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GOVERNOR RUDY PERPICH

Budget Message

**To The 70th Session
Of The Minnesota State Legislature**

January 25, 1977

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BUDGET MESSAGE OF
GOVERNOR RUDY PERPICH

JANUARY 25, 1977

Mr. Speaker, Mr. President, Members of the
70th Session of the Minnesota Legislature, and fellow
citizens of Minnesota:

Three weeks ago, I spoke to you about the
Minnesota spirit and my deep concern for healthy people,
a healthy environment, and a healthy economy.

I predicted that we will all be judged less
on the number of proposals, and more on the quality of
our stewardship.

Today it is my responsibility to turn yesterday's
words into dollar allocations and legislative proposals.

I am proposing budget appropriations of 6.35
billion dollars for the next two years.

The headlines will call it a record budget--
as usual. But my proposals must be put in perspective.

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*Budgetary budget making
State Finance*

The current two-year budget is just under 5.2 billion dollars.

Even if I decided not to request any more dollars for any state activity than we are spending this year, I would still need to ask for 5.6 billion dollars for the next two years--nine percent more--just to stay even with our present commitments.

As you know, the state budget is higher this year than last year, mostly because of new programs like the circuit-breaker refunds and partial takeover of county medical assistance. These important property tax relief programs were not in operation for all of this budget period. It takes extra appropriations just to carry them on for two full years.

Then suppose I added something for inflation--six percent for each year of the next budget.

That would raise the cost of this year's state activities to 6.12 billion dollars. If we then account for the budget balance of 183 million dollars, that would result in the larger budget figure I am asking you to approve for the next two years.

Another way to look at this recommended budget is to identify the purpose of the dollars:

Thirty-six percent of the proposal is for school aids, including area vocational-technical institutes.

Twenty-nine percent of the proposal is for property tax relief and aids to local government.

These items total 65 percent of the recommended budget, or about 4.1 billion dollars, all of which reduce the financial burden on local governments.

About 15 percent of the budget dollars will go to Health, Welfare and Corrections. Much of this is for public assistance benefits. Another 12 percent supports our institutions of higher education.

Excluding prisons and state hospitals, direct state government services make up the remaining eight percent of the recommended budget.

One source of revenue for this budget is a projected budget balance of 183 million dollars at the end of the current biennium.

I am proposing to return all of that balance and more to the people of Minnesota in direct tax relief over the next two years. My recommendations include:

--One hundred million dollars in permanent state income tax reduction from simplification of the individual income tax--and the income tax form;

--Twenty-one million dollars in permanent property tax relief by reducing the required levy for Minnesota school districts and increasing the mill rate exemption for homestead farms;

--Fifty-eight million dollars in higher per capita aids to Minnesota cities that will directly affect 1979 property taxes for the people who live in those communities;

--More than ten million dollars in permanent business tax relief, eliminating the payroll tax completely for three-quarters of all of the businesses that now pay it, reducing it for the rest, and completely eliminating the sales tax on newsprint used to make newspapers.

Those four tax relief items total 189 million dollars, more than the amount of the projected balance.

And there is more:

Extending the benefits of the circuit-breaker and homestead credit property tax relief programs for the coming two years will cost an additional 164 million dollars. This budget asks you for that. As local property taxes increase, so will state refunds for Minnesota farmers, homeowners, and renters.

This budget asks for 201 million dollars to continue the 90 percent takeover of the non-federal share of county medical assistance costs. This represents an increase of 85 million dollars over the current biennium. Before 1976, all of those dollars were raised through property taxes.

This budget also recommends 165 million dollars more than the last biennium for state aid to Minnesota school districts. This represents a continuing commitment by the state to keep local property taxes down.

There is tax relief in these budget recommendations.

The budget I am proposing today asks for the smallest percentage increase of any state budget in the last ten years.

But tax money is precious money. Minnesotans work hard to earn it. And we must work hard in return, to invest it wisely in our people and the future of our state.

This budget does not recommend increasing any state tax that supports our general fund.

This budget will reduce the number of state employees.

Its proposals are not written in concrete. But they are a starting point. We have been working on them daily. We are still working on them. We will want to make changes, and you will want to make changes, right up to the day you adjourn.

That is the spirit of my recommendations, and I know that we can work together.

T A X R E F O R M A N D R E L I E F

Minnesota is well-known for its progressive tax system and for its fair balance between state and local taxes.

The tax recommendations in this budget message continue this tradition.

SIMPLIFYING THE INDIVIDUAL INCOME TAX

My major tax priority for this session is to simplify the individual income tax for Minnesota citizens.

Our income tax has been changed many times - but not to make it simpler.

Instead, small changes - some of them very important - have given us a complex individual income tax form.

Since the adoption of the income tax in Minnesota in 1933, simple forms have turned into complicated booklets.

To most Minnesota taxpayers, they are not just complicated. They can't be understood at all. Every citizen who tries to do his or her own taxes soon learns how difficult, time-consuming, confusing, and frustrating it is. Most people seek professional help in filling out the forms.

But the difficult form is only a reflection of the tangled law. The system is so complex that people don't trust it. They can't respect what they can't understand.

Present laws make the form so difficult that many people don't even apply for the tax relief to which they are entitled.

For example, we now have a new credit for low-income people. In 1976, about 125,000 persons with low incomes applied for and received substantial tax relief. But an equal number never applied.

With the help of the Tax Study Commission, we now have the information we need for a workable simplification of the individual income tax.

Simplification will not only insure that no one will have his or her taxes increased but will also provide 100 million dollars in tax reductions.

For taxpayers, real simplification means being able to fill out a half-page form with short and simple instructions. They should automatically receive the proper low-income credit, if eligible, without using an additional form.

Several inequities in the present system should be eliminated. For example, a Minnesota family with four children now pays \$162 more state income tax than federal income tax on a \$10,000 income. But in the state as a whole the average state income tax is less than half the federal payment.

This 100 million dollars of permanent income tax relief must be used to produce a fair, simple tax, and not to pay for new special credits that complicate the system even more.

People want to be able to do their own taxes without confusion, frustration, or irritation. We can do that and still reduce income taxes by 100 million dollars.

Several of the methods examined by the Tax Study Commission would accomplish my goal. I will work with you in designing the necessary legislation.

BUSINESS TAX REDUCTIONS

Our business tax structure is basically sound, but we can make improvements. Today I am addressing two business taxes which I think should be modified. First of all I think we should remove the burden of the payroll tax from our small businesses.

I propose that the present \$100,000 exclusion be increased to \$250,000 of payroll. This step will exempt three-fourths of the businesses now paying the tax, and reduce the tax for all the rest. Only three percent of our businesses will continue to pay the tax.

I ask you to take this important first step toward eventual elimination of the payroll tax.

Second, I recommend that we completely remove the sales tax on newsprint used to produce newspapers. This tax is inconsistent with our present sales tax policy which exempts materials used in production.

WORKERS' AND UNEMPLOYMENT COMPENSATION

A number of issues relating to workers' compensation and unemployment compensation programs are under consideration this year.

Unemployment compensation recommendations are now before you. Discussion of workers' compensation is proceeding in an advisory council. These recommendations deserve your serious attention.

PROPERTY TAXES

Over the past six years, Minnesota has done a better job than other states in holding down property taxes.

Additional aids to local governments and schools have reduced pressure for property tax increases. And the state also provides direct relief to farmers, homeowners, and renters for a portion of their property taxes.

State government does not levy the property tax. Revenues from that tax go to school districts, counties, and cities.

Local governments and school districts have only the property tax available to them. But state government can rely on a more progressive tax--the income tax.

If we pretend that rising property taxes and rising costs are local problems and not state problems, we guarantee that property taxes will increase rapidly.

Between 1968 and 1971, local property taxes on homes and farms rose more than 20 percent a year in a period when the cost of living rose at a rate of 5.2 percent a year. Minnesota property taxes per capita were the 12th highest in the nation. Local property taxes raised nearly half of all state and local revenue in Minnesota.

Since then, things have changed.

Property taxes now raise about one-third of all state and local revenue instead of one-half. Overall property taxes per person in Minnesota have dropped from 12th highest, and above the national average, to 22nd and below the national average.

Net property taxes on homes and farms actually dropped 11 percent during the past five years. The cost of living rose by more than 40 percent over that same period of time.

That is not the national pattern. In some other states, such as California, homeowners have experienced property tax increases of up to 50 percent in the last year alone.

Not every Minnesota homeowner, farmer, or renter pays lower property taxes today. Consistent with the principle of progressive taxation, state property tax refunds give the most help to those who are paying the biggest portion of their income for property taxes.

We are providing greater equity in taxation through state circuit-breaker refunds of local property taxes.

However, the first year of operation identified flaws in the circuit breaker program. Forms and instructions were too complex and technical.

The Department of Revenue has already simplified the circuit-breaker instructions. The form to be used this year is less confusing, and the Department will calculate the credit for any applicant who fills out the income section of the form and attaches a copy of the property tax statement.

But that is not enough.

I am recommending two other changes to improve administration. Both require legislative action.

The homestead credit law complicates calculation of the credit. Eliminating the exclusion of the non-school debt levies will increase refunds by \$250,000. It will also simplify the application form and I recommend that you do it.

I also recommend increasing the amount of land qualifying for homestead classification to ten acres, to make the jobs of apportioning taxes easier for local officials.

INCREASED AGRICULTURAL CREDITS

In spite of property tax improvements of the past few years, Minnesota farmers still face difficult problems.

Land values continue to rise, causing higher property taxes at a time when many farmers have experienced devastating losses in income because of drought.

Our current agricultural credit for property taxes provides for state payment of the first 12 mills of property tax on the first 120 acres of a farm.

I propose that we increase the credit to 15 mills on the first 120 acres, providing 3.3 million dollars of additional property tax relief.

LOCAL GOVERNMENT AIDS

Municipal governments are hard-pressed by inflation costs. Later in this message, I recommend substantial school aid increases to meet rising school costs.

We have substantially increased state aid to municipal governments over the past several years and we must do so again in the next biennium.

If we do not take this step, city residents face a decline in municipal services or increases in local property taxes--and perhaps both.

This budget proposal recommends that state aids to municipal governments be increased from 45 dollars per capita to 49 dollars in 1978, and be increased an additional four dollars to 53 dollars per capita in the following year.

This 18 percent increase in aids for the biennium will ease the burden on local property taxpayers.

LOCAL GOVERNMENT INVESTMENT POOL

We can also help local governments in Minnesota get more from their tax dollars by improving the interest they earn on bank deposits.

Since the Legislature created the Department of Finance in 1973, the state has earned almost ten million dollars of additional revenue by reducing state cash on deposit in non-interest accounts.

To extend similar benefits to local governments, I propose that the Legislature establish a state-managed local investment pool for cities, counties and school districts, and other local units of government.

They could request that the State Investment Board invest state aid payments that are not immediately needed, or other temporary funds on hand. Participation would be voluntary, and we could guarantee that funds would be returned on 24-hour notice if necessary.

Most local governments have relatively small amounts of idle cash available, and cannot command high interest rates. Placed in a state pool, these combined funds would rate higher interest, which the state would then return to local units.

Successful local investment pools are now operating in Wisconsin and Oregon. I urge you to add Minnesota to the list this year.

STATE TAKEOVER OF COUNTY MEDICAL ASSISTANCE COSTS

The last Legislature adopted a new form of aid to county governments by providing state payment of most of the county medical assistance costs for low-income families.

That program was effective for an eighteen-month period in the current biennium at a cost of 116 million dollars. This budget recommends 201 million dollars to extend these state payments for a two-year period ahead.

Every dollar of this state appropriation replaces county funds that otherwise would be raised through the property tax. It is another one of the methods we use to keep local property taxes down.

In summary, in this budget, I am proposing:

- Simplification of the individual income tax.
- 100 million dollars in individual income tax reductions.
- Elimination of the sales tax on newsprint.
- Reduction of the business payroll tax.
- Continuation of the takeover of county costs of medical assistance.
- Increased aids to municipal governments.
- Administrative improvement and continuation of the state circuit-breaker refunds on local property taxes.

Together with the school aid and school mill rate recommendations elsewhere in this message, these proposals emphasize fair and balanced state and local taxation in Minnesota. They also provide the necessary revenue to maintain high-quality state and local services.

I look forward to their approval.

M A K I N G S T A T E G O V E R N M E N T W O R K

I'm proud to be an elected representative of the people of this state.

We know that most state employees are also proud of their work. They are committed to serve the public well. They will support our efforts to make government work more efficiently and more responsively. And we must begin.

First, we can consolidate similar or related activities. Second, we can question the need for some of the programs we have. Third, we can reexamine the structures of our state departments and relationships between them, and build new relationships that will help us improve the way we do our work.

CHANGES IN AGENCY ACTIVITIES

My budget recommendations include proposals to eliminate, consolidate, or restructure various agency activities.

-- The Minnesota Education Computing Consortium was developed to improve administrative use of computers in all public education systems and make opportunities available for computer-assisted instruction. MECC is now managed by representatives of the various systems, but we need a more accountable structure.

I ask you to give MECC a thorough review this year. Placing this important organization in the Department of Education is one alternative.

-- The Department of Economic Development should be restructured to place less emphasis on staff and more on purchase of services.

My specific recommendations will enable us to provide an increase of 1.4 million dollars for advertising and promotion while maintaining the same basic funding as the current biennium.

In addition, I recommend one million dollars for tourism development and advertising.

-- Some functions of the State Board of Personnel are duplicated in other agencies and could be performed elsewhere. I recommend that we carefully examine the activities of the Board, decide which functions can be transferred, and take appropriate action to do so during the coming few months.

The budget provides no funds for the Board, but I have reserved money to support its functions once we determine where they belong.

-- Activities of the Water Resources Board are closely related to those of the Department of Natural Resources. I recommend we transfer the functions of the Board to that department.

-- State administration of the Occupational Safety and Health Act programs can be performed by the federal government at federal expense. I recommend we turn this program over to federal administration at an estimated saving of \$900,000 per year in state funds without hurting the effectiveness of the program.

-- Peace officer certification, policy development, and training activities should be consolidated in the Department of Public Safety. I recommend the transfer of the Peace Officers Training Board from the Office of the Attorney General to the Department of Public Safety.

-- Almost all student financial assistance programs are located in the Higher Education Coordinating Board to provide coordinated and flexible administration of the total array of state scholarships, grants, loans, and work-study opportunities available to post-secondary students.

Two exceptions are the nursing scholarship program in State Board of Nursing, and the Indian scholarship program in the State Department of Education. I am recommending funding increases for both of these programs. But I believe it is now time to locate them in the Higher Education Coordinating Board.

-- Minnesota state government presently supports two separate consumer protection functions-- one in the Department of Commerce and the other in the Office of the Attorney General. Consolidation of these functions would avoid duplication and provide a single contact point for concerned citizens.

I am, therefore, recommending that the Consumer Services Division of the Department of Commerce be transferred to the Office of the Attorney General.

-- Minnesota also has an independent Livestock Sanitary Board with responsibility for rules, regulations, and enforcement of health standards for domestic animals in the state. Their activities are extremely important, but they should be integrated into the Minnesota Department of Agriculture.

REVIEW OF SELECTED ACTIVITIES

In addition to these recommendations, this budget also proposes to fund a number of boards and commissions for one year, to allow time for analysis and recommendations on future funding.

We need to decide whether the following organizations merit continued state involvement and support:

- Minnesota/Wisconsin Boundary Area Commission
- Upper Great Lakes Basin Commission
- Southern Minnesota River Basin Board
- Mississippi River Parkway Commission
- County Attorneys Council

Although not specifically included in this budget proposal, I recommend considering consolidating the "Health Related" Licensing Board with the Department of Health and the "Non-Health Related" licensing boards in the Department of Commerce.

Further, I recommend that the Department of Administration streamline the reporting of state agencies. Often the citizen and state employee are buried in a blizzard of paper--and we tend to store all of it in rows of file cabinets. We must reduce the amount and variety of paperwork in state government and develop a comprehensive records management policy.

Public Employees

In my review of the state budget, it became very clear that a substantial portion of state funds go to pay the costs of state and local public employees.

Approximately three-fourths of our state and local government funds are currently spent for salaries and benefits for the 189,000 persons who work in state and local government and in public educational institutions.

I recommend that state government undertake a two-year effort to obtain information necessary to determine the nature and cost of public sector employment and its comparability to private sector employment. We need to determine whether civil service procedures can be improved to facilitate hiring and retaining quality people in government.

Before we can make sound state policy and budgeting decisions, we must have better data on the makeup and standards of public employment throughout our state. We don't have enough good information. I recommend that we obtain it.

Only with that information can we meet our obligation to be fiscally responsible, to improve government service, and to provide fair treatment to women and minorities.

I am asking the Legislature for one million dollars to support this study with responsibility assigned to the Department of Finance.

APPOINTMENT PROCESS

Effective and open government requires an appointment process open to all citizens. I have already announced the creation of an eight-member recruitment and recommendation committee to encourage individuals to apply for appointive positions in state government. The committee will notify the public of open positions, develop several qualified candidates for each position, and develop a talent bank of persons who are interested and qualified to serve.

This important step opens up state government and helps meet our commitment to affirmative action. I will consult carefully with this committee. I need its help, state government needs its help, and I want it to report directly to the Office of the Governor.

IMPROVED ANALYSIS OF PROGRAMS AND BUDGETS

Zero-based budgeting and sunset legislation are big words in government these days. I share the view that state programs should be examined regularly and thoroughly.

We pride ourselves on progressive government and management. Slogans have little appeal to me; progress in management does.

Great time, care, and effort have gone into preparation of this budget. It is a major advance; for the first time in our state's history, the entire budget has been prepared in the program format. The documents include both program information and line-item fiscal data for your review.

Each agency, department, commission and board has identified its goals, its accomplishments and appropriate alternative means of meeting these goals. This is a major step toward high-quality evaluation and budgeting. In addition to executive branch efforts, the new program evaluation division in the Legislative Audit Commission is beginning to provide independent evaluations.

Building on the strong base which we already share, I recommend that we adopt a form of zero-based budgeting for the 1980-81 budget.

I suggest that we expand capability of the Department of Finance to perform program evaluation and assist other departments and agencies in evaluating their own programs, with central guidance.

Each agency, department, board or commission with more than one program should be required to evaluate at least one program each year. Complete evaluation of all programs should take place on a four-year cycle. Agencies with only one program should evaluate it every two years.

Evaluation should determine how well the program objectives are being accomplished and how efficiently resources are being used. Examination of the entire program and entire costs should start from "ground zero".

In addition to providing guidelines and assistance, the Department of Finance should perform selected independent evaluations, to be used in preparing the next biennial budget. They would be shared with the Legislative Audit Commission and the committees of the Legislature.

This proposal would add an important management tool. It would help me make judgments when preparing the budget, provide better information for internal agency management decisions, and assist the oversight function of the Legislature.

Good internal management requires asking questions about efficiency and effectiveness on a continuing basis. Independent evaluation is useful and necessary, but evaluation must also be an ongoing process within agencies. It may be difficult for an agency to perform an objective internal evaluation. But it is also essential. Uniform guidelines and procedures, and disclosures of evaluations will help,

We all make our judgments about the appropriate use of state resources through the budget process. We have more and better analysis. In the Executive Branch, we cannot make good decisions without good information. Neither can you. Your job would be made easier through the information and analysis which this proposal will provide.

This is another step we can take together to build better financial management into state government.

None of us is as smart as all of us.

CREATION OF DEPARTMENT OF ECONOMIC SECURITY

The 1975 Legislature appropriated funds for a reorganization of eleven state agencies with direct responsibility for financial assistance, employment-related and human services activities.

You now have the report of the Office of Human Services, recommending reorganization of four state departments and five state agencies into two new state departments.

We should act immediately to create the proposed Department of Economic Security, with responsibility for financial assistance, work training, rehabilitation, and job placement.

It makes administrative sense to bring financial assistance programs together. It also makes sense to locate them with manpower and job programs, special training efforts, and job identification and placement services.

Under unified management, we could better assist people in need of help, and eventually move them into productive and self-supporting work. We miss many opportunities to help people help themselves.

CONSIDERATION OF A DEPARTMENT OF HEALTH AND SOCIAL SERVICES

The Legislature should also begin to consider the other recommendation of the Office of Human Services, creation of a Department of Health and Social Services.

I support the basic idea of coordination and unified management of related activities. This proposed department offers that possibility.

There can be little doubt of the need to coordinate fragmented licensing procedures in health and social services departments and the need to end the confusion and frustration which presently exist.

But when it comes to services for people, we must be sure that we really increase effectiveness and responsiveness, that certain services really belong together.

Revisions may be necessary to make this proposed department work well. Public input through the legislative hearing process is necessary before a final decision can be made.

Our complicated system of health and social services delivery involves local governments and the courts as well as state agencies. Some important programs are very large; others are quite small. Most of them try hard to help people, and that commitment must be preserved.

There is a real opportunity this year to begin examining these issues, keeping in mind that better service is our goal.

BETTER STATE HOSPITAL SERVICES

In 1899, Governor Lind vetoed a bill passed by the Minnesota Legislature.

The bill created new state mental hospitals at Anoka and Hastings. Governor Lind wanted to emphasize community-based facilities instead.

The Legislature overrode his veto. The Legislative strength of local economic interests overpowered those with greater statewide interests and more concern for humane care and treatment of people in need.

That decision set the stage for development of the state hospital system in Minnesota. Its effects are still with us today. Each legislative session we try to decide the future of under-utilized state hospitals and the human beings who depend on them for treatment and care.

Between 1960 and today, the average daily population in our state hospitals declined from more than 16,000 to less than 5,300.

The reasons for this decline have been cited so frequently there is no need to review them in detail. Special programs, community services, better methods of treating handicaps, mental illnesses, and alcohol-drug problems--they all mean that fewer people go to state hospitals, they stay a shorter time, and more are able to return to their communities.

Regardless of attitudes toward expansion of community services, there are several basic facts: We have more hospital space than we need; administrative costs are higher than they need to be; and it is becoming more and more difficult to concentrate proper staff skills for small populations with a great variety of problems.

If we never added another community facility, there would still be enough room in our state hospital system to close several institutions without crowding the rest or decreasing service. And that is what I recommend we do.

We should take the necessary steps in this session to phase out both Anoka and Hastings state hospitals and move the residents to other nearby hospitals.

I am also proposing that Hastings State Hospital be turned over to the Veterans Home to provide 300 veterans with the good environment they deserve. Most of the cost of this home would be paid by the federal government.

The net result of these proposals is a savings to the State of Minnesota of 4.4 million dollars.

We will also save energy. But most important, we will be able to put resources together in our remaining state hospitals to provide adequate care and treatment for those people who must be hospitalized.

The money saved by closing these two hospitals can be used to improve services at the remaining hospitals-- especially Cambridge. If we do this, we can resolve the dispute pending in the courts. If we don't do anything, all of our hospitals will cost us more.

STATE-FEDERAL RELATIONS

Lieutenant Governor Alec Olson has been assigned to build coordinated relationships with the federal government in Washington and local governments in Minnesota.

The budget recommendations, and several examples in this message, clearly show the strong fiscal relationship between Minnesota state government, local governments and the federal government.

We need to strengthen that partnership, in order to finance and deliver services to people.

That is why I have asked Lieutenant Governor Olson to increase our state contacts with the Congress and the federal agencies. This effort will include the establishment of a Minnesota Washington office comparable to those now supported by many other states, to provide effective on-the-spot daily contact and replace the contracts by separate agencies used in the past.

This budget proposes \$50,000 a year to do that job. I urge the Legislature to approve that appropriation and also to make good use of our new Washington office.

COORDINATION OF VOLUNTEER SERVICES

In the past two years as Minnesota Chairman of the Bicentennial Commission, I experienced the true spirit of Minnesotans. I saw thousands and thousands of volunteers who participated in community projects and made meaningful contributions to their communities.

Increasing demands and service costs make volunteers an important resource. They deserve more recognition and more encouragement.

The Governor's Office of Volunteer Services provides a valuable focal point for cooperative efforts by public and private volunteer groups.

I am recommending legislation this year to continue and strengthen the Governor's Office of Volunteer Services to complete many of the projects begun in the Bicentennial era.

In summary, this section of the Budget Message emphasizes working together to improve government service.

I am recommending nearly two dozen specific evaluations, studies, administrative changes, transfers of authority, reorganizations, and new procedures.

They ask for coordination, consolidation, efficient management, good information and analysis for decision-making.

Some of these are small; others are very large. Some will be easy; others are controversial.

Each one is a serious proposal to improve the way we do the business of the people of Minnesota.

H E A L T H I E R M I N N E S O T A P E O P L E

Experts tell us that 90 percent of our health problems come from things we do to ourselves, or don't do for ourselves.

We eat too much, smoke too much, drink too much. We don't get enough exercise. We don't eat the right foods. We spend too much time in front of television sets, too little time outdoors.

Bad habits keep us from feeling as good as we could and living as long as we could.

The U.S. Senate Committee on Nutrition reports that better diets could reduce heart disease by 25 percent, cancer by 20 percent, and infant mortality by 50 percent. Yet practically all of our health care dollars treat the resulting illnesses instead of the causes of those illnesses.

Total spending by the American people on health care reached 140 billion dollars in 1976. That is 630 dollars for every man, woman, and child in the nation.

Health care costs are getting out of control.

Here in Minnesota, we are healthier than most. Minnesota people score well on the standard health measures. We have a larger percentage of our population above the age of 75 than most other states. Our infant mortality rate is lower than the national average.

I believe there is a way to control health care costs and improve the health of our people at the same time, and that is by keeping people well.

We need to place a high priority on a well-coordinated public health effort that will:

--Identify and treat health problems and possible disabilities early in life, before they become chronic and expensive;

--Teach people how to take better care of themselves and give them the opportunity to do so;

--Study ways to make routine preventive care more available and less expensive so that small problems don't turn into large ones; and

--Find more of the answers to crippling and disabling illnesses that strike healthy people as well as those who don't take care of themselves.

In preparing this budget, I have tried to emphasize programs which focus on health care early in life, build better health habits, and make use of our outstanding research capacity to bring better health to Minnesota's people.

I am proposing today that we begin to build a healthier society by placing a high priority on these activities for the next two years and watching carefully to see that they are coordinated and carried out well.

It's just a first step, but it's an important one.

It will also take a real commitment to look at health in a broader perspective and set the long-range goal of healthier Minnesota people at more reasonable costs.

HEALTH MAINTENANCE

Maintenance of health is more than vitamins, natural foods, frequent visits to the physician and dentist, pushups, jogging, and watching your weight.

It means identifying problems in children while there is still time to deal with them; giving more attention to groups with special recreational needs; teaching people how to care for themselves; and encouraging people to take part in activities that will help them enjoy being physically fit.

These budget recommendations encourage efforts to carry out these ideas.

Statewide Health Screening

During 1975-76, local health agencies screened 2,800 children from infancy to age 13 through Early and Periodic Screening programs approved by the Minnesota Department of Health. These children were not eligible for screening provided to families receiving public medical assistance.

From personal experience, I know the importance of identifying eyesight problems early. Several physicians have told me that corrective lenses would be unnecessary for me today if someone had diagnosed my problem at a pre-school age.

When 51 percent of any group of children have impairments, it proves that we really need broad early screening--not only to avoid expensive treatment in later life, but to prevent chronic health problems. I am proposing today that 2.3 million dollars be appropriated to the Department of Education for statewide health screening of all four-year-old children during the next two years.

This voluntary program will be administered by local school districts. The goal is to screen 56,000 four-year-old Minnesota children in the spring of 1978, and the same number in 1979.

Emphasis in 1978 will be on vision, hearing, immunization, and physical and mental handicaps. Each school district will also be required to provide a dental screening program. Dentists will provide information and follow-up recommendations directly to parents.

School districts will be reimbursed 15 dollars for every child who is screened.

In 1979, the screenings will also include laboratory tests, nutrition, and a physical assessment, with reimbursement of 20 dollars for each child screened. In following years, all components of the Department of Health's approved program will become available. Minimum standards and monitoring of the program should come from the Department of Health.

School districts will receive an additional reimbursement for each child, to provide outreach, select providers, and administer the dental health program.

I am also recommending expansion of the newborn metabolic screening program of the Department of Health.

About ten percent of infants are born with potential handicaps that can be identified at birth. Many of these are chronic conditions.

About 20 Minnesota children are born each year with metabolic problems. The Department currently screens all 54,000 newborn children in the state for Phenylketonuria (PKU), and identifies four cases each year. Immediate treatment prevents severe mental retardation. Those four healthy minds a year are worth the effort.

I recommend 194,000 additional dollars for the Department of Health to expand metabolic screening to identify hypothyroidism which is treatable if discovered early, but otherwise causes death or mental retardation in eight to ten Minnesota children a year.

Those are Minnesota infants who can lead long, healthy independent lives if we care enough to find their problems at birth.

Vinland National Center

Minnesota has been chosen as the site for a new national health center, based on the premise that people should assume responsibility for their own health. That's what health maintenance is all about.

The Norwegian Government's Bicentennial gift to the United States of American was 200,000 dollars to help start Vinland National Center. This center will be patterned after the famous Beitostolen Health Sports Center for the Handicapped in Norway.

Beitostolen takes handicapped people with different disabilities--heart attack victims, paraplegics, the blind, and others--and restores them to their maximum physical functioning. They learn a life style that helps them maintain this new level of health and functioning.

In addition to rehabilitating handicapped residents, Vinland will provide a national conference center to teach principles of effective prevention, self care, and life style modification to special groups and also to the general public. If it works for the handicapped, it will work for all.

It's a tremendous opportunity for Minnesota to be a center of health maintenance innovation. I am requesting that the Legislature appropriate 500,000 dollars as a ten percent match for federal funds to construct this new facility.

Health Education

Minnesotans cannot take responsibility for their own continuing health without good information and advice. Facts about how to keep well should be easily available on a regular basis.

I recommend that the health education program of the Department of Health receive 200,000 additional dollars for the next two years, for a special health education effort. The money should be used to produce and distribute professionally prepared television and radio public service announcements, and prepare annual Sunday newspaper supplements on preventive health methods.

Community Health Services

Last year the Minnesota Legislature approved new community health services legislation and appropriated 2.75 million dollars to help start the program.

The program is just beginning, but it will be critical to keeping Minnesota citizens healthier. Subsidies and grants to local governments will support public health nursing, disease prevention, health education, nutrition improvement, and dental public health activities, among others.

Under this legislation, local authorities determine needs and priorities for use of the funds. Most of the possible activities emphasize health maintenance. State subsidies will combine with local matching funds in a joint state-local effort.

By July 1, 1977, the Department of Health predicts that counties with 80 percent of Minnesota's population will become eligible for these subsidies.

I recommend 16.7 million dollars of state subsidies for community health services for the next two years to capitalize on this immediate health opportunity.

Expanded Trails Development

Good health maintenance also means active people-- Minnesotans who bike, hike, ski, and enjoy other individual sports in the freshness and beauty of Minnesota's outdoors.

We have made a good beginning in trail development in Minnesota.

However, much more can and should be done. I am, therefore, requesting a bonding program of 18 million dollars for major acceleration of trail development for skiers, hikers, and bicyclers, and to build additional tennis courts in cities across the state. Combined with anticipated federal aid and local contributions, the program should total more than 26 million dollars. Our people will benefit for years to come from the exercise and outdoor activity these trails and courts will provide.

Under this new program, the Department of Transportation will take responsibility for additional corridor trails. The Department of Natural Resources will develop hiking, biking, and skiing trails in state parks and state forests. The Metropolitan Council will build trails in regional parks. Grants-in-aid to counties and cities will be made through the Department of Transportation and the State Planning Agency.

Except for corridor trails, I believe that we should NOT purchase more land. My goal will be to develop trails our people can use on land they already own--literally hundreds of thousands of acres of state parks and state forests, metropolitan regional parks, and county and municipal parks throughout Minnesota.

This program will provide:

--More than 4,000 miles of skiing and hiking trails in our state parks and forests; and at least three separate high-quality corridor bicycle trails near urban areas--the kind a family can enjoy without fear of auto traffic.

--More than 200 miles of all kinds of trails in existing Twin Cities area regional parks, at least 25 miles of new corridors and trails linking regional parks, and up to 60 miles of new corridor land acquired for later development.

