

**Third Edition  
January 1999**

**Minnesota  
Data Book  
for  
Legislators**

**Research Department**

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The Research Department is the research and legal services office of the Minnesota House of Representatives. It is a non-partisan office serving the entire membership of the House and its committees. The department conducts legal and policy research, collects and publishes information for use by House members, and assists members and committees in developing, analyzing, drafting, and amending legislation.

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## INTRODUCTION

Welcome to the third edition of the Minnesota Data Book for Legislators. This book is a collective effort by House Research to provide legislators with important factual information about Minnesota.

First published in 1995, the data book provides details about such items as the state's population, the number of people the state employs, and how state revenues are allocated. Designed as an easy reference to state information, the book is divided into four major sections: demographic and economic data; government organization and employment; government finance; and major government functions and services. Please refer to the table of contents on the following page for a more detailed list of what's covered in each section.

We hope you find the 1999 Minnesota Data Book for Legislators to be a valuable resource.



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# **Demographic & Economic Data**





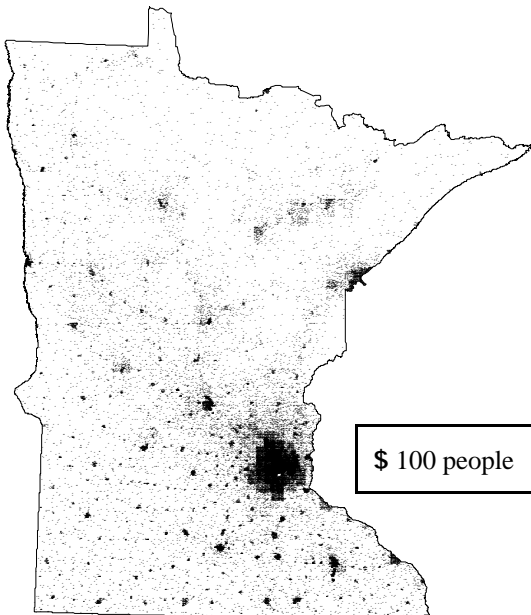
## Minnesotan 1996 Population Profile

	Age: under 20	20 to 64	65+
White	1,249,516	2,561,448	566,399
African American	55,904	72,102	5,137
American Indian, Eskimo & Aleut	26,050	28,807	2,273
Asian & Pacific Islander	54,114	59,864	3,935
<b>Total</b>	<b>1,385,584</b>	<b>2,722,221</b>	<b>577,744</b>
White Hispanic*	30,381	36,881	2,909
Other Hispanic*	5,241	4,979	316

\* Hispanic origin persons can be of any race.

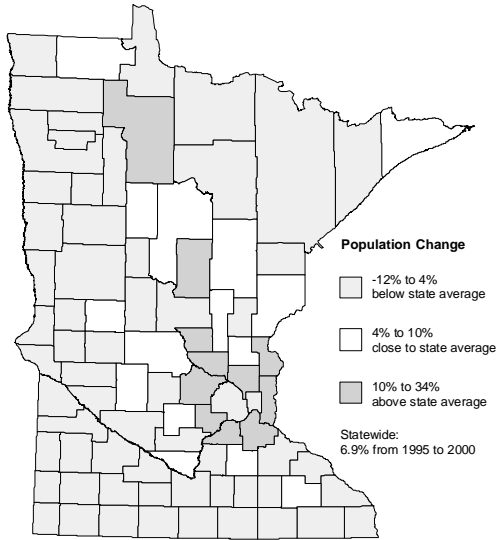
Source: Minnesota Planning

## Minnesota Population (4.8 million in 1997)



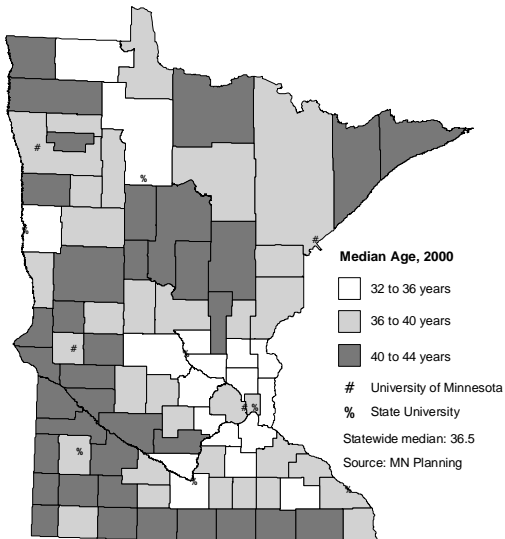
\$ 100 people

## Projected County Population Change 1995-2000



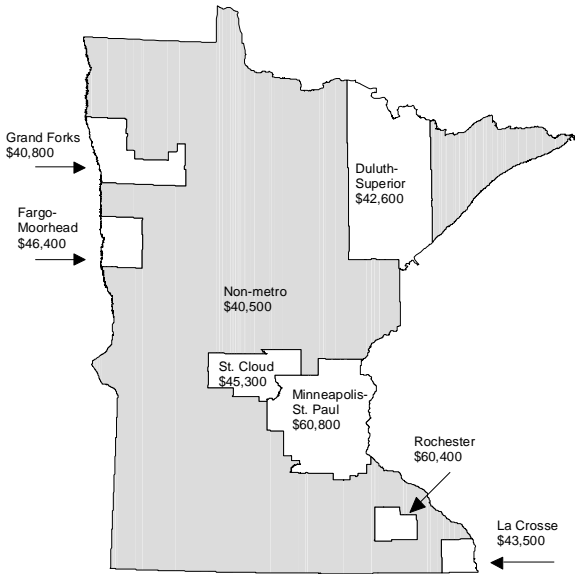
Source: Minnesota Planning

## Projected Median Age by County, 2000, and Public 4-year Universities



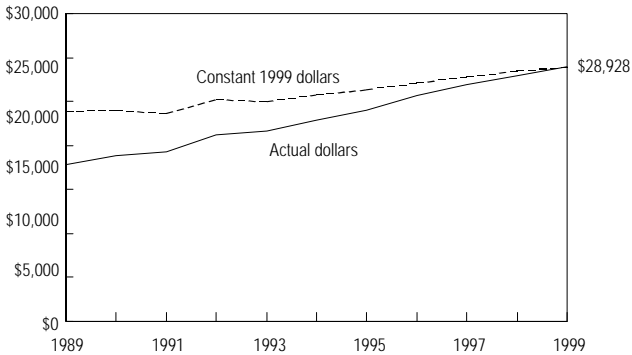
Source: Minnesota Planning

## Median Family Income for Metropolitan Areas 1998



Source: U.S. Department of Housing and Urban Development

## Minnesota Per Capita Personal Income (\$28,928 in 1999)



Source: Department of Finance

**Employment Growth by Industry, 1990-1997**  
**(17.7% growth; 2.4 million jobs in 1997)**

<b>Type of Industry</b>	<b>Number of Jobs in 1997</b>	<b>% Change from 1990</b>
<b>Goods-Producing</b>	559,928	11 %
Agriculture, Forestry, & Fisheries	22,728	31
Mining	7,948	-2
Construction	93,844	18
Manufacturing:	435,408	9
Durable Goods	254,332	11
Nondurable Goods	181,076	7
<b>Service-Producing</b>	1,535,803	22
Transportation & Public Utilities	118,582	17
Wholesale & Retail Trade	600,252	15
Finance, Insurance, & Real Estate	145,118	19
Services:	671,851	31
Consumer Services*	134,174	27
Professional & Business Services**	537,677	32
<b>Government</b>	330,958	9

\* Includes hotels and lodging; personal services; auto repair, services and painting; miscellaneous repair services; motion pictures; and amusement and recreation

\*\* Includes business, health, legal, educational, engineering, management, and other services and membership organizations

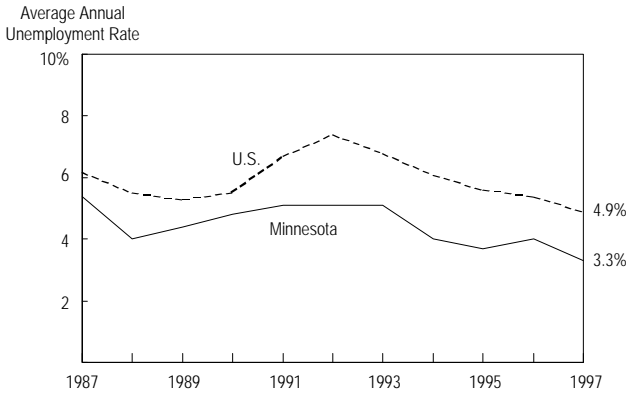
Source: Department of Economic Security

**Gross State Product by Industry, 1996**  
**(\$141,573 million in 1996)**

<b>Goods-Producing</b>	\$38,361
Agriculture, Forestry, & Fisheries	4,174
Mining	877
Construction	6,195
Manufacturing	27,115
<b>Service-Producing</b>	87,837
Transportation & Public Utilities	10,876
Wholesale & Retail Trade	24,051
Finance, Insurance, & Real Estate	25,352
Services	27,558
<b>Government</b>	15,374

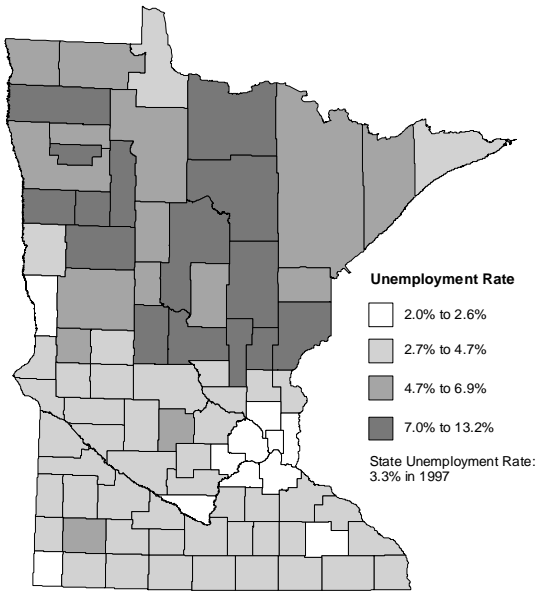
Source: U.S. Department of Commerce

**Unemployment Rate  
(MN: 3.3% in 1997  
U.S.: 4.9% in 1997)**



Source: Department of Economic Security

**Unemployment by County, 1997**



Source: Department of Economic Security



# **Government Organization & Employment**

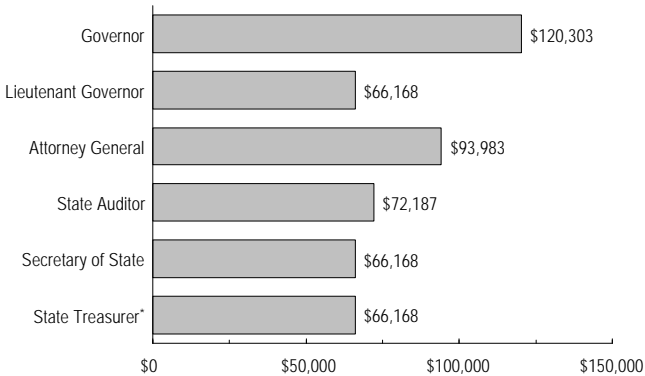
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## STATE EXECUTIVE BRANCH

### Salary of Elected Constitutional Officers, January 1999



\* A 1998 constitutional amendment abolished the office of state treasurer, effective January 2003.

[See House Research publication *“State Elected Officials’ Salaries,”* November 1998.]

### Major State Departments

- Each department is headed by a commissioner appointed by the governor
- Most commissioners' salaries are between \$85,000 and \$98,000.

#### Administration and Finance

Administration  
Employee Relations  
Finance  
Revenue  
Strategic and Long Range Planning

#### Business and Employment

Agriculture  
Commerce  
Economic Security  
Labor and Industry  
Mediation Services  
Public Service  
Trade and Economic Development

#### Environment

Natural Resources  
Pollution Control

#### Health, Education, and Human Services

Children, Families and Learning  
Health  
Human Rights  
Human Services  
Housing Finance  
Veterans Affairs

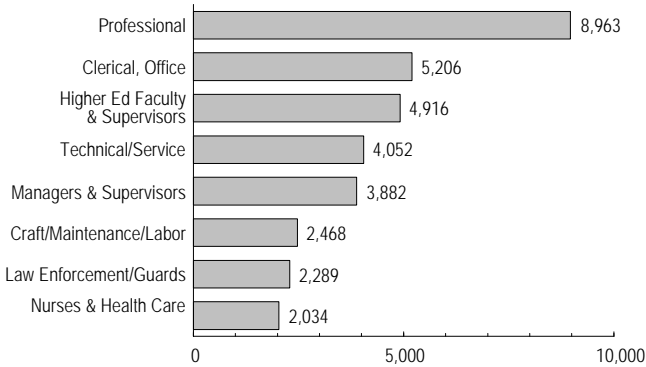
#### Public Safety and Transportation

Corrections  
Military Affairs  
Public Safety  
Transportation

**Other Executive Branch Agencies**

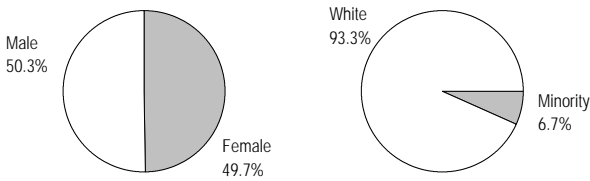
- There are more than 100 boards, councils, commissions, and task forces, including about two dozen occupational licensing boards.
- Most of these groups are advisory to a major state agency.

**Full-time Executive Branch Employees  
(35,150 in July 1998)**



(Does not include 14,000 part-time or temporary employees or 1,340 employees who cannot be allocated to any of the occupational categories)

**Characteristics of Executive Branch Employees**



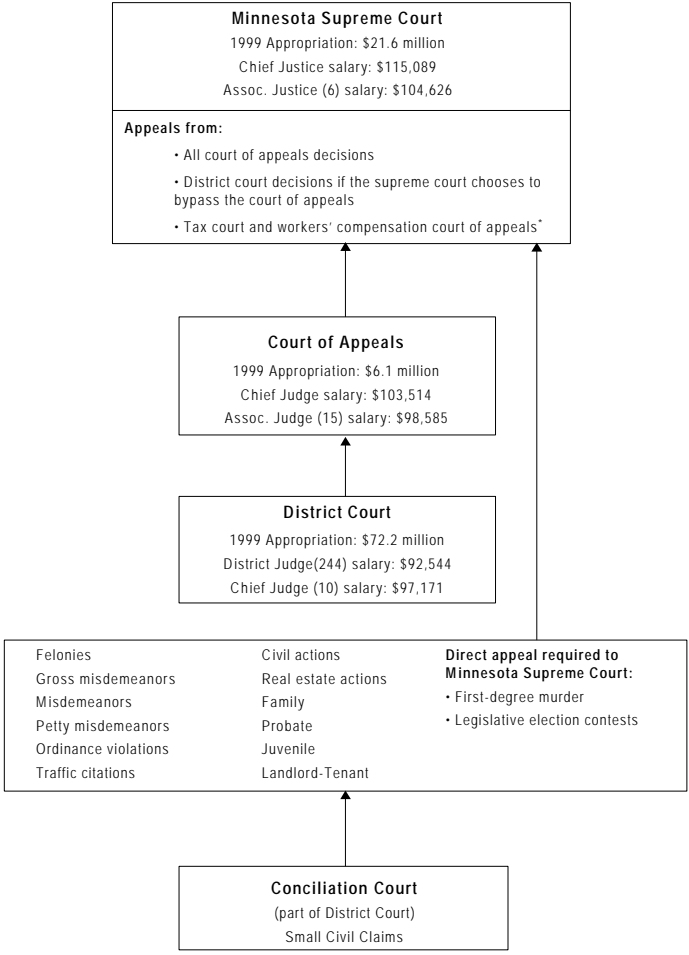
Full-time Employees

Average service	13.8 years
Average age	45.6
Average pay*	\$19.12/hour

\* Does not include MnSCU Faculty  
Source: Department of Employee Relations, July 1998

# STATE JUDICIAL BRANCH

## State Appropriations for Courts (\$100 million in FY 1999)



\* Tax court and workers' compensation court are executive agencies outside the state court system.

