a number of other onetime General Fund reductions to help alleviate the budget deficit. In particular, \$110 million in general funds that was appropriated for road construction in 2001 was replaced with trunk highway bonds. This resulted in \$110 million being returned to the General Fund and the Trunk Highway Fund assuming 20 years of debt service costs for the bonds. In the 2003-2005 biennium, these bonds will cost the Trunk Highway Fund almost \$23 million in debt service payments.

Ethanol Development

The Legislature reduced the ethanol producer payment rate for the next four years to 13 cents per gallon and changed the ethanol producer payment program to directly appropriated rather than the capped open appropriation. Beginning July 1, 2007, the payment rate will return to 20 cents per gallon. The ethanol development program changes also provide for future additional ethanol payments to producers who received less than 20 cents per gallon if their reduced payments were due to the current reduced payment rate or reductions resulting from the Governor's unallotment of ethanol funding in FY 2003.

Feedlot Environmental Review

The Legislature made changes in notification and environmental review provisions for certain feedlots. The changes provide for an exemption from environmental review requirements for proposed new feedlots or feedlot expansions that are less than 1,000 animal units if the proposer signs a written commitment to abide by the Pollution Control Agency's (PCA) feedlot rules and the county holds a public meeting for citizen input on the proposed permit at least ten business days prior to issuing the permit.

Off-Highway Vehicle (OHV) Law Changes

The Legislature appropriated almost \$4.5 million in additional funding from the OHV accounts for OHV trails and enforcement. In addition to the increased funding for OHVs, the 2003 Legislature enacted a number of law changes relating to these vehicles that include: a prohibition on the intentional operation of OHVs in specified sensitive areas; civil citation authority to the DNR and local law enforcement for certain OHV offenses; a prohibition on off-highway vehicle use on state land administered by the DNR, except

on roads and trails designated for use by OHVs (does not apply to state forests until December 31, 2010, unless the forest is reclassified by the Department of Natural Resources); an off-highway damage account, which is statutorily dedicated for the repair and restoration of property damaged by the unpermitted use of OHVs; an increase in the all-terrain vehicle registration fees from \$18 to \$23 on July 1, 2003, and to \$30 beginning on January 1, 2005; allowing road authorities (MnDOT for state highways, county boards for county highways, city councils for city streets, and town boards for town roads) to regulate the use of OHVs in road ditches under their jurisdiction; a requirement that the DNR to review state forests and change their classifications to limited or closed for OHVs by December 31, 2008; and directing the Commissioner of Natural Resources to construct and designate a continuous loop trail that is not less than 70 miles in length and designed for all-terrain vehicles and off-highway motorcycles by April 1, 2007.

Change to the Pistol Permit Law

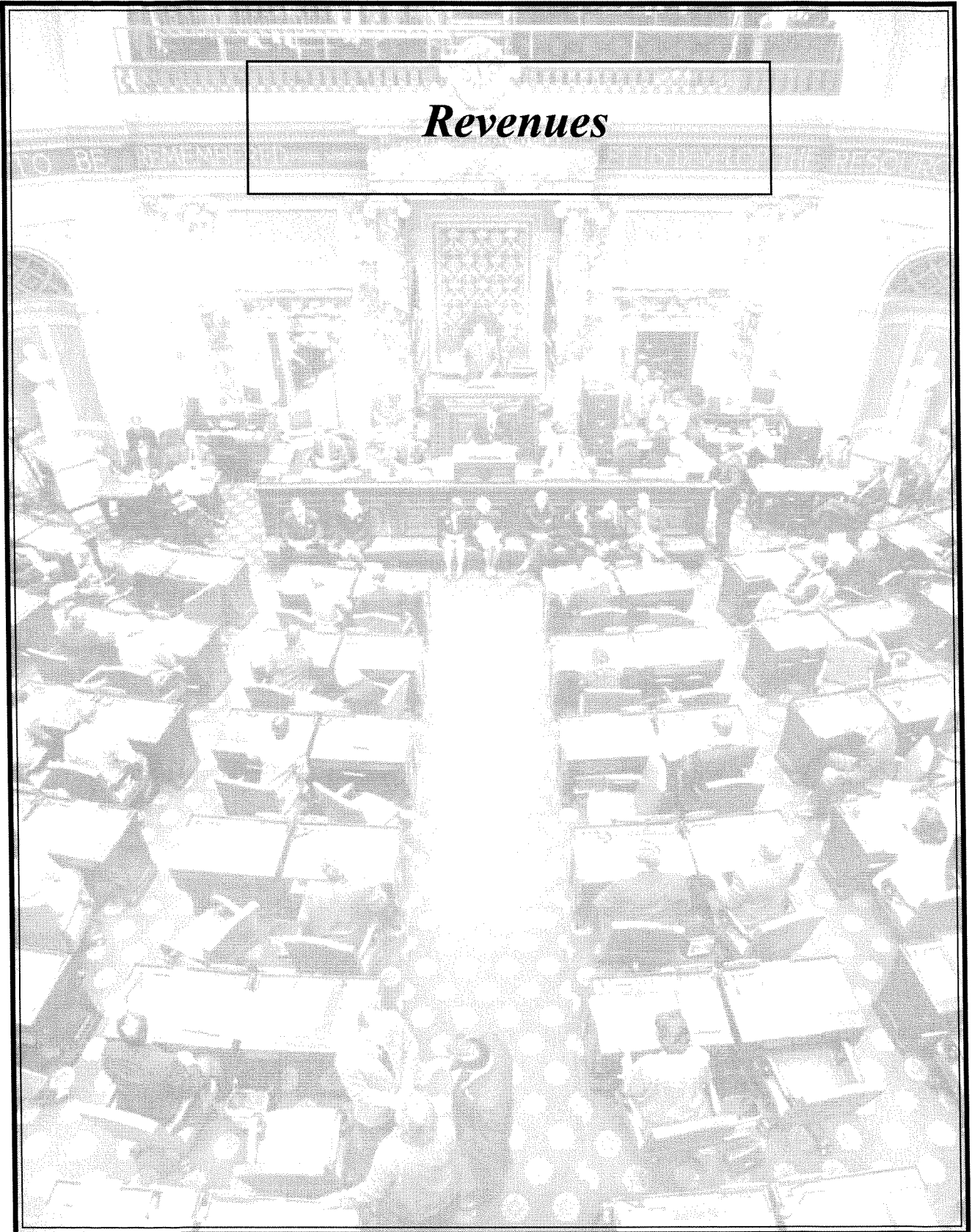
The Legislature established a “shall issue” policy for permits to carry pistols in public, reversing the presumption on the issuance of permits. Previously, a person had to demonstrate “an occupational or personal safety hazard” to be eligible for a permit, making issuance discretionary and limited in scope. Under current law, a sheriff is required to issue a permit to an applicant unless the person is disqualified under specific criteria, including previous criminal conviction for a violent crime, previous civil commitment for mental illness, or current commitment for chemical dependency treatment.

Vetoes

The Governor vetoed two bills and exercised line-item veto authority on one item of appropriation. The bills and items vetoed are:

- Chapter 88, relating to claims against the state, which was later enacted and signed by the Governor as First Special Session Chapter 15, after an item to which the Governor objected was removed from the bill;
- Chapter 103, relating to local impact notes and state agency rulemaking; and
- Chapter 128, Article 3, Section 4, relating to a \$400,000 appropriation from the Agricultural Fund to the Agricultural Utilization Research Institute.

Revenues



State Taxes

Income Tax

Federal law changes enacted through June 15, 2003, were adopted for Minnesota income tax purposes. The standard deduction for married joint filers was increased to twice the standard deduction allowed for single taxpayers for tax years 2003 and 2004. The allowance for expensing capital assets was increased from \$25,000 to \$100,000, and the phase-out threshold was increased from \$200,000 to \$400,000 for tax years 2003 through 2005. The state did not adopt the increase in the federal "bonus depreciation" allowance from 30 percent to 50 percent for property acquired between May 5, 2003, and January 1, 2005. The state continues to require that 80 percent of bonus depreciation 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 \$103.3 million

in the 2003-2005 biennium and \$4.5 million in the 2005-2007 biennium.

Sales And Excise Taxes

The requirement that businesses pay 75 percent of their estimated June sales tax before the end of June was increased to 85 percent. The repeal of the accelerated June sales tax payment was eliminated. Increasing the percentage and eliminating the repeal is estimated to increase sales tax revenue by \$186.6 million in the 2003-2005 biennium and \$18.7 million in the 2005-2007 biennium.

Cigarette and liquor distributors were required to pay 85 percent of their estimated June excise tax liability before the end of June. This acceleration of excise tax payments is estimated to raise \$17.3 million in the 2003-2005 biennium and \$600,000 in the 2005-2007 biennium.

Cigarette manufacturers who were not participants in the Minnesota settlement of

tobacco-related legal claims were required to pay a fee of 35 cents per pack of cigarettes sold in Minnesota. The fee is estimated to raise \$13.4 million in the 2003-2005 biennium and \$13.5 million in the 2005-2007 biennium.

Counties were required to submit the state's portion of mortgage and deed taxes collected by June 25, along with the estimated collections for the remainder of the month, by two business days before the end of the month of June. This acceleration of mortgage and deed tax payments is estimated to raise \$16.1 million in the 2003-2005 biennium and \$2.2 million in the 2005-2007 biennium.

Property Tax Aids And Credits

Payments of aids and credits to counties, cities, towns, and special taxing districts in 2003 and 2004 were significantly reduced and the major aid programs to counties and cities were restructured.

Local aids and market value homestead credits payable in 2003 to counties and cities were cut by a uniform percentage applied to the sum of property tax levy plus local aids for each local government. County aids were cut by 3.21 percent of tax levy plus aids. For cities, the initial aid and credit cut was based on 9.3 percent of tax levy plus aids, but the amount of the cut was limited to 5.25 percent of total revenues (3.7 percent for cities under 1,000 population or cities having three-year average growth in levy plus aid of less than two percent). Township aids were cut by two percent of certified property tax levy and special taxing districts were cut by 1.5 percent of certified levy.

For aids payable in 2004, county aids were reduced by 5.689 percent of levy plus aid, township aids were cut by three percent of certified levy, and special taxing district aids were cut by two percent of certified levy. City aids will be distributed under a revised formula with a lower overall appropriation.

Four county aid programs were combined into a single aid program beginning with aids payable in calendar year 2004. Homestead and Agricultural Credit Aid (HACA), Family Preservation Aid (FPA), County Criminal Justice Aid (CCJA) and Attached Machinery Aid (AMA)

were consolidated into a new aid called County Program Aid. Beginning in 2005, the County Program Aid distribution will consist of County Need Aid and County Tax Base Equalization Aid. County Need Aid has three components: 40 percent is based on population, 40 percent is based on the monthly average of households receiving food stamps over the previous three years, and 20 percent is based on the average number of serious crimes committed over the previous three years. The county tax base equalization aid factor is calculated by multiplying \$185 times each county's population minus 9.45 percent of net tax capacity. For counties with population under 10,000, the factor is multiplied by three, for county population between 10,000 and 12,500, the factor is multiplied by two, and for population over 500,000, the factor is multiplied by 0.25.

The city Local Government Aid (LGA) formula was updated and revised for aids payable in 2004. Data used for the measures of city need were updated to the 2000 census information. For cities with a population over 2,500, additional city need factors were added for vehicle accidents, household size, and location within the metropolitan area. Large city need factors for proportion of commercial-industrial property

and population were eliminated. The portion of the city aid base which reflected aid distributions prior to 1993 was eliminated. The 2004 appropriation for LGA was reduced from \$607.6 million to \$437.1 million.

The aid cuts and formula revisions for local governments are estimated to save \$541.5 million in the 2003-2005 biennium and \$469.4 million in the 2005-2007 biennium.

Levy Limits

Levy limits were extended for one year for counties and cities with a population over 2,500. The levy limit base was restricted to the amount actually levied subject to levy limits in payable year 2003. No growth was allowed in the levy limit base for inflation or number of households. Local governments were allowed to levy back 60 percent of their 2004 aid and market value credit reduction (compared to their originally certified 2003 aid and market value credit).

Economic Development

The Commissioner of the Department of Employment and Economic Development (DEED) was authorized to designate up to ten Job Opportunity Building Zones (JOBZ) in which tax incentives

are provided to stimulate business development and expansion. The zones must be located in economically distressed areas outside the seven-county metropolitan area. The maximum size of a zone is limited to 5,000 acres. Each zone may include subzones that are not contiguous.

The designation of a zone is based on an application from one or more local governments. The criteria used to evaluate zone proposals include the percentage of population below 200 percent of the poverty rate; average weekly wage; deteriorating or underutilized property; median price of housing units; median household income; population loss over the previous two decades; loss of major employers; presence of infrastructure to support development; and low business startup and expansion rates. Designations made by December 31, 2003, will be effective January 1, 2004. The Commissioner of DEED is allowed to reserve some designations until 2004. Zones have a duration of up to 12 years.

A variety of tax incentives are provided to businesses operating within a zone. Income derived from operating a business within the zone is exempt from

corporate franchise and individual income taxes. A sales tax exemption is provided for goods, taxable services, and motor vehicles purchased by businesses for use within a zone. Improvements to commercial-industrial property are exempt from property taxes with the exception of debt service levies and school operating referenda approved before the zone was designated.

In addition to the ten JOBZ, another five zones may be designated for agricultural processing facilities. These zones are limited to the site of the facility.

The commissioner of DEED was also authorized to designate one biotechnology and health science zone. Priority for this zone must be given to locations close to a higher education or research institution. Businesses in the zone may apply for corporate franchise, sales, and property tax exemptions, along with research and job tax credits. The total amount of the state tax incentives for the biotechnology and health science zone is limited to \$1 million in the 2003-2005 biennium.

The cost of the job and biotechnology zone tax incentives is estimated to be \$5.5 million in

the 2003-2005 biennium and \$9.3 million in the 2005-2007 biennium.

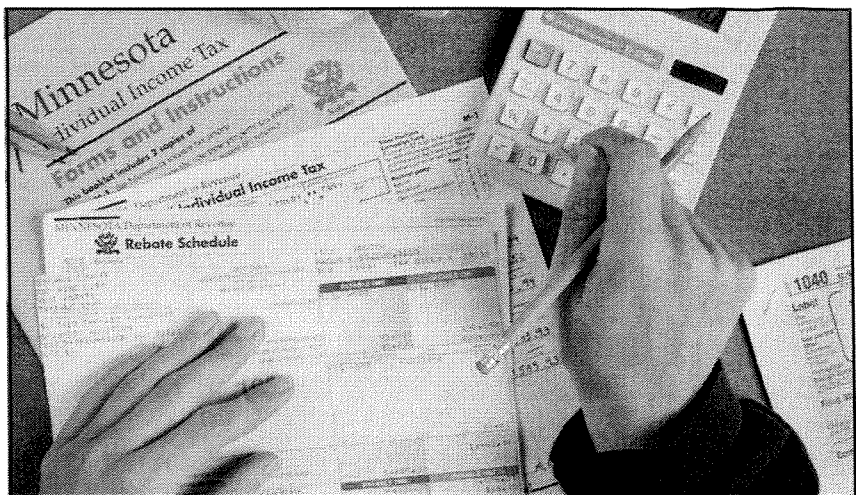
Budget Reserve

The budget reserve was set at \$596 million. The Commissioner of Finance was directed to transfer \$300 million from the General Fund to the Budget Reserve on July 1, 2003. An additional \$296 million is required to be transferred on July 1, 2004. The Commissioner is allowed to reduce the July 1, 2004, transfer as necessary to balance revenues and expenditures in the 2003-2005 biennium. Additional General Fund revenues are required to be credited first to the Cash Flow Account until the balance in the account reaches \$350 million and then to the Budget Reserve until the balance is restored to \$653 million.

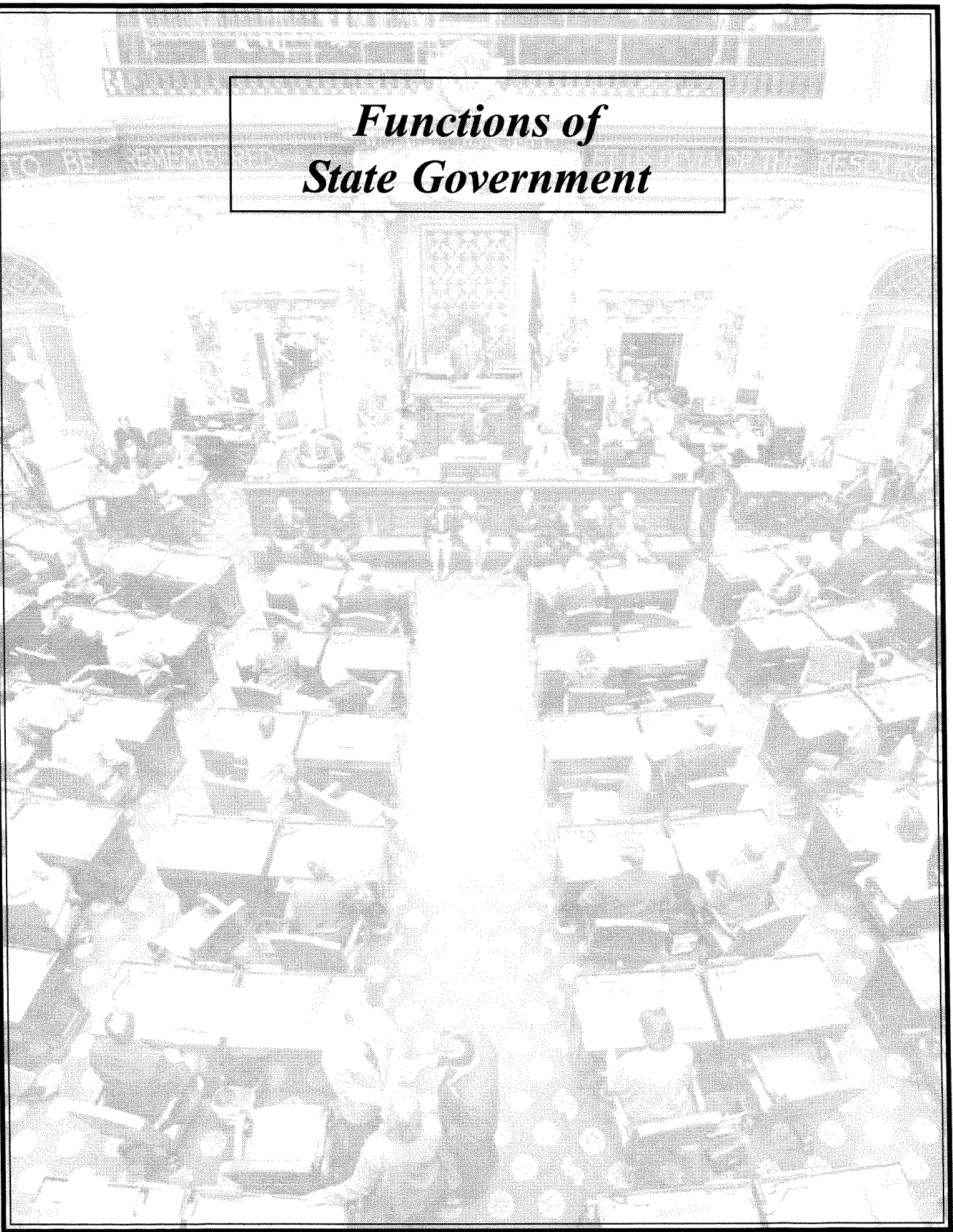
The balances in the Tobacco Use Prevention and Local Public Health Endowment Fund and the Medical Education Endowment Fund were transferred to the General Fund on July 1, 2003. The amount of the transfer was \$1.029 billion in the 2003-2005 biennium.

The dedication of two cents per pack of cigarette tax revenues to the Minnesota Future Resources Fund was repealed. This repeal

represents a savings to the General Fund of \$13.8 million in the 2003-2005 biennium and \$13.7 million in the 2005-2007 biennium. Beginning in FY 2004, 6.5 cents per pack of cigarette tax revenues will be credited to the Academic Health Center Special Revenue Fund and 2.5 cents per pack will be dedicated to the Medical Education and Research Costs Account in the Special Revenue Fund. The dedication to the Academic Health Center is estimated to transfer \$44.9 million from the General Fund to the Special Revenue Fund in the 2003-2005 biennium and \$44.5 million in the 2005-2007 biennium. The dedication to the Medical Education and Research Costs is estimated to transfer \$17.3 million from the General Fund to the Special Revenue Fund in the 2003-2005 biennium and \$17.1 million in the 2005-2007 biennium.



*Functions of
State Government*



Elementary and Secondary Education and Family and Early Childhood Education

EDUCATION

The 2003 Legislature tried to minimize cuts in the education area as it dealt with the state's forecasted \$4.5 billion deficit. Similar to the previous legislative session, the Legislature used a combination of appropriation cuts and appropriation shifts that resulted in a net reduction of \$622 million in the General Fund to the education budget for the 2003-2005 biennium.

Total state appropriations for the 2003-2005 biennium for K-12 education, family and early childhood programs, and state education agencies are \$11.95 billion. This is a net increase in state general fund appropriations of almost \$1.9 billion over the previous biennium. However, most of the increase does not result in new revenue for school districts. The 2003-2005 biennium contains two years of the cost of the state's takeover of the general education levy, whereas the 2001-2003 biennium total only contains one year of the general education levy buyout. About \$880 million of the difference between biennia is due to the takeover.

In addition, the cumulative effect of the appropriation shifts from the 2002 and 2003 legislative sessions amounts to a \$978 million difference between the two biennia (see box on the next page, labeled "onetime educations shifts"). Other factors that make up the remaining balance between the biennia include some pupil growth in certain demographics, increased state cost of school district referenda, and forecasted growth in other education programs.

The \$622 million reduction to the 2003-2005 base budget is about a five percent change from the base. Of the \$622 million, only \$184.9 million is from actual program cuts. The balance of the reduction, \$436.9 million, comes from delaying a portion of the education appropriations from FY 2004 to FY 2005.

General Education

The majority of cost savings changes in the Omnibus Education Bill (First Special Session Chapter 9) occurred in the general education area.

- *Eliminate Learning Year Pupil Units.* The Omnibus Education Act eliminated the ability for districts to count extended time for students attending alternative programs and using that extended count to increase funding for other education programs. The bill created a new extended time category that more narrowly limits the amount a district can generate for students in extended time programs. This provision reduced general education aid by about \$25 million for the new biennium.

- *Reduced Eligibility for Limited English Proficiency (LEP) Revenue.* Beginning in FY 2004, students will only be eligible to generate LEP funding for five school years. Previously, students generated LEP revenue until they tested out of the program. The Legislature also increased the per-pupil funding for LEP students in order to generate more revenue for the students while they are in LEP programs. The effect of both changes resulted in an \$11 million savings for the biennium.

Onetime Education Shifts

In the last two legislative sessions, the Legislature has used different kinds of shifts to help balance the overall state budget deficits. The shifts do not result in any net decrease in actual revenue for school districts; however it may require districts to use short-term borrowing for cash flow purposes. The total amount shifted in the two sessions is about \$884.6 million. Most of the shifts are counted as onetime savings that presumably will have to be "paid back" at some time.

The first type of shift used in both the 2002 and the 2003 Legislative Sessions is an aid entitlement shift, where the state delays a portion of the formula-driven aid entitlements to districts from one fiscal year to the next. Prior to the 2002 Session, aids were appropriated on a 90 percent current year, ten percent prior year ratio. The 2002 Session changed that ratio 83/17 for a onetime savings of about \$420 million. The 2003 Session further changed that ratio to 80/20 for another onetime savings of about \$185 million.

The second type of shift used by the Legislature is a property tax recognition shift. This type of shift requires school districts to recognize, or count, a higher amount of their local property tax revenue in the current fiscal year than they normally would. This allows the state to reduce the amount of aid paid to districts by the total amount of property tax recognized early by the districts. This type of shift used by the 2003 Legislature created another onetime savings of about \$253.2 million.

The 2002 Legislature used one other type of accounting change in the special education area for another onetime savings of about \$26.5 million. This change was formula-driven and will not necessarily have to be "paid back."

Previous Legislatures have used similar shifts to help solve state budget deficits. These shifts have always been "paid back" in years of budget surpluses. This shifting and buying back of aids and property taxes does create some discrepancies when making biennium- to-biennium comparisons. The education appropriations in Table C of this document show the education shifts as a total on one line rather than a reduction to each education appropriation. This allows for a comparison of these onetime shifts in the previous and current biennium.

- *Compensatory Aid Formula Calculation.* The law reduces the compensatory revenue (additional revenue for students who are eligible for free or reduced lunch) calculation by deducting the \$415 per pupil increase to the formula enacted in the 2001 legislative session. This amounts to a net decrease in compensatory

revenue of about \$46 million for the biennium.

- *Transition Revenue.* The law guarantees that a district will not receive less in per-pupil general education revenue than it received in the previous year, or would have received had none of the general education formulas been

reduced for the 2003-2004 school year. This transition revenue is paid by state aid for FY 2004 and then becomes an equalized levy (part local levy, part state aid) for FY 2005 and later. Transition revenue will cost the state an additional \$38.9 million in state aid for the biennium.

- *Conversion from State Aid to Local Levy.* Districts will have the authority to convert a portion of their operating capital revenue and a portion of their equity revenue from state aid to local levy. The law also increased the amount of equity revenue that a district may generate. These changes reduced the state general education appropriation by about \$46.8 million for the biennium.

- *School District Referendum.* The law increased the cap on the amount of referendum revenue that can be raised by school districts. It also increased the state's share, or equalization, of local school district referendums. These changes increased the state's general education appropriation by about \$37.6 million for the biennium.

Categorical Programs

- *Special Education.* The 2003 Legislature eliminated the annual inflationary growth factors in the regular and excess cost special education revenue formulas. By eliminating the 4.6 percent growth factor for regular special education revenue and the two-percent growth factor for excess cost revenue, school districts will receive about \$65.8 million less in special education revenue over the 2003-2005 biennium. The Omnibus Education Act appropriated \$5 million in FY 2004 and \$11 million in FY 2005 in one-time money to help districts with special unfunded special education costs that would otherwise be cross-subsidized by general education revenue.
- *On-Line Learning.* The Legislature developed a new funding program that would allow public school students to take on-line classes at any other state public school and created a funding mechanism that would transfer revenue between districts for on-line classes. The Legislature committed \$2.3 million for the biennium in new money for this program.
- *Charter Schools.* Beginning in FY 2004, the maximum lease aid amount was lowered

from \$1,500 per pupil to \$1,200 per pupil. Existing charter schools with lease aid amounts above the \$1,200 cap were grandfathered in at their current level. The Legislature also made charter schools first operating in FY 2004 and FY 2005 ineligible for start-up aid. These changes reduced the biennial appropriations for charter school programs by \$4.4 million.

- *School Building Health and Safety and Bonding Changes.* The law clarified and narrowed the ability of school districts to use health and safety revenue for certain school building repair costs. The bill also authorized districts to use the alternative bonding program for other health and safety projects over \$500,000. The effect of these changes will mean that more school facility projects will be funded under the alternative bonding program (all local levy) than the health and safety program (part state aid, part local levy). This will save the state about \$1.4 million in state aid for the biennium. These changes will also reduce the overall amount districts will levy by about \$34.6 million starting in FY 2005.
- *Nutrition Programs.* Two school breakfast programs

were consolidated into a single new program. This new program has a more streamlined eligibility and reimbursement process. However, the overall state appropriation to school breakfast programs was reduced by \$6.1 million compared to the previous biennium.

- *Other Grant Programs.* Other programs that received significant reductions or elimination were integration grant programs, declining pupil aid for the Richfield school district as a result of a new airport runway, best practices grants, a school performance evaluation program, and the Youthworks program. The reductions in appropriations for these programs resulted in a \$10.3 million savings for the biennium.

Other Education Levy Changes

While the levy changes in the Omnibus Education Act showed that there will be no net increase in the state total of school levies, changes to various education formulas will mean significant levy increases for some districts and reductions in other districts.

- *Integration Revenue.* The law increases the levy share for integration revenue from 22 percent local levy to 30

percent, meaning school districts that receive integration revenue will have to levy for a greater portion of their revenue. This change reduced the biennial appropriation for integration revenue by \$6.2 million.

- *Safe Schools Levy.* The law reduced the safe schools allowance from \$30 to \$27 per pupil. This resulted in a net decrease in the state total levy of about \$6.5 million per year.
- *Career and Technical Levy.* The school district option to levy for program costs for career and technical programs that was to end after the 2002-2003 school year was made permanent. The state total for this levy program is about \$12.6 million annually.

Early Childhood and Family Education Programs

For the 2003-2005 biennium, the 2003 Legislature combined the appropriations for early childhood and family education programs into the Omnibus K-12 Education Bill. The appropriations for child care programs were moved to the Omnibus Health and Human Services Bill. Early childhood and family education appropriations were reduced by \$42.1 million, or about 19 percent, when compared to the base

budget for the 2003-2005 biennium. Appropriations in this area were also delayed, or shifted, from FY 2004 to FY 2005.

- *Head Start.* The appropriation for the Head Start program was reduced by almost \$3.2 million compared to the previous biennium.
- *Early Childhood Family Education (ECFE).* Beginning in FY 2005, ECFE revenue per child under age five will be reduced from \$120 to \$96. The Legislature also eliminated the reallocation of ECFE revenue as a result of districts exceeding reserve account limits. These changes to the ECFE program reduced the biennial appropriation by \$6.1 million compared to the previous biennium.
- *School Readiness.* Similar to the ECFE program, the education law also eliminated the reallocation of school readiness revenues as a result of districts exceeding reserve account limits. This reduced the appropriation for the school readiness program by \$1.7 million compared to the previous biennium.
- *Community Education.* The Legislature was able to reduce community education appro-

priations by \$1.8 million by reducing the community education allowance from \$5.95 per capita to \$5.23 per capita and applying a reserve account limit to school districts.

- *Adult Basic Education (ABE).* The law eliminated the eight percent annual growth factor for state total ABE aid and reduced the base formula amount, reducing the biennial appropriation by about \$11.5 million. The law also permits ABE programs to charge fees on a sliding scale.
- *Elimination of Grant Programs.* The Legislature eliminated the Way to Grow program, Violence Prevention Grants, and After School Enrichment Grants, saving the state \$14.9 million for the biennium.

State Agencies

Total state appropriations for the Department of Education (formerly called the Department of Children, Families, and Learning), the Minnesota State Academies, and the Perpich Center for Arts Education were collectively reduced by \$5.7 million, or 5.1 percent, compared to the previous biennium.

Higher Education

HIGHER EDUCATION

The Omnibus Higher Education Funding Act decreased funding for higher education by approximately 12 percent from the previous biennium. Key provisions of the act follow.

Student Financial Aid, Libraries, and Technology

The Legislature provided continued funding for student financial aid, technology enhancements, and programs to support student learning such as libraries. Key provisions included:

- In response to a projected deficit in the state grant program during the next biennium, additional money was appropriated to the program. However, enhancements made to the program and implemented over the past two years were discontinued to rein in the increasing cost of the program. Changes were made to several of the components of the formula used to calculate the grant amount for which a student is eligible.

- The maximum child care grant a student is eligible to receive was reduced by \$400 so more students can receive a grant.
- Language was adopted to make the Minnesota College Savings Plan language conform to federal law.
- Money was appropriated for a variety of programs designed to support a student's education, including expanding the ability of libraries statewide to share books and other materials electronically, and improving the statewide electronic network that connects postsecondary education institutions.
- The Higher Education Services Office, which oversees student financial aid programs, was directed to collect data on the impact on students of financial aid changes enacted this session.

University of Minnesota

Funding for the University of Minnesota was decreased by

approximately 15 percent from the previous biennium.

Revenue from the cigarette tax will replace the revenue the university received previously from the proceeds of the tobacco settlement and medical education and research costs (MERC) funds for the training of medical professionals.

The projected revenue for the academic health center, from the proceeds of the dedication of 6.5 cents of the cigarette tax, is anticipated to be approximately \$22.5 million in FY 2004 and \$22.5 million in FY 2005 (revenue to replace tobacco settlement money). The academic health center also will receive approximately \$8.66 million in FY 2004 and \$8.616 million in FY 2005 from the dedication of 2.5 cents of the cigarette tax for the clinical training of health care professionals (revenue to replace MERC money).