--Up to 2,600 miles of municipal and county bicycle trails and more than 4,000 miles of county and municipal skiing and hiking trails.

We can also begin to look seriously at providing parallel bikeways when we build new highways or upgrade old ones. I believe this is long overdue.

During the coming biennium, the Department of Transportation plans to build about 340 miles of new highways, improved two-lane highways, and upgraded four-lane highways.

Some of those highway route may not be suitable locations for bicycle trails. But others are. So I am directing the Department of Transportation to launch two new efforts:

--Immediate screening of 1977-79 construction projects to identify high-priority trail locations in areas where potential bicycle-auto traffic conflicts are high.

--Determination at each priority location of usefulness of parallel bikeways, and inclusion of bikeways plans in proposed construction.

Tennis is a great family sport and a popular way to stay healthy. Already this year the State Planning Agency has received 56 requests for tennis courts, far more than can be funded with available resources. I propose a four million dollar state appropriation to provide a 50 percent match for the program. This will provide nearly 100 lighted double tennis courts in the Twin Cities metropolitan area, and the same number in other parts of the state.

These trails and tennis courts can help us to assure healthier lives for Minnesota for generations to come.

HEALTH RESEARCH

Minnesota has a proud record of pioneering new advances in medicine and health care.

The health centers at the University of Minnesota and the Mayo Clinic are famous throughout the world. Health maintenance organizations offering comprehensive health care, group medical practice, the use of allied health professionals for rural health care--these and many other innovative health care delivery approaches were developed in Minnesota.

But there is much to be done.

Too many Americans--and too many Minnesotans--still suffer disability and early death from crippling diseases that we know too little about. Health care services are still not adequately accessible or affordable to encourage people to seek them out.

Minnesota obviously can't afford to find all of the answers to our medical and health care delivery questions. But we can help. An ongoing commitment to research will multiply state dollars with federal and private funds, and make better use of our excellent research capabilities.

Medical Research

I recommend that we appropriate an additional 20 million dollars for health research over the next two years at the University of Minnesota and the Mayo Center in Rochester.

Some 25 million Americans have heart and blood vessel diseases. The economic impact of heart attacks alone is estimated at more than 40 billion dollars a year. But dollars can not express the human suffering caused by blindness or kidney failure, in a young diabetic patient.

Babies in sixteen other nations have lower mortality rates. Genetic disorders alone account for approximately one quarter of all pediatric hospital admissions and about 12 percent of infant and childhood mortality.

Strokes currently cause 500,000 deaths and four million disabilities annually.

For long term reduction in the cost of medical care, increased effort must be devoted to gaining understanding of the mechanisms of disease.

The only way we are going to do anything about health care costs is by keeping people well. Increased funds are urgently needed if progress is to be made and better treatments instituted.

I urge the Legislature to appropriate 16 million dollars over the next two years to provide a source of funds for medical research in Minnesota. This basic support is expected to generate many more millions of dollars of additional foundation, private, and federal funds.

To be effective, this must be a continuing effort. I am confident that our first two years of experience will justify future legislative support.

I recommend that 14 million dollars of these funds be used to increase the University of Minnesota's state-funded medical research appropriation for the next two years. These dollars should be used for accelerated research in blood vessel diseases, immunology and genetics, and neurosciences.

All of these research areas have been identified through existing state special appropriations for medical research. Higher funding can build on known talent, develop new strength in under-researched areas, and capitalize on research opportunities temporarily supported by other sources.

I am also recommending two million dollars for the Mayo Clinic at Rochester. These funds should be used to develop a new method for extensive and early diagnosis of heart and lung disease; to investigate new anti-cancer drugs, to explore the causes of kidney stones--a painful disease that strikes 50,000 Minnesotans each year; and to study mental disease--especially the cause of schizophrenia.

Dental Research

I also ask your support for a special dental research program.

Research in prevention, early diagnosis, and more efficient treatment of dental problems is now being carried out at the University of Minnesota. We should accelerate that effort by appropriating three million dollars to the University of Minnesota School of Dentistry.

These funds should be used for research in:

--Tooth decay,

--Gum and bone disease,

--Major developmental mouth defects,

--Establishment of an oral health program for schools, in conjunction with the Department of Health,

--Development of a more efficient delivery system of dental health care for senior citizens.

Health Care Delivery Research

Minnesota's national impact on the reform of the health care delivery system rivals its contributions to bio-medical research.

With this impressive background and the mounting pressure to examine health care systems and their soaring costs, I am recommending that one million dollars be appropriated to create a Health Services Research Center at the University of Minnesota.

This center should provide information, analysis, and technical support to health planners and state agencies on health costs, productivity, regulation and organization. It should also investigate and evaluate preventive techniques to improve health.

Minnesota's Statewide Health Coordinating Council should determine research priorities for the Center, and it should be expected to work closely with the Department of Health, where Minnesota's health statistics are kept.

Accurate and timely health statistics are needed for designing, implementing, and evaluating public health programs. The state should take more responsibility for seeing that we have them. I am, therefore, recommending that we increase our commitment to the State Center for Health Statistics by 250 thousand dollars.

Other Health Proposals

We will never eliminate all disease, and we cannot forget those who suffer tragic illness. I am, therefore, recommending 23 million dollars in the Department of Public Welfare budget for full funding of the catastrophic health insurance program established by the last Legislature.

We must also save more Minnesotans who suffer heart attacks. Far too often, people urgently in need of emergency care don't receive it on time. Nearly half of all heart attack victims die before they can reach a hospital.

In rural areas, doctors, hospitals and ambulance services can be too far away to help during those first critical minutes of sudden heart attack.

Next month I will convene Minnesota's first Governor's Conference on Medical Care Systems for the Emergency Patient, in order to evaluate our present emergency medical services and make recommendations for improvement. I intend to bring these recommendations to the Legislature for action.

In a coming special message on northeastern Minnesota, I will recommend a study of the air quality in that part of the state and other Minnesota locations, to determine whether asbestiform fibers are present in sufficient quantities to endanger the health of our people.

Today I am asking for a stronger state commitment to keep people away from the health repair establishment.

It's not a staggering commitment. In the long run it should save money and heartbreak. But it's a real commitment.

Nothing is more important than staying well. If you make this special health commitment, I will see that it is carried out.

J O B S A N D A H E A L T H Y E C O N O M Y

More than 85,000 Minnesotans are looking for work today. Nobody knows how many more have given up.

For those people, the economy is not improving. It is a disaster--as great a waste of Minnesota's resources as any environmental catastrophe.

We all know the state employment picture is based on national economic forces and policies. We also know that Minnesota's unemployment rate is well below the national average.

But we can't be satisfied with that, or forget the problems of those who do not have jobs. Many are untrained for the work that may be available, unable to help themselves and their families and their communities, unable to say they're making it on their own. They are out of work and out of money. And many of them are out of hope.

State government cannot provide all the jobs we need. It takes a healthy economy, and federal assistance to find jobs for people out of work.

I am optimistic about the help we can expect from the Congress and the new national Administration in the next two years. But we can also act.

We can emphasize state programs--like housing, accelerated bridge replacement, recreational projects--that put people to work in the private sector.

We can use job training, vocational-technical education and job placement to give unemployed people a chance to qualify for good jobs. And we can maintain a healthy business climate in Minnesota.

TEMPORARY WORK FOR FARM FAMILIES

In my State of the State Message three weeks ago, I announced a special two million dollar work program for hard-pressed farm families in our worst drought areas, using federal funds available through the Governor's Manpower Office.

I am happy to report to you today that more than 700 Minnesota people are already at work in temporary public service jobs under this program. The Governor's Manpower Office moved quickly to identify jobs, take applications and select qualified people from the overwhelming number who applied.

We expect to provide jobs for 939 people whose families have suffered the worst economic losses from the drought. This program will help many Minnesota families through what we all hope is a temporary crisis.

OTHER FEDERAL EMPLOYMENT PROGRAMS

To help people during the national recession and recovery, Congress directed extra federal funds into job training and public service employment. Minnesota is making good use of this money.

During the last fiscal year, 93 million dollars of Comprehensive Employment Training (CETA) funds were allocated to Minnesota. Ninety thousand Minnesotans were helped by this program. We used 57 million dollars to provide public service employment, and the remainder of the CETA funds for classroom and on-the-job training, and work experience.

During this fiscal year, we expect to see at least as many CETA dollars flowing into our state. In light of recent announcements by President Carter on stimulation of the economy, we can expect more Federal emphasis on jobs and more funds for public service and public works programs in the next two years.

In addition to CETA funds, we also expect Minnesota cities and Indian reservations to receive 16.8 million dollars in job-creating federal construction grants this year.

WORK EQUITY

Employment statistics do not tell the whole story--not even the main story--of people who have lost the chance to share Minnesota's high quality of life through productive work.

Low-income and disadvantaged citizens who are partly or entirely dependent on public assistance, should also be encouraged to enter the economic mainstream.

Few programs have been successful in breaking the public assistance cycle which traps low-income people and their families.

But we are going to try a new approach in Minnesota this year. The Governor's Manpower Office will coordinate a work equity demonstration project that involves three state agencies and the City of St. Paul. We will use public assistance funds and Department of Labor funds.

Work equity places public assistance recipients in jobs that are partly paid for with the funds they would receive if they didn't work. I'm very pleased that Minnesota was chosen as the place to try this national demonstration. The U. S. Department of Labor concluded that we have the capability and the will to make it work.

I know we can. I'd like to see us put more people in jobs, and I believe that is the way to start them toward independence--and self-support.

The Governor's Manpower Office is now planning the project under a grant from the U. S. Department of Labor. When the project begins this spring, it will put about 15,000 public assistance recipients into private and public jobs and job training.

Over the projected 18-month period, about 28 million dollars will be spent for moving dependent and low-income people into subsidized jobs. Local, state, and federal funds now going for welfare payments will pay for productive work instead.

That is an important step in the right direction. We are trying this idea in the hope that we can do more with it in the future. Our experience will also help others to learn.

The coordinated effort of this demonstration also illustrates the value of creating the Department of Economic Security proposed in another section of this message. We must put separate resources together for greater impact.

SUMMER YOUTH EMPLOYMENT

We also need to put our resources together to provide jobs for young people in Minnesota.

During the last 15 years, youth between 19 and 24 years of age made up more than half the growth of our state's labor force. The labor force increased by 180,000 between 1970 and 1975. More than 100,000 were between the ages of 16 and 24.

Minnesota youth unemployment is two to three times the overall average. In some areas, youth unemployment is estimated at 20 percent or more.

It is tragic to be young and unemployed--especially in a society that preaches faith in opportunity and success through work. We have tried to help through a variety of summer youth programs.

Today I am proposing the expansion of two state programs--the Governor's Summer Youth Employment Program and the Youth Conservation Corps Program.

During the past two years, the Governor's Summer Youth Employment Program provided job opportunities throughout the state for more than 9,000 Minnesota young people under the age of 22. Government and non-profit agencies employed these young people in projects that would not have been possible without reimbursement for part of the wages they were paid.

For the next two years, I am proposing a nine million dollar Governor's Summer Youth Employment Program to hire 22,500 young Minnesotans in the summers of 1977 and 1978. That is an increase of 125 percent in this important program.

Four million dollars will be earmarked for youths from 14 to 22 years of age with special emphasis on those 16 and over, and the disadvantaged.

Five million dollars will be designed for young people from 18 to 22 years of age who will be going on to school after high school graduation or are presently attending colleges and/or vocational-technical schools. This new feature of the Summer Youth Employment Program is based on my conviction that work should be a larger part of financial assistance for students.

This program and the federal Summer Program for Disadvantaged Youth together will provide summer jobs for approximately 50,000 Minnesota young people over the next two summers.

In addition, I am recommending that you increase funding for the Youth Conservation Corps program, which provides work and educational experience for young people between the ages of 15 and 18 in four conservation camps.

State funds should be increased from 150 thousand dollars to 270 thousand dollars for the next two years. Federal funds are also used in the program.

I am especially proud of what this program does to preserve, protect and restore Minnesota's environment. My recommendation will allow 400 young Minnesotans to work, to learn, and to earn the satisfaction of making an important contribution to future generations of Minnesotans.

DIVISION OF ECONOMIC OPPORTUNITY

The Division of Economic Opportunity in the Governor's Manpower Office provides employment to disadvantaged people through 33 Community Action Agencies throughout the state.

With sufficient funds, 2,000 more low-income citizens could be employed in winterization, housing rehabilitation, and other energy conservation programs that I will be proposing. Some could be employed directly by Community Action Agencies; others could work for non-profit community development corporations located throughout the state.

Besides increasing educational opportunity, this program conserves precious energy. I am, therefore, asking the Legislature to appropriate 2.4 million dollars to support Community Action programs for the coming two years.

HOUSING OPPORTUNITIES

By 1978, the Minnesota Housing Finance Agency will have financed more than 50,000 housing units. Equally important, this housing will create an estimated 12,000 construction jobs. Additional rehabilitation work in projected programs will create another 3,500 man-years of work.

This new housing is being built statewide. Every section of the state will benefit, rural communities and small towns as well as urban centers.

However, financing the construction of these 50,000 units will exhaust the Housing Finance Agency's current bonding authority. That authority makes it possible to put people in decent housing and put other people to work in construction. It would be tragic to slow down or stop when the need for both housing and jobs is so critical.

We must assure continued construction of housing that people can afford, and we must also put more people to work on housing construction. We must make sure that existing housing can be rehabilitated and made energy efficient.

Three steps are necessary to use our full capacity to build housing and provide construction jobs.

First, we must increase the limit on the Housing Finance Agency's bonding authority to take full advantage of the opportunity to stimulate housing and construction jobs without cost to Minnesota taxpayers. I recommend that the ceiling be increased from 600 million dollars to 900 million dollars in this session of the Legislature. This increased capacity will also continue our commitment to the "affordable homes" program, which is in growing demand, and provide 50 million dollars in rehabilitation loans for 20,000 homes.

Second, I recommend a direct appropriation of 24 million dollars be made for additional grants and low-interest loans, to low and moderate income families who want to rehabilitate their present homes.

Third, I recommend a special six million dollar appropriation for the energy conservation loans and grants. Energy-efficient homes reduce heating costs and conserve energy. These funds should be made available for insulation, weather stripping, storm windows, and caulking.

These recommendations will do more than continue state leadership in housing. They will also provide a steady source of private sector employment in the construction industry.

We expect a larger emphasis on housing in the new national administration. I will welcome those funds. The result could be a real opportunity for people who need homes and people who need jobs.

SMALL BUSINESSES IN MINNESOTA

Major corporations make news--when they expand, when they reduce work forces because of economic problems, or issue their annual financial reports.

We quickly recognize that decisions of large companies affect our state job climate and opportunity for steady economic growth. But we pay much less attention to the overall problems and possibilities of the small business community in our state.

For example, most tourist businesses are small businesses. But they can provide a great many jobs and solid economic growth. All in all, the 79,000 small businesses of Minnesota make up 97 percent of our total business community and account for a major share of the state's economic productivity. Last year a special Governor's Advisory Task Force on Small Business investigated conditions that affect economic health and management problems of small business.

The task force held public hearings in 32 Minnesota communities and forwarded recommendations to my office and the Legislature. Three of the most important concerns of the task force are addressed elsewhere in this message.

-- The task force expressed concern over the effect of the payroll tax on small businesses. The net result of my proposed 250,000 dollar exemption is to eliminate the payroll tax for small businesses in the state.

-- Task force recommendations on improved paperwork and reporting practices are reflected in my management improvement proposal to streamline reporting requirements of state agencies. This step will reduce the cost, the amount, and the variety of paperwork for everyone who deals with state government, and also for state agencies themselves.

-- Problems of unemployment insurance and workers' compensation are currently under consideration by the appropriate advisory councils for recommendation to this session of the Legislature.

I have one other recommendation to make relating to the interests of small business in Minnesota.

The mandate to the original task force has been fulfilled. It has made a serious effort to identify and recommend solutions for problems faced by small business in the state.

But the small business agenda of state government should not end with the task force report. As we reorganize the Department of Economic Development, I want to ensure the active participation of small business.

A HEALTHY ECONOMIC CLIMATE

What will really make the difference in employment opportunity in Minnesota, as everyone knows, is healthy expansion that provides more private sector employment.

If that happens, and if we recover from the economic impact of last summer's drought, Minnesota will benefit from general economic growth.

But at the same time, we need to remember that Minnesota has some real advantages.

The unbelievable productivity of our farmers is a source of steady agribusiness and agriculture-related expansion.

We have a hard-working, productive, educated labor force, a major attraction for companies seeking new locations.

Our quality of life is attractive, and the attraction lasts.

Our commitment to technical-vocational education is unmatched in the nation. We can provide skilled people for business and industry. We can plan with companies looking for certain kinds of workers.

We are blessed with many large companies, and they like it here. They are a source of steady economic growth and new jobs. On a per capita basis only Boston outranks the Twin Cities in the number of large corporations located in their metropolitan area.

We have a history of scientific problem-solving in our universities and a well-developed private research community. That also means jobs. My health research proposal will mean many more jobs and new kinds of jobs. The University of Minnesota transformed the economy of the Iron Range by developing the taconite process. We are a strong candidate for the national solar energy research institute.

We have 60 percent of the peat resources of North America waiting to be analyzed and developed. We are leaders in agricultural research that leads to new food and fiber products and business expansion.

Our high technology companies, electronics and the rest, are at the cutting edge of business growth. They are certain to expand.

State government is financially sound.

Our credit is good. The Wall Street Journal noted last March that Minnesota's housing agency bonds were salable and attractive to investors because of our sound financial structure. Investors were confident that we would honor the obligations of our housing bonds.

We have a Triple A credit rating, the highest possible, based on the financial health and stability of our state government.

We must not be complacent. But we can be optimistic. Minnesota is a good place to do business.

Let me read a portion of a guest column that was published recently in the Minneapolis Star. It was written by an insurance company executive. Here is what he says about his company's decision to expand in Minnesota.

1. Our personal experiences as residents of this state confirm the surveys which indicate that we enjoy a superior "quality of life" here.

2. The executives of Prudential are impressed with the concern for fiscal responsibility demonstrated by government. We are pleased that the Legislature and administration are guided by a pay-as-you-go philosophy.

3. High educational standards in Minnesota provide us with well-schooled, motivated people for all levels of our operation.

That story can be told over and over again in Minnesota, and we shouldn't forget it.

OTHER ASSISTANCE OPPORTUNITIES

Two other programs can be of particular help in providing more Minnesotans with job opportunities.

--In addition to 2.3 million dollars recommended for existing child care programs, I am proposing 3.5 million dollars for the biennium to establish a sliding fee schedule for child care costs. These funds will help people of very modest means afford good child care while they earn a living for their families. They are a wise investment in the children and the families of Minnesota.

--I recommend one million dollars for economic development assistance through a Minnesota Indian Small Business Development program, with half the funds for co-op business and industry ventures at each reservation and the other half for low-interest loans to start private businesses. Borrowers should be required to participate in business management training.

Successful legislation will require the full and cooperative commitment of the American Indian community in our state.

To summarize, people and businesses make a commitment to this state because it's a good state. We do things well, and we live well. That's important to anyone who is looking for employees or looking for a place to locate employees.

The people of this state believe that work is the key to success. So do I.

We must use very appropriate resource to promote employment in our state--from useful public service jobs to private sector jobs in housing and other areas.

We must make a greater effort to prepare dependent people to become more independent through work.

We must rely on our strengths to accomplish those things. And a major strength we have is our ability to use state government to help stimulate growth and put people to work.

Job opportunity is paid back a hundred times over by people who have self-respect, hope for the future, and a stake in our system.

I N S U R I N G A H E A L T H Y E N V I R O N M E N T

In the short time that I have served as Governor, and the shorter time that this Legislature has been in session, three issues have dominated our attention and that of the public media of this state.

--Our critical energy emergency and the need for longer-term energy conservation measures.

--The ongoing dispute over the placement of new power lines in central and western Minnesota to provide needed electric power in the years ahead.

--The long and frustrating effort to end the dumping of taconite tailings into Lake Superior, now in the critical stages of consideration by the courts.

Except for the preparation of this budget, nothing has occupied more of my time. These issues will also take a major share of your attention during the next few months.

I have been forced to seek emergency authority to deal with the energy crisis intensified by bitter cold weather. There is no need to describe the situation to you today. It affects every Minnesota citizen, and you are well informed about it.

But I do want to take a minute to thank the people of this state for their help in meeting our emergency. They have been cooperative--and cold--as we cut back on energy use, and I think that all of us owe them a round of applause. (Applause) Thank you.

I will soon be announcing a comprehensive energy program. Our present crisis is only a signal of what lies ahead. We must take steps to deal with long-term energy conservation needs.

As soon as possible after that, I will also provide you with environmental recommendations for northeastern Minnesota, including a response to the coming court decision on the Reserve issue.

Meetings and negotiations on the power line conflict are continuing, and I expect the problem to remain before us during this session.

The continuing public attention to these issues is understandable. They are critical to our quality of life and our economic health.

But this immediate publicity might make us forget an important fact about environmental protection in Minnesota. No state legislature has a better environmental record over the last six years. We have made enormous strides.

In my judgment, Minnesota needs few new environmental laws. My special statement on energy will address the most important environmental threat we face--the consequences of increasing and wasteful consumption of energy.

Aside from those recommendations, my budget proposal emphasizes the need to adjust and fine-tune the important laws we already have--to make sure that they work for our people.

Our Aesthetic Environment

Minnesotans are justifiably proud of the diverse natural beauty of the state. But we must broaden our effort to restore that beauty where it is hidden by man-made eyesores.

We need a better program to insure that natural beauty does not continue to lie hidden behind junkyards.

Since 1972, we have removed more than 93,000 abandoned motor vehicles from our landscape. The job is not complete, but this program is so successful that we have nearly reached our goal.

As a result, the budget you receive today contains a reduced request in this category for the Pollution Control Agency.

But I ask you to expand the current 1.6 million dollar effort--not in dollars, but in scope--to establish a continuing aesthetic environment program.

Auto hulks are not our only problem. Our cities and towns are blighted by dilapidated buildings, old tires, and junk.

I recommend establishment of a two-year development and coordination program, located in the Office of the Governor, to work with aesthetic environment programs in existing state agencies and local governments.

As one project of this new program, we can significantly step up our enforcement of auto junkyard laws without any increase in state expenditures. The Department of Transportation, with some 800 thousand federal dollars, will screen or close many of the more than 500 junkyards that are not in compliance with the law but have been allowed to remain an eyesore in Minnesota.

Our statewide goal will be to encourage such activities by state agencies. Most of this continuing appropriation would be granted to local communities on a matching basis for volunteer projects that clean up the landscape, improve the aesthetic environment of those communities through tree-planting and other activities, and, enhance the visual environment of the entire state through local effort.

We will also be working with the private sector on an industry-to-industry basis regarding a major clean-up program. This extends the successful programs already in operation in Northeastern Minnesota.

Shade Tree Disease

We must take action this year to slow down the erosion of natural beauty that threatens our neighborhoods by destroying the trees that give us shade.

Dutch elm disease is sleeping through the winter in Minnesota.

But the disease will be back in the spring. The devastation of our neighborhood elm populations will continue. Hundreds of thousands of trees will be attacked by the beetles and killed during the next two years. We have waited far too long.

The experts tell us that we still have time to extend the life of many of our beautiful shade trees. Any extension will give us the chance to plant new trees and see them partly grown by the time Dutch elm disease has taken its final toll. It may also allow time for the development of effective treatment that will reduce the final loss.

In the long run, cost projections for delaying the disease are no higher than those for removing the trees in a shorter period of time.

I believe the experts are right, and we should act in this session to increase our shade tree protection program.

For the current budget, the Minnesota Legislature appropriated 1.5 million dollars, which was used to assist 58 Minnesota cities in their effort to control Dutch elm and oak wilt diseases.

In addition, Governor Anderson developed a special statewide Elm Clean-up Program, using volunteers, the Minnesota National Guard, and the State Department of Transportation to remove as much dead elm wood as possible from Minnesota neighborhoods last fall and destroy breeding places for elm bark beetles.

Voluntary efforts by business people in the metropolitan community have concentrated on removal of dead elms and elm bark in the parks of the metropolitan area. Next spring, tree replacement will begin.

My office will continue the Governor's Dutch Elm Volunteer program. But that is not enough.

I recommend today that the Legislature appropriate 26 million dollars for the next two years for a statewide effort. My proposal will pay up to one-half the cost of identifying and removing diseased trees on public and private property, in cooperation with local governments.

Two million dollars of the appropriation will be used to provide funds for purchasing replacement trees.

The budget also recommends the expansion and coordination of our summer youth employment programs. In my judgment, a substantial number of jobs for youth should be created for planting new trees. And we will also continue to need the help of volunteers.

IDENTIFYING WATER RESOURCES

Another essential task is accelerating our comprehensive inventory of underground water. In water-rich Minnesota, we are facing the terrible effects of drought. In approximately two-thirds of the state, we have only ten percent of the information we need to do a good job of managing our increasingly valuable water resources.

My budget proposal contains an increase of nearly a half million dollars to speed up present ground-water research in the Department of Natural Resources and the Department of Health.

In addition, Representatives Munger and Mann are working with us on an even broader proposal for accelerated ground-water research.

It will require 1.2 million dollars of additional funds for a cooperative program among the Department of Natural Resources, the Pollution Control Agency, the Department of Health, and the Minnesota Geological Survey. I will forward to you a supplemental request for this critical effort.

Minnesota's surface waters are no less important or valuable a resource. Our surface-water inventory and program to designate public waters is well under way. We should complete it during the next biennium.

This program is vital because Minnesota must know what surface waters it owns, and we must reach final agreement, once and for all, about what is and what is not public water.

The Department of Natural Resources will have more than one million dollars in uncommitted funds for this inventory and designation at the end of the current fiscal year. This amount will allow the department to complete the job in the next two years.

Other recommendations will be contained in special statements, and my proposals for departmental funds can be found in the budget documents which accompany this message.

These recommendations are intended to build on the strong base that we have already established.

O U R C O M M I T M E N T T O E D U C A T I O N

Approximately half the total state budget is spent on the education of children, young people, and adults living in large and small communities in every part of Minnesota.

If a child attends the public schools and colleges of this state, the State of Minnesota pays about 70 percent of the instructional cost--from the first day of kindergarten through all the years it takes to graduate from high school and receive a bachelor's degree from a university.

If a high school graduate chooses one of the state's excellent vocational-technical schools, the State pays more than 90 percent of the instructional cost. Tuition is free until a student reaches 21 years of age.

If the choice is private education instead, the State provides a small but important share of elementary and secondary school instruction, and allows parents to deduct a major share of tuition costs when they declare their income for state income taxes. The State's private college contract program pays part of the cost at any of our private colleges.

No matter where Minnesota high school graduates decide to go on to school, millions of dollars of state financial assistance are available if needed.

We make that multi-billion dollar state investment in educational opportunity because knowledge and skills are the key to building the economic productivity of our workers and the quality of life of our citizens.

It is an expensive commitment. But it insures a better future for millions of Minnesotans and for the businesses, industries, communities, and governments in which they work and live.

These budget recommendations continue that commitment.

SCHOOL FINANCE

Minnesota state government dramatically increased its commitment to fair school finance in 1971.

Total state school aids to public elementary and secondary education and post-secondary vocational-technical education stood at 661 million dollars in the two-year period ending June 30, 1971. Today I am proposing that these aids be increased to 1.8 billion dollars for the next budget biennium, nearly three times as much.

Our public schools are more expensive today than they were in 1971, partly because of inflation. But not entirely.

The Minnesota State Planning Agency reports that spending for each pupil unit by public school districts increased 65.1 percent in the years between fiscal 1970 and fiscal 1976. In the same six-year period, the overall cost of living rose 45.5 percent. We are more than meeting the costs of inflation.

Public school enrollment dropped 23,000 pupil units in the past four years. But the number of teachers employed by school districts increased more than 800, and average class size fell.

These overall numbers do not reveal significant changes in teaching staffs. There are fewer teachers of certain types, particularly elementary school teachers. But there has been a dramatic increase in the number of special education teachers, elementary special subject teachers, and secondary vocational teachers. These changes reflect substantial changes in state and local education policy.

We have also made a commitment to more equal educational spending for each public school student, in the belief that children should not suffer educational penalties because they live in districts without adequate property wealth.

FOUNDATION AIDS

Foundation aids to Minnesota school districts establish the size of the educational budget for each local school district.

For this school year, the formula is 960 dollars per pupil unit. This budget recommends that this amount be increased in each of the coming two years, to 1,025 dollars per pupil unit in 1977-78 and 1,095 dollars in the following year.

Foundation aid will total more than 1.2 billion dollars for the biennium, compared to 521 million in 1971.

Foundation aid includes a special factor to ease the burden of falling enrollments. Some Minnesota public school districts are caught in the double squeeze of high costs and falling enrollment. That makes readjustment to smaller numbers of students very difficult.

In the last legislative session, we changed the falling enrollment factor to provide six-tenths of one unit of state foundation aid for each full pupil unit lost to a school district. Enrollments will continue to fall, and this factor should be continued.

It should also be extended to the public schools of Minneapolis, St. Paul, and Duluth--the only schools now using a factor of five-tenths for each pupil unit lost. This step will provide approximately 1.1 million dollars of funds that otherwise would be lost because of falling enrollments.

The financial problems of major city districts are severe. Equal treatment helps them continue good educational programs in the face of heavy enrollment losses.

I also recommend that we continue our effort of equalization to bring Minnesota's low-spending school districts up to the statewide foundation aid figure.

These districts have made great progress. Extension of equalization aid will allow them to continue to improve their educational programs.

SPECIAL AID PROGRAMS

Minnesota's foundation aid formula for public elementary and secondary schools is supplemented by three important categorical aid programs.

Special education aids support the teaching of children with physical or mental handicaps or special learning problems.

Vocational aids provide additional funds for individual and cooperative programs within the state's secondary schools, for Minnesota's impressive Area Vocational Technical Institutes, and for a variety of adult vocational-technical programs.

Transportation aids make it possible for many Minnesota school children to get to school and home again each day.

My budget recommends a total increase of approximately 102 million dollars, or 25 percent, in the three major categories.

Special Education

Nearly half the total increase, more than 50 million dollars, is recommended for special education aids.

During the past six years, we have more than tripled funds for additional costs of educating children with physical and mental handicaps and special learning disabilities. In the 1970-71 budget, the state provided 28.8 million dollars to serve the special needs of 67,500 students per year.

The current state budget appropriates 93.7 million to serve 87,700 students. In 1971, we were spending approximately 222 dollars of additional aid for each eligible student for this purpose; today we are spending 533 dollars per student.

For the next two years, I recommend an appropriation of 144.1 million dollars, an increase of 54 percent. We would then pay special education costs for approximately 96,400 Minnesota children per year, and devote approximately 750 special education dollars to each student.

We would also meet the 1976 legislative mandate to provide appropriate special education services in our public schools for children who attend private schools.

This major increase in special education funds will allow our school programs to operate at a level above the minimum required by law.

It is a large increase. But it should have a high priority.

Special education funds make it possible for handicapped young people to look forward to self-supporting, productive lives. They also help students with special problems to break through their learning barriers and begin to realize their full potential.

These funds are an investment in hope and independence for thousands of Minnesota children, and I strongly recommend your approval.

Vocational-Technical

In November, 1976, the nation's unemployment rate was 8.1 percent. The comparable rate for Minnesota was just 4.6 percent.

That is still too high. But one reason for our favorable situation is the skill and productivity of our workers. And one of the reasons for high productivity is Minnesota's strong state investment in vocational-technical education. We make a major continued investment in the state's economic future.

For vocational education in our high schools, including the development of vocational centers shared by rural Minnesota districts, I recommend 35.5 million dollars, an increase of more than 18 percent over the current appropriation of 30 million dollars.

I also recommend that secondary vocational aids be paid on a current basis rather than through reimbursements.

For our 33 excellent Area Vocational-Technical Institutes, I recommend 168.4 million dollars, an increase of 17.6 million dollars.

These funds will be adequate to meet Minnesota's post-secondary vocational-technical needs without charging tuition.

