Minnesota's Debt Management Policies and Guidelines

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Koryn Zewers, Fiscal Analyst 651-296-4178

This paper provides a history of Minnesota's debt management policies and guidelines.

Implementation of Minnesota's debt management policies and related guidelines began in 1979. During the 2008 capital budget negotiations, the Legislature and Minnesota Management and Budget[1] discussed the validity of these long-standing guidelines; the department changed them in December 2009 and renamed them the "Capital Investment Guidelines." This paper discusses the development of the original guidelines, how they changed over time, and the new guidelines.

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Fiscal Analysis Department
Minnesota House of Representatives

Overview of Minnesota's Debt Management History

From the late 1970s through the early 1990s, the Governor's Office, in conjunction with Minnesota Management and Budget,[1] created debt management objectives and guidelines to establish financial limitations on the amount of debt acquired by the state and to control spending. Three debt management objectives were established:[ii]

1. Maintain/regain the state's AAA credit rating;
2. Minimize state borrowing costs; and
3. Provide a reasonable financing mechanism within a prudent debt burden.

Even though these objectives were never enacted in law, they have remained constant over the last 32 years with only some minor adaptations (i.e. "regain" added to objective one when the state lost its AAA credit rating in the early 1980s). The debt management guidelines, which accompany these objectives, were not enacted in law either. However, Minnesota Management and Budget and the Governor's Office have changed the debt management guidelines substantially during this timeframe. For much of the last 32 years, the debt management guidelines consisted of five policies that assisted the Legislature and Governor with determining the amount of debt the state should take on. In addition, these guidelines provided a framework for retiring the state's debt. In late 2009, Minnesota Management and Budget issued new guidelines. A discussion of each of the original five guidelines and the three new guidelines follows.

Debt Management Guidelines: 1979 through 2009

Governor Albert Quie introduced the three debt management objectives noted above along with three debt management policies to support those objectives in 1979.[iii] The three debt management guidelines included a ratio of debt service to non-dedicated general fund revenues, a ratio of general obligation debt to personal income, and a ratio of state agency debt to personal income.[iv] From 1979 through 2009, various Governors adapted these guidelines and added two additional guidelines. The five guidelines are highlighted below, and a more detailed description of each of the five debt management guidelines follows.

Guidelines

1. The general fund appropriation for debt service should not exceed 3 percent of non-dedicated general fund revenues in a biennium.
2. Total general obligation long-term debt should not exceed 2.5 percent of state personal income.
3. Total state general obligation debt, moral obligation debt, state bond guarantees, equipment capital leases, and real estate leases should not exceed 5 percent of total state personal income.
4. Total revenue and general obligation debt of state agencies, public corporations, and the University of Minnesota should not exceed 3.5 percent of total personal income.
5. Forty percent of general obligation debt must be due within five years and 70 percent within 10 years.

Guideline 1: Debt Service to General Fund Revenues The most commonly referred to guideline, also known as the "three percent guideline," stated that the appropriation for general fund debt service in a biennium shall not exceed three percent of non-dedicated general fund revenues in that biennium. However, it was not always considered the "three percent guideline." This guideline was originally put in place in 1979 during the initial development of the debt management policies and guidelines. The Quie Administration set the original limit at 2.5 percent to manage the state's debt based on the revenues available for paying back the principal and interest on that debt.[v] Governor Quie believed that the growth in debt service should not exceed the long term expected rate of inflation.[vi] This guideline created a self imposed credit limit by restricting the amount of general obligation bonds (supported by the general fund) that should be authorized each year.

By the Governor's capital budget submission in the spring of 1981, the state was exceeding this limit; the ratio was at 2.8 percent.[vii] Governor Quie still recommended approximately $350 million in bonding that year because he believed the ratio could be brought down below the 2.5 percent by 1985 by scheduling bond sales and limiting future capital budgets.[viii] However, the administration changed in 1983. In his 1984 capital budget request to the Legislature, Governor Perpich presented a number of options regarding debt management. One of the options, and ultimately what the Governor recommended, was to increase the limit to 3 percent. At the time, Minnesota was exceeding the 2.5 percent limit by two tenths of one percent.[ix] By the release of the Governor's 1986-1987 proposed capital budget in March of 1985, the limit was officially changed to 3 percent.[x]