Minnesota State Colleges and Universities

Funding for the Minnesota State Colleges and Universities (MnSCU) decreased by

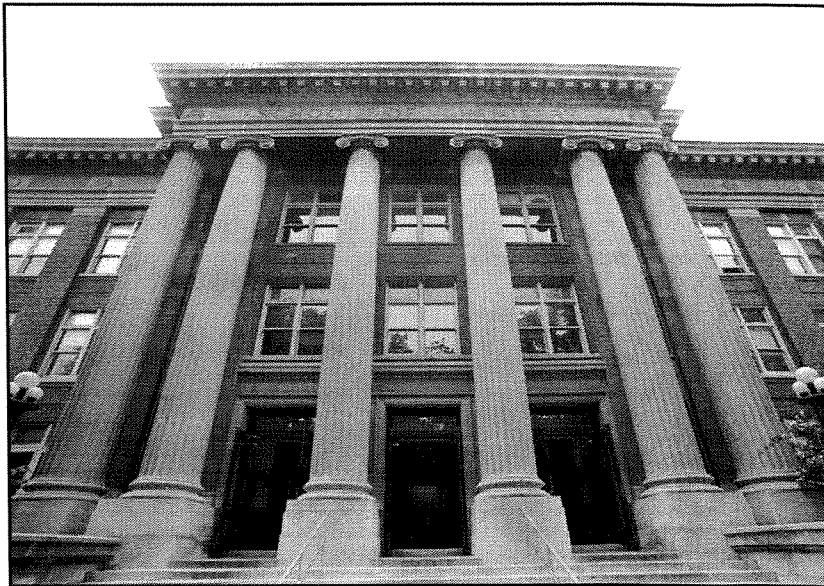
approximately 15 percent over the previous biennium.

Mayo Medical Foundation

Approximately \$2.8 million was appropriated to the Mayo Medical Foundation for grants to support the education of medical students who are residents of Minnesota and students in the Family Practice and Graduate Residency Programs. This is approximately a 15 percent reduction from the previous biennium.

Miscellaneous Provisions

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



Health and Human Services

DEPARTMENT OF HUMAN SERVICES

The 2003 Legislature made available over \$15.9 billion from all sources for the Department of Human Services (DHS). General Fund appropriations totaled over \$7.1 billion; available federal funds, including TANF, exceeded \$7.8 billion; the Health Care Access Fund (HCAF) appropriation was over \$661 million; and the remainder came from a variety of other funding sources. These totals include direct appropriations and statutory appropriations available as a result of existing state and federal laws.

The appropriations included money to pay for forecasted growth in DHS entitlement programs. Persons who satisfy eligibility criteria are entitled to benefits under some DHS programs and anticipated growth is periodically forecasted by the department. The growth for the 2003-2005 biennium included in the forecast was over \$547.6 million in the General Fund and almost \$18 million in the federal TANF fund. HCAF spending was forecast to drop by \$634,000. The Legislature reacted to the forecast with a combination of appropriations to pay for these added costs and program changes to reduce spending in forecasted programs and other DHS programs.

The DHS appropriations reflect significant budget savings enacted by the Legislature. Whether these savings reflect actual "reductions" in agency spending depends on the point of comparison. The chart below shows DHS budget changes compared with several different two-year periods.

The DHS appropriations package included about \$264 million in new revenues. Most of the new revenue comes from two sources. First is increased nursing home surcharges collected on all licensed beds and intergovernmental transfers (IGTs) from counties that operate nursing homes and a new surcharge on intermediate

HUMAN SERVICES GENERAL FUND DIRECT APPROPRIATIONS COMPARISON*

Period Compared with FY 2004-05 Appropriations	Dollar change (in millions)	Percentage
FY 2004-05 spending forecast	(\$554.139)	- 7.23%
FY 2002 actual plus FY 2003 forecast minus unallotments	\$741.376	+ 11.64%
FY 2003 forecast minus unallotments multiplied by two	\$323.133	+ 4.76%

*Source: Barbara Juelich, Senate Office of Fiscal Policy Analysis

care facilities for persons with mental retardation (ICFs/MR). The nursing home surcharge was increased to \$2,815 per bed per year from the previous level of \$990 per bed per year, generating an additional \$144 million in new revenue for the biennium. This is somewhat offset by new spending of about \$46.8 million, which is the state share of enhanced nursing home reimbursements to offset the added surcharge. The increase in the county nursing home IGT (which was enacted in Chapter 9 of the regular session) will generate about \$6.1 million in new revenue, somewhat offset by about \$3.1 million as the state share of additional reimbursements to the nursing homes in the affected counties. The new ICF/MR surcharge was set at \$1,040 per bed per year and will generate over \$4.5 million in new revenue, offset by about \$2.3 million in added reimbursements to ICFs/MR. Second, new premium tax and provider tax revenue will result from removing the exemption for state health care programs (Medical Assistance (MA), General Assistance Medical Care (GAMC), and MinnesotaCare) from certain premium taxes and provider taxes. This expansion of premium and provider taxes will generate about \$75 million, offset by about \$50 million in rate adjustments. The adjustments will reimburse

providers for their added tax liabilities while allowing the state to capture additional net revenue because part of the rate adjustments will be paid by the federal government. A variety of other miscellaneous revenue increases accounted for the remainder of new revenue.

AGENCY PROGRAMS

The following is a program-by-program description of direct appropriations for the department.

Agency Management

The Legislature appropriated almost \$78.2 million for agency management activities, including about \$69.3 million from the General Fund. The only change from base level funding in this area was an agency-wide reduction of over \$12.1 million in FY 2005. This represents about 15 percent of the agency's operating budget for the year. The State Government Finance Bill (First Special Session Chapter 1) reduced operations budgets for all state agencies. The DHS share of that reduction was an additional \$4 million in FY 2004.

Revenue and Pass-through Expenditures

About \$109.2 million was appropriated from the federal

TANF fund under this activity. Actions were taken to reduce TANF appropriations by almost \$31.2 million. The most significant action was a reduction of more than \$33 million in county administrative support for consolidated MFIP support services grants. However, this reduction was more than offset by funding for the TANF consolidated block grant. Appropriations for TANF child care costs were increased by almost \$1.9 million. Reductions of more than \$7.8 million, related to the new MFIP Diversionary Work Program (DWP), the 100 percent sanction policy, and the reduction in the MFIP exit level to 115 percent of federal poverty guidelines (FPG) from 120 percent, were more than offset by new spending of almost \$9.7 million. Additional TANF spending in this category included over \$4.7 million in child care costs related to the requirement that DWP enrollees, except those with a child under 12 weeks of age, participate in DWP employment services; over \$3.9 million in child care costs for the children of legal noncitizens receiving MFIP; and \$996,000 related to extending the MFIP time limit policy for families who reach their 60-month limit but are working sufficient hours and are not being sanctioned for failure to comply with program requirements.

Children Services

Over \$208.4 million was appropriated for this activity, including about \$205.3 million from the General Fund and over \$3.1 million from the TANF fund. This funding level represents an increase of about \$68.2 million in the General Fund and about \$1.9 million in federal TANF spending. The most significant initiative in this category was the appropriation of almost \$148.3 million to create a Children and Community Services Grant. This spending was partially offset by the elimination of 13 smaller grants, saving over \$75.2 million. Reductions in other budget areas now funded by the Children and Community Services Grant resulted in a net savings of about \$37 million in programs funded by the grant.

Children Services Management

About \$10.5 million was provided from the General Fund for this activity, an amount equal to the base funding level.

Basic Health Care Grants

The Legislature appropriated almost \$3.6 billion for this activity, including about \$3 billion from the General Fund; and almost \$551 million from the

HCAF. The programs funded with this money include MinnesotaCare, Medical Assistance basic health care grants, General Assistance Medical Care, other health care assistance, and the Prescription Drug Program.

For the MinnesotaCare program, the Legislature appropriated almost \$549.3 million from the HCAF. This represents a reduction of almost \$149 million from the base funding level. Significant reductions included over \$109 million from reduced coverage for adults enrolled in the program. Benefits for adults with incomes between 75 and 175 percent of FPG are limited to \$2,000 annually, but available federal money may be used to boost this benefit level to as much as \$5,000 temporarily. Other reductions included more than \$7.9 million saved by reducing allowed asset levels; about \$6.2 million saved by reducing managed care payment rates by one percent; almost \$20.6 million saved by temporarily withholding five percent of managed care payments; and over \$5.3 million saved by increasing MinnesotaCare premiums. Managed care rates were increased by over \$11.8 million to offset added taxes the managed care plans will pay due to removing the MinnesotaCare

exemption from certain premium taxes and provider taxes, effective January 1, 2004.

The Legislature appropriated over \$1.15 billion from the General Fund for MA basic health care services for families and children. This total reflects a General Fund reduction of about \$76.6 million. The most significant reductions were a onetime savings of about \$12.1 million in FY 2005 through a delay until the following fiscal year of certain acute care provider payments; a savings of over \$10.8 million from a five percent hospital rate reduction; a savings of almost \$12.6 million through a managed care payment reduction of one percent effective October 1, 2003, and another one percent effective January 1, 2004; a net savings of almost \$19.3 million from instituting various co-payment requirements, with certain limits and exclusions; a savings of over \$18.8 million through the use of federal money rather than a General Fund appropriation to provide certain health care services for undocumented pregnant women; savings of almost \$5.2 million by reducing income eligibility for pregnant women to 200 percent of FPG from 275 percent and by reducing eligibility for children to 150 percent of FPG from 170

percent; and a savings of over \$7.2 million by limiting automatic coverage for newborns whose mothers are MA recipients at the time of birth to their first year of life instead of the first two years. The major spending increase in this area was an appropriation of about \$17.4 million to increase managed care payment rates to offset the application to MA program payments of certain premium taxes and provider taxes effective January 1, 2004.

The General Fund appropriation for basic health care services for elderly and disabled persons exceeded \$1.437 billion but included a cut of almost \$62.4 million in General Fund spending. The most significant reductions were a onetime savings of about \$22.1 million in FY 2005 through a delay until the following fiscal year of certain acute care provider payments; a savings of over \$10 million from a five percent hospital rate reduction; a savings of almost \$43.6 million through a variety of pharmacy rate reductions and cost-saving initiatives; and a savings of over \$4.2 million through the delay until July 1, 2007, of the new autism treatment program previously scheduled to take effect on July 1, 2003. Significant spending increases in this category included over

\$11.1 million to increase provider payment rates to offset the extension to MA of certain premium taxes and provider taxes; an increase of \$10.6 million to reflect the shift to MA of certain persons residing in institutions for mental disease (IMD) whose care was formerly paid by the GAMC program (this cost is offset by an identical savings in GAMC noted below); almost \$3.6 million to restructure adult mental health treatment services; and over \$8.1 million to reflect the shift of some elderly clients to the Elderly Waiver (EW) Program from the Alternative Care (AC) Program, which will make them eligible for MA payment of basic health care needs.

The GAMC appropriation of almost \$420.6 million reflects a General Fund spending reduction of about \$203.4 million. Over half the savings, or about \$128.9 million, came from a variety of eligibility restrictions. Almost \$12 million was saved by eliminating one-month "rolling eligibility," under which a GAMC recipient remained eligible for one month after failing to submit required income reports or recertification forms. GAMC coverage was limited to the date of application, eliminating retroactive coverage and saving almost \$78 million.

Eliminating the opportunity of persons with income above eligibility levels to qualify for the program by "spending down" excess income for medical care saved over \$28.7 million. Limiting GAMC coverage, except for catastrophic care, to persons under 75 percent of FPG saved an additional \$10.2 million. Other significant savings included \$5.3 million from a five percent reduction in hospital payments; \$23 million from an additional GAMC five percent rate reduction applied to all providers; about \$9.1 million through elimination of the GAMC add-on payment for medical education and research; almost \$10.6 million through the shift of certain IMD payments to MA from GAMC; and almost \$35.6 million through the elimination of GAMC coverage for undocumented persons. Significant spending increases in GAMC included about \$8.9 million to increase provider payment rates to offset the extension to GAMC of certain premium taxes and provider taxes, and just over \$15 million to provide catastrophic coverage to persons with income over 75 percent of FPG.

Almost \$8 million was provided from the General Fund and the HCAF for other health care assistance. This reflects a General Fund net reduction of

about \$3.7 million. The major change in this area was the elimination of state administrative cost grants to counties in which the Prepaid Medical Assistance Program (PMAP) has been operational for more than 12 months, saving almost \$3.9 million.

About \$18.5 million was appropriated for the Prescription Drug Program (PDP). This reflects a General Fund reduction of almost \$21.8 million. The most significant savings were just over \$6 million from a reduction to reflect a reduced forecast for program spending; another \$6 million saved by repealing expansion of the program to cover elderly persons up to 135 percent of FPG (leaving eligibility capped at 120 percent of FPG); and about \$6.1 million saved by making elderly persons ineligible for the PDP if they are enrolled in a drug discount program offered by a pharmaceutical company.

Health Care Management

The Legislature appropriated about \$80.1 million for the programs under this activity, including about \$51 million from the General Fund and almost \$29.1 million from the HCAF. For health care policy

administration, about \$15 million was made available. This represented an increase of about \$6.4 million from the General Fund and \$574,000 from the HCAF. The most significant General Fund spending increase was \$2.2 million to contract with a multistate vendor for purposes of establishing a preferred drug list (PDL). As a result of this list, about \$23 million in MA savings is anticipated through enhanced rebates from drug manufacturers. Another \$2.2 million was appropriated for the administrative costs of stricter regulation of nonemergency transportation services (expected to save about \$4.5 million). About \$65.1 million was provided for health care

operations, including about \$38.3 million from the General Fund and almost \$26.8 million from the HCAF. There were no significant spending changes in this category. The Legislature ordered a transfer, not to exceed about \$192.4 million, from the HCAF to the General Fund in FY 2005 and smaller amounts in FY 2006 and 2007 in order to balance the General Fund budget. In developing its FY 2008-2009 budget, DHS must consider repayment of this amount to the HCAF.

State-Operated Services

The Legislature provided over \$381.8 million from the General Fund for state-operated services,



including regional treatment centers, psychiatric hospitals, sexual psychopath treatment programs, and state-staffed community-based group homes. The only funding change in this category was a reduction of about \$2.4 million related to the continued movement of clients away from large campus settings into community services.

Continuing Care Grants

Almost \$3 billion was appropriated for the programs aggregated under this activity, with the bulk of the appropriation from the General Fund and about \$2.8 million coming from the lottery prize fund.

In the Community Social Services area, the Legislature cut funding by over \$110.5 million by eliminating the Community Social Services Act block grant and a number of smaller grants. Much of this savings was reallocated for the Children and Community Services Grant, leaving a net savings of about \$37 million. After this reduction, the remaining General Fund appropriation for Community Social Services was only \$867,000.

For Aging and Adult Services, almost \$27 million was appropriated from the General Fund. The total represented a

reduction of almost \$2.8 million, achieved by eliminating some grant programs and taking 15 percent reductions in funding for a variety of grant programs targeted towards senior citizens, including home delivered meals, senior nutrition programs, and the Retired Senior Volunteer Program (RSVP).

Deaf and Hard-of-Hearing Grants were reduced by \$241,000, leaving total General Fund appropriations of about \$3.2 million. Most of this reduction was reallocated to MA for services to this population.

About \$91 million was provided for mental health grants, including about \$88.2 million from the General Fund and about \$2.8 million from the lottery price fund. This total represents a reduction of almost \$16 million in General Fund support for this program. The most significant reductions in this program were a cut of almost \$11.9 million achieved through a delay in county payments and a reallocation of over \$6.2 million to MA related to restructuring adult mental health treatment grants.

For Community Support Grants, the Legislature provided over \$21.6 million from the General Fund. This reflects a reduction of over \$4.9 million.

The significant reductions in this program were a cut of over \$1.9 million tied to a delay in county payments for semi-independent living services (SILS) for persons with developmental disabilities; a cut of over \$1 million from a county payment delay related to the Family Support Program for persons with developmental disabilities; and a savings of about \$1.5 million through elimination of exceptions to the grant cap in the Consumer Support Grant Program.

Almost \$1.4 billion was provided from the General Fund for Long-Term Care Waivers and Home Care. This total represents a reduction of \$8.5 million. The most significant cuts were a savings of almost \$10.6 million as a result of one percent rate reductions for a variety of waiver and home care programs and a reduction of almost \$22.7 million anticipated from efforts to control caseload growth in certain waiver programs. These and other cost saving measures were somewhat offset by new spending items, the largest of which were almost \$10.8 million in spending that will result from transferring some Group Residential Housing clients to waived services and over \$15 million as a result of shifting clients from the state-only AC program to the EW program.

Almost \$1.1 billion was appropriated from the General Fund for Long-Term Care Facilities Grants. This represents a reduction of about \$4.3 million. A number of significant budget reductions in this program were nearly offset by a variety of spending increases. A savings of over \$3.4 million was taken from a one percent rate reduction for certain day training and habilitation providers and for ICFs/MR, and through elimination of the ICF/MR special rate for facilities with empty beds. Almost \$1.6 million was saved by eliminating the mandate for certain persons with mental retardation to receive day training and habilitation services outside their place of residence. This was replaced by the establishment of a more flexible "services during the day" component. Almost \$10.6 million was saved by establishing a county share for the cost of certain placements in ICFs/MR with more than seven beds. Funding the AC forecast is expected to save over \$10 million in MA long-term care costs. Almost \$12 million in additional MA costs were anticipated because of a variety of changes in AC that are expected to shift some AC clients to MA, with savings being taken in the AC budget to reflect this shift. These AC changes include higher pre-

miums, the extension of MA lien and estate recovery policy to cover AC, and a prohibition on enrolling persons in AC whose incomes are 120 percent of FPG or lower who are eligible for the EW program, which is funded through MA. By not providing an automatic cost-of-living rate increase for nursing homes in the alternative payment system, the Legislature saved over \$24.6 million. This automatic rate provision has been suspended since 1999. A variety of nursing facility rate reductions saved almost \$15.1 million. These included reduced payments for days when an empty bed is held for a resident expected to return to the facility after a short absence; reduced co-payments by MA when the Medicare program is the primary payer; and the elimination of special higher payments for new residents after the first 30 days of an admission. The other significant spending item in this category was for additional facility payments to offset new surcharges and intergovernmental transfers. Those issues are discussed in the human services introductory section.

About \$141.6 million was provided for the AC program. This represents a reduction of about \$47.8 million. Forecasted program growth is expected to

cost about \$28.9 million. AC premium increases reduced state costs by over \$10.1 million. About \$32.7 million was saved by shifting lower-income AC clients to the EW program for which the federal government pays half the cost. Extending MA lien and estate recovery policies to cover AC is expected to save about \$22.1 million, which is slightly offset by about \$1.2 million because higher premiums paid by clients will reduce collections from liens and other recovery methods.

For the Group Residential Housing (GRH) program, the Legislature appropriated about \$175.5 million, a reduction of over \$23.3 million. The most significant savings, about \$21.6 million, was achieved through a plan to increase federal funding of these services by transferring some clients to MA waiver programs and by accessing federal Food Stamp payments for the cost of meals in GRH facilities.

The Legislature appropriated about \$99.6 million from the General Fund for chemical dependency treatment programs for persons entitled to services through income eligibility guidelines. Spending was increased by about \$9 million to reflect the forecast adjustment and reduced by \$933,000

through a one percent reduction in provider payment rates.

For chemical dependency services for persons just above the income level at which they are entitled to services, the Legislature appropriated about \$2.1 million from the General Fund. This represents a reduction of over \$10 million. Ancillary services for women were eliminated, saving about \$4.5 million. Grant programs for juvenile assessment and transportation to detoxification facilities were eliminated, saving \$536,000. And the elimination of funding for persons above 215 percent of FPG saved almost \$5 million.

Continuing Care Management

About \$43.4 million was appropriated, mostly from the General Fund, for management of this sprawling DHS activity. This represents an increase of \$855,000 to support a variety of studies and new management duties.

Economic Support Grants

Just over \$646 million was appropriated for programs under this activity, including about \$239.8 million from the General Fund and about \$406.2 million from the federal TANF fund.

For the Minnesota Family Investment Program (MFIP) the

Legislature appropriated almost \$316.4 million, including about \$99.3 million from the General Fund and about \$217.1 million from the federal TANF fund. This represents a reduction of about \$10.2 million in General Fund support and a cut of over \$69.6 million in TANF spending. The General Fund reductions were largely tied to efforts to replace state spending with spending from other sources. Almost \$10 million was saved by using TANF funds for MFIP to replace General Fund spending. Significant TANF spending reductions included about \$37.2 million saved by reducing MFIP cash assistance, with this savings offset to a large degree by about \$31.7 million in TANF spending on the new DWP; almost \$5.4 million saved through a variety of program modifications, including the implementation of 100 percent grant sanctions for certain noncompliant recipients; the elimination of payment for additional children conceived while the recipient is enrolled in the MFIP program; and the reduction to 12 months in allowed educational programs from the current 24 months. Additional savings of about \$49 million in this program were reallocated to the TANF consolidated grant. Using a portion of federal Supplemental Security Income (SSI) received by an MFIP household to offset MFIP payments saved almost

\$22.4 million. Reducing the MFIP income eligibility cap to 115 percent of FPG from the former 120 percent saved about \$6.4 million. And capping spending on the Emergency Assistance component of MFIP saved about \$11 million. These savings were somewhat offset by, in addition to DWP mentioned above, about \$7.3 million to provide MFIP for certain noncitizens legally residing in the United States; by the almost \$10 million used to replace General Fund spending; and by over \$11.5 million spent to modify the policy on counting a portion of a public housing subsidy as income for purposes of determining MFIP benefit levels. Under former law, passed several years ago but delayed until July 1, 2003, \$100 per month of a housing subsidy would have been counted as income to MFIP recipients. The 2003 Legislature reduced that amount to \$50 and allowed the oft-delayed policy to take effect.

The Legislature appropriated about \$204.5 million for work grants, mostly from the federal TANF fund. This represents an increase of over \$104.2 million in TANF funding and a minor reduction in support from the General Fund. The Legislature provided about \$201.2 million for a consolidated MFIP support services grant. This represents a net increase of about \$33 million from the prior separate

grants for employment services, work literacy, and supported work. This added spending was partially offset by a \$12 million savings from accounting shifts.

The Legislature appropriated over \$6.8 million from the General Fund for other economic assistance, an increase of about \$1.2 million. The major spending increase was a \$1 million appropriation for the supportive housing and managed care pilot project.

For Child Support Enforcement (CSE) the Legislature appropriated about \$7.1 million from the General Fund. The General Fund appropriation was reduced by about \$1.4 million and TANF funding of \$520,000 was eliminated. The most significant reduction was a cut of just over \$1.2 million in the General Fund appropriation for child support enforcement grants to counties. Fee revenue of \$883,000 collected from persons requesting CSE services will replace much of the lost grant appropriation.

General Assistance (GA) appropriations amounted to over \$49.6 million, a reduction of over \$3.9 million. Savings of over \$4.4 million were taken by limiting Emergency GA to the amount appropriated. This savings was partially offset by

\$500,000 appropriated to repeal a never-implemented prior policy decision that would have eliminated GA eligibility for noncitizens under age 55 who lost federal SSI benefits due to their status as a noncitizen.

Minnesota Supplemental Aid (MSA) appropriations were reduced by \$523,000, to about \$61.7 million. The savings came from limiting Emergency MSA to the amount appropriated.

Economic Support Management

Over \$81.9 million was appropriated for the programs under this activity. Of the total appropriation, almost \$11.7 million was for policy administration and over \$70.2 million was for operations. The changes in this activity totaled \$324,000 from the General Fund and the HCAF and were mostly tied to computer systems changes necessitated by various changes in economic assistance policies.

EARLY CHILDHOOD EDUCATION

The Legislature appropriated about \$193.8 million from the General Fund for early childhood education programs. This money was appropriated to the Department of Children,

Families, and Learning, which was renamed the Department of Education. However, all of these programs were transferred to DHS by the Governor. The appropriations were divided among child care programs, which received about \$182.7 million; prevention programs, for which General Fund support was eliminated; and self-sufficiency and lifelong learning programs, which received almost \$11.1 million. These totals represent a General Fund reduction of about \$95.6 million.

Basic Sliding Fee Child Care

About \$46.4 million was appropriated from the General Fund for the basic sliding fee program, a reduction of about \$50.6 million. About \$16.7 million was saved by freezing reimbursement rates at the FY 2003 level. Over \$9.4 million was saved by limiting eligibility to 175 percent of FPG for persons first entering the program, and to 250 percent of FPG after entry, compared to the previous limit of 75 percent of statewide median income (or about 300 percent of FPG). A savings of over \$8 million was taken from increasing client co-payments. Elimination of support for at-home infant care saved \$4 million. Limits on reimbursement for legal non-

licensed care saved over \$9.8 million. The only spending increase in this activity was \$833,000 to reduce the waiting list.

MFIP Child Care

About \$133.3 million was appropriated from the General Fund to provide child care assistance for MFIP participants. This represents a cut of about \$33.8 million. The most significant savings came from freezing provider reimbursement at the FY 2003 level (over \$20.2 million); limits on reimbursement for legal nonlicensed child care (almost \$15.5 million); and co-payment increases (over \$3.2 million). Almost \$3.2 million was provided to increase child care services for clients receiving social services, such as chemical dependency treatment. Almost \$4.2 million was made available to increase transition year child care support.

Child Care Integrity/Child Care Development

\$801,000 was appropriated from the General Fund for efforts to prevent and uncover fraud and abuse in child care programs, including \$451,000 from a onetime appropriation.

However, this money was taken from the base funding level for child care development, leaving that program with a General Fund appropriation of about \$2.3 million.

Prevention Programs

State funding for family collaboratives was eliminated one year early, on July 1, 2003, saving \$370,000. The General Fund appropriation for the Children's Trust Fund was eliminated, saving about \$1.8 million and leaving the program with a funding level of about \$4.4 million, including about \$1.3 million from the Special Revenue Fund and about \$3.1 million in federal funding.

Self-Sufficiency and Lifelong Learning

The General Fund appropriation for Minnesota Economic Opportunity Grants was reduced by over \$9 million. This left the grant program with \$8 million from the General Fund. Food Shelf Programs received about \$2.6 million from the General Fund. This was equal to their base funding level. The Family Assets to Independence Program received \$500,000 in FY 2004 from the General Fund. This was its base funding level.

HEALTH-RELATED REGULATORY BOARDS

First Special Session Chapter 14 made available over \$23 million to operate the boards that regulate a broad variety of health-related service providers. Almost all this amount comes from the State Government Special Revenue (SGSR) Fund, which is derived from fees collected from regulated providers.

Most of the boards were funded at the adjusted base level with no funding changes.

The Legislature, in Chapter 118, created a new Board of Behavioral Health and Therapy to regulate, effective July 1, 2004, persons that qualify as Licensed Professional Counselors. Effective July 1, 2005, the power of the Commissioner of Health to regulate licensed alcohol and drug counselors transfers to the new board. The Board of Marriage and Family Therapy and the new board must report to the Legislature by January 15, 2004, with recommendations to merge the Board of Marriage and Family Therapy into the new board. Chapter 118 also repeals the Office of Unlicensed Mental Health Practice and the term

“unlicensed mental health practitioner” effective July 1, 2004. Consequently, all currently unlicensed mental health practitioners must become licensed. Chapter 118 provided \$320,000 from the SGSR Fund for the new board, and First Special Session Chapter 14 provided another \$380,000 from that fund for this purpose.

EMERGENCY MEDICAL SERVICES REGULATORY BOARD

First Special Session Chapter 14 made available almost \$11.3 million from all sources for the Emergency Medical Services Regulatory Board (EMSRB), which regulates and supports statewide emergency medical care. This represented a \$788,000 reduction in General Fund support for the board, including a \$410,000 cut in administrative support for the board; a \$178,000 reduction in grants to regional EMS boards; and a \$200,000 reduction in the open appropriation for longevity awards for EMS personnel. The Legislature dedicated to the EMSRB any royalty payments received from the sale of the board’s Internet-based ambulance reporting program. This is expected to offset \$140,000 of the EMSRB administrative reductions.

COUNCIL ON DISABILITY

First Special Session Chapter 14 appropriated \$1 million for the council. Base-level funding for the council was zero because it was scheduled to sunset on June 30, 2003, but the Legislature extended it until June 30, 2007, at a funding level significantly lower than the \$1.4 million provided for the previous biennium.

OMBUDSMAN FOR MENTAL HEALTH AND MENTAL RETARDATION

First Special Session Chapter 14 provided about \$2.9 million to operate this office. This amount was equal to the base funding level for the Ombudsman. The Legislature directed the Ombudsman to work with DHS to claim federal matching funds on eligible activities. This is expected to generate \$696,000 over the biennium, which will be directed to the General Fund.

OMBUDSPERSON FOR FAMILIES

First Special Session Chapter 14 provided \$711,000 to operate this office, including \$490,000 from the General Fund and \$221,000 in special revenue. This amount is equal to the

Ombudsperson’s base funding level. The Legislature also directed the Ombudsperson to work with DHS on claiming federal matching funds, which is expected to generate about \$70,000 for the General Fund.

MINNESOTA DEPARTMENT OF HEALTH

First Special Session Chapter 14 made available about \$728.1 million from all sources for the Minnesota Department of Health (MDH). This included about \$121.8 million from the General Fund; about \$65.5 million from the State Government Special Revenue (SGSR) fund; over \$12.5 from the HCAF; over \$154 million from the Medical Education and Research Costs Fund (MERC); about \$65 million from the Special Revenue Fund; over \$308.4 million in federal funding, including TANF; and small amounts from several minor funding sources. These totals represent a net agency funding reduction of over \$35 million.

AGENCY PROGRAMS

The following is a program-by-program description of direct appropriations for the department.

Health Improvement

Over \$114 million was appropriated for health improvement activities from all sources. The most significant funding came from the General Fund (about \$91.1 million).

About \$14.1 million was appropriated for Community Health Services. These totals include reductions of about \$40.8 million from the General Fund and about \$1.2 million from the HCAF. The most significant item was the elimination of the Community Health Services (CHS) subsidy, saving over \$38.2 million. However, this savings was offset by the establishment of the Local Public Health Block Grant, described below. Other grant reductions and administrative cuts account for the remainder of the funding reductions for the General Fund and the HCAF in this area. An additional amount of about \$12.6 million was taken from the General Fund as a result of a reduced forecast for spending on rural hospitals and community clinics because of lower than expected revenues from intergovernmental transfer payments made to the state by

certain hospitals. Portions of these intergovernmental transfer payments, established by the Legislature several years ago, were never approved by the federal government. In addition, the Legislature froze contributions for spending from this revenue source for these rural hospitals and community clinics at the FY 2003 level.

About \$18.3 million was appropriated for Family Health programs, with over \$18 million from the General Fund and the remainder from the SGSR fund. This represents reductions of almost \$16.4 million from the General Fund and elimination of \$14 million in TANF funding. General Fund reductions resulted from eliminating funding for the Women, Infants, and Children (WIC) food supplement program, fetal alcohol syndrome, maternal and child health, suicide prevention, home visiting, infant mortality, and healthy beginnings. These reductions are offset by the establishment of the Local Public Health Block Grant. Similarly, the TANF reductions for combating risky youth behaviors, for county grants, for home visiting, etc., are offset by spending for the new block grant.

For Health Promotion and Chronic Disease activities, the Legislature appropriated about \$12.7 million from the General Fund, an increase of about \$4.3 million. However, the transfer of all funds out of the Tobacco Use Prevention and Public Health Endowment resulted in reduced appropriations of about \$54.1 million. The transfer of all funds from the endowment reduced appropriations for these health promotion and chronic disease activities by about \$46.7 million, because interest earnings on the endowment dedicated for that purpose will no longer be available. (The endowment balance was drawn down to zero but the endowment remains in existence.) In addition, in FY 2004, \$7.4 million in carryforward funds from the Tobacco Use Prevention and Public Health Endowment was transferred as follows: \$4 million was transferred to the General Fund and \$3.4 million was transferred to the SGSR fund. The \$3.4 million transferred to the SGSR fund was appropriated for prevention grants and youth risk behavior programs for FY 2004. The added General Fund spending resulted from funding of almost \$3.3 million in FY 2005 for

prevention grants and youth risk behavior programs and a \$2.3 million appropriation for the poison information center. The

million from the TANF fund. The General Fund appropriation was reduced by over \$1.9 million. Several health

Most of this money comes from the SGSR fund, with the General Fund contributing just over \$1.1 million. That represents a



General Fund increases were partially offset by reductions in agency operations and administration amounting to about \$1.2 million.

About \$11.7 million was appropriated for Minority and Multicultural Health programs, including about \$7.7 million from the General Fund and \$4

disparities grants were eliminated, saving \$1.8 million, and administrative support was reduced by \$148,000. However, these reductions were offset by the creation of the Local Public Health Block Grant.

About \$4.9 million was appropriated for the Minnesota Center for Health Statistics.

General Fund reduction of \$246,000 in support for the center's operations. Another \$150,000 was saved by eliminating a \$150,000 FY 2005 appropriation to the center from the tobacco endowment.

About \$52.5 million was appropriated for the new Local Public Health Block

Grant, funded largely with appropriations transferred from other activities. The block grant replaced a number of dedicated grant programs, including the Community Health Services subsidy; state and federal maternal and child health special projects grants; family home visiting grants; TANF grants; Minnesota Education Now and Babies Later (ENABL) grants; youth risk behavior grants; and WIC state grants. The block grant funding level represents about a 12 percent reduction in support for the grant programs it is replacing. The block grant appropriation includes almost \$44.5 million from the general fund and \$8 million from the TANF fund.