For adult vocational education outside our AVTI program, I recommend that the current appropriation of eight million dollars be increased to 11.1 million dollars. Again, I ask that the aid system be changed from reimbursement to current aid.

These recommendations increase the state commitment to vocational-technical education from 185 million dollars to 215 million dollars over the next two years.

State funds support well over 90 percent of the costs of regional and local vocational-technical programs in Minnesota. Our programs are nationally recognized and imitated. More important, they provide opportunity for Minnesota young people to develop skills used on the job. And they are vital to Minnesota employers, who need well-trained workers.

Transportation

School transportation aids are serving more Minnesota students than ever before, and rapidly rising fuel prices have increased the cost beyond the general rate of inflation.

I am therefore requesting an increase in state transportation aids for the next budget period from 129.5 million dollars to 151.1 million dollars, an additional 21.7 million dollars.

Some school districts are also losing aid because the base year for determining transportation costs is out of date. I further propose that the base year for determining such costs be changed to 1975-76, to reflect the changes in transportation usage and costs that have occurred.

One Mill Reduction In Required School Levy

The major reason for relative property tax stability since 1971 is our determination to provide higher state school aids and prevent school districts from raising property taxes more than a basic amount.

However, we require that all districts levy 29 mills in property tax to provide a local contribution. The state pays any difference between that revenue and the total funds guaranteed by the state.

The amount raised through the required mill levy directly reflects increases in land values, and property values have continued to inflate. I therefore recommend that you lower the required school levy to 28 mills. I have set aside 18 million dollars in my budget proposals to finance increased state costs for the one budget year that will be affected by this change.

These increased school aids will directly reduce local property taxes. They will also reduce the tax pressure on farm land with rapidly increasing value, supplementing the increase in the agricultural credit on property taxes recommended elsewhere in this message.

OTHER DEPARTMENT OF EDUCATION RECOMMENDATIONS

Foundation and special aid increases are my major Department of Education recommendations today. However, several other important recommendations also deserve your attention and support.

Library Support

I am proposing a 46 percent increase in state funding for public libraries, a program administered through the Department of Education.

Our public library system is a major resource for students and adults in their continued education and self-development. In the last legislative session, you increased library funding to 3.9 million dollars--a major step up.

I recommend an additional increase to 5.7 million dollars for the next two years.

The funds should provide enough resources to create a truly meaningful and equitable distribution formula. They should also be used for pilot projects to make school libraries more available to the general public in communities that have inadequate public libraries, and to make it easier for Minnesota citizens to use all of their libraries at more convenient times.

Libraries are resources for all kinds of people. They should be more available to more of our people everywhere in Minnesota.

Teacher Mobility Projects

We should also make an effort this year to discover how to keep good teachers and good programs in a time of declining enrollments.

When enrollments go down, less experienced teachers leave. The opportunity to hire new, young teachers is greatly reduced.

The cost of instruction goes up. There is less chance for students to benefit from the talents and ideas of new teachers, and less opportunity to enter the profession.

Our foundation aid formula compensates temporarily and partly for the cost. But school enrollment declines are not temporary. Fewer children in the population mean fewer and fewer students in our public schools.

There are no inexpensive or easy answers to keeping lively school environments at acceptable costs while enrollments decline; but this is a problem we will have to face.

I have set aside 500 thousand dollars for this purpose.

There is considerable discussion of such approaches as part-time teaching positions for experienced and new teachers, teacher sharing and exchanges between schools, extended leaves without salary for teachers who wish to try new occupations, sabbatical leaves at half pay, and guaranteed health coverage for teachers who retire early.

Before such approaches, and others, are put into effect on a large scale, we need experience with them. I recommend we ask the Council of Quality Education and Minnesota schools to help us meet this challenge.

Pilot Language Programs

For elementary school children whose basic language is not English, I recommend \$800,000 for pilot projects to improve their use of English, their use of their own language, and their performance in regular school subjects.

Some of these pilot programs should be located in the metropolitan area for year-long instruction; and at least one should be located in rural Minnesota to help the children of Spanish-speaking migrant worker families during the spring and summer.

PUBLIC COLLEGES AND UNIVERSITIES

Our public colleges and universities face rising enrollments today that will fall sharply in the 1980's.

Enrollments in public colleges and universities are expected to increase by nearly 5,000 full-time equivalent students in the two years ahead.

We must educate increasing numbers of students in the near future. But we must also plan now for those years when size and staffing needs of Minnesota's public colleges and universities will decline.

Enrollment pressures vary from college to college and system to system. Inflation affects every college and university in the state.

The budget recommendations assume the need for maximum flexibility in the future. We have refused to recommend permanent staff increases for future, but temporary enrollment bulges but we also seek to maintain educational quality.

We should restore instructional staffs where ratio of faculty to students has been eroded by unexpected enrollment increases in the last two years. And we should absorb additional students over the next two years with temporary instructors, financed by the income generated from the additional students and not additional state appropriations.

We must insist that non-teaching activities be maintained through internal reallocation of existing resources, without additional staff except for maintenance of new buildings.

Community College System

Minnesota's community colleges, especially those in the Twin City metropolitan area, experienced unexpectedly large enrollment increases over the past two years.

Enrollments are currently 14.5 percent above the enrollment assumptions used in appropriating funds during the 1975 session. To meet this enrollment, the Community College Board has adopted a policy of hiring temporary additional instructors from the tuition paid by additional students.

The budget recommendation allows these faculty members to remain in the instructional complement for the system. The budget also recommends continuation of the Board's policy in the next biennium.

This proposal is consistent with recommendations I am making for the State University system and the University of Minnesota.

I propose additional funding for one special program, the St. Paul Learning Center as an extension of Metropolitan Community College.

Its purpose would be to provide beginning community college courses, including remedial instruction where necessary, on a part-time basis, for potential college students from the inner City of St. Paul.

I recommend this as a means of attracting people from St. Paul to an educational opportunity in a convenient location. I recommend \$287,000 for this purpose.

The total budget recommendation for the State Community College system is 56.9 million dollars for the next two years, an increase of 4.4 million dollars over the appropriation for the current biennium. It will increase the total staff complement by 19, entirely for enrollment-related and maintenance purposes.

State University System

The increase in enrollment has been smaller in the State University System.

Any enrollment increases during the next two years should be managed through temporary positions supported by additional tuition payments.

The State University Board has proposed five new programs to be financed from the reallocation of existing resources. This approach meets the budget guidelines presented last May, and I recommend that they be authorized within those existing resources.

They include a regional nursing education program at Moorhead, expansion of extension instruction at Rochester, a student information and advising center, a faculty and teaching improvement program, and a curriculum revision program.

The State University system faces a major problem, Southwest State University. You know the story of Southwest State very well; there is no need for me to repeat it.

Chancellor Hays has asked the Legislature to make a decision early in this session on the future of the college, so that plans can be made. I agree that should be done.

It is important to preserve college-level opportunity for students from southwestern Minnesota. I urge you to give serious consideration to making Southwest State a part of the University of Minnesota system.

The University of Minnesota has the state-wide programs to utilize the Marshall campus, and we ought to make the strongest effort we can to preserve opportunity there.

For the State University system as a whole, the budget is 123 million dollars.

University of Minnesota

The University of Minnesota has approached estimated increases in enrollment in a different way.

During the past two years, the University has added approximately 200 faculty positions to its base, in anticipation of substantial enrollment increases. Actual enrollment increases 305 students over the base.

In the budget I am recommending no other new faculty positions for the regular instructional programs of the University. In my judgment, instructional resources are adequate for the coming two years, even with some increase in enrollment.

If enrollments do increase heavily, they should be financed in the same way that I have recommended for the other two public systems, through temporary positions paid for by tuition from enrollment increases.

I am approving non-instructional staff to meet the necessities of maintaining new buildings at the University that will become operational during the coming two years.

I am also proposing to provide state replacement of private funds for graduate fellowships that are no longer available, and the addition of needed materials for the University of Minnesota libraries.

I am recommending several additional appropriations to the University.

One will increase state-funded agricultural research.

Another will improve the teaching and laboratory environments in the College of Veterinary Medicine.

A third will involve the University participation in the comprehensive health protection and research effort I am proposing in another part of this message.

A fourth will establish a contingency fund to guarantee the continuation of several core instructional programs in the health sciences if federal funds are reduced or eliminated. I recommend that the eight million dollars I am setting aside for this purpose become available to the University only on the basis of specific requests to the Legislative Advisory Commission over the next two years.

A fifth will substantially increase athletic opportunity for women at the University of Minnesota and also provide a state appropriation for men's athletics equal to the funding of women's programs.

Two years ago Governor Anderson recommended, and the Legislature approved, a special appropriation of 175 thousand dollars for women's intercollegiate athletics at the University. That was an important first step to equality in treatment of women in University of Minnesota athletic programs.

This year, the University of Minnesota has requested 1,254,000 dollars to support women's intercollegiate athletics. I am recommending the full request.

This represents a 1.8 million dollar increase in the support for intercollegiate athletics.

I am also recommending approval of the University of Minnesota's request to put the Duluth Medical School into full operation, providing 3.6 million dollars for the coming two years compared to 2.7 million dollars for the current budget.

In all, I am recommending state funding of 353 million dollars for the University of Minnesota, compared to 313 million dollars for the current budget period.

For the University of Minnesota, the State University system, and the Community College system, the budget recommendations total 530.5 million dollars for the next two years.

HIGHER EDUCATION COORDINATION BOARD

Minnesota's Higher Education Coordinating Board manages several programs that are important to young Minnesotans and their parents.

The largest of these efforts, in state dollars appropriated, provides state scholarships and grants for Minnesota high school graduates who qualify on the basis of need.

This important program makes it possible for tens of thousands of young people to receive financial assistance. It deserves our continued support.

I am, therefore, recommending an increase in scholarships and grants of 16 million dollars, bringing the total to 44.7 million dollars.

But I am not completely satisfied with the way these programs operate. There should be more emphasis on work opportunities for students as a part of financial assistance. Work has great value, both as a way of earning money and a way of learning to take responsibility for the future.

I am adding five million dollars to the Summer Youth Employment Program to be used for additional summer work experiences for young people who will attend or are attending.

There are a great many things that need to be done in this state, but aren't getting done--replacement of trees destroyed by Dutch elm disease, cleaning up our rural and city environments, helping other people who are old or handicapped or poor get more joy out of life. More students in our vocational-technical schools, colleges, and universities should have the chance to make good things happen, Summer work opportunities to replace some scholarship and grant aid will provide that opportunity.

I am also proposing a substantial increase in the student work-study program administered by the Higher Education Coordinating Board, from 1.75 million dollars for this budget period to 2.5 million dollars for the next two years, a 43 percent increase.

In addition, I recommend that the limit on revenue bonding authority for student loans be increased from 90 to 150 million dollars. These loans and the cost of administration are completely paid by those who borrow the money, with special provisions to require repayment only after the student stops attending or completes school and starts working,

Placing a heavier emphasis on loans should also encourage more students to take part-time jobs.

As many of you know, the federal government has reduced its 100 percent guarantee of all student loans to 80 percent, requiring either direct state guarantees or guarantees by non-profit corporations to make up the difference. Members of Congress made the change out of concern about the growing national default rate on these loans. Our Minnesota experience is very good, but we must find another way of providing the remaining guarantee.

Governor Anderson has already asked the present director of the Minnesota Higher Education Coordinating Board to form a non-profit corporation to provide the necessary supplemental guarantees. This step does not require legislative approval.

I agree with Governor Anderson's decision, and support his request to the U.S. Office of Education to designate this new corporation as the guarantee agency for state student loans made in Minnesota.

In addition to my recommendation for a legislative review, I am also asking the Higher Education Coordinating Board in conjunction with the Governor's Office to conduct a thorough review and analysis of scholarship, grant, work-study, and loan assistance, to determine how state financial aids can be better coordinated with federal, private, and institutional aid programs.

We need the right mix of state, federal, and private aids to give as much help as possible to as many students as possible. I hope this study will help us reach that goal.

I also recommend this same study to determine whether we could increase the proportion of aid that comes from loans, lengthen the repayment time, and establish repayment schedules that relate directly to the incomes of former students.

Such a step could increase the number of students receiving part of their assistance through loans, decrease the amount of grant assistance necessary, and still give more students more equal opportunity to attend school without placing impossible repayment burdens on them.

We should also continue our educational reciprocity agreements with Wisconsin and North Dakota, and encourage further negotiation with South Dakota and Iowa. Reciprocity increases choices for students and develops long-range possibilities for greater educational cooperation. It is worth our continued support.

My other major recommendation is a 22 percent increase in the Private College Contract program for the next two years.

This state aid to private colleges has had two major benefits to the people of the state. We have helped to keep private colleges as a healthy educational alternative, and we have provided an inexpensive way to pay part of the cost of educating thousands of Minnesota students.

This program is especially important now. Private colleges have suffered severely from the combined effects of inflation and recession in the last several years. The value of endowments and other institutional investments has deteriorated. Tuitions have increased at a rate higher than at public institutions.

There is a real danger that many private colleges will face future decisions either to close or to become educational enclaves for the very rich.

During the current two years, private college contracts are providing 7.2 million dollars on a formula basis that pays part of the cost of educating 21 thousand eligible Minnesota students. My recommendation would increase the appropriation to 8.7 million dollars for the increased number of eligible Minnesota students who are expected to attend private colleges during the next two years.

I urge you to support this proposed increase.

NURSING SCHOLARSHIPS

I recommend 310 thousand dollars for the coming budget period, an increase of 24 percent. This special program insures that needy young people have the opportunity to enter a rewarding professional field, and helps maintain adequate nursing care in the state.

Elsewhere in this message, I also recommend that this scholarship program be transferred to the Higher Education Coordinating Board.

MAYO MEDICAL SCHOOL

Since 1971, the state has provided a capitation allowance for Minnesota students attending the Mayo School of Medicine in Rochester. I recommend you continue funding for the next budget period.

I further recommend that you establish a graduate residency program at the Mayo School similar to the one at the University of Minnesota, Twin Cities. One worthwhile objective of this program is to locate graduates in southern Minnesota communities.

O T H E R R E C O M M E N D A T I O N S

This message is long, but it does not cover everything in my budget recommendations.

That can't be done. So I have tried to emphasize two budget areas of broad and deep interest to most Minnesotans--taxes and education, and several comprehensive program recommendations.

However, several other recommendations deserve special attention in this message.

MINNESOTA HISTORY AND THE ARTS

The Bicentennial Celebration, as you all know, meant a great deal to me.

My duties as chairman took me into Minnesota communities at a time when historical events and traditions were very prominent. I saw people deeply involved in re-enacting the past and carrying on the tradition of previous generations. I saw history expressed in music, dance, drama, painting, sculpture, and every form of art.

These visits renewed my appreciation of the richness of our history, the diversity of our immigrant heritage, and the constant effort being made to preserve our memory of the past.

I also learned the value of supporting and fostering arts activities--major arts resources as well as community programs to use those resources and develop local strength in the arts.

I came to the conclusion that we are not doing enough in this state to honor, preserve and interpret our past, and we are not doing enough to maintain and build our resources and programs in the arts.

The Bicentennial Year was a temporary event, but history and the arts never cease their contribution to the lives and recreation of Minnesotans. We should play a bigger part in fostering that contribution.

Minnesota Historical Society

Today more than 40 ethnic strains are a part of the lively culture of Minnesota. We have a remarkable heritage, and I am eager to preserve it.

We can do that by properly interpreting our history, so that we understand our roots as a people and develop the vision to guide our future growth.

The Minnesota Historical Society is a highly respected repository of our history and coordinator of regional and local efforts, and educational service for our people and our schools. But it will need additional funding for the new role I want to assign to it.

It is the objective of this administration to take our history out of attics, archives, and textbooks and bring it into the open so that people can learn more about themselves, their families, their communities and the state.

We should benefit from the experience of our forebears and one means of doing this is to expand our interpretative centers. I recommend a two million dollar appropriation for that purpose, to be used to provide localities with 50 percent state matching grants.

One of the first priorities should be a center to highlight the story of agriculture in Minnesota.

I also recommend that we appropriate \$500,000 for a two-year special program to identify historic sites and restore those that are worth preserving.

And I recommend a million dollars to be used to provide 50 percent state matching grants to fund local historical projects and educational programs.

I am also proud that Minnesota now has a State Folklorist who was appointed to this post following its establishment in the last legislative session. A Folklorist can be extremely useful in helping us to record and preserve our cultural history, and I urge funding of this position by the Legislature.

In addition, I recommend monies to improve the operation and educational services of the Fort Snelling restoration, Commandant's House and Officer's Quarters at Fort Snelling, Split Rock Light House, Birch Coulee, and Grand Mound historical sites.

These sites have reached full operation, and will attract hundreds of thousands of visitors each year.

These increases and other adjustments in the budget of the Minnesota Historical Society will require a total appropriation of 10.8 million dollars from the general revenue fund for the next two years.

Support of Arts Activities

During the last legislative sessions, the Minnesota Arts Board has moved from symbolic to real participation in arts enrichment for citizens throughout the state.

Next July the Board will begin its 12th year of service. During that period of time, the quality, diversity, and cost of our cultural resources have risen dramatically, along with public demand.

The Arts Board reviews and approves applications for assistance to individuals and organizations producing or presenting the arts. Many excellent requests can be funded only partially, or must be turned down entirely for lack of funds.

Other state governments have assumed increasing responsibility for arts opportunities for their citizens. In the current budget period, the Minnesota State Arts Board received a 1.14 million dollar appropriation, or about 15 cents per year per person.

The State of New York spends nearly two dollars per person to support the arts; Colorado appropriates 86 cents; Missouri, 32 cents; Michigan, 26 cents; and South Carolina, 25 cents.

Last year the Governor's Commission on the Arts was assigned to study the "state of the arts" and project support needs into the 1980's. Several other groups--the Citizens League, Minnesota State Planning Agency, and a number of regional development commissions, for example--have also examined the public role in funding the arts.

During the last two legislative sessions, the mission and priorities of the State Arts Board were examined, and new policies were established. One of them was a system for the disbursement of direct operating subsidies to qualifying arts institutions; another was a regional arts development program to foster arts experience in every part of the state.

In addition to assisting our larger and most visible arts institutions and programs, the Board now supports such community programs as professional dance companies in residence in public schools in Duluth and Virginia, a nine-month residency for a poet in Olivia, and a composer in residence at Crookston, who created music for school and college music organizations and assisted other local choirs in arranging music and composing their own works.

Based on my strong belief in the value of community arts activities throughout the state, recommendations of the Governor's Commission and other groups, and legislative evaluation of the Board and its activities, I recommend a commitment of four million dollars for state support of arts activities and institutions for the next two years.

For the State Arts Board, I recommend an increase from 1.14 million dollars to three million dollars for a mix of activities that include both community grants and subsidies for eligible arts institutions.

In addition, I am supporting a supplemental one million dollar appropriation through separate legislation, limited entirely to operating subsidies for arts organizations.

This dual approach assures thorough legislative review of the findings of the Governor's Commission on the Arts. It makes a strong commitment to the State Arts Board, and leaves open the opportunity for legislative committees to adjust funding between the two recommendations if that should prove desirable.

I hope that both the budget recommendations and supplemental request will receive early and thorough legislative hearings and approval.

I am confident that the proposed activities and subsidies merit your support.

PUBLIC BROADCASTING

Growth of public broadcasting activities in Minnesota is hindered by the lack of adequate dollars for operating costs and improvements.

In a free society we must encourage discussion of significant public issues. This requires the assurance that information is readily accessible to all citizens and that commercial interests do not totally dominate programming.

Therefore, I am recommending \$250,000 for the next biennium to support public broadcasting activities. The valuable services of these stations merit state assistance.

TRANSPORTATION

Creation of the Minnesota Department of Transportation gives us our first opportunity to prepare a consolidated recommendation on the state's transportation needs.

This transportation package is based on consideration of each component and its relationship to the others.

Public Transportation

Recent legislative sessions have expanded support of public transportation. In 1975, for example, the Legislature appropriated 24 million dollars for expanded Metropolitan Transit Commission service. Despite inflation, the MTC has successfully increased its ridership at a cost lower than the national average. MTC operations and efficiency are nationally recognized.

I strongly support our new public transportation commitment. However, as the cost of the expanding transit service in our metropolitan area increases, we must carefully evaluate our subsidy programs in light of overall objectives, relative costs, and the needs of the public.

While this evaluation proceeds, I am asking the Legislature to provide:

- A 29.6 million dollar subsidy for the MTC to maintain its present services;

- A 3.3 million dollar transit subsidy for outstate communities; and

- A 1.3 million dollar subsidy for Amtrak service between the Twin Cities and Duluth.

Rail Service Improvement

The Rail Service Improvement Program has identified 1,200 miles of railroad that need upgrading for continued use as farm-to-market transportation. I recommend an additional three million dollars for contribution to a healthy agricultural economy.

Highways and Bridges

For the next two years, in addition to highway construction requests of 150 million dollars from dedicated funds, the Department of Transportation has requested an additional 50 million dollars in bridge bonding authority. I recommend your approval of both requests.

I have asked the Commissioner of Transportation to set aside three million dollars of the highway construction funds for minority and other small contractors.

If approved, the bridge bonding request would provide additional employment opportunity of 4,000 man-years of work in the first year of the biennium and 12,000 in the second.

These transportation proposals are accompanied by other recommendations in the budget documents. Together they assure transportation development and continued operation of the Department, with a decrease in staff of 211 over the biennium.

SALARIES OF LEGISLATORS AND AGENCY HEADS

There is no longer any argument for delay in salary increases for legislators and heads of state agencies.

Successful state government takes good leadership, and one of my highest priorities is to develop that leadership. I am as disturbed as you are about the number of good legislators from both parties who can't afford to stay. Department heads are expected to have good judgment, assume risks, and make difficult decisions. Businesses learned long ago that those responsibilities merit decent salaries.

We don't expect to compete with private enterprise, but we should be able to match management salaries paid by school districts and local governments. We're not doing that.

The issue has been discussed for four years, and justified proposals have been publicly presented.

Base salaries for legislators and department heads have stayed the same since 1973. In the interim the cost of living has soared and responsibilities increased, neither legislators nor department heads were overpaid before that, especially considering the performance Minnesota requires of its agencies and the Legislature.

I know the legislators work hard. I also expect department heads to work hard, maintain the highest ethical standards, and be accountable for their performance.

I recommend that you hold public hearings and act in this session to increase the salaries of legislators and heads of state agencies to reflect their current responsibilities.

OTHER MESSAGES

As already indicated, I will make three statements in the coming weeks containing legislative recommendations.

Within the next few days, I will announce a comprehensive energy program. We are responding now to the immediate crisis. But the real energy shortage is here to stay. It must be addressed through more permanent steps.

On February 15, I have scheduled a policy address in Rochester on crime, corrections, and the criminal justice system of our state. You are welcome to be present, and copies of my legislative recommendations will be made available to you on that day.

I am also in the process of developing recommendations on the important issues facing northeastern Minnesota and for responding to the pending court decisions on the Reserve Mining Company case.

For those reasons, this message has not included my major program recommendations on criminal justice, public safety, and energy.

However, recommendations for departmental funding can be found in the accompanying budget documents.

F I N A L N O T E S O N T H E B U D G E T

Preparation of this budget proposal began nearly nine months ago with Governor Anderson's guidelines to state agencies.

Agency requests were developed during the summer. Open hearings followed in the fall. Analysis of these requests by the Department of Finance and the Office of the Governor continued until a few days ago.

During the same period of time, the Department of Finance prepared economic analyses to determine how much money might be available to pay for state programs for the next two years.

My direct involvement began two and a half months ago, as soon as I knew I would have final responsibility for this budget. It has taken many long days and nights of review and further analysis to reach this point.

Many people have worked very hard to help me. I'm pleased and impressed by the quality, energy, dedication and very hard work of state personnel who have been involved in preparing these recommendations. I did not take part in reforming the state budget preparation process; but the new approach has been extremely helpful to me, and I know it will also be helpful to you.

REVENUE PREDICTION

This proposed budget contains many estimates.

The estimate of 6.12 billion dollars of revenue depends on estimates of the income until June 30, 1979, from all the various sources.

Major sources of revenue--the sales tax, the individual and corporate income tax--vary with economic conditions.

Others are more predictable--the fees we receive for licensing regulated businesses of stable types.

Others depend on deliberate decisions over which we have no direct control--general revenue sharing funds from the federal government.

Charts and fund statements detailing our estimates are attached to this message.

In estimating the revenue for this budget, the Department of Finance made use of national estimates and previous experience to predict what the Minnesota economy would be like for the next two years. The Department's techniques are more sophisticated than any we have had available before. These predictions will be close to the mark.

However, they are all estimates. We have no way of knowing for certain what the Minnesota economy will be like, or what unpredictable factors may influence the financial conditions in the state.

There was no way to predict the drought two years ago.

There was no way to predict that forest fires would run wild in northern Minnesota, increasing the cost of fire control dramatically and reducing hunting license revenue, sales tax paid by out-of-state visitors, and income taxes paid by resort owners and their employees.

There is no way to predict exactly what tax relief the federal government will enact.

The state economist in the Department of Finance has worked closely with legislative staff in the development of current estimates. Specific assumptions used in the revenue projections will be provided to the appropriate committees.

The Department of Finance will work with legislative committees to bring revenue projections up to date before the session ends this year.

BUDGET PERSPECTIVE

This is my first budget. I started very late.

The organization and emphasis of this message should indicate that it reflects my priorities as far as possible--my view of what government should be and how it should serve our people.

I have tried to emphasize major issues that affect all of the people of the state, rather than devote great attention to special groups or special geographic areas. This message reserves its real attention for the larger concerns that face us all as we enter the next two years.

There's a reason for that. I don't consider myself a metro governor or an outstate governor. I want to be the governor of all of Minnesota.

I don't believe any governor should give isolated consideration to senior citizen issues, handicapped issues, farm issues, labor issues, business issues, metropolitan issues, outstate issues, Range issues, local government issues or departmental issues.

You receive a lot of local bills and you spend much of your time on them. But what we really must deal with in state government are state issues--balanced tax policy, employment opportunity, environmental preservation, education, the effectiveness and responsiveness of state government.

Reserve Mining Company's taconite tailings are not just a northeastern Minnesota issue. When I address it in my special message, I will do so with the full knowledge that the decisions of the court, the company, and state agencies affect every Minnesotan.

The lakes and trees and beauty of the Boundary Waters Canoe Area are the concern of every citizen.

Drought is not a farm issue. It has already hurt the pocketbook of every Minnesotan.

Special education is not an issue for handicapped children, their families, and professional or volunteer advocates. We all benefit from the things that handicapped people learn to do. We all suffer the costs if they are not encouraged and assisted to become independent and productive people.

Transit is not a metropolitan issue, and highways are not a rural issue. All of us should know better. I am frankly tired of the nearsighted way that "metropolitan" and "outstate" forces view their narrow, selfish interests.

Anyone who thought energy conservation was for somebody else has learned the truth by now.

In this budget message, I have tried to see and communicate relationships among the needs and concerns and opportunities of the people of Minnesota. My administration of state government, individual policy decisions, and recommendations to you will always emphasize cooperation, coordination and comprehensive efforts to serve all the people of this state.

I have no patience with any department heads, agency employees, or employee and professional organizations, if they are unable or unwilling to talk and work with others-- if they can't see their responsibilities and their requests in the light of overall priorities and the need to serve all Minnesotans through state government.

As you react to my recommendations today, and throughout this session, I ask you to take the same view. It will be tragic if committee assignments and personal relationships limit your perspective of our shared responsibility and commitment.

We have a great deal to do. We must do it together, for all the people of Minnesota.

I said it before--none of us is as smart as all of us.

Thank you very much.

