

Money Matters

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State Expenditures - All Operating Funds

The state of Minnesota's operating funds include the general fund and 29 other funds. Expenditures from all these funds must be authorized in legislation.

The General Fund is the State's Largest Operating Fund

Most discussions of state expenditures focus on the state general fund. This paper includes expenditure data for all the state's operating funds.¹ The general fund is the single largest fund and also the one with the most flexibility. Most expenditures from the other funds are limited to certain purposes that are usually related to the sources of the revenues. All expenditures from all these funds must be authorized in law². This authorization may be in the form of an annual direct appropriation (an appropriation enacted in legislation every two years) or may be a standing appropriation in statute (such an appropriation is in permanent law and does not need to

¹ The operating funds are those that fund ongoing state services, programs, and agencies. There are three other general categories of funds authorized in law but not included here as operating funds. Enterprise funds are for those operations that provide services to the public and are expected to recover the full costs of the services. The state bookstore and state lottery are examples. Internal service funds are for those operations that provide services to state agencies. Examples are computer services and the printing. Fiduciary funds are authorized in law and for which the state has a trust responsibility. Examples include pension funds and the permanent school fund. Some fiduciary funds have expenditures that are included in the state's operating funds because a certain portion of the trust fund is available for expenditure each year. The permanent school fund is an example of this, interest earned each year is expended.

² Minnesota Constitution, Article XI, Section 1

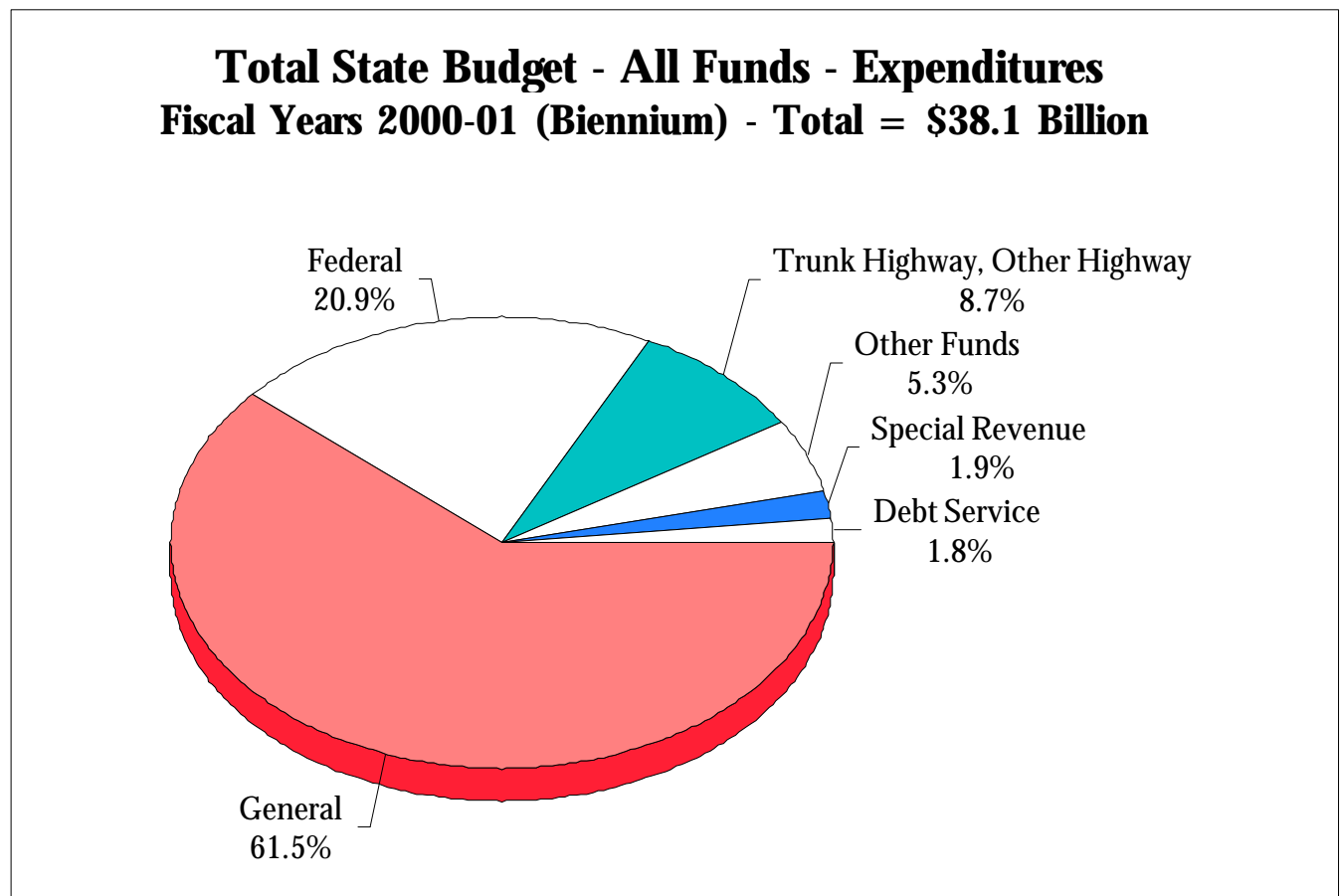
be re-enacted every two years). This paper presents a complete picture of all the expenditures from the state's operating funds that are used for general government operations³.