Health Quality and Access

About \$24.8 million was appropriated from all sources for health quality and access programs. About \$17.8 million comes from the SGSR fund. The HCAF contributes over \$5.5 million, and General Fund accounts for the small remainder.

For Health Policy and System Compliance activities, the Legislature appropriated almost \$12.3 million, a reduction of about \$8.3 million. General Fund appropriations were

reduced by \$208,000 through the elimination of FY 2005 funding for MDH to regulate unlicensed mental health counselors. This activity is scheduled to be assumed by the new Board of Behavioral Health and Therapy effective July 1, 2005. HCAF funding was reduced by over \$1 million as the result of a variety of cuts in grants and grants' administration.

Over \$12.5 million was appropriated for Facility and Provider Compliance. Only \$170,000 of this total comes from the General Fund. Most of the appropriation comes from the SGSR fund. The General Fund appropriations base was reduced by over \$1.1 million. The elimination of long-term care quality demonstration grants saved \$1 million, and administrative support for the grant was reduced by \$124,000.

Health Protection

About \$62 million was appropriated for health protection activities, of which about \$18.3 million was from the General Fund and the remainder came from the SGSR fund.

For Environmental Health activities, about \$39.2 million was made appropriated. General

Fund support for agency operations related to these activities was reduced by \$732,000, resulting in a General Fund appropriation of about \$4.9 million for this area. SGSR funding was increased by over \$1.7 million for plumbing plan reviews and by \$145,000 for swimming pool regulatory activities.

Over \$9.2 million was appropriated for Infectious Disease Prevention and Control activities, with over \$8.9 million from the General Fund. The General Fund appropriation was reduced by about \$1.1 million as a result of cuts in support for agency operations and reduced administrative support for grant programs under this activity.

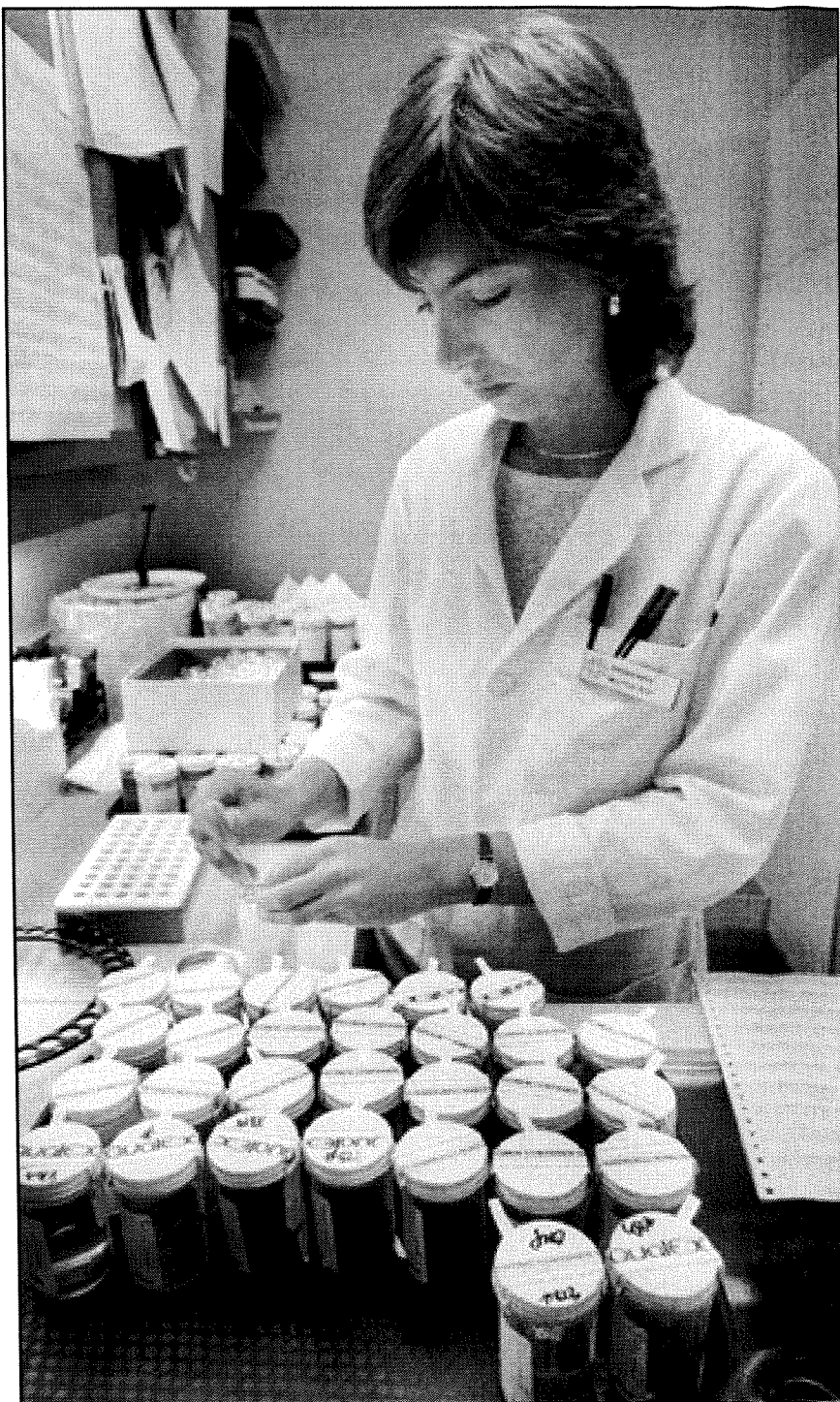
Appropriations for the operations of the MDH Public Health Laboratory totaled about \$13.6 million, of which about \$4.4 million was from the General Fund and about \$9.2 million was from the SGSR fund. The SGSR fund appropriation was increased by about \$5.8 million to reflect fees charged by the newborn screening program. The program provides tests for heritable and congenital disorders administered to newborns in Minnesota, unless parents opt out of the tests, along

with follow-up to infants in whom a disorder is detected.

Management and Support Services

About \$10.5 million was appropriated for these activities from the General Fund.

For Finance and Administrative Management, about \$9.3 million was appropriated from the General Fund. The total reflects a \$370,000 reduction in support for agency operations. About \$1.2 million was provided from the General Fund for the Executive Office and Communications. The appropriation was cut by \$350,000 to reflect reduced funding for agency operations.



VETERANS AFFAIRS

Veterans Nursing Homes Board

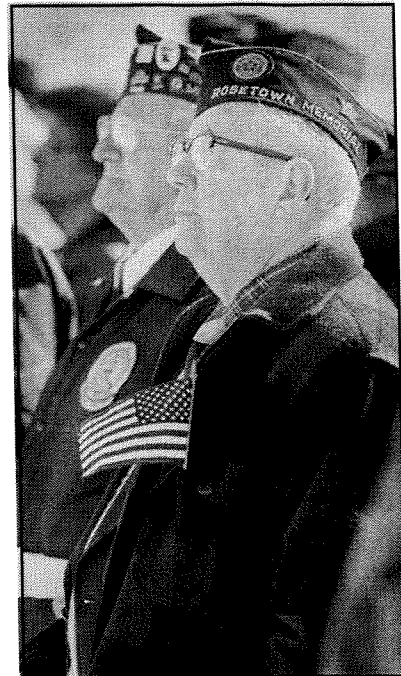
In First Special Session Chapter 14, the Legislature appropriated just under \$60.1 million to the board for the 2003-2005 biennium to operate veterans homes in Minneapolis, Hastings, Silver Bay, Fergus Falls, and Luverne.

Department of Veterans Affairs

In First Special Session Chapter 1, the Legislature appropriated just over \$8.3 million to the Department of Veterans Affairs for the 2003-2005 biennium.

Veterans Service Organizations

In First Special Session Chapter 1, the Legislature appropriated \$110,000 to the Veterans of Foreign Wars; \$40,000 to the Military Order of the Purple Heart; and \$26,000 to the Disabled American Veterans for the 2003-2005 biennium.



Housing

HOUSING

Housing Finance Agency

The Legislature appropriated slightly less than \$70.3 million from the General Fund to the Minnesota Housing Finance Agency (MHFA) for housing purposes in Chapter 128. Combined with the \$6.7 million appropriation to the Department of Education for housing purposes, this represents about a 41 percent decrease from the 2001-2003 biennial appropriation. The accompanying table provides a breakdown of major spending areas for the housing appropriation.

Program specifics included:

- \$500,000 for a onetime grant for the city of Roseau to buy out residential property damaged in the major flood in the summer of 2002 from willing property owners.
- The appropriation of slightly more than \$18.5 million for the Affordable Rental Investment fund must be used to

HOUSING PROGRAMS Biennial Appropriations by Program
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Minnesota Housing Finance Agency

Program	2003-2005
Roseau Flood Assistance	\$ 500,000
Affordable Rental Investment Fund	18,546,000
Family Homeless Prevention	7,430,000
Challenge Program	19,244,000
Rental Assistance for Mentally Ill	3,276,000
Home Ownership Education, Counseling, Training	1,540,000
Housing Trust Fund	8,610,000
Urban Indian Housing Program	360,000
Tribal Indian Housing Program	2,210,000
Capacity Building Grants	610,000
Housing Rehabilitation and Accessibility	7,944,000

Department Of Education

Program	2003-2005
Emergency Services	\$ 700,000
Transitional Housing	5,976,000
Total	\$76,946,000

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

- The budget base for the Home Ownership Assistance

fund will be restored to almost \$1.8 million for the 2005-2007 biennium, after being eliminated this biennium.

- The Commissioners of the Departments of Human Ser-

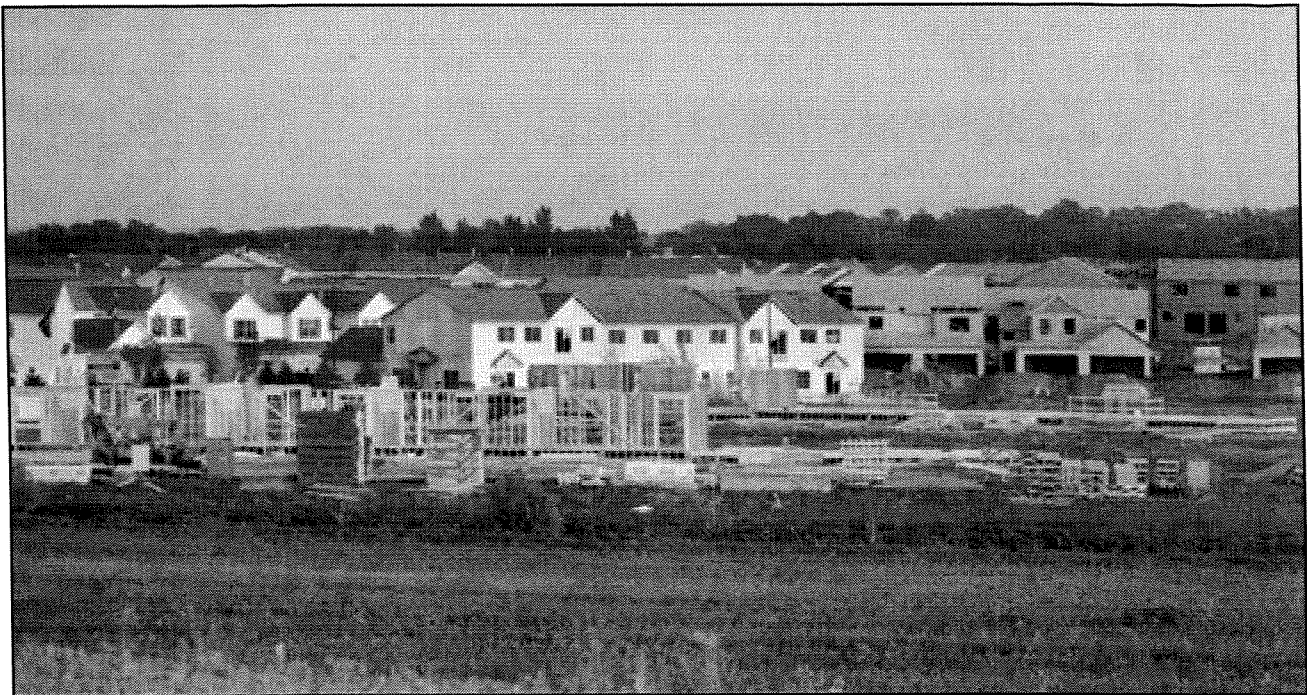
vices, Trade and Economic Development, the MHFA, and the Department of Corrections were directed to convene a working group to develop and implement strategies to foster the development of supportive housing options within the metropolitan area and greater Minnesota. The group must recommend steps to accom-

plish this objective to the appropriate committees of the Legislature by February 15, 2004.

Department of Education

Chapter 128 appropriated almost \$6.7 million to the Department of Education for housing purposes from the

General Fund. Previously, the appropriation for these programs was routed through MHFA, but this year's legislation appropriated the funding directly to the Department of Education. This appropriation contains \$700,000 for emergency housing services, with almost \$6 million for transitional housing programs.



Commerce

COMMERCE AND INSURANCE

Long-Term Care Insurance

Chapter 19 clarified that Minnesota residents covered by long-term care insurance are protected by the Minnesota Life and Health Insurance Guaranty Association (MLHIGA), if the insurance company that issued the policy becomes insolvent.

Minnesota Comprehensive Health Association

Chapter 109 permitted the Minnesota Comprehensive Health Association (MCHA) to offer higher deductible policies as an option, clarified when an application for MCHA coverage is effective, permitted MCHA to extend its contract with its writing carrier, and provided MCHA eligibility, with a waiver of MCHA's six-month preexisting condition limitation, to persons who qualify for the new federal health insurance credit under the Federal Trade Act of 2002.

Fire Insurance

Chapter 10 involved terrorism coverage in insurance policies issued to businesses to cover fire and other damage to business property. In response to the Federal Terrorism Risk Insurance Act of 2002, Chapter 10 made coverage against losses caused by terrorism available only as a separate endorsement to the policy, for which a separate premium would be charged.

Joint Underwriting Association

In Chapter 21, the Legislature made several technical changes and a few substantive changes to the law regulating the Joint Underwriting Association. The Joint Underwriting Association (JUA) is a private association of insurance companies established in state law. The JUA's purpose is to serve as the insurer of last resort for businesses that are unable to get liability insurance in the private market. The technical changes consist mainly

of the elimination of obsolete and arcane language. Substantive changes consist of the replacement of the JUA's market assistance plan with a market assistance coordinator position to assist businesses in obtaining insurance through the private market, thereby eliminating the need for JUA coverage. One other substantive change was to increase from \$5,000 to \$10,000 the maximum fine the Commissioner of Commerce may impose on an insurer for failure to pay JUA assessments.

Minnesota FAIR Plan

Chapter 40 renamed the organization of property and casualty insurers required by state law to provide property insurance to homeowners and businesses who cannot buy insurance in the private market as the Minnesota FAIR plan, which stands for "fair access to insurance requirements." Chapter 40 also clarified that the FAIR plan's purpose is to deal with situations in which coverage

is denied for a property due to its condition.

Banking

Chapter 51 contained various changes, both substantive and technical, in the way in which financial institutions are regulated in Minnesota. Some of the more substantive changes in Chapter 51 are an increase in the maximum interval between on-site examinations of banks, credit unions, and debt prorate companies from 18 to 24 months; elimination of the requirement that applicants for a new bank charter notify all banks within three miles by certified mail of the proposal; and permission for banks to close at noon on Christmas Eve and New Year's Eve.

Landlord Tenant

Chapter 52 specified that a landlord may bring an eviction action through a city attorney rather than the county attorney, and reduced the interest that a landlord must pay on security deposits from four percent to one percent, effective August 1, 2003.

Manufactured Home Titles

Chapter 90 dealt with certificates of title for manufactured homes that are affixed to real estate. Chapter 90 required the

manufacturer's certificate of origin or the certificate of title for a manufactured home to be surrendered to the Department of Public Safety for cancellation if the home is affixed to real property and financed by a mortgage on the real property. When the document has been surrendered, the manufactured home is considered an improvement to real estate. Chapter 90 also provided that an owner of a manufactured home need not surrender the proof of ownership if there is a perfected security interest in the manufactured home at the time it is affixed to real estate. In that case, the owner must file a notice of that security interest with the county recorder or registrar of titles.

Professional Licensing Provisions

Chapter 58 provided for certain exemptions in the licensing requirements for power-limited technicians, and excluded specific network and communication systems from the types of control circuits requiring a licensed technician.

Chapter 85 modified the licensing requirements for architects, engineers, surveyors, landscape architects, geoscientists, and interior designers. Chapter 85 also provided that licenses and certificates issued in

these professions expire on June 30 of each even-numbered year, and specified renewal requirements and procedures. Chapter 85 modified exemptions from continuing education requirements by requiring that specified circumstances (such as illness or injury) justify an exemption only if these circumstances restrict compliance with continuing education requirements, as supported by documentation furnished to the board.

Joint and Several Liability

Chapter 71 modified the rules regulating joint and several liability to provide that joint and several liability will only apply to persons whose fault is greater than 50 percent; to two or more persons acting in a common scheme or plan that results in injury; to a person who commits an intentional tort; or to a person whose liability arises under the specified environmental laws in the current statute.

Motor Vehicle Dealer Advertisements

Chapter 91 modified the requirement that a motor vehicle dealer must disclose the dealership name in all advertising unless the dealer's true name or properly filed commercial assumed name is included in the advertisement.

Alcoholic Beverages

In Chapter 126, the Legislature made the most significant changes to Minnesota's liquor laws in several generations. Chapter 126 moved the hour after which on-sales of alcoholic beverages are prohibited from 1 a.m. to 2 a.m. Licensed establishments must apply for a permit and pay a fee in order to extend sales until 2 a.m., the amount of which is determined by the establishment's annual sales. Proceeds collected from the permit fees are dedicated to a fund established to pay for additional state patrol troopers. Chapter 126 also exempted most on-sale licenses from the statutory limits on the number of on-sale intoxicating liquor licenses a city may issue, but also allowed named cities to issue additional licenses. Chapter 126 allowed brewpubs (restaurants that brew beer on the premises) to sell their products at off-sale in 64-ounce containers. It allowed on-sale licenses at the Elko speedway, the St. Louis County Heritage and Arts Center in Duluth, and the Minnesota Centennial Showboat in St. Paul. Chapter 126 also permitted establishments with on-sale licenses to offer samples of those wines, liqueurs, cordials, and distilled spirits it stocks, and

allowed sale of Minnesota-produced wine at the State Fair.

UTILITIES

Public Safety Communications and Wireless Service

Chapter 43 authorized counties to establish and rent, lease, construct, equip, and maintain a radio broadcasting station or stations, to be used for public safety communications. It also authorized counties to make their radio towers, building rooftops, lands, rights-of-way, and easements available to commercial wireless service providers or other users, for a fee or for other consideration.

Telephone Assistance Plan

Chapter 79 eliminated a number of eligibility requirements for the state's Telephone Assistance Plan (TAP) and replaced them with the single requirement that the household be eligible for the federal Lifeline Telephone Service discount. Minnesota law limits telephone assistance to households that meet certain income requirements *and* have a disabled or elderly member. Eligibility for the federal program is solely income based. Under the federal program, eligible

customers must participate in one or more of the following federal programs: Medicaid; Food Stamps; Supplemental Security Income; federal public housing assistance; or a Low-Income Home Energy Assistance Program. Lifeline provides a monthly credit of \$5.25 to those receiving assistance. TAP currently provides a monthly credit of \$1.75. Funding for TAP comes from a monthly charge set by the Public Utilities Commission (PUC) on each wire line, not to exceed ten cents.

Bundled Telecommunication Services

Chapter 97 streamlined current law with regard to promotions of telecommunications services, and added specific statutory authority for telephone companies to offer packages of services. Chapter 97 relieved a telephone company of the requirement to file cost information with a promotion tariff, but allowed the Department of Commerce, the Office of Attorney General, or the PUC to request that information if needed to determine whether the promotion complies with legal requirements. Chapter 97 also authorized a telephone company to offer service packages consisting of regulated and

unregulated services, and to establish the prices, terms, and conditions of that package, if each telecommunications service subject to the regulatory jurisdiction of the commission is available on a stand-alone basis; the packaged rate or price does not exceed the sum of the prices of the individual components of the package; and the telephone company lists all the regulated and unregulated services included in the package.

Energy

First Special Session Chapter 11 eliminated the statutory requirement for legislative approval to store spent nuclear fuel at a nuclear generating facility in Minnesota. It specifically authorized sufficient additional dry cask storage of spent nuclear fuel at the Prairie Island nuclear generation facility to permit the plant to continue operating until the end of its current licenses in 2013 and 2014. In doing so, Chapter 11 provided that the utility owning the Prairie Island plant may recover the costs of a settlement with the Mdewakanton Dakota Tribal Council at Prairie Island regarding the contractual agreement entered into in 1994 from rate payers. Chapter 11 established a process by which the PUC may provide, and the Legislature may review,

authorization to establish or expand an independent spent fuel storage facility in the state in the future. That process allows for consideration of decommissioning a nuclear generation facility in Minnesota. Chapter 11 also required the public utility that owns the Prairie Island plant to deposit \$16 million into the Renewable Development Account each year that the plant is operational, and \$7.5 million each year thereafter if the PUC determines that the utility has not made a good faith effort to remove the spent nuclear fuel. Chapter 11 allocated \$6 million annually until 2018 from the Renewable Development Account to fund renewable energy production incentives. Of this total, \$4.5 million is for production incentives for up to 100 megawatts of wind energy systems eligible under Minnesota Statutes, section 216C.41, and \$1.5 million is for on-farm biogas or other renewables as provided under Minnesota Statutes, section 216C.41.

Chapter 11 established the state goal of moving toward hydrogen as an increasing source of energy for electrical, heating, and transportation needs, and allocated \$10 million from unobligated funds in the Renewable Development Account to the University of

Minnesota Initiative for Renewable Energy and the Environment to support basic and applied research in hydrogen energy development. Chapter 11 also required the Department of Trade and Economic Development to create a targeted program to promote and encourage the development and attraction of hydrogen-related businesses.

Chapter 11 made various changes to the renewable energy objectives in Minnesota Statutes, adding hydrogen and refuse-derived fuel from mixed municipal solid waste to the list of renewable energy resources, and permitting the Commissioner of Commerce to establish a program for tradeable credits for renewable energy production.

Economic Development

ECONOMIC DEVELOPMENT

Department of Employment and Economic Development

In Chapter 128, the Legislature appropriated slightly more than \$132 million to the Department of Employment and Economic Development (DEED). Because separate laws merged the Department of Economic Security (DES) with the Department of Trade and Economic Development and renamed it the Department of Employment and Economic Development, effective July 1, 2003, the total appropriation for DEED appears much larger than previous appropriations. The

DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT Biennial Appropriations by Purpose		
Purpose	2003-2005	% of Total
Rehabilitation Services	\$ 43,576,000	33.0%
Business and Community Development	18,223,000	13.8%
Workforce Services	16,528,000	12.5%
Tourism	16,125,000	12.2%
Workforce Development	14,770,000	11.2%
Administration	9,596,000	7.3%
Services for the Blind	8,896,000	6.7%
Trade Office	4,374,000	3.3%
Total	\$132,088,000	100%

difference between the 2003-2005 appropriation for DEED and the 2001-2003 appropriations for both agencies is about \$28.5 million, or a reduction of almost 18 percent.

Most of the department's funding comes from the General Fund (85 percent). DEED's appropriations by fund and the percentage of total funding are shown in the table below.

DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT Biennial Appropriations by Fund		
Fund	2003-2005	% of Total
General	\$112,038,000	84.8 %
Workforce Development Fund	17,420,000	13.2 %
Environmental Fund	1,400,000	1.1 %
Petroleum Tank Cleanup	750,000	.05%
Special Revenue	480,000	.04%
Total	\$132,088,000	100%

The three largest areas of spending include two areas from the former DES: rehabilitation services (33 percent) and workforce services (12.5 percent). Business and community development was the area receiving the second largest appropriation (13.8 percent). The table above labeled Biennial Appropriations

by Purpose provides a list of appropriations, along with amounts and percentages of total appropriations for each purpose.

Business and Community Development Grants

Of the more than \$18 million appropriated for Business and Community Development Grants, \$4.4 million was appropriated for Minnesota Investment Fund Grants, which represents a decrease of approximately \$3.3 million from the previous biennium, or about 43 percent. Other onetime grants included:

- \$300,000 to the Rural Policy and Development Center at Minnesota State University, Mankato, for research on emerging social and economic issues in rural Minnesota;
- \$2 million to encourage and facilitate a joint partnership with the University of Minnesota and the Mayo Foundation for research in biotechnology and medical genomics;
- \$2 million to the Minnesota Investment Fund for grants to local units of government for grants and loans, including buyouts of businesses adversely affected by the 2002 flood in the area in and around Roseau; and

- \$750,000 from the Petroleum Tank Release Compensation Fund for grants to local units of government in the Roseau area to safely rehabilitate or buy out buildings damaged by petroleum contamination.

Workforce Development

The \$14.8 million appropriation for Workforce Development included almost \$13.6 million for the job skills partnership and pathways programs; \$200,000 for onetime grants to Lifetrack Resources for job-seeking and training programs for immigrants and refugees; \$500,000 to Twin Cities Rise to provide job training for hard-to-train individuals; \$200,000 for a onetime grant to the Metropolitan Economic Development Association for continuing minority business development programs in the metropolitan area; and \$300,000 for a onetime grant to WomenVenture for women's business development programs.

Office of Tourism

The Office of Tourism received over \$16.1 million for the biennium, or about a 19.4 percent decrease from the amount originally appropriated for the previous biennium. \$3.5 million of the appropriation each year for marketing activities is contingent upon the receipt of

an equal contribution from nonstate sources for joint venture marketing. The Minnesota film board received \$350,000 for the biennium, or about 79 percent less than the amount appropriated for its activities in the previous biennium.

Economic Security Activities

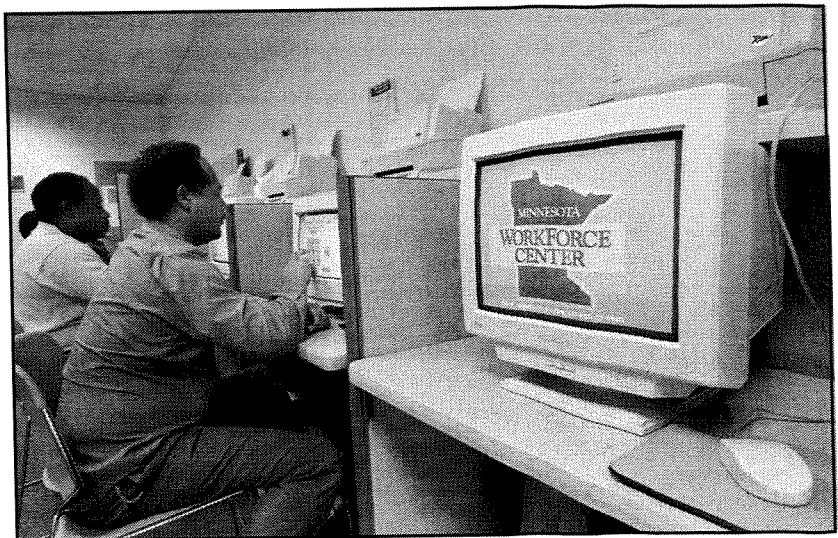
The primary areas of spending for employment-related activities within DEED include Workforce Services (\$16.5 million), Rehabilitation Services (almost \$43.6 million), and State Services for the Blind (almost \$8.9 million). Workforce Services included slightly less than \$2 million of funding for the displaced homemaker program, of which \$1.5 million is from the Workforce Development Fund and \$480,000 is from the Special Revenue Fund. The 2003 Legislature authorized a \$10 increase in the marriage license fee for couples who have not received premarital education. This fee is deposited in the Special Revenue Fund and is intended for appropriation for the displaced homemaker program. Also receiving funding in Workforce Services are the Opportunities Industrialization Center, youth intervention programs, the Youthbuild program, and the University of

Minnesota, Duluth for the continuation of workforce surveys in northeast Minnesota.

Rehabilitation Services appropriations included almost \$2.7 million of funding for the Centers for Independent Living and separate grants for the Minnesota Employment Center for people who are deaf or hard-of-hearing, for programs that provide employment support services to persons with mental illness, and for education for employers to support HIV/AIDS general education and awareness in the workplace. The 2003 Legislature also authorized the Commissioner of DEED to increase the workforce enhancement fee up to an additional .02 percent of taxable wages if the commissioner determines that the need for services under the Dislocated Worker Program substantially exceeds the resources that will be available for the program.

Minnesota Technology, Inc. (MTI)

The 2003 Legislature appropriated \$3 million for a onetime transfer from the General Fund to the MTI fund in FY 2004, and specified that no base funding is to be provided for MTI in future years.



Transportation and Public Transit

TRANSPORTATION PROGRAMS

The appropriations for transportation purposes are contained in First Special Session Chapter 19, the Omnibus Transportation Funding and Policy Act. This act appropriated nearly \$3.8 billion for the 2003-2005 biennium for transportation purposes. This is about a six percent increase over the 2001-2003 biennium. The total General Fund appropriations however, show a 16.5 percent decrease (approximately \$26 million) from the previous biennium. This reduction is a result of cuts made to help balance the state's General Fund budget.

In addition to the ongoing General Fund reductions, transportation programs received a number of other onetime General Fund reductions to help alleviate the budget deficit. In particular, \$110 million in general funds that was appropriated for road construction in 2001 was replaced with trunk highway bonds. This resulted

in \$110 million being returned to the General Fund and the Trunk Highway Fund assuming 20 years of debt service costs for the bonds. In the 2003-2005 biennium, these bonds will cost the Trunk Highway Fund almost \$23 million in debt service payments.

Other onetime actions aimed at deficit reduction included requiring the Commissioner of Finance to:

- transfer \$15 million of the balance in the State Airports Fund to the General Fund in FY 2003;

TRANSPORTATION PROGRAMS Biennial Appropriations by Agency & Fund

Agency	Total 2003-2005	% of Total
Transportation	\$ 3,438,991,000	90.7 %
Public Safety	235,953,000	6.2 %
Metropolitan Council	114,720,000	3.0 %
Contingency & Tort Claims	1,950,000	.1 %
Total	\$3,791,614,000	100.0 %
Fund	Total 2003-2005	% of Total
General	\$ 161,178,000	5.5%
Airports	38,916,000	1.1%
Highway User	24,672,000	.7%
County State Aid	859,651,000	23.0%
Municipal State Aid	226,951,000	6.1%
Trunk Highway	2,477,958,000	63.5%
Special Revenue	2,288,000	.1%
Total	\$3,791,614,000	100.0%

- transfer \$3.2 million in each of FY 2004 and FY 2005 from the Rail Service Improvement Fund to the Debt Service Fund; and,

- transfer \$4.1 million from the Transportation Revolving Loan Fund to the General Fund in each of FY 2004 and FY 2005.

The total 2003-2005 biennium transportation appropriations by fund and agency are shown in the table on the previous page. The Minnesota Department of Transportation (MnDOT) receives the majority of the transportation funds — over \$3.4 billion for the 2003-2005 biennium. The Department of Public Safety will receive approximately \$236 million for its transportation-related activities and the Metropolitan Council will receive almost \$115 million for metropolitan area transit planning and operations. Each of these agencies' budgets and related transportation legislation is briefly discussed in the following text.

**DEPARTMENT OF TRANSPORTATION
Direct Biennial Appropriations by Purpose**

Purpose	Biennial Total 2003-2005	% Change From 2001-03	% of Total Appro.
Aeronautic	40,790,000	- 1.0%	1.2%
Greater MN Transit*	31,915,000	- 12.1%	.9%
Freight	3,138,000	- 10.4%	.1%
Commercial Vehicles	7,254,000	- 11.0%	.2%
State Road Construction	1,322,407,000	+ 17.0%	38.5%
Highway Debt Service	100,732,000	+131.8%	2.9%
Planning, Engineering, Design	320,481,000	- 4.7%	9.3%
State Road Operations & Maint.	407,282,000	- 8.4%	11.8%
Electronic Communications	9,980,000	- 12.2%	.3%
General Support & Buildings	108,410,000	- 3.5%	3.2%
MnDOT Total	\$2,352,389,000	+ 8.6%	68.4%
County State Aids	859,651,000	+ 4.4%	25.0%
Municipal State Aids	226,951,000	+ 4.9%	6.6%
Total	\$3,438,991,000	+ 7.3%	100.0%

* Beginning in FY 2004, Greater MN Transit will receive a new indirect allocation of .18 percent of the proceeds of the motor vehicles sales tax, estimated at \$2,235,000 for the 2003-2005 biennium. This new allocation will offset the direct appropriation cut and result in a real cut of 5.9% over the 2001-2003 biennium (rather than the 12.1% reduction shown above).