**FUND STATEMENTS,
GRANTS-IN-AID SUMMARY,
AND CHARTS**

SUMMARY OF FUND STATEMENTS
BALANCE FORWARD AND INCOME

	Actual F.Y. 1975	Actual F.Y. 1976	Estimated F.Y. 1977	Governor's Recommendation	
				F.Y. 1978	F.Y. 1979
<u>ACTUAL AND ESTIMATED RESOURCES</u>					
Balance Forward	\$ 2,580,706,082	\$ 2,827,175,903	\$ 2,982,235,794	\$ 2,837,343,953	\$ 2,840,768,205
<u>Receipts by Operating Fund</u>					
General Fund-Non-Dedicated	\$ 2,107,595,832	\$ 2,333,068,827	\$ 2,579,772,350	\$ 2,924,186,268	\$ 3,198,818,545
General Fund-Dedicated	83,266,394	98,489,404	85,080,451	93,300,986	100,057,095
Special Revenue	28,926,838	33,638,225	31,940,289	31,342,596	32,640,808
Iron Range Resources & Rehab.	1,727,936	2,438,951	2,574,425	3,325,965	3,829,522
Game and Fish	10,398,476	11,670,601	12,998,000	16,918,350	17,218,350
Consolidated Conservation Areas	438,136	505,302	486,325	625,975	486,325
State Airports	5,911,597	5,981,797	6,968,122	7,081,210	7,431,010
Trunk Highway	110,495,096	142,203,618	143,415,000	144,141,000	144,939,000
Highway User Tax Distribution	237,874,041	291,292,021	295,236,000	300,209,680	305,685,730
County/State Aid-Highway	4,227,647	3,990,623	3,625,000	3,725,000	3,825,000
Municipal/State Aid-Highway	2,638,752	2,447,093	2,500,000	2,700,000	2,800,000
Federal	491,975,214	573,910,889	601,007,604	631,049,762	655,932,821
Operating Funds-Subtotal	\$ 3,085,475,959	\$ 3,499,637,351	\$ 3,765,603,566	\$ 4,158,606,792	\$ 4,473,664,206
Building Fund	20,202,785	22,271,098	79,753,150	-0-	-0-
Bond Proceeds	14,701,336	16,389,065	69,818,214	-0-	-0-
Debt Service	3,217,785	3,153,694	2,398,000	2,386,000	2,379,000
Trust	1,416,433	2,285,683	2,247,100	2,247,100	2,247,100
Agency	279,812,516	335,362,762	360,392,249	341,962,159	347,823,529
Revolving	30,318,096	32,217,913	36,182,090	37,767,266	38,857,170
Prison Revolving	2,021,099	2,102,991	3,341,320	1,956,320	1,956,320
Retirement Funds	233,832,688	277,407,841	303,629,360	315,589,438	328,831,828
Other Fund Receipts	\$ 585,522,738	\$ 691,191,047	\$ 857,761,483	\$ 701,908,283	\$ 722,094,947
TOTAL RECEIPTS	\$ 3,670,998,697	\$ 4,190,828,398	\$ 4,623,365,049	\$ 4,860,515,075	\$ 5,195,759,153
TOTAL RESOURCES AVAILABLE	\$ 6,251,704,779	\$ 7,018,004,301	\$ 7,605,600,843	\$ 7,697,859,028	\$ 8,036,527,358

SUMMARY OF FUND STATEMENT
EXPENDITURES

	Actual F.Y. 1975	Actual F.Y. 1976	Estimated F.Y. 1977	Governor's Recommendation	
				F.Y. 1978	F.Y. 1979
<u>ACTUAL AND ESTIMATED EXPENDITURES:</u>					
General Fund - Non-dedicated	\$ 1,936,909,455	\$ 2,337,301,343	\$ 2,799,046,356	\$ 2,942,618,235	\$ 3,061,786,849
General Fund - Dedicated	83,266,394	98,489,404	85,080,451	93,300,986	100,057,095
Special Revenue	23,418,643	24,243,952	25,981,532	26,893,576	24,624,644
Iron Range Resources & Rehabilitation	1,434,646	1,289,486	2,453,837	2,058,129	2,066,231
Game and Fish	13,815,412	12,761,914	13,108,308	14,842,788	14,696,081
Consolidated Conservation Areas	187,848	219,068	252,652	743,163	812,988
State Airports	4,969,207	4,237,227	8,481,885	10,933,283	9,982,744
Trunk Highway	270,587,752	301,040,441	333,517,009	318,406,007	316,721,896
Highway User Tax Distribution	14,210,882	16,537,731	21,789,428	22,368,319	22,639,946
County/State Aid - Highway	66,181,931	80,794,532	79,064,700	80,839,800	81,130,800
Municipal/State Aid - Highway	21,646,849	25,215,382	24,453,000	25,002,000	25,092,000
Federal	489,989,617	565,297,388	591,581,836	619,699,762	643,567,821
Subtotal - Operating Funds	\$ 2,926,618,636	\$ 3,467,427,868	\$ 3,984,810,994	\$ 4,157,706,048	\$ 4,303,179,095
Building	\$ 33,032,215	\$ 28,832,193	\$ 73,492,192	\$ -0-	\$ -0-
Bond Proceeds	10,364,444	19,190,273	75,391,024	-0-	-0-
Debt Service	71,858,367	75,400,725	77,472,800	82,050,000	85,050,000
Trust	1,269,347	312,798	390,000	390,000	390,000
Agency	258,924,703	292,472,520	399,590,942	446,293,095	473,755,022
Revolving	26,969,041	32,383,251	38,864,932	39,372,090	40,641,572
Prison Revolving	2,435,128	2,102,991	2,956,320	3,138,109	3,251,027
Retirement Funds	153,634,572	178,850,444	199,434,613	214,480,420	230,031,505
Total Expenditures	\$ 3,485,106,453	\$ 4,096,973,063	\$ 4,852,403,817	\$ 4,943,429,762	\$ 5,136,298,221
Appropriation and Receipts Transfer	\$ (60,577,577)	\$ (61,204,556)	\$ (84,146,927)	\$ (86,338,939)	\$ (99,427,697)
Balance Forward	2,827,175,903	2,982,235,794	2,837,343,953	2,840,768,205	2,999,656,834
TOTAL EXPENDITURES, TRANSFERS AND BALANCES	\$ 6,251,704,779	\$ 7,018,004,301	\$ 7,605,600,843	\$ 7,697,859,028	\$ 8,036,527,358

GENERAL FUND
FUND BALANCE ANALYSIS

ACTUAL AND ESTIMATED RESOURCES:	Actual	Actual	Estimate	Governor's Recommendation	
	F.Y. 1975	F.Y. 1976	F.Y. 1977	F.Y. 1978	F.Y. 1979
Balance Forward	\$ 213,303,392	\$ 383,989,769	\$ 379,757,253	\$ 182,983,247	\$ 189,551,280
Non-Dedicated Income:					
Department of Revenue Items	\$ 1,862,502,930	\$ 2,040,787,059	\$ 2,270,631,000	\$ 2,581,397,000	\$ 2,837,158,000
Other Non-Dedicated	236,454,089	283,194,011	300,188,553	336,053,268	352,059,878
Other Income Items	8,638,813	9,087,757	8,952,797	6,736,000	9,600,667
Total Non-Dedicated Income	\$ 2,107,595,832	\$ 2,333,068,827	\$ 2,579,772,350	\$ 2,924,186,268	\$ 3,198,818,545
Total Non-Dedicated Available	\$ 2,320,899,224	\$ 2,717,058,596	\$ 2,959,529,603	\$ 3,107,169,520	\$ 3,388,369,830
Dedicated Income:	83,266,394	98,489,404	85,080,451	93,300,986	100,057,095
TOTAL RESOURCES AVAILABLE	\$ 2,404,165,618	\$ 2,815,548,000	\$ 3,044,610,054	\$ 3,200,470,501	\$ 3,488,426,920
ACTUAL AND ESTIMATED EXPENDITURES:					
Transportation, Department of	\$ 15,138,091	\$ 11,605,639	\$ 21,633,930	\$ 18,440,535	\$ 19,592,494
Semi-State Agencies	3,120,403	4,781,434	6,396,766	7,619,888	5,657,614
Education	843,061,973	1,023,076,573	1,131,842,777	1,187,121,213	1,203,534,361
Health, Welfare and Corrections	250,484,148	291,638,823	340,289,009	373,860,222	394,637,654
State Departments	115,072,533	142,546,260	216,378,033	178,608,980	159,820,334
Total Direct	\$ 1,226,877,148	\$ 1,473,648,729	\$ 1,716,540,515	\$ 1,765,650,838	\$ 1,783,242,457
Open and Standing					
Aids and Credits	\$ 422,195,509	\$ 493,070,589	\$ 606,089,117	\$ 654,603,721	\$ 698,170,513
Medical and Health	-0-	33,275,412	83,263,864	106,996,124	117,095,956
Retirements	82,586,608	98,473,837	106,824,208	116,151,294	124,710,478
Debt Service	52,027,920	53,204,782	56,650,000	62,675,000	66,988,000
Other Open and Standing	761,241	6,100,318	25,072,652	7,668,258	9,031,445
Subtotal	\$ 557,571,278	\$ 684,124,938	\$ 877,899,841	\$ 948,094,397	\$ 1,015,996,392
Regular Refunds	152,461,029	179,527,676	204,606,000	228,873,000	262,548,000
Total Open and Standing	\$ 710,032,307	\$ 863,652,614	\$ 1,082,505,841	\$ 1,176,967,397	\$ 1,278,544,392
Total Non-Dedicated	\$ 1,936,909,455	\$ 2,337,301,343	\$ 2,799,046,356	\$ 2,942,618,235	\$ 3,061,786,849
Dedicated Receipt Expenditures	83,266,394	98,489,404	85,080,451	93,300,986	100,057,095
Total Expenditures	\$ 2,020,175,849	\$ 2,435,790,747	\$ 2,884,126,807	\$ 3,035,919,221	\$ 3,161,843,944
Less Cancellations	-0-	-0-	(22,500,000)	(25,000,000)	(25,000,000)
Balance Forward	383,989,769	379,757,253	182,983,247	189,551,280	351,582,976
Total Expenditures and Balances	\$ 2,404,165,618	\$ 2,815,548,000	\$ 3,044,610,054	\$ 3,200,470,501	\$ 3,488,426,920

GENERAL FUND
NON-DEDICATED REVENUES

	Actual F.Y. 1975	Actual F.Y. 1976	Estimated F.Y. 1977	Governor's Recommendation	
				F.Y. 1978	F.Y. 1979
<u>DEPARTMENT OF REVENUE</u>					
Individual Income	\$ 976,593,457	\$ 1,066,369,338	\$ 1,213,000,000	\$ 1,391,270,000	\$ 1,544,640,000
Corporation Income	199,004,485	203,255,626	246,810,000	279,930,000	304,260,000
Sales Tax - General	384,391,068	430,842,174	461,710,000	518,730,000	566,590,000
Bank Excise	16,170,303	21,280,102	21,500,000	23,500,000	24,000,000
Inheritance	39,705,050	42,508,404	35,000,000	29,100,000	28,000,000
Employers Excise	15,239,786	15,191,690	16,000,000	17,500,000	18,900,000
Liquor & Malt Beverage	48,878,592	49,339,248	50,850,000	52,510,000	54,220,000
Cigarette & Tobacco Products	78,788,571	82,477,639	84,750,000	87,150,000	89,650,000
Gross Earning Taxes	53,854,306	58,213,575	66,101,000	74,360,000	81,108,000
Oleomargarine	1,665,894	-0-	-0-	-0-	-0-
Deed & Mortgage Registry	8,880,084	9,377,047	9,752,000	10,652,000	11,352,000
Iron Ore Occupation	9,819,901	5,103,489	4,560,000	5,260,000	4,868,000
Taconite Occupation & Production	22,186,893	49,565,054	52,496,000	71,870,000	84,045,000
Royalty Taxes	3,890,351	3,503,023	4,087,000	5,153,000	6,103,000
Other-Department of Revenue	3,434,189	3,760,650	4,015,000	14,412,000	19,422,000
Subtotal	\$ 1,862,502,930	\$ 2,040,787,059	\$ 2,270,631,000	\$ 2,581,397,000	\$ 2,837,158,000
<u>OTHER AGENCIES</u>					
Insurance Gross Prem. & Fire Mar.	\$ 34,042,321	\$ 37,139,149	\$ 44,581,013	\$ 53,581,013	\$ 60,581,013
Motor Vehicle Excise	51,355,642	61,817,577	67,647,000	75,949,000	78,462,000
Motor Vehicle Recycle	815,834	891,503	908,000	917,000	926,000
Departmental Earnings	65,170,683	79,791,269	95,729,309	104,935,181	115,868,054
Income Tax Reciprocity	-0-	5,916,028	5,000,000	10,000,000	5,000,000
Investment Income	37,543,070	35,280,992	25,000,000	25,000,000	25,000,000
Federal Revenue Sharing	40,697,983	44,283,287	44,617,668	45,646,589	45,982,226
Other Federal Grants	8,573	8,094,015	8,421,470	11,000,000	11,000,000
Other Non-Dedicated	6,819,983	9,980,191	8,284,093	9,024,485	9,240,585
Subtotal	\$ 236,454,089	\$ 283,194,011	\$ 300,188,553	\$ 336,053,268	\$ 352,059,878
<u>OTHER REVENUE ITEMS:</u>					
Indirect Costs	\$ 1,217,406	\$ 2,784,486	\$ 1,972,576	\$ 2,817,000	\$ 2,968,000
Motor Vehicle Transfer of Ownership	2,134,214	3,875,396	2,000,000	2,000,000	2,000,000
Gas Tax Reimbursement	1,336,054	-0-	1,700,000	-0-	1,700,000
State Parks Receipts	856,362	881,361	1,000,576	1,000,000	1,000,000
Federal Reimbursement (DNR)	1,301,956	-0-	1,000,000	-0-	1,000,000
All Other Items	1,792,821	1,546,514	1,279,645	919,000	932,667
Subtotal	\$ 8,638,813	\$ 9,087,757	\$ 8,952,797	\$ 6,736,000	\$ 9,600,667
TOTAL	\$ 2,107,595,832	\$ 2,333,068,827	\$ 2,579,772,350	\$ 2,924,186,268	\$ 3,198,818,545

GENERAL FUND
EXPENDITURES - DIRECT APPROPRIATIONS

	Actual F.Y. 1975	Actual F.Y. 1976	Estimated F.Y. 1977	Governor's Recommendation	
				F.Y. 1978	F.Y. 1979
Transportation, Department Of:					
D.O.T. Highways Transfer	\$ 13,900,986	\$ 12,943	\$ 15,087	\$ -0-	\$ -0-
D.O.T. - St. Planning Agency Transfer	984,700	11,131,313	20,754,157	18,026,650	19,176,650
D.O.T. - Public Service Dept. Transfer	252,405	461,383	714,686	413,885	415,844
Transportation, Department of	-0-	-0-	150,000	-0-	-0-
TOTAL TRANSPORTATION	\$ 15,138,091	\$ 11,605,639	\$ 21,633,930	\$ 18,440,535	\$ 19,592,494
Semi-State Agencies:					
Minnesota-Wisconsin Bound. Area Cmsn.	\$ 23,600	\$ 34,479	\$ 39,200	\$ 42,500	\$ -0-
Uniform Laws Commission	10,609	9,547	10,253	11,000	11,000
Great Lakes Commission	27,780	25,073	27,500	34,000	-0-
State Horticultural Society	9,298	22,485	22,500	54,000	54,000
Disabled American Veterans	10,000	10,000	10,000	10,000	10,000
United Spanish War Veterans	2,240	-0-	-0-	-0-	-0-
Veterans of Foreign Wars	9,250	10,500	10,500	10,500	10,500
Minnesota Historical Society	2,494,478	3,959,335	5,421,261	5,991,022	3,794,205
Sibley House Association	10,711	12,338	15,000	15,900	16,200
Academy of Science	13,463	16,191	16,200	16,200	16,200
State Arts Board	303,500	507,120	630,882	1,300,000	1,700,000
Humane Society	15,000	15,000	15,000	42,070	45,509
South Minnesota River Basin Bd.	27,635	25,899	42,536	42,696	-0-
County Attorneys Council	82,839	53,467	55,934	50,000	-0-
Seaway Port Authority of Duluth	80,000	80,000	80,000	-0-	-0-
TOTAL SEMI-STATE AGENCIES	\$ 3,120,403	\$ 4,781,434	\$ 6,396,766	\$ 7,619,888	\$ 5,657,614
Education:					
Education, Department of	\$ 636,633,804	\$ 771,637,795	\$ 857,337,369	\$ 885,075,773	\$ 912,069,078
Higher Education Coordinating Bd.	10,084,356	16,258,734	24,106,561	27,701,428	32,746,879
Community College Bd.	21,260,345	24,766,334	27,608,365	28,650,169	28,223,041
State University Bd.	47,417,021	56,985,669	60,479,132	61,983,525	61,078,865
University of Minnesota	126,666,172	152,135,041	161,018,350	182,478,318	168,112,498
Mayo Scholarship Program	880,000	1,168,000	1,168,000	1,232,000	1,304,000
Nursing Scholarship Program	120,275	125,000	125,000	-0-	-0-
TOTAL EDUCATION	\$ 843,061,973	\$1,023,076,573	\$1,131,842,777	\$1,187,121,213	\$1,203,534,361

GENERAL FUND
EXPENDITURES - DIRECT APPROPRIATIONS (Cont'd.)

	Actual F.Y. 1975	Actual F.Y. 1976	Estimated F.Y. 1977	Governor's Recommendation	
				F.Y. 1978	F.Y. 1979
Health, Welfare, Corrections:					
Welfare, Department of	\$ 214,903,916	\$ 247,826,365	\$ 280,151,799	\$ 307,078,103	\$ 322,164,131
Corrections, Department of	28,458,472	32,815,238	39,773,199	42,951,087	45,845,099
Ombudsman for Corrections	153,244	154,134	174,300	199,074	199,803
Vocational Rehabilitation, Dept. of	2,000,679	3,082,847	3,763,731	4,703,277	5,616,626
Health, Department of	4,885,426	7,676,618	15,294,520	17,569,763	19,447,595
Health Boards	82,411	83,621	1,131,460	1,358,918	1,364,400
Total Health, Welfare, Corrections	\$ 250,484,148	\$ 291,638,823	\$ 340,289,009	\$ 373,860,222	\$ 394,637,654
State Departments:					
House of Representatives	\$ 5,035,997	\$ 5,639,586	\$ 6,854,000	\$ 7,100,000	\$ 7,700,000
Minnesota State Senate	3,403,742	3,567,533	4,161,000	4,125,000	4,125,000
Legislative Coordinating Committee	1,099,498	1,019,950	1,127,031	1,514,700	1,514,700
Legislative Audit Commission	702,732	923,090	1,478,669	1,730,121	1,708,291
Legislative Commission on Pension & Ret.	61,478	74,739	80,261	85,000	90,000
Tax Study Commission	55,310	75,158	124,842	126,900	131,387
Interstate Port Authority	1,600	-0-	-0-	-0-	-0-
Minnesota Supreme Court	1,277,354	1,402,008	1,649,233	1,791,765	1,779,899
District Court Judicial	2,503,222	2,578,642	2,608,330	2,627,120	2,627,120
Judicial Standards Board	-0-	37,425	36,102	48,902	49,757
Law Library	204,790	219,777	238,218	269,624	269,585
Public Defender	358,340	409,059	467,502	488,583	480,462
Tax Court	58,254	69,414	71,021	76,965	77,624
Contingent Accounts	-0-	-0-	-0-	3,870,000	2,000,000
Governor's Office	802,049	946,834	1,137,854	1,061,359	1,072,172
Lieutenant Governor	154,036	183,031	188,302	248,361	248,069
Attorney General	1,580,840	2,054,553	2,464,954	3,797,439	3,737,110
State Auditor	51,865	166,727	190,409	228,427	229,135
Secretary of State	721,619	1,351,263	764,586	560,289	827,863
State Treasurer	342,021	373,471	406,540	420,504	421,452
Ethical Practices Board	124,727	115,222	133,014	184,808	209,722
Administration, Department of	11,840,571	12,283,008	14,449,439	13,734,943	13,442,494
Finance, Department of	3,086,063	3,413,494	3,864,228	4,268,359	4,344,526
Personnel, Department of	1,552,274	1,889,415	2,039,247	2,131,090	2,128,692
Personnel Board	28,401	29,390	59,200	-0-	-0-
State Planning Agency	8,630,977	7,473,952	11,247,645	9,478,511	5,209,747
Capitol Area Architect/Planning Board	121,485	60,957	92,594	68,995	69,237
Minnesota Municipal Board	95,503	98,151	122,944	127,096	127,737
Council for the Handicapped	130,096	134,507	143,820	188,550	200,343
Human Rights, Department of	417,619	571,989	721,291	733,810	673,328
Indian Affairs Intertribal Board	83,611	120,414	149,885	149,130	149,941

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GENERAL FUND
EXPENDITURES - DIRECT APPROPRIATIONS (Cont'd.)

	Actual F.Y. 1975	Actual F.Y. 1976	Estimated F.Y. 1977	Governor's Recommendation F.Y. 1978	Governor's Recommendation F.Y. 1979
STATE DEPARTMENTS (Cont'd.)					
Veterans Affairs, Department of	\$ 5,862,379	\$ 2,968,914	\$ 4,344,744	\$ 2,348,617	\$ 2,191,928
Military Affairs, Department of	2,381,657	2,726,969	2,932,248	3,063,989	3,105,491
Governor's Crime Commission	522,878	489,025	478,529	164,415	164,415
Public Safety, Department of	5,072,034	6,621,384	7,829,931	8,853,587	8,834,428
Commerce, Department of	3,290,269	3,733,596	4,179,184	4,313,498	4,330,100
Non-Health Boards	64,253	25,204	1,054,514	1,186,695	1,186,756
Labor and Industry, Department of	3,155,824	3,616,013	4,142,930	4,476,817	3,731,953
Mediation Services	491,526	528,983	625,132	645,296	648,698
Public Service, Department of	2,236,899	2,538,725	3,031,052	3,184,628	3,186,262
Economic Development, Department of	1,599,965	1,819,019	1,653,493	1,819,736	1,835,704
Agriculture, Department	6,101,791	7,273,814	10,038,121	9,358,473	10,174,640
Livestock Sanitary Board	848,503	916,097	1,043,415	1,092,208	-0-
Revenue, Department of	14,314,798	16,263,263	19,169,828	20,027,437	20,419,497
State Board of Investment	538,113	672,886	736,610	828,780	839,776
Energy Agency	322,576	877,941	1,160,086	1,201,449	1,201,129
Natural Resources, Department of	17,577,481	30,591,388	51,967,643	27,953,681	26,110,112
Water Resources Board	61,615	60,312	76,524	-0-	-0-
Pollution Control Agency	3,310,272	6,295,141	14,165,617	6,743,515	4,264,126
Minnesota Zoological Garden	322,503	690,824	1,800,000	3,087,482	-0-
Legislative Commission-Minnesota Resources	106,792	107,050	256,985	10,000,000	9,500,000
Public Employees Relations Board	32,845	34,869	27,767	41,220	39,926
Employment Services, Department of	1,679,036	1,873,594	1,824,803	-0-	-0-
Governor's Manpower Office	-0-	454,880	854,880	1,200,000	1,200,000
Minnesota Housing Finance Agency	-0-	263,126	23,978,465	-0-	-0-
Organized Crime Study Commission	7,831	-0-	-0-	-0-	-0-
Privacy Study Commission	-0-	10,913	14,087	-0-	-0-
Bicentennial Commission	142,353	323,125	413,745	-0-	-0-
Special State Redemption	-0-	100,227	200,000	-0-	-0-
Metropolitan Council	-0-	25,000	-0-	-0-	-0-
Legislative Claims	92,266	109,451	144,465	-0-	-0-
Minnesota State Retirement System	410,000	799,356	661,074	690,000	710,000
Tort Claims	-0-	-0-	500,000	500,000	500,000
Worker's Compensation	-0-	1,166,708	-0-	1,866,543	-0-
Unemployment Compensation	-0-	1,285,704	-0-	2,724,563	-0-
TOTAL STATE DEPARTMENTS	\$ 115,072,533	\$ 142,546,260	\$ 216,378,033	\$ 178,608,980	\$ 159,820,334
TOTAL DIRECT APPROPRIATIONS	\$ 1,226,877,148	\$ 1,473,648,729	\$ 1,716,540,515	\$ 1,765,650,838	\$ 1,783,242,457

**GENERAL FUND
OPEN AND STANDING APPROPRIATIONS**

	Actual F.Y. 1975	Actual F.Y. 1976	Estimated F.Y. 1977	Governor's Recommendation	
				F.Y. 1978	F.Y. 1979
<u>Aids and Credits:</u>					
Circuit Breaker-Homeowners	\$ -0-	\$ -0-	\$ 51,000,000	\$ 55,000,000	\$ 57,000,000
Renters Credit	24,114,781	25,165,226	32,000,000	32,400,000	34,700,000
Senior Citizens & Disabled Credit	9,895,278	36,945,930	56,000,000	61,200,000	66,000,000
Senior Citizens Property Tax Freeze	4,703,788	209,654	447,000	656,000	977,000
Low Income Credit	-0-	8,939,402	10,000,000	10,900,000	11,500,000
Agriculture Land Tax Aid	17,474,157	17,843,666	26,274,187	29,000,000	32,000,000
Aid to Local Government	136,070,813	144,071,790	162,711,000	175,082,180	190,306,901
Exempt Property Reimbursement	9,097,913	8,780,960	8,883,615	8,810,000	8,810,000
Homestead Credit	188,649,886	205,823,005	214,137,769	226,000,000	235,250,000
Aid to Police and Firemen	6,621,029	7,049,716	8,000,000	8,500,000	8,500,000
Peace Officers Survivors	37,500	125,000	300,000	395,196	395,196
Miscellaneous Payments-Revenue Department	5,350,000	21,582	20,000	20,000	20,000
Mining Apportionment	13,662,778	31,011,321	30,045,546	40,594,345	46,587,416
Taconite RR Apportionment	2,541,109	2,888,148	2,820,000	3,196,000	3,384,000
Inheritance Apportionment	3,976,477	4,195,189	3,450,000	2,850,000	2,740,000
Total Aids and Credits	<u>\$ 422,195,509</u>	<u>\$ 493,070,589</u>	<u>\$ 606,089,117</u>	<u>\$ 654,603,721</u>	<u>\$ 698,170,513</u>
<u>Medical and Health:</u>					
Medical Assistance Policy	\$ -0-	\$ 30,259,745	\$ 63,823,864	\$ 74,174,524	\$ 81,791,405
General Assistance Medical Care	-0-	3,015,667	19,440,000	21,621,600	23,304,551
Catastrophic Health	-0-	-0-	-0-	11,200,000	12,000,000
Total Medical and Health	<u>\$ -0-</u>	<u>\$ 33,275,412</u>	<u>\$ 83,263,864</u>	<u>\$ 106,996,124</u>	<u>\$ 117,095,956</u>
<u>Retirements:</u>					
Judges Retirement	\$ 937,640	\$ 378,592	\$ 670,000	\$ 690,000	\$ 710,000
Legislators Retirement	279,883	262,314	794,953	538,850	538,965
Constitutional Officers	47,631	46,015	50,255	45,844	52,413
Minn. State Retire. System	115,756	104,170	120,000	80,600	69,100
Teachers Retire. Act Supple.	9,186	7,333	8,000	7,000	6,000
Public Employees Retire. Act	101,947	81,714	94,000	94,000	94,000
Teachers - State & Comm. College	1,078,522	1,124,811	1,200,000	1,275,000	1,350,000
Teachers - Cities - 1st Class	11,168,840	12,769,164	14,000,000	14,900,000	15,800,000
Teachers - Statewide	68,847,203	83,699,724	89,887,000	98,520,000	106,090,000
Total Retirement	<u>\$ 82,586,608</u>	<u>\$ 98,473,837</u>	<u>\$ 106,824,208</u>	<u>\$ 116,151,294</u>	<u>\$ 124,710,478</u>
<u>Debt Service:</u>	<u>\$ 52,027,920</u>	<u>\$ 53,204,782</u>	<u>\$ 56,650,000</u>	<u>\$ 62,675,000</u>	<u>\$ 66,988,000</u>

GENERAL FUND
OPEN AND STANDING APPROPRIATIONS (cont'd)

	Actual F.Y. 1975	Actual F.Y. 1976	Estimated F.Y. 1977	Governor's Recommendation F.Y. 1978	F.Y. 1979
<u>Other Open and Standing:</u>					
E.P.A. Work Study	\$ 296,171	\$ 444,958	\$ 329,132	\$ 341,000	\$ 350,000
Security Protect., Governor	326,505	342,842	400,000	456,058	459,645
EQC Power Plants	97,973	460,000	500,000	600,000	600,000
Salary Supplement	-0-	-0-	18,300,000	-0-	-0-
Tuition Reciprocity	-0-	4,732,938	4,650,000	6,000,000	6,250,000
Campaign Check-Off	-0-	-0-	500,000	-0-	1,100,000
Treasurer Escheats	12,100	7,383	81,000	81,000	81,000
Uninsured Employers	-0-	-0-	150,000	150,000	150,000
Military Forces Emergency	27,292	24,200	131,200	25,000	25,000
Voyageurs National Park	-0-	1,410	26,000	10,000	10,000
R. Weber Comp.	1,200	1,200	1,200	1,200	1,200
St. Croix Park	-0-	-0-	3,520	4,000	4,000
Voting Machine Comm.	-0-	-0-	600	-0-	600
Executive Council Emergency	-0-	85,387	-0-	-0-	-0-
Total Other Open and Standing	<u>\$ 761,241</u>	<u>\$ 6,100,318</u>	<u>\$ 25,072,652</u>	<u>\$ 7,668,258</u>	<u>\$ 9,031,445</u>
<u>Refunds:</u>					
Individual Income Tax	\$ 130,148,259	\$ 145,588,325	\$ 171,400,000	\$ 195,000,000	\$ 221,000,000
Copropation Income Tax	18,622,581	27,053,711	27,640,000	29,550,000	37,080,000
Sales Tax Refunds	1,511,500	4,301,322	3,000,000	1,500,000	1,700,000
Other Revenue Dept. Refunds	1,694,063	2,125,554	2,041,000	2,295,000	2,240,000
Non-Revenue Dept. Refunds	484,626	458,764	525,000	528,000	528,000
Total Refunds	<u>\$ 152,461,029</u>	<u>\$ 179,527,676</u>	<u>\$ 204,606,000</u>	<u>\$ 228,873,000</u>	<u>\$ 262,548,000</u>
 TOTAL OPEN AND STANDING	 <u>\$ 710,032,307</u>	 <u>\$ 863,652,614</u>	 <u>\$1,082,505,841</u>	 <u>\$1,176,967,397</u>	 <u>\$1,278,544,392</u>

GENERAL FUND
DEDICATED RECEIPTS AND EXPENDITURES

	<u>Actual</u> <u>F.Y. 1975</u>	<u>Actual</u> <u>F.Y. 1976</u>	<u>Estimated</u> <u>F.Y. 1977</u>	<u>Governor's Recommendation</u> <u>F.Y. 1978</u>	<u>F.Y. 1979</u>
<u>Receipts - Dedicated</u>					
Minnesota Housing Finance	\$ -0-	\$ -0-	256,188	\$ -0-	\$ -0-
Education, Department of	-0-	-0-	148,639	148,759	148,886
Community College Board	6,921,299	8,409,340	11,330,975	10,985,133	11,089,170
State University Board	14,315,868	16,299,104	17,004,569	17,775,201	17,961,303
University of Minnesota	31,057,104	37,445,657	39,814,640	45,694,640	49,726,640
Veterans Affairs, Department of	1,515,325	1,732,445	1,800,440	2,127,934	3,021,160
Welfare, Department of	29,456,798	34,602,858	14,725,000	16,569,319	18,109,936
Total Receipts	<u>\$ 83,266,394</u>	<u>\$ 98,489,404</u>	<u>\$ 85,080,451</u>	<u>\$ 93,300,986</u>	<u>\$ 100,057,095</u>
<u>Expenditures of Dedicated Receipts</u>					
Minnesota Housing Finance	\$ -0-	\$ -0-	\$ 256,188	\$ -0-	\$ -0-
Education, Department of	-0-	-0-	148,639	148,759	148,886
Community College Board	6,921,299	8,409,340	11,330,975	10,985,133	11,089,170
State University Board	14,315,868	16,299,104	17,004,569	17,775,201	17,961,303
University of Minnesota	31,057,104	37,445,657	39,814,640	45,694,640	49,726,640
Veterans Affairs, Department of	1,515,325	1,732,445	1,800,440	2,127,934	3,021,160
Welfare, Department of	29,456,798	34,602,858	14,725,000	16,569,319	18,109,936
TOTAL EXPENDITURES	<u>\$ 83,266,394</u>	<u>\$ 98,489,404</u>	<u>\$ 85,080,451</u>	<u>\$ 93,300,986</u>	<u>\$ 100,057,095</u>

SPECIAL REVENUE FUND

	Actual F.Y. 1975	Actual F.Y. 1976	Estimated F.Y. 1977	Governor's Recommendation	
				F.Y. 1978	F.Y. 1979
<u>ACTUAL AND ESTIMATED RESOURCES:</u>					
Balance Forward	\$ 11,337,733	\$ 13,323,122	\$ 17,052,599	\$ 19,167,063	\$ 20,146,083
From Federal Government	603,491	647,795	192,712	226,485	227,132
From Other Civil Divisions	95,111	201,881	434,229	175,100	178,100
Departmental Earnings	9,388,018	11,285,287	9,488,955	10,394,009	10,570,266
Use of Property - Rentals	325,442	407,123	661,896	682,092	745,092
Sale of Natural Resources	1,933,883	3,560,769	3,675,500	2,767,500	3,667,500
Sale of Real Property	57,189	140,581	102,250	102,250	102,250
Non-Investment Interest	18,032	19,201	16,025	16,025	16,025
Agency Deposit	65,136	379,198	1,757,340	120,300	120,300
Income From Investment	14,017,126	13,705,593	14,150,000	14,000,000	14,100,000
All Others	2,423,410	3,290,797	1,461,382	2,858,835	2,914,143
Total Receipts	\$ 28,926,838	\$ 33,638,225	\$ 31,940,289	\$ 31,342,596	\$ 32,640,808
Total Resources Available	\$ 40,264,571	\$ 46,961,347	\$ 48,992,888	\$ 50,509,659	\$ 52,786,891
<u>ACTUAL AND ESTIMATED EXPENDITURES:</u>					
Transportation					
DOT-Highways Transfer	\$ 261,653	\$ 441,694	\$ 1,359,991	\$ 800,000	\$ 800,000
Education					
Education, Department of	\$ 123,653	\$ 170,305	\$ 192,712	\$ 246,485	\$ 227,132
Endowment School Account	14,017,126	13,705,593	14,150,000	14,000,000	14,100,000
Higher Education Coordinating Board	26,250	46,400	247,221	76,000	30,000
Subtotal	\$ 14,167,029	\$ 13,922,298	\$ 14,589,933	\$ 14,322,485	\$ 14,357,132
Health, Welfare, Corrections					
Corrections, Department of	\$ 63,450	\$ 1,013,255	\$ 1,168,545	\$ 1,168,750	\$ 1,179,636
Health, Department of	168,746	-0-	28,960	20,416	8,277
Health Boards	829,384	977,873	-0-	-0-	-0-
Subtotal	\$ 1,061,580	\$ 1,991,128	\$ 1,197,505	\$ 1,189,166	\$ 1,187,913
State Departments					
District Court Judicial	\$ -0-	\$ 54,550	\$ 55,500	\$ 55,500	\$ 55,500
Attorney General	28,943	11,205	12,500	12,500	12,500
State Treasurer	-0-	16,250	38,440	90,794	89,234
Administration, Department of	276,292	181,422	397,500	398,516	386,563
Personnel, Department of	-0-	8,397	15,500	15,710	15,933
State Planning Agency	-0-	346	600	-0-	-0-

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SPECIAL REVENUE FUND (Cont'd.)