When considering his capital budget recommendations over a number of biennia, Governor Perpich proposed authorizing the amount of bonds that would bring the debt service appropriation to the 3 percent limit. It appears that he viewed the guideline more as a definite amount based on his capital budgets; debt service should equal three percent of non-dedicated general fund revenues rather than debt service should be less than three percent of non-dedicated general fund revenues. In 1987, the Governor recommended two "new" sources of funding for debt service because he could not fund all of the "necessary" projects with the three percent dedication. The two proposed sources of revenue were generated by a cigarette tax and a container deposit fee, and the proceeds were to be used to pay the debt service on specific types of projects (higher education, reinvest in Minnesota, etc.).[xi]

During the 1987 Session (Chapter 400), the Legislature modified the Governor's recommendations and moved forward with the general premise of using specific taxes to pay for debt service on bonds. The bonds were titled "general obligation special tax bonds." Any of the bonds authorized in Section 25 of this chapter could be viewed as general obligation special tax bonds. This was the equivalent of approximately $470 million in bonds including bonds appropriated from the following funds: state building, reinvest in Minnesota, transportation, waste management, and water pollution control funds. This section of law also established an account in the debt service fund for deposit of tobacco and sports and health club tax revenues to pay the debt service on these bonds. The creation of this account and the deposit of these revenues were seen as a way to get around the three percent limit. However, it is important to note, the rating agencies immediately incorporated the general obligation special tax bonds into

the general fund debt service category because the revenues used to pay down debt service on these new bonds would have been credited to the general fund.

This was not the only time that an administration or Legislature managed bond authorizations in a way that impacted affordability but did not impact this guideline. As an example, during the 2008 legislative session, the Legislature authorized general fund appropriations for agency and University of Minnesota bonds. This type of bonding, commonly known as appropriation bonds, did not fit into the three percent guideline even though they were obligations of the state and impacted affordability. This started a series of conversations as to how appropriation bonds should be figured into the three percent guideline. Appropriation bonds were not considered a long-term legal obligation of the state based on bond counsel's reading of the constitution.[xii] However, appropriations were being made from the general fund for the debt service on the bonds. Therefore, some members of the Legislature and some agency staff argued the debt service on these bonds should be included in calculating the three percent ratio. Others pointed out the differences between appropriation bonds and general obligation bonds; appropriations for the debt service on appropriation bonds can be changed, but the state is required to make payments for the debt service on typical general obligation bonds.

Over time, a number of other issues arose with this guideline. First, the guideline was not easy to calculate for individuals other than Minnesota Management and Budget staff; the formula was not as transparent as the concept. When determining "non-dedicated general fund revenues," a number of calculations needed to be made. It was not a number Minnesota Management and Budget tracked and recorded within the forecast documents. Also, as discussed above, there were questions as to what appropriations should be included in the debt service figure.

Second, although this is a measure the state used for years to determine the affordability of its debt, credit rating agencies did not place a great deal of weight on this measure when determining the state's credit rating. For the rating agencies, it was difficult to compare Minnesota to other states with this measure; other states' have different financing mechanisms for their debt, and the makeup of the "general fund" varies substantially among the states. In addition, there were a number of examples of the state trying to get around this measure, so it was not seen as being particularly valid, except that it had been used to manage the state's debt for an extended period of time.