**MINNESOTA
DEPARTMENT OF
TRANSPORTATION**

The table shown above provides a breakdown of MnDOT's total appropriation, the change from the previous biennium, and the corresponding percentage of the total

for the department's primary activities. MnDOT will receive a total of approximately \$3.4 billion for the biennium. The amounts shown for county state aids (\$860 million) and municipal state aids (\$227 million), however, are passthrough funds distributed by MnDOT on a

formula basis to the state's 87 counties and to cities with a population over 5,000 for expenditure on local road systems. MnDOT retains approximately \$2.35 billion for its various transportation activities, including state road construction and maintenance, Greater Minnesota transit, aeronautics, freight, and commercial vehicles.

Over 96 percent of MnDOT's funds (\$2.28 billion) are from the Trunk Highway Fund, with minor amounts from the General Fund and Airports Fund. The Trunk Highway Fund receives 62 percent of the revenues generated by the state's vehicle registration tax and 20-cent per gallon gas tax, and 30 percent of the revenues from the sales tax on motor vehicles. The Trunk Highway Fund also receives federal highway aid for road construction. For the 2003-2005 biennium, the federal highway aid is estimated to be \$700 million, or approximately 31 percent of MnDOT's total Trunk Highway Fund appropriation.

State Road Construction

MnDOT's major area of expenditure, excluding the local road program, is for state road construction, which accounts for over one-half of MnDOT's total appropriation. The 2003-2005

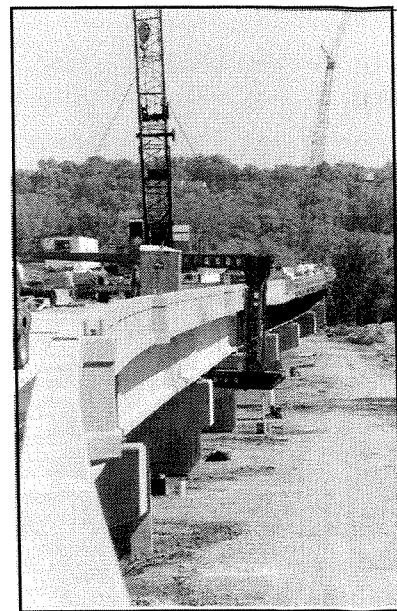
biennium state road construction appropriation of \$1.32 billion is an approximate increase of \$193 million, or 17 percent over the 2001-2003 biennium. This sizeable increase was made possible by reducing other areas of expenditure within the department and redirecting the savings to road construction purposes and also by accelerating a federal program known as advance construction spending.

Cuts to nonroad construction related areas of MnDOT totaled over \$72 million for the biennium. The largest reductions were to state road operations and maintenance (\$23.2 million); planning, engineering, and design services (\$17.5 million); and agency support services (\$27.5 million). The reductions resulted in approximately 160 layoffs within the department.

The road construction appropriation included approximately \$150 million of federal highway aid advance construction spending. Advance construction is essentially a short-term, interest-free borrowing program that allows a state to count future federal highway aid allotments in the current year. The state must cash flow projects using state funds and is repaid in the year when the federal aid would have been received. This tool allows projects to be accelerated,

avoiding future inflationary costs.

The Omnibus Transportation Funding and Policy Act also authorized the sale of \$400 million in trunk highway bonds over a four-year period for road construction purposes. It is estimated that approximately \$150 million of these bonds will be sold during the 2003-2005 biennium. These bonds will provide additional construction funds, but also result in debt service payments over a 20-year period. The additional debt service payments for these bonds over the biennium will total about \$44 million.



The Transportation bill requires the bond proceeds and the advance construction funds to

be spent on trunk highway improvements that eliminate bottlenecks and improve traffic flow within the metropolitan area and in Greater Minnesota on at-risk interregional corridors and safety improvements. To the extent feasible, the commissioner is directed to spend the increased amounts equally between the metropolitan district and the remainder of the state. The commissioner must report to the Legislature on the projects funded with the bond proceeds and advance construction no later than January 15 of each year through 2007.

Transportation Policy

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

- The commissioner is required by December 15 of each year to report on the impact of the budget reductions, including a description of programs with reduced spending levels, the impact on the department's performance, and the number of positions reduced or eliminated.
- The commissioner must submit a biennial report on trunk highway fund expenditures to the Legislature, including expenditures for road construc-

tion, technical contracts, design and engineering, litigation costs, environmental compliance, and other expenditures.

- The commissioner must, in consultation with the Commissioner of Finance, prepare a semiannual forecast of Trunk Highway Fund revenues and expenditures. The forecast must include economic information and must be reviewed with the transportation committee chairs and legislative staff.
- The commissioner may, after obtaining approval from the Federal Highway Administration, begin charging single-occupant vehicles a user fee to use high-occupancy vehicle lanes. The revenues from the fee must first be used to pay for implementation of the collection system, and any remaining amounts are to be allocated one-half for capital improvements within the corridor and one-half to improvement of bus transit services.
- The commissioner is allowed to contract with tribal authorities for maintenance, design, and construction of highways on tribal lands, and the contract may include a waiver of immunity.
- MnDOT is required to study the feasibility of a bus rapid

transit system on I-35W between the cities of Minneapolis and Lakeville.

- MnDOT is required to create a panel to study the rest area program, including financing and partnership opportunities.

METROPOLITAN COUNCIL TRANSIT

The Legislature appropriated \$114.7 million from the General Fund to the Metropolitan Council for metropolitan transit planning and operations. This is a decrease of about \$19 million, or 14 percent, from the previous biennium. Of this amount, \$6.7 million is for operation of the Hiawatha Light Rail Transit Line (LRT), which is scheduled to become operational in FY 2004 and is a new responsibility for the Metropolitan Council.

The amount appropriated for LRT operations will pay for 50 percent of the total operating costs. The omnibus act requires the remaining 50 percent to be paid by the Hennepin County Regional Rail Authority using county general tax revenues, the rail authority's reserves, or taxes levied by the rail authority. The Metropolitan Council is required to submit the proposed operations management plan to Hennepin County for approval by September 1, 2003.

Legislation contained in the Omnibus Transportation Act also required the Metropolitan Council to prepare a request for proposals (RFP) to operate the Hiawatha LRT. The RFP must invite in-state and out-of-state vendors, including the council's transit operations division. The council must consult with the Departments of Administration and Transportation and Hennepin County in preparing and reviewing the RFP. If the Council determines that it is advantageous to contract with a vendor, it must select a vendor no later than December 1, 2003.

deposited in a fund to be used for metropolitan transit purposes. The 2003 Omnibus Transportation Act, however, repealed the dedication of this revenue. In order to minimize the impact of the General Fund cuts and MVST revenue loss, the transportation act dedicated an additional one percent of the MVST proceeds to Metropolitan Transit until FY 2007. These multiple legislative actions resulted in a net loss of combined general funds and MVST revenues to the council of approximately \$31 million for the biennium.

DEPARTMENT OF PUBLIC SAFETY

The Omnibus Transportation Act included approximately \$236 million for the Department of Public Safety (DPS) for transportation-related activities. The appropriation is an approximate \$6.7 million, or almost three percent, increase over the previous biennium. The breakdown of DPS's appropriation change from the 2001-2003 biennium and percentage of the total appropriation by major activity is shown in the table below.

Under existing law, the council receives 20.5 percent of the proceeds from the motor vehicle sales tax (MVST) for transit operations. This revenue replaced property tax revenue collected by the council for transit operations prior to 2002. Beginning in FY 2004, an additional two percent of the MVST revenues (about \$12 million annually) were scheduled to be

DEPARTMENT OF PUBLIC SAFETY			
Direct Biennial Transportation-Related Appropriations			
by Purpose			
Purpose	Biennial Total 2003-2005	% change From 2001-03	% of Total
Administration & Related Services	\$ 19,373,000	- 25.6%	8.2%
State Patrol	139,864,000	+ 12.1%	59.3%
Driver & Vehicle Services	73,780,000	- 2.7%	31.3%
Traffic Safety	648,000	+ 1.1%	.3%
Pipeline Safety	1,988,000	+ .8%	.8%
Alcohol & Gambling Enforcement	300,000	N/A	.1%
Total	\$ 235,953,000		100.0 %

The State Patrol appropriation of approximately \$140 million is an increase of over 12 percent from the previous biennium. Of this increase, \$3.5 million in the first year and \$3.7 million in the second year is dedicated to hiring new state troopers in response to the change in bar closing times from 1 a.m. to 2 a.m. The increased costs for troopers will be paid from permit fees paid by liquor licensees that choose to remain open until 2 a.m. and federal money allocated to Minnesota under the repeat offender transfer program.

The appropriations for Administration and Related Services and Driver and Vehicle Services show decreases of 25.6 and 2.7 percent respectively from the previous biennium. These decreases reflect General Fund cuts made to these programs to help balance the state budget. The commissioner is required to submit a report to the Legislature by December 15 of each year regarding the impacts of these cuts on the department's performance and identifying the number of positions reduced or eliminated.

Public Safety Policy

The Omnibus Transportation Act contained a new section of law requiring all special license plate proposals to follow

similar procedures. The new procedures require submittal of a survey that shows that at least 10,000 vehicle owners would purchase any proposed special plate; an application fee of up to \$20,000 to cover the department's cost of reviewing the application and developing the plate; and a marketing strategy. If the proposal is not adopted by the Legislature, up to \$17,500 of the fee may be refunded. If the proposal is adopted and fewer than 1,000 license plates are sold within the first five years, the department may discontinue issuance of the special plate.

A number of fees charged by Public Safety were increased in the Omnibus Transportation Act as follows:

- The fee for issuing an original or new certificate of title was increased from \$2 to \$3, raising \$3.3 million for the General Fund.
- A new fee of \$20 is imposed for persons whose driver's license was suspended or revoked for motor vehicle insurance violations.
- The fee for issuance of license plates was increased by \$2.6 million to cover the costs to the Highway User Fund of producing license plates.

- The driver's license reinstatement fee for driving while intoxicated offenses was increased by \$50 and the proceeds reallocated to provide \$2.1 million to the traumatic brain injury and spinal cord injury account, and \$716,000 to a new vehicle forfeiture account to cover the commissioner's costs of handling vehicle forfeitures.

A new section of law in the Omnibus Transportation Act (Minnesota Statutes, section 299A.80) gives the Department of Public Safety authority to impose administrative penalty orders upon administrative agents licensed by, or subject to, the authority of the commissioner (such as deputy registrars and drivers' license agents). Prior to implementing administrative penalty orders, the commissioner must prepare a plan for using the orders and allow for a 30-day public comment period. The plan must be finalized no later than July 1, 2004.

Agriculture

Department of Agriculture

In Chapter 128 the Legislature directly appropriated over \$82.7 million, including money for ethanol producer payments, to the Department of Agriculture for the 2003-2005 biennium, which is a 28 percent reduction over direct appropriations in the previous biennium, including ethanol money that was from an open appropriation. When the previous biennium total is reduced to reflect unallotment of funds by the Governor in FY 2003, the net reduction is 11.1 percent. Most of the funds unallotted were for the ethanol development program

The Department of Agriculture also received statutory appropriations of over \$63 million, which, when added to the direct appropriations in this area, total almost \$145.9 million in appropriations to the department. Most of the statutory appropriations to the department are from fee-based revenue sources.

The table below provides a list of funds along with the amounts agricultural protection service (22.1 percent). All of the money for the value-added agricultural

DEPARTMENT OF AGRICULTURE Biennial Appropriations by Fund		
Fund	2003-2005 Biennium	% of Total
General	\$82,022,000	99.1%
Remediation	706,000	0.9%
Total	\$82,728,000	100.0%

and percentages of total direct appropriations.

The two largest areas of spending by the department from direct appropriations are for value-added agricultural products (53.7 percent) and the

products program in this biennium will be used for ethanol producer payments. The table below provides a list of appropriations along with the amounts and percentages of total direct appropriations for each purpose.

DEPARTMENT OF AGRICULTURE Biennial Appropriations by Purpose		
Purpose	2003-2005 Biennium	% of Total
Protection Service	\$18,276,000	22.1%
Agricultural Marketing and Development	10,512,000	12.7%
Value-Added Agricultural Products (Ethanol Payments)	44,390,000	53.7%
Administration and Financial Assistance	9,550,000	11.5%
Total	\$82,728,000	100.0%

The Legislature increased a number of fees charged by the department that will lead to increased statutory appropriations from those accounts. The table below

resulting from the Governor's unallotment of ethanol funding in FY 2003. In addition, the Legislature eliminated the open appropriation for ethanol producer payments and replaced it

exemption does not apply to feedlots in environmentally sensitive areas as defined in Environmental Quality Board rules. The changes also require persons within 5,000 feet of a new or expanded feedlot of over 500 animal units to be notified by the PCA or a delegated county at least 20 business days prior to the feedlot permit being issued. The PCA or the county issuing the permit must verify that the notice was given prior to issuing the permit.

DEPARTMENT OF AGRICULTURE Fee Revenue	
Revenue Source	2003-2005 Biennium
Food Handler Fee Increase	\$1,416,000
Food Handler Reinspection Fee Increase	30,000
Nursery And Phytosanitary Fee Increases	924,000
Seed Inspection Fee Increase	400,000
Dairy Inspection Fee Increase	570,000
Total	\$3,340,000

shows the revenue raised by the fee changes.

with direct appropriations to the department for the payments.

Ethanol Development

The Legislature reduced the ethanol producer payment rate for the next four years to 13 cents per gallon and changed the ethanol producer payment program to directly appropriated rather than the capped open appropriation. Beginning July 1, 2007, the payment rate will return to 20 cents per gallon. The ethanol development program changes also provide for future additional ethanol payments to producers who received less than 20 cents per gallon if their reduced payments were due to the current reduced payment rate or reductions

Feedlot Environmental Review

The Legislature made changes in notification and environmental review provisions for certain feedlots. The changes provide for an exemption from environmental review requirements for proposed new feedlots or feedlot expansions that are less than 1,000 animal units if the proposer signs a written commitment to abide by the Pollution Control Agency's (PCA) feedlot rules and the county holds a public meeting for citizen input on the proposed permit at least ten business days prior to issuing the permit. This

Board of Animal Health

In Chapter 128 the Legislature directly appropriated just over \$5.6 million from the General Fund to the Board of Animal Health for the 2003-2005 biennium, which is a 3.9 percent reduction over the previous biennium. When the previous biennium total is reduced to reflect unallotment of funds by the Governor in FY 2003, the net reduction is 2.2 percent. The general budget cuts to the board were offset by an additional \$800,000 appropriation for the domestic cervidae program.

The board will also be charging a new fee to cervidae farms, which will raise about \$122,000 for activities related to the domestic cervidae program. The fee is statutorily appropriated and is in addition to the \$800,000

direct appropriation for the same purpose.

Chronic Wasting Disease (CWD)

In Chapter 128 the Legislature increased restrictions on domestic cervidae and enhanced authority for the Commissioner of the Department of Natural Resources (DNR) relating to wildlife disease prevention and control. The provisions are based on recommendations in the 2003 "Legislative Report on Chronic Wasting Disease (CWD)" by the Board of Animal Health and the Commissioner of Natural Resources. The provisions eliminate the regulation of domestic cervidae by the DNR; place the responsibility for regulating all domestic cervidae under the Board of Animal Health; place an inspection fee on cervidae farms of \$10 per cervid up to \$100 per herd; require upgrades to fencing of certain farmed cervidae operations; require improved identification of farmed cervidae; increase surveillance of farmed cervidae; make temporary cervidae import restrictions permanent; provide the DNR with additional authority to prevent and control wildlife disease, including the use of existing emergency rulemaking authority, restrictions on shooting from a motor

vehicle, restrictions on wildlife feeding, and the issuance of special licenses to take wild animals without a fee; expand the use of a portion of deer license revenue to wild cervidae health management; restrict the importation of hunter-harvested cervidae carcasses with the spinal column or head intact; and allow the DNR to establish special deer seasons within designated areas at any time of year.

Agricultural Utilization Research Institute

In Chapter 128 the Legislature appropriated \$3.2 million from the General Fund to the Agricultural Utilization Research Institute (AURI) for the 2003-2005 biennium, which is a 57.9 percent decrease over the previous biennium. The amount appropriated does not include

\$400,000 from the pesticide regulatory account in the Agricultural Fund for research on pesticide use reduction that was vetoed by the Governor. When the previous biennium total is reduced to reflect unallotment of funds by the Governor in FY 2003, the net reduction is 52.4 percent.



Natural Resources

Department of Natural Resources

In Chapter 128 the Legislature appropriated just over \$449.6 million to the Department of Natural Resources (DNR) for the 2003-2005 biennium, which is a 4.4 percent decrease in direct appropriations over the previous biennium. When the previous biennium total is reduced to reflect unallotment of funds by the Governor in FY 2003, the net reduction is 3.5 percent. The general budget cuts to the DNR were offset by additional appropriations for off-highway vehicle (OHV) trails and enforcement (almost \$4.5 million from OHV accounts); the Mississippi Whitewater Park (\$700,000 from the Water Recreation Account); flood damage reduction activities in northwestern Minnesota (\$625,000 from the General Fund); a permanent easement to connect two state trails through Hermantown (\$300,000 from the Snowmobile Account); and a groundwater flow and

recharge analysis (\$50,000 from the General Fund).

The DNR also received statutory and open appropriations of over \$136.6 million,

percentages of total direct appropriations.

The three largest programs receiving direct appropriations to the DNR are park and

DEPARTMENT OF NATURAL RESOURCES		
Biennial Appropriations by Fund		
Fund	2003-2005 Biennium	% of Total
General	\$183,336,000	40.8%
Natural Resources	101,434,000	22.6%
Game and Fish	164,642,000	36.6%
Remediation	200,000	0.0%
TOTAL	\$449,612,000	100.0%

which, when added to the direct appropriations, total over \$586.2 million to the DNR.

The two largest direct appropriation sources for the DNR are the General Fund (47.3 percent) and the Game and Fish Fund (33.6 percent). The table above provides a list of funds along with the amounts and

recreation area management (16.3 percent), forest management (14.7 percent), and fish management (12.9 percent). If the following percentages of total funding for the fish management (12.9 percent), wildlife management (10.7 percent), and ecological services (3.9 percent), are added, the total of 27.5 percent for all fish

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

Purpose	2003-2005 Biennium	% of Total
Land and Mineral Resources		
Management	\$14,988,000	3.3%
Water Resources Management	22,202,000	4.9%
Forest Management	66,132,000	14.7%
Parks and Recreation Management	73,472,000	16.3%
Trails and Waterways Management	45,233,000	10.1%
Fish Management	57,989,000	12.9%
Wildlife Management	48,045,000	10.7%
Ecological Services	17,422,000	3.9%
Enforcement	55,654,000	12.4%
Operations Support	48,475,000	10.8%
TOTAL	\$449,612,000	100.0%

and wildlife activities is the largest overall spending area of the DNR. The table above labeled Biennial Appropriations

by Purpose provides a list of appropriations along with the amounts and percentages of total direct appropriations for each purpose.

The Legislature increased a number of fees charged by the DNR. The table below shows the revenue raised by the fee changes.

In First Special Session Chapter 20 (the capital budget), the Legislature appropriated almost \$13.8 million from bond funds to the DNR for a number of purposes. See the State Debt and Capital Expenditures chapter for more detail.

**DEPARTMENT OF NATURAL RESOURCES
Fee Revenue**

Revenue Source	2003-2005 Biennium
Utility License Fee Increase	370,000
Water Use Fee Increase	2,524,000
Forest Campground Fee Increase	26,000
Trout And Salmon Stamp Fee Increase	278,000
Commercial Fishing License Fee Increases	272,000
Aquatic Plant Management Fee Increases	250,000
Winter Aeration Permit Fee - New	70,000
Camp Ripley Archery Fee - New	22,000
Wild Rice Harvesting License Increase	30,000
Waterfowl Stamp Fee Increase	347,000
Pheasant Stamp Fee Increase	293,000
Small Game License Fee Changes	111,000
Small Game Surcharge Fee Increase	1,131,000
Deer License Fee Changes	(2,000)
State Park Camping Fee Increase	1,418,000
State Park Entrance Fee Increase	2,580,000
Off-Highway Vehicle Registration Fees	1,095,000
Off-Highway Vehicle Civil Citations	160,000
TOTAL	\$10,975,000

Minnesota Conservation Corps (MCC)

In Chapter 128 the Legislature appropriated \$1.7 million to the MCC. The appropriation includes \$980,000 from the Natural Resources Fund, which is based on the amount appropriated for the MCC in FY 2003, and \$700,000 from the General Fund. The Legislature also established the MCC as a nonprofit corporation and transferred the assets of the MCC from the DNR to the nonprofit corporation.

Off-Highway Vehicle Law Changes

As noted above, the Legislature appropriated almost \$4.5 million

in additional funding from the OHV accounts for OHV trails and enforcement. The following is a breakdown of the additional funding:

- \$1.6 million for OHV trail development;
- \$1.4 million for OHV enforcement;
- \$450,000 for local OHV enforcement; and
- \$1 million in onetime funding for the Iron Range OHV Recreation Area.

The Legislature also transferred \$500,000 from the OHV accounts to the newly created off-highway vehicle damage account to use for repair of OHV damage to public and private land.

In addition to the increased funding for OHVs, the 2003 Legislature enacted a number of law changes relating to these vehicles. The changes:

- prohibit the intentional operation of OHVs in specified sensitive areas, such as in certain wetlands, or on a trail designated for nonmotorized use only;
- provide civil citation authority to the DNR and local law enforcement for certain OHV offenses;

- prohibit off-highway vehicle use on state land administered by the DNR, except on roads and trails designated for use by OHVs (does not apply to state forests until December 31, 2010, unless the forest is reclassified by the DNR);

- create an off-highway damage account, which is statutorily dedicated for the repair and restoration of property damaged by the unpermitted use of OHVs;

- increase the all-terrain vehicle registration fees from \$18 to \$23 on July 1, 2003, and to \$30 beginning on January 1, 2005;

- allow road authorities (MnDOT for state highways, county boards for county highways, city councils for city streets, and town boards for town roads) to regulate the use of OHVs in road ditches under their jurisdiction;

- require the DNR to review state forests and change their classifications to limited or closed for OHVs by December 31, 2008; and

- direct the Commissioner of Natural Resources to construct and designate a continuous loop trail that is not less than 70 miles in length and designed for all-terrain ve-

hicles and off-highway motorcycles by April 1, 2007.

Board of Water and Soil Resources

In Chapter 128 the Legislature appropriated almost \$30.9 million to the Board of Water and Soil Resources for the 2003-2005 biennium, which is a 14.8 percent decrease in direct appropriations over the last biennium. When the previous biennium total is reduced to reflect unallotment of funds by the Governor in FY 2003, the net increase to the Board over the previous biennium is 7.2 percent. Because the board had a substantial amount of money for local grants that had not been distributed, the board's grant programs were reduced disproportionately by the Governor's unallotment.

In First Special Session Chapter 20 (the capital budget), the Legislature appropriated \$6.4 million from bond funds to the board for a number of purposes. See the State Debt and Capital Expenditures chapter for more detail.

Zoological Board

In Chapter 128 the Legislature appropriated almost \$13.4 million for the 2003-2005 biennium, which is an 11.1 percent decrease in direct

appropriations over the last biennium. The decrease in state funding to the zoo will be partially offset by fee revenue. The major sources of the new revenue will be a new fee of \$3 per child for elementary school groups visiting the zoo. In the past, elementary school groups did not pay for admittance.

Science Museum of Minnesota

In Chapter 128 the Legislature appropriated \$1.5 million to the Science Museum of Minnesota for the 2003-2005 biennium, which is a 40.8 percent decrease over the last biennium.

Legislative Commission on Minnesota Resources

In Chapter 128 the Legislature appropriated almost \$32.7 million from four funds used for natural resources projects that are based on recommendations of the Legislative Commission on Minnesota Resources. The level of funding for the 2003-2005 biennium is a 34.5 percent decrease over the previous biennium and is mostly due to the transfer of the cigarette tax to the General Fund, eliminating it as a funding source for the Minnesota Future Resources Fund.

The two major sources of funding for Minnesota Resources projects are the Minnesota Environment and Natural Resources Trust Fund (92.1 percent) and the Land and

Water Conservation Fund (6.1 percent). The table below provides a list of funds along with the amounts and percentages of total funding.

LEGISLATIVE COMMISSION ON MINNESOTA RESOURCES Biennial Appropriations by Fund		
Fund	2003-2005 Biennium	% of Total
Federal Land and Water Conservation (LAWCON)	2,000,000	6.1%
Environment and Natural Resources Trust	30,100,000	92.1%
Oil Overcharge	519,000	1.6%
Great Lakes Protection	56,000	0.2%
TOTAL	\$32,675,000	100.0%



The two areas of spending receiving the largest appropriations are recreation (41.3 percent) and fish and wildlife habitat (38.1 percent). The table below provides a list of appropriations along with the appropriation amounts and percentages of total funding for each of the categories.

**LEGISLATIVE COMMISSION ON
MINNESOTA RESOURCES
Biennial Appropriations by Purpose**

Purpose	2003-2005 Biennium	% of Total
Administration	\$ 818,000	2.5%
Advisory Committee	45,000	0.1%
Fish and Wildlife Habitat	12,446,000	38.1%
Recreation	13,492,000	41.3%
Water Resources	2,097,000	6.4%
Land Use and Natural Resource Information	1,382,000	4.2%
Agriculture and Natural Resource Industries	622,000	1.9%
Energy	740,000	2.3%
Environmental Education	470,000	1.4%
Children's Environmental Health	563,000	1.7%
TOTAL	\$ 32,675,000	100%

Pollution Control

Pollution Control Agency

In Chapter 128 the Legislature appropriated almost \$106 million in direct appropriations to the Pollution Control Agency (PCA) for the 2003-2005 biennium, which is a two percent increase over the last biennium. The PCA was able to absorb some of the General Fund reductions through fee increases and Environmental Fund restructuring. One of the initiatives funded through fee increases is the Individual Sewage Treatment System (ISTS) pilot program. The Legislature appropriated \$960,000 to be raised through a \$25 per tank charge on new septic tanks, for the ISTS program.

The PCA also received statutory appropriations of over \$114.8 million, which, when added to the direct appropriations in this area, total almost \$220.8 million in appropriations to the PCA.

The two largest sources of direct appropriations for the PCA are the Environmental Fund (50.6 percent) and the General Fund

POLLUTION CONTROL AGENCY Biennial Appropriations by Fund		
Fund	2003-2005 Biennium	% of Total
General	\$29,430,000	27.8%
State Government Special Revenue	96,000	0.1%
Environmental	53,624,000	50.6%
Remediation	22,808,000	21.5%
Total	\$105,958,000	100.0%

(27.8 percent). The table above lists the funds along with the amounts and percentages of total direct appropriations to the PCA. The two largest programs receiving direct appropriations to the PCA are water protection (36.7 percent) and land protection (34.9 percent). The table below provides a list

POLLUTION CONTROL AGENCY Biennial Appropriations by Purpose		
Purpose	2003-2005 Biennium	% of Total
Water	\$38,912,000	36.7%
Air	17,535,000	16.5%
Land	36,938,000	34.9%
Multimedia	8,607,000	8.1%
Administrative Support	3,966,000	3.7%
Total	\$105,958,000	100.0%

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

The Legislature increased a number of fees charged by the PCA. The table on the right shows the revenue raised by the fee changes.

Fund Restructuring

The Legislature restructured environmental funding that provides for more flexibility in funding environmental priorities. The changes expand the purposes of funding from the Environmental Fund and create a Remediation Fund to consolidate funding for remediation activities.

Office of Environmental Assistance

In Chapter 128 the Legislature appropriated just over \$47.5 million to the Office of Environmental Assistance (OEA) for the 2003-2005 biennium, which is a 13.5 percent decrease over the previous biennium. Of the total appropriations to the OEA, just over \$23.5 million is from the General Fund, representing 49.5 percent of the total appropriations to the OEA, and almost \$24 million, or

POLLUTION CONTROL AGENCY Fee Revenue	
Revenue Source	2003-2005 Biennium
Storm Water Permit Fees	\$5,110,000
Hazardous Waste Fees	2,000,000
Individual Sewage Treatment System Tank Surcharge	960,000
Total	\$8,070,000

50.5 percent, is from the Environmental Fund. Of the total appropriations to the OEA, \$25 million is for recycling grants to counties based on population. The recycling grants program was established as part of 1989 recycling legislation commonly

referred to as SCORE (Select Committee on Recycling and the Environment).



Public Safety and Judiciary

PUBLIC SAFETY AND JUDICIARY

Public Safety and Judiciary General Fund appropriations totaling \$1.443 billion are contained in First Special Session Chapter 2. The appropriated amount is \$92 million below the 2004-2005 biennial base funding level, a six percent reduction.

Department of Corrections

The Omnibus Criminal Justice, Corrections and Public Safety Act appropriated approximately \$721.4 million for the Department of Corrections, a decrease of \$53.5 million from the 2004-2005 base budget. The biennial appropriation of \$476.5 million for adult correctional institutions includes base budget reductions of approximately \$26.5 million. Double-bunking at the Stillwater and St. Cloud prisons resulted in \$11.1 million in savings and \$8.8 million was saved by housing short-term offenders (offenders with less than six months to serve) at the county level. Unspecified operating reductions resulted in a savings of \$5.8 million, and \$340,000 was saved by serving

two rather than three meals on weekends and holidays. Finally, \$449 million was saved by alternative placements for certain mentally ill offenders.

Community Services was funded at approximately \$189.6 million, a decrease of \$21.4 million from the 2004-2005 base budget. Unspecified community services operating reductions totaled \$5.7 million. "Core" division functions (state and county probation services) were cut by \$7.5 million (five percent). The 12 grant programs listed in the accompanying chart

were eliminated, for a biennial savings of almost \$12.5 million.

The Legislature appropriated \$2.4 million for grants to counties for housing short-term offenders (offenders with less than six months to serve) at the county level, and \$1.1 million for increased work-release costs. Finally, the Legislature cut \$137,000 from the Restorative Justice Grant program.

The Legislature cut \$449,000 and just over \$1.2 million from the base budgets of Juvenile

CORRECTION GRANT PROGRAMS ELIMINATED

Grant Program	Savings
Adult Women Grants	\$ 454,000
Amicus Grants	184,000
Community Corrections Center	356,000
Regional Corrections Center	252,000
Juvenile Restitution Grants	458,000
Extended Jurisdiction Juvenile Grants	1,460,000
Continuum of Care Grants	1,840,000
Intensive Probation DWI Grants	486,000
Sex Offender Assessment Reimbursement	590,000
Juvenile Female Grants	224,000
Juvenile Residential Treatment Grants	5,490,000
American Indian Programs	700,000
TOTAL	\$ 12,494,000

Services and Operations Support Services, respectively.

Ombudsman for Corrections

The Legislature abolished the Ombudsman for Corrections, saving \$336,000.

Courts

The Legislature appropriated approximately \$74.9 million to the Supreme Court, a decrease of \$2.4 million (three percent) from its base budget. However, Civil Legal Services was held harmless, and fully funded at \$15.1 million.

The Court of Appeals received a biennial appropriation of \$15.8 million, a decrease of \$442,000 (2.7 percent).

The District Courts received \$371.9 million, a decrease of \$11.9 million (3.1 percent).

Tax Court

The Legislature appropriated almost \$1.5 million to the Tax Court, a decrease of \$50,000 (3.3 percent).

Uniform Laws Commission

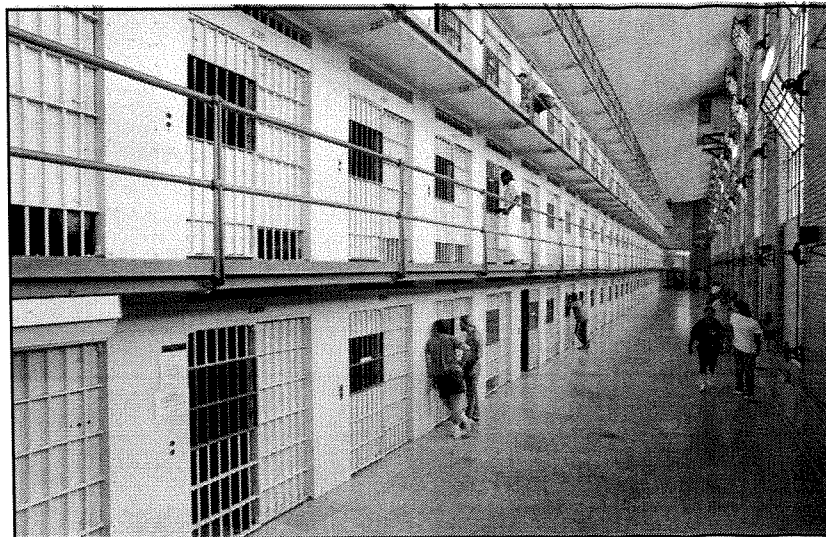
The Legislature appropriated \$77,000 to the Uniform Laws Commission, a decrease of \$13,000.