	Actual F.Y. 1975	Actual F.Y. 1976	Estimated F.Y. 1977	<u>Governor's Recommendation</u>	
<u>STATE DEPARTMENTS (Cont'd.)</u>				<u>F.Y. 1978</u>	<u>F.Y. 1979</u>
Military Affairs, Department of	\$ 114,472	\$ 19,852	\$ -0-	\$ -0-	\$ -0-
Public Safety, Department of	1,389,796	1,433,536	1,691,928	1,738,765	1,768,074
Commerce, Department of	85,087	147,206	103,065	103,185	103,312
Non-Health Boards	1,699,134	1,939,948	898,639	1,152,120	1,208,501
Public Service, Department of	97,200	134,073	100,000	100,000	100,000
Economic Development, Department of	-0-	-0-	-0-	50,000	50,000
Agriculture, Department of	1,427,653	1,568,450	1,697,803	1,697,093	1,699,146
Natural Resources, Department of	1,692,224	1,420,233	2,674,919	4,089,769	1,619,944
Pollution Control Agency	8,415	20,141	32,900	34,135	35,443
Minnesota Zoological Garden	29,259	24,958	45,591	37,350	40,426
Subtotal	<u>\$ 6,848,475</u>	<u>\$ 6,980,567</u>	<u>\$ 7,764,885</u>	<u>\$ 9,575,437</u>	<u>\$ 7,184,576</u>
Other Departments					
Minnesota Education Computing Consortium	\$ 652,384	\$ 618,259	\$ 656,938	\$ 594,208	\$ 682,743
Higher Education Facilities Authority	43,534	47,102	49,130	49,130	49,130
Board of Law Examiners	180,788	242,904	363,150	363,150	363,150
Debt Service	203,200	-0-	-0-	-0-	-0-
Subtotal	<u>\$ 1,079,906</u>	<u>\$ 908,265</u>	<u>\$ 1,069,218</u>	<u>\$ 1,006,488</u>	<u>\$ 1,095,023</u>
TOTAL EXPENDITURES	<u>\$ 23,418,643</u>	<u>\$ 24,243,952</u>	<u>\$ 25,981,532</u>	<u>\$ 26,893,576</u>	<u>\$ 24,624,644</u>
Transfers Out					
General Fund	\$ 3,500,007	\$ 5,631,223	\$ 3,791,495	\$ 3,415,000	\$ 3,415,000
General Fund-Indirect Costs	22,799	33,573	52,798	55,000	60,000
Balance Forward	<u>13,323,122</u>	<u>17,052,599</u>	<u>19,167,063</u>	<u>20,146,083</u>	<u>24,687,247</u>
TOTAL EXPENDITURES, TRANSFERS AND BALANCE	<u>\$ 40,264,571</u>	<u>\$ 46,961,347</u>	<u>\$ 48,992,888</u>	<u>\$ 50,509,659</u>	<u>\$ 52,786,891</u>

IRON RANGE RESOURCES AND REHABILITATION BOARD ACCOUNT

	<u>Actual F.Y. 1975</u>	<u>Actual F.Y. 1976</u>	<u>Estimated F.Y. 1977</u>	<u>Governor's Recommendation</u>	
				<u>F.Y. 1978</u>	<u>F.Y. 1979</u>
<u>ACTUAL AND ESTIMATED RESOURCES:</u>					
Balance Forward	\$ 1,501,379	\$ 1,318,653	\$ 2,153,530	\$ 2,122,268	\$ 3,388,254
Receipts - Dedicated					
Taconite Occupation and Production Tax	\$ 1,083,927	\$ 2,034,174	\$ 2,192,481	\$ 2,907,965	\$ 3,431,122
Iron Ore Occupation	484,904	255,174	228,000	263,000	243,400
Use of Property-Rental	67,318	62,899	75,870	75,000	75,000
Other	91,787	86,704	78,074	80,000	80,000
Receipts Subtotal	\$ 1,727,936	\$ 2,438,951	\$ 2,574,425	\$ 3,325,965	\$ 3,829,522
TOTAL RESOURCES	\$ 3,229,315	\$ 3,757,604	\$ 4,727,955	\$ 5,448,233	\$ 7,217,776
<u>ACTUAL AND ESTIMATED EXPENDITURES:</u>					
Expenditure of Dedicated Receipts and Balance					
Iron Range Resources and Rehabilitation Comm.	\$ 1,434,646	\$ 1,289,486	\$ 2,453,837	\$ 2,058,129	\$ 2,066,231
Transfers Out					
General Fund-State Indirect Costs	3,616	1,858	1,850	1,850	1,850
Iron Range Interpretive Center	422,400	287,730	150,000	-0-	-0-
State Agencies	50,000	25,000	-0-	-0-	-0-
TOTAL EXPENDITURES AND TRANSFERS	\$ 1,910,662	\$ 1,604,074	\$ 2,605,687	\$ 2,059,979	\$ 2,068,081
Balance Forward	1,318,653	2,153,530	\$ 2,122,268	\$ 3,388,254	\$ 5,149,695
TOTAL EXPENDITURES, TRANSFERS AND BALANCES	\$ 3,229,315	\$ 3,757,604	\$ 4,727,955	\$ 5,448,233	\$ 7,217,776

GAME AND FISH FUND

	Actual F.Y. 1975	Actual F.Y. 1976	Estimated F.Y. 1977	Governor's Recommendation	
				F.Y. 1978	F.Y. 1979
<u>ACTUAL AND ESTIMATED RESOURCES:</u>					
Balance Forward	\$ 4,078,636	\$ 556,607	\$ (719,063)	\$ (930,994)	\$ 1,019,568
<u>Receipts - Non Dedicated</u>					
Federal Grant	\$ 1,197,900	\$ 2,076,364	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Occupational Permits and Licenses	56,004	55,529	74,000	200,850	200,850
Non-Occupational Permits and Licenses	56,194	62,345	63,000	139,100	140,000
Hunting Licenses	3,618,122	3,711,064	2,950,200	5,553,200	5,560,000
Fishing Licenses	5,140,305	5,355,621	7,500,000	8,010,000	8,302,300
All Other Earnings	79	-0-	1,100	-0-	-0-
Revenue From Use of Property	104,121	131,126	153,500	153,500	153,500
Sales of Natural Increment	88,933	108,332	100,150	106,000	106,000
Sale of Real Property	2,727	328	1,600	1,100	1,100
Penalties	83	644	-0-	-0-	-0-
Miscellaneous	134,008	169,248	154,450	754,600	754,600
Subtotal - Receipts	\$ 10,398,476	\$ 11,670,601	\$ 12,998,000	\$ 16,918,350	\$ 17,218,350
Total Resources	\$ 14,477,112	\$ 12,227,208	\$ 12,278,937	\$ 15,987,356	\$ 18,237,918
<u>ACTUAL AND ESTIMATED EXPENDITURES:</u>					
Administrative Services	\$ 1,611,076	\$ 1,347,342	\$ 1,281,070	\$ 1,275,466	\$ 1,257,717
Regional Administration	406,700	3,536	70,533	-0-	-0-
Field Services Support	932,064	853,615	814,724	898,204	944,825
Fish Management	3,140,968	4,179,904	4,005,066	4,842,045	5,013,610
Wildlife Management	2,319,204	2,812,901	2,981,470	3,522,789	3,586,487
Ecological Surveys and Services	335,588	259,658	271,035	275,721	275,721
DNR Enforcement	2,851,030	2,427,706	2,706,410	2,693,999	2,687,721
Public Access and Lake Improvement	422,517	533,162	498,000	450,000	450,000
Wetlands - Payments to Counties	138,633	185,000	180,000	180,000	180,000
Fish Hatchery Construction	1,657,632	-0-	-0-	-0-	-0-
Deer Habitat Improvement Program	-0-	-0-	300,000	300,000	300,000
Game and Fish Contingent	-0-	-0-	-0-	100,000	-0-
Workmen's Compensation	-0-	-0-	-0-	78,494	-0-
Unemployment Compensation	-0-	159,090	-0-	226,070	-0-
Total Expenditures	\$ 13,815,412	\$ 12,761,914	\$ 13,108,308	\$ 14,842,788	\$ 14,696,081
<u>Transfers Out:</u>					
General Fund - Indirect Costs	105,093	184,357	101,623	125,000	125,000
Balance Forward	556,607	(719,063)	(930,994)	1,019,568	3,416,837
TOTAL EXPENDITURES, TRANSFERS AND BALANCE	\$ 14,477,112	\$ 12,227,208	\$ 12,278,937	\$ 15,987,356	\$ 18,237,918

CONSOLIDATED CONSERVATION AREAS ACCOUNT

	<u>Actual</u> <u>F.Y. 1975</u>	<u>Actual</u> <u>F.Y. 1976</u>	<u>Estimated</u> <u>F.Y. 1977</u>	<u>Governor's Recommendation</u>	
				<u>F.Y. 1978</u>	<u>F.Y. 1979</u>
<u>ACTUAL AND ESTIMATED RESOURCES</u>					
Balance Forward	\$ 491,087	\$ 741,375	\$ 1,027,609	\$ 1,261,284	\$ 1,144,096
Receipts - Dedicated					
Use of Property - Rental	37,550	39,961	40,000	40,000	40,000
Sale of Natural Resources	321,986	358,657	360,350	500,000	360,350
Other	78,600	106,684	85,975	85,975	85,975
Receipts Total	\$ 438,136	\$ 505,302	\$ 486,325	\$ 625,975	\$ 486,325
Total Resources	<u>\$ 929,223</u>	<u>\$ 1,246,677</u>	<u>\$ 1,513,934</u>	<u>\$ 1,887,259</u>	<u>\$ 1,630,421</u>
<u>ACTUAL AND ESTIMATED EXPENDITURES</u>					
Payments to Counties	\$ 187,848	\$ 219,068	\$ 252,650	\$ 243,163	\$ 312,988
DNR Forestry				500,000	500,000
Expenditure Total	187,848	219,068	252,650	743,163	812,988
Balance Forward	741,375	1,027,609	1,261,284	1,144,096	817,433
Total Expenditures and Balances	<u>\$ 929,223</u>	<u>\$ 1,246,677</u>	<u>\$ 1,513,934</u>	<u>\$ 1,887,259</u>	<u>\$ 1,630,421</u>

STATE AIRPORTS FUND

	Actual F.Y. 1975	Actual F.Y. 1976	Estimated F.Y. 1977	Governor's Recommendation	
				F.Y. 1978	F.Y. 1979
<u>ACTUAL AND ESTIMATED RESOURCES:</u>					
Balance Forward	\$ 5,845,161	\$ 6,785,180	\$ 8,528,213	\$ 7,000,327	\$ 3,133,254
Receipts					
Aircraft Registration Tax	\$ 626,605	\$ 597,863	\$ 643,900	\$ 762,000	\$ 811,800
Flight Property Tax	2,327,718	2,195,235	3,075,012	2,750,000	2,900,000
Aviation Fuel Tax	2,023,009	2,431,424	2,600,000	2,750,000	2,900,000
Departmental Earnings	25,118	10,424	610	610	610
Use of Property-Rental	6,401	19,756	-0-	-0-	-0-
Income From Investments	629,813	497,971	500,000	600,000	600,000
Repayment of Loans-Municipalities	136,474	159,601	130,000	200,000	200,000
All Other	136,459	69,523	18,600	18,600	18,600
Total Receipts	\$ 5,911,597	\$ 5,981,797	\$ 6,968,122	\$ 7,081,210	\$ 7,431,010
TOTAL RESOURCES	\$ 11,756,758	\$ 12,766,977	\$ 15,496,335	\$ 14,081,537	\$ 10,564,264
<u>ACTUAL AND ESTIMATED EXPENDITURES:</u>					
Expenditure of Legislative Appropriation					
Aeronautics Transfer	\$ 3,767,691	\$ 2,747,456	\$ 9,631,577	\$ 9,525,216	\$ 8,527,744
Indep. School District No. 16, Anoka	9,720	6,500	3,250	-0-	-0-
Subtotal	\$ 3,777,411	\$ 2,753,956	\$ 9,634,827	\$ 9,525,216	\$ 8,527,744
Anticipated Cancellations	-0-	-0-	(3,150,000)	-0-	-0-
Unemployment Compensation	-0-	-0-	-0-	3,067	-0-
Expenditure of Dedicated Receipts & Balances					
Aeronautics-Hanger Revolving	239,061	406,165	843,693	200,000	200,000
Revenue Refunds-Aviation Fuel Tax	473,359	592,169	650,000	700,000	750,000
Revenue Refunds-Other	14,091	20,652	30,000	30,000	30,000
Bond Costs	465,285	464,285	473,365	475,000	475,000
Total Expenditures	\$ 4,969,207	\$ 4,237,227	\$ 8,481,885	\$ 10,933,283	\$ 9,982,744
Transfers to General Fund-Indirect Costs	2,371	1,537	14,123	15,000	15,500
Balance Forward	6,785,180	8,528,213	7,000,327	3,133,254	566,020
TOTAL EXPENDITURES, TRANSFERS AND BALANCES	\$ 11,756,758	\$ 12,766,977	\$ 15,496,335	\$ 14,081,537	\$ 10,564,264

TRUNK HIGHWAY FUND

ACTUAL AND ESTIMATED RESOURCES

	Actual F.Y. 1975	Actual F.Y. 1976	Estimated F.Y. 1977	Governor's Recommendation F.Y. 1978	F.Y. 1979
Balance Forward	\$ 52,644,890	\$ 30,916,434	\$ 42,382,701	\$ 20,610,220	\$ 18,462,655
Dedicated Receipts					
Federal Reimbursements	\$ 89,108,432	\$ 120,533,684	\$ 124,000,000	\$ 124,000,000	\$ 124,000,000
Income from Investments	5,667,190	4,434,439	4,801,000	4,801,000	4,801,000
Driver License Income	4,609,844	5,672,027	5,650,000	5,610,000	5,650,000
Service Charges	6,077,817	6,237,978	5,601,200	6,102,000	6,602,000
Use of Property Rentals	764,428	877,524	606,000	656,000	706,000
Sale of Natural Resources	273,015	262,144	306,000	337,000	368,000
Sale of Land and Building	291,170	764,069	500,000	540,000	580,000
Hwy Engineering and Inspection	1,663,549	575,351	603,600	653,000	703,000
Forfeits and Restitutions	378,909	499,085	445,200	460,000	471,000
Sales	270,157	498,868	462,000	501,000	536,000
Other Receipts	1,390,585	1,848,449	440,000	481,000	522,000
Receipts Subtotal	\$ 110,495,096	\$ 142,203,618	\$ 143,415,000	\$ 144,141,000	\$ 144,939,000
Transfer from Special Revenue	1,373,825	1,936,387	1,875,000	1,975,000	2,075,000
Transfers from Hwy. User Tax Fund	137,822,043	169,233,404	167,344,528	171,092,442	173,240,015
TOTAL RESOURCES	\$ 302,335,854	\$ 344,289,843	\$ 355,017,229	\$ 337,818,662	\$ 338,716,670

ACTUAL AND ESTIMATED EXPENDITURES

Division of Highways	\$ 100,162,509	\$ 114,403,765	\$ 124,069,711	\$ 125,969,571	\$ 125,229,194
Education, Department of	28,200	13,637	14,100	14,946	15,843
Health, Department of	99,552	199,361	211,100	223,766	237,192
MN Safety Council	47,500	47,500	47,500	47,500	47,500
Mississippi River Pkwy Comm.	8,888	8,722	5,278	10,000	-0-
Public Safety, Department of	20,185,227	22,939,702	24,976,501	26,228,729	26,824,772
Anticipated Cancellations			(2,986,000)	(3,054,000)	(3,051,000)
Highway Construction/Right of Way	138,392,076	148,912,849	172,964,019	155,810,945	155,810,945
Debt Service	11,663,800	14,514,905	14,214,800	13,104,550	11,607,450
Traffic Safety Contingency	-0-	-0-	-0-	50,000	-0-
Expenditure Subtotal	\$ 270,587,752	\$ 301,040,441	\$ 333,517,009	\$ 318,406,007	\$ 316,721,896
State Indirect Costs	787,451	833,945	850,000	900,000	950,000
Revenue Refunds	44,217	32,756	40,000	50,000	50,000
Balance Forward	30,916,434*	42,382,701**	20,610,220	18,462,655	20,994,774
TOTAL EXPENDITURES, TRANSFERS AND BALANCES	\$ 302,335,854	\$ 344,289,843	\$ 355,017,229	\$ 337,818,662	\$ 338,716,670

* Less June 1975 Construction Contracts of \$27,820,500 awarded too late to be included in F.Y. 1975 Accounts.

** Includes \$8,875,644 cancellation of F.Y. 1976 Right of Way Encumbrances which were re-encumbered in F.Y. 1977.

HIGHWAY USER TAX DISTRIBUTION FUND

	<u>Actual F.Y. 1975</u>	<u>Actual F.Y. 1976</u>	<u>Estimated F.Y. 1977</u>	<u>Governor's Recommendation F.Y. 1978</u>	<u>F.Y. 1979</u>
<u>ACTUAL AND ESTIMATED RESOURCES</u>					
Dedicated Receipts:					
Motor Fuel Tax	\$ 152,169,248	\$ 198,352,122	\$ 200,500,000	\$ 205,000,000	\$ 210,000,000
Motor Vehicle Tax	85,704,793	92,939,899	94,736,000	95,209,680	95,685,730
Receipts Subtotal	<u>\$ 237,874,041</u>	<u>\$ 291,292,021</u>	<u>\$ 295,236,000</u>	<u>\$ 300,209,680</u>	<u>\$ 305,685,730</u>
Less Trans. to Trunk Hwy. Fund	(137,822,043)	(169,233,404)	(167,344,528)	(171,092,442)	(173,240,015)
Less Trans. to Co. Hwy. Fund	(63,167,493)	(79,559,764)	(78,670,852)	(80,432,796)	(81,442,398)
Less Trans. to Mun. Hwy. Fund	(19,878,086)	(24,605,918)	(24,331,192)	(24,876,123)	(25,188,371)
Less Trans. to DNR Game & Fish					
General and Spec. Rev. Funds	(1,459,483)	(1,355,204)	(1,400,000)	(1,440,000)	(1,475,000)
Total Resources	<u>\$ 15,546,936</u>	<u>\$ 16,537,731</u>	<u>\$ 23,489,428</u>	<u>\$ 22,368,319</u>	<u>\$ 24,339,946</u>
<u>ACTUAL AND ESTIMATED EXPENDITURES</u>					
Public Safety, Department of	\$ 4,076,708	\$ 6,145,776	\$ 7,258,782	\$ 7,212,819	\$ 7,456,566
Cash Flow Adjustment	(427,566)	(1,042,322)	950,000	1,055,500	1,058,380
Postage Contingency	-0-	-0-	-0-	250,000	-0-
Motor Vehicle Contingency	-0-	-0-	-0-	150,000	-0-
State Indirect Costs	168,149	125,919	130,646	150,000	175,000
Revenue Refunds	10,393,591	11,308,358	13,450,000	13,550,000	13,950,000
Expenditure Subtotal	<u>\$ 14,210,882</u>	<u>\$ 16,537,731</u>	<u>\$ 21,789,428</u>	<u>\$ 22,368,319</u>	<u>\$ 22,639,946</u>
Cost of Collection Gasoline Tax	\$ 1,336,054	\$ -0-	\$ 1,700,000	\$ -0-	\$ 1,700,000
Total Expenditures and Transfers	<u>\$ 15,546,936</u>	<u>\$ 16,537,731</u>	<u>\$ 23,489,428</u>	<u>\$ 22,368,319</u>	<u>\$ 24,339,946</u>

COUNTY STATE AID HIGHWAY FUND

<u>ACTUAL AND ESTIMATED RESOURCES:</u>	Actual	Actual	Estimated	Governor's Recommendation	
	F.Y. 1975	F.Y. 1976	F.Y. 1977	F.Y. 1978	F.Y. 1979
<u>Balance Forward</u>	\$ 3,386,904	\$ 4,600,113	\$ 7,355,968	\$ 10,587,120	\$ 13,905,116
<u>Dedicated Receipts</u>					
Interest on Investments	\$ 4,201,656	\$ 3,977,821	\$ 3,600,000	\$ 3,700,000	\$ 3,800,000
Land - Interest (Special Revenue)	25,991	12,802	25,000	25,000	25,000
Subtotal - Receipts	\$ 4,227,647	\$ 3,990,623	\$ 3,625,000	\$ 3,725,000	\$ 3,825,000
Transfer In: Highway User Tax Fund	63,167,493	79,559,764	78,670,852	80,432,796	81,442,398
Total Resources	<u>\$ 70,782,044</u>	<u>\$ 88,150,500</u>	<u>\$ 89,651,820</u>	<u>\$ 94,744,916</u>	<u>\$ 99,172,514</u>
<u>ACTUAL AND ESTIMATED EXPENDITURES:</u>					
D.O.T. - Highways Transfer	\$ 66,181,931	\$ 105,794,532	\$ 79,064,700	\$ 80,839,800	\$ 81,130,800
Anticipated Cancellation	-	(25,000,000)	-	-	-
Subtotal, Actual and Estimated Expenditures	\$ 66,181,931	\$ 80,794,532	\$ 79,064,700	\$ 80,839,800	\$ 81,130,800
Balance Forward	4,600,113	7,355,968	10,587,120	13,905,116	18,041,714
Total Expenditures and Balances	<u>\$ 70,782,044</u>	<u>\$ 88,150,500</u>	<u>\$ 89,651,820</u>	<u>\$ 94,744,916</u>	<u>\$ 99,172,514</u>

MUNICIPAL STATE AID STREET FUND

	<u>Actual F.Y. 1975</u>	<u>Actual F.Y. 1976</u>	<u>Estimated F.Y. 1977</u>	<u>Governor's Recommendation</u>	
				<u>F.Y. 1978</u>	<u>F.Y. 1979</u>
<u>ACTUAL AND ESTIMATED RESOURCES</u>					
<u>Balance Forward</u>	<u>\$ 499,151</u>	<u>\$ 1,369,140</u>	<u>\$ 3,206,769</u>	<u>\$ 5,584,961</u>	<u>\$ 8,159,084</u>
<u>Dedicated Receipts:</u>					
Interest on Investments	\$ 2,638,752	\$ 2,447,093	\$ 2,500,000	\$ 2,700,000	\$ 2,800,000
Transfers From Hwy. User Tax Fund	19,878,086	24,605,918	24,331,192	24,876,123	25,188,371
Total Resources Available	<u>\$ 23,015,989</u>	<u>\$ 28,422,151</u>	<u>\$ 30,037,961</u>	<u>\$ 33,161,084</u>	<u>\$ 36,147,455</u>
<u>ACTUAL AND ESTIMATED EXPENDITURES:</u>					
D.O.T. - Highways Transfer	\$ 21,646,849	\$ 50,215,382	\$ 24,453,000	\$ 25,002,000	\$ 25,092,000
Anticipated Cancellation	-	(25,000,000)	-	-	-
Subtotal, Actual and Estimated Expenditures	\$ 21,646,849	\$ 25,215,382	\$ 24,453,000	\$ 25,002,000	\$ 25,092,000
Balance Forward	1,369,140	3,206,769	5,584,961	8,159,084	11,055,455
TOTAL EXPENDITURES AND BALANCES	<u>\$ 23,015,989</u>	<u>\$ 28,422,151</u>	<u>\$ 30,037,961</u>	<u>\$ 33,161,084</u>	<u>\$ 36,147,455</u>

FEDERAL FUND

	<u>Actual F.Y. 1975</u>	<u>Actual F.Y. 1976</u>	<u>Estimated F.Y. 1977</u>	<u>Governor's Recommendation F.Y. 1978</u>	<u>Governor's Recommendation F.Y. 1979</u>
<u>ACTUAL AND ESTIMATED RESOURCES:</u>					
Receipts:					
Grant in Aid from U.S. Government	<u>\$ 491,975,214</u>	<u>\$ 573,910,889</u>	<u>\$ 601,007,604</u>	<u>\$ 631,049,762</u>	<u>\$ 655,932,821</u>
<u>ACTUAL AND ESTIMATED EXPENDITURES:</u>					
Transportation:					
DOT-Highways Transfer	\$ 26,600	\$ 116,041	\$ 197,360	\$ 197,360	\$ 197,360
DOT-Aeronautics Transfer	3,450,643	450,824	197,309	11,512,368	11,512,368
DOT-State Planning Transfer	-0-	429,225	1,251,200	1,829,900	3,459,900
DOT-Public Service Transfer	40,057	248,439	194,478	90,507	90,808
Subtotals	<u>\$ 3,517,300</u>	<u>\$ 1,244,529</u>	<u>1,840,347</u>	<u>\$ 13,630,135</u>	<u>\$ 15,260,436</u>
Semi-State:					
Historical Society	\$ 128,309	\$ 140,061	\$ 100,269	\$ 99,336	\$ 99,336
State Arts Board	485,758	502,090	493,211	423,000	423,000
County Attorney's Council	46,234	58,386	58,871	18,872	-0-
Subtotals	<u>\$ 660,301</u>	<u>\$ 700,537</u>	<u>\$ 652,351</u>	<u>\$ 541,208</u>	<u>\$ 522,336</u>
Education:					
Education, Department of	\$ 68,774,666	\$ 98,943,841	\$ 88,315,530	\$ 96,428,879	\$ 99,956,588
Higher Education Coordinating Board	778,759	1,098,073	1,590,715	1,343,501	1,281,196
Community College Board	1,666,730	2,520,789	2,137,955	1,604,000	1,680,000
State University Board	5,137,195	6,440,679	6,551,671	6,551,671	6,551,671
Subtotals	<u>\$ 76,357,350</u>	<u>\$ 109,003,382</u>	<u>\$ 98,595,871</u>	<u>\$ 105,928,051</u>	<u>\$ 109,469,455</u>
Health, Welfare, Corrections:					
Welfare, Department of	\$ 317,955,164	\$ 338,233,476	\$ 374,556,375	\$ 386,030,127	\$ 408,507,644
Corrections, Department of	1,766,175	2,152,243	2,616,293	2,264,524	1,607,599
Ombudsman for Corrections	-0-	20,000	20,000	-0-	-0-
Vocational Rehabilitation, Department of	16,225,326	14,664,124	18,217,712	18,928,643	19,252,690
Health, Department of	11,578,469	13,208,540	13,235,041	12,070,629	12,076,897
Subtotals	<u>\$ 347,525,134</u>	<u>\$ 368,278,383</u>	<u>\$ 408,645,421</u>	<u>\$ 419,293,923</u>	<u>\$ 441,444,830</u>
State Departments:					
Legislative Coordinating Committee	\$ -0-	\$ -0-	\$ -0-	\$ 41,500	\$ 41,500
Minnesota Supreme Court	238,712	319,511	247,787	276,688	-0-
Governor's Office	204,157	336,548	358,193	163,937	135,000
Lieutenant Governor	13,883	19,806	5,236	-0-	-0-

LEGISLATIVE REFERENCE LIBRARY
STATE OF MINNESOTA

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FEDERAL FUND (Cont'd.)

	Actual F.Y. 1975	Actual F.Y. 1976	Estimated F.Y. 1977	Governor's Recommendation	
				F.Y. 1978	F.Y. 1979
Attorney General	\$ 219,485	\$ 147,674	\$ 186,329	\$ 172,385	\$ 115,851
State Auditor	2,439	947	-0-	-0-	-0-
Secretary of State	3,921	15,626	2,103	2,103	2,103
Administration, Department of	259,607	547,519	408,182	75,036	75,036
Finance, Department of	-0-	30,001	65,321	-0-	-0-
Personnel, Department of	275,500	250,640	294,887	273,462	273,731
State Planning Agency	3,242,815	3,275,439	2,132,449	3,457,008	3,367,783
Capitol Area Architectural Planning Board	-0-	8,513	9,392	-0-	-0-
Minnesota Municipal Board	12,723	9,188	2,946	-0-	-0-
Council for the Handicapped	-0-	10,294	25,702	-0-	-0-
Human Rights, Department of	20,130	96,209	182,701	172,529	163,952
Indian Affairs Intertribal Board	9,000	34,803	-0-	-0-	-0-
Veterans' Affairs, Department of	2,976	803	-0-	-0-	-0-
Military Affairs, Department of	1,071,639	904,449	1,028,353	1,126,129	1,157,026
Governor's Crime Commission	8,747,465	12,650,371	13,295,222	9,339,928	9,355,520
Public Safety, Department of	4,464,807	5,869,436	5,996,997	4,997,760	4,884,640
Commerce, Department of	11,095	19,634	21,842	21,842	21,842
Labor and Industry, Department of	682,784	1,137,490	1,181,464	1,232,008	189,109
Public Service, Department of	7,028	4,607	-0-	-0-	-0-
Economic Development, Department of	335,869	138,971	581,725	12,350	15,600
Agriculture, Department of	143,049	188,059	343,813	241,615	242,883
Energy Agency	297,722	256,209	404,871	132,017	-0-
Natural Resources, Department of	1,425,826	3,103,049	2,002,348	2,415,645	1,833,753
Pollution Control Agency	1,558,570	1,581,165	3,479,241	3,448,508	2,267,049
Minnesota Zoological Garden	18,863	18,182	35,000	28,810	32,566
Employment Services, Department of	24,237,341	27,999,158	32,526,902	32,526,902	32,526,902
Governor's Manpower Office	13,989,948	26,514,611	16,392,222	19,566,423	19,569,124
Bicentennial Commission	92,054	268,734	57,798	-0-	-0-
Subtotals	<u>\$ 61,589,408</u>	<u>\$ 85,757,646</u>	<u>\$ 81,269,026</u>	<u>\$ 79,724,585</u>	<u>\$ 76,270,970</u>
Other Departments:					
Iron Range Resource and Rehabilitation	\$ 10,954	\$ 23,267	\$ 22,368	\$ 22,368	\$ 22,368
Minnesota Educational Computing Consortium	20,000	21,263	326,329	329,492	347,426
Finance, Non-Operating	43,490	8,951	-0-	-0-	-0-
Debt Service-Employment Services	265,680	259,430	230,123	230,000	230,000
Subtotal	<u>\$ 340,124</u>	<u>\$ 312,911</u>	<u>\$ 578,820</u>	<u>\$ 581,860</u>	<u>\$ 599,794</u>
TOTAL EXPENDITURES	\$ 489,989,617	\$ 565,297,388	\$ 591,581,836	\$ 619,699,762	\$ 643,567,821

(More on the next page)

FEDERAL FUND (Cont'd.)

	<u>Actual</u> <u>F.Y. 1975</u>	<u>Actual</u> <u>F.Y. 1976</u>	<u>Estimated</u> <u>F.Y. 1977</u>	<u>Governor's Recommendation</u>	
				<u>F.Y. 1978</u>	<u>F.Y. 1979</u>
Transfers Out:					
Indirect Costs to General Fund	\$ 253,641	\$ 520,305	\$ 325,768	\$ 350,000	\$ 365,000
Federal Reimbursement to General Fund	1,731,956	-0-	1,000,000	-0-	1,000,000
Welfare Admin. Reimbursement to General Fund	-0-	8,093,196	8,100,000	11,000,000	11,000,000
TOTAL EXPENDITURES AND TRANSFERS	<u>\$491,975,214</u>	<u>\$ 573,910,889</u>	<u>\$601,007,604</u>	<u>\$ 631,049,762</u>	<u>\$655,932,821</u>

BUILDING FUND

	Actual	Actual	Estimates	Governor's Recommendation	
	F.Y. 1975	F.Y. 1976	F.Y. 1977	F.Y. 1978	F.Y. 1979
<u>ACTUAL AND ESTIMATED RESOURCES:</u>					
Balance Forward	\$ 27,556,310	\$ 14,726,880	\$ 8,165,785		
Receipts - Dedicated:					
Sale of General Obligation Bonds	\$ 20,036,095	\$ 22,265,000	\$ 79,747,150		
All Others	166,690	6,098	6,000		
Receipts Total	\$ 20,202,785	\$ 22,271,098	\$ 79,753,150		
Total Resources	\$ 47,759,095	\$ 36,997,978	\$ 87,918,935		
<u>ACTUAL AND ESTIMATED EXPENDITURES</u>					
Department of Administration	\$ 15,448,569	\$ 9,446,048	\$ 17,687,954		
Education - School Desegregation	-0-	-0-	4,000,000		
University of Minnesota	16,898,620	16,844,324	30,864,975		
Metropolitan Council Grants	-0-	-0-	20,000,000		
Gillette Hospital Authority	575,000	2,325,000	-0-		
Bond Sales Expense	11,106	11,127	11,000		
Debt Service	98,920	205,694	928,263		
Expenditure Total	\$ 33,032,215	\$ 28,832,193	\$ 73,492,192		
Balance Forward	\$ 14,726,880	\$ 8,165,785	\$ 14,426,743		
TOTAL EXPENDITURES, TRANSFERS AND BALANCE	\$ 47,759,095	\$ 36,997,978	\$ 87,918,935		

The Governor's Recommendations have not been finalized. A completed Building Fund Statement will be included in the Capital Budget document.