[See House Research publication *"Minnesota Judiciary: A Guide for Legislators,"* November 1998.]

## **Judicial Branch Employees**

- There are 1,144 state employees of the appellate courts, district courts, and judicial agencies, including judges.

In addition, counties provide and maintain facilities and fund many positions that staff the district courts. According to supreme court data, counties fund 45% of the total cost of the state judiciary. Legislative policy in recent years has been to increase the state's proportion of funding of the judicial system with the eventual goal that the state rather than the counties will fund all costs of the judiciary.

## **Public Defense System**

Total State Appropriations 1999: \$42.0 million

- The Board of Public Defense is located in the judicial branch but is not under the authority of the Minnesota Supreme Court. It oversees the state public defender (who handles appeals) and the district public defenders (who do trial work).
- There are 397 full-time equivalent employees in the state public defense system.

<b>STATE LEGISLATIVE BRANCH</b>
---------------------------------

**House of Representatives**

- 134 members, elected for two-year terms; salary: \$31,140

**Senate**

- 67 members, all elected at same time for four-year terms; salary: \$31,140

**Legislative Employment and Budget  
(652 permanent employees; \$56.3 million in FY 1999)**

	<b>Permanent Employees</b>	<b>Appropriation FY 1999 (millions)</b>
House of Representatives	273	\$25.8
Senate	212	17.7
Legislative Auditor	76	4.6
Revisor of Statutes	50	5.3
Total, Commissions & Groups	41	2.8
Includes: Legislative Coordinating Commission Legislative Reference Library Legislative Commission on <ul style="list-style-type: none"> <li>• Economic Status of Women</li> <li>• Minnesota Resources</li> <li>• Pensions and Retirement</li> </ul>		

## **METROPOLITAN GOVERNMENT**

In the seven-county Twin Cities metropolitan area, the legislature created regional agencies to fulfill specific functions.

### **Metropolitan Council**

- 16 members from districts and a chair from the metropolitan area at large, all appointed by governor
- Plans and coordinates development of region; provides transit and wastewater collection and treatment services

### **Metropolitan Parks and Open Space Commission (MPOSC)**

- Eight members from districts and a chair, all appointed by Metropolitan Council
- Advises and assists council in planning the regional parks and open space system

### **Transportation Advisory Board (TAB)**

- Chair appointed by council, 32 other voting members who are a mix of local elected officials, citizens, modal and agency representatives, and one nonvoting member (council liaison)
- Responsible for the Transportation Improvement Program that governs federally funded transportation projects in the metro area

### **Metropolitan Airports Commission (MAC)**

- Eight members from districts, four members from Greater Minnesota, and a chair, all appointed by the governor, plus one member each from Minneapolis and St. Paul
- Owns and operates Minneapolis-St. Paul International Airport and six other airports in region

### **Metropolitan Sports Facilities Commission (MSFC)**

- Six members appointed by Minneapolis City Council and a chair appointed by governor
- Owns and operates the Metrodome

### **Metropolitan Mosquito Control Commission (MMCC)**

- 17 members; all county commissioners appointed by their respective counties
- Monitors and controls mosquitos, disease-vectoring ticks, and black gnats in the Metropolitan Mosquito Control District

## Metropolitan Agency Budgets, 1999

	Percent of Revenue Sources				
	Property Taxes*	User Fees	State	Federal	Other
<b>Agency Expenditures</b> (proposed CY 1999 for operating, debt service, and passthrough)					
<b>Metropolitan Council</b> (\$449.9 million)					
Regional Admin. Community Development & HRA Admin. (\$13.5 million)	70		1	22	7
Transportation Planning & Transit Operations (\$201.8 million)	36	30	27	4	3
Transit Debt Service (\$19.2 million)	99				1
Sewer System (\$97.1 million)		97			3
Sewer System Debt Service (\$63.3 million)		100			
Solid Waste Debt Service (\$0.4 million)					100
Parks & Open Space Debt Service (\$6.1 million)	91				9
Public Safety Radio Debt Service (\$0.3 million)	99				1
Passthrough Grants & Loans Se.g., housing, parks, RALF, MLCA** (\$48.2 million)	28		12	57	3
<b>MAC</b> (\$110.4 million)		100			
<b>MAC Debt Service</b> (\$59.2 million)		100			
<b>MSFC</b> (\$10.2 million)		100			
<b>MMCC</b> (\$9.2 million)	100				

\* Property taxes include state aids in lieu of property taxes.

\*\* RALF stands for right-of-way acquisition loan fund; MLCA stands for Metropolitan Livable Communities Act.

Sources: Proposed or adopted 1999 agency budgets

## LOCAL GOVERNMENT

Counties, cities, and towns represent the three kinds of general purpose local units of government in Minnesota. School districts are the most significant kind of special purpose government unit in Minnesota.

### 87 Counties

- Most are governed by a five-member elected board of county commissioners.
- Anoka, Dakota, Hennepin, Olmsted, Ramsey, and St. Louis Counties have seven-member county boards.
- Most counties have elected "row officers" (auditor, treasurer, recorder, etc.).
- Ramsey County is the only county with a county home rule charter.

[See House Research publication "[Optional Forms of County Government](#)," July 1998.]

### 853 Cities (two types)

**Statutory Cities** (745) operate under the statutory city code and other laws.

- Governed by a five- or seven-member body
- Organized under one of three government plans: standard plan, option A, or option B

**Home Rule Charter Cities** (108) operate under their individual charters and other laws.

- Governing body composed of members as provided in the charter
- Governmental organization determined by charter

**Classification of Cities** is based on population.

- First class: more than 100,000 (three, including special accommodations for Duluth)
- Second class: more than 20,000 and not more than 100,000 (37)
- Third class: more than 10,000 and not more than 20,000 (37)
- Fourth class: not more than 10,000 (778)

**Towns** (1,800) are either urban or regular (rural).

- Urban towns have certain powers in addition to those granted to regular (rural) towns.



- Both types have a five- or seven-member elected board of supervisors.
- All towns hold an annual town meeting at which the town electors exercise certain powers granted by statute.

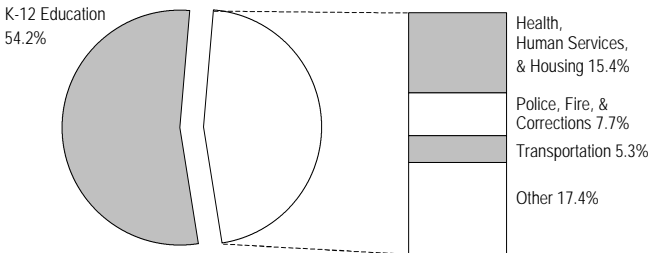
### 350 School Districts

- Consolidation has eliminated 85 districts since 1990.
- Most are governed by six- or seven-member elected boards.
- Most districts elect at-large board members for four-year terms.

### Other Special Purpose Districts (several hundred in total)

- Perform a single function (or several functions) as distinguished from general purpose governments
- Examples are drainage, conservancy, hospital, sanitary, and watershed districts
- Number of districts depends on what elements or characteristics are used in defining a special district
- Governed or administered by a board or commission, appointed or elected (or both) depending on the enabling law for the particular type of district
- Enabling law also determines number of members that constitute the body

### Local Government Employees by Function (195,935 full-time equivalent employees, 1995)



Source: U.S. Department of Commerce, October 1995

[See House Research publication *"Compensation Limits for Local Government Employees,"* August 1998.]

## MINNESOTA PUBLIC PENSION PLANS

Pension Plan	Active Members	Assets (millions)	Liabilities (millions)
<b>State Employee Plans</b>			
Minnesota State Retirement System (state employees)	46,289	\$4,665	\$4,520
State Patrol	795	376	332
State Correctional Employees	2,600	242	213
<b>Local Government Plans</b>			
Public Employees Retirement Assoc. (local government employees, other than police and fire)	130,865	\$6,658	\$8,050
Public Employees Retirement Assoc. (police and fire)	8,079	1,975	1,556
Minneapolis Employees Retirement Fund	1,678	1,072	1,284
<b>Teacher Plans</b>			
Teachers Retirement Assoc. (teachers and administrators outside of first-class cities)	68,554	\$11,104	\$10,964
Minneapolis Teachers Retirement Assoc.	4,653	673	1,173
St. Paul Teachers Retirement Assoc.	3,842	556	758
Duluth Teachers Retirement Assoc.	1,416	170	198

Source: Actuarial valuations for June 30, 1997

Other public pension plans:

- Separate plans for legislators, judges, and constitutional officers
- Several local police and fire plans, all of which have been closed to new members since 1980
- Individual retirement account plans for higher education faculty
- Approximately 700 volunteer firefighter plans

*[See House Research publications "Minnesota Public Pensions: Calculation of Retirement Benefits," October 1998 and "Minnesota Public Pensions: Funding Principles," December 1998.]*

## Government Finance

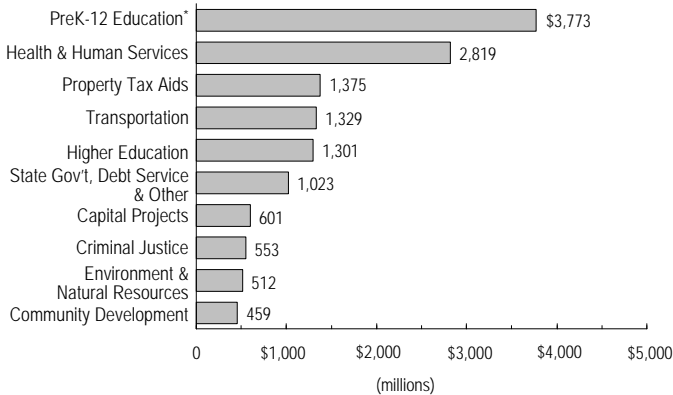
Total State Spending and Revenues, All Funds .....	29
Taxes .....	31
Government Debt .....	42

Note: The FY 1999 data are from the Department of Finance, November 1998 forecast. Other data are from the Department of Revenue, unless otherwise noted.



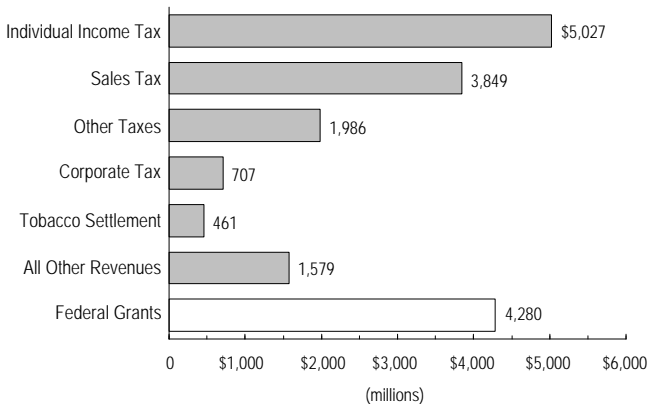
## TOTAL STATE SPENDING AND REVENUES, ALL FUNDS

### Spending, Excluding Federal Funds (\$13,284 million in FY 1999)



\* Does not include \$90.2 million in property tax recognition shift; includes family and early childhood education spending

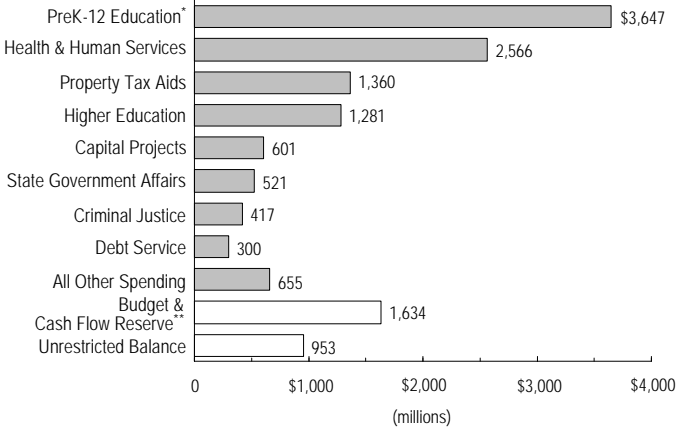
### Revenues (\$13,609 million, state source in FY 1999 \$4,280 million, federal grants in FY 1999)



The amount shown for the individual income tax is net of the 1999 property tax rebate. "All other revenues" includes investment income, MinnesotaCare premiums, and user fees such as hunting and fishing licenses. In addition to the \$13,609 million in state revenues, the state carried forward a balance of \$4,380 million to FY 1999.

Source: Consolidated Fund Statement and Fund Balance Analysis, Department of Finance

**State Spending, General Fund Only  
(\$11,347 million in FY 1999)**

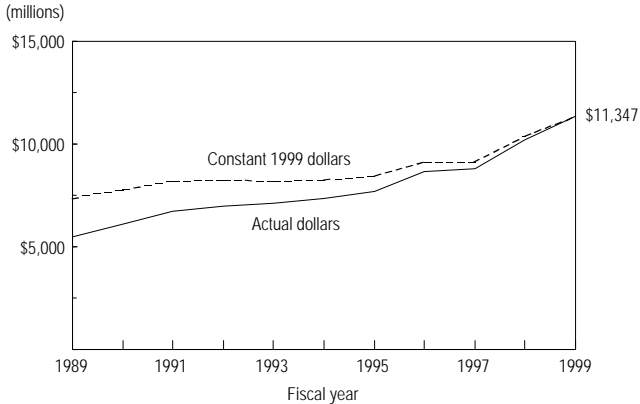


Source: Fund Balance Analysis, Department of Finance

\* Does not include \$90.2 million property tax recognition shift; includes family and early childhood education spending

\*\* Includes cash flow account, budget reserve, property tax reserve, tax reform and reduction account, and other dedicated reserves

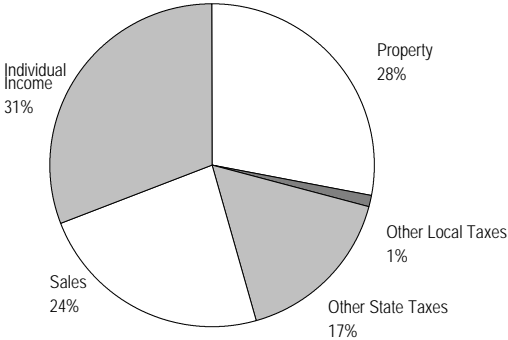
**General Fund Spending  
(\$11,347 million in FY 1999)**



Source: Comprehensive Annual Financial Report, Department of Finance

# TAXES

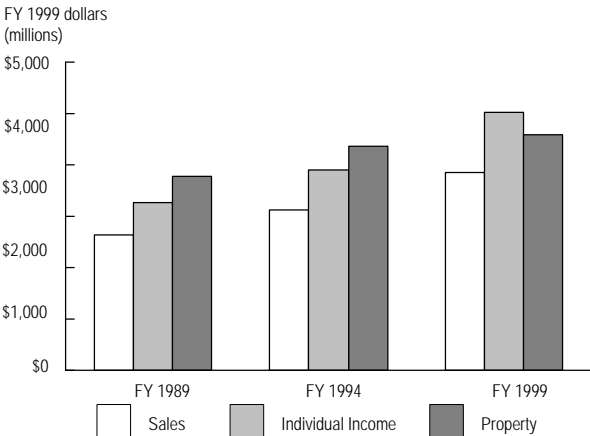
## State and Local Taxes (\$16,314 million in FY 1999)



## Minnesota State Tax Collections (\$11,569 million in FY 1999)

Individual Income	\$5,027	MNCare Taxes	\$152
Sales	3,849	Mortgage & Deed	129
Corporate	707	Gambling	63
Highway Fuels	591	Alcoholic Beverages	58
Motor Vehicle License	562	Estate	50
Tobacco	190	Other	25
Insurance	166		

## Income, Sales, and Property Taxes



*[See House Research publication "Major State Aids & Taxes: A Comparative Analysis," February 1999.]*

## Individual Income Tax

The Minnesota individual income tax uses federal taxable income (income after federal deductions and exemptions) as its starting point.