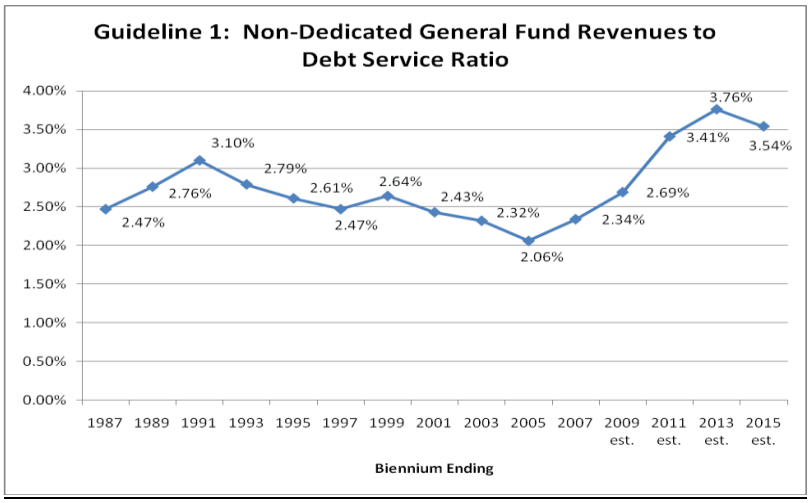
In addition, this measure was more volatile than the other measures due to fluctuations in general fund revenue. When Minnesota Management and Budget began examining the guidelines and their effectiveness in early 2008, the state was not set to exceed this guideline. However, by November 2009 general fund revenues had dropped considerably in comparison to the previous forecast, and there was not an immediate means for the state to move below the three percent; even if all authorized but unissued general obligation bonding appropriations were cancelled and the 2010 Legislature did not pass a bonding bill, the state would have still been exceeding this guideline.

The December 2, 2009, Debt Capacity Report (the last Debt Capacity Report to track these guidelines), which assumed a $725 million bonding bill in the even-numbered years and a $140 million bonding bill in the odd-numbered years. The report estimated the debt service to non-

dedicated general fund revenues ratio to be at the following percentages at the end of the upcoming biennia:

FY 2010-2011:	3.41%
FY 2012-2013:	3.76%
FY 2014-2015:	3.54%

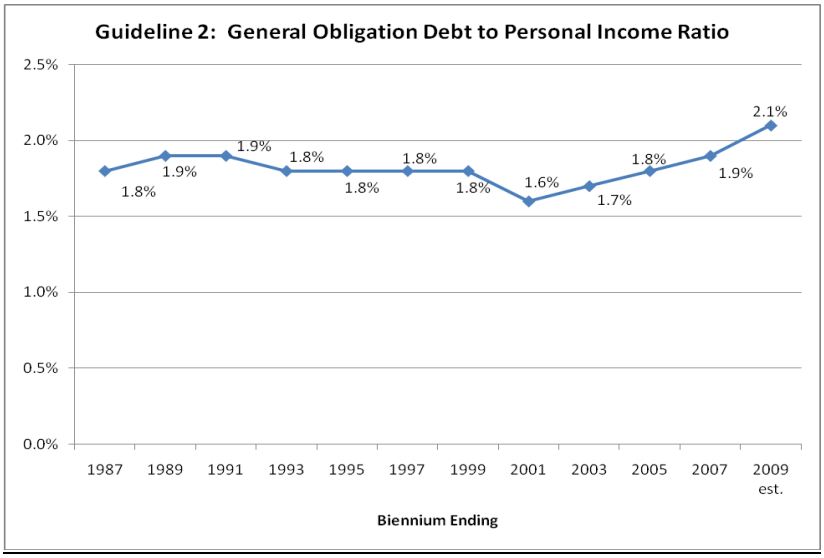
The figure below depicts the history of this guideline over eleven biennia and projects future ratios based on the November 2009 forecast.



Source: Official Statements, http://www.mmb.state.mn.us

Although this guideline arguably impacted state debt management the most since 1979, it was abandoned in December 2010 with the development of new guidelines. An affordability measure, such as this, was not included in the new guidelines.

<u>Guideline 2: General Obligation Debt to Personal Income</u> This guideline stated that the ratio of general obligation debt (e.g. general fund and trunk highway supported) to personal income should not exceed 2.5 percent.[xiii] When this guideline was discussed in the late 1970s and early 1980s, it was viewed as the guideline rating agencies would look at to compare Minnesota to other states. It was the only guideline that did not go though some form of transformation over 31 years; from 1979 to 2009, the guideline remained the same. The figure on the next page portrays the general obligation debt to personal income ratio over twelve biennia.