BONDING PROCEEDS FUND

	Actual F.Y. 1975	Actual F.Y. 1976	Estimated F.Y. 1977	Governor's Recommendation F.Y. 1978 F.Y. 1979	
<u>ACTUAL AND ESTIMATED RESOURCES</u>					
Balance Forward	\$ 10,195,380	14,532,272	\$ 11,731,064	\$ 6,158,254	\$ 6,158,254
Receipts - Bond Proceeds	\$ 13,835,000	\$ 15,000,329	\$ 68,318,214	\$ -0-	\$ -0-
Investment Income	866,336	1,388,736	1,500,000	-0-	-0-
Total Receipts	\$ 14,701,336	\$ 16,389,065	\$ 69,818,214	\$ -0-	\$ -0-
TOTAL RESOURCES AVAILABLE	<u>\$ 24,896,716</u>	<u>\$ 30,921,337</u>	<u>\$ 81,549,278</u>	<u>\$ 6,158,254</u>	<u>\$ 6,158,254</u>
<u>ACTUAL AND ESTIMATED EXPENDITURES</u>					
Zoological Board	\$ 2,534,755	\$ 7,145,199	\$ 15,668,616	\$ -0-	\$ -0-
Pollution Control Agency	5,594,931	12,031,995	54,189,699	-0-	-0-
Education - School Loans	2,227,158	-0-	5,530,342**	-0-	-0-
Debt Service	7,600	10,840	-0-	-0-	-0-
Bond Sales Expense	-0-	2,239	2,367	-0-	-0-
Expenditure Subtotal	\$ 10,364,444	\$ 19,190,273	\$ 75,391,024	\$ -0-	\$ -0-
Balance Forward	14,532,272	11,731,064	6,158,254	6,158,254*	6,158,254*
TOTAL EXPENDITURES AND BALANCE	<u>\$ 24,896,716</u>	<u>\$ 30,921,337</u>	<u>\$ 81,549,278</u>	<u>\$ 6,158,254</u>	<u>\$ 6,158,254</u>

* Fund Balance for F.Y. 78 and 79 is available but the agencies do not anticipate the use of these funds.

** Loan was made after the budgets were finalized. This amount is not included in the Education Department budget but is included here to present a more accurate report of the status of this fund.

DEBT SERVICE FUND

	<u>Actual F.Y. 1975</u>	<u>Actual F.Y. 1976</u>	<u>Estimated F.Y. 1977</u>	<u>Governor's Recommendation F.Y. 1978</u>	<u>Recommendation F.Y. 1979</u>
<u>ACTUAL AND ESTIMATED RESOURCES:</u>					
Balance Forward	\$ 3,320,007	\$ 2,751,245	\$ 3,271,326	\$ 4,061,814	\$ 5,034,364
Receipts Dedicated:					
Income from Investments	1,852,692	1,668,515	1,000,000	1,000,000	1,000,000
State Universities	1,365,093	1,485,179	1,398,000	1,386,000	1,379,000
Receipts Subtotal	\$ 3,217,785	\$ 3,153,694	\$ 2,398,000	\$ 2,386,000	\$ 2,379,000
Transfers From:					
Sp. Revenue - Parking Account	203,200	-0-		-0-	-0-
State Airports Fund	465,285	464,285	473,365	475,000	475,000
Employment Services Fund	265,680	259,430	230,123	230,000	230,000
School Loan Account	3,445,935	4,323,710	4,297,000	4,152,000	4,067,000
General Fund	52,027,920	53,204,782	56,650,000	62,675,000	66,988,000
Trunk Highway Fund	11,663,800	14,514,905	14,214,800	13,104,550	11,607,450
Transfers Subtotal	\$ 68,071,820	\$ 72,767,112	\$ 75,865,288	\$ 80,636,550	\$ 83,367,450
TOTAL RESOURCES	<u>\$ 74,609,612</u>	<u>\$ 78,672,051</u>	<u>\$ 81,534,614</u>	<u>\$ 87,084,364</u>	<u>\$ 90,780,814</u>
<u>ACTUAL AND ESTIMATED EXPENDITURES</u>					
Redemption of State Bonds	\$ 42,959,000	\$ 46,060,000	\$ 48,375,000	\$ 53,000,000	\$ 55,000,000
Interest on State Bonds	28,869,163	29,300,644	29,047,800	29,000,000	30,000,000
Bond Expense	30,204	40,081	50,000	50,000	50,000
Expenditure Subtotal	\$ 71,858,367	\$ 75,400,725	\$ 77,472,800	\$ 82,050,000	\$ 85,050,000
Balance Forward	\$ 2,751,245	\$ 3,271,326	\$ 4,061,814	\$ 5,034,364	\$ 5,730,814
TOTAL EXPENDITURES, TRANSFERS AND BALANCES	<u>\$ 74,609,612</u>	<u>\$ 78,672,051</u>	<u>\$ 81,534,614</u>	<u>\$ 87,084,364</u>	<u>\$ 90,780,814</u>

TRUST FUNDS

	<u>Actual</u> <u>F.Y. 1975</u>	<u>Actual</u> <u>F.Y. 1976</u>	<u>Estimated</u> <u>F.Y. 1977</u>	<u>Governor's Recommendation</u>	
				<u>F.Y. 1978</u>	<u>F.Y. 1979</u>
<u>ACTUAL AND ESTIMATED RESOURCES</u>					
Balance Forward	\$ 285,952,275	\$ 286,099,361	\$ 288,072,246	\$ 289,929,346	\$ 291,786,446
Receipts - Dedicated					
Revenue From Use of Property	\$ 68,699	\$ 151,683	\$ 151,500	\$ 151,500	\$ 151,500
Sales of Natural Resources	1,286,263	1,633,023	1,674,100	1,674,100	1,674,100
Sales of Real Property	61,068	410,194	321,050	321,050	321,050
Non-Investment Interest	24	166	150	150	150
Income from Investments	379	315	300	300	300
Other Agency Deposit	-0-	90,302	100,000	100,000	100,000
Receipts Total	\$ 1,416,433	\$ 2,285,683	\$ 2,247,100	\$ 2,247,100	\$ 2,247,100
Total Resources Available	<u>\$ 287,368,708</u>	<u>\$ 288,385,044</u>	<u>\$ 290,319,346</u>	<u>\$ 292,176,446</u>	<u>\$ 294,033,546</u>
<u>ACTUAL AND ESTIMATED EXPENDITURES</u>					
Deposit Clearance Fund Expend.	\$ 541,185	\$ 69,664	\$ 90,000	\$ 90,000	\$ 90,000
Permanent University Fund Expend.	728,162	243,134	300,000	300,000	300,000
Expenditure Total	\$ 1,269,347	\$ 312,798	\$ 390,000	\$ 390,000	\$ 390,000
Balance Forward	286,099,361	288,072,246	289,929,346	291,786,446	293,643,546
TOTAL EXPENDITURES AND BALANCES	<u>\$ 287,368,708</u>	<u>\$ 288,385,044</u>	<u>\$ 290,319,346</u>	<u>\$ 292,176,446</u>	<u>\$ 294,033,546</u>

AGENCY FUNDS

	<u>Actual</u> <u>F.Y. 1975</u>	<u>Actual</u> <u>F.Y. 1976</u>	<u>Estimated</u> <u>F.Y. 1977</u>	<u>Governor's Recommendation</u> <u>F.Y. 1978</u>	<u>F.Y. 1979</u>
<u>ACTUAL AND ESTIMATED RESOURCES</u>					
Balance Forward	\$576,217,176	\$597,101,105	\$ 639,986,693	\$600,772,963	\$496,427,027
<u>Receipts Dedicated</u>					
Retirement Contributions	\$155,519,788	\$185,110,832	\$ 201,456,005	\$204,040,685	\$204,040,145
Federal Grants	11,682,069	21,640,844	28,108,363	34,000,000	34,000,000
Other Civil Divisions	12,847,336	8,955,294	13,020,086	14,000,000	14,000,000
State Administered Local Taxes	2,623,287	2,296,500	2,535,000	2,740,000	2,925,000
Departmental Earning	320,000	422,862	1,716,100	3,585,231	7,767,615
Agency Deposits	49,079,048	88,247,768	74,858,136	80,376,820	81,876,820
Interest on Investments	888,551	2,265,956	2,243,419	2,497,963	2,501,039
Borrowing	45,752,437	25,103,507	35,683,104	-0-	-0-
All Other	1,100,000	1,319,199	772,036	721,460	712,910
Subtotal	<u>\$279,812,516</u>	<u>\$335,362,762</u>	<u>\$ 360,392,249</u>	<u>\$341,962,159</u>	<u>\$347,823,529</u>
Total Resources	<u>\$856,029,692</u>	<u>\$932,463,867</u>	<u>\$1,000,378,942</u>	<u>\$942,735,122</u>	<u>\$844,250,556</u>

ACTUAL AND ESTIMATED EXPENDITURES

Transportation					
D.O.T. Highways Transfer	\$ 13,946,975	\$ 33,055,807	\$ 41,593,797	\$ 47,000,000	\$ 55,000,000
D.O.T. State Planning Transfer	-0-	75,880	-0-	88,450	88,450
Subtotal	<u>\$ 13,946,975</u>	<u>\$ 33,131,687</u>	<u>\$ 41,593,797</u>	<u>\$ 47,088,450</u>	<u>\$ 55,088,450</u>
Semi-State					
State Arts Board	\$ 7,544	\$ 17,917	\$ 556	\$ 556	\$ 556
County Attorney's Council	8,284	-0-	-0-	-0-	-0-
Subtotal	<u>\$ 15,828</u>	<u>\$ 17,917</u>	<u>\$ 556</u>	<u>\$ 556</u>	<u>\$ 556</u>
Education					
Education, Department of	\$ 220,362	\$ 220,424	\$ 200,800	\$ 200,800	\$ 200,800
Higher Education Coordinating Board	18,449,531	25,161,792	35,682,104	40,932,604	41,002,604
Subtotal	<u>\$ 18,669,893</u>	<u>\$ 25,382,216</u>	<u>\$ 35,882,904</u>	<u>\$ 41,133,404</u>	<u>\$ 41,203,404</u>
Health, Welfare, Corrections					
Welfare, Department of	\$ 4,426,064	\$ 4,760,172	\$ 3,487,850	\$ 3,574,342	\$ 3,575,213
Corrections, Department of	515,830	1,291,495	1,688,485	1,746,249	1,807,783
Voc. Rehabilitation, Department of	70,163	-0-	-0-	-0-	-0-
Health, Department of	80,638	62,127	14,255	9,500	9,500
Subtotal	<u>\$ 5,492,695</u>	<u>\$ 6,113,794</u>	<u>\$ 5,190,590</u>	<u>\$ 5,330,091</u>	<u>\$ 5,392,496</u>

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AGENCY FUNDS (Cont'd.)

	<u>Actual</u> <u>F.Y. 1975</u>	<u>Actual</u> <u>F.Y. 1976</u>	<u>Estimated</u> <u>F.Y. 1977</u>	<u>Governor's Recommendation</u>	
				<u>F.Y. 1978</u>	<u>F.Y. 1979</u>
<u>State Departments</u>					
Minnesota Supreme Court	\$ 10,540	\$ 436	\$ -0-	\$ -0-	\$ -0-
Governor's Office	821	57,652	27,595	-0-	-0-
Attorney General	7,421	172,342	-0-	-0-	-0-
Secretary of State	40,219	45,400	48,000	48,000	48,000
Administration, Department of	-0-	-0-	11,000	-0-	-0-
Finance, Department of	2,220,275	2,408,760	2,700,000	2,700,000	2,700,000
Personnel, Department of	154,833,494	178,743,722	203,861,619	203,861,619	203,861,619
State Planning Agency	60	6,597	-0-	-0-	-0-
Council for the Handicapped	-0-	1,360	-0-	-0-	-0-
Indian Affairs, Intertribal Board	-0-	557	-0-	-0-	-0-
Veteran Affairs, Department of	6,713	6,713	10,588	-0-	-0-
Public Safety, Department of	362,981	48,205	38,392	36,000	36,000
Labor and Industry, Department of	4,707,855	4,332,019	6,505,000	7,480,750	7,480,750
Agriculture, Department of	1,726	4,418	3,873	3,483	3,783
Energy Agency	-0-	5,000	-0-	-0-	-0-
Natural Resources, Department of	149,824	146,726	179,893	205,069	219,533
Bicentennial Commission	-0-	23,315	23,000	-0-	-0-
Zoological Garden	8,091	-0-	-0-	-0-	4,203,258
Minnesota Housing Finance Agency	58,338,165	39,347,275	103,488,462	138,380,000	153,491,500
Revenue Refunds - Public Safety	111,127	11,406	-0-	-0-	-0-
	<u>\$220,799,312</u>	<u>\$225,361,903</u>	<u>\$ 316,897,422</u>	<u>\$352,714,921</u>	<u>\$372,944,443</u>
<u>Other Departments</u>					
Minnesota Education Computer Consortium	\$ -0-	\$ 41,660	\$ 25,673	\$ 25,673	\$ 25,673
Gillette Children's Hospital	-0-	2,423,343	-0-	-0-	-0-
Subtotal	<u>\$ -0-</u>	<u>\$ 2,465,003</u>	<u>\$ 25,673</u>	<u>\$ 25,673</u>	<u>\$ 25,673</u>
Total Expenditures	\$258,924,703	\$292,472,520	\$ 399,590,942	\$446,293,095	\$473,755,022
<u>Transfer Out</u>					
General Fund - Indirect Costs	3,884	4,654	15,037	15,000	15,000
Balance Forward	<u>597,101,105</u>	<u>639,986,693</u>	<u>600,772,963</u>	<u>496,427,027</u>	<u>370,480,534</u>
TOTAL EXPENDITURES, TRANSFERS AND BALANCE	<u>\$856,029,692</u>	<u>\$932,463,867</u>	<u>\$1,000,378,942</u>	<u>\$942,735,122</u>	<u>\$844,250,556</u>

REVOLVING FUND

	Actual F.Y. 1975	Actual F.Y. 1976	Estimated F.Y. 1977	Governor's Recommendation F.Y. 1978	F.Y. 1979
<u>ACTUAL AND ESTIMATED RESOURCES</u>					
Balance Forward	\$ 16,815,578	\$ 20,137,672	\$ 19,940,172	\$ 17,107,133	\$ 15,352,309
Receipts Dedicated					
Borrowings	\$ 515,406	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Departmental Earnings	16,365,844	19,088,826	23,903,161	22,900,962	23,343,214
From Federal Government	8,304	1,453,955	-0-	-0-	-0-
Revenue from use of property	1,820,149	2,387,028	2,488,124	2,495,124	2,505,124
Other Civil Divisions	113,614	240,266	134,000	134,000	134,000
Income from Investments	261,524	42,279	52,000	56,000	60,000
Other Agency Deposit	3,254,514	824,474	2,109,725	2,110,900	2,113,100
Miscellaneous	7,978,741	8,181,085	7,495,080	10,070,280	10,701,732
Receipts Subtotal	\$ 30,318,096	\$ 32,217,913	\$ 36,182,090	\$ 37,767,266	\$ 38,857,170
TOTAL RESOURCES	<u>\$ 47,133,674</u>	<u>\$ 52,355,585</u>	<u>\$ 56,122,262</u>	<u>\$ 54,874,399</u>	<u>\$ 54,209,479</u>
<u>ACTUAL AND ESTIMATED EXPENDITURES</u>					
Expenditures of Dedicated Receipts					
Education Storage Revolving	\$ 41,265	\$ 11,880	\$ 20,000	\$ 20,000	\$ 20,052
Public Welfare, Department of	72,484	147,362	151,804	151,804	151,904
Corrections - Diversified Labor	208,979	266,402	364,200	370,769	377,733
Health, Department of	1,817,886	2,360,548	2,934,721	2,717,839	2,577,130
Legislative Coordinating Commission	253,309	153,855	121,580	121,580	121,580
State Auditor	1,618,722	1,795,404	2,254,820	2,303,650	2,328,474
Administration, Department of	1,475,480	2,180,107	2,591,960	2,657,934	2,716,702
Computer Services	9,364,346	10,411,779	12,344,730	12,535,812	12,824,415
General Services	7,242,398	8,489,777	9,296,489	9,861,808	10,601,067
Finance, Department of	94,368	172,791	121,000	-0-	-0-
Personnel, Department of	92,291	95,509	120,986	121,212	122,727
State Planning Agency	222,101	446,800	473,999	493,903	493,995
Public Safety, Department of	4,490	8,286	15,000	15,000	15,000
Labor and Industry, Department of	1,689,347	2,085,909	3,006,000	3,427,000	3,427,000
Economic Development, Department of	167,795	590,214	639,110	-0-	-0-
Agriculture, Department of	537	-0-	-0-	-0-	-0-
Hearing Examiner, Office of	-0-	391,127	589,413	963,479	896,193
Minnesota Educational Computer Consortium	2,220,849	2,422,534	3,422,320	3,188,000	3,559,400
State Agencies (Service)	382,394	352,967	396,800	422,300	408,200
Subtotal Expenditures	\$ 26,969,041	\$ 32,383,251	\$ 38,864,932	\$ 39,372,090	\$ 40,641,572
Transfers Out:					
General Fund - Indirect Cost	\$ 26,961	\$ 32,162	\$ 150,197	\$ 150,000	\$ 150,000
Balance Forward	20,137,672	19,940,172	17,107,133	15,352,309	13,417,907
TOTAL EXPENDITURES, TRANSFERS AND BALANCE	<u>\$ 47,133,674</u>	<u>\$ 52,355,585</u>	<u>\$ 56,122,262</u>	<u>\$ 54,874,399</u>	<u>\$ 54,209,479</u>

PRISON REVOLVING FUND

	<u>Actual</u> <u>F.Y. 1975</u>	<u>Actual</u> <u>F.Y. 1976</u>	<u>Estimated</u> <u>F.Y. 1977</u>	<u>Governor's Recommendation</u>	
				<u>F.Y. 1978</u>	<u>F.Y. 1979</u>
<u>ACTUAL AND ESTIMATED RESOURCES</u>					
Balance Forward	\$2,074,242	\$1,660,213	\$1,660,213	\$2,045,213	\$ 863,424
Receipts:					
Departmental Earnings	\$1,944,710	\$1,779,798	\$1,950,000	\$1,950,000	\$1,950,000
Other	615	655	720	720	720
Miscellaneous	75,774	322,538	5,600	5,600	5,600
Sub-Total	\$2,021,099	\$2,102,991	\$1,956,320	\$1,956,320	\$1,956,320
Loan from General Fund	-0-	-0-	1,385,000	-0-	-0-
Total Resources	<u>\$4,095,341</u>	<u>\$3,763,204</u>	<u>\$5,001,533</u>	<u>\$4,001,533</u>	<u>\$2,819,744</u>
<u>ACTUAL AND ESTIMATED EXPENDITURES</u>					
Expenditures of Dedicated Receipts					
Corrections, Department of	\$2,435,128	\$2,102,991	\$2,956,320	\$3,138,109	\$3,251,027
Balance Forward	<u>1,660,213</u>	<u>1,660,213</u>	<u>2,045,213</u>	<u>863,424</u> ⁽¹⁾	<u>(431,283)</u> ⁽¹⁾
TOTAL EXPENDITURES, TRANSFERS AND BALANCES	<u>\$4,095,341</u>	<u>\$3,763,204</u>	<u>\$5,001,533</u>	<u>\$4,001,533</u>	<u>\$2,819,744</u>

(1) Projected fund balance based on \$1,385,000 loan from General Fund
Fund balance without loan would be - F.Y. 1978 (\$531,576)
F.Y. 1979 (\$1,816,283)

RETIREMENT FUNDS

	<u>Actual F.Y. 1975</u>	<u>Actual F.Y. 1976</u>	<u>Estimated F.Y. 1977</u>	<u>Governor's Recommendation F.Y. 1978</u>	<u>F.Y. 1979</u>
<u>ACTUAL AND ESTIMATED RESOURCES</u>					
Balance Forward	\$1,368,500,846	\$1,448,687,508	\$1,547,224,590	\$1,651,394,262	\$1,752,473,280
Employee Contributions	\$ 84,068,716	\$ 93,971,562	\$ 96,327,495	\$ 102,243,500	\$ 107,539,500
Employer Contributions	108,912,978	129,877,529	146,939,479	153,345,938	161,292,328
Investment Income	40,063,444	52,850,228	59,687,968	60,000,000	60,000,000
State Administered Local Tax	115,043	-0-	-0-	-0-	-0-
Other Agency Deposit	640,719	673,708	674,418	-0-	-0-
Miscellaneous	31,788	34,814	-0-	-0-	-0-
Total Receipts	\$ 233,832,688	\$ 277,407,841	\$ 303,629,360	\$ 315,589,438	\$ 328,831,828
Total Resources	<u>\$1,602,333,534</u>	<u>\$1,726,095,349</u>	<u>\$1,850,853,950</u>	<u>\$1,966,983,700</u>	<u>\$2,081,305,108</u>
<u>ACTUAL AND ESTIMATED EXPENDITURES</u>					
Minnesota State Retirement System	\$ 19,521,022	\$ 21,459,591	\$ 24,192,981	\$ 24,895,677	\$ 26,059,294
Teachers Retirement	104,102,376	123,732,512	135,744,590	148,335,576	159,883,604
Public Employees Retirement	30,011,174	33,658,341	39,497,042	41,249,167	44,088,607
Total Expenditures	<u>\$ 153,634,572</u>	<u>\$ 178,850,444</u>	<u>\$ 199,434,613</u>	<u>\$ 214,480,420</u>	<u>\$ 230,031,505</u>
Transfers to General Fund-State					
Indirect Costs	\$ 11,454	\$ 20,315	\$ 25,075	\$ 30,000	\$ 30,000
Balance Forward	<u>1,448,687,508</u>	<u>1,547,224,590</u>	<u>1,651,394,262</u>	<u>1,752,473,280</u>	<u>1,851,243,603</u>
TOTAL EXPENDITURES, TRANSFERS AND BALANCE	<u>\$1,602,333,534</u>	<u>\$1,726,095,349</u>	<u>\$1,850,853,950</u>	<u>\$1,966,983,700</u>	<u>\$2,081,305,108</u>

SUMMARY OF ACTUAL DEBT ACTIVITY 1974-76

	Outstanding 6-30-74	Fiscal Year 1975 Issued	Retired	Outstanding 6-30-75	Fiscal Year 1976 Issued	Retired	Outstanding 6-30-76
Payable From General Fund:							
Minnesota State Building							
Laws 1957, E.S.C. 2	\$ 1,478,000	\$	\$ 956,000	\$ 522,000	\$	\$ 522,000	\$ -0-
Laws 1959, E.S.C. 90	12,406,000		2,601,000	9,805,000		2,601,000	7,204,000
Capital Improvement-61-72; '63-1	13,213,000		1,468,000	11,745,000		1,468,000	10,277,000
Minnesota State Building 1963-839	16,090,000		1,790,000	14,300,000		1,790,000	12,510,000
School Loan 1963-601	17,995,000		1,805,000	16,190,000		1,805,000	14,385,000
State Building Refunding 1963-677	21,340,000		2,140,000	19,200,000		2,140,000	17,060,000
School Loan 1965-875	10,400,000		-0-	10,400,000		950,000	9,450,000
Minnesota State Building 1965-882	31,670,000		2,890,000	28,780,000		2,890,000	25,890,000
Minnesota State Building x '67-8	52,116,889		3,468,556	48,648,333		3,468,556	45,179,777
School Loan 1967-583	2,800,000		-0-	2,800,000		-0-	2,800,000
Minnesota State Building 1969-1159	122,108,111		7,336,444	114,771,667		7,336,444	10,435,223
School Loan 1969-1056	10,200,000		-0-	10,200,000		-0-	10,200,000
Minnesota State College 1969-1152	11,410,000		195,000	11,215,000		210,000	11,005,000
Minnesota State Building 1971-963	76,350,000		4,650,000	71,700,000		4,100,000	67,600,000
Voyageurs National Park 1971-852	5,270,000		600,000	4,670,000		600,000	4,070,000
Water Pollution Control x '71-20	23,750,000		1,250,000	22,500,000		1,250,000	21,250,000
Minnesota State College Refunding 1973-759	7,825,000		200,000	7,625,000		200,000	7,425,000
Minnesota State Building 1973-778	10,000,000		500,000	9,500,000		500,000	9,000,000
Viet Nam Veterans Bonus 1973-204	60,000,000		3,000,000	57,000,000		3,000,000	54,000,000
Zoological Garden 1973-207	10,000,000		-0-	10,000,000		-0-	10,000,000
Water Pollution Control x '73-77, '75-354					15,000,000		15,000,000
Minnesota State Building 1971-963		11,100,000		11,100,000	5,019,000		16,119,000
Minnesota State Building, 1973-778		5,000,000		5,000,000	4,171,000		9,171,000
Minnesota State Building, 1975-436					13,075,000		13,075,000
Gillette Hospital Authority 1974-541		3,900,000		3,900,000		-0-	3,900,000
Zoological Garden 1973-207		13,835,000		13,835,000		-0-	13,835,000
TOTAL	\$ 516,422,000	\$ 33,835,000	\$ 34,850,000	\$ 515,407,000	\$ 37,265,000	\$ 34,831,000	\$ 517,841,000
Payable From Dedicated Receipts							
Employment Security Building 1965-532	\$ 2,125,000		\$ 175,000	\$ 1,950,000	\$	\$ 175,000	\$ 1,775,000
Employment Security Building x '67-8	255,000		15,000	240,000		15,000	225,000
Minnesota Aeronautics 1963-791	3,690,000		360,000	3,330,000		370,000	\$ 2,960,000
TOTAL	\$ 6,070,000		\$ 550,000	\$ 5,520,000		\$ 560,000	\$ 4,960,000
Payable From Motor Vehicle Taxes							
Bridges and Approaches 1955-748	\$ 3,050,000		\$ 800,000	\$ 2,250,000		\$ 850,000	\$ 1,400,000
Right of Way 1957-750	3,450,000		900,000	2,550,000		950,000	1,600,000
City of St. Paul 1959-538	4,620,000		430,000	4,190,000		440,000	3,750,000
Trunk Highway 1967-873	90,000,000		5,000,000	85,000,000		8,000,000	77,000,000
TOTAL	\$ 101,120,000		\$ 7,130,000	\$ 93,990,000		\$ 10,240,000	\$ 83,750,000
GRAND TOTAL	\$ 623,612,000	\$ 33,835,000	\$ 42,530,000	\$ 614,917,000	\$ 37,265,000	\$ 45,631,000	\$ 606,551,000

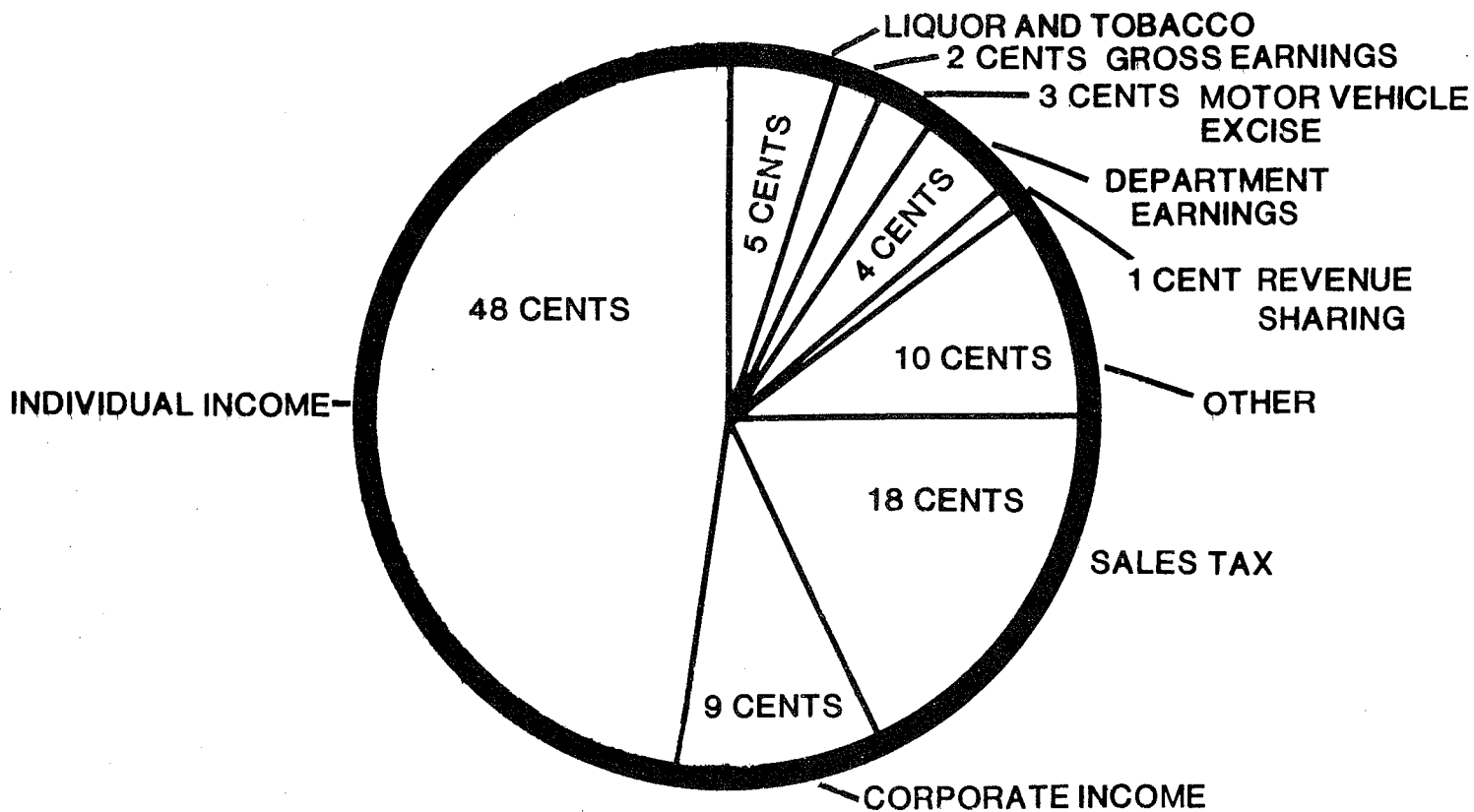
SUMMARY OF ESTIMATED DEBT ACTIVITY 1977-79