Board of Judicial Standards

The Legislature appropriated \$504,000 to the Board of Judicial Standards, which was the base budget request. In addition, the Legislature approved a \$35,000 deficiency request for FY 2003 to pay for anticipated hearing costs.

Sentencing Guidelines Commission

The 2003 Legislature appropriated just over \$1 million to the Sentencing Guidelines Commission, a base budget reduction of \$336,000.



Peace Officer Standards and Training Board

The Legislature appropriated approximately \$7.9 million from the Special Revenue Fund to the Peace Officer Standards and

Training Board, a decrease of approximately \$1.4 million (14.9 percent).

Private Detectives Board

The Legislature appropriated \$252,000 to the Private Detectives Board, a decrease of \$44,000.

Department of Human Rights

A biennial appropriation of approximately \$7 million was made to the Department of Human Rights, a decrease of \$872,000 (11 percent).

Public Defense Board

The Legislature appropriated approximately \$99.8 million to the Board of Public Defense, a decrease of \$7.3 million (6.8 percent) from its base budget. To offset the deficiency, the

Legislature increased offender co-payments for public defense services by \$7.7 million, which, if collected, will fund the Board of Public Defense at its base budget request.

Department of Public Safety

The Legislature appropriated approximately \$138.5 million from the General Fund to the seven criminal justice programs in the Department of Public Safety.

The Legislature appropriated \$5.7 million to the Emergency Management Division, reducing the state match of federally funded disaster assistance by \$2.3 million.

CRIMINAL JUSTICE FEE AND SURCHARGE INCREASES

The Legislature created new criminal justice fees and surcharges, and increased many existing fees and surcharges. The following table summarizes the increased fee and surcharge revenues.

Fee/Surcharge	FY 2004-05 Rev. (in thousands)	Fund
Surcharge Increase on Criminal Fines	33,156,000	GF
Surcharge on Parking Tickets (new)	4,159,000	GF
Public Defender Co-Pay Increase	10,421,000	SR
Court Administration Fee Increases	15,238,000	GF
Civil Court Filing Fee Increase	22,264,000	GF
Conciliation Court Filing Fee Increase	1,469,000	GF
Appellate Court Filing Fee Increase	726,000	GF
Motion Filing Fee Increase (new)	3,603,000	GF
Tax Court Small Claims Filing Fee Increase	15,000	GF
Fire Marshal Sprinkler Fitter Exam Fee (new)	24,000	SR
Fire Marshal School Inspection Fee (new)	1,144,000	SR
Fire Marshal Hotel/Motel Inspection Fee (new)	1,040,000	SR
Fire Marshal Potable Water Installer Cert. Fee (new)	51,000	GF
BCA – Criminal Justice Data Network Fee	158,000	GF
BCA – Criminal Justice Data Network Fee	316,000	SR
BCA – Criminal History Charge – use of Web site (new)	1,163,000	GF
Indoor Fireworks Inspection Fee (new)	8,000	GF
Retail Buyer Card Liquor Licensing Fee	186,000	GF
Human Rights Cert. of Compliance Fee (new)	120,000	SR
Total General Fund	82,196,000	
Total Special Revenue Fund	13,065,000	
GRAND TOTAL	95,261,000	

The Legislature appropriated \$71.1 million to the Bureau of Criminal Apprehension (BCA). Although above the base budget request, the appropriation required a \$6.5 million re-allocation of funds within the BCA for increased rent in the new BCA building. Reductions to meet the new rent requirement include \$1.2 million in rent and sublease

adjustments; approximately \$4.4 million in criminal justice information systems; almost \$1.2 million in police training and development activities; and a \$980,000 criminal justice information system interagency transfer. The Legislature approved a onetime expenditure of \$300,000 to continue the collection of DNA samples from convicted felons.

The Legislature appropriated \$4.9 million to the Fire Marshal, approximately \$1.5 million (24 percent) beneath its base budget request.

The Legislature appropriated \$3.2 million to Gambling and Alcohol Enforcement, a base budget cut of approximately nine percent.

Crime Victim Services received a \$49.5 million appropriation, a cut of \$7.4 million (13 percent). Of this cut, \$6.3 million was to services for battered women; \$1.3 million was to services for victims of sexual assault; \$790,000 was to general crime victims' grants; and \$924,000 was for crime victim program administration and advocacy.

specific criteria, including previous criminal conviction for a violent crime, previous civil commitment for mental illness, or current commitment for chemical dependency treatment.

The Legislature appropriated over \$4.1 million for Law Enforcement and Community Grants, a cut of almost \$4.4 million (51 percent). Drug policy grants were cut by \$1.2 million and gang strike-force grants were cut by \$3.1 million.

Change to the Pistol Permit Law

The Legislature established a "shall issue" policy for permits to carry pistols in public, reversing the presumption on the issuance of permits. Previously, a person had to demonstrate "an occupational or personal safety hazard" to be eligible for a permit, making issuance discretionary and limited in scope. Under current law, a sheriff is required to issue a permit to an applicant unless the person is disqualified under

The Legislature established a "shall issue" policy for permits to carry pistols in public...

State Government Finance

STATE GOVERNMENT FINANCE

First Special Session Chapter 1 appropriated \$619.3 million to fund the Legislature, constitutional officers, and administrative state agencies. \$532.4 million was from the General Fund and \$56.7 million was from the State Government Special Revenue Fund, with the balance from various other special revenue funds. The General Fund appropriation was a nine percent reduction from the 2003-2005 biennial budget base. Chapter 1 also appropriated \$65.1 million to fund the Department of Commerce and related agencies. The General Fund appropriation was a 9.8 percent reduction from the budget base.

Legislature

The Legislature was appropriated \$116.6 million. The appropriation for the Senate was a nine percent reduction from the 2003-2005 budget base, the appropriation for the House of Representatives was an 8.5 percent reduction, and the

appropriation for the Legislative Coordinating Commission was a 12.6 percent reduction. The appropriation for transmission of the telecast of legislative proceedings throughout the state, which had formerly been part of the budget for public broadcasting in the Department of Administration, was reduced by 15 percent and moved to the Legislative Coordinating Commission in the amount of \$720,000.

Constitutional Officers

The Governor was appropriated \$7.2 million, the State Auditor, \$16.6 million, and the Secretary of State, \$11.9 million. Each of these appropriations was a 15 percent reduction from the 2003-2005 budget base. The Governor was authorized to employ legal counsel without the approval of the Attorney General if, in the Governor's opinion, the public interest requires it and the Attorney General is in any way interested adversely to the state. The Attorney General's appropriation of \$45.1 million was a 15.4 percent reduction from the budget base. The

Secretary of State also was appropriated \$369,000 in FY 2003 to pay attorney fees awarded against the state in the redistricting litigation. First Special Session Chapter 7 appropriated \$6.5 million received from the federal government under the Help America Vote Act of 2002 to the Secretary of State to develop the state plan required by the act, to modify the statewide voter registration system to meet federal requirements, to improve polling place accessibility, to train election officials, and for other purposes.

Administrative State Agencies and Boards

The Campaign Finance and Public Disclosure Board was appropriated \$1.4 million, which included a \$60,000 increase to fund new computer systems. The State Board of Investment was appropriated \$4.3 million, a ten percent reduction from the budget base. The Office of Administrative Hearings was appropriated \$14.5 million, a 9.9 percent reduction. Administrative law judges and

compensation judges were mandated to retire at age 70. The Office of Strategic and Long-Range Planning was appropriated \$6.6 million, a 25.2 percent reduction.

The Department of Administration was appropriated \$42.3 million, a 12.4 percent reduction. The responsibilities of the Commissioner of Administration for managing the 911 emergency telecommunications services program were transferred to the Commissioner of Public Safety, and \$52.7 million of fees paid by telephone users were appropriated from the 911 account for that purpose. The Commissioner of Administration was directed to identify state agency use of telecommunication devices and vehicles that is not cost-efficient and report to the Legislature by January 2004 on any savings achieved. The Capitol Area Architectural and Planning Board was appropriated \$524,000, a 19.9 percent reduction. The Department of Finance was appropriated \$30.4 million, a 15 percent reduction. The Department of Employee Relations was appropriated \$12.4 million, a 14.1 percent reduction. The Department of Revenue was appropriated \$182.9 million from the General Fund, including \$8.9 million for new initiatives to collect tax liabilities currently owed but not collected, for an increase over

the 2003-2005 budget base of 0.8 percent. It was also appropriated \$8.2 million from the Highway User Tax Distribution Fund, the Health Care Access Fund, and the Environmental Fund for collecting revenue on behalf of those funds.

The Department of Military Affairs was appropriated \$24.6 million, a 1.5 percent reduction from the budget base. The Department of Veterans Affairs was appropriated \$8.3 million, a 5.9 percent reduction.

The Gambling Control Board was appropriated \$5.1 million from the lawful gambling regulation account in the Special Revenue Fund. Fees collected by the board from regulated entities were increased to cover the cost of board operations and will now be credited to that account, rather than to the General Fund. The General Fund made a loan of \$202,000 to the board for startup costs of the new funding mechanism. Similarly, fees collected by the Racing Commission were increased to cover its costs and credited to the racing and card playing account in the Special Revenue Fund, and a loan of \$104,000 was made from the General Fund for startup costs.

The direct appropriation to the Amateur Sports Commission was \$1.05 million, a 14.9

percent reduction. The statutory appropriation of \$1.5 million for operation of the Target Center was left intact.

The general contingent account was appropriated \$1 million from the General Fund, \$800,000 from the State Government Special Revenue Fund, and \$200,000 from the Workers' Compensation Fund. \$322,000 was appropriated from the General Fund for payment of tort claims. About \$5.2 million was appropriated from the General Fund to make employer contributions to legislator and constitutional officer retirement accounts. \$13.3 million was appropriated from the General Fund to the Minneapolis Employees Retirement Fund. Teachers retirement funds in Minneapolis, St. Paul, and Duluth were appropriated \$37.5 million in an open appropriation from the General Fund.

The Commerce Department was appropriated \$47.6 million from the General Fund, a ten percent reduction from the 2003-2005 budget base. The boards of Accountancy, Architects and Engineers, and Barber Examiners all were reduced by about 20 percent from their budget base, as were the councils on Black Minnesotans, Asian-Pacific Minnesotans, Chicano-Latino Affairs, and Indian Affairs. The Public Utilities Commission was appropriated

\$8.3 million; this was no reduction from their budget base, since the appropriated amount is assessed against the regulated utilities. The open appropriation for hydropower and windpower incentive payments was \$9.6 million.

General Reduction

First Special Session Chapter 1 directs the Commissioner of Finance to reduce General Fund appropriations to executive branch state agencies for state agency operations in the 2003-2005 biennium by \$17.6 million, of which no more than \$2.5 million may be from the Minnesota State Colleges and Universities.

Sale of State Property

First Special Session Chapter 1 directs the Commissioner of Administration to sell at least \$5.505 million of state-owned land, and directs the Commissioner of Commerce to sell certain unclaimed property estimated to be worth \$9 million, no later than June 30, 2005.

Fee Increases

A variety of fee increases were imposed to support state agency operations. The Campaign Finance and Public Disclosure Board was required to charge each lobbyist a fee of \$50 per client per year and each lobbyist

principal a fee of \$50 per year. The board was directed to consult with the various entities that file reports with the board and recommend to the Legislature in 2004 an equitable schedule of fees to be imposed on them to recover the costs incurred by the board in regulating them. Fees collected by the Board of Assessors were increased by \$25,000 per year. Revenue recapture fees collected by the Department of Revenue were increased from \$10 to \$15 per debt. A new fee of \$5 per paper return was imposed on tax preparers who prepare more than 100 returns in a year and do not file them electronically. \$225,000 each year of the appropriation to the Amateur Sports Commission was made contingent on the commission increasing the fees it charges for the use of its facilities to cover the amount of the appropriation. Fees collected by the Gambling Control Board were adjusted to cover the cost of the board's operation and credited to a special revenue account. Fees charged by the Department of Commerce for certifying weights and measures were increased by \$253,000 per year.

Public Safety Radio System

The 911 emergency telecommunications service fee on each telephone line was increased by seven cents to provide money to pay debt service on revenue

bonds issued by the Metropolitan Council on request of the Public Safety Radio Communication System Planning Committee to continue construction of the 800 MHz public safety radio system. \$6 million in additional bonds were authorized to pay up to 50 percent of the cost to a local government unit of building an 800 MHz subsystem in the nine-county metropolitan area (including Chisago and Isanti counties), and \$27 million of new bonds were authorized to extend the 800 MHz backbone outside of the nine-county metropolitan area to the Rochester and St. Cloud districts of the State Patrol. The new fee would go into effect July 1, 2004, and raise about \$5.2 million in its first year.

Improved Revenue Collection

The \$8.9 million appropriated to the Department of Revenue for new initiatives to collect tax liabilities currently owed but not collected was estimated to result in increased collections of \$59.8 million.

Transfers from Other Funds

\$23 million was transferred from the reserve account in the State Employees Group Insurance Trust Fund to the General Fund. \$9.2 million in unclaimed lottery prizes was transferred to the General Fund. Other transfers

to the General Fund included \$10.7 million from the Facilities Repair and Replacement Account in the Department of Administration, \$2.5 million from the Building Contractor's Recovery Fund, and \$500,000 from the Liquefied Petroleum Gas Account.

Voluntary Unpaid Leaves of Absence

Appointing authorities in state government were authorized to allow each employee to take unpaid leaves of absence for up to 1,040 hours between June 1, 2003, and June 30, 2005, while continuing to receive benefits as if actually employed. An employee covered by the unclassified retirement plan who chose to make the employee contribution to the plan would have the employer contribution made by the appointing authority. An employee in the unclassified service who took a voluntary unpaid leave of absence would be allowed to accrue a vacation leave balance up to at least 300 hours through June 30, 2005.

Appointing authorities in state government were authorized to allow each employee to take unpaid leaves of absence ...

STATE GOVERNMENT REORGANIZATION

911 Emergency Telecommunications Service

First Special Session Chapter 1 transferred the responsibilities of the Commissioner of Administration for managing the 911 emergency telecommunications services program to the Commissioner of Public Safety.

Department of Employment and Economic Development

First Special Session Chapter 4 changed the name of the Department of Trade and Economic Development, into which the responsibilities of the Commissioner of Economic Security had been transferred under Laws 2001, First Special Session Chapter 4, as amended by Laws 2002, Chapter 220, to the Department of Employment and Economic Development.

PENSIONS AND RETIREMENT

The primary pension bill of 2003 was First Special Session Chapter 12.

Legislators

The legislators plan was changed from a terminal-funded plan to a pay-as-you-go plan, with

appropriations made from the General Fund as necessary to pay benefits, rather than at the time of retirement. Benefit adjustments will be the same as for participants in the Minnesota postretirement investment fund.

Voluntary Hour Reduction Plan

Members of the Public Employees Retirement Association (PERA) who were regularly scheduled to work at least half-time were authorized to agree with their public employer to work less than half-time and still make employee and employer retirement contributions and receive service credit as if the employee had not reduced hours, until June 30, 2005.

Voluntary Unpaid Leaves of Absence

Public employers were authorized to allow each public employee in PERA to take unpaid leaves of absence for up to 1,040 hours between June 1, 2003, and June 30, 2005, while continuing to receive benefits as if actually employed. An employee who chose to make the employee contribution to the plan would have the employer contribution made by the public employer.

*State Debt and Capital
Expenditure*



State Debt and Capital Expenditures

Capital Expenditures

The 2003 Legislature adopted a capital budget bill totaling approximately \$ 237 million. Projects funded included some of the projects adopted by the Legislature during the 2002 session and vetoed by the Governor, projects deemed to be emergency in nature, and projects to assist flood victims.

The following table delineates authorized projects and project amounts.

CAPITAL EXPENDITURES AUTHORIZED BY THE 2003 LEGISLATURE

Item	Project	Total
AMATEUR SPORTS COMMISSION		\$5,000,000
Sports Conference Center	5,000,000	
ARTS		\$30,000,000
Minneapolis Children's Theater Company	5,000,000	
Minneapolis Guthrie Theater	25,000,000	
BOARD OF WATER AND SOIL RESOURCES		\$6,400,000
Lazarus Creek	1,400,000	
RIM Conservation Easements	1,000,000	
Stillwater-Brown's Creek	1,300,000	
Wetland Replacement Due to Public Road Projects	2,700,000	
DEPARTMENT OF EDUCATION (Formerly Department of Children, Families, and Learning)		\$11,500,000
Library Access Grants	1,000,000	
Paul and Sheila Wellstone Center for Community Building	5,000,000	
Trollwood Performing Arts School	5,500,000	
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 NATURAL RESOURCES**\$13,755,000**

Dam Improvements	1,050,000
Flood Hazard Mitigation Grants	4,405,000
Metro Regional Park Acquisition and Betterment	2,700,000
National Eagle Center	500,000
Native Prairie Bank Easements	1,000,000
Red Rock Rural Water System	125,000
Scientific and Natural Area Acquisition and Improvement	2,000,000
State Park and Recreation Area Acquisition	1,000,000
State Trail Acquisition and Development	475,000
Stream Protection and Restoration	500,000

DEPARTMENT OF TRADE AND ECONOMIC DEVELOPMENT**\$31,425,000**

Capital Project Grant- Roseau	500,000
Greater Minnesota Business Development Infrastructure Grant Program	7,500,000
Public Infrastructure- Flood Relief	1,125,000
Redevelopment Account- Little Falls Hennepin Paper	1,000,000
St. Paul- Phalen Boulevard	4,000,000
St. Paul Roy Wilkins Auditorium	2,300,000
Wastewater Infrastructure Funding Program	15,000,000

DEPARTMENT OF TRANSPORTATION**\$27,900,000**

Flood Damage Repair	1,400,000
Freight Access Improvements	3,500,000
Greater Minnesota Transit Facilities	1,000,000
Local Road Improvement Program	20,000,000
Port Development Assistance	2,000,000

METROPOLITAN COUNCIL**\$1,000,000**

Northwest Busway

MINNESOTA HISTORICAL SOCIETY**\$500,000**

County and Local Preservation Grants	300,000
Fort Belmont	200,000

MINNESOTA STATE COLLEGES AND UNIVERSITIES**\$59,716,000**

Bemidji State University	1,000,000
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
Minnesota State University, Mankato, Phase 3	8,400,000
Minnesota West Community and Technical College, Worthington	6,300,000
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
Land Acquisition	10,000,000

UNIVERSITY OF MINNESOTA

\$48,708,000

Jones Hall, Minneapolis	8,000,000
Translational Research Facility, Minneapolis	24,700,000
Teaching and Technology Center, Minneapolis	3,000,000
Social Science Building, Morris	8,600,000
Genomics Building, Rochester	400,000
Veterinary Diagnostic Laboratory, St. Paul	1,500,000
Research and Outreach Centers	2,508,000

BOND SALE EXPENSES

\$236,000

TOTAL

\$236,915,000

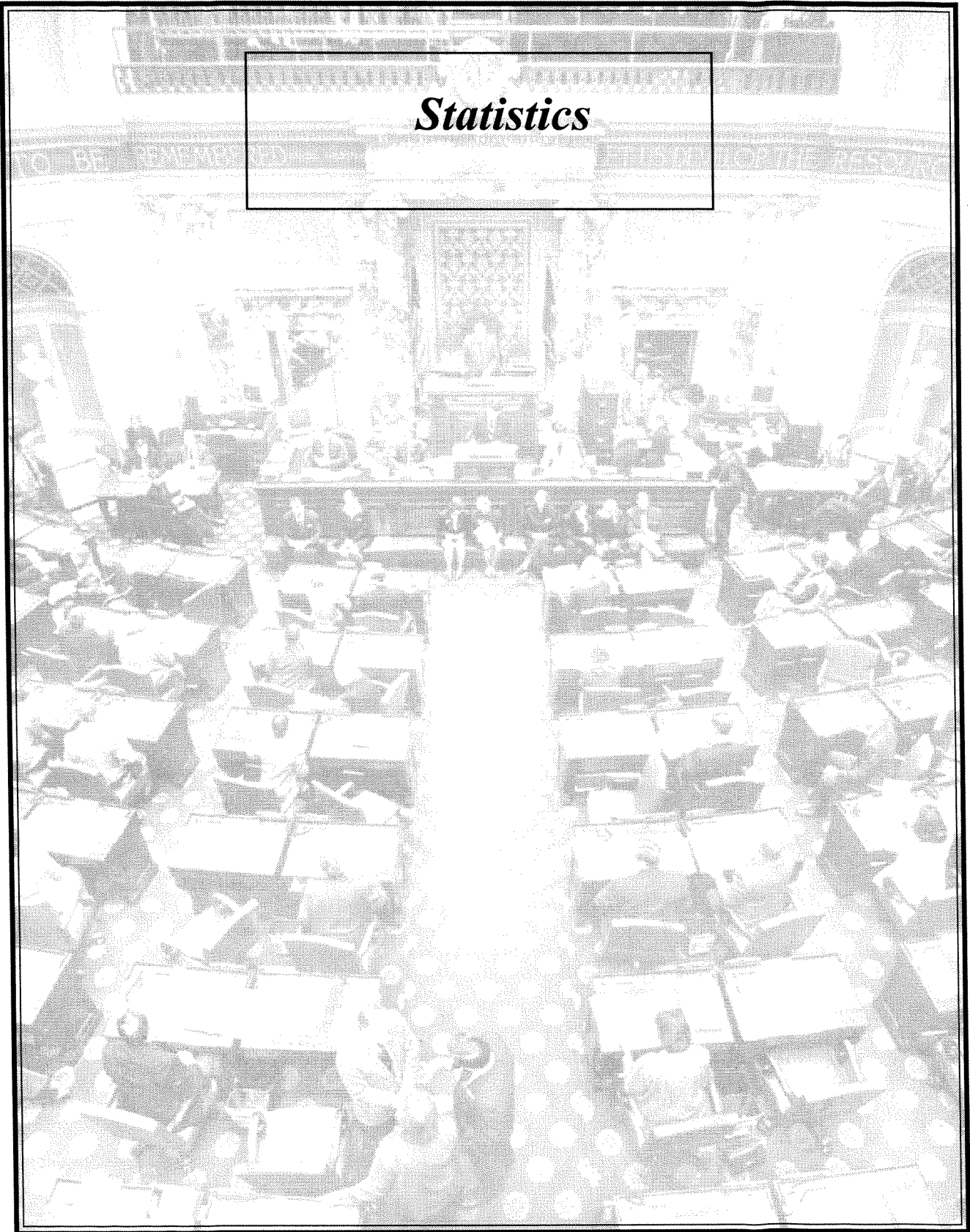
BOND PROCEEDS FUND (GENERAL FUND DEBT SERVICE)

\$189,281,000

BOND PROCEEDS FUND (USER FINANCED DEBT SERVICE)

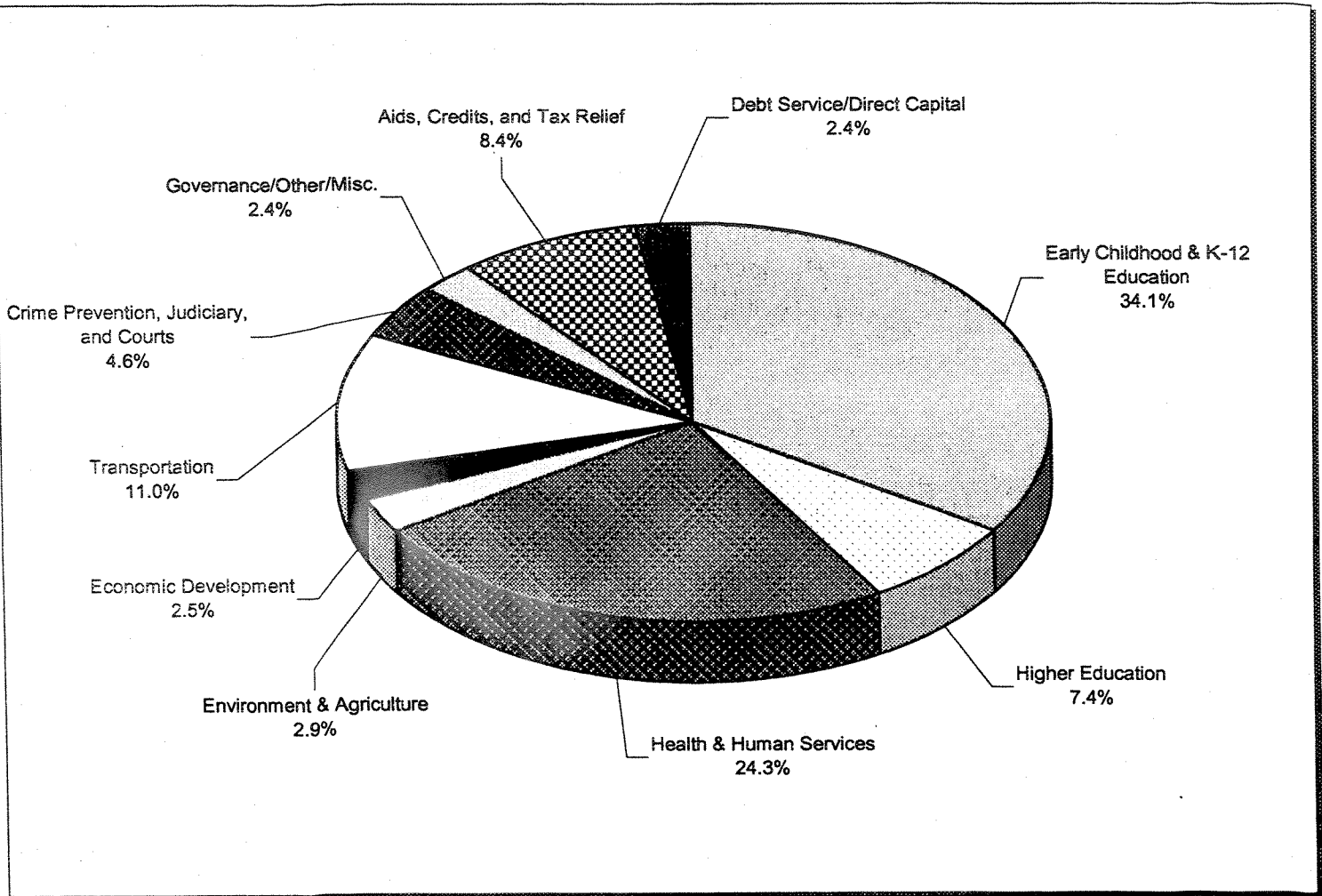
\$47,634,000

Statistics



**State Appropriations by Functional Area, All Funds
2003-2005 Biennium**

Total Appropriations (1): \$35,056,170,000



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

Table A

**Summary of Biennial Appropriations by Fund
2001-2003 and 2003-2005 Bienniums**

Fund	2001-2003 Biennium	2003-2005 Biennium	Difference
Agriculture Fund	\$ 38,822,000	\$ 39,281,000	\$ 459,000
County-State Aid Highway	840,462,000	881,637,000	41,175,000
Debt Service (General Fund & Other Funds)	758,547,000	851,148,000	92,601,000
Endowment Fund	70,000	0	(70,000)
Endowment & Permanent School	44,703,000	39,687,000	(5,016,000)
Environmental	64,226,000	82,914,000	18,688,000
Environmental Trust Fund	34,481,000	30,100,000	(4,381,000)
Game and Fish	163,230,000	172,034,000	8,804,000
General Fund	25,649,300,000	27,204,240,000	1,554,940,000
Dedicated General Fund	92,861,000	126,505,000	33,644,000
Gifts	20,407,000	10,329,000	(10,078,000)
Greater Minnesota Transit	6,875,000	18,134,000	11,259,000
Health Care Access Fund	577,781,000	683,177,000	105,396,000
Highway User Tax Distribution	40,714,000	44,973,000	4,259,000
IRRRB Fund	44,606,000	55,404,000	10,798,000
Landfill Cleanup-Solid Waste Fund	73,459,000	0	(73,459,000)
Medical Education & Research, Federal Sources	160,269,000	154,532,000	(5,737,000)
Metro Landfill Contingent	5,000,000	0	(5,000,000)
Metropolitan Area Transit	121,627,000	266,923,000	145,296,000
Minnesota Future Resources	15,110,000	0	(15,110,000)
Minnesota Technology, Inc., State Sources	14,205,000	8,660,000	(5,545,000)
Minnesota Technology, Inc., Federal Sources	4,000,000	3,532,000	(468,000)
Municipal-State Aid Street	220,786,000	231,583,000	10,797,000
Natural Resources	96,356,000	105,374,000	9,018,000
NE Minnesota Economic Protection	30,065,000	3,446,000	(26,619,000)
Petroleum Tank Release Cleanup	72,635,000	46,625,000	(26,010,000)
Remediation	0	96,521,000	96,521,000
Special Revenue, State Sources	1,264,199,000	917,218,000	(346,981,000)
Special Revenue, Federal Sources	18,927,000	19,846,000	919,000
State Airports, State Sources	44,051,000	42,268,000	(1,783,000)
State Airports, Federal Sources	500,000	0	(500,000)
State Govt. Special Revenue	169,248,000	162,863,000	(6,385,000)
State Lottery Fund	117,617,000	90,188,000	(27,429,000)
Tobacco Use Prevention	48,730,000	0	(48,730,000)
Trunk Highway, State Sources	1,696,129,000	1,700,777,000	4,648,000
Trunk Highway, Federal Sources	647,000,000	780,000,000	133,000,000
Workers' Compensation	286,922,000	226,337,000	(60,585,000)
Workforce Development	0	86,419,000	86,419,000
Total State Appropriations (1):	\$ 33,483,920,000	\$ 35,182,675,000	\$ 1,698,755,000
Federal Funds:	\$ 9,199,309,000	\$ 10,905,328,000	\$ 1,706,019,000
TOTAL APPROPRIATIONS:	\$ 42,683,229,000	\$ 46,088,003,000	\$ 3,404,774,000

NOTES:

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

Table B
General Fund
Resources and Uses
2001-2003 and 2003-2005 Bienniums

	2001-2003 Biennium	2003-2005 Biennium	Difference
I. RESOURCES			
A. Balance Forward	\$ 1,574,200,000	\$ 180,427,000	\$ (1,393,773,000)
3. Taxes & Receipts (before 2003 Law Changes)			
Individual Income Taxes	13,437,900,000	13,925,300,000	487,400,000
Corporate Franchise Tax	1,527,890,000	1,699,400,000	171,510,000
Sales Tax	8,092,258,000	8,673,061,000	580,803,000
Motor Vehicle Sales Tax & Registration	694,829,000	551,364,000	(143,465,000)
Inheritance & Estate Tax	130,000,000	141,000,000	11,000,000
Liquor, Wine, Beer	122,117,000	128,978,000	6,861,000
Cigarette and Tobacco Products Tax	336,906,000	356,312,000	19,406,000
Taconite Occupation & Production	2,894,000	3,845,000	951,000
Statewide Property Tax	890,851,000	1,208,428,000	317,577,000
Deed and Mortgage Tax	357,000,000	375,788,000	18,788,000
Insurance Gross Premiums	426,800,000	447,100,000	20,300,000
Misc. & Other Gross Earnings	220,000	240,000	20,000
Lawful Gambling Tax	117,046,000	118,632,000	1,586,000
Medical Assistance Surcharges	273,459,000	352,112,000	78,653,000
Investment Income	115,000,000	45,200,000	(69,800,000)
Income Tax Reciprocity	102,744,000	98,545,000	(4,199,000)
Lottery Revenue	57,774,000	72,288,000	14,514,000
Departmental Earnings	379,239,000	374,296,000	(4,943,000)
Tobacco Settlements	301,206,000	380,087,000	78,881,000
Other Non-Dedicated Receipts	390,932,000	191,580,000	(199,352,000)
Total Taxes & Receipts (Before Law Changes):	\$ 27,757,065,000	\$ 29,143,556,000	\$ 1,386,491,000
C. Revenue Refunds			
Individual Income Tax	(1,655,300,000)	(1,890,100,000)	(234,800,000)
Corporate Franchise Tax	(370,100,000)	(394,600,000)	(24,500,000)
Sales Tax	(478,656,000)	(467,500,000)	11,156,000
Other Agencies' Refunds	(20,000,000)	(22,000,000)	(2,000,000)
Other Refunds	(46,601,000)	(48,968,000)	(2,367,000)
Total Refunds:	\$ (2,570,657,000)	\$ (2,823,168,000)	\$ (252,511,000)
D. Transfers from Other Funds			
Other Special Revenue Funds	20,233,000	17,217,000	(3,016,000)
All Other Transfers	51,640,000	58,611,000	6,971,000
New Legislation Transfers	297,298,000	1,313,674,000	1,016,376,000
Total Transfers:	\$ 369,171,000	\$ 1,389,502,000	\$ 1,020,331,000
E. 2003 Law Changes			
Individual Income Taxes	0	(1,043,000)	(1,043,000)
Corporate Income Taxes	0	(310,000)	(310,000)
Sales Tax	0	178,049,000	178,049,000
Motor Vehicle Sales Tax	0	24,812,000	24,812,000
Liquor, Wine, Beer	0	4,299,000	4,299,000
Cigarette and Tobacco Products Tax	0	(32,478,000)	(32,478,000)
Statewide Property Tax	0	12,100,000	12,100,000
Deed and Mortgage Tax	0	16,100,000	16,100,000
Lawful Gambling Tax	0	1,175,000	1,175,000
Medical Assistance-Nursing Home Surcharge	0	217,358,000	217,358,000
Departmental Earnings	0	124,112,000	124,112,000
Tax Compliance & Other Non-Dedicated	0	106,279,000	106,279,000
2003 Law Changes:	\$ 0	\$ 650,453,000	\$ 650,453,000
F. Prior Year Adjustments	\$ (117,157,000)	\$ 20,200,000	\$ 137,357,000
G. Total Dedicated Revenues	\$ 92,861,000	\$ 126,505,000	\$ 33,644,000
TOTAL REVENUES	\$ 27,105,483,000	\$ 28,687,475,000	\$ 1,581,992,000

	2001-2003 Biennium	2003-2005 Biennium	Difference
II. APPROPRIATIONS			
A. Budget Divisions			
E-12 Education	\$ 10,007,103,000	\$ 11,883,369,000	\$ 1,876,266,000
Higher Education	2,757,534,000	2,560,196,000	(197,338,000)
Health and Family Security	6,579,626,000	7,266,910,000	687,284,000
Environment and Agriculture	425,838,000	373,391,000	(52,447,000)
Economic Development	397,606,000	321,732,000	(75,874,000)
Transportation	298,354,000	158,548,000	(139,806,000)
Crime Prevention and Judiciary	1,360,592,000	1,434,258,000	73,666,000
State Government and Departments	604,612,000	513,774,000	(90,838,000)
Capital Projects and Other Changes	(102,613,000)	(16,259,000)	86,354,000
Property Tax Reform	362,915,000	653,899,000	290,984,000
Total Budget Divisions:	\$ 22,691,567,000	\$ 25,149,818,000	\$ 2,458,251,000
B. Open and Standing Appropriations			
Aids and Credits	2,736,985,000	2,016,560,000	(720,425,000)
Debt Service	607,960,000	673,625,000	65,665,000
Other Open and Standing	412,903,000	212,111,000	(200,792,000)
Total Open and Standing Appropriations:	\$ 3,757,848,000	\$ 2,902,296,000	\$ (855,552,000)
C. Transfer to Other Funds			
	\$ 161,802,000	\$ 166,348,000	\$ 4,546,000
TOTAL APPROPRIATIONS	\$ 26,611,217,000	\$ 28,218,462,000	\$ 1,607,245,000
TOTAL REVENUES AND RECEIPTS			
	\$ 27,105,483,000	\$ 28,687,475,000	\$ 1,581,992,000
TOTAL APPROPRIATIONS -- GROSS			
	\$ 26,611,217,000	\$ 28,218,462,000	\$ 1,607,245,000
Dedicated Expenditures	92,861,000	126,505,000	33,644,000
Dept. of Human Services RTC Collections (1)	(130,328,000)	(134,919,000)	(4,591,000)
Indirect Cost Receipts	(40,048,000)	(39,330,000)	718,000
Less Cancellations	(27,800,000)	(5,000,000)	22,800,000
TOTAL APPROPRIATIONS -- NET	\$ 26,505,902,000	\$ 28,165,718,000	\$ 1,659,816,000
Reserves			
Cash Flow Account	0	0	0
Budget Reserve	319,105,000	521,757,000	202,652,000
Dedicated Reserves	0	0	0
Total Reserves:	\$ 319,105,000	\$ 521,757,000	\$ 202,652,000
UNRESTRICTED BUDGETARY BALANCE	0	0	0

NOTES:

- (1) Dept. of Human Services Regional Treatment Center receipts already counted in the appropriation for Medial Assistance and GAMC federal funds.
- (2) Includes unallotments from 2003 Legislative Session.