Source: Official Statements, http://www.mmb.state.mn.us

This ratio was not a limiting factor for financing capital projects. When the debt management guidelines were originally being developed in 1978, this ratio was at 2.7 percent. When the guidelines were adopted in 1979, the ratio had dropped to 2.5 percent. By 1980, it had decreased to 2.3 percent, and in 1981 it dropped even further to 2.1 percent. According to the Perpich administration, this decline was related to a decrease in the amount of debt sold due to higher interest rates on bonds. This was a national trend, and by 1983 the ratio had dropped to 2.0 percent.[xiv] Throughout the 1990s and 2000s when debt service payments were trending upwards as more debt was acquired, personal income was also increasing at a similar rate. Ratios hovered between 1.5 percent and 2.0 percent for over twenty years. Because the state was not likely to exceed this ratio as quickly as it would exceed the three percent guideline, guideline two was not referred to as commonly during budget negotiations nor was it included in conversations regarding the state's debt capacity.

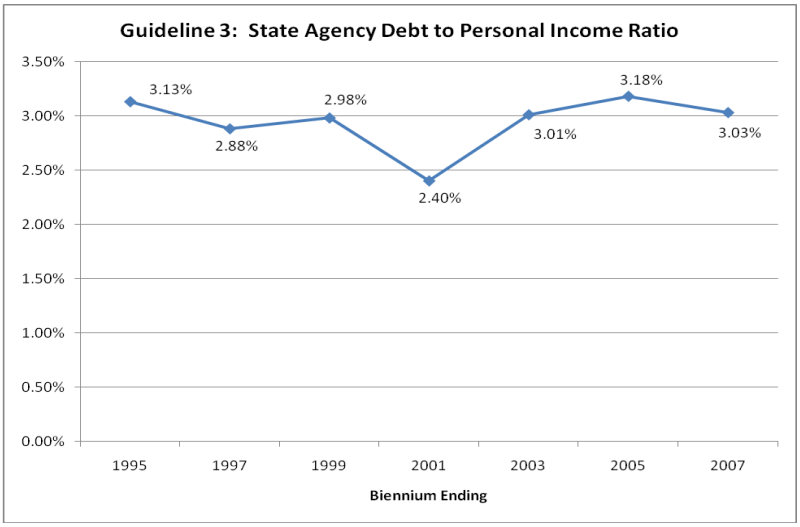
Over the last few years, guideline two has been discussed more readily as questions regarding the three percent rule emerged. Also, with the passage of 2008 Session, Chapter 152, the state edged closer to exceeding this guideline. Chapter 152 included $1.8 billion in trunk highway bond authorizations. This upward trend is shown in the figure above; at the end of the FY 2008-2009 biennium, this ratio had moved above 2.0 percent (due also in part to a slowing growth of Minnesota's personal income).

This guideline, like the three percent guideline discussed above, was not included in the capital investment guidelines that were put in place in December 2009. Monitoring only general obligation debt was not seen as a major priority since rating agencies counted a number of other forms of debt and financial commitments in their calculations related to Minnesota's bond rating.

<u>Guideline 3: State Agency Debt to Personal Income</u> Like the previous two guidelines, guideline three was included in the original debt management policy in 1979.[xv] However, the phrasing of this guideline shifted over the years. In 1979, when it was first introduced, the guideline stated: Limit the ratio of the total debt of state agencies, state public corporations, and the University of Minnesota to 3.5% of personal income of the state.[xvi] By 1985, the phrasing had morphed into:

Total revenue debt and G.O. debt of state agencies, public corporations, and the University of Minnesota should not exceed 3.5% of total personal income.[xvii]

This calculation was included in the original three policies because the state wanted to limit growth of future revenue debt. Bond rating agencies were assessing the level of revenue debt in conjunction with other debt when rating the state's general obligation bonds. In 1979, the ratio was at 3.5 percent, which was the limit established in the guidelines. This indicates the policy decision of the time was to limit state revenue debt to current levels rather than to expand the state's revenue debt even slightly. Below is a history of the guideline over several biennia.