	Fiscal Year 1977		Outstanding	Fiscal Year 1978		Outstanding	Fiscal Year 1979		Outstanding
	Issued	Retired	6-30-77	Issued	Retired	6-30-78	Issued	Retired	6-30-79
Payable from General Fund									
Mn. State Building Laws									
1957, E.S.C.90	\$	\$ 2,601,000	\$ 4,603,000	\$	\$ 2,601,000	2,002,000	\$	\$ 2,002,000	-0-
Capital Improvement '61-72; '63-1		1,468,000	8,809,000		1,468,000	7,341,000		1,468,000	5,873,000
Mn. State Building 1963-839		1,790,000	10,720,000		1,790,000	8,930,000		1,790,000	7,140,000
School Loan 1963-601		1,805,000	12,580,000		1,805,000	10,775,000		1,805,000	8,970,000
State Building Refunding 1963-677		2,140,000	14,920,000		2,140,000	12,780,000		2,140,000	10,640,000
School Loan 1965-875		950,000	8,500,000		950,000	7,550,000		950,000	6,600,000
Mn. State Building 1965-882		2,890,000	23,000,000		2,890,000	20,110,000		2,890,000	17,220,000
Mn. State Building x '67-8		3,468,556	41,711,221		3,468,556	38,242,665		3,468,556	34,774,109
School Loan 1967-583		-0-	2,800,000		-0-	2,800,000		-0-	2,800,000
Mn. State Building 1969-1159		7,336,444	100,098,779		7,336,444	92,762,335		7,336,444	85,425,891
School Loan 1969-1056		-0-	10,200,000		-0-	10,200,000		-0-	10,200,000
Mn. State College 1969-1152		220,000	10,785,000		230,000	10,555,000		245,000	10,310,000
Mn. State Building 1971-963		4,100,000	63,500,000		4,100,000	59,400,000		4,100,000	55,300,000
Voyageurs National Park 1971-852		600,000	3,470,000		600,000	2,870,000		600,000	2,270,000
Water Pollution Control x '71-20		1,250,000	20,000,000		1,250,000	18,750,000		1,250,000	17,500,000
Mn. State College Refund. '73-759		200,000	7,225,000		200,000	7,025,000		200,000	6,825,000
Mn. State Building 1973-778		500,000	8,500,000		500,000	8,000,000		500,000	7,500,000
Vietnam Veterans Bonus 1973-204		3,000,000	51,000,000		3,000,000	48,000,000		3,000,000	45,000,000
Zoological Garden 1973-207		-0-	10,000,000		-0-	10,000,000		625,000	9,375,000
Water Pollution Control									
x '73-77, '75-354		750,000	14,250,000		750,000	13,500,000		750,000	12,750,000
Mn. State Building 1971-963		880,000	15,239,000		833,000	14,406,000		833,000	13,573,000
Mn. State Building 1973-778		494,000	8,677,000		470,000	8,207,000		471,000	7,736,000
Mn. State Building 1975-436		687,000	12,388,000		652,000	11,736,000		652,000	11,084,000
Gillette Hospital Authority '74-541		215,000	3,685,000		205,000	3,480,000		205,000	3,275,000
Zoological Garden 1973-207		-0-	13,835,000		-0-	13,835,000		-0-	13,835,000
Mn. State Building 1971-963	8,781,000	-0-	8,781,000		516,000	8,265,000		435,000	7,830,000
Mn. State Building 1973-778	8,144,000	-0-	8,144,000		449,000	7,695,000		405,000	7,290,000
Mn. State Building 1975-436	10,000,000	-0-	10,000,000		500,000	9,500,000		500,000	9,000,000
Mn. State Building 1976-348	12,000,000	-0-	12,000,000		600,000	11,400,000		600,000	10,800,000
Mn. Natural Resource Bonds '75-415	20,000,000	-0-	20,000,000		1,000,000	19,000,000		1,000,000	18,000,000
School Loan 1969-1056	3,075,000	-0-	3,075,000		225,000	2,850,000		150,000	2,700,000
Total	\$62,000,000	\$37,345,000	\$542,496,000		\$40,529,000	\$501,967,000		\$40,371,000	\$461,596,000
Payable from Dedicated Receipts									
Employment Security Bldg. '65-532		175,000	1,600,000		175,000	1,425,000		175,000	1,250,000
Employment Security Bldg. x '67-8		15,000	210,000		15,000	195,000		15,000	180,000
Mn. Aeronautics 1963-791		390,000	2,570,000		400,000	2,170,000		410,000	1,760,000
Total		\$ 580,000	\$ 4,380,000		\$ 590,000	\$ 3,790,000		\$ 600,000	\$ 3,190,000
Payable from Motor Vehicle Taxes									
Bridges and Approaches 1955-748	\$ 850,000		\$ 550,000		\$ 550,000	\$ -0-		\$	\$
Right of Way 1957-750	1,050,000		550,000		550,000	-0-			
City of St. Paul 1959-538	450,000		3,300,000		470,000	2,830,000		490,000	2,340,000
Trunk Highway 1967-873	8,100,000		68,900,000		8,200,000	60,700,000		8,200,000	52,500,000
	\$10,450,000		\$ 73,300,000		\$ 9,770,000	\$ 63,530,000		\$ 8,690,000	\$ 54,840,000
GRAND TOTAL	\$62,000,000	\$48,375,000	\$620,176,000		\$50,889,000	\$569,287,000		\$49,661,000	\$519,626,000

YOUR STATE TAX DOLLAR

BUDGET PROPOSAL FISCAL YEARS 1978 AND 1979 GENERAL FUND

WHERE IT COMES FROM *

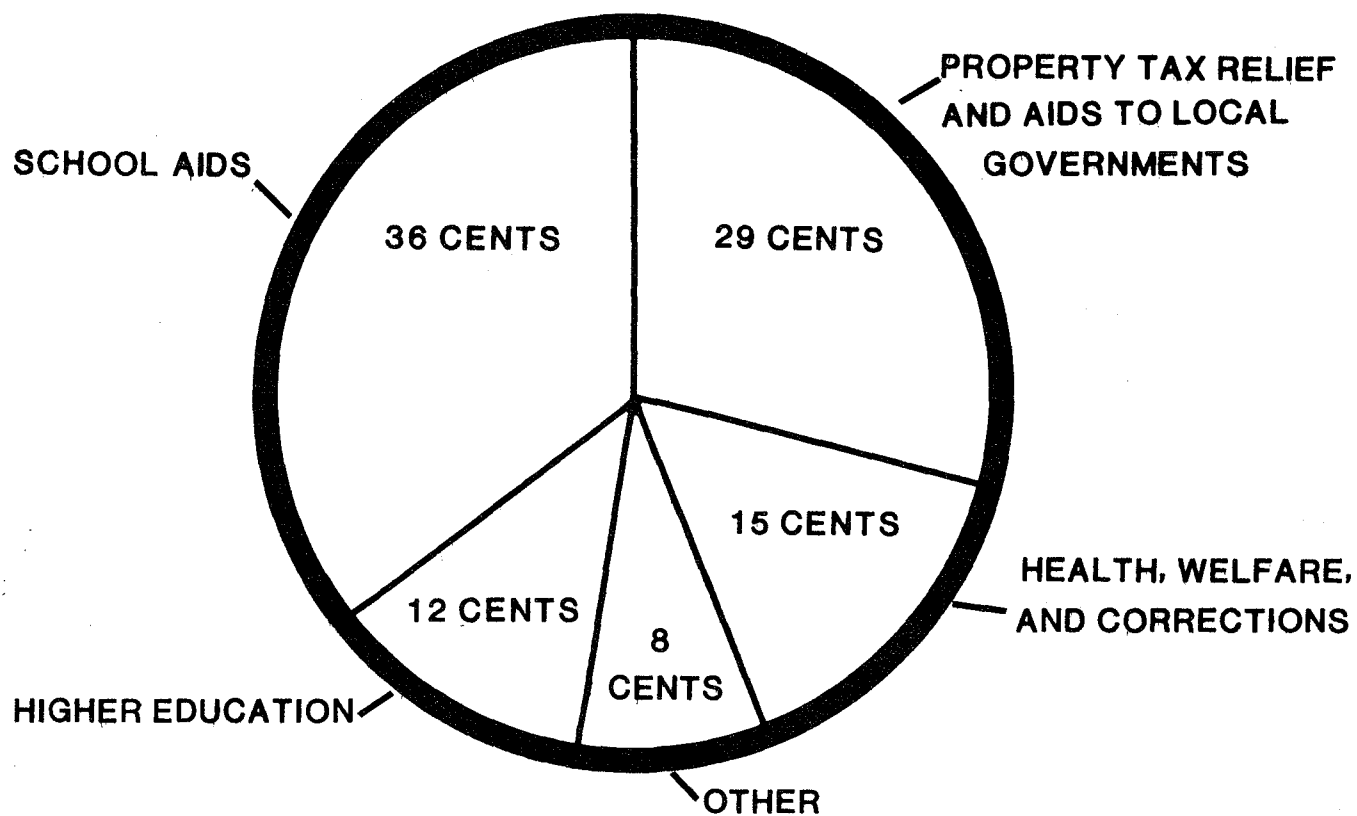


* EXCLUDING REGULAR REFUNDS

YOUR STATE TAX DOLLAR

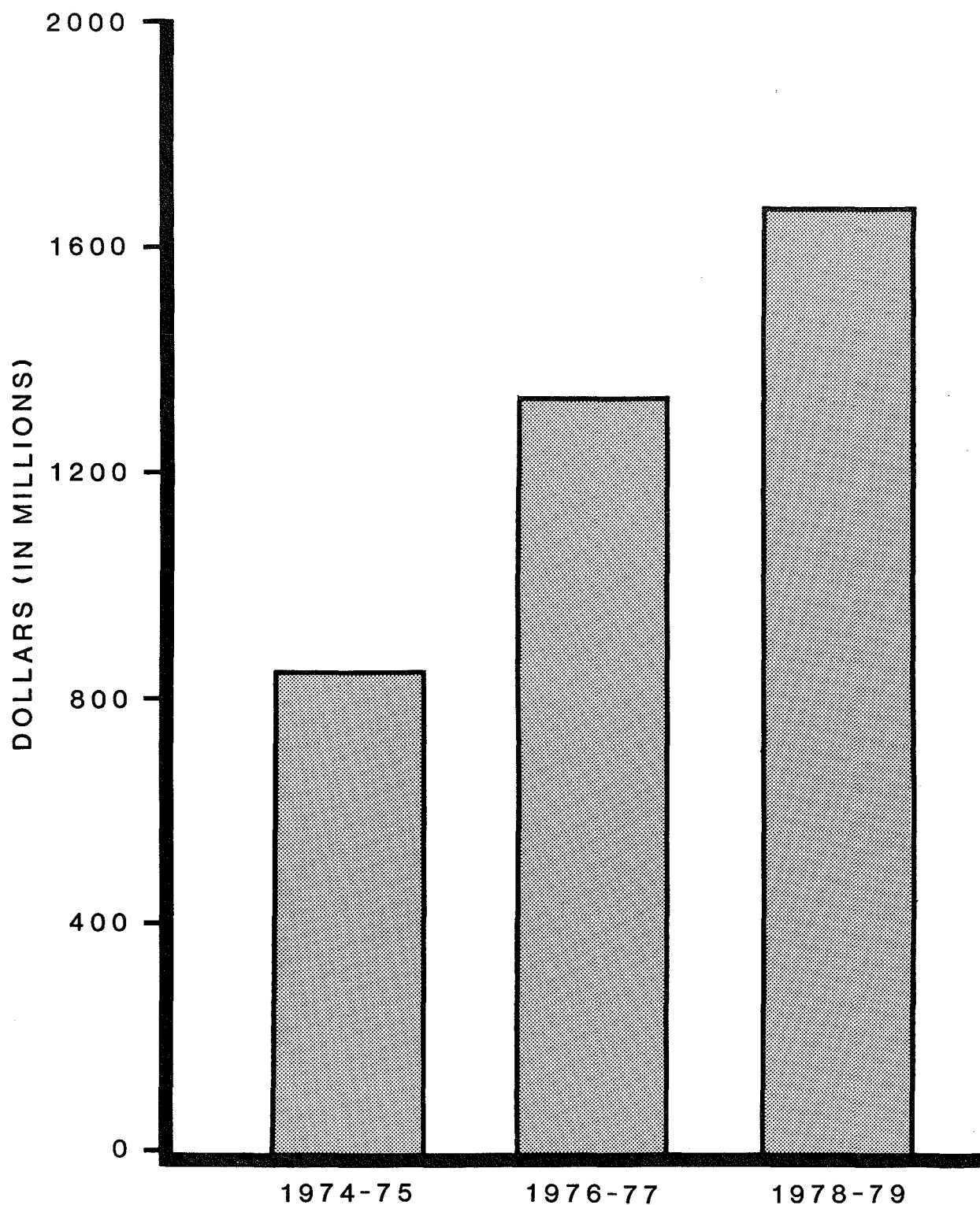
BUDGET PROPOSAL FISCAL YEARS 1978 AND 1979 GENERAL FUND