Table C
Detailed Appropriations by Function - All Funds
2001-2003 Biennium Compared to 2003-2005 Biennium

	2001-2003 Biennium	2003-2005 Biennium	Increase (Decrease)	Percent Change
Aids and Credits				
Property Tax Refund				
Renters	\$ 246,542,000	\$ 272,832,000	\$ 26,290,000	
Homeowners	160,199,000	247,386,000	87,187,000	
Targeting	3,863,000	26,200,000	22,337,000	
Forest Land Credits	0	8,206,000	8,206,000	
Aid to Local Governments	979,052,000	902,524,000	(76,528,000)	
Disparity Aid				
School Districts	18,769,000	17,176,000	(1,593,000)	
Cities, Towns, Counties	23,315,000	22,644,000	(671,000)	
Border City Disparity Credit				
School Districts	2,240,000	790,000	(1,450,000)	
Cities, Towns, Counties	6,063,000	10,206,000	4,143,000	
Attached Machinery Aid				
School Districts	1,672,000	0	(1,672,000)	
Cities, Towns, Counties	4,764,000	410,000	(4,354,000)	
Homestead & Agricultural Credit Aid (HACA)				
School Districts	20,074,000	0	(20,074,000)	
Cities, Towns, Counties	677,785,000	134,540,000	(543,245,000)	
Region 3 Occupation Tax Distribution & Taconite Aid	2,224,000	2,106,000	(118,000)	
Supplemental Homestead Property Tax Relief	4,995,000	9,896,000	4,901,000	
Aid to Police and Fire Departments	127,527,000	150,102,000	22,575,000	
Other Local Police & Fire Aid	10,518,000	10,514,000	(4,000)	
Regional Transit Board Levy Reduction	2,154,000	0	(2,154,000)	
Disaster & Flood Relief Aid				
School Districts	10,000	28,000	18,000	
Cities, Towns, Counties	26,000	75,000	49,000	
Enterprise Zone Credit		0		
School Districts	2,000	0	(2,000)	
Cities, Towns, Counties	4,000	0	(4,000)	
Corrections Aid	62,950,000	33,193,000	(29,757,000)	
Family Preservation Aid	46,050,000	23,884,000	(22,166,000)	
Education Homestead and Agricultural Credits	506,079,000	339,000	(505,740,000)	
Political Contribution Refunds	10,600,000	9,800,000	(800,000)	
County Need Capacity Aid	0	110,750,000	110,750,000	
Payments in Lieu of Taxes-DNR Lands	23,740,000	24,637,000	897,000	
Total Aids and Credits:	\$ 2,941,217,000	\$ 2,018,238,000	\$ (922,979,000)	-31.4%

Property Tax Reform

Property Tax Aids and Rate Reforms				
Market Value Homestead Credit	\$ 337,979,000	\$ 638,895,000	\$ 300,916,000	
Replace Taconite Production Tax	19,927,000	15,004,000	(4,923,000)	
Met Council Trans. Funding and DOT Owned Lands	5,009,000	0	(5,009,000)	
Metropolitan Area Transit Fund	121,627,000	266,923,000	145,296,000	
Greater Minnesota Transit Fund	6,875,000	18,134,000	11,259,000	
Total Tax Rebates and Property Tax Reform:	\$ 491,417,000	\$ 938,956,000	\$ 447,539,000	91.1%

	2001-2003 Biennium	2003-2005 Biennium	Increase (Decrease)	Percent Change
E-12 Education				
General Education	\$ 8,395,709,000	\$ 10,264,221,000	\$ 1,868,512,000	
Tax Base Replacement Aid	7,620,000	16,644,000	9,024,000	
Transp. Aid for Post-Sec. Enrollment Options	150,000	105,000	(45,000)	
Abatement Aid	8,762,000	5,707,000	(3,055,000)	
Nonpublic Pupil Aid	29,594,000	30,693,000	1,099,000	
Nonpublic Transportation	44,571,000	44,119,000	(452,000)	
Consolidation Transition Aid	1,344,000	833,000	(511,000)	
Other Local General Education	609,000	100,000	(509,000)	
Endowment & Permanent School Fund	44,000,000	39,620,000	(4,380,000)	
Gift Fund	2,418,000	148,000	(2,270,000)	
Disaster Relief Grants & Aid	1,649,000	792,000	(857,000)	
Shift Payment of Education Aids	(420,000,000)	(185,042,000)	234,958,000	
Property Tax Recognition Shift	0	(253,172,000)	(253,172,000)	
Subtotal General Education:	8,116,426,000	9,964,768,000	1,848,342,000	22.8%
Special Programs				
Special Education Aid	1,040,394,000	1,060,426,000	20,032,000	
Excess Cost Aid	159,609,000	187,531,000	27,922,000	
Onetime Cross Subsidy Aid	0	16,000,000	16,000,000	
Transitions for Disabled Students	17,917,000	17,758,000	(159,000)	
Other Special Education	5,017,000	6,085,000	1,068,000	
Discontinued Programs	600,000	0	(600,000)	
Subtotal Special Programs:	1,223,537,000	1,287,800,000	64,263,000	5.3%
Education Excellence				
Advanced Placement/IB	3,000,000	1,556,000	(1,444,000)	
Statewide Testing	15,500,000	18,000,000	2,500,000	
Charter School Building Lease Aid	27,789,000	38,809,000	11,020,000	
Charter School Start-Up Grants & Integration Aid	3,721,000	983,000	(2,738,000)	
Best Practice Seminars	7,440,000	2,000,000	(5,440,000)	
Metro Magnet School Grants & Aid	2,297,000	2,008,000	(289,000)	
Integration Aid	117,441,000	114,610,000	(2,831,000)	
Integration Grants	2,000,000	0	(2,000,000)	
Inter-District Desegregation	2,932,000	14,197,000	11,265,000	
Indian Education Programs	8,281,000	8,404,000	123,000	
Tribal Contract Schools	4,673,000	4,677,000	4,000	
First Grade Preparedness Program	14,400,000	14,500,000	100,000	
Youthworks Program	3,576,000	1,800,000	(1,776,000)	
MN School-to-Work Student Organizations	1,250,000	1,250,000	0	
Urban Educator Program	2,600,000	1,056,000	(1,544,000)	
Other Local Programs and Grants	2,972,000	0	(2,972,000)	
Alternative Teacher Compensation	6,700,000	7,400,000	700,000	
Education Accountability Audits	1,500,000	0	(1,500,000)	
Web-Based Course	100,000	2,250,000	2,150,000	
Subtotal Education Excellence:	228,172,000	233,500,000	5,328,000	2.3%
Facilities & Technology				
Debt Service Equalization Aid	58,236,000	80,987,000	22,751,000	
Health and Safety	22,030,000	14,075,000	(7,955,000)	
Alternative Facilities Aid	38,567,000	38,574,000	7,000	
Interactive Television Levy Aid	1,547,000	0	(1,547,000)	
Telecommunication Access Revenue	16,300,000	0	(16,300,000)	
Local Legislation & Other Programs	100,000	37,000	(63,000)	
Subtotal Facilities & Technology:	136,780,000	133,673,000	(3,107,000)	-2.3%
Nutrition Programs				
School Lunch and Milk Aid	17,210,000	15,750,000	(1,460,000)	
Summer Food Service	300,000	300,000	0	
School Breakfast Aid	1,320,000	6,305,000	4,985,000	
Fast Break to Learning	5,285,000	747,000	(4,538,000)	
Subtotal Nutrition Programs:	24,115,000	23,102,000	(1,013,000)	-4.2%
Libraries				
Basic Support Grants	17,140,000	16,936,000	(204,000)	
Multicounty, Multitype Library Grants	1,806,000	1,806,000	0	
Regional Library Telecommunications Aid	2,600,000	2,400,000	(200,000)	
Electronic Library for Minnesota	800,000	800,000	0	
Subtotal Libraries:	22,346,000	21,942,000	(404,000)	-1.8%

	2001-2003 Biennium	2003-2005 Biennium	Increase (Decrease)	Percent Change
Early Childhood & Family Support				
School Readiness	\$ 20,790,000	\$ 19,067,000	\$ (1,723,000)	
Early Childhood Family Education (ECFE)	41,373,000	35,218,000	(6,155,000)	
Health & Developmental Screening Aid	5,322,000	5,322,000	0	
Way to Grow - Early Childhood Grants	950,000	0	(950,000)	
Head Start	36,750,000	33,575,000	(3,175,000)	
Subtotal Children & Family Support Programs:	105,185,000	93,182,000	(12,003,000)	-11.4%
Prevention				
School Aged-Extended Day	321,000	64,000	(257,000)	
Community Education Aid	22,385,000	8,989,000	(13,396,000)	
Adults with Disabilities Program Aid	1,489,000	1,560,000	71,000	
Violence Prevention Education Grants	2,755,000	0	(2,755,000)	
After School Enrichment Grants	11,020,000	0	(11,020,000)	
Chemical Abuse Prevention Grants	350,000	0	(350,000)	
Other Prevention Programs	241,000	0	(241,000)	
Gift Fund	118,000	0	(118,000)	
Subtotal Prevention:	38,679,000	10,613,000	(28,066,000)	-72.6%
Self-Sufficiency & Life-Long Learning				
Adult Education Programs	72,272,000	72,832,000	560,000	
Lead Hazard Reduction	200,000	200,000	0	
State Govt. Special Revenue - Open/Statutory	192,000	192,000	0	
Special Revenue Fund Open/Statutory Approps.	11,385,000	0	(11,385,000)	
Subtotal Self-Sufficiency & Life-Long Learning:	84,049,000	73,224,000	(10,825,000)	-12.9%
Department of Education				
Board of Teaching	55,061,000	45,734,000	(9,327,000)	
Board of School Administrators	1,237,000	1,242,000	5,000	
Unallotment	330,000	330,000	0	
Special Revenue Fund Open/Statutory Approps.	(1,371,000)	0	1,371,000	
Subtotal Dept. of Children, Families, & Learning:	14,427,000	20,618,000	6,191,000	
	69,684,000	67,924,000	(1,760,000)	-2.5%
Lola & Rudy Perpich Center for Arts Education				
Unallotment	15,497,000	13,287,000	(2,210,000)	
Gift Fund	(130,000)	0	130,000	
Special Revenue Fund Open/Statutory Approps.	2,321,000	1,368,000	(953,000)	
Subtotal Perpich Center for Arts Education:	949,000	939,000	(10,000)	
	18,637,000	15,594,000	(3,043,000)	-16.3%
Faribault Academies				
Unallotment	21,736,000	20,932,000	(804,000)	
Gift Fund	(40,000)	0	40,000	
Special Revenue Fund Open/Statutory Approps.	322,000	24,000	(298,000)	
Subtotal Faribault Academies:	2,408,000	2,562,000	154,000	
	24,426,000	23,518,000	(908,000)	-3.7%
State Appropriations:	\$ 10,092,036,000	\$ 11,948,840,000	\$ 1,856,804,000	18.4%
Federal Appropriations:	\$ 1,005,933,000	\$ 1,187,637,000	\$ 181,704,000	18.1%
Total E-12 Education:	\$ 11,097,969,000	\$ 13,136,477,000	\$ 2,038,508,000	18.4%

Higher Education

Higher Education Services Office				
Agency Administration	\$ 7,242,000	\$ 5,720,000	\$ (1,522,000)	
State Scholarships and Grants	236,235,000	281,150,000	44,915,000	
Interstate Tuition	8,000,000	7,200,000	(800,000)	
State Work-Study	24,888,000	24,888,000	0	
Minitex Library Program	9,795,000	9,662,000	(133,000)	
Learning Network of MN	10,988,000	9,658,000	(1,330,000)	
Edvest	1,040,000	2,240,000	1,200,000	
Child Care Grants	9,486,000	9,486,000	0	
Unallotment	(307,000)	0	307,000	
Appropriation Carried Forward (1)	8,688,000	1,484,000	(7,204,000)	
Special Revenue Fund Open/Statutory Approps.	324,000	733,000	409,000	
Subtotal Higher Education Services Office:	316,379,000	352,221,000	35,842,000	11.3%
MN State Colleges & Universities				
Unallotment	1,218,875,000	1,108,575,000	(110,300,000)	
Special Revenue Fund Open/Statutory Approps.	(25,000,000)	0	25,000,000	
Subtotal MN State Colleges & Universities:	209,000	0	(209,000)	
	1,194,084,000	1,108,575,000	(85,509,000)	-7.2%

	2001-2003 Biennium	2003-2005 Biennium	Increase (Decrease)	Percent Change
University of Minnesota				
Operations and Maintenance	\$ 1,121,512,000	\$ 970,617,000	\$ (150,895,000)	
Health Sciences	11,692,000	9,858,000	(1,834,000)	
Institute of Technology	3,290,000	2,774,000	(516,000)	
System Specials	15,160,000	12,852,000	(2,308,000)	
Agriculture and Extension Service	117,676,000	101,250,000	(16,426,000)	
Medical Education & Research Fund	32,799,000	0	(32,799,000)	
Unallotment	(25,000,000)	0	25,000,000	
Special Revenue Fund Open/Statutory Approps.	0	44,918,000	44,918,000	
State Govt. Special Revenue - Open/Statutory	90,000	0	(90,000)	
Subtotal University of Minnesota:	1,277,219,000	1,142,269,000	(134,950,000)	-10.6%
Mayo Medical Foundation	3,274,000	2,782,000	(492,000)	-15.0%
State Appropriations: \$	2,790,956,000	2,605,847,000	(185,109,000)	-6.6%
Federal Appropriations: \$	6,512,000	8,794,000	2,282,000	35.0%
Total Higher Education: \$	2,797,468,000	2,614,641,000	(182,827,000)	-6.5%

Health & Human Services

Department of Human Services				
Financial & Management Administration	\$ 65,431,000	\$ 70,171,000	\$ 4,740,000	
Children's Grants & Services	143,153,000	215,788,000	72,635,000	
Health Care Programs				
Medical Assistance Grants	2,065,710,000	2,593,915,000	528,205,000	
Transfer to Nonentitlement Mental Health Grants	(5,403,000)	0	5,403,000	
Health Care Management	36,599,000	51,044,000	14,445,000	
Medical Assistance - Long-term Care	2,170,227,000	2,436,358,000	266,131,000	
General Assistance Medical Care	412,880,000	420,577,000	7,697,000	
Prescription Drug Program	12,649,000	18,465,000	5,816,000	
State Operated Treatment Centers	413,935,000	381,837,000	(32,098,000)	
Continuing Care & Community Support Grants				
Community Social Services Block Grants	93,415,000	31,025,000	(62,390,000)	
Community Care & Support Grants	61,352,000	21,616,000	(39,736,000)	
Mental Health Grants	105,594,000	90,985,000	(14,609,000)	
Alternative Care Grants	165,529,000	141,557,000	(23,972,000)	
Group Residential Housing Grants	163,311,000	175,468,000	12,157,000	
Chemical Dependency Grants	95,179,000	101,698,000	6,519,000	
Support Management	46,415,000	43,437,000	(2,978,000)	
Economic Support Grants				
Assistance to Families Grants / MFIP	109,688,000	99,297,000	(10,391,000)	
General Assistance Grants	44,365,000	49,633,000	5,268,000	
Work Grants	19,184,000	15,344,000	(3,840,000)	
Minnesota Supplemental Aid	57,961,000	61,676,000	3,715,000	
Child Support Enforcement	15,137,000	13,895,000	(1,242,000)	
Administration	68,968,000	78,411,000	9,443,000	
Refugee Service	500,000	0	(500,000)	
Child Care Programs				
Child Care - Basic Sliding Fee	105,279,000	53,079,000	(52,200,000)	
TANF/MFIP Child Care	128,138,000	133,263,000	5,125,000	
Child Care Development	3,230,000	2,279,000	(951,000)	
Child Care Integrity	350,000	801,000	451,000	
Self-Sufficiency Programs				
Family Collaborative	2,340,000	0	(2,340,000)	
Family Visitation Centers	400,000	0	(400,000)	
MN Economic Opportunity Grants	17,028,000	8,000,000	(9,028,000)	
Foodshelf Programs	2,556,000	2,556,000	0	
Family Assets for Independence	500,000	500,000	0	
Delay County Human Services Payments	(36,916,000)	0	36,916,000	
Federal Reimbursement	(63,312,000)	(66,461,000)	(3,149,000)	
Special Revenue Fund Open/Statutory Approps.	247,467,000	200,126,000	(47,341,000)	
State Govt. Special Revenue - Open/Statutory	2,853,000	0	(2,853,000)	
Gift Fund	299,000	211,000	(88,000)	
Claims Against the State	8,000	0	(8,000)	
Appropriation Carried Forward (1)	1,347,000	0	(1,347,000)	
Subtotal Department of Human Services:	6,773,346,000	7,446,551,000	673,205,000	9.9%
Ombudsman for Mental Health & Retardation	2,897,000	2,924,000	27,000	
Unallotment	(73,000)	0	73,000	
Subtotal Ombudsman for Mental Health & Retardation:	2,824,000	2,924,000	100,000	3.5%

	2001-2003 Biennium	2003-2005 Biennium	Increase (Decrease)	Percent Change
Ombudsman for Families	\$ 481,000	\$ 490,000	\$ 9,000	
Unallotment	(9,000)	0	9,000	
Subtotal Ombudsman for Families:	472,000	490,000	18,000	3.8%
MinnesotaCare/Health Care Access Fund				
Department of Health	20,230,000	12,674,000	(7,556,000)	
Department of Human Services	499,638,000	589,941,000	90,303,000	
Department of Revenue	3,495,000	3,347,000	(148,000)	
University of Minnesota	5,074,000	4,314,000	(760,000)	
Legislative Coordinating Commission	300,000	256,000	(44,000)	
HCAF Open/Statutory Appropriations	48,969,000	72,645,000	23,676,000	
Subtotal MinnesotaCare:	577,706,000	683,177,000	105,471,000	18.3%
Department of Health				
Health Protection	61,103,000	62,007,000	904,000	
Health Systems	127,765,000	114,278,000	(13,487,000)	
Health Management & Support Services	10,629,000	10,492,000	(137,000)	
Unallotment	(9,936,000)	0	9,936,000	
Special Revenue Fund Open/Statutory Approps.	66,234,000	64,893,000	(1,341,000)	
Medical Education Endowment Trust Fund	127,470,000	154,532,000	27,062,000	
Tobacco Use Prevention Fund Approps.	48,730,000	0	(48,730,000)	
Gift Fund	706,000	52,000	(654,000)	
State Govt. Special Rev. Open/Statutory Approps.	1,328,000	0	(1,328,000)	
Remediation Fund Open/Statutory Approps.	0	400,000	400,000	
Right-to-Know Administration	0	488,000	488,000	
Subtotal Department of Health:	434,029,000	407,142,000	(26,887,000)	-6.2%
Health-Related Boards				
Unallotment	30,531,000	31,020,000	489,000	
Special Revenue Fund Open/Statutory Approps.	(245,000)	0	245,000	
Gift Fund	3,388,000	2,741,000	(647,000)	
State Govt. Special Rev. Open/Statutory Approps.	25,000	4,000	(21,000)	
Subtotal Health-Related Boards:	567,000	292,000	(275,000)	
Subtotal Health-Related Boards:	34,266,000	34,057,000	(209,000)	-0.6%
Veterans Nursing Homes Board				
Unallotment	61,878,000	60,060,000	(1,818,000)	
Gift Fund	(124,000)	0	124,000	
Special Revenue Fund Transfer Adjustment	2,287,000	1,200,000	(1,087,000)	
Subtotal Veterans Nursing Homes Board:	(2,829,000)	2,495,000	5,324,000	
Subtotal Veterans Nursing Homes Board:	61,212,000	63,755,000	2,543,000	4.2%
Council on People with Disabilities				
Unallotment	1,408,000	1,000,000	(408,000)	
Subtotal Council on People with Disabilities:	(29,000)	0	29,000	
Subtotal Council on People with Disabilities:	1,379,000	1,000,000	(379,000)	-27.5%
State Appropriations:	\$ 7,885,234,000	\$ 8,639,096,000	\$ 753,862,000	9.6%
Federal Appropriations:	\$ 6,629,312,000	\$ 8,122,838,000	\$ 1,493,526,000	22.5%
Total Health & Human Services:	\$ 14,514,546,000	\$ 16,761,934,000	\$ 2,247,388,000	15.5%

Environment & Agriculture

Department of Agriculture				
Protection Service	\$ 23,601,000	\$ 18,276,000	\$ (5,325,000)	
Agricultural Marketing and Development	11,063,000	10,512,000	(551,000)	
Administration and Financial Assistance	9,307,000	9,550,000	243,000	
Appropriation Carried Forward (1)	645,000	66,000	(579,000)	
Unallotment	(1,690,000)	0	1,690,000	
Ethanol Producer Payments	70,892,000	44,390,000	(26,502,000)	
Unallotment	(20,109,000)	0	20,109,000	
Special Revenue Fund Open/Statutory Approps.	11,952,000	6,491,000	(5,461,000)	
Environmental Fund Open/Statutory Approps.	936,000	0	(936,000)	
Gift Fund	306,000	9,000	(297,000)	
Remediation Fund Open/Statutory Approps.	0	1,000,000	1,000,000	
Agricultural Fund Open/Statutory Approps.	38,422,000	39,281,000	859,000	
Subtotal Department of Agriculture:	145,325,000	129,575,000	(15,750,000)	-10.8%
Agricultural Utilization Research Institute				
Unallotment	7,609,000	3,200,000	(4,409,000)	
Subtotal Ag. Utilization Research Institute:	(887,000)	0	887,000	
Subtotal Ag. Utilization Research Institute:	6,722,000	3,200,000	(3,522,000)	-52.4%
Board of Animal Health				
Unallotment	5,946,000	5,606,000	(340,000)	
Special Revenue Fund Open/Statutory Approps.	(103,000)	0	103,000	
Subtotal Board of Animal Health:	0	122,000	122,000	
Subtotal Board of Animal Health:	5,843,000	5,728,000	(115,000)	-2.0%

	2001-2003 Biennium	2003-2005 Biennium	Increase (Decrease)	Percent Change
Board of Water & Soil Resources	\$ 36,586,000	\$ 30,863,000	\$ (5,723,000)	
Unallotment	(7,445,000)	0	7,445,000	
Special Revenue Fund Open/Statutory Approps.	357,000	267,000	(90,000)	
Subtotal Board of Water & Soil Resources:	29,498,000	31,130,000	1,632,000	5.5%
Minnesota Horticultural Society	148,000	0	(148,000)	-100.0%
Department of Natural Resources				
Operations Support	63,983,000	48,475,000	(15,508,000)	
Water Resources Management	24,392,000	22,202,000	(2,190,000)	
Land & Mineral Resources Management	14,263,000	14,988,000	725,000	
Forest Management	73,297,000	66,132,000	(7,165,000)	
Fish and Wildlife Management	121,936,000	123,456,000	1,520,000	
Parks and Recreation Management	81,146,000	73,472,000	(7,674,000)	
Enforcement	49,761,000	55,654,000	5,893,000	
Trails and Waterways	41,417,000	45,233,000	3,816,000	
Leech Lake and White Earth Reservation	4,958,000	4,999,000	41,000	
1854 Indian Treaty Settlement	9,851,000	10,102,000	251,000	
Wildlife Management Lands in Lieu of Taxes	296,000	304,000	8,000	
DNR Firefighting	13,293,000	19,000,000	5,707,000	
Unallotment	(4,321,000)	0	4,321,000	
Game and Fish Fund Open/Statutory Approps.	4,198,000	7,392,000	3,194,000	
Natural Resources Fund Open/Statutory Approps.	3,025,000	712,000	(2,313,000)	
Special Revenue Fund Open/Statutory Approps.	37,968,000	31,659,000	(6,309,000)	
Gift Fund	5,623,000	2,675,000	(2,948,000)	
State Govt. Special Revenue Fund Open/Stat. Approps.	233,000	0	(233,000)	
Environmental Fund Open/Statutory Approps.	520,000	0	(520,000)	
Remediation Fund Open/Statutory Approps.	0	3,099,000	3,099,000	
Endowment & Permanent School Fund	703,000	67,000	(636,000)	
Claims Against the State	135,000	34,000	(101,000)	
Subtotal Department of Natural Resources:	546,677,000	529,655,000	(17,022,000)	-3.1%
Zoological Board	15,034,000	13,362,000	(1,672,000)	
Unallotment	(270,000)	0	270,000	
Special Revenue Fund Open/Statutory Approps.	19,550,000	20,029,000	479,000	
Gift Fund	2,809,000	2,140,000	(669,000)	
Subtotal Zoological Board:	37,123,000	35,531,000	(1,592,000)	-4.3%
Minnesota-Wisconsin Boundary Area Commission	71,000	0	(71,000)	-100.0%
Minnesota Conservation Corps	0	1,680,000	1,680,000	NA
Minnesota Resources				
LCMR Administration	1,597,000	863,000	(734,000)	
Recreation	23,180,000	13,492,000	(9,688,000)	
Water Resources	1,970,000	2,097,000	127,000	
Agricultural & Natural Resources-Based Industries	740,000	622,000	(118,000)	
Land Use & Natural Resources Information	1,777,000	1,382,000	(395,000)	
Environmental Education	2,224,000	470,000	(1,754,000)	
Children's Environmental Health	0	563,000	563,000	
Fish & Wildlife Habitat	18,280,000	12,446,000	(5,834,000)	
Energy	90,000	740,000	650,000	
Subtotal Minnesota Resources:	49,858,000	32,675,000	(17,183,000)	-34.5%
Pollution Control Agency				
Protection of the Water	32,993,000	38,912,000	5,919,000	
Protection of the Air	15,592,000	17,535,000	1,943,000	
Protection of the Land	20,380,000	36,938,000	16,558,000	
General Support	3,805,000	3,966,000	161,000	
Integrated Environmental Programs	31,368,000	8,607,000	(22,761,000)	
Unallotment	(2,101,000)	0	2,101,000	
Solid Waste Fund Open/Statutory Approps.	32,204,000	0	(32,204,000)	
Special Revenue Fund Open/Statutory Approps.	25,923,000	23,532,000	(2,391,000)	
State Govt. Special Revenue Fund Open/Stat. Approps.	2,000	2,000	0	
Environmental Fund Open/Statutory Approps.	7,333,000	0	(7,333,000)	
Metro Landfill Contingency Open/Stat. Approps.	4,000,000	0	(4,000,000)	
Remediation Fund Open/Statutory Approps.	0	65,868,000	65,868,000	
Deficiency Solid Waste FY2001 Appropriation	500,000	0	(500,000)	
Subtotal Pollution Control Agency:	171,999,000	195,360,000	23,361,000	13.6%
Science Museum of Minnesota	2,535,000	1,500,000	(1,035,000)	-40.8%

	2001-2003	2003-2005	Increase	Percent
	Biennium	Biennium	(Decrease)	Change
Office of Environmental Assistance	\$ 14,776,000	\$ 14,508,000	\$ (268,000)	
SCORE County Block Grants	26,615,000	25,000,000	(1,615,000)	
Solid Waste Processing Grants	13,500,000	8,000,000	(5,500,000)	
Unallotment	(1,856,000)	0	1,856,000	
Special Revenue Fund Open/Statutory Approps.	4,000	2,000	(2,000)	
Gift Fund	34,000	104,000	70,000	
Environmental Fund Open/Statutory Approps.	4,937,000	2,848,000	(2,089,000)	
Subtotal Office of Environmental Assistance:	58,010,000	50,462,000	(7,548,000)	-13.0%
State Appropriations: \$	1,053,809,000	\$ 1,016,496,000	\$ (37,313,000)	\$ -3.5%
Federal Appropriations: \$	101,327,000	\$ 93,740,000	\$ (7,587,000)	\$ -7.5%
Total Environment & Agriculture: \$	1,155,136,000	\$ 1,110,236,000	\$ (44,900,000)	\$ -3.9%

Economic Development

Department of Employment & Economic Development (5)