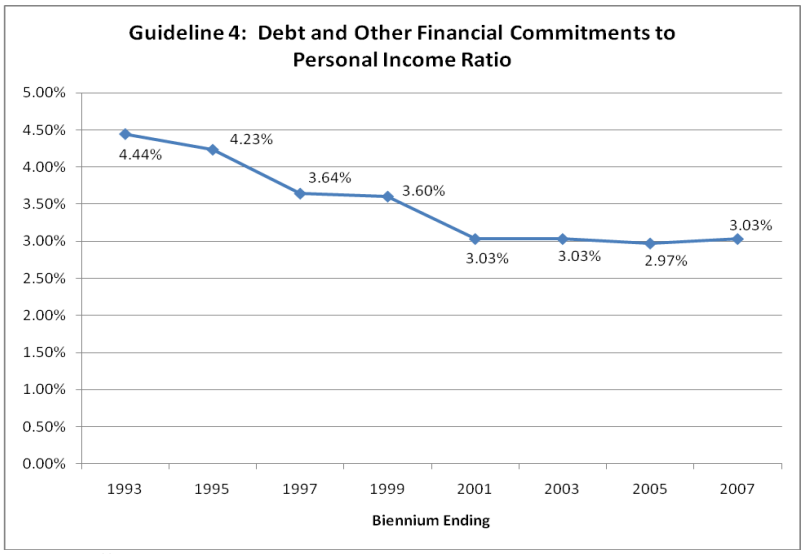


Source: Susan Gurrola, Minnesota Management and Budget, April 27, 2010.

Unlike guidelines one and two, the ratio related to guideline three could only be reported historically; the ratio for guidelines one and two could be forecasted out into future biennia due to the information used in the calculation. Since agencies were the source of the information required to calculate the state agency debt to personal income ratio, the ratio for the past biennium was not available until the Comprehensive Financial Annual Report (CAFR) was made available.

<u>Guideline 4: Debt and Other Financial Commitments to Personal Income</u> This guideline was put into place by Minnesota Management and Budget in March 1993. The guideline read: The total of state general obligation debt, moral obligation debt, state bond guarantees, equipment capital leases, and real estate leases should not exceed 5.0 percent of state personal income.[xviii] Unlike the other guidelines, this guideline focused on all future commitments of the state rather than on bond obligations only. In addition, the comparison of these commitments to state personal income was seen as a way to measure the state's ability to pay those commitments.[xix] As of June 30, 1992, commitments totaled $4.2 billion. This represented 4.81 percent of state personal income, so the additional available capacity under this guideline was $164.22 million. Since the cap on all commitments was only 0.19 percent above the current rate, it is assumed that the administration was hoping to limit debt and other future commitments to the rate in which the state's personal income grew.

The graph below depicts that the ratio of debt and future commitments to personal income gradually decreased from the 1992-1993 biennium through the 2000-2001 biennium. After 2001, the ratio stabilized around 3 percent through the end of the 2006-2007 biennium.



Source: Official Statements, http://www.mmb.state.mn.us

This ratio, like the ratio related to the state agency debt to personal income measure, could not be forecasted. The information needed to calculate this ratio was also reported in the CAFR report.

Guideline 5: Debt Retirement The fifth guideline stated that 40 percent of debt should be retired within five years and 70 percent of debt should be retired within 10 years. Minnesota Management and Budget began tracking and disclosing these percentages as a part of their official statements beginning in 1982. In addition, the capital budget requests from the administration in the early 1980s frequently mentioned the importance of retiring debt quickly. However, it is believed that this guideline was not fully incorporated into the state's debt management policy until 1989.[xx] Although this guideline was one of the last of the five original guidelines to be established, a similar guideline was included in 2009 when the guidelines were revised. The table below portrays how the state performed relative to this measure over the past several biennia.

Scheduled Debt Retirement: General Obligation Bonds Outstanding

Biennium Ending	% Retired in 5 Years	% Retired in 10 Years
1999	40.4%	71.5%
2001	40.0%	71.6%
2003	40.3%	71.4%
2005	40.1%	70.3%
2007	40.0%	70.3%
2009	40.0%	70.0%

Source: Official Statements, http://www.mmb.state.mn.us

2010 Capital Investment Guidelines

Minnesota Management and Budget adopted new capital investment guidelines on December 22, 2009, with the intent to align the guidelines with the measures used by credit rating agencies and to allow for better comparison with other states. In addition, the new guidelines were meant to include all forms of state-level, tax-supported debt and to continue Minnesota's conservative debt management practices. The new capital investment guidelines are highlighted below, and additional detail on each of the guidelines follows:

1. Total tax-supported principal outstanding shall be 3.25 percent or less of total state personal income.
2. Total amount of principal (both issued and authorized but unissued) for state general obligations, state moral obligations, equipment capital leases, and real estate capital leases are not to exceed 6 percent of state personal income.
3. Forty percent of general obligation debt shall be due within five years and 70 percent within 10 years, if consistent with the useful life of the financed assets and/or market conditions.