### 1999 Tax Rates and Brackets

Rate	Income		
	Married Joint	Single	Head of Household
6%	\$0 to 25,220	\$0 to 17,250	\$0 to 21,240
8%	25,221 to 100,210	17,251 to 56,680	21,241 to 85,350
8.5%	Over 100,210	Over 56,680	Over 85,350

Note: Head of household filers are single filers with dependents.  
Income brackets for each rate are adjusted annually for inflation.

Refundable credits available for:

**Dependent care expenses** **\$11 million in FY 1999**

- up to \$720 per dependent for up to two dependents available for filers with income up to \$31,380

**Working family credit** **\$75 million in FY 1999**

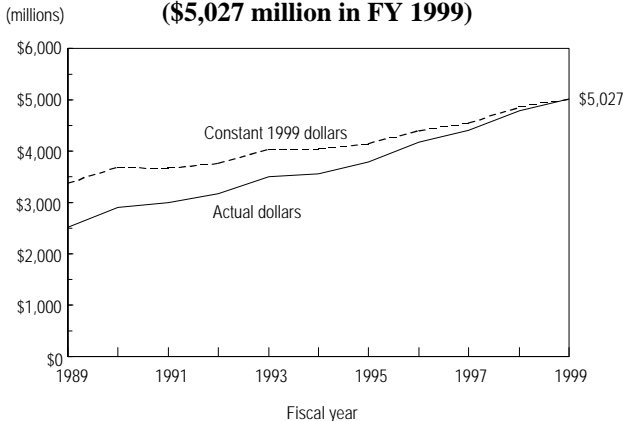
- equals a percentage of earned income
- maximum credit of \$1,145

**Property tax rebate** **\$461 million in FY 1999**

**Education credit** **\$38.5 million in FY 1999**

*[See House Research publications “Income Tax Credits for Public and Nonpublic Education in Minnesota,” December 1997 and “Minnesota’s Public School Fee Law and Education Tax Credit and Deduction,” December 1998.]*

### Individual Income Tax Revenues (**\$5,027 million in FY 1999**)





## Sales Tax

The sales tax is an ad valorem tax imposed on the retail (final) sales of most goods and some services.

### General Sales and Use Tax Rates for FY 1999

- General and Motor Vehicle 6.5%
- Farm and Logging Machinery\* 2.0%
- Liquor and Beer Sales 9.0%
- Motor Vehicle Rentals 12.7%

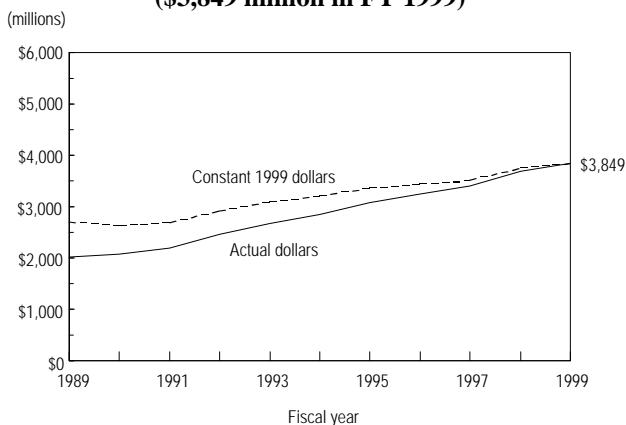
\* This rate is reduced to 1.0% on July 1, 1999, and the sales are exempt beginning July 1, 2000. See the local government revenues page for local sales and local lodging taxes.

### Major Exemptions

- Clothing
- Most food products
- Prescription drugs and some other medicines
- Most business and personal services
- Gasoline (subject to the gas tax)
- Farm machinery repair parts
- Capital equipment for manufacturing industries\*
- Industrial special tooling

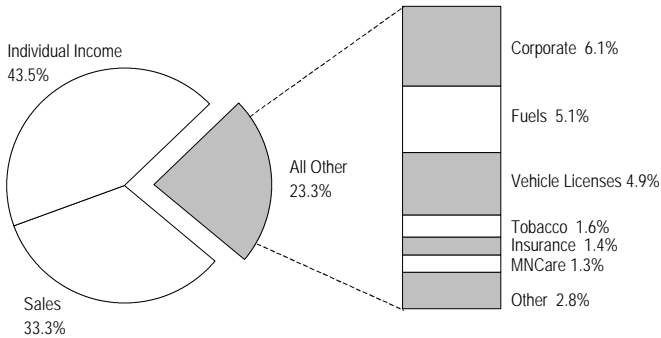
\* Businesses must pay the sales tax on capital equipment at the time of purchase and then apply for a refund from the state.

### Sales Tax Revenues (\$3,849 million in FY 1999)



## Other State Taxes

Taxes, other than the income and sales taxes, yield a little under 25% of state tax revenues. Many of these taxes are minor revenue sources. Taxes that yield an estimated \$100 million or more for FY 1999 are described following the graph.



### Corporate Franchise (Income) Tax

- 9.8% of federal taxable income after numerous adjustments
- Multi-state corporations apportion income under a three-factor formula using Minnesota shares of property, payroll, and sales; the formula weights sales at 70% and property and payroll at 15% each
- Two minimum taxes apply:
  - 5.8% of federal alternative minimum taxable income, and
  - a flat fee based on Minnesota property, payroll, and sales
- Most volatile revenue source of any major state tax

### Motor Fuels Tax

- \$.20/gallon
- Dedicated by constitution to the highway user trust fund

### Motor Vehicle Registration (License) Tax

- Tax on passenger vehicles is 1.25% of the value, plus a minimum fee of \$10 (total tax cannot be less than \$35)
- Trucks, buses, and other vehicles pay based on weight and age
- Dedicated by constitution to the highway user trust fund

## Cigarette and Tobacco Products Tax

- \$.48/pack of 20 cigarettes; 35% of wholesale price of tobacco products
- Revenues pay debt service on special state general obligation bonds; \$.02/pack goes to Minnesota Future Resources Fund; and the rest to general fund

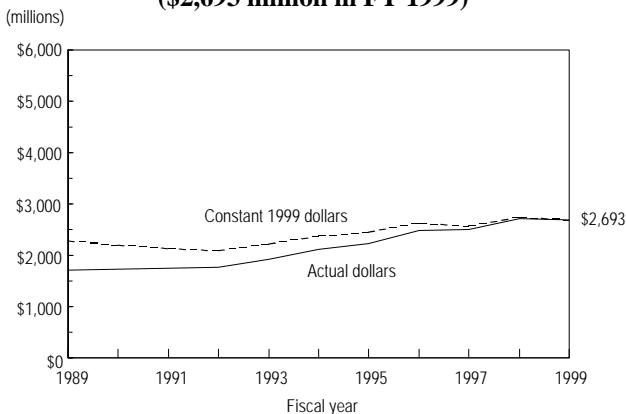
## Insurance Premiums Tax

- Basic tax is 2% of insurance premiums
- Mutual property-casualty insurers with 12/31/89 assets of no more than \$5 million, 0.5% rate; \$1.6 billion, 1.26% rate
- HMOs and nonprofit health insurance companies (e.g., Blue Cross) are exempt, if they have met cost containment goals. Tax is imposed at a rate up to 1% for a calendar year to fund MinnesotaCare, if Commissioner of Finance finds there will be a deficit in health care access fund.
- A "retaliatory tax" applies to a foreign company, if its home state taxes similar Minnesota companies more heavily. Foreign company pays as if its home state taxes applied to its Minnesota business.

## MinnesotaCare Taxes

- 1.5% of gross revenues tax on hospitals, surgical centers, health care providers, and wholesale drug distributors; the rate may increase to 2% after January 1, 2000, if the Commissioner of Finance determines there will be a structural deficit in the health care access fund
- Exemptions for Medicare, Medical Assistance, General Assistance Medical Care, and MinnesotaCare revenues
- Revenues pay for MinnesotaCare program

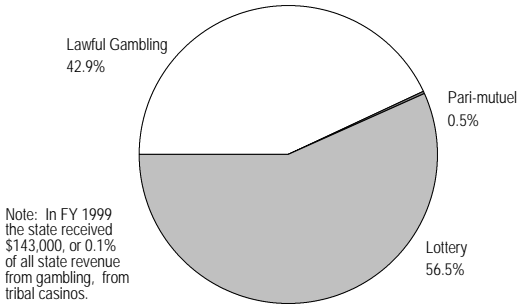
### Other State Tax Revenue (\$2,693 million in FY 1999)



## Gambling Revenue

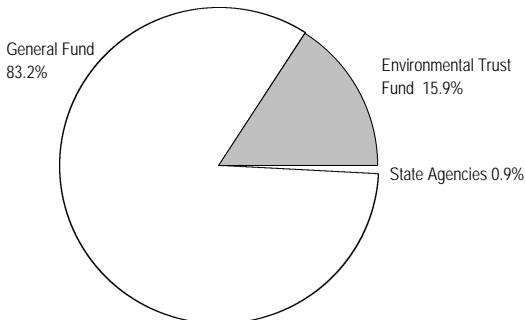
The state receives revenues from three state-sanctioned forms of gambling: pari-mutuel horse racing, lawful (charitable) gambling and the state lottery. The state also receives a nominal sum from Indian tribes that operate casinos, to defray state expenses in supervising tribal-state gaming compacts. For FY 1999 more than \$150 million in gambling revenue is projected.

### Sources of State Revenue from Gambling (\$156 million in FY 1999)



The money going to state agencies is mainly from the state lottery for department expenses and the state compulsive gambling program. The money going to the Environmental Trust Fund represents a constitutionally dedicated 40% of net state lottery profits.

### Disposition of State Revenue from Gambling (\$156 million in FY 1999)

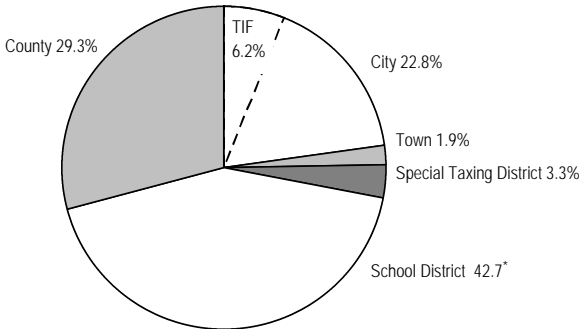


Federal law bars Minnesota from taxing Indian tribal casinos, the single largest form of gambling activity in terms of total wager. [See House Research publication *“Minnesota Lottery Revenue in Fiscal Year 1997,”* September 1998.]

## Property Tax

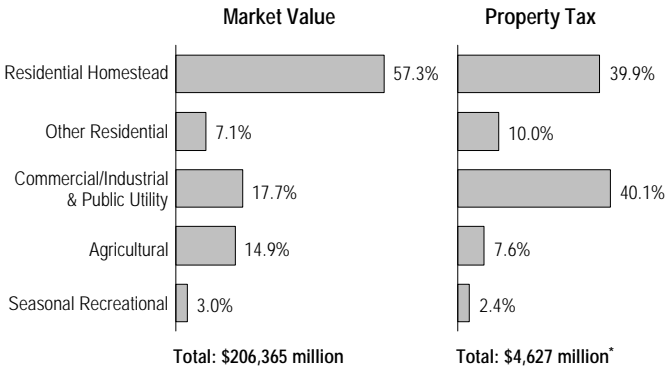
Property tax is the primary source of revenue for local governments in Minnesota. Property taxes are levied annually and payable in two installments (May 15 and Oct./Nov. 15).

**Property Tax Levy by Type of Government  
(\$4,642.5 million in CY 1998)**



\*School district levy excludes education homestead credit

**Shares of Market Value and Property Tax by Property Type  
(Taxes payable 1998)**



\*Does not include \$15 million in property tax credits

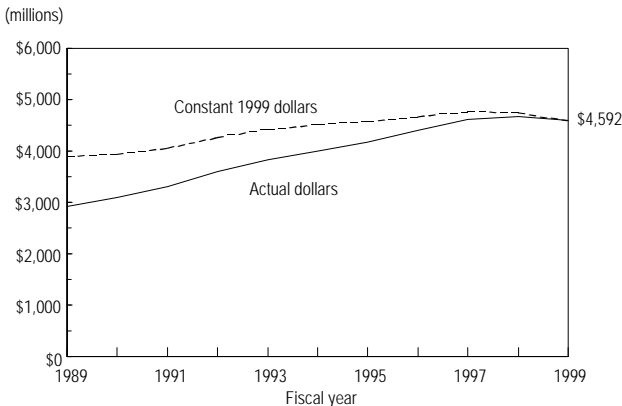
*[See House Research publication "1997 Changes to Minnesota's Property Tax System with 1998 Update," September 1998.]*

## Class Rates for Taxes Payable in 1999

Property Type	Class Rate
<b>Residential Homestead</b>	
Up to \$75,000	1.0%
Over \$75,000	1.7
<b>Residential Non-homestead</b>	
Single-unit	
Up to \$75,000	1.25
Over \$75,000	1.7
Two & three-unit	1.7
<b>Apartments (4 or more units)</b>	2.5*
<b>Agricultural Homestead</b>	
House, garage, & one acre (HGA) (same as residential homestead)	
Other value up to \$115,000	0.35
Other value over \$115,000	
Up to 320 acres	0.8
Over 320 acres	1.25
<b>Agricultural Non-homestead</b>	1.25
<b>Seasonal-Recreational-Residential</b>	
Up to \$75,000	1.25
Over \$75,000	2.2
<b>Commercial/Industrial</b>	
Up to \$150,000	2.45
Over \$150,000	3.5
<b>Public Utility</b>	3.5

\* Lower rates apply to low-income apartments and apartments in small rural cities.