Tourism	\$ 19,244,000	\$ 16,125,000	\$ (3,119,000)	
Administration	6,744,000	9,596,000	2,852,000	
Business & Community Development	26,817,000	18,223,000	(8,594,000)	
Minnesota Trade Office	4,767,000	4,374,000	(393,000)	
Information & Analysis	3,099,000	0	(3,099,000)	
Workforce Development	18,805,000	14,770,000	(4,035,000)	
Workforce Services	21,943,000	16,528,000	(5,415,000)	
Rehabilitation Services	46,013,000	43,576,000	(2,437,000)	
Services for the Blind	9,880,000	8,896,000	(984,000)	
Transitional Housing Programs	3,976,000	5,976,000	2,000,000	
Emergency Services Grants	1,200,000	700,000	(500,000)	
Unallotment	(10,977,000)	0	10,977,000	
Special Revenue Fund Open/Statutory Approps.	200,008,000	51,449,000	(148,559,000)	
IRRRB Fund Open/Statutory Appropriation	43,504,000	54,364,000	10,860,000	
IRRRB Brd.-NE MN Economic Protection Fund	30,065,000	3,446,000	(26,619,000)	
State Govt. Special Revenue Fund Open/Stat. Approps.	150,000	0	(150,000)	
Gift Fund Open/Statutory Appropriation	1,292,000	1,943,000	651,000	
Remediation Fund Open/Statutory Approps.	0	1,400,000	1,400,000	
Workforce Development Fund Open/Statutory Approps.	13,200,000	68,099,000	54,899,000	
Subtotal Dept. of Employment & Economic Development:	439,730,000	319,465,000	(120,265,000)	-27.3%
Minnesota Technology, Incorporated	11,285,000	3,000,000	(8,285,000)	
Unallotment	(1,071,000)	0	1,071,000	
Minnesota Technology, Inc. Fund - Open Approps.	6,170,000	9,192,000	3,022,000	
Special Revenue Fund Open/Statutory Approps.	37,000	0	(37,000)	
Subtotal Minnesota Technology, Inc.:	16,421,000	12,192,000	(4,229,000)	-25.8%
Housing Finance Agency	105,048,000	70,270,000	(34,778,000)	
Unallotment	(2,205,000)	0	2,205,000	
Subtotal Housing Finance Agency:	102,843,000	70,270,000	(32,573,000)	-31.7%
Department of Commerce				
Financial Examinations	12,934,000	11,991,000	(943,000)	
Administrative Services	11,179,000	11,036,000	(143,000)	
Market Assurance	12,103,000	12,299,000	196,000	
Petroleum Tank Release Cleanup Board	2,148,000	2,168,000	20,000	
Energy & Telecommunications	9,687,000	8,698,000	(989,000)	
Weights and Measurers	6,438,000	5,540,000	(898,000)	
Hydro/Wind Power	4,188,000	9,616,000	5,428,000	
School Employee Health Insurance Study	670,000	0	(670,000)	
Unallotment	(1,053,000)	0	1,053,000	
Gift Fund	0	52,000	52,000	
Special Revenue Fund Open/Statutory Approps.	37,850,000	31,199,000	(6,651,000)	
Petro Tank Release Fund Open/Stat. Approps.	63,360,000	43,180,000	(20,180,000)	
Subtotal Department of Commerce:	159,504,000	135,779,000	(23,725,000)	-14.9%
Non Health-Related Boards	3,648,000	2,978,000	(670,000)	
Unallotment	(59,000)	0	59,000	
Special Revenue Fund Open/Statutory Approps.	39,316,000	30,843,000	(8,473,000)	
Subtotal Non Health-Related Boards:	42,905,000	33,821,000	(9,084,000)	-21.2%
Public Utilities Commission	8,225,000	8,326,000	101,000	
Special Revenue Fund Open/Statutory Approps.	7,722,000	4,854,000	(2,868,000)	
Subtotal Public Utilities Commission:	15,947,000	13,180,000	(2,767,000)	-17.4%

	2001-2003 Biennium	2003-2005 Biennium	Increase (Decrease)	Percent Change
Department of Labor & Industry				
Workers' Comp. Regulation & Enforcement	\$ 22,090,000	\$ 20,912,000	\$ (1,178,000)	
Workplace Services	15,112,000	13,922,000	(1,190,000)	
General Support	13,486,000	10,879,000	(2,607,000)	
Unallotment	(118,000)	0	118,000	
Workers' Comp. Fund Open/Stat. Approps.	224,356,000	167,947,000	(56,409,000)	
Special Revenue Fund Open/Statutory Approps.	1,948,000	2,486,000	538,000	
Subtotal Department of Labor & Industry:	276,874,000	216,146,000	(60,728,000)	-21.9%
Workers' Compensation Court of Appeals	3,187,000	3,236,000	49,000	1.5%
Bureau of Mediation Services	4,511,000	3,546,000	(965,000)	
Unallotment	(347,000)	0	347,000	
Special Revenue Fund Open/Statutory Approps.	399,000	32,000	(367,000)	
Subtotal Bureau of Mediation Services:	4,563,000	3,578,000	(985,000)	-21.6%
Minnesota Historical Society	53,460,000	44,687,000	(8,773,000)	
Unallotment	(1,066,000)	0	1,066,000	
Special Revenue Fund Open/Statutory Approps.	1,496,000	1,766,000	270,000	
Subtotal Minnesota Historical Society:	53,890,000	46,453,000	(7,437,000)	-13.8%
Arts Board	25,734,000	17,186,000	(8,548,000)	
Unallotment	(384,000)	0	384,000	
Gift Fund	552,000	0	(552,000)	
Subtotal Arts Board:	25,902,000	17,186,000	(8,716,000)	-33.6%
Indian Affairs Council	1,188,000	964,000	(224,000)	
Unallotment	(23,000)	0	23,000	
Special Revenue Fund Open/Statutory Approps.	1,791,000	548,000	(1,243,000)	
Subtotal Indian Affairs Council:	2,956,000	1,512,000	(1,444,000)	-48.8%
Council on Chicano-Latino Affairs	693,000	550,000	(143,000)	
Unallotment	(13,000)	0	13,000	
Subtotal Council on Chicano-Latino Affairs:	680,000	550,000	(130,000)	-19.1%
Council on Black Minnesotans	711,000	564,000	(147,000)	
Unallotment	(13,000)	0	13,000	
Special Revenue Fund Open/Statutory Approps.	0	160,000	160,000	
Subtotal Council on Black Minnesotans:	698,000	724,000	26,000	3.7%
Council on Asian-Pacific Minnesotans	628,000	490,000	(138,000)	
Unallotment	(11,000)	0	11,000	
Subtotal Council on Asian-Pacific Minnesotans:	617,000	490,000	(127,000)	-20.6%
State Appropriations: \$ 1,146,717,000 \$ 874,582,000 \$ (272,135,000) \$ -23.7%				
Federal Appropriations: \$ 734,394,000 \$ 694,612,000 \$ (39,782,000) \$ -5.4%				
Total Economic Development: \$ 1,881,111,000 \$ 1,569,194,000 \$ (311,917,000) \$ -16.6%				

Transportation

State Roads				
Construction	\$ 890,562,000	\$ 942,322,000	\$ 51,760,000	
Highway Debt Service	43,463,000	100,732,000	57,269,000	
Operations	444,465,000	407,282,000	(37,183,000)	
Electronic Communications	11,363,000	9,980,000	(1,383,000)	
Subtotal State Roads:	1,389,853,000	1,460,316,000	70,463,000	5.1%
Local Roads				
County State Aids	823,443,000	859,651,000	36,208,000	
Municipal State Aids	216,296,000	226,951,000	10,655,000	
County State Aids Open/Statutory Approps.	17,019,000	21,986,000	4,967,000	
Municipal Street Aids Open/Statutory Approps.	4,490,000	4,632,000	142,000	
Subtotal Local Roads:	1,061,248,000	1,113,220,000	51,972,000	4.9%
Public Transit: Metro & Greater MN				
Greater Minnesota Transit Assistance	36,299,000	31,915,000	(4,384,000)	
Met Council Transit	133,487,000	108,020,000	(25,467,000)	
Unallotment	(2,815,000)	0	2,815,000	
Light Rail Operations	0	6,700,000	6,700,000	
Subtotal Public Transit: Metro & Greater MN:	166,971,000	146,635,000	(20,336,000)	-12.2%

	2001-2003 Biennium	2003-2005 Biennium	Increase (Decrease)	Percent Change
General Support & Management				
General Management	\$ 79,013,000	\$ 77,306,000	\$ (1,707,000)	
Motor Carrier Regulation	8,147,000	7,254,000	(893,000)	
Railroads and Waterways	3,502,000	3,138,000	(364,000)	
Buildings & Equipment	33,338,000	31,104,000	(2,234,000)	
Claims Against the State	0	3,000	3,000	
Subtotal General Support & Management:	124,000,000	118,805,000	(5,195,000)	-4.2%
Aeronautics				
Aviation Support	12,461,000	12,064,000	(397,000)	
Airport Development and Assistance	28,596,000	28,596,000	0	
Civil Air Patrol	130,000	130,000	0	
State Airport Fund Open/Statutory Approps.	3,096,000	3,352,000	256,000	
Subtotal Aeronautics:	44,283,000	44,142,000	(141,000)	-0.3%
MN DOT Sales Tax Exemption	4,370,000	0	(4,370,000)	-100.0%
Federal Funds Included in Highway Operations, Technical Services & Program Management	575,000,000	700,000,000	125,000,000	21.7%
MN DOT: Trunk Highway Open/Statutory Approps.	64,642,000	0	(64,642,000)	-100.0%
MN DOT: Special Revenue Open/Statutory Approps.	170,467,000	15,200,000	(155,267,000)	-91.1%
Capital Projects - Direct Appropriations				
Met Council Capital Projects	19,000,000	0	(19,000,000)	
Capital Projects Reductions and Cancellations (4)	(47,800,000)	0	47,800,000	
Carry Forward of Appropriation for Construction	259,729,000	0	(259,729,000)	
Convert Capital Projects to Bonding	(110,000,000)	0	110,000,000	
Unallotment	(20,000,000)	0	20,000,000	
Subtotal Capital Projects:	100,929,000	0	(100,929,000)	-100.0%
Department of Public Safety - Transportation				
Administration and Related Services	22,374,000	16,713,000	(5,661,000)	
State Patrol	125,149,000	139,864,000	14,715,000	
Driver and Vehicle Services	77,264,000	73,780,000	(3,484,000)	
Pipeline Safety	1,973,000	1,988,000	15,000	
Traffic Safety	641,000	648,000	7,000	
Appropriation Carried Forward	6,240,000	30,000	(6,210,000)	
Trunk Highway Open/Statutory Approps.	2,007,000	0	(2,007,000)	
Gift Fund	240,000	108,000	(132,000)	
Highway User Tax Open/Statutory Approps.	12,272,000	16,107,000	3,835,000	
Transfer to Trunk Highway Fund	3,660,000	2,660,000	(1,000,000)	
Subtotal Department of Public Safety:	251,820,000	251,898,000	78,000	0.0%
State Appropriations: \$ 3,953,583,000 \$ 3,850,216,000 \$ (103,367,000) \$ -2.6%				
Federal Appropriations: \$ 518,266,000 \$ 556,765,000 \$ 38,499,000 \$ 7.4%				
Total Transportation: \$ 4,471,849,000 \$ 4,406,981,000 \$ (64,868,000) \$ -1.5%				
Crime Prevention & Judiciary				
Supreme Court				
Operations	\$ 9,975,000	\$ 8,187,000	\$ (1,788,000)	
State Court Administrator	32,475,000	47,299,000	14,824,000	
State Law Library	4,170,000	4,286,000	116,000	
Low Income & Family Farm Legal Assistance	15,468,000	15,118,000	(350,000)	
Unallotment	(1,733,000)	0	1,733,000	
Special Revenue Fund Open/Statutory Approps.	2,615,000	2,396,000	(219,000)	
Gift Fund	142,000	80,000	(62,000)	
Court Information System	15,000,000	0	(15,000,000)	
Subtotal Supreme Court:	78,112,000	77,366,000	(746,000)	-1.0%
Court of Appeals				
Unallotment	15,697,000	15,837,000	140,000	
	(50,000)	0	50,000	
Subtotal Court of Appeals:	15,647,000	15,837,000	190,000	1.2%
District Courts				
Unallotment	263,869,000	389,656,000	125,787,000	
	(3,844,000)	0	3,844,000	
Board of Judicial Standards	498,000	504,000	6,000	
Board of Public Defense	104,368,000	99,845,000	(4,523,000)	
Special Revenue Fund Open/Statutory Approps.	0	7,681,000	7,681,000	
Unallotment	(1,537,000)	0	1,537,000	
Tax Court	1,509,000	1,452,000	(57,000)	
Gift Fund	22,000	8,000	(14,000)	
Special Revenue Fund Open/Statutory Approps.	30,000	0	(30,000)	
Subtotal District Courts:	364,915,000	499,146,000	134,231,000	36.8%

	2001-2003 Biennium	2003-2005 Biennium	Increase (Decrease)	Percent Change
Department of Public Safety - Crime Prevention				
Emergency Management	\$ 10,929,000	\$ 5,806,000	\$ (5,123,000)	
Criminal Apprehension	69,016,000	73,081,000	4,065,000	
Fire Marshal	6,559,000	4,874,000	(1,685,000)	
Alcohol & Gambling Enforcement	3,602,000	3,544,000	(58,000)	
Law Enforcement & Community Grants	14,803,000	4,123,000	(10,680,000)	
Crime Victims Services	62,736,000	49,462,000	(13,274,000)	
Abused Children Programs	1,890,000	0	(1,890,000)	
Children's Trust Fund	1,750,000	0	(1,750,000)	
Unallotment	(8,590,000)	0	8,590,000	
Appropriation Carried Forward (1)	0	33,000	33,000	
Special Revenue Fund Open/Statutory Approps.	35,252,000	44,555,000	9,303,000	
State Govt. Special Revenue Fund Open Approps.	809,000	1,296,000	487,000	
Conceal and Carry Administration	0	1,190,000	1,190,000	
911 Emergency Telecommunications System	6,025,000	52,652,000	46,627,000	
Anti-Terrorism Act	13,000,000	0	(13,000,000)	
Subtotal Department of Public Safety:	217,781,000	240,616,000	22,835,000	10.5%
Crime Victims Ombudsman	413,000	0	(413,000)	-100.0%
Private Detective & Protective Agency Lic. Board	292,000	252,000	(40,000)	
Unallotment	(6,000)	0	6,000	
Subtotal Priv. Detective & Protective Ag. Lic. Brd.:	286,000	252,000	(34,000)	-11.9%
Department of Corrections				
Management Services	26,229,000	29,794,000	3,565,000	
Community Services	215,127,000	189,804,000	(25,323,000)	
Correctional Institutions	452,716,000	477,736,000	25,020,000	
Juvenile Services	28,152,000	26,070,000	(2,082,000)	
Unallotment	(2,804,000)	0	2,804,000	
Special Revenue Fund Open/Statutory Approps.	35,252,000	31,704,000	(3,548,000)	
Claims against the State	13,000	55,000	42,000	
Gift Fund	231,000	46,000	(185,000)	
CRIMNET	1,500,000	0	(1,500,000)	
Appropriation Carried Forward (1)	784,000	45,000	(739,000)	
Subtotal Department of Corrections:	757,200,000	755,254,000	(1,946,000)	-0.3%
Sentencing Guidelines Commission				
	\$ 1,019,000	872,000	(147,000)	
Unallotment	(20,000)	0	20,000	
Subtotal Sentencing Guidelines Commission:	999,000	872,000	(127,000)	-12.7%
Corrections Ombudsman				
	502,000	0	(502,000)	
Unallotment	(7,000)	0	7,000	
Subtotal Corrections Ombudsman:	495,000	0	(495,000)	-100.0%
Board of Peace Officer Standards and Training	9,680,000	7,886,000	(1,794,000)	-18.5%
Department of Human Rights				
	8,194,000	7,010,000	(1,184,000)	
Unallotment	(146,000)	0	146,000	
Special Revenue Fund Open/Statutory Approps.	0	228,000	228,000	
Subtotal Department of Human Rights:	8,048,000	7,238,000	(810,000)	-10.1%
Uniform Laws Commission				
	89,000	77,000	(12,000)	-13.5%
Unallotment	(2,000)	0	2,000	
Subtotal Uniform Laws Commission:	87,000	77,000	(10,000)	-11.5%
Dept. Human Services - Alternative Placement Initiative	0	386,000	386,000	NA
State Appropriations: \$ 1,453,663,000 \$ 1,604,930,000 \$ 151,267,000 \$ 10.4%				
Federal Appropriations: \$ 98,142,000 \$ 129,365,000 \$ 31,223,000 \$ 31.8%				
Total Crime Prevention & Judiciary: \$ 1,551,805,000 \$ 1,734,295,000 \$ 182,490,000 \$ 11.8%				

Government Operations

Veterans Affairs	\$ 9,107,000	\$ 8,326,000	(781,000)	
Unallotment	(192,000)	0	192,000	
Gift Fund	95,000	12,000	(83,000)	
Special Revenue Fund Open/Statutory Approps.	353,000	170,000	(183,000)	
Subtotal Veterans Affairs:	9,363,000	8,508,000	(855,000)	-9.1%
Veterans of Foreign Wars	110,000	110,000	0	0.0%
Disabled American Veterans	26,000	26,000	0	0.0%
Military Order of the Purple Heart	40,000	40,000	0	0.0%

	2001-2003 Biennium	2003-2005 Biennium	Increase (Decrease)	Percent Change
Amateur Sports Commission	\$ 1,214,000	\$ 1,050,000	\$ (164,000)	
Unallotment	(25,000)	0	25,000	
Sports Facility Financing	1,500,000	1,500,000	0	
Subtotal Amateur Sports Commission:	2,689,000	2,550,000	(139,000)	-5.2%
Department of Employee Relations				
Administration	15,361,000	12,980,000	(2,381,000)	
Employee Insurance	140,000	126,000	(14,000)	
Unallotment	(305,000)	0	305,000	
Special Revenue Fund Open/Statutory Approps.	54,916,000	57,009,000	2,093,000	
Subtotal Department of Employee Relations:	70,112,000	70,115,000	3,000	0.0%
Retirement				
Minneapolis Employees' Retirement Fund	7,742,000	13,264,000	5,522,000	
Legislators' Retirement	13,951,000	4,450,000	(9,501,000)	
Judges' Retirement	1,954,000	0	(1,954,000)	
Teachers' Retirement	37,048,000	37,534,000	486,000	
Constitutional Officers' Retirement	731,000	795,000	64,000	
PERA/MSRS Changes	29,172,000	29,172,000	0	
Claims Against the State	70,000	0	(70,000)	
Subtotal Retirement:	90,668,000	85,215,000	(5,453,000)	-6.0%
State Lottery Board	114,708,000	87,076,000	(27,632,000)	-24.1%
Lawful Gambling Control Board	4,815,000	5,254,000	439,000	
Unallotment	(89,000)	0	89,000	
Special Revenue Fund Open/Statutory Approps.	10,000	0	(10,000)	
Subtotal Lawful Gambling Control Board:	4,736,000	5,254,000	518,000	10.9%
Racing Commission	821,000	946,000	125,000	
Unallotment	(16,000)	0	16,000	
Special Revenue Fund Open/Statutory Approps.	794,000	950,000	156,000	
Subtotal Racing Commission:	1,599,000	1,896,000	297,000	18.6%
Military Affairs				
Maintenance of Training Facilities	11,534,000	11,180,000	(354,000)	
General Support	4,044,000	3,514,000	(530,000)	
Enlistment Incentives	9,713,000	9,714,000	1,000	
Unallotment	(301,000)	0	301,000	
Special Revenue Fund Open/Statutory Approps.	885,000	1,596,000	711,000	
Emergency Services	3,827,000	150,000	(3,677,000)	
Appropriations Carried Forward	378,000	489,000	111,000	
Subtotal Military Affairs:	30,080,000	26,643,000	(3,437,000)	-11.4%
Legislature				
Senate	44,251,000	38,638,000	(5,613,000)	
House	54,443,000	51,986,000	(2,457,000)	
Appropriation Carried Forward (1)	12,087,000	29,000	(12,058,000)	
Legislative Coordinating Commission	30,310,000	25,776,000	(4,534,000)	
Unallotment	(2,561,000)	0	2,561,000	
Gift Fund	92,000	0	(92,000)	
Special Revenue Fund Open/Statutory Approps.	1,200,000	744,000	(456,000)	
Subtotal Legislature:	139,822,000	117,173,000	(22,649,000)	-16.2%
Governor and Lieutenant Governor	8,354,000	7,172,000	(1,182,000)	
Unallotment	(162,000)	0	162,000	
Subtotal Governor and Lt. Governor:	8,192,000	7,172,000	(1,020,000)	-12.5%
Secretary of State	14,670,000	11,944,000	(2,726,000)	
Unallotment	(291,000)	0	291,000	
Special Revenue Fund Open/Statutory Approps.	369,000	970,000	601,000	
Subtotal Secretary of State:	14,748,000	12,914,000	(1,834,000)	-12.4%
State Auditor	19,305,000	16,612,000	(2,693,000)	
Unallotment	(390,000)	0	390,000	
Special Revenue Fund Open/Statutory Approps.	56,000	44,000	(12,000)	
Subtotal State Auditor:	18,971,000	16,656,000	(2,315,000)	-12.2%
State Treasurer	5,728,000	0	(5,728,000)	
State Govt. Special Rev. Open/Stat. Approps.	2,953,000	0	(2,953,000)	
Subtotal State Treasurer:	8,681,000	0	(8,681,000)	-100.0%

	2001-2003 Biennium	2003-2005 Biennium	Increase (Decrease)	Percent Change
Attorney General	\$ 58,416,000	\$ 49,546,000	\$ (8,870,000)	
Unallotment	(1,038,000)	0	1,038,000	
Special Revenue Fund Open/Statutory Approps.	869,000	554,000	(315,000)	
Claims Against the State	12,000	33,000	21,000	
Subtotal Attorney General:	58,259,000	50,133,000	(8,126,000)	-13.9%
Investment Board	4,885,000	4,334,000	(551,000)	
Unallotment	(90,000)	0	90,000	
Subtotal Investment Board:	4,795,000	4,334,000	(461,000)	-9.6%
Campaign Finance and Public Disclosure Board	1,376,000	1,424,000	48,000	
Unallotment	(25,000)	0	25,000	
Special Revenue Fund Open/Statutory Approps.	6,243,000	0	(6,243,000)	
Subtotal Camp. Fin. & Public Disclosure Brd.:	7,594,000	1,424,000	(6,170,000)	-81.2%
Office of Administrative Hearings	15,385,000	14,435,000	(950,000)	-6.2%
Department of Administration				
Operations Management	6,388,000	5,338,000	(1,050,000)	
Technology Management	61,410,000	4,958,000	(56,452,000)	
Facilities Management	7,511,000	6,806,000	(705,000)	
Management Services	6,884,000	5,840,000	(1,044,000)	
Public Broadcasting	14,393,000	3,806,000	(10,587,000)	
Fiscal Agent	1,830,000	0	(1,830,000)	
Legislative & Veterans Organizations Rent	15,516,000	15,776,000	260,000	
Unallotment	(1,828,000)	0	1,828,000	
Special Revenue Fund Open/Statutory Approps.	18,067,000	18,205,000	138,000	
State Govt. Special Rev. Open/Stat. Approps.	28,166,000	13,553,000	(14,613,000)	
Gift Fund	383,000	141,000	(242,000)	
Digital Public Broadcasting	7,800,000	0	(7,800,000)	
Subtotal Department of Administration:	166,520,000	74,423,000	(92,097,000)	-55.3%
Capitol Area Architectural & Planning Board	788,000	524,000	(264,000)	
Unallotment	(23,000)	0	23,000	
Subtotal Capitol Area Arch. & Planning Board:	765,000	524,000	(241,000)	-31.5%
Department of Finance	33,656,000	30,432,000	(3,224,000)	
Unallotment	(694,000)	0	694,000	
Special Revenue Fund Open/Statutory Approps.	15,040,000	13,706,000	(1,334,000)	
Transfer to Workforce Development Fund	2,800,000	0	(2,800,000)	
Subtotal Department of Finance:	50,802,000	44,138,000	(6,664,000)	-13.1%
Department of Revenue				
Tax System Management	165,951,000	157,406,000	(8,545,000)	
Accounts Receivable Operations	21,554,000	30,324,000	8,770,000	
Outstanding Collections/Property	3,800,000	3,800,000	0	
Administration & New Tax Law Changes	4,924,000	282,000	(4,642,000)	
Other Aids, Credits, and Payments	8,908,000	4,014,000	(4,894,000)	
Special Revenue Fund Open/Statutory Approps.	5,766,000	5,770,000	4,000	
Remediation Fund Open/Statutory Approps.	0	72,000	72,000	
Claims Against the State	13,000	0	(13,000)	
Revenue - Local Grant	2,600,000	0	(2,600,000)	
Unallotment	(1,810,000)	0	1,810,000	
Subtotal Department of Revenue:	211,706,000	201,668,000	(10,038,000)	-4.7%
Office of Strategic & Long-Range Planning	9,547,000	6,628,000	(2,919,000)	
Unallotment	(338,000)	0	338,000	
Special Revenue Fund Open/Statutory Approps.	3,089,000	2,759,000	(330,000)	
Subtotal Strategic & Long-Range Planning:	12,298,000	9,387,000	(2,911,000)	-23.7%
Board of Government Innovation and Cooperation	259,000	0	(259,000)	-100.0%
Minnesota Humanities Commission	2,017,000	0	(2,017,000)	
Unallotment	(240,000)	0	240,000	
Subtotal Minnesota Humanities Commission:	1,777,000	0	(1,777,000)	-100.0%
State Appropriations:	\$ 1,044,705,000	\$ 841,814,000	\$ (202,891,000)	-19.4%
Federal Appropriations:	\$ 105,423,000	\$ 111,577,000	\$ 6,154,000	5.8%
Total Government Operations:	\$ 1,150,128,000	\$ 953,391,000	\$ (196,737,000)	-17.1%

	2001-2003 Biennium	2003-2005 Biennium	Increase (Decrease)	Percent Change
Miscellaneous				
Debt Service & Borrowing				
General Fund Debt Service	\$ 613,232,000	\$ 673,625,000	\$ 60,393,000	
Other Debt Service	128,808,000	177,523,000	48,715,000	
Subtotal Debt Service & Borrowing:	742,040,000	851,148,000	109,108,000	14.7%
General Contingent Accounts				
General Fund	0	1,000,000	1,000,000	
Trunk Highway Fund	400,000	400,000	0	
Highway User Tax Distribution Fund	250,000	250,000	0	
State Govt. Special Revenue	800,000	800,000	0	
Airport Fund	100,000	100,000	0	
Workers' Compensation	200,000	200,000	0	
Subtotal General Contingent Accounts:	1,750,000	2,750,000	1,000,000	57.1%
Capital Projects - Direct Appropriations	2,146,000	0	(2,146,000)	-100.0%
Convert Capital Projects from Gen. Fund to Bond Funds (4)	(77,531,000)	0	77,531,000	-100.0%
Dedicated General Fund Appropriations	92,861,000	126,505,000	33,644,000	36.2%
Tort Claims	1,636,000	1,522,000	(114,000)	-7.0%
Campaign Fund Check-Off	4,100,000	3,900,000	(200,000)	-4.9%
Loans to Revolving Fund	13,400,000	0	(13,400,000)	-100.0%
Finance Non-Operating	13,493,000	9,665,000	(3,828,000)	-28.4%
System-wide Reductions	(58,036,000)	(17,581,000)	40,455,000	-69.7%
Lawsuit Settlement - Assigned Risk Plan	25,100,000	0	(25,100,000)	-100.0%
Tax Refund Interest	40,000,000	40,000,000	0	0.0%
Total Miscellaneous:	\$ 800,959,000	\$ 1,017,909,000	\$ 216,950,000	27.1%

TOTALS

State Appropriations - Gross	\$ 33,654,296,000	\$ 35,356,924,000	\$ 1,702,628,000	5.1%
Dept. of Human Services RTC Collections (2)	(130,328,000)	(134,919,000)	(4,591,000)	
Indirect Cost Receipts	(40,048,000)	(39,330,000)	718,000	
Cancellations	(27,800,000)	(5,000,000)	22,800,000	
State Appropriations - Net:	\$ 33,456,120,000	\$ 35,177,675,000	\$ 1,721,555,000	5.1%
Federal Funds Appropriations:	\$ 9,199,309,000	\$ 10,905,328,000	\$ 1,706,019,000	18.5%
Total Appropriations:	\$ 42,655,429,000	\$ 46,083,003,000	\$ 3,427,574,000	8.0%

General Fund

Cash Flow Account	\$ 0	\$ 0	\$ 0	
Budget Reserves	319,105,000	521,757,000	202,652,000	63.5%
Dedicated Reserves	0	0	0	
	\$ 319,105,000	\$ 521,757,000	\$ 202,652,000	63.5%

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 Department of Employment and Economic Development contains the programs that were previously in the Department of Economic Security. The Department of Economic Security was eliminated after FY2003.