Two of the three new measures compare debt to personal income.[xxi] The third measures focuses specifically on debt retirement. Unlike the previous measures, an affordability measure is not included. Also, the new measures are not meant to be forecasted out into the future; they are point-in-time calculations.

<u>Guideline 1: Tax-Supported Principal to Personal Income</u> Guideline one states that total tax-supported principal outstanding shall be 3.25 percent or less of total state personal income. Calculating this measure is fairly straight forward. The denominator is based on the state personal income estimate for the fiscal year, and the outstanding principal on debt (numerator) is determined by calculating total tax-supported debt, which, at this time, includes:

- All general obligation debt (general fund supported bonds, trunk highway bonds)
- Certificates of participation (Integrated Tax System/MAPS);
- Lease revenue bonds for the Bureau of Criminal Apprehension building in Bemidji;
- Other real estate capital leases (Department of Agriculture / Department of Health buildings, Department of Human Services building); and
- Appropriation bonds supported with general fund appropriations (Minnesota Housing Finance Agency, University of Minnesota).

When determining whether or not changes to appropriations or authorizations will impact this measure, the key question to ask is: Is the principal on the debt supported by a state-level tax? The issuer of the bonds, certificates of participation, etc. does not matter; the fundamental question focuses on how the debt service is paid. As an example, the measure does not include much of the state agency debt (e.g. bonds issued by the Public Facilities Authority, Office of Higher Education, Minnesota Housing Finance Agency, University of Minnesota, etc.). Much of the debt issued by these agencies is in the form of revenue bonds or other types of debt that are not supported through statewide taxes.

In the December 2, 2010, debt capacity report, the total principal outstanding was $6.1 billion and the FY 2010 state personal income estimate from the November 2010 forecast was $233.1 billion.[xxii] Therefore, the state tax-supported debt to personal income ratio was at 2.60 percent. This ratio only changes with the sale of new bonds (numerator), when the state pays off debt (numerator), and with a new income estimate (denominator). Therefore, the passage of a bonding bill or another bill authorizing additional tax-supported debt would not change the ratio alone. At the time of the November 2010 forecast, this measure allowed for an additional $1.5 billion in additional principal capacity.

Guideline 2: Total Principal to Personal Income Guideline two states that the total amount of principal (both issued and authorized but unissued) for state general obligations, state moral obligations, equipment capital leases, and real estate capital leases are not to exceed 6 percent of state personal income. This measure, which includes all forms of state obligations, recognizes both the amount of debt that has been issued as well as other obligations authorized in law. Like guideline one discussed above, this guideline is fairly easy to calculate. The denominator is based on the state personal income estimate for the fiscal year. The numerator includes the principal outstanding on total tax-supported debt (calculation discussed above) as well as the principal that has been authorized but is unissued for other tax-supported debt. Other obligations are then added to this, including state moral obligation debt, equipment capital leases, and real estate capital leases. As of the November 2010 forecast, these other obligations totaled approximately $2.0 billion with $1.96 billion of this in the form of moral obligation debt issued through the Minnesota Housing Finance Agency.

When determining whether or not changes to appropriations or authorizations will impact this measure, the key questions to ask are:

1. Is the principal on the debt supported by a state-level tax (discussed above)?
2. Are there consequences for the state if the state does not pay unpaid debt service on the obligation (i.e. if the issuer of the bonds does not pay, would the state's general fund or another fund need to cover the payments on the debt so as not to negatively impact the state's credit rating)?

If the answer to either of the questions above is, "Yes," then this measure would be impacted by the appropriation / issuance of the debt.

In the December 2, 2010, Debt Capacity Report, the total obligations outstanding were $10.8 billion and the FY 2010 state personal income estimate from the November 2010 forecast was $233.1 billion.[xxiii] Therefore, the total principal to personal income ratio was at 4.64 percent. This ratio only changes when additional debt or obligations are authorized, when debt is paid off, or with the release of a new income estimate. Therefore, the passage of a bonding bill or another bill could impact this ratio if the total tax-supported debt or other obligations change. However, unlike guideline one discussed above, a bond sale would not change this ratio. At the time of the November 2010 forecast, this measure allowed for an additional $3.2 billion in additional principal capacity. Therefore, guideline one is currently the limiting guideline.