## Property Tax Revenues (\$4,592 million in FY 1999)



## Property Tax Terminology

- The tax base is each property's **net tax capacity**:  

$$[\text{estimated market value}] \times [\text{class rate}] = [\text{net tax capacity}]$$
- Each local government levies a **tax rate** on all properties in its jurisdiction:  

$$[\text{levy}] \div [\text{total net tax capacity}] = [\text{tax rate}]$$
- The **property tax** on a parcel of property is computed as:  

$$[\text{net tax capacity}] \times [\text{total tax rate}] = [\text{property tax}]$$
- For homestead property, the **net property tax** is computed as:  

$$[\text{property tax}] - [\text{education homestead credit}] = [\text{net property tax}]$$

### Ten Largest Property Tax Relief Programs (\$4,855 million in FY 1999)

	Program	Recipients
\$2,652	General Education Aid	School Districts
514	Homestead & Agricultural Credit Aid (HACA)	All Taxing Jurisdictions
417	Special Education Aid	School Districts
377	Local Government Aid	Cities and Towns
329	County Highway Aid	Counties
145	Education Homestead Credit	School Districts
139	Referendum Equalization Aid	School Districts
101	Property Tax Refund-renters	Individuals
100	Municipal Street Aid	Cities and Towns
81	Property Tax Refund-homeowners	Individuals

## Property Tax Refund

Provides property tax relief to homeowners and renters whose property taxes are high relative to their incomes. If property tax exceeds a threshold percentage of income, refund equals a percentage of the tax over the threshold up to a maximum.

### Property Tax Refund (\$170 million, refunds filed 1997)

		Number of Filers	Refund Amount (millions)	Average Refund per Filer
Homeowners	Non-senior	163,498	\$53	\$323
	Senior	97,899	32	323
Renters	Non-senior	187,418	64	342
	Senior	54,210	22	397
<b>Total</b>		<b>503,025</b>	<b>\$170</b>	<b>\$338</b>

### Program Limits, Refunds Filed 1999

	Maximum Qualifying Income	Maximum Refund
Homeowners	\$68,680	\$490
Renters	\$40,060	\$1,140

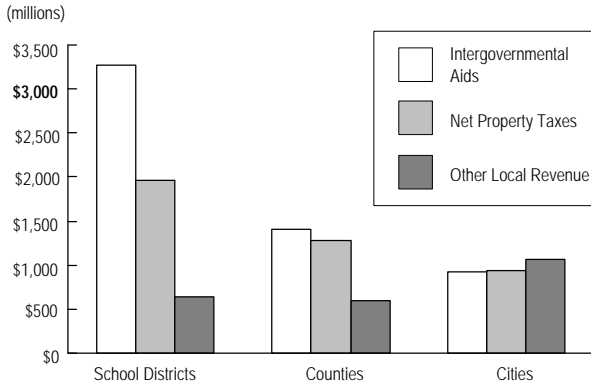
### Special Property Tax Refund (Targeting) (\$3.8 million, refunds filed 1997)

Provides property tax relief to homeowners whose property taxes increase by more than 12% over the previous year

- Household income of taxpayer not considered
- For returns filed in 1997:
  - 48,110 returns
  - \$3.8 million total amount
  - \$79 average refund



## Local Government Revenues (\$12,100 million in CY 1996)



### Major Sources of Local Government Revenues, CY 1996

	School Districts	Counties	Cities
<b>Intergov't. Aid</b>	\$3,273.8	\$1,404.7	\$931.4
<b>Net Property Taxes (including TIF)</b>	1,957.9	1,279.1	937.7
<b>Other Local Revenue</b>			
User Fees	448.3	262.1	213.2
Interest Earnings	130.7	123.4	177.9
Special Assessments	n/a	21.9	210.4
Licenses and Permits	n/a	14.2	83.6
Fines and Forfeits	n/a	20.9	27.7
Other	215.7	161.3	353.2
<b>Total</b>	<b>6,026.4</b>	<b>3,287.5</b>	<b>2,935.2</b>

### Other Local Taxes (\$135 million)

- General Sales Tax; imposed by the following local governments:
 

<b>0.5%:</b> Minneapolis	Mankato	<b>1.0%:</b> Duluth
St. Paul	Cook County	Hermantown
Rochester	Winona	
- Lodging Tax; any city or town may impose a tax of up to 3%
- Franchise Tax
- Aggregate Production Tax (gravel tax)
- Gambling Tax (proceeds for charitable gambling regulation only)

# GOVERNMENT DEBT

## State Debt

### State Obligations Outstanding (November 1, 1998, dollars in millions)

<b>General Obligation (G.O.) Bonds</b>	\$2,379
<b>Equipment Leases</b>	61
<b>Agency Obligations:</b>	
Commissioner of Finance	\$173
Housing Finance Agency	1,990
Higher Education Facilities Authority	397
University of Minnesota	288
State University Board Revenue	
Bonds	30
Higher Education Services Office	68
Public Facilities Authority	496
Rural Finance Authority	22
Agricultural & Economic	
Development Board	40
State Armyory Commission	5
<b>Total Agency Obligations</b>	3,509
<b>Total, All Obligations</b>	<b>\$5,949</b>
G.O. debt authorized but not yet issued:	\$740

Source: Department of Finance

### Department of Finance Debt Management Guidelines

- The general fund appropriation for debt service should not exceed 3% of nondedicated revenues. (As of June 30, 1998, the general fund appropriation for debt service was 2.8%.)
- G.O. debt of the state should not exceed 2.5% of total personal income. (June 30, 1998: 1.8%)
- Total revenue and G.O. debt of state agencies, public corporations, and the University of Minnesota should not exceed 3.5% of total personal income. (June 30, 1998: 2.9%)
- Total amount of all G.O. debt, moral obligation debt, state bond guarantees, equipment capital leases, and real estate leases should not exceed 5% of total personal income. (June 30, 1998: 3.5%)

## Local Government Debt

### Bonded Debt of Local Governments (\$9,833 million in FY 1996)

	<b>General Obligation</b>	<b>Revenue</b>	<b>Total Indebtedness</b>
Cities	\$4,464	\$677	\$5,141
Counties	942	54	995
Towns	34	5	39
School Districts	3,658	0	3,658
<b>Total</b>	<b>\$9,098</b>	<b>\$736</b>	<b>\$9,833</b>

Special district debt data is not available.

Source: State Auditor's reports

**General obligation bonds** are secured by the full faith and credit of the issuing governmental unit; the issuing governmental unit agrees to levy whatever property taxes are needed to pay the bonds.

**Revenue bonds** are backed by the revenues from a project or facility. They may also be secured by a general obligation pledge (**general obligation revenue bonds**).

Amounts in the local government table do not include **conduit bonds**, such as IDB (industrial development bonds) or mortgage revenue bonds. These bonds are paid by private individuals, businesses, and other organizations. The governmental unit issues the bonds to confer its federal and state tax exemptions on the private borrowers but is not legally responsible to repay the bonds. Most analysts consider conduit bonds to be obligations of the private individuals or entities who pay them.

**Twin Cities Metropolitan Regional Government Debt  
(\$1,352 million net outstanding as of December 31, 1998)**

**Metropolitan Council  
(\$621 million net outstanding general  
obligation bonds as of December 31, 1998)**

Sanitary Sewers	\$501
Solid Waste	2
Transit	84
Parks	31
Public Safety Radio	3
<b>Total</b>	<b>\$621</b>

**Metropolitan Airports Commission (MAC)  
(\$731 million net outstanding as of December 31, 1998)**

General Obligation Revenue Bonds	\$384
General Airport Revenue Bonds	<u>347</u>
<b>Total</b>	<b>\$731</b>

The Metropolitan Council and the MAC are authorized to issue debt. As of December 31, 1998, the MAC could issue \$55 million more in general obligation revenue bonds and an unlimited amount of airport revenue bonds for specified purposes. The MAC has not levied property taxes to pay general obligation revenue bonds since 1969. The Metropolitan Council may issue an unlimited amount of debt for the wastewater collection and treatment system, and as of December 31, 1998, could issue \$54.0 million more for transit fleet and facilities and the public safety radio system and \$9.3 million for grants for capital improvements in regional parks.

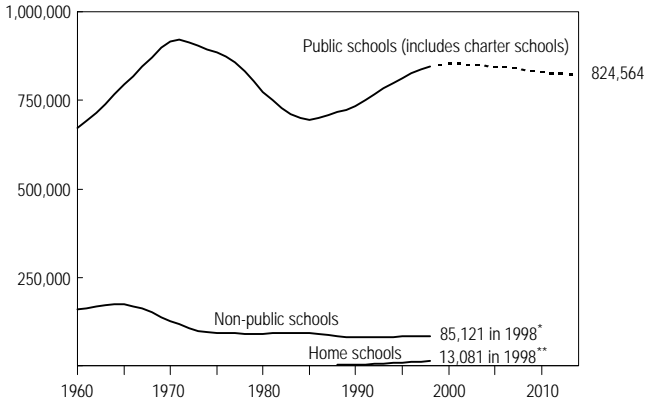
# Major Government Functions & Services

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# K-12 EDUCATION

## Student Enrollment (824,564 projected for 2014)



\* Enrollment projections for nonpublic schools only available through 1998.

\*\* Home school counts are not available prior to 1988.

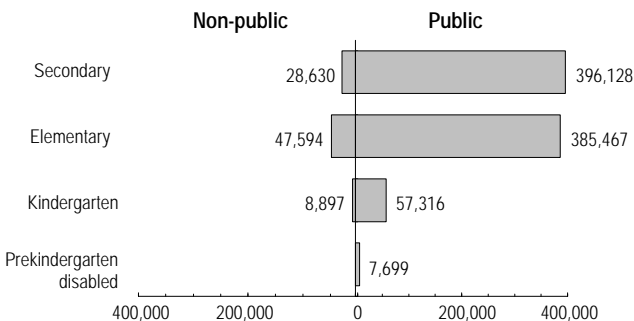
### Enrollment Options Programs 1997-98

- 21,737 open enrollment students
- 7,000 post-secondary (PSEO) students
- 7,500 college in high school students

### Charter Schools 1998-99

- 37 charter schools in operation
- 5,494 students attending charter schools as of October 1998
- 42 charters granted as of October 1998

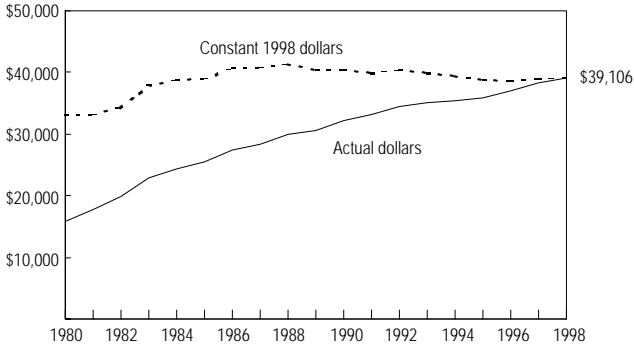
### Students by Grade 1997-98



### Teacher Characteristics, 1996-97

- 49,900 public school teachers (FTE)
- 52% of teachers are 45 or older
- 22% have advanced degrees
- 51% have taught 15 years or more
- 5,862 non-public school teachers

### Average Minnesota Public School Teacher Salary (\$39,106 in 1998)



Source: National Education Association

### Teacher Licensure and Qualifications

- State Board of Teaching oversees teacher preparation and licensure.
- Candidates for teacher preparation must pass an exam on math, reading, and writing skills.
- Newly graduated teachers hold provisional two-year licenses.
- Experienced teachers renew continuing licenses every five years after meeting continuing education requirements.
- State Board of Teaching currently is restructuring the licensure system to complement high school graduation standards.

### Administrator Licensure and Qualifications

- State Board of Education oversees administrator preparation and licensure and coaches' qualifications (under current law, the board is due to expire December 31, 1999, at which time duties not already transferred will transfer to the Commissioner of Children, Families and Learning).



## Minnesota's High School Graduation Rule

In 1992, the Minnesota Legislature directed the State Board of Education to adopt in rule two types of graduation requirements: basic standards tests in reading, math, and writing; and the profile of learning.

### Basic Standards Tests

To graduate, public school students must receive a passing score of 75% on the reading and math basic standards tests and three out of a possible four points on the written composition test. A passing score requires students to:

- understand math through pre-algebra
- read at a level equal to popular adult nonfiction
- respond to an adult reader in writing with short answers to two statements or requests for information

Students first take the reading and math basic standards tests in eighth grade and the written composition test in tenth grade.

### Statewide Basic Standard Tests

School Year	Percent of 8th grade public school students receiving 75% or higher		Number of 8th grade public school students to be retested	
	Math	Reading	Math	Reading
1997-98	71	68	18,864	20,546
1996-97	70	59	NA	NA
1995-96	69	53	NA	NA

NA: Not available; the reading and math basic standards tests became effective in the 1996-97 school year; a passing score of 70% applied in the 1996-97 school year only

Source: Department of Children, Families and Learning

Students with a passing score on the basic standards tests may not meet the preparation requirements for four-year colleges and universities.

*[See House Research publication "State High School Graduation and College Preparation Requirements Compared," October 1998.]*

## Profile of Learning

The profile of learning contains high academic standards requiring students to expand their knowledge and skills beyond the state's basic reading, math, and writing competencies.

The profile of learning consists of ten broadly defined learning areas:

1. Read, view, and listen
2. Write and speak
3. Literature and the arts
4. Mathematical applications
5. Inquiry
6. Scientific applications
7. People and cultures
8. Decision making
9. Resource management
10. World languages\*  
(optional for students)

Within each learning area are more specific "preparatory content standards." Students entering ninth grade in 1998 and following years must complete 24 of 47 content standards, of which three are electives. Students are also required to use computer technology for one required content standard in learning areas 2, 4, 5, and 6. Students may complete a standard more than once to improve their score.

Districts may modify the performance requirements for students with disabilities and limited English proficiency.

The state and school districts use the performance scores of K-8 students on the content standards as diagnostic tools.

\* Note: The State Board of Education may change world languages from an elective to a requirement. However, a number of Minnesota school districts, which intend to fully implement the profile beginning in the 1998-99 school year, may not have the capacity to offer world languages.

*[See House Research publication "Profile of Learning and the State's High School Graduation Rule," September 1998.]*

## **Early Childhood Programs**

### **Early Childhood Family Education (ECFE)**

- School districts and tribal schools operate classes to strengthen families.

### **Way to Grow**

- State matching grant program promotes development and school readiness; service levels increase with family need.

### **Learning Readiness Programs**

- School districts operate child development programs to enable children, after a developmental screening, to progress and flourish after entering school.

### **First Grade Preparedness Pilot**

- State aid funds program at qualifying school sites to ensure children have the skills necessary to read and succeed in school.
- Eligibility is based on percent of free and reduced lunch enrollment for four areas (Minneapolis, St. Paul, Twin Cities suburbs, and Greater Minnesota).

### **Head Start**

- Federal program provides early education and health and social services for families in poverty.

### **Even Start Family Literacy Program**

- Money from “federal share” state grants funds five programs that integrate early childhood education and adult literacy or basic education classes.

### **Interagency Early Intervention (Part C)**

- Federally funded comprehensive, coordinated interagency program to provide services to eligible children with disabilities from birth to age two, and their families.