WHERE IT GOES*



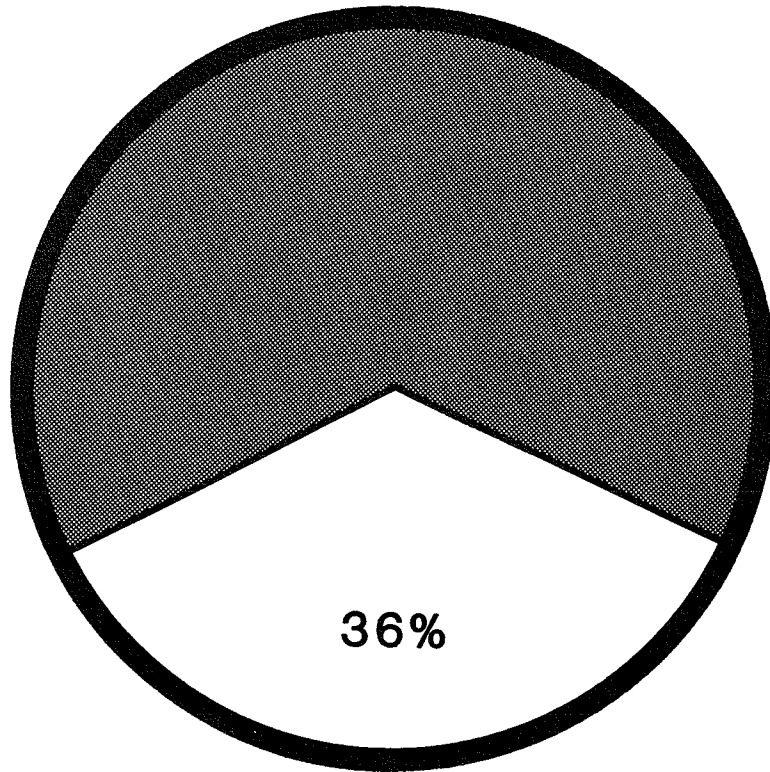
* EXCLUDING REGULAR REFUNDS

PROPERTY TAX RELIEF AND LOCAL GOVERNMENT AIDS

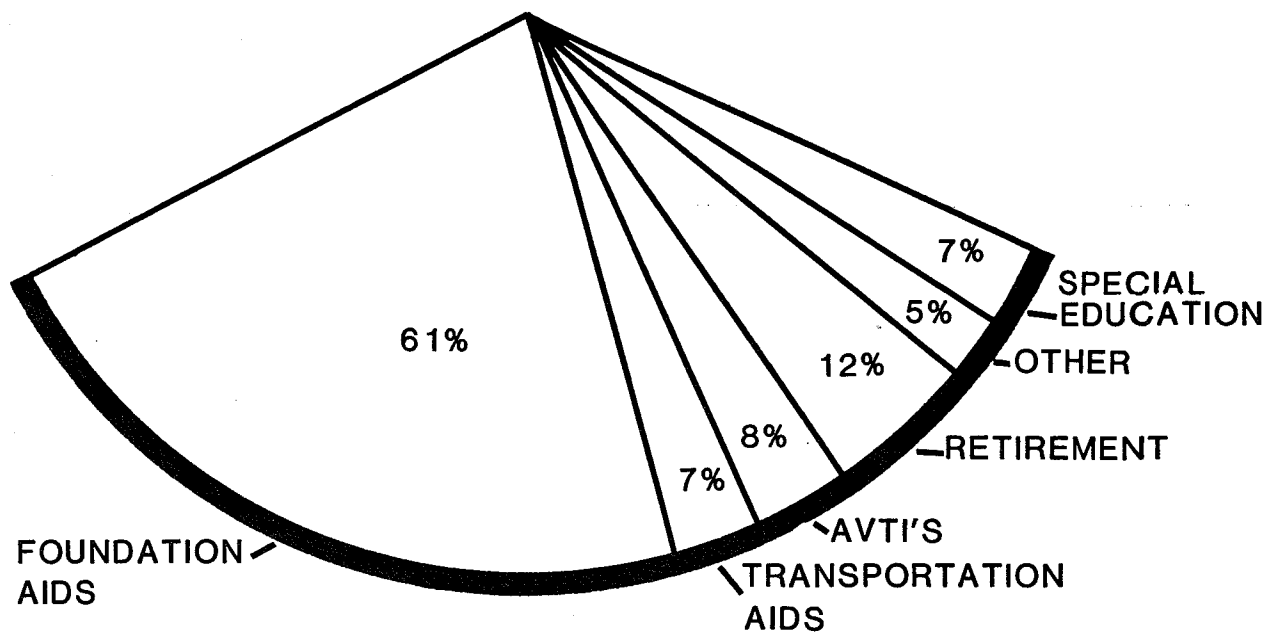


SCHOOL AIDS 1978-79

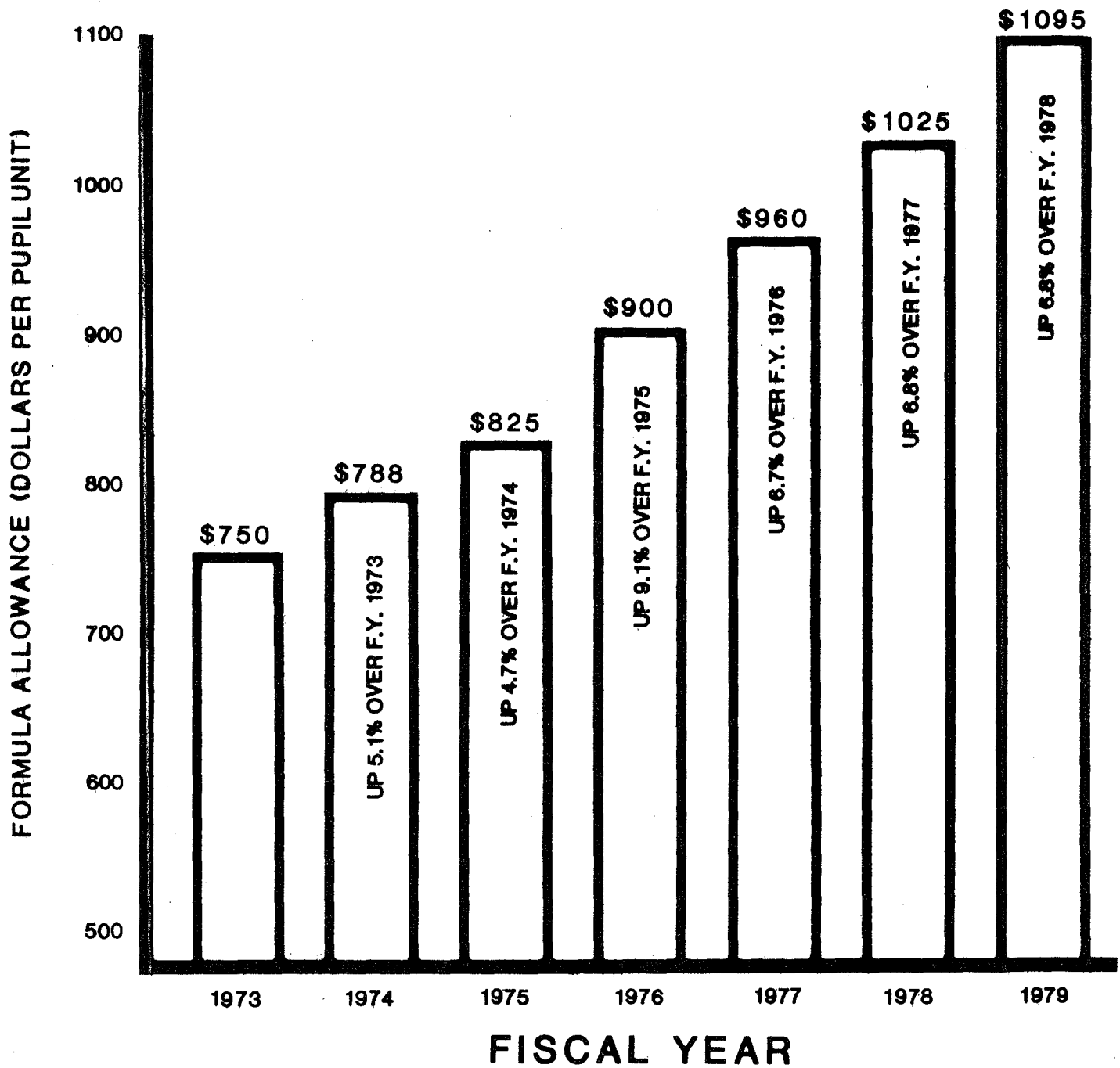
AS A PERCENTAGE OF TOTAL GENERAL FUND BUDGET



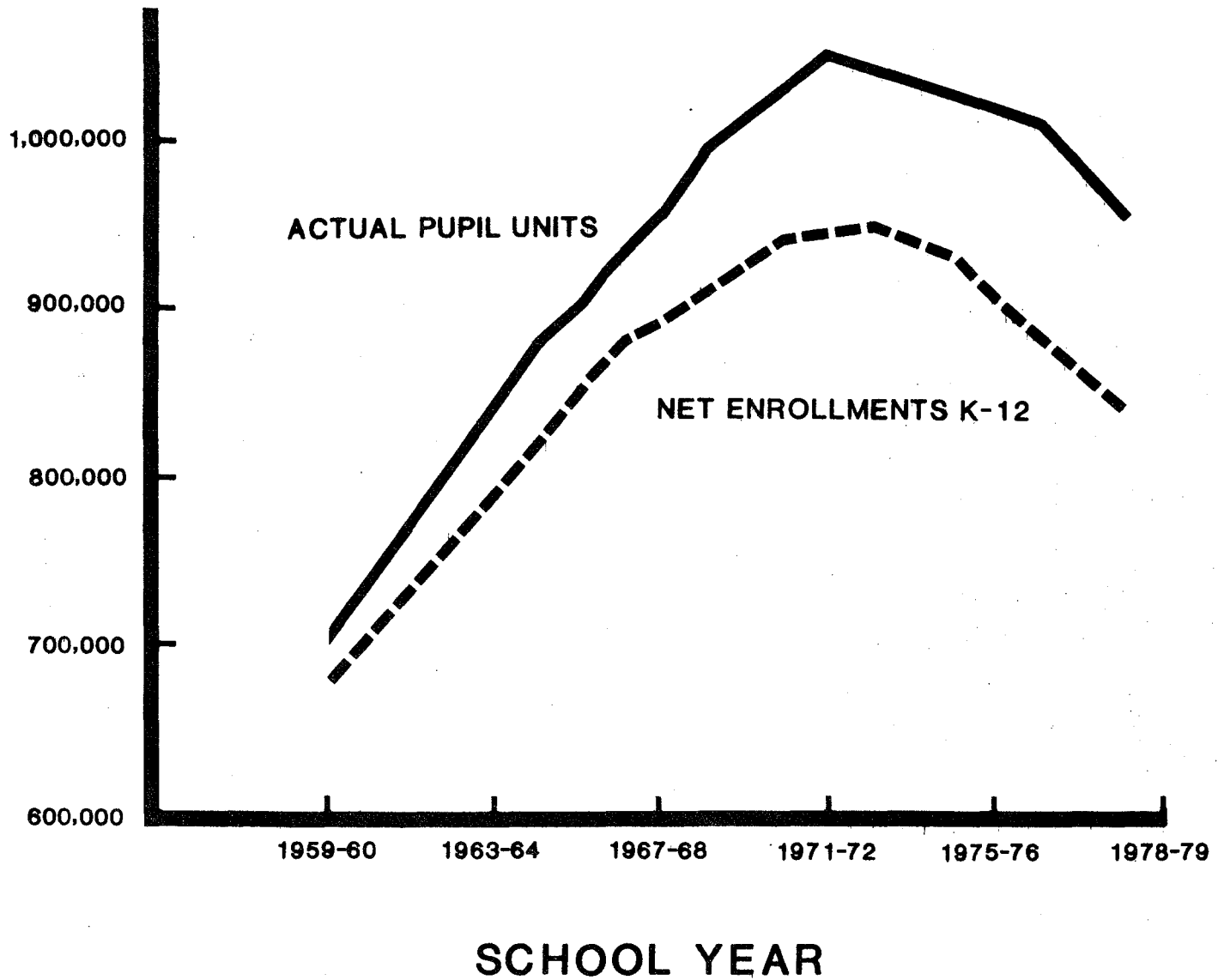
ALLOCATION OF SCHOOL AIDS



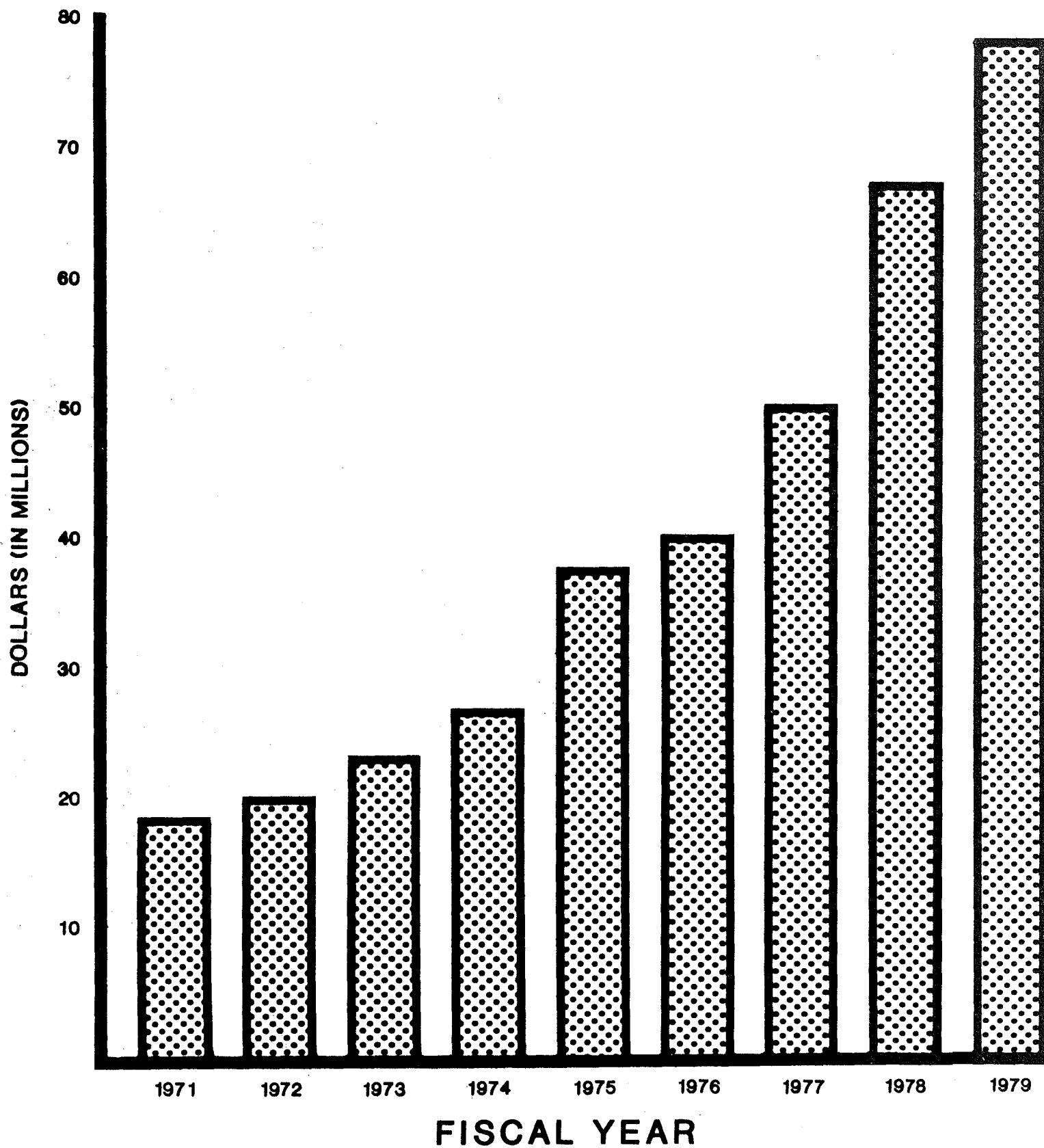
FOUNDATION AID FORMULA ELEMENTARY-SECONDARY 1973-1979



PUPIL UNITS AND NET ENROLLMENTS 1960-1979

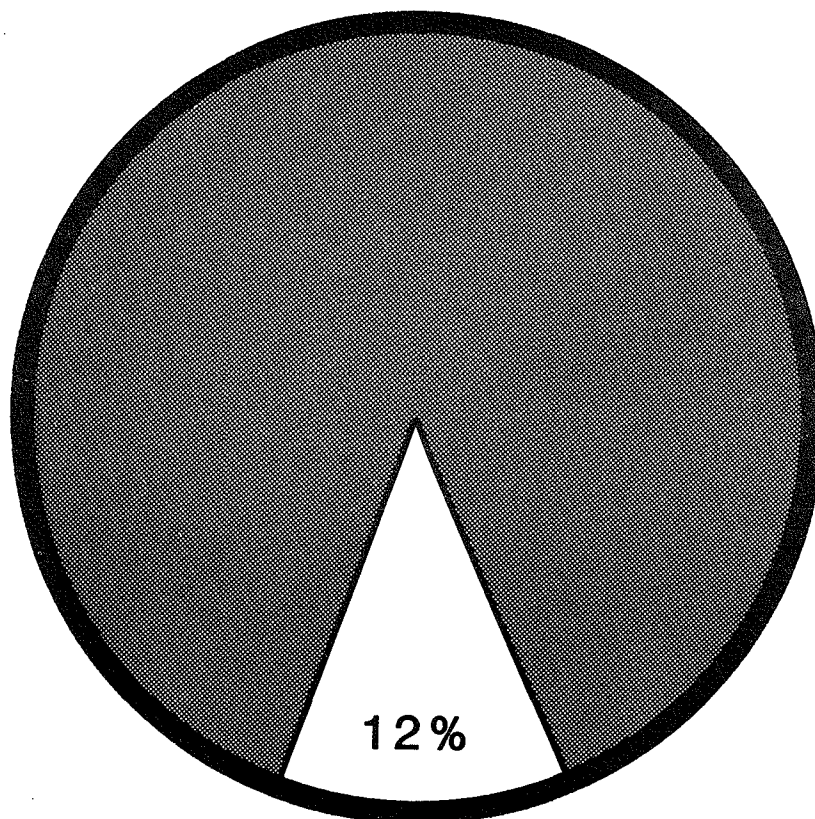


SPECIAL EDUCATION AID 1971-1979

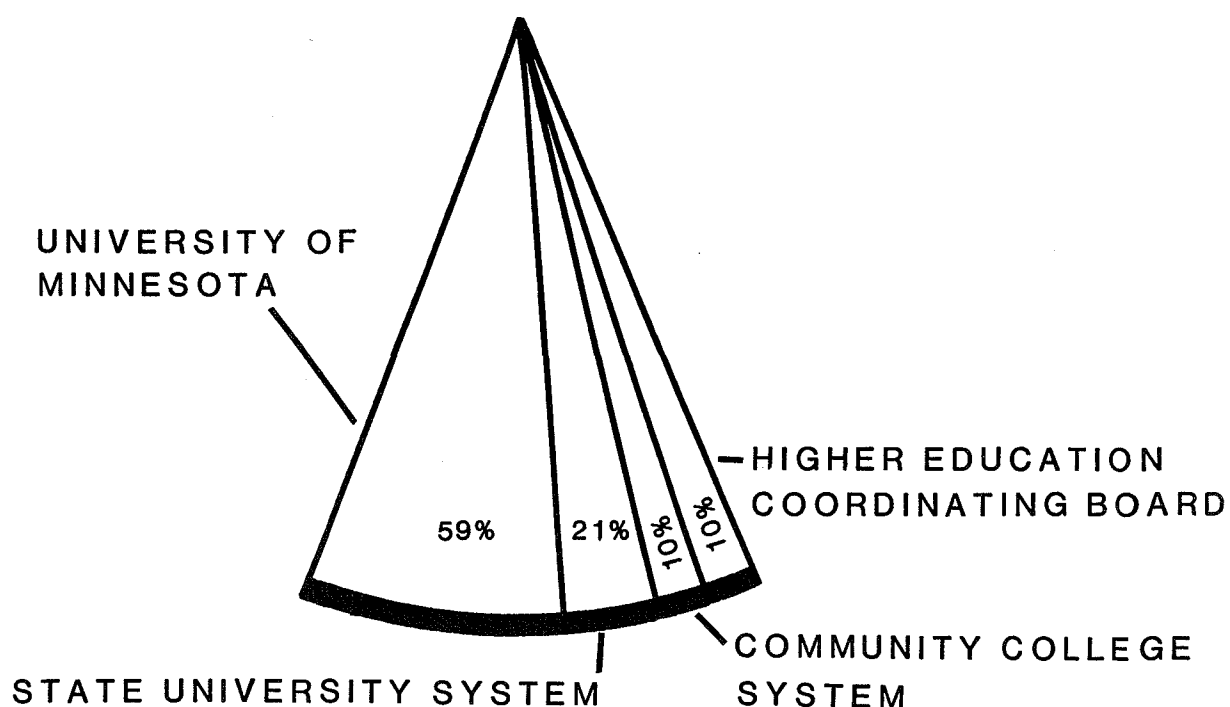


HIGHER EDUCATION

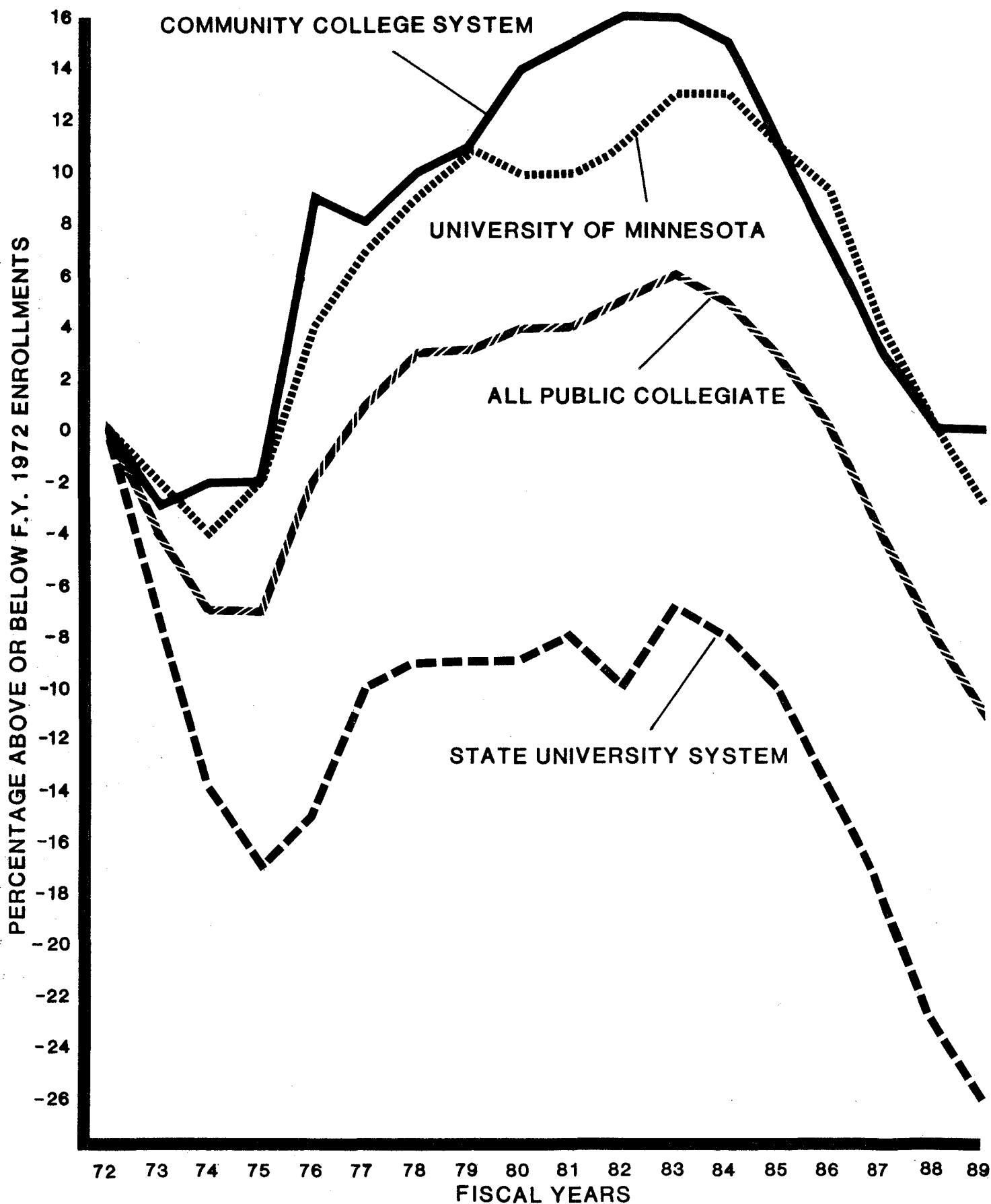
HIGHER EDUCATION AS A PERCENTAGE OF TOTAL GENERAL FUND BUDGET 1978-79



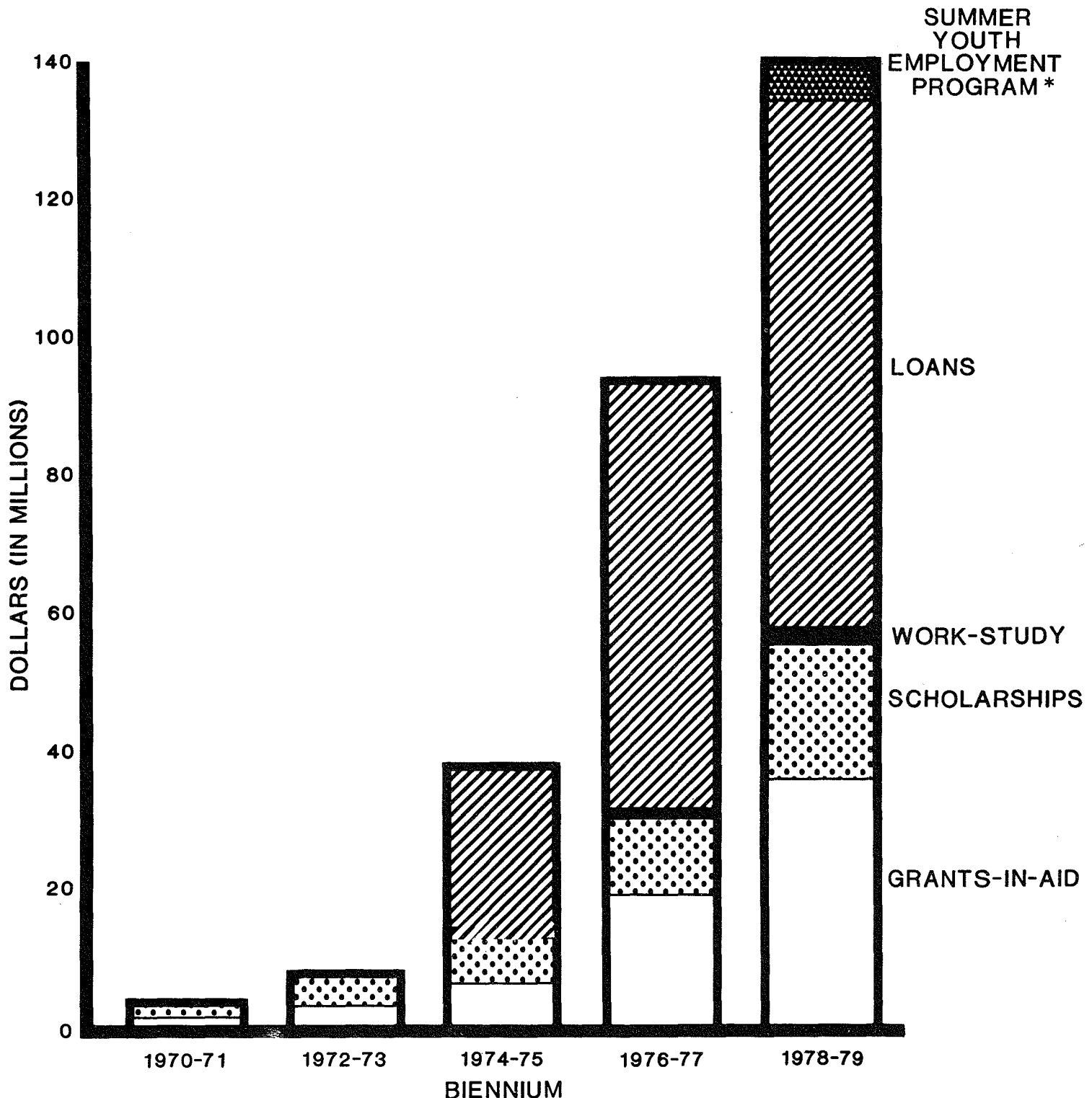
ALLOCATION OF HIGHER EDUCATION FUND



FTE ENROLLMENT IN PUBLIC COLLEGIATE INSTITUTIONS IN MINNESOTA

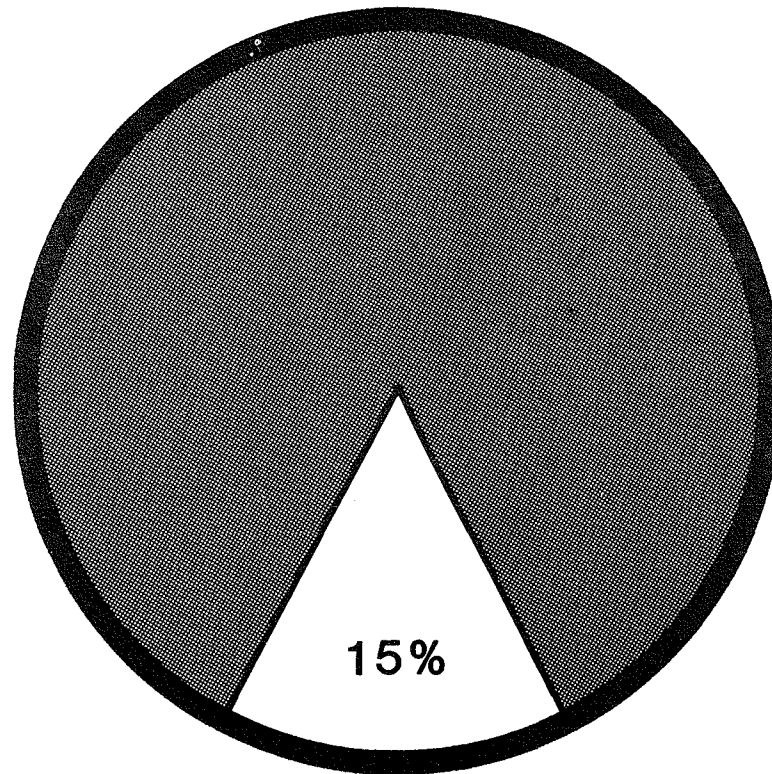


THE MINNESOTA HIGHER EDUCATION COORDINATING BOARD'S FINANCIAL AID PROGRAMS FOR STUDENTS IN POST-SECONDARY EDUCATION

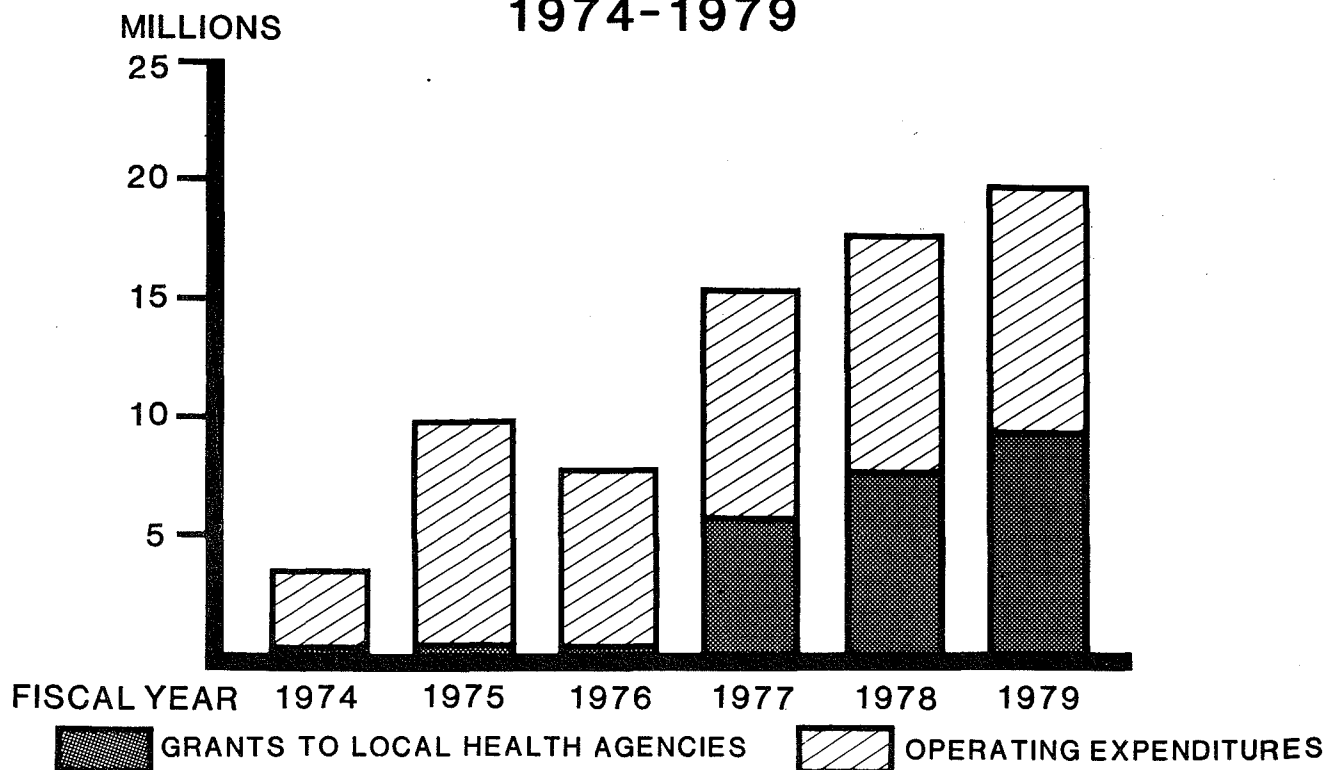


* SEPARATE PROGRAM NOT ADMINISTERED BY H.E.C.B.

HEALTH, WELFARE, CORRECTIONS
1978-79
AS A PERCENTAGE OF
TOTAL GENERAL FUND BUDGET

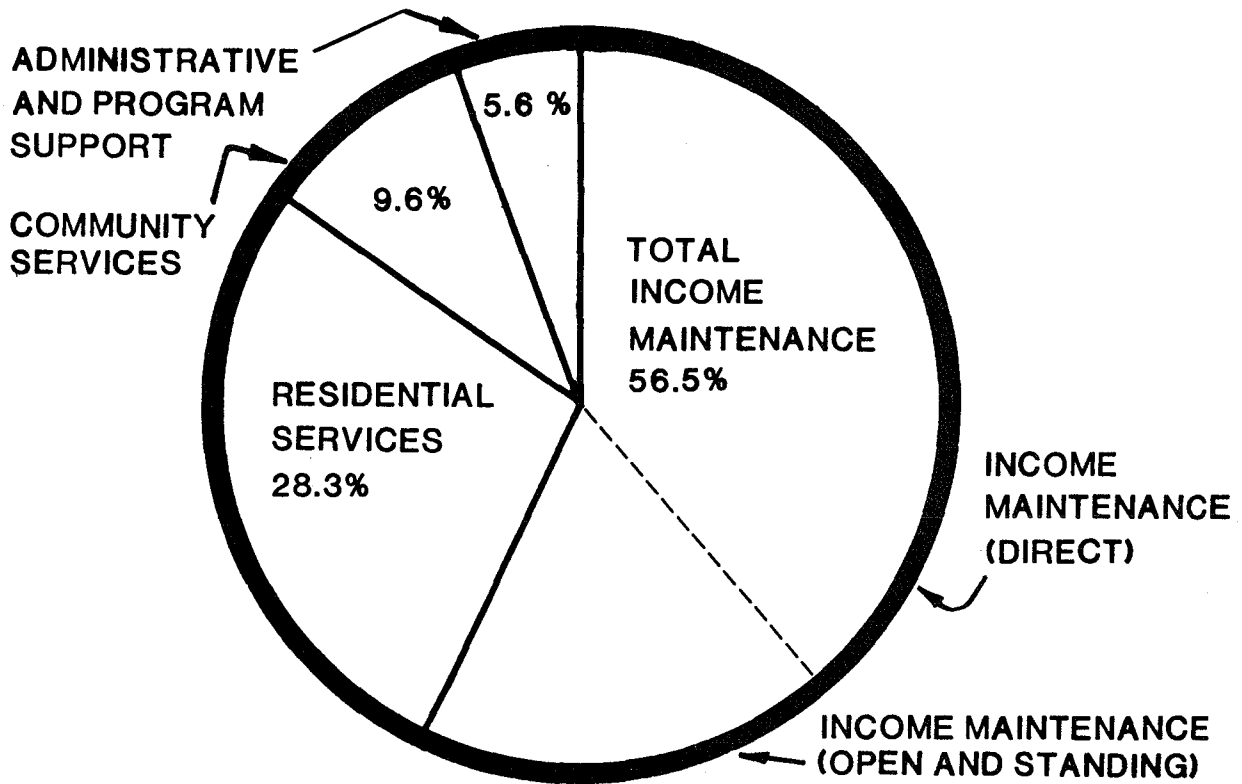


HEALTH DEPARTMENT
TOTAL GENERAL FUND EXPENDITURES/BUDGET
1974-1979

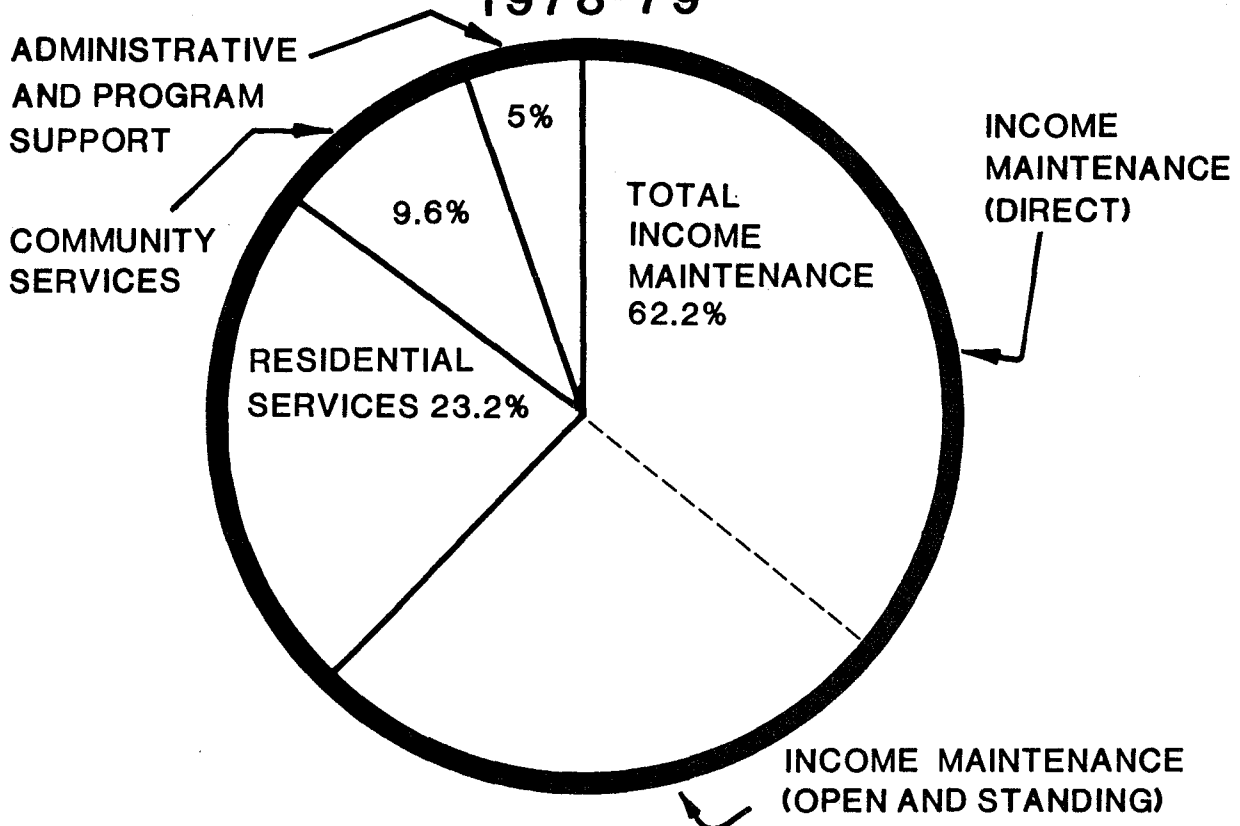


WELFARE STATE DOLLARS

GENERAL FUND EXPENDITURES 1976-77

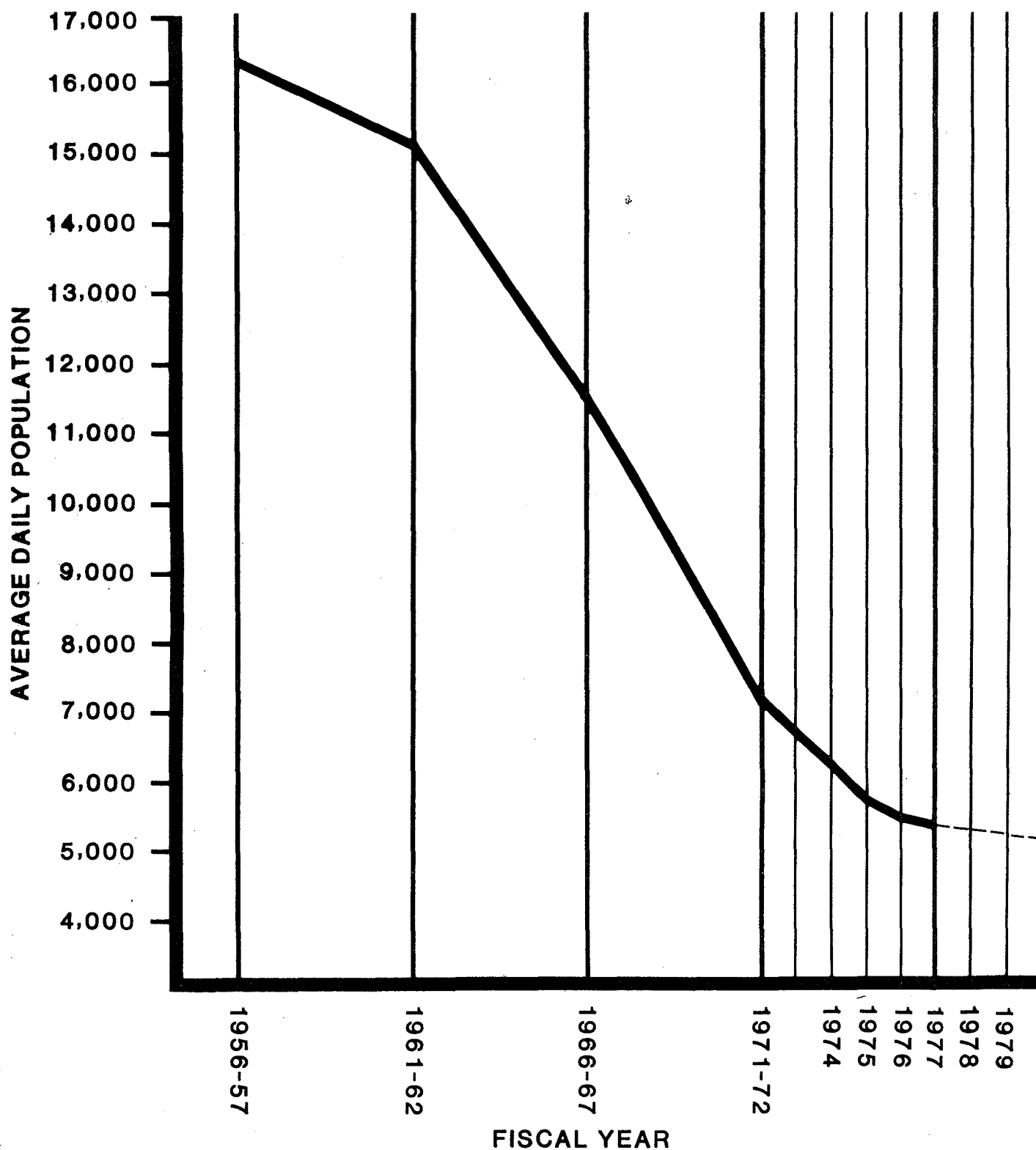


GENERAL FUND EXPENDITURES 1978-79

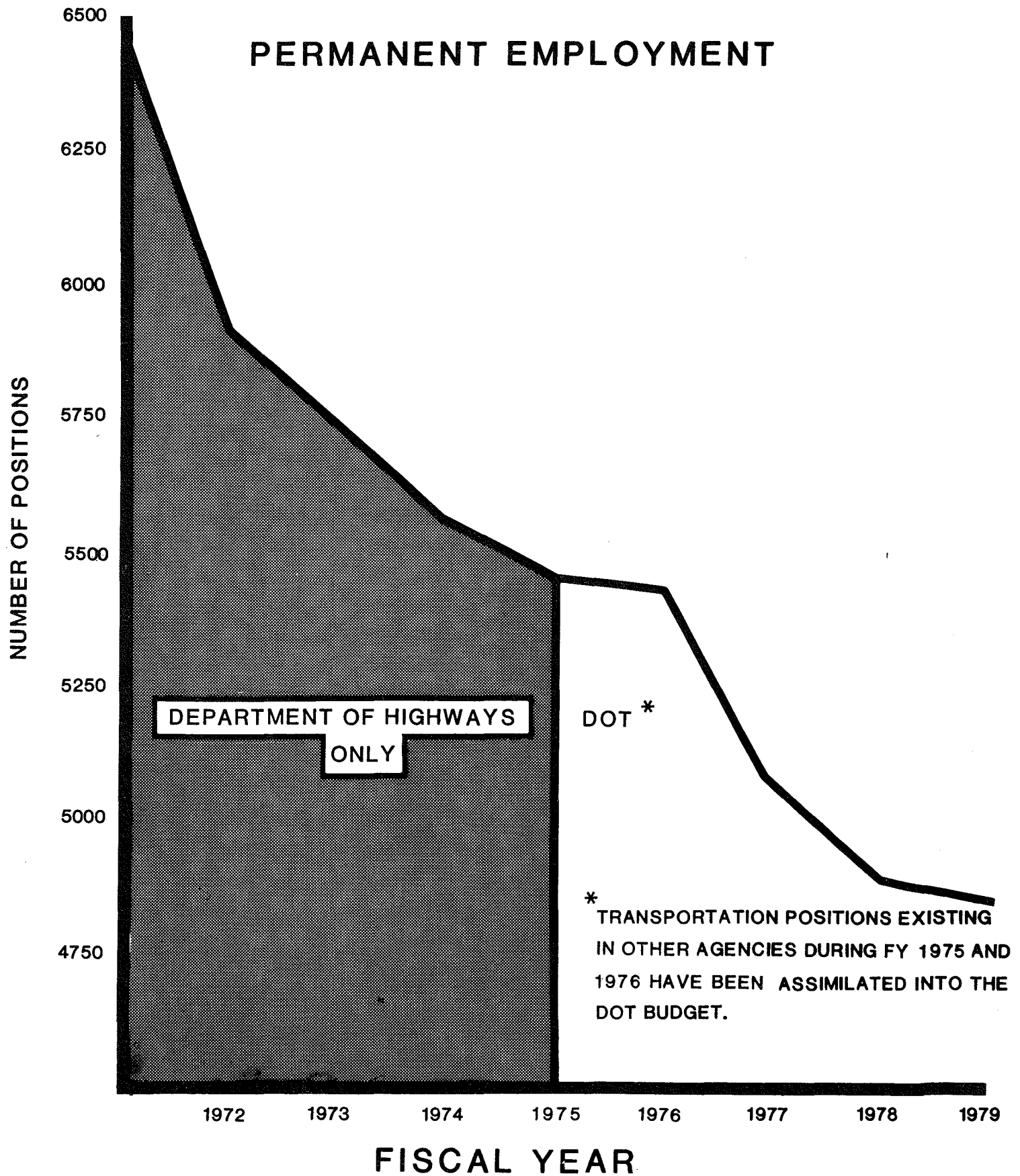


AVERAGE DAILY POPULATION

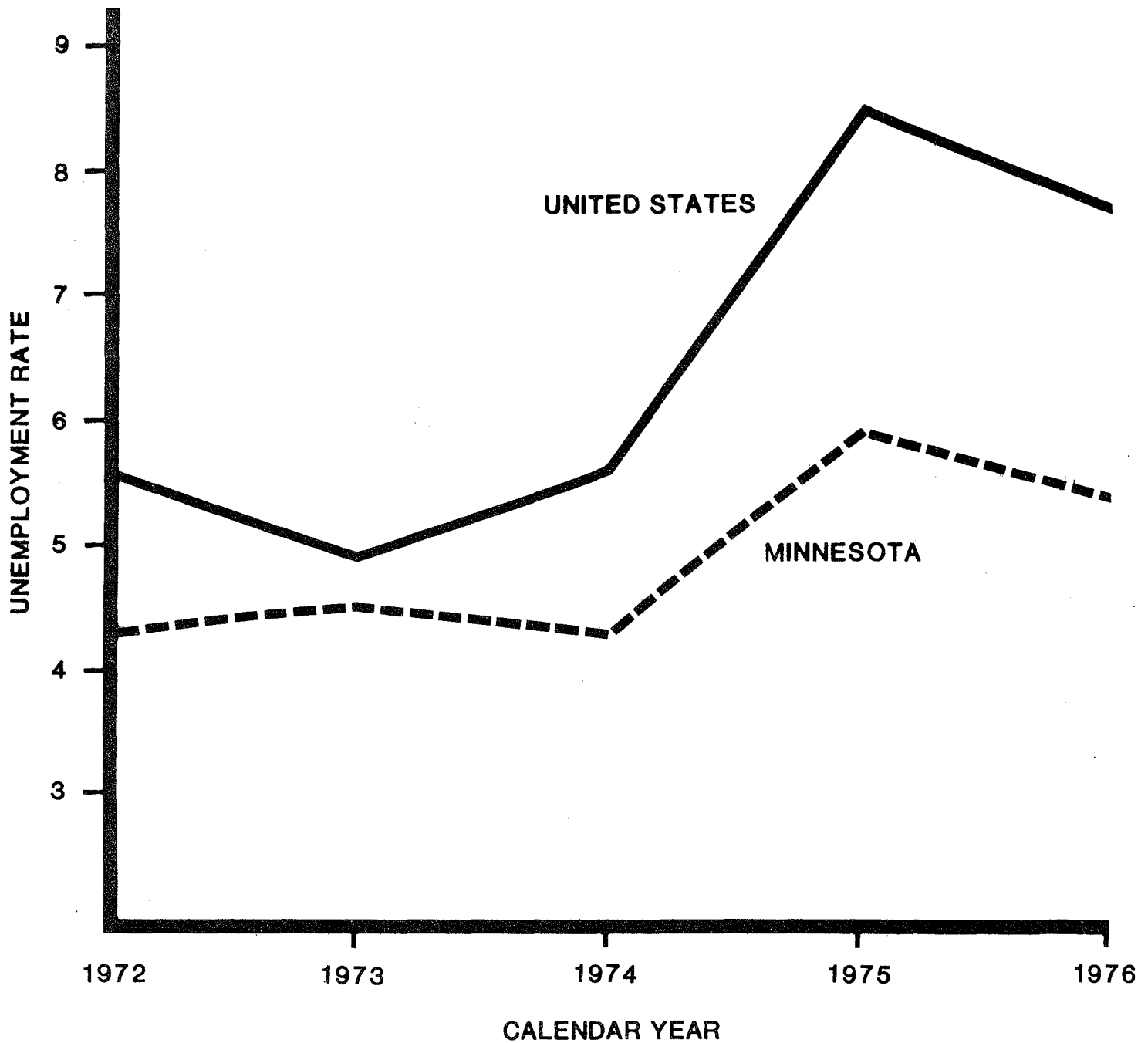
STATE HOSPITALS FOR MENTALLY ILL, MENTALLY RETARDED, AND CHEMICALLY DEPENDENT



MINNESOTA DEPARTMENT OF TRANSPORTATION COMPARISON OF BUDGETED COMPLEMENT



AVERAGE ANNUAL UNEMPLOYMENT RATE



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