Guideline 3: Debt Retirement This guideline states that 40 percent of general obligation debt shall be due within five years and 70 percent within ten years, if consistent with the useful life of the financed assets and/or market conditions. This guideline is very similar to the debt retirement policy that was in place for the last 32 years, but the new guideline provides for some additional flexibility. As an example, during 2008, there was an inverted yield curve such that longer term interest rates were lower than short term interest rates making it more financially beneficial to the state to issue longer term bonds. However, because of the lack of flexibility with the old guideline, Minnesota did not take advantage of that situation. In addition, assets such as bridges have a longer life expectancy. The changes to this measure allow for some additional flexibility, so the debt on assets such as bridges could be retired on a different schedule.

Continued Discussion

New Guidelines

There are a number of additional items to consider with the new guidelines. First, as noted earlier in this brief, an affordability measure was not included in the new guidelines; the new guidelines do not relate spending on debt service to general fund revenues. Although this is not a measure rating agencies would examine in detail when determining the state's credit rating, it does provide information on the relationship of debt service to the overall general fund budget. This information may continue to be useful to legislators for making budgetary decisions. The question with this type of measure continues to be what should and what should not be included in the calculation.

Second, the guidelines do not incorporate some contingent liabilities of the state, such as various state credit enhancement programs. Outstanding debt under these programs totaled approximately $12.5 billion under the February 2010 forecast. Even though this debt is not debt of the state, the entities use the state's credit rating to enhance their own. Currently credit rating agencies take this debt into consideration when determining the state's credit rating.

Lastly, the new guidelines, unlike the past guidelines, are not meant to be forecasted; they are point-in-time calculations that Minnesota Management and Budget will provide with each forecast to the Legislature and Governor for a glance at state-level debt and other financial commitments. In addition, although the guidelines provide a cap on total debt and other obligations that should be authorized, they offer more of a parameter to work within versus a debt level to manage to. As an example, as noted earlier in this brief, the three percent guideline was seen as more of a debt service level to reach versus a parameter to measure against.

Minnesota's Bond Rating

Minnesota's general obligation bond rating has fluctuated between a "triple A" rating and a "double A" rating since the establishment of the original guidelines in 1979. When the guidelines were initially discussed in the late 1970s, the state carried a triple A bond rating. However, in early 1982 this rating dropped to a double A rating due to on-going economic factors, the significant increase in annual short-term borrowing, and state budget issues. It was not until 1997 that the state regained its triple A rating. However, with the June 17, 2003, bond

sale, Moody's Investor Service lowered the state's credit rating on general obligation bonds back to Aa1. Standard & Poor's Corporation and Fitch Ratings continued to give the state a triple A credit rating. These credit ratings continue today.

Besides the debt management guidelines, there are a number of other factors credit rating agencies examine to determine the rating on the state's general obligation bonds. As an example, credit rating agencies review a variety of additional ratios to determine a state's debt capacity, including debt per capita, debt service as a percentage of revenue and spending, debt amortization, etc.[xxiv] In addition, rating agencies also examine a state's ability to do the following: forecast expenditures and revenues, make budget adjustments as needed, budget over a multi-year period (both operating and capital budgets), utilize reserve and liquidity policies, etc.[xxv] Therefore, although the state has established new capital investment guidelines, there are additional aspects of the state's fiscal condition that will come into play when the credit rating agencies rate the state's general obligation bonds.

For more information on capital investment issues, contact Koryn Zewers, Fiscal Analyst, at 651-296-4178 or koryn.zewers@house.mn.

Timeline: Key Dates

1979: Initial development of the state's debt management objectives, policies, and targets. Three objectives were established and three of the five original policies were outlined along with corresponding targets.

1984: Minnesota was above two of the three established guideline targets and no longer had a triple A credit rating. The Governor recommended multiple alternatives for financing capital projects and detailed how those options would impact guideline targets. One of the recommendations related to increasing the target of the debt service to non-dedicated general fund revenues ratio from 2.5 percent to 3 percent.