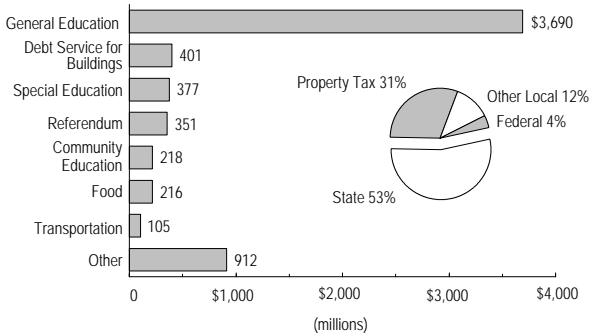
*[See House Research publication “Early Childhood Development and Care Programs,” October 1998.]*

## Funding for Early Childhood Programs

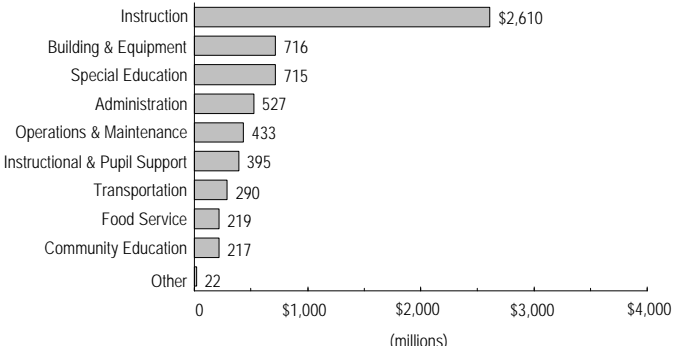
<b>Program (ages eligible)</b>	<b>Funding FY 99 (in millions)</b>	<b>Participants FY 97</b>
<b>ECFE</b> (up to kindergarten)	\$ 14.1 state aid 23.8 property tax	349 school districts 132,896 children 150,663 parents
<b>Way to Grow</b> (up to 6)	0.5 state aid	5 school sites 4,325 children
<b>Learning Readiness</b> (3 ½ to kindergarten)	10.4 state aid	345 school districts 46,884 children 46,494 parents
<b>First Grade Preparedness</b> (4 to 5)	6.5 state aid	55 school sites 316 4-year-olds 2,825 5-year-olds
<b>Head Start</b> (3 to 5)	53.6 federal 19.0 state aid	12,145 children
<b>Part C</b> (up to 2)	5.3 federal 0.4 state aid	2,800 children
<b>Total</b>	\$ 58.9 federal \$ 50.9 state aid \$ 23.8 property tax	

## K-12 Revenue and Expenditures

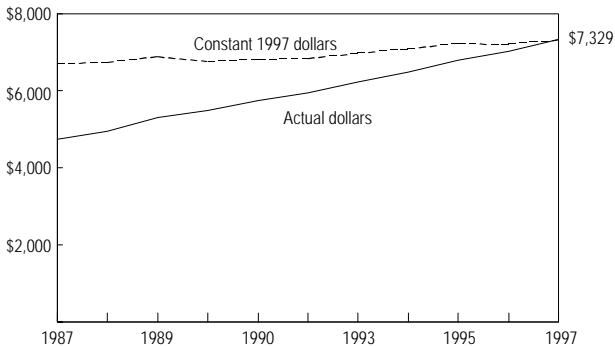
### School District Revenue (\$6,270 million in FY 1997)



### Public School District Expenditures (\$6,144 million in FY 1997)



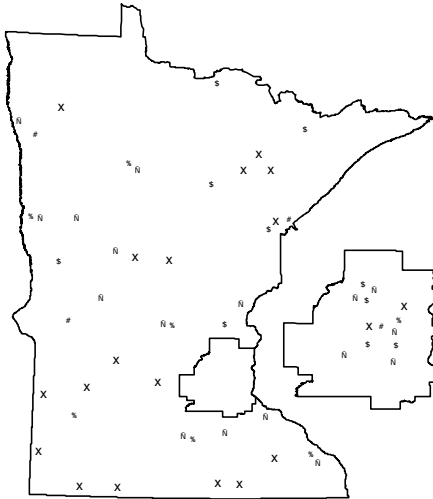
### Average Total Expenditures per Public School Pupil (\$7,329 in FY 1997)



Source: Department of Children, Families and Learning  
 [See House Research publication "*Minnesota School Finance*,"  
 December 1998.]

## HIGHER EDUCATION

- |   |                           |
|---|---------------------------|
| # University of Minnesota (4)                   | \$ Community College (10) |
| % State University (7)                          | Ń Technical College (17)  |
| X Consolidated Community/Technical College (19) |                           |

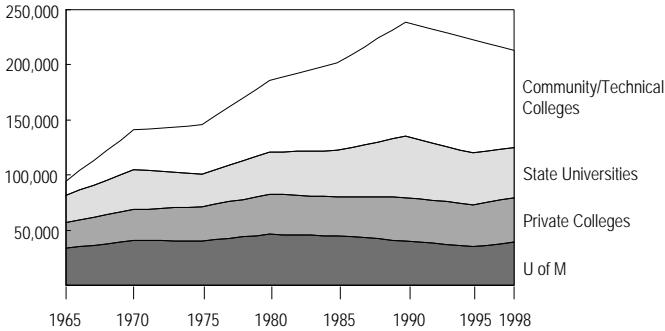


In addition to campuses shown above, there are private liberal arts colleges, religious colleges, private vocational, and private professional schools.

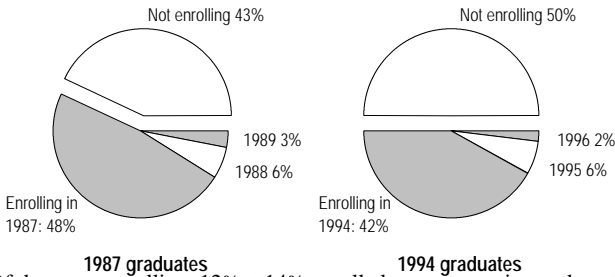
Each public system is under authority of a governing board.

- State universities, community colleges, and technical colleges were merged into one system—the Minnesota State Colleges and Universities (MnSCU)—beginning July 1, 1995, governed by a board appointed by governor. MnSCU consists of 53 campuses. Since the merger, several community colleges and technical colleges that were located in the same communities have consolidated into comprehensive two-year colleges. Some of the smaller, remaining two-year campuses have combined their upper level administrative positions within geographic regions, particularly in the northwestern and southwestern parts of the state.
- The University of Minnesota is a separate system, governed by the legislatively elected Board of Regents. The university has four campuses—Crookston, Duluth, Morris, and the Twin Cities. It also has several experiment stations and research sites that are not displayed on the map. [See House Research publication “Election of Regents to the University of Minnesota,” November 1996.]

## Changes in Undergraduate Headcount by Sector



## Percentage of Minnesota High School Graduates Enrolling at a MN Campus Within Three Years\* 1987 and 1994



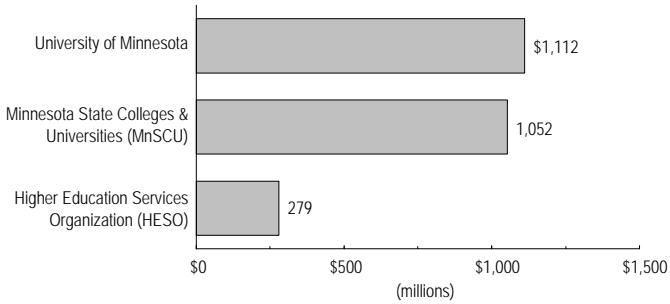
\*Of those not enrolling, 12% to 14% enrolled at a campus in another state.

## Top MN Colleges for New High School Graduates and States of Origin (Graduating class of 1996)

MN HS Grads		Out-of-State HS Grads	
U of M, Twin Cities	2,161	U of M, Twin Cities	993
St. Cloud State	1,375	Winona State U	588
U of M, Duluth	1,322	St. Olaf	381
Mankato State U	1,191	Moorhead State U	372
St. Thomas	777	Macalester	349
Top states sending high school grads to Minnesota colleges			
Wisconsin	2,509	South Dakota	448
North Dakota	784	Iowa	371
Illinois	497	Montana	139

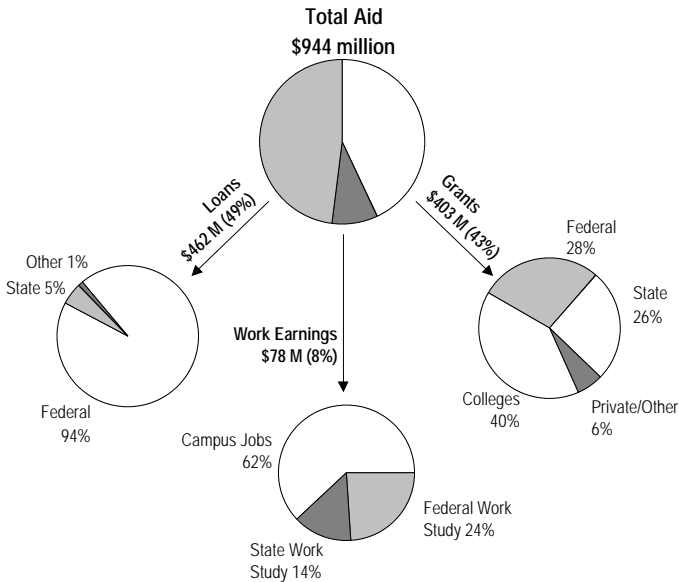
[See House Research publications "Higher Education Enrollments: Current Conditions and Recent Trends," January 1998 and "Participation of New High School Graduates in Higher Education," December 1998.]

## State Higher Education Appropriations (\$2,445 million in FY 1996 and 1997)



Note: In FY 1996-97, Mayo received \$2.4 million, or 0.1% of higher education appropriations.

## Type and Source of Financial Aid Received by Minnesota Students (\$944 million in FY 1997)



## Tuition and Fees

### Full-time, Minnesota Resident\* 1998-99 Academic Year

	Undergrad	Graduate	Professional
Comm/Tech Coll.	\$2,145-2,341	—	—
State Universities	\$2,689-3,017	\$3,221-3,594	—
University of MN	\$4,272-5,025	\$5,420-9,216	\$6,084-13,300

\*Nonresident rates are generally two to three times higher than resident rates.



## FAMILY ASSISTANCE

The principal assistance programs funded by the state for low-income families are:

Medical Assistance	MA
MinnesotaCare	MNCare
General Assistance Medical Care	GAMC
Minnesota Family Investment Program-Statewide	MFIP-S
Group Residential Housing	GRH
General Assistance	GA
Minnesota Supplemental Aid	MSA
Child Care Assistance	
State Housing Assistance	

Other assistance programs are funded entirely by the federal government:

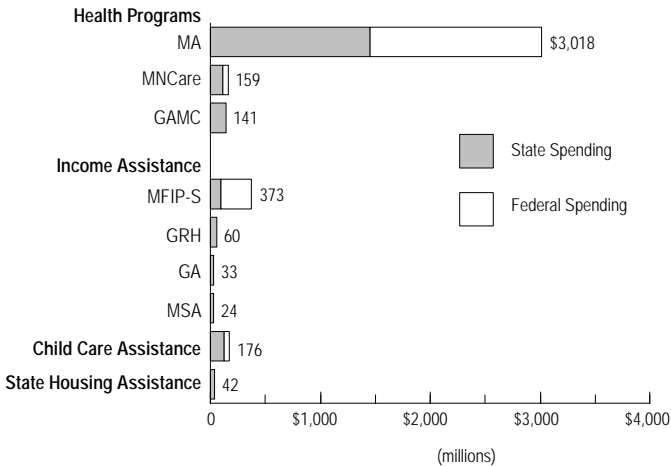
HUD Rental Housing Assistance	
Food Stamps	FS
Supplemental Security Income	SSI

Note: The FY 1999 projections listed in this section are from the Department of Human Services, November 1998 forecasts of family self-sufficiency and medical programs. Other data are from DHS, DCFL, MHFA, and other sources.

## Funding and Administration

- **MA, GAMC, MFIP-S, GA, MSA, GRH, and Food Stamps** are administered by the counties under the supervision of the state Department of Human Services (DHS).
- **MA** and **MFIP-S** are funded jointly by the federal and state governments.
- **GAMC, GA, MSA, and GRH** are state financed.
- **MNCare** is administered directly by DHS and is mainly state financed, with some federal funding.
- **Child Care Assistance** is administered by the counties under the supervision of the state Department of Children, Families and Learning (DCFL) and receives state and federal funding.
- **State Housing Assistance** is administered primarily by the Minnesota Housing Finance Agency (MHFA) and is state financed.
- **HUD Rental Housing Assistance** is administered by the HUD Minneapolis office, MHFA, and local agencies and is federally financed.
- **Food Stamps** and **SSI** are federally financed.
- **SSI** is administered by the federal Social Security Administration.

### Family Assistance State and Federal Spending\* (\$4,027 million in FY 1999)



\* Excludes HUD Rental Housing Assistance, SSI, and Food Stamps programs.

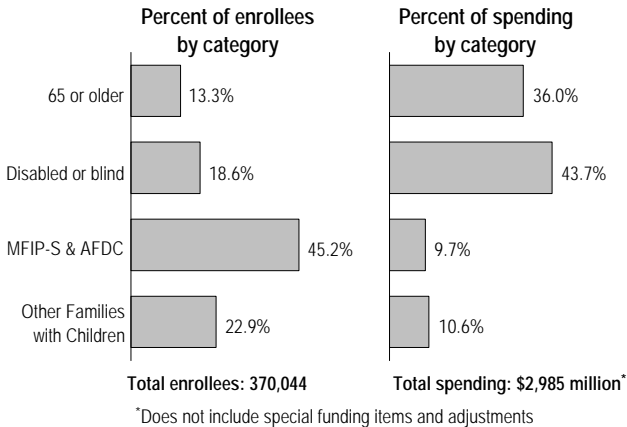
### Medical Assistance (MA)

- Federal-state Medicaid program pays for certain health care services for eligible individuals with income and assets below limits set by state legislature and federal government.
- Eligible persons are MFIP-S-eligible families; needy children in foster care; certain aged, blind, or disabled persons; pregnant women; and certain other low-income children and adults.
- Under federal law, every state must provide certain MA services; Minnesota provides many other services that are optional.
- As of June 1998, 45% of MA recipients received services through an HMO or other prepaid health plan.

### Children's Health Insurance Program (CHIP)

- Federal-state program provides enhanced federal funding for MA coverage for children under age two with family incomes greater than 275% but less than or equal to 280% of the federal poverty guidelines.
- DHS is required to submit to the 1999 Legislature a plan to use CHIP funding to subsidize health insurance coverage for families who are ineligible for MinnesotaCare due to the availability of employer-subsidized insurance.

### Medical Assistance Projected Enrollees and Spending, FY 1999



Persons 65 and older are 13% of MA eligibles and account for 36% of MA expenditures in FY 99.