Table D
Appropriations by Agency and Fund - All Funds
2001-2003 Biennium Compared to 2003-2005 Biennium

	2001-2003 Biennium	2003-2005 Biennium	Increase (Decrease)
Aids and Credits			
General Fund	\$ 3,300,895,000	\$ 2,670,459,000	\$ (630,436,000)
Special Revenue Fund	2,135,000	638,000	(1,497,000)
Metro Area Transit Fund	121,627,000	266,923,000	145,296,000
Greater MN Transit Fund	6,875,000	18,134,000	11,259,000
IRRRB Fund	1,102,000	1,040,000	(62,000)
Total Aids and Credits:	\$ 3,432,634,000	\$ 2,957,194,000	\$ (475,440,000)
Elementary and Secondary Education			
Department of Education			
General Fund	\$ 9,972,486,000	\$ 11,849,150,000	\$ 1,876,664,000
State Govt. Special Revenue Fund	192,000	192,000	0
Special Revenue Fund	30,993,000	20,618,000	(10,375,000)
Endowment and Permanent School Fund	44,000,000	39,620,000	(4,380,000)
Gift Fund	2,536,000	148,000	(2,388,000)
Federal Funds	1,005,473,000	1,187,217,000	181,744,000
Subtotal Department of Education:	11,055,680,000	13,096,945,000	2,041,265,000
Perpich Center for Arts Education			
General Fund	15,367,000	13,287,000	(2,080,000)
Special Revenue Fund	949,000	939,000	(10,000)
Gift Fund	2,321,000	1,368,000	(953,000)
Federal Funds	14,000	4,000	(10,000)
Subtotal Perpich Center for Arts Education:	18,651,000	15,598,000	(3,053,000)
Faribault Academies			
General Fund	21,687,000	20,932,000	(755,000)
Special Revenue Fund	2,408,000	2,562,000	154,000
Gift Fund	322,000	24,000	(298,000)
Endowment Fund	9,000	0	(9,000)
Federal Funds	446,000	416,000	(30,000)
Subtotal Faribault Academies:	24,872,000	23,934,000	(938,000)
Total Elementary & Secondary Education:	\$ 11,099,203,000	\$ 13,136,477,000	\$ 2,037,274,000
Higher Education			
Higher Education Services Office			
General Fund	\$ 316,055,000	\$ 351,488,000	\$ 35,433,000
Special Revenue Fund	324,000	733,000	409,000
Federal Funds	6,512,000	8,794,000	2,282,000
Subtotal Higher Education Services Office:	322,891,000	361,015,000	38,124,000
MN State Colleges & Universities			
General Fund	1,193,875,000	1,108,575,000	(85,300,000)
Special Revenue Fund	209,000	0	(209,000)
Subtotal MN State Colleges & Universities:	1,194,084,000	1,108,575,000	(85,509,000)
University of Minnesota			
General Fund	1,244,330,000	1,097,351,000	(146,979,000)
State Govt. Special Revenue Fund	90,000	0	(90,000)
Health Care Access Fund	5,074,000	4,314,000	(760,000)
Special Revenue Fund	0	44,918,000	44,918,000
Medical Education & Research Fund	32,799,000	0	(32,799,000)
Subtotal University of Minnesota:	1,282,293,000	1,146,583,000	(135,710,000)
Mayo Medical Foundation			
General Fund	3,274,000	2,782,000	(492,000)
Subtotal Mayo Medical Foundation:	3,274,000	2,782,000	(492,000)
Total Higher Education:	\$ 2,802,542,000	\$ 2,618,955,000	\$ (183,587,000)

	2001-2003 Biennium	2003-2005 Biennium	Increase (Decrease)
Health & Human Services			
Department of Human Services			
General Fund	\$ 6,434,776,000	\$ 7,136,152,000	\$ 701,376,000
State Govt. Special Revenue Fund	3,907,000	1,068,000	(2,839,000)
Health Care Access Fund	548,607,000	661,476,000	112,869,000
Special Revenue Fund	331,394,000	306,394,000	(25,000,000)
State Lottery Fund	2,909,000	3,112,000	203,000
Gift Fund	299,000	211,000	(88,000)
Endowment Fund	61,000	0	(61,000)
Federal Funds	6,319,224,000	7,812,835,000	1,493,611,000
Subtotal Department of Human Services:	13,641,177,000	15,921,248,000	2,280,071,000
Ombudsman for Mental Health & Retardation			
General Fund	2,824,000	2,924,000	100,000
Subtotal Ombudsman for Mental Health & Retardation:	2,824,000	2,924,000	100,000
Ombudsman for Families			
General Fund	472,000	490,000	18,000
Subtotal Ombudsman for Families:	472,000	490,000	18,000
Department of Health			
General Fund	134,013,000	121,768,000	(12,245,000)
State Govt. Special Revenue Fund	56,876,000	65,497,000	8,621,000
Health Care Access Fund	20,230,000	12,546,000	(7,684,000)
Special Revenue Fund	66,234,000	64,893,000	(1,341,000)
Remediation Fund	0	400,000	400,000
Medical Education & Research Fund	127,470,000	154,532,000	27,062,000
Tobacco Use Prevention Fund	48,730,000	0	(48,730,000)
Gift Fund	706,000	52,000	(654,000)
Federal Funds	309,300,000	308,418,000	(882,000)
Subtotal Department of Health:	763,559,000	728,106,000	(35,453,000)
Health-Related Boards			
General Fund	7,476,000	6,822,000	(654,000)
State Govt. Special Revenue Fund	23,302,000	24,490,000	1,188,000
Health Care Access Fund	75,000	128,000	53,000
Special Revenue Fund	3,388,000	2,741,000	(647,000)
Gift Fund	25,000	4,000	(21,000)
Federal Funds	207,000	1,002,000	795,000
Subtotal Health-Related Boards:	34,473,000	35,187,000	714,000
Veterans Nursing Homes Board			
General Fund	776,000	0	(776,000)
Special Revenue Fund	58,149,000	62,555,000	4,406,000
Gift Fund	2,287,000	1,200,000	(1,087,000)
Federal Funds	581,000	583,000	2,000
Subtotal Veterans Nursing Homes Board:	61,793,000	64,338,000	2,545,000
Council on People with Disabilities			
General Fund	1,379,000	1,000,000	(379,000)
Subtotal Council on People with Disabilities:	1,379,000	1,000,000	(379,000)
Total Health & Human Services:	\$ 14,505,677,000	\$ 16,753,293,000	\$ 2,247,616,000

Environment & Agriculture

Department of Agriculture			
General Fund	\$ 93,009,000	\$ 82,088,000	\$ (10,921,000)
Agricultural Fund	38,422,000	39,281,000	859,000
Special Revenue Fund	11,952,000	6,491,000	(5,461,000)
Environmental Fund	1,636,000	0	(1,636,000)
Remediation Fund	0	1,706,000	1,706,000
Gift Fund	306,000	9,000	(297,000)
Federal Funds	12,884,000	12,974,000	90,000
Subtotal Department of Agriculture:	158,209,000	142,549,000	(15,660,000)
Agricultural Utilization Research Institute			
General Fund	6,322,000	3,200,000	(3,122,000)
Agricultural Fund	400,000	0	(400,000)
Subtotal Agricultural Utilization Research Institute:	6,722,000	3,200,000	(3,522,000)

	2001-2003 Biennium	2003-2005 Biennium	Increase (Decrease)
Board of Animal Health			
General Fund	\$ 5,843,000	\$ 5,606,000	\$ (237,000)
Special Revenue Fund	0	122,000	122,000
Federal Funds	1,556,000	2,398,000	842,000
Subtotal Board of Animal Health:	7,399,000	8,126,000	727,000
Board of Water & Soil Resources			
General Fund	29,141,000	30,863,000	1,722,000
Special Revenue Fund	357,000	267,000	(90,000)
Federal Funds	282,000	0	(282,000)
Subtotal Board of Water & Soil Resources:	29,780,000	31,130,000	1,350,000
Minnesota Horticultural Society			
General Fund	148,000	0	(148,000)
Subtotal Minnesota Horticultural Society:	148,000	0	(148,000)
Department of Natural Resources			
General Fund	242,219,000	217,775,000	(24,444,000)
State Govt. Special Revenue Fund	233,000	0	(233,000)
Natural Resources Fund	95,981,000	102,146,000	6,165,000
Special Revenue Fund	37,968,000	31,659,000	(6,309,000)
Endowment and Permanent School Fund	703,000	67,000	(636,000)
Game and Fish Fund	163,230,000	172,034,000	8,804,000
Environmental Fund	520,000	0	(520,000)
Remediation Fund	0	3,299,000	3,299,000
Landfill Cleanup-Solid Waste Fund	200,000	0	(200,000)
Gift Fund	5,623,000	2,675,000	(2,948,000)
Federal Funds	31,164,000	29,716,000	(1,448,000)
Subtotal Department of Natural Resources:	577,841,000	559,371,000	(18,470,000)
Zoological Board			
General Fund	14,460,000	13,114,000	(1,346,000)
Natural Resources Fund	304,000	248,000	(56,000)
Special Revenue Fund	19,550,000	20,029,000	479,000
Gift Fund	2,809,000	2,140,000	(669,000)
Federal Funds	113,000	56,000	(57,000)
Subtotal Zoological Board:	37,236,000	35,587,000	(1,649,000)
Minnesota Resources (LCMR)			
Environmental Fund Trust Fund	34,481,000	30,100,000	(4,381,000)
Minnesota Future Resources Fund	15,110,000	0	(15,110,000)
Natural Resources Fund	0	2,000,000	2,000,000
Special Revenue Fund	267,000	575,000	308,000
Subtotal Minnesota Resources:	49,858,000	32,675,000	(17,183,000)
Pollution Control Agency			
General Fund	32,002,000	29,430,000	(2,572,000)
Petroleum Tank Release Cleanup Fund	7,127,000	0	(7,127,000)
State Govt. Special Revenue Fund	97,000	98,000	1,000
Special Revenue Fund	25,923,000	23,532,000	(2,391,000)
Environmental Fund	52,452,000	53,624,000	1,172,000
Metropolitan Landfill Contingency Fund	5,000,000	0	(5,000,000)
Remediation Fund	0	88,676,000	88,676,000
Landfill Cleanup-Solid Waste Fund	49,398,000	0	(49,398,000)
Federal Funds	55,244,000	48,596,000	(6,648,000)
Subtotal Pollution Control Agency:	227,243,000	243,956,000	16,713,000
Science Museum of Minnesota			
General Fund	2,535,000	1,500,000	(1,035,000)
Subtotal Science Museum of Minnesota:	2,535,000	1,500,000	(1,035,000)
Office of Environmental Assistance			
General Fund	27,929,000	23,520,000	(4,409,000)
Special Revenue Fund	4,000	2,000	(2,000)
Environmental Fund	7,543,000	26,836,000	19,293,000
Landfill Cleanup-Solid Waste Fund	22,500,000	0	(22,500,000)
Gift Fund	34,000	104,000	70,000
Federal Funds	84,000	0	(84,000)
Subtotal Office of Environmental Fund Assistance:	58,094,000	50,462,000	(7,632,000)

	2001-2003 Biennium	2003-2005 Biennium	Increase (Decrease)
Minnesota-Wisconsin Boundary Area Commission			
Natural Resources Fund	\$ 71,000	\$ 0	\$ (71,000)
Subtotal MN-Wisc. Boundary Area Commission:	71,000	0	(71,000)
Minnesota Conservation Corps			
General Fund	0	700,000	700,000
Natural Resources Fund	0	980,000	980,000
Subtotal Minnesota Conservation Corps:	0	1,680,000	1,680,000
Total Environment & Agriculture:	\$ 1,155,136,000	\$ 1,110,236,000	\$ (44,900,000)

Economic Development

Department of Employment & Economic Development			
General Fund	\$ 142,121,000	\$ 118,844,000	\$ (23,277,000)
Petroleum Tank Release Cleanup Fund	0	750,000	750,000
State Govt. Special Revenue Fund	150,000	0	(150,000)
Special Revenue Fund	221,198,000	51,929,000	(169,269,000)
Workforce Development Fund	0	85,519,000	85,519,000
Environmental Fund	1,400,000	1,400,000	0
Remediation Fund	0	1,400,000	1,400,000
IRRRB Fund	43,504,000	54,364,000	10,860,000
NE Minnesota Economic Protection Fund	30,065,000	3,446,000	(26,619,000)
Gift Fund	1,292,000	1,943,000	651,000
Federal Funds	719,088,000	499,128,000	(219,960,000)
Subtotal Dept. of Employment & Economic Development:	1,158,818,000	818,723,000	(340,095,000)
Minnesota Technology, Incorporated			
MN Technology Fund	17,134,000	12,192,000	(4,942,000)
General Fund	(750,000)	0	750,000
Special Revenue Fund	37,000	0	(37,000)
Subtotal Minnesota Technology, Inc.:	16,421,000	12,192,000	(4,229,000)
Housing Finance Agency			
General Fund	102,843,000	70,270,000	(32,573,000)
Federal Funds	441,000	0	(441,000)
Subtotal Housing Finance Agency:	103,284,000	70,270,000	(33,014,000)
Department of Commerce			
General Fund	54,932,000	57,203,000	2,271,000
Petroleum Tank Release Cleanup Fund	65,508,000	45,875,000	(19,633,000)
Special Revenue Fund	37,850,000	31,199,000	(6,651,000)
Workers' Compensation Fund	1,214,000	1,450,000	236,000
Gift Fund	0	52,000	52,000
Federal Funds	4,242,000	183,230,000	178,988,000
Subtotal Department of Commerce:	163,746,000	319,009,000	155,263,000
Non Health-Related Boards			
General Fund	3,589,000	2,978,000	(611,000)
Special Revenue Fund	39,316,000	30,843,000	(8,473,000)
Subtotal Non Health-Related Boards:	42,905,000	33,821,000	(9,084,000)
Public Utilities Commission			
General Fund	8,225,000	8,326,000	101,000
Special Revenue Fund	7,722,000	4,854,000	(2,868,000)
Subtotal Public Utilities Commission:	15,947,000	13,180,000	(2,767,000)
Department of Labor & Industry			
General Fund	6,289,000	5,744,000	(545,000)
Special Revenue Fund	3,649,000	2,486,000	(1,163,000)
Workforce Development Fund	0	900,000	900,000
Workers' Compensation Fund	266,936,000	207,016,000	(59,920,000)
Federal Funds	9,954,000	10,276,000	322,000
Subtotal Department of Labor & Industry:	286,828,000	226,422,000	(60,406,000)
Workers' Comp Court of Appeals			
Workers' Compensation Fund	3,187,000	3,236,000	49,000
Subtotal Workers' Comp Court of Appeals:	3,187,000	3,236,000	49,000

	2001-2003 Biennium	2003-2005 Biennium	Increase (Decrease)
Bureau of Mediation Services			
General Fund	\$ 4,163,000	\$ 3,546,000	\$ (617,000)
Special Revenue Fund	399,000	32,000	(367,000)
Gift Fund	1,000	0	(1,000)
Subtotal Bureau of Mediation Services:	4,563,000	3,578,000	(985,000)
MN Historical Society			
General Fund	52,394,000	44,687,000	(7,707,000)
Special Revenue Fund	1,496,000	1,766,000	270,000
Federal Funds	534,000	606,000	72,000
Subtotal Minnesota Historical Society:	54,424,000	47,059,000	(7,365,000)
Arts Board			
General Fund	25,350,000	17,186,000	(8,164,000)
Gift Fund	552,000	0	(552,000)
Federal Funds	1,160,000	1,252,000	92,000
Subtotal Arts Board:	27,062,000	18,438,000	(8,624,000)
Indian Affairs Council			
General Fund	1,163,000	964,000	(199,000)
Special Revenue Fund	1,791,000	548,000	(1,243,000)
Gift Fund	2,000	0	(2,000)
Federal Funds	135,000	120,000	(15,000)
Subtotal Indian Affairs Council:	3,091,000	1,632,000	(1,459,000)
Council on Latino Affairs			
General Fund	665,000	550,000	(115,000)
Gift Fund	15,000	0	(15,000)
Subtotal Council on Latino Affairs:	680,000	550,000	(130,000)
Council on Black MN			
General Fund	681,000	564,000	(117,000)
Special Revenue Fund	0	160,000	160,000
Gift Fund	17,000	0	(17,000)
Subtotal Council on Black MN:	698,000	724,000	26,000
Council on Asian-Pacific MN			
General Fund	588,000	486,000	(102,000)
Gift Fund	29,000	4,000	(25,000)
Subtotal Council on Asian-Pacific MN:	617,000	490,000	(127,000)
Total Economic Development:	\$ 1,882,271,000	\$ 1,569,324,000	\$ (312,947,000)
Transportation			
MN Department of Transportation			
General Fund	\$ 141,729,000	\$ 32,471,000	\$ (109,258,000)
Special Revenue Fund	170,467,000	15,200,000	(155,267,000)
State Airports Fund	44,451,000	42,168,000	(2,283,000)
Municipal-State Aid Street Fund	220,786,000	231,583,000	10,797,000
County-State Aid Highway Fund	840,462,000	881,637,000	41,175,000
Trunk Highway Fund	2,153,196,000	2,280,569,000	127,373,000
Federal Funds	476,361,000	498,441,000	22,080,000
Subtotal MN Department of Transportation:	4,047,452,000	3,982,069,000	(65,383,000)
Met Council Transit			
General Fund	130,672,000	114,720,000	(15,952,000)
Subtotal Met Council Transit:	130,672,000	114,720,000	(15,952,000)
Public Safety-Transportation			
General Fund	25,953,000	11,357,000	(14,596,000)
Special Revenue Fund	1,973,000	23,687,000	21,714,000
Trunk Highway Fund	187,618,000	197,886,000	10,268,000
Highway User Tax Distribution Fund	36,036,000	40,529,000	4,493,000
Gift Fund	240,000	108,000	(132,000)
Federal Funds	41,905,000	58,324,000	16,419,000
Subtotal Department of Public Safety:	293,725,000	331,891,000	38,166,000
Total Transportation:	\$ 4,471,849,000	\$ 4,428,680,000	\$ (43,169,000)

	2001-2003 Biennium	2003-2005 Biennium	Increase (Decrease)
Crime Prevention & Judiciary			
Supreme Court			
General Fund	\$ 75,355,000	\$ 74,890,000	\$ (465,000)
Special Revenue Fund	2,615,000	2,396,000	(219,000)
Gift Fund	142,000	80,000	(62,000)
Federal Funds	6,097,000	5,048,000	(1,049,000)
Subtotal Supreme Court:	84,209,000	82,414,000	(1,795,000)
Court of Appeals			
General Fund	15,647,000	15,837,000	190,000
Subtotal Court of Appeals:	15,647,000	15,837,000	190,000
District Courts			
General Fund	260,025,000	389,656,000	129,631,000
Special Revenue Fund	30,000	0	(30,000)
Federal Funds	0	222,000	222,000
Subtotal District Courts:	260,055,000	389,878,000	129,823,000
Board Judicial Standards			
General Fund	498,000	504,000	6,000
Subtotal Board Judicial Standards:	498,000	504,000	6,000
Board of Public Defense			
General Fund	102,831,000	99,845,000	(2,986,000)
Special Revenue Fund	0	7,681,000	7,681,000
Gift Fund	22,000	8,000	(14,000)
Federal Funds	207,000	80,000	(127,000)
Subtotal Board of Public Defense:	103,060,000	107,614,000	4,554,000
Tax Court			
General Fund	1,509,000	1,452,000	(57,000)
Subtotal Tax Court:	1,509,000	1,452,000	(57,000)
Public Safety-Crime Prevention			
General Fund	169,509,000	139,709,000	(29,800,000)
State Govt. Special Revenue Fund	823,000	53,962,000	53,139,000
Special Revenue Fund	40,613,000	24,426,000	(16,187,000)
Trunk Highway Fund	715,000	722,000	7,000
Environmental Fund	96,000	98,000	2,000
Federal Funds	66,129,000	107,647,000	41,518,000
Subtotal Department of Public Safety:	277,885,000	326,564,000	48,679,000
Crime Victims Ombudsman			
General Fund	413,000	0	(413,000)
Subtotal Crime Victims Ombudsman:	413,000	0	(413,000)
Private Detective Licensing Board			
General Fund	286,000	252,000	(34,000)
Subtotal Private Detective Licensing Board:	286,000	252,000	(34,000)
Corrections			
General Fund	719,086,000	721,504,000	2,418,000
Special Revenue Fund	37,883,000	33,704,000	(4,179,000)
Gift Fund	231,000	46,000	(185,000)
Federal Funds	25,709,000	16,368,000	(9,341,000)
Subtotal Department of Corrections:	782,909,000	771,622,000	(11,287,000)
Sentencing Guidelines Commission			
General Fund	999,000	872,000	(127,000)
Subtotal Sentencing Guidelines Commission:	999,000	872,000	(127,000)
Corrections Ombudsman			
General Fund	495,000	0	(495,000)
Subtotal Corrections Ombudsman:	495,000	0	(495,000)
Board of Peace Officer Standards & Training			
Special Revenue Fund	9,680,000	7,886,000	(1,794,000)
Subtotal Brd. of Peace Officer Standards & Training:	9,680,000	7,886,000	(1,794,000)

	2001-2003 Biennium	2003-2005 Biennium	Increase (Decrease)
Department of Human Rights			
General Fund	\$ 7,827,000	\$ 7,010,000	\$ (817,000)
Special Revenue Fund	221,000	228,000	7,000
Subtotal Department of Human Rights:	8,048,000	7,238,000	(810,000)
Uniform Laws Commission			
General Fund	87,000	77,000	(10,000)
Subtotal Uniform Laws Commission:	87,000	77,000	(10,000)
Total Crime Prevention & Judiciary:	\$ 1,545,780,000	\$ 1,712,210,000	\$ 166,430,000
State Government Operations			
Veterans Affairs			
General Fund	\$ 8,915,000	\$ 8,326,000	\$ (589,000)
Special Revenue Fund	353,000	170,000	(183,000)
Gift Fund	95,000	12,000	(83,000)
Federal Funds	800,000	0	(800,000)
Subtotal Veterans Affairs:	10,163,000	8,508,000	(1,655,000)
Veterans of Foreign Wars			
General Fund	110,000	110,000	0
Subtotal Veterans of Foreign Wars:	110,000	110,000	0
Disabled American Veterans			
General Fund	26,000	26,000	0
Subtotal Disabled American Veterans:	26,000	26,000	0
Military Order of the Purple Heart			
General Fund	40,000	40,000	0
Subtotal Military Order of the Purple Heart:	40,000	40,000	0
Amateur Sports Commission			
General Fund	2,689,000	2,550,000	(139,000)
Subtotal Amateur Sports Commission:	2,689,000	2,550,000	(139,000)
Department of Employee Relations			
General Fund	15,196,000	13,106,000	(2,090,000)
Special Revenue Fund	54,916,000	57,009,000	2,093,000
Subtotal Department of Employee Relations:	70,112,000	70,115,000	3,000
State Contribution to Retirement Funds			
General Fund	90,668,000	85,215,000	(5,453,000)
Subtotal State Contribution to Retirement Funds:	90,668,000	85,215,000	(5,453,000)
State Lottery Board			
State Lottery Fund	114,708,000	87,076,000	(27,632,000)
Subtotal State Lottery Board	114,708,000	87,076,000	(27,632,000)
Lawful Gambling Control Board			
General Fund	4,726,000	202,000	(4,524,000)
Special Revenue Fund	10,000	5,052,000	5,042,000
Subtotal Lawful Gambling Control Board:	4,736,000	5,254,000	518,000
Racing Commission			
General Fund	805,000	104,000	(701,000)
Special Revenue Fund	794,000	1,792,000	998,000
Subtotal Racing Commission:	1,599,000	1,896,000	297,000
Military Affairs			
General Fund	29,195,000	25,047,000	(4,148,000)
Special Revenue Fund	885,000	1,596,000	711,000
Federal Funds	88,622,000	90,856,000	2,234,000
Subtotal Military Affairs:	118,702,000	117,499,000	(1,203,000)
Legislature			
General Fund	138,530,000	116,429,000	(22,101,000)
Health Care Access Fund	300,000	256,000	(44,000)
Special Revenue Fund	1,200,000	744,000	(456,000)
Gift Fund	92,000	0	(92,000)
Subtotal Legislature:	140,122,000	117,429,000	(22,693,000)

	2001-2003 Biennium	2003-2005 Biennium	Increase (Decrease)
Governor and Lieutenant Governor			
General Fund	\$ 8,191,000	\$ 7,172,000	\$ (1,019,000)
Gift Fund	1,000	0	(1,000)
Subtotal Governor and Lieutenant Governor:	8,192,000	7,172,000	(1,020,000)
Secretary of State			
General Fund	14,379,000	11,944,000	(2,435,000)
Special Revenue Fund	369,000	970,000	601,000
Federal Funds	0	6,500,000	6,500,000
Subtotal Secretary of State:	14,748,000	19,414,000	4,666,000
State Auditor			
General Fund	18,915,000	16,612,000	(2,303,000)
Special Revenue Fund	56,000	44,000	(12,000)
Subtotal State Auditor:	18,971,000	16,656,000	(2,315,000)
State Treasurer			
General Fund	5,728,000	0	(5,728,000)
State Govt. Special Revenue Fund	2,953,000	0	(2,953,000)
Subtotal State Treasurer:	8,681,000	0	(8,681,000)
Attorney General			
General Fund	52,432,000	45,118,000	(7,314,000)
State Govt. Special Revenue Fund	3,710,000	3,203,000	(507,000)
Special Revenue Fund	869,000	554,000	(315,000)
Environmental Fund	287,000	290,000	3,000
Remediation Fund	0	968,000	968,000
Landfill Cleanup-Solid Waste Fund	961,000	0	(961,000)
Federal Funds	2,436,000	2,630,000	194,000
Subtotal Attorney General:	60,695,000	52,763,000	(7,932,000)
Investment Board			
General Fund	4,795,000	4,334,000	(461,000)
Subtotal Investment Board:	4,795,000	4,334,000	(461,000)
Campaign Finance and Public Disclosure Board			
General Fund	1,351,000	1,424,000	73,000
Special Revenue Fund	6,243,000	0	(6,243,000)
Subtotal Camp. Fin. & Public Disclosure Brd.:	7,594,000	1,424,000	(6,170,000)
Office of Administrative Hearings			
Workers' Compensation Fund	15,385,000	14,435,000	(950,000)
Subtotal Office of Administrative Hearings:	15,385,000	14,435,000	(950,000)
Department of Administration			
General Fund	77,208,000	42,524,000	(34,684,000)
State Govt. Special Revenue Fund	70,562,000	13,553,000	(57,009,000)
Special Revenue Fund	24,392,000	18,205,000	(6,187,000)
Gift Fund	383,000	141,000	(242,000)
Federal Funds	3,830,000	3,422,000	(408,000)
Subtotal Department of Administration:	176,375,000	77,845,000	(98,530,000)
Capitol Area Architectural & Planning Board			
General Fund	762,000	524,000	(238,000)
Gift Fund	3,000	0	(3,000)
Subtotal Capitol Area Arch. & Planning Board:	765,000	524,000	(241,000)
Department of Finance			
General Fund	35,762,000	30,432,000	(5,330,000)
Special Revenue Fund	15,040,000	13,706,000	(1,334,000)
Federal Funds	8,058,000	8,114,000	56,000
Subtotal Department of Finance:	58,860,000	52,252,000	(6,608,000)
Department of Revenue			
General Fund	200,895,000	190,836,000	(10,059,000)
Health Care Access Fund	3,495,000	4,457,000	962,000
Special Revenue Fund	5,766,000	5,770,000	4,000
Highway User Tax Distribution Fund	4,428,000	4,194,000	(234,000)
Environmental Fund	217,000	666,000	449,000
Remediation Fund	0	72,000	72,000
Landfill Cleanup-Solid Waste Fund	400,000	0	(400,000)
Subtotal Department of Revenue:	215,201,000	205,995,000	(9,206,000)

	2001-2003 Biennium	2003-2005 Biennium	Increase (Decrease)
Office of Strategic & Long-Range Planning			
General Fund	\$ 9,134,000	\$ 6,628,000	\$ (2,506,000)
Special Revenue Fund	3,089,000	2,759,000	(330,000)
Environmental Fund	75,000	0	(75,000)
Federal Funds	517,000	55,000	(462,000)
Subtotal Strategic & Long-Range Planning:	12,815,000	9,442,000	(3,373,000)
Board of Government Innovation and Cooperation			
General Fund	237,000	0	(237,000)
Gift Fund	22,000	0	(22,000)
Subtotal Brd. of Government Innovation & Cooperation:	259,000	0	(259,000)
Minnesota Humanities Commission			
General Fund	1,777,000	0	(1,777,000)
Subtotal Minnesota Humanities Commission:	1,777,000	0	(1,777,000)
Total State Government Operations:	\$ 1,158,788,000	\$ 957,974,000	\$ (200,814,000)
Miscellaneous			
Debt Service & Borrowing			
General Fund	\$ 613,232,000	\$ 673,625,000	\$ 60,393,000
Other Debt Service	128,808,000	177,523,000	48,715,000
Subtotal Debt Service & Borrowing:	742,040,000	851,148,000	109,108,000
Contingent Accounts			
General Fund	0	1,000,000	1,000,000
State Govt. Special Revenue Fund	800,000	800,000	0
State Airports Fund	100,000	100,000	0
Trunk Highway Fund	400,000	400,000	0
Highway User Tax Distribution Fund	250,000	250,000	0
Workers' Compensation Fund	200,000	200,000	0
Subtotal General Contingent Accounts:	1,750,000	2,750,000	1,000,000
Dedicated General Fund			
Dedicated General Fund	92,861,000	126,505,000	33,644,000
Subtotal Dedicated General Fund:	92,861,000	126,505,000	33,644,000
Other Miscellaneous			
General Fund	(212,821,000)	(137,943,000)	74,878,000
State Govt. Special Revenue Fund	6,753,000	0	(6,753,000)
Trunk Highway Fund	0	1,200,000	1,200,000
Subtotal Other Miscellaneous:	(206,068,000)	(136,743,000)	69,325,000
Cancellations			
General Fund	(27,800,000)	(5,000,000)	22,800,000
Subtotal Cancellations:	(27,800,000)	(5,000,000)	22,800,000
Total Miscellaneous:	\$ 602,783,000	\$ 838,660,000	\$ 235,877,000
Total Appropriations All Funds:	\$ 42,656,663,000	\$ 46,083,003,000	\$ 3,426,340,000

Table E

Open and Statutory Appropriations
Fiscal Years 2004 and 2005

	FY 2004	FY 2005	2003-2005 Biennium
General Fund			
Aids & Credits			
Property Tax Refund	\$ 270,213,000	\$ 284,411,000	\$ 554,624,000
Homestead Credit and Agricultural Credit	134,540,000	0	134,540,000
Political Contribution Refunds	5,000,000	4,800,000	9,800,000
Disparity Aid	19,404,000	20,416,000	39,820,000
Border City Disparity Credit	6,015,000	4,981,000	10,996,000
Disaster & Flood Relief Aid	98,000	5,000	103,000
Local Government Aid	464,834,000	437,052,000	901,886,000
Attached Machinery Aid	410,000	0	410,000
Supplemental Homestead Property Tax Relief	4,887,000	5,009,000	9,896,000
Education Homestead Credit	305,000	34,000	339,000
In Lieu of Taxes Payments on DNR Lands	12,230,000	12,407,000	24,637,000
Aid to Police and Fire	77,785,000	82,831,000	160,616,000
Corrections Aid	32,693,000	500,000	33,193,000
County Need Capacity Aid	0	110,750,000	110,750,000
Region 3 - Occupation Tax	533,000	533,000	1,066,000
Family Preservation Aid	23,884,000	0	23,884,000
Total Aids and Credits: \$	1,052,831,000 \$	963,729,000 \$	2,016,560,000
Other General Fund Open and Statutory Appropriations			
District Courts	\$ 0	\$ 17,736,000	\$ 17,736,000
Minneapolis Employees' Retirement Fund	6,632,000	6,632,000	13,264,000
Legislators' & Constitutional Officers' Retirement	2,518,000	2,727,000	5,245,000
Teachers' Retirement	18,767,000	18,767,000	37,534,000
PERA Pension Aid	14,586,000	14,586,000	29,172,000
1854 Indian Treaty Settlement	4,965,000	5,137,000	10,102,000
DNR Firefighting	9,500,000	9,500,000	19,000,000
Leech Lake & White Earth Indian Reservation	2,466,000	2,533,000	4,999,000
Non-game Wildlife Check Off	152,000	152,000	304,000
Tax Refund Interest	20,000,000	20,000,000	40,000,000
Transfer of Lands	5,367,000	4,298,000	9,665,000
Debt Service and Borrowing	310,075,000	363,550,000	673,625,000
Other General Fund Open and Statutory	11,658,000	13,432,000	25,090,000
Total Other Open & Statutory Appropriations: \$	406,686,000 \$	479,050,000 \$	885,736,000
Total General Fund Open and Statutory Appropriations: \$	1,459,517,000 \$	1,442,779,000 \$	2,902,296,000

	FY 2004	FY 2005	2003-2005 Biennium
Non-General Fund Open and Statutory Appropriations (1)			
School Endowment Fund	\$ 19,682,000	\$ 20,005,000	\$ 39,687,000
State Lottery Board	43,538,000	43,538,000	87,076,000
Environmental Fund	1,424,000	1,424,000	2,848,000
Game and Fish Fund	3,696,000	3,696,000	7,392,000
Remediation	35,955,000	35,884,000	71,839,000
Natural Resources	356,000	356,000	712,000
Petroleum Tank Release Cleanup	21,590,000	21,590,000	43,180,000
Special Revenue	374,954,000	375,389,000	750,343,000
State Government Special Revenue Fund	7,667,000	7,668,000	15,335,000
Health Care Access Fund	36,322,000	36,323,000	72,645,000
Minnesota Technology Fund	2,476,000	6,716,000	9,192,000
Agricultural Fund	19,782,000	19,499,000	39,281,000
Iron Range Resources & Rehabilitation Fund	27,702,000	27,702,000	55,404,000
State Airports	1,676,000	1,676,000	3,352,000
Trunk Highway Fund	(283,000)	(283,000)	(566,000)
Highway User Tax Distribution Fund	8,053,000	8,054,000	16,107,000
Municipal-State Aid Street	2,316,000	2,316,000	4,632,000
County-State Aid Highway	10,993,000	10,993,000	21,986,000
Metropolitan Area Transit Fund	132,849,000	134,074,000	266,923,000
Greater Minnesota Transit Fund	9,067,000	9,067,000	18,134,000
Medical Education & Research Fund	75,838,000	78,694,000	154,532,000
NE MN Economic Protection Fund	1,723,000	1,723,000	3,446,000
Workers' Compensation Fund	83,973,000	83,974,000	167,947,000
Gift Fund	5,571,000	4,758,000	10,329,000
Workforce Development	32,967,000	35,132,000	68,099,000
Other Open and Statutory (Non Gen Fund Debt Service)	88,761,000	88,762,000	177,523,000
Total Non-General Fund Open and Statutory: \$	1,048,648,000 \$	1,058,730,000 \$	2,107,378,000
Grand Total: All Open and Statutory: \$	2,508,165,000 \$	2,501,509,000 \$	5,009,674,000

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 2004 and 2005**

	FY 2004	FY 2005	2003-2005 Biennium
Elementary and Secondary Education	594,955,000	592,682,000	1,187,637,000
Higher Education	4,397,000	4,397,000	8,794,000
Health and Human Services			
Department of Human Services	3,800,685,000	4,012,150,000	7,812,835,000
Department of Health	154,220,000	154,198,000	308,418,000
Other Health and Human Services	776,000	809,000	1,585,000
Environment and Agriculture			
Department of Agriculture	6,666,000	6,308,000	12,974,000
Department of Natural Resources	15,069,000	14,647,000	29,716,000
Pollution Control Agency	25,152,000	23,444,000	48,596,000
Other Environment and Agriculture	1,160,000	1,294,000	2,454,000
Economic Development			
Department of Employment & Economic Develop	253,380,000	245,748,000	499,128,000
Department of Commerce	91,820,000	91,410,000	183,230,000
Department of Labor & Industry	5,065,000	5,211,000	10,276,000
Other Economic Development	989,000	989,000	1,978,000
Transportation			
Department of Transportation	255,427,000	243,014,000	498,441,000
Public Safety-Transportation	33,589,000	24,735,000	58,324,000
Crime Prevention & Judiciary			
Department of Public Safety	63,480,000	44,167,000	107,647,000
Supreme Court	2,524,000	2,524,000	5,048,000
Department of Corrections	11,091,000	5,277,000	16,368,000
Other Crime Prevention & Judiciary	151,000	151,000	302,000
State Government			
Military Affairs	45,400,000	45,456,000	90,856,000
Attorney General	1,294,000	1,336,000	2,630,000
Department of Administration	1,705,000	1,717,000	3,422,000
Secretary of State	6,500,000	0	6,500,000
Finance - Non-Operating	4,057,000	4,057,000	8,114,000
Other State Government	55,000	0	55,000
Total Federal Funds: \$	5,379,607,000	\$ 5,525,721,000	\$ 10,905,328,000

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