1985: The 2.5 percent debt service to non-dedicated general fund revenues ratio was officially changed to 3.0 percent.

1989: The debt retirement policy was officially incorporated into the debt management guidelines. However, the Department of Finance had tracked these percentages and included them in the official statements since 1982.

1993: The 5.0 percent debt and other financial commitments to personal income ratio was established as a part of the guidelines to acknowledge all future commitments of the state.

2009: Minnesota Management and Budget established new capital investment guidelines after over a year of discussion.

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[1] Prior to the 2009 legislative session, the Minnesota agency currently named Minnesota Management was called the Department of Finance. This report uses the title Minnesota Management and Budget when referring to this agency.
[ii] February 1, 1984. Proposed Capital Budget Fiscal Year 1985, Volume 1. Letter from Governor Rudy Perpich to the Seventy-Third Legislature. Preface.
[iii] February 1, 1984. Proposed Capital Budget Fiscal Year 1985, Volume 1. Letter from Governor Rudy Perpich to the Seventy-Third Legislature. Preface.
[iv] February 1, 1984. Proposed Capital Budget Fiscal Year 1985, Volume 1. Letter from Governor Rudy Perpich to the Seventy-Third Legislature. Preface.
[v] Proposed Capital Budget Fiscal Year 1981. Letter from Governor Albert Quie to the Seventy-Second Legislature.
[vi] April 9, 1979. Proposed Capital Budget Fiscal Years 1980-1981. Letter from Governor Albert Quie to the Seventy-First Legislature.
[vii] April 10, 1981. Letter from Governor Albert Quie. 1981 Capital Budget.
[viii] April 10, 1981. Letter from Governor Albert Quie. 1981 Capital Budget.
[ix] February 1, 1984. Proposed Capital Budget Fiscal Year 1985, Volume 1. Letter from Governor Rudy Perpich to the Seventy-Third Legislature. Preface.
[x] March 15, 1985. State of Minnesota Proposed 1986-1987 Capital Budget. Letter from Rudy Perpich to the Seventy-Fourth Legislature. Page 23.
[xi] February 13, 1987. "Building Minnesota's Future." Proposed 1987-1989 Capital Budget. Governor Rudy Perpich Capital Budget Message to the 1987 Legislature.
[xii] February 3, 2009. Letter from Leonard S. Rice to Katherine C. Kardell regarding State Annual Appropriation Bonds.
[xiii] Personal income is the total income earned by people in the state of Minnesota.

[xiv] February 1, 1984. Proposed Capital Budget Fiscal Year 1985, Volume 1. Letter from Governor Rudy Perpich to the Seventy-Third Legislature. Preface.
[xv] April 8, 1983. Proposed Capital Budget Fiscal Years 1984 and 1985. Governor Rudy Perpich to the Seventy-Third Legislature.
[xvi] February 1, 1984. Proposed Capital Budget Fiscal Year 1985, Volume 1. Letter from Governor Rudy Perpich to the Seventy-Third Legislature. Preface.
[xvii] March 15, 1985. State of Minnesota Proposed 1986-1987 Capital Budget. Letter from Rudy Perpich to the Seventy-Fourth Legislature.
[xviii] March 3, 1993. Letter from Commissioner of Finance John Gunyou to Senator Gene Merriam and Representative Henry Kalis.
[xix] Personal income is the total income earned by people in the state of Minnesota.
[xx] April 21, 2010. Email from Sue Gurrola at Minnesota Management and Budget to Koryn Zewers at the Minnesota House of Representatives. Subject: Question on Debt Management Guidelines.
[xxi] Personal income is the total income earned by people in the state of Minnesota.
[xxii] Personal income data is provided by the U.S. Department of Commerce, Bureau of Economic Analysis. This information is updated regularly by the Bureau.
[xxiii] Personal income data is provided by the U.S. Department of Commerce, Bureau of Economic Analysis. This information is updated regularly by the Bureau.
[xxiv] Standard and Poor's. States Weather Credit-Market Disruptions, But are Likely to Step Up Borrowing as Economy Slows. RatingsDirect. July, 14, 2008.
[xxv] Standard and Poor's. U.S. State Financial Management Assessment Scores Mirror the Sector's Above-Average Credit Strength. RatingsDirect. March 8, 2007.