### MinnesotaCare (MNCare)

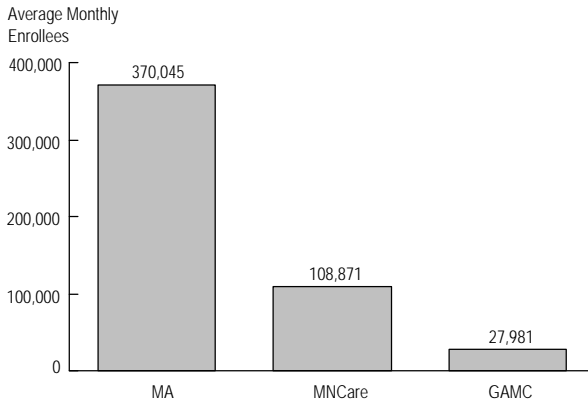
- State program established by 1992 MinnesotaCare Act provides subsidized health coverage for low-income children, families, and single adults through prepaid health plans.
- Enrollees' premiums are based on a sliding scale. Children with very low incomes are charged a reduced premium.
- All enrollees must meet program income limits and be permanent Minnesota residents. Most enrollees must also meet requirements related to lack of health insurance.
- Estimated state cost for FY 1999 is \$113 million. Enrollees are expected to pay \$24 million in premiums, and federal funding of \$46 million is expected.
- Premium subsidy funding comes from a 2% tax on gross revenues of health care providers (1.5% for CY 1998 and 1999) and a 1% premium tax on nonprofit health plans (waived for CY 1998 and 1999 if cost containment goals are met). For CY 2000 and beyond, provider tax will be reinstated at 2% and health plan tax will be reinstated in increments, if there is a structural deficit in MNCare funding.

[See House Research publication *"The MinnesotaCare Program,"* September 1998.]

### General Assistance Medical Care (GAMC)

- State program pays for certain health services for persons with income and assets below limits set by state legislature and who are not eligible for MA or other medical programs.
- State legislature determines list of covered services.
- As of June 1998, 46% of GAMC recipients receive services through an HMO or other prepaid health plan.
- GA recipients are automatically eligible for GAMC.

### Projected Health Care Enrollees (506,897 in FY 1999)



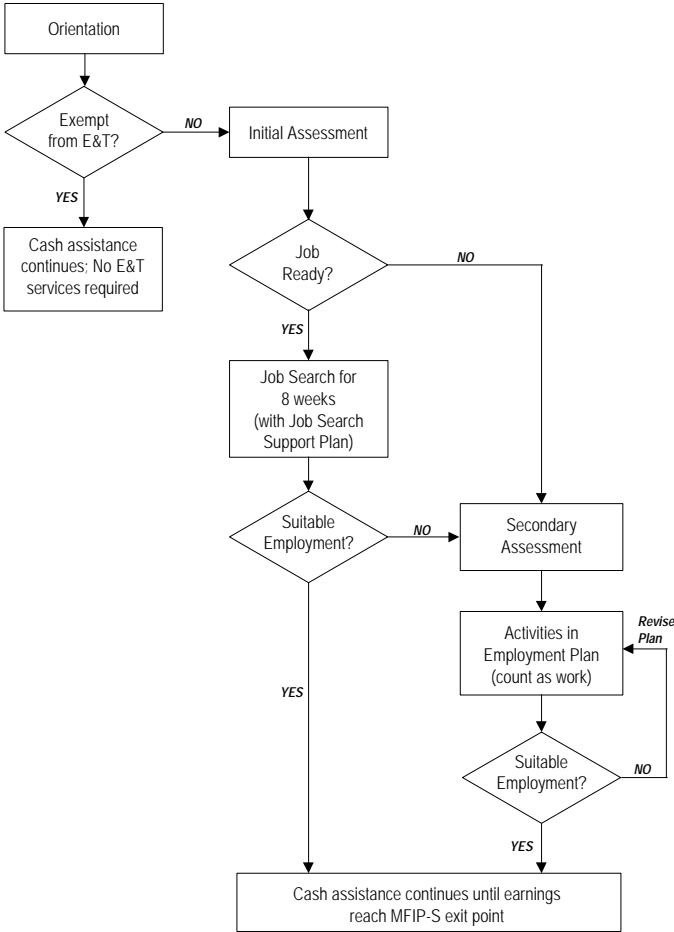
## **Minnesota Family Investment Program-Statewide (MFIP-S)**

- State program begun in January 1998 that replaces the Aid to Families with Dependent Children (AFDC) entitlement program
- MFIP-S provides cash assistance and employment and training services to eligible families with children. For new applicants, benefits are vendor paid for the first six months.
- MFIP-S is provided for no more than 60 months. The first families will reach this time limit in July 2002.
- Eligible families must be citizens or qualified noncitizens; have income and assets below limits set by the legislature; and include at least one minor child or pregnant woman and the child's parents or stepparents.
- MFIP-S caregivers are expected to meet hourly work requirements. Supports to make work possible (including child care assistance) and sanctions for noncompliance are features of the program.
- MFIP-S is funded by the federal Temporary Assistance for Needy Families (TANF) block grant and by state appropriations.
- Legislature sets benefit level, which includes cash and food assistance portions. Benefits vary by family size; a family with one adult and one child receives up to \$626 per month. The food portion is adjusted each October 1 to reflect cost-of-living adjustments in the federal Food Stamp program.

*[See House Research publication "MFIP-Statewide Grants: Calculation and Benefits," January 1999.]*

# MFIP-S Employment and Training Services for a Typical Recipient

- Two-parent MFIP-S families must begin employment and training (E&T) immediately.
- Single-parent MFIP-S families must begin E&T within six months; exact timing varies by county.



### Group Residential Housing (GRH)

- State program assists in housing certain MSA and GA recipients who live in group residences such as adult foster homes and residential care homes.
- Approximately 85% of GRH recipients are MSA eligible, and 15% are GA eligible.

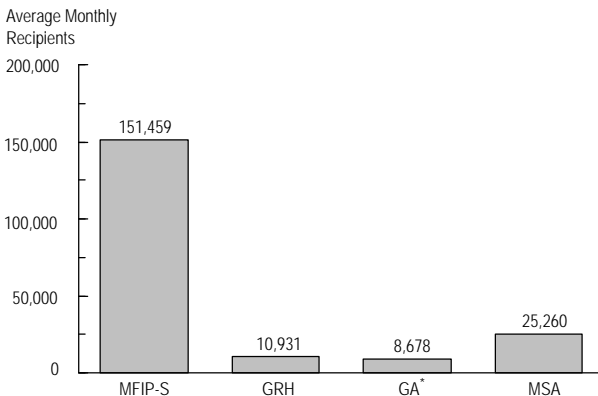
### General Assistance (GA)

- State program provides cash assistance to disabled or unemployable persons ineligible for MSA or SSI.
- GA recipients are single adults or childless couples. A single GA recipient receives up to \$203 per month. GA-eligible persons living in group residential housing facilities receive a small monthly personal needs allowance.
- GA recipients are also eligible for GAMC.

### Minnesota Supplemental Aid (MSA)

- State program provides supplemental cash assistance to needy aged, blind, and disabled persons who are SSI recipients or who would qualify for SSI except for excess income.
- Amount of monthly benefit varies with housing arrangement. A nursing home resident receives a small monthly personal needs allowance; a recipient living at home receives a larger grant for shelter and basic needs.
- MSA recipients automatically receive MA.

### FY 1999 Income Assistance Projections for MFIP-S, GRH, GA, MSA



\*Data for GA is available by cases only, not by number of individual recipients.

## Child Care Assistance Programs

Federal, state, and county funds subsidize child care costs for eligible families with:

- incomes at or below 75% of state median income
- children under 13 years old (age 15 for children with disabilities)

Families with incomes above 75% of the federal poverty guidelines must pay a copayment. [See House Research publication "Minnesota Child Care Assistance Programs," January 1997.]

## Basic Sliding Fee (BSF) Program for Working Families

- assistance is limited by funding
- waiting lists exist in some counties
- priority is given to minor parents without a GED or diploma, families completing the MFIP-S transition year, and families receiving assistance from the portability pool

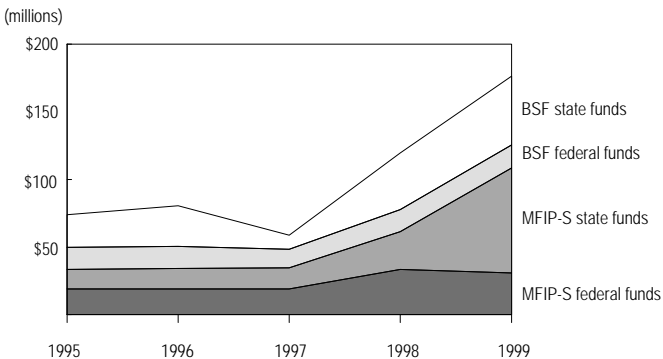
## MFIP-S Child Care

- eligible MFIP-S families, including families that forego the cash portion of the MFIP-S grant
- assistance provided for activities in an approved individual plan (job search support or employment plan) and for employment
- assistance is fully funded, no waiting lists for assistance

## Transition Year Child Care

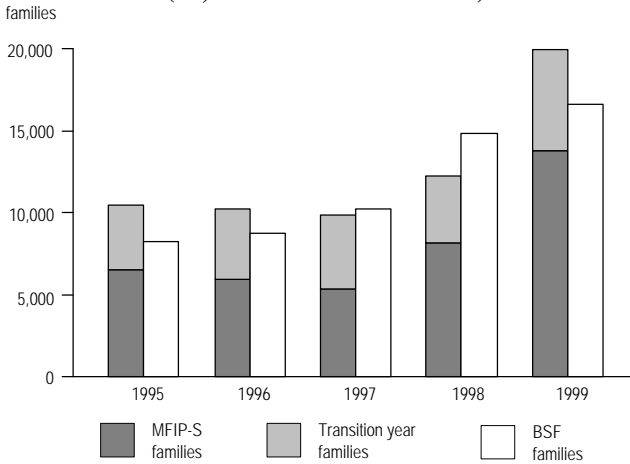
- provides 12 months of child care assistance for former MFIP-S families who received assistance for three of the previous six months

## Child Care Assistance Funding (\$129 million state; \$47 million federal in FY 1999)





## Child Care Assistance (36,578 families in FY 1999)



### Assistance may be provided for care by:

- Licensed family child care providers
- Licensed child care centers
- Legal nonlicensed care givers including school district programs, and registered care givers who are related or unrelated adults

### Child Care Assistance Profile

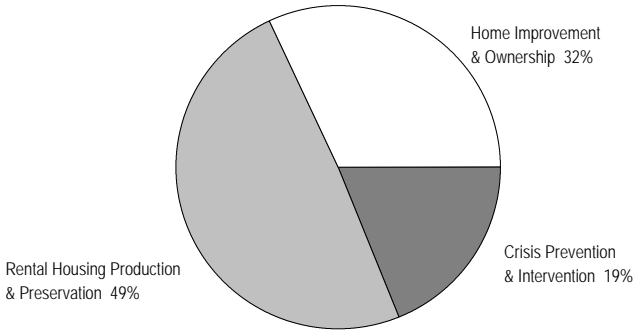
Type of Care	BSF	MFIP-S
Quarter ending 12/31/97	(% of children)*	
Registered provider in		
Child's home	10%	6%
Provider's home	25%	23%
Nonlicensed program	5%	4%
Licensed family day care home	37%	27%
Licensed child care center	30%	43%
<b>Total children</b>	<b>21,703</b>	<b>12,344</b>
<b>Average Family (FY1997)</b>		
Average children per family	1.7	1.6
Average cost per family	\$3,877	\$4,107

Source: Department of Children, Families and Learning

\* Percentages do not add to 100% due to the use of more than one type of care per child.

## State Housing Assistance

### MHFA Funding for Housing Assistance (\$41.7 million state appropriation in FY 1999, of which \$4.9 million is one-time)



Note: This does not include capital funding for housing or housing-related appropriations to other state agencies.

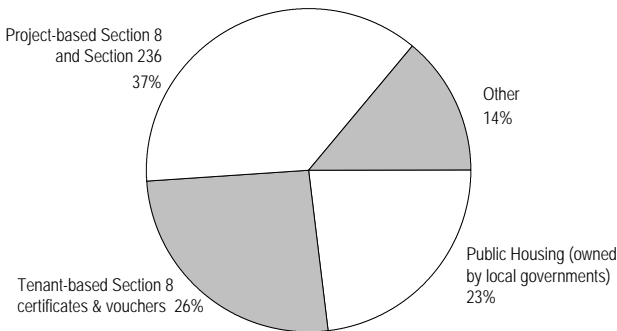
State appropriations to the MHFA are about 10% of the agency's total budget. (The rest is from mortgage revenue bond issues, federal funding, and other services.) MHFA activities include:

- **Home Improvement and Ownership.** Helps low- and moderate-income families buy or repair their homes and helps communities develop single-family housing.
- **Rental Housing Production and Preservation.** Provides loans to encourage production of multifamily housing for low- and moderate-income families and gives incentives to owners to keep affordable multifamily housing in federal subsidy programs.
- **Crisis Prevention and Intervention.** Provides temporary rent subsidies ("Bridges"), funds services to prevent foreclosure or eviction due to temporary financial crisis, and to prevent homelessness or help move families from shelters to transitional or permanent housing.

## HUD Rental Housing Assistance

- HUD Rental Housing Assistance is for persons with incomes up to 50%, or in some cases 80%, of the area median income, adjusted for family size. (See page 11 for the median incomes in Minnesota.)
- Tenant generally pays 30% of his or her income for rent, and HUD pays the difference up to the actual or fair market rent for the unit.
- HUD sets fair market rents (FMRs) each year by metropolitan area and by county outside metropolitan areas. FMRs are adjusted for the number of bedrooms. FMRs range from a low of \$265 for an efficiency in a nonmetropolitan county to a high of \$1020 for a four-bedroom unit in the Twin Cities metropolitan area.

### HUD subsidized rental housing units in MN (95,033 units in federal FY98)



Note: "Other" includes tax credits, Indian housing, and other FHA programs.

### Profile of HUD Rental Housing Assistance, Federal FY 98

Average rent paid by tenant:	\$221/month
Average subsidy/unit:	\$307/month
Average size of assisted household:	2 persons

This page covers only direct subsidies for rental housing assistance from HUD. It does not include rent assistance from the Rural Housing Service of the U.S. Dept. of Agriculture, or programs that promote or subsidize home ownership (the mortgage interest deduction or mortgage loan programs) or that are intended to promote production of affordable rental housing (the low-income housing tax credit).

## **Other Federal Assistance**

### **Food Stamps (FS)**

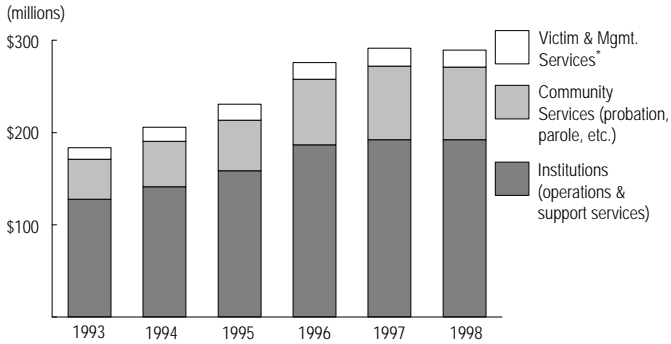
- Federal USDA program providing food purchasing assistance to low-income households.
- Eligible households must be citizens or qualified noncitizens; have assets and gross income below specified limits; and have net monthly income at or below the federal poverty guidelines.
- Most able-bodied adults must meet work requirements.
- Federal government sets benefit levels. Effective October 1998, benefits are provided in electronic debit card (EBT) format, eliminating the traditional paper food stamp coupons.
- In FY 1998, an average of 98,979 Minnesota households received food stamp benefits each month. These benefits were worth a total of \$171.2 million.

### **Supplemental Security Income (SSI)**

- Federal program providing cash assistance to needy aged, blind, and disabled persons
- Eligible persons must be citizens or noncitizens meeting certain criteria; have assets and income below federal limits; and be 65 or older or meet program criteria for blindness or disability.
- Amount of monthly benefit varies with housing arrangement.
- Some SSI recipients also receive a state supplement to their SSI grant through the state MSA program. Most SSI recipients are eligible for MA.
- In December 1997, an average of 62,621 Minnesotans received SSI. For the entire 1997 calendar year, \$252 million in federal SSI benefits were paid to Minnesota recipients.

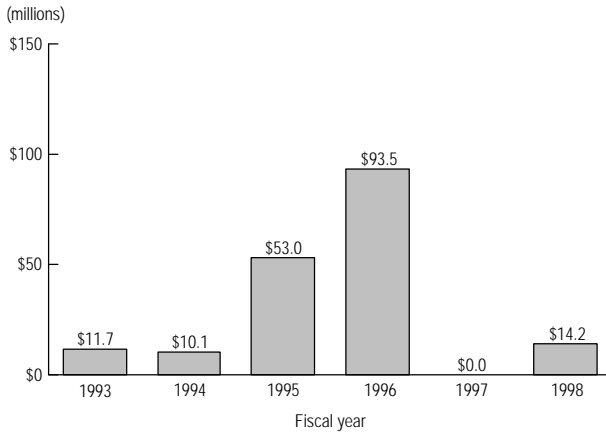
# CORRECTIONS

## Department of Corrections Expenditures (\$289 million in FY 1998)

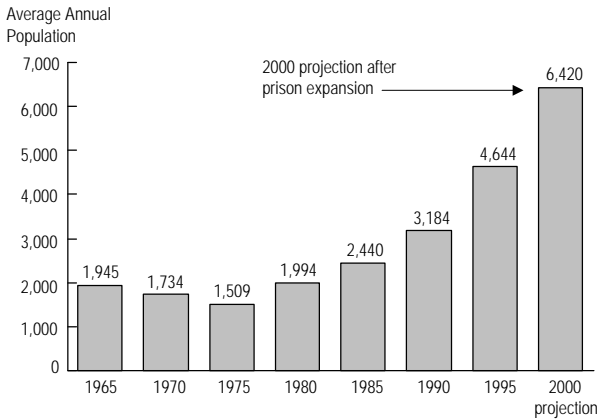


\*Victim services, including grant administration, was transferred from DOC to the Center for Crime Victim Services effective FY 1999.

## Department of Corrections Bonding Authority (\$14.2 million in FY 1998)



## Adult Prison Population, 1965-2000



### Expansions to the Prison System

Approximately 400 beds added systemwide from July 1996 to October 1998. Planned by 2000:

- 950-bed close-custody facility at Rush City (\$89 million bonding)
- 62-bed living unit at Shakopee (\$4.6 million bonding)
- 160-bed segregation unit at Lino Lakes (\$7.6 million federal funding, \$0.3 million bonding; net gain of 50 beds)

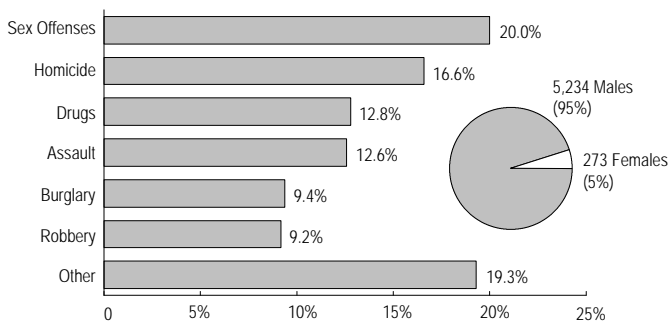
### Level-of-Custody Definitions

<b>Level 6</b> (Max. security)	Oak Park Heights	single cells secure perimeter
<b>Level 5</b> (Close-custody)	St. Cloud Stillwater	single cells secure perimeter
<b>Level 4</b> (Close-custody)	Rush City	double cells secure perimeter
<b>Level 3</b> (Med. security)	Faribault Lino Lakes Moose Lake	double cells and multiple occupancy secure perimeter
<b>Level 2</b> (Min. security)	Faribault MSU*	multiple occupancy fence
<b>Level 1</b> (Min. security)	Red Wing Willow River CIP** Lino Lakes MSU* Stillwater MSU*	multiple occupancy no fence

\*MSU stands for minimum security unit.

\*\*CIP stands for Challenge Incarceration Program, commonly called "boot camp."

## Adult Prison Population by Offense and Gender (5,507 as of July 1, 1998)



## Adult Prison Population by Facility and Cost 1998

Facility	Number*	Percent	Per Diem*	Annual*
Faribault	937	17.0%	\$79	\$28,835
Lino Lakes	1,003	18.2	80	29,200
Oak Park Heights	399	7.2	120	43,800
Red Wing**	32	0.6	138	50,370
St. Cloud	749	13.6	87	31,755
Shakopee***	266	4.8	116	42,340
Stillwater	1,283	23.3	70	25,500
Contract facilities	70	1.3	55	20,075
Moose Lake/ Willow River	768	13.9	****	
<b>Total - Males</b>	<b>5,234</b>	<b>95.0%</b>	<b>\$82</b>	<b>\$29,930</b>
<b>Total - Females</b>	<b>273</b>	<b>5.0%</b>	<b>\$116</b>	<b>\$42,340</b>

\* Population as of July 1, 1998; costs are on a per-prisoner basis for FY 1998.

\*\* Cost calculated using only adult population of Red Wing.

\*\*\* Shakopee is a women's facility.

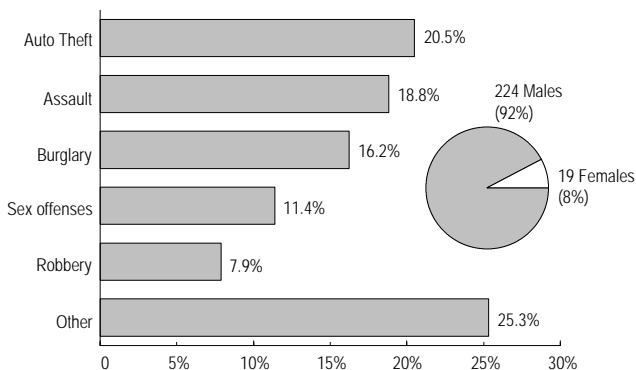
\*\*\*\* Per diem costs are \$81 at Moose Lake, \$102 at the Challenge Incarceration program (CIP) for males and \$92 at the CIP for females.

## Adults under Community Supervision (92,968 as of December 31, 1997)

Type of Supervision	By State (DOC*)	By County (CCA/CPO*)	Total
Probation	11,465	79,242	90,707
Supervised Release	339	1,490	1,829
Parole	70	219	289
Intensive Supervision	27	116	143
<b>Total</b>	<b>11,901</b>	<b>81,067</b>	<b>92,968</b>

\* DOC stands for Department of Corrections; CCA for Community Corrections Act; CPO for county probation officer.

**Juvenile State Correctional Facility Population  
by Offense and Gender  
(243 as of July 1, 1998)**



**Juvenile Correctional Facility Population  
by Facility and Cost**

Facility	Number on 7/1/98	Percent	Per Diem FY 98	Annual Cost FY 98
Red Wing	159	65.4	\$159*	\$58,035
Sauk Centre	84	34.6	185	67,525
<b>Total</b>	<b>243</b>	<b>100</b>	<b>168</b>	<b>\$61,315</b>

\* Cost calculated using only juvenile population of Red Wing.

**Juveniles under Community Supervision  
(17,442 as of December 31, 1997)**

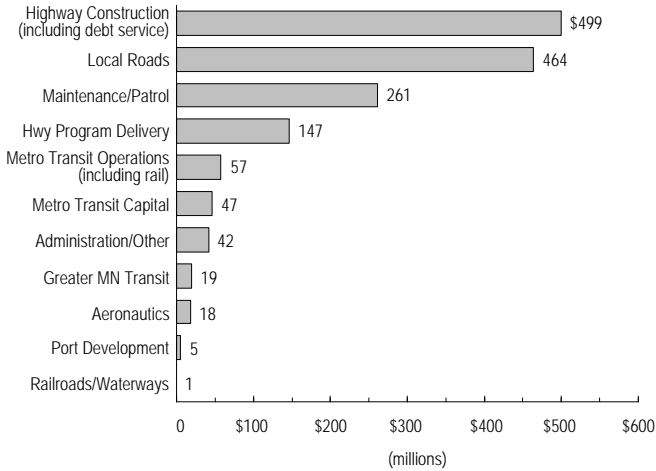
Type of Supervision	By State (DOC*)	By County (CCA/CPO*)	Total
Probation	1,941	15,241	17,182
Parole	136	124	260
<b>Total</b>	<b>2,077</b>	<b>15,365</b>	<b>17,442</b>

\* DOC stands for Department of Corrections; CCA for Community Corrections Act; CPO for county probation officer.

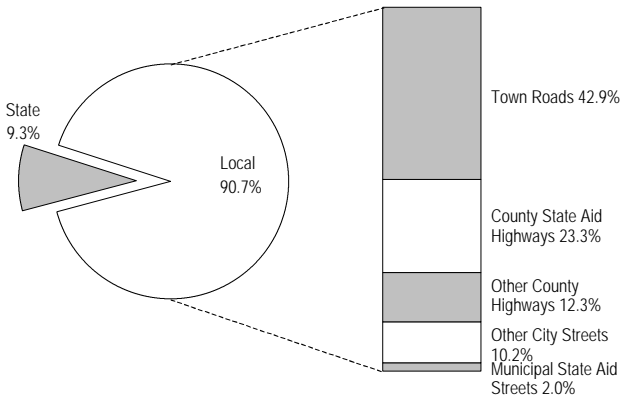


# TRANSPORTATION

## Transportation Spending (\$1,560 million state and federal in FY 1999)



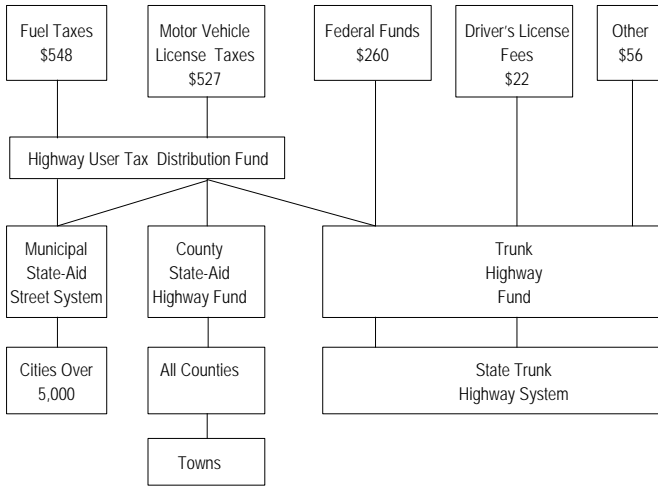
## Minnesota Highway Mileage



Source: Department of Transportation

Most of Minnesota's 130,000 miles of public highways are local.

## Sources and Disposition of Highway Funds (\$1,413 million in FY 1999)



Source: Department of Transportation.

The constitution and state law dedicate about 60% of highway user taxes to the state, 31% to counties and towns, and 9% to cities over 5,000.

*[See House Research publication “Minnesota Highway Financing,” May 1999.]*

## Metropolitan Area Transit Systems

The state provided approximately \$55 million for metropolitan transit operations in calendar year 1999.

### Metropolitan Area Transit Planning and Operations Funding Sources (\$202.4 million in CY 1999)

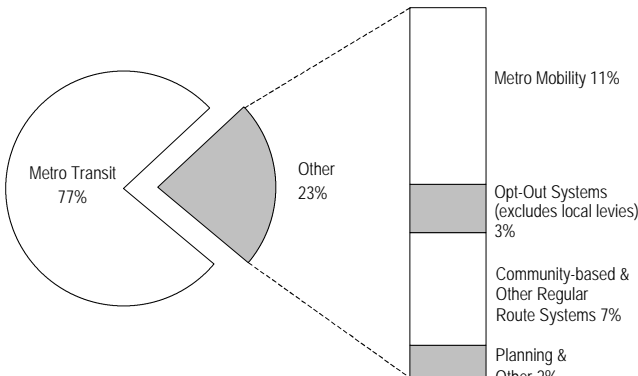


Source: Metropolitan Council, draft 1999 Unified Budget

In CY 1996, Metro Transit provided about 92% of all transit trips in the metropolitan area. (Total trips were about 67 million.)

Source: Department of Transportation 1997 Transit Report

### Metropolitan Area Transit Planning and Operations Expenditures (\$201.8 million in CY 1999)



Source: Metropolitan Council, draft 1999 Unified Budget

**Greater Minnesota Transit Systems**  
**(\$19.5 million State and Federal in FY 1999)**

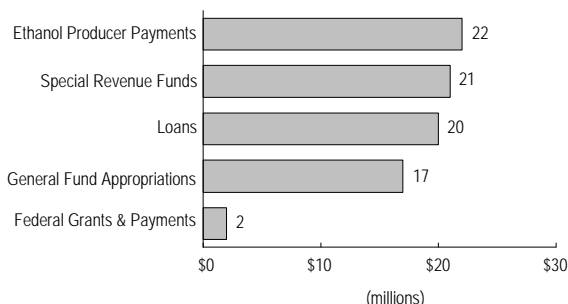
The Greater Minnesota transit program supports approximately 74 transit systems in Greater Minnesota, ranging from small rural systems to Duluth. A legislative formula determines the maximum percentage of a system's total operating cost, which must be paid locally from a combination of farebox revenue and local tax subsidies:

<b>Type of system</b>	<b>Maximum local share of total costs</b>
Large urbanized (Duluth)	55%
Urbanized area systems	40%
Small urban systems	40%
Rural systems	35%
Elderly/disabled systems	35%

The rest, except for federal funds, is paid by the state. In FY 1999, the state portion is \$14.3 million, excluding capital funding.

## AGRICULTURE

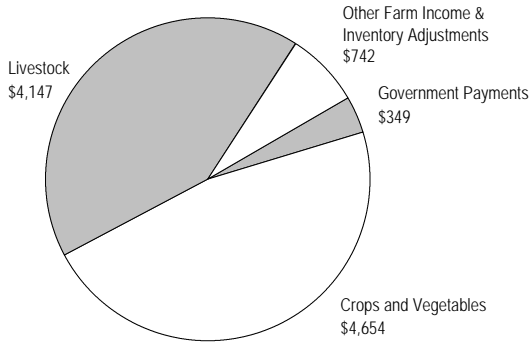
### Department of Agriculture Budget (\$82 million in FY 1998)



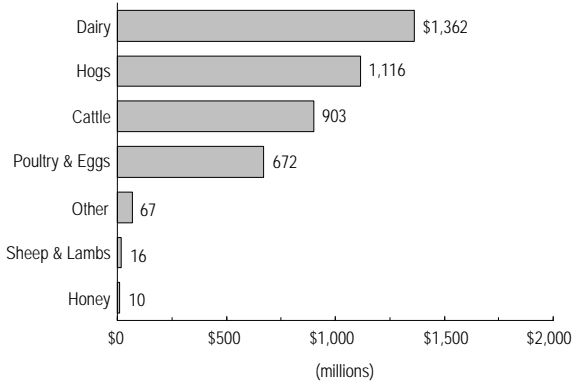
### Farm Facts

- 29.8 million acres of land in Minnesota (about 59%) is agricultural.
- There were 87,000 farms in 1997:
  - 33,000 with farm product sales of less than \$10,000
  - 23,000 with farm product sales exceeding \$100,000
  - 36,000 with cattle
  - 10,800 with hogs
  - 3,000 with sheep
- The average farm size in 1997 was 343 acres.
- 1998 livestock inventory was valued at \$2,142.8 million:
  - \$1,638 million in cattle and calves
  - \$459 million in hogs and pigs
  - \$28 million in chickens
  - \$18 million in sheep and lambs
- The average value of farmland (including buildings) was \$1,100 per acre in 1998.
- Average per-farm value of real estate, livestock, and personal property in 1996 was \$456,700.
- Average 1996 net farm income was \$25,780, plus \$4,009 in government payments.

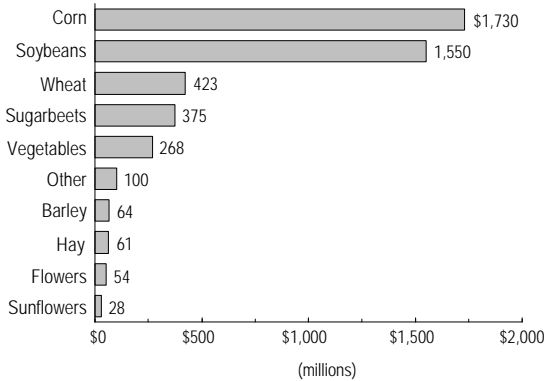
**Gross Farm Income  
(\$9,891 million in 1996)**



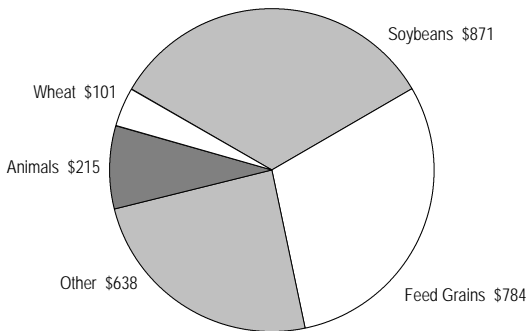
**Cash Receipts from Livestock  
(\$4,147 million in 1996)**



**Cash Receipts from Crops and Vegetables  
(\$4,654 million in 1996)**



## Minnesota Agricultural Exports (\$2,609 million in 1997)



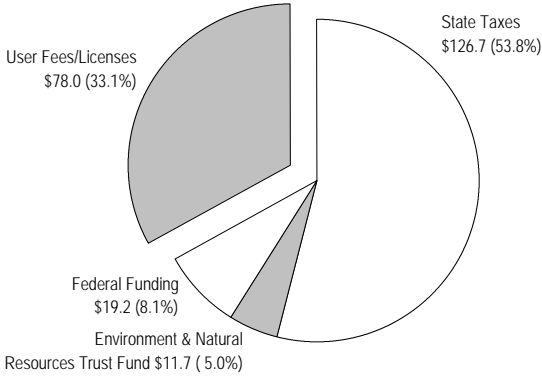
### Economic Impact of Minnesota Agriculture

- Minnesota's agricultural production and processing infrastructure accounts for 17% of the state's Gross State Product.
- Each Minnesota farmer feeds 94 Americans and 34 people in other countries.
- Agriculture and the food industry account for 22% of all employment in Minnesota.
- \$2.61 billion in farm products were exported in 1997, ranking Minnesota seventh among the states in agriculture exports.
- In 1997, hired farm laborers earned an average wage of \$8.45 per hour.
- Minnesota is a major player among the states in several areas of production:
  - **First** in sugarbeets, sweet corn, and green peas
  - **Second** in wild rice, turkeys, and American cheese
  - **Third** in soybeans, spring wheat, oats, flax, hogs, total cheese, and mink pelts
  - **Fourth** in corn, sunflowers, and ice cream
  - **Fifth** in barley, dry edible beans, rye, milk cows, milk production, and butter

Principal Data Source: Minnesota Agricultural Statistics 1998

# NATURAL RESOURCES

## DNR Revenue by Source (\$236 million in FY 1998)

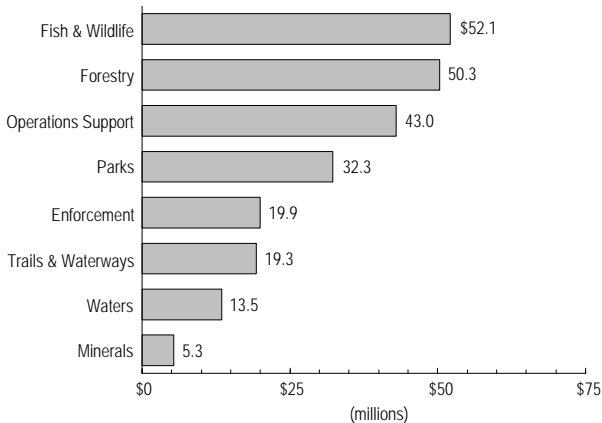


Note: The \$11.7 million in funding from the Environmental & Natural Resources Trust Fund in FY 1998 was at the recommendation of the Legislative Commission on Minnesota Resources (LCMR)

Source: Department of Natural Resources

The Department of Natural Resources (DNR) budget is about 1.2% of the total general fund. On a per capita basis, DNR revenue sources amount to about \$50 per state resident.

## DNR Expenditures by Program (\$236 million in FY 1998)





## **Natural Resources Facts**

### **Minnesota has**

- 5,300,000 acres of DNR land, about 10% of Minnesota's land area
- 4,907,898 acres of lakes
- 7,500,000 acres of wetlands
- 92,000 miles of rivers and streams
- 2,744 permanent, temporary, and seasonal DNR employees, about 5% of total state employment

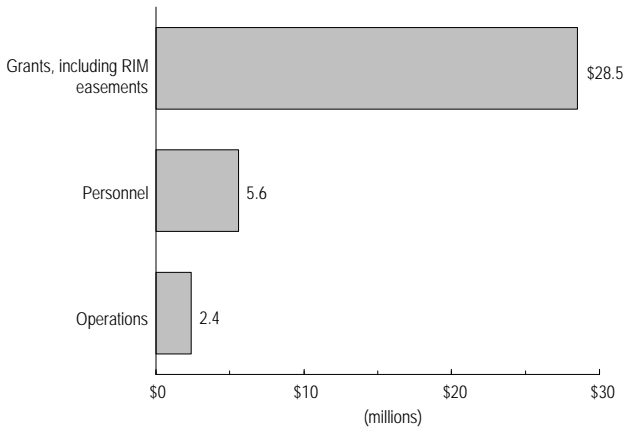
### **Minnesota ranks first nationally in the number of**

- Fishing licenses per capita (1,534,000 licenses)
- Recreational boats per capita (768,900 boats)

## Board of Water and Soil Resources (BOWSR)

The mission of BOWSR is to help local units of government manage and conserve their soil and water resources. This is accomplished by providing financial, technical, and administrative assistance to local units. There are 17 board members of BOWSR and 63 staff in seven field offices around the state.

### BOWSR Budget (\$36.5 million in FY 1998-99)



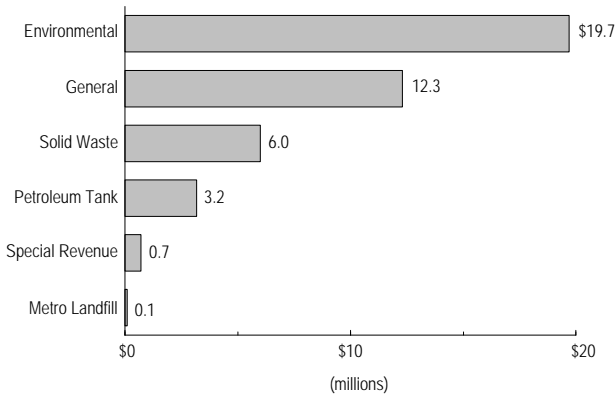
The **Reinvest in Minnesota (RIM)** program improves soil conservation and water quality and provides wildlife habitat. Since 1986, RIM has enrolled 81,809 acres in conservation easements at a cost of \$73.5 million.

A new **Conservation Reserve Enhancement Program (CREP)** is a federal partnership agreement to place 100,000 acres of Minnesota River Valley land under conservation easement at a potential cost of \$100 million (40% state, 60% federal).

# POLLUTION CONTROL

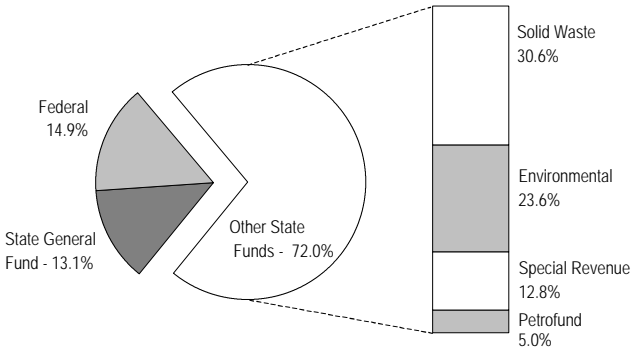
- Pollution Control Agency (PCA) responsibilities are divided between a commissioner, appointed by the governor, and a citizens' board, chaired by the commissioner.
- The PCA was established “to achieve a reasonable degree of purity of water, air, and land resources of the state consistent with the maximum enjoyment and use thereof.”
- The PCA recently reorganized as a result of a 1996 strategic planning initiative to improve the structure and performance of the agency. The new structure, introduced in July 1998, is designed to be a geographically based, multi-resource (air, water, land) approach to more effectively address environmental challenges, including diffuse non-point sources of pollution.

**State Appropriations by Fund  
(\$42 million in FY 1999)**



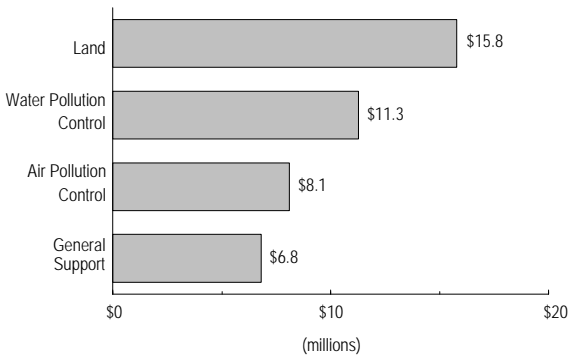
Source: Pollution Control Agency

**PCA Revenue by Source  
(\$94 million in FY 1999)**



Note: In FY 1999 the PCA did not receive any revenue from the Metro Landfill Contingency Action Trust Fund

**PCA State Appropriations by Purpose  
(\$42 million in FY 1999)**



Source: Pollution Control Agency

## **Other Environmental Protection Expenditures**

### **Office of Environmental Assistance (OEA)**

- Independent office which assists counties, local government units, businesses, and citizens of the state with waste prevention, resource conservation, and other solid waste management issues.
- FY 1999 budget approximately \$19.3 million.
- 87% of the OEA's budget comes from the general fund, 9% from the environmental fund, 2% from the federal government, 1% from the Legislative Commission on Minnesota Resources, and 1% from special revenues.

### **Department of Trade and Economic Development**

- Provides cleanup grants to turn contaminated "brownfield" sites into developable land.
- FY 1998-1999 biennial appropriation \$19.4 million (includes \$12.4 million from petrofund for cleanup of petroleum contamination).

### **Department of Commerce**

- Administers the Petroleum Tank Release Cleanup Program (Petrofund) with the PCA; Petrofund's money is raised by a 2-cent-per-gallon gas tax.
- Generally, reimburses up to 90% of cleanup costs for individuals who voluntarily elect to clean up petroleum-contaminated sites.
- FY 1999 appropriation \$1.1 million to the Department of Commerce and \$2.3 million to the PCA.

### **Department of Agriculture**

- Administers the Agricultural Chemical Response and Reimbursement Account that reimburses costs of certain cleanup activities associated with agricultural chemical spills.
- The legislature does not make a specific appropriation to the Department of Agriculture for this program, but the department estimates program expenditures will be \$1.9 million in FY 1999.
- Money for this program is raised through fees on the sale of agricultural chemicals and surcharges on certain license applications.

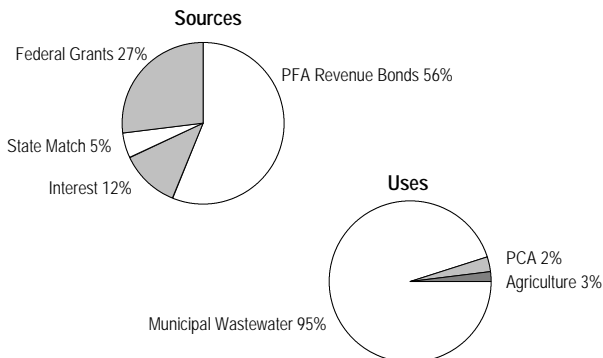
## PUBLIC FACILITIES AUTHORITY

The Public Facilities Authority (PFA) unit of the Department of Trade and Economic Development provides low-interest loans and other assistance to local units of government for wastewater and drinking water projects. The PFA consists of the commissioners of trade and economic development (chair), finance, pollution control, agriculture, health, and transportation. Funded projects must be certified by the appropriate agency.

**The Water Pollution Control Revolving Fund** is the PFA's largest program. It provides long-term, low-interest loans for water pollution control projects, primarily wastewater treatment facilities, and funding for non-point source water pollution loan programs. Non-point source water pollution programs consist of:

- **Agriculture Best Management Practices Loan Program: \$40.0 million authorized.** Provides loans for rural water pollution control projects associated with agricultural production; administered by Department of Agriculture
- **Clean Water Partnership Loan Program: \$36.0 million authorized.** Addresses non-point source pollution affecting specific bodies of water; administered by PCA
- **Tourism Loan Program and the Small Cities Septic System Loan Program: \$4.0 million authorized.** Provides loans for septic system replacement

### Water Pollution Control Revolving Fund (\$918.0 million in 1988-1998)



## Other PFA Programs

- **Wastewater Infrastructure Program: \$39.8 million appropriated 1996-1998**

Makes supplemental assistance in the form of grants to financially needy communities for wastewater treatment projects. Grants are provided together with revolving fund loans or to match grants provided by USDA Rural Development.

- **Drinking Water Revolving Fund: \$13.4 million appropriated 1996-1998**

Matches federal funds on a \$1 to \$5 ratio. This state money will leverage \$67.2 million in federal money for loans to provide safe drinking water for communities.

- **Transportation Revolving Loan Fund: \$1.5 million appropriated in 1998**

Matches federal funds on a \$1 to \$4 ratio. This state money may leverage up to \$6 million in federal funds for loans to communities for transportation projects.

**Other PFA programs** finance individual on-site wastewater treatment systems facilities and make loans to replace once-through cooling systems with more environmentally sound cooling systems.