State Expenditures in All Funds Total \$38.1 Billion for the Biennium

State spending for the current biennium (fiscal years 2000 and 2001) is estimated at \$38.1 billion. Approximately 61 percent of that amount (\$23.4 billion) is from the state general fund. General fund spending as a percent of the all operating funds budget has remained constant for three biennia.

Most other amounts are in dedicated funds established for certain programs, such as the trunk highway fund or the game and fish fund. Dedicated funds are those where revenues are from a specific source (such as hunting and fishing licenses with the game and fish fund) and expenditures are limited to specific purposes that are related to the revenue source (improving wildlife habitat as an example for the game and fish fund). Some funds consist of many separate dedicated accounts (such as the special revenue fund) while others may only have one account. Federal funds that pass through the state treasury are also included in the all funds budget. Figure 1 (below) and Table 1 (on the next page) provide expenditure information by fund for the biennium. Approximately 20 smaller funds are grouped in the "other" category in Figure 1.

Figure 1



³ The data in this document is from the End of 2000 Session Consolidated Fund Statement prepared by the Minnesota Department of Finance, dated June 15, 2000.

Table 1

Minnesota State Budget - All Funds - Expenditures

Dollars in thousands

Data is from end of 2000 session

	<u>FY 2000</u>	<u>FY 2001</u>	<u>Biennial</u> <u>FY 2000-01</u>
General	11,254,923	12,161,623	23,416,546
Federal	3,946,238	4,016,523	7,962,761
Trunk Highway	1,062,961	1,269,999	2,332,960
County State Aid Highway	370,924	377,103	748,027
Special Revenue	365,730	362,332	728,062
Debt Service	334,031	347,848	681,879
Health Care Access	179,367	215,438	394,805
Workers Comp Special	114,638	146,460	261,098
Municipal State Aid Street	107,469	110,531	218,000
Game & Fish	62,414	81,374	143,788
State Government Special Revenue	55,991	55,777	111,768
Cambridge Debt Service	55,202	55,078	110,280
Solid Waste	38,923	35,992	74,915
Natural Resources	30,324	39,430	69,754
Petroleum Tank Release	36,522	31,805	68,327
Iron Range Resources & Rehabilitation	32,072	32,242	64,314
Environmental	34,005	30,090	64,095
State Airports	21,089	21,129	42,218
Permanent School Endowment	19,681	20,074	39,755
Agricultural	19,106	18,591	37,697
Highway User Tax Distribution	17,782	18,286	36,068
Medical Education Research	11,149	15,483	26,632
Mn Environment & Natural Resources Trust	13,875	12,731	26,606
Gift	13,055	12,938	25,993
Minnesota Technology, Inc.	12,000	11,500	23,500
Northeast Minnesota Economic Protection	19,215	1,229	20,444
Tobacco Use Prevention	7,475	11,406	18,881
Minnesota Future Resources	7,652	8,000	15,652
Endowment	17	17	34
Transfers Out to Other Funds	231,628	91,613	323,241
Totals	18,475,458	19,612,642	38,088,100
Percent that is General Fund	60.9%	62.0%	61.5%

Note: General fund numbers may differ from other comparisons because general fund appropriations that are transfers to other funds are shown as expenditures in those funds rather than in the general fund.

Biennial Expenditure Increase is 14.6 Percent

State spending in all funds increased 14.6 percent in the 2000-01 biennium over the 1998-99 biennium. Table 2 provides a comparison of expenditures for the FY2000-01 biennium and the previous two biennia. Figure 2 (on the next page) illustrates the same information.

Table 2

Minnesota State Budget - All Funds - Expenditures - Biennial Change

Dollars in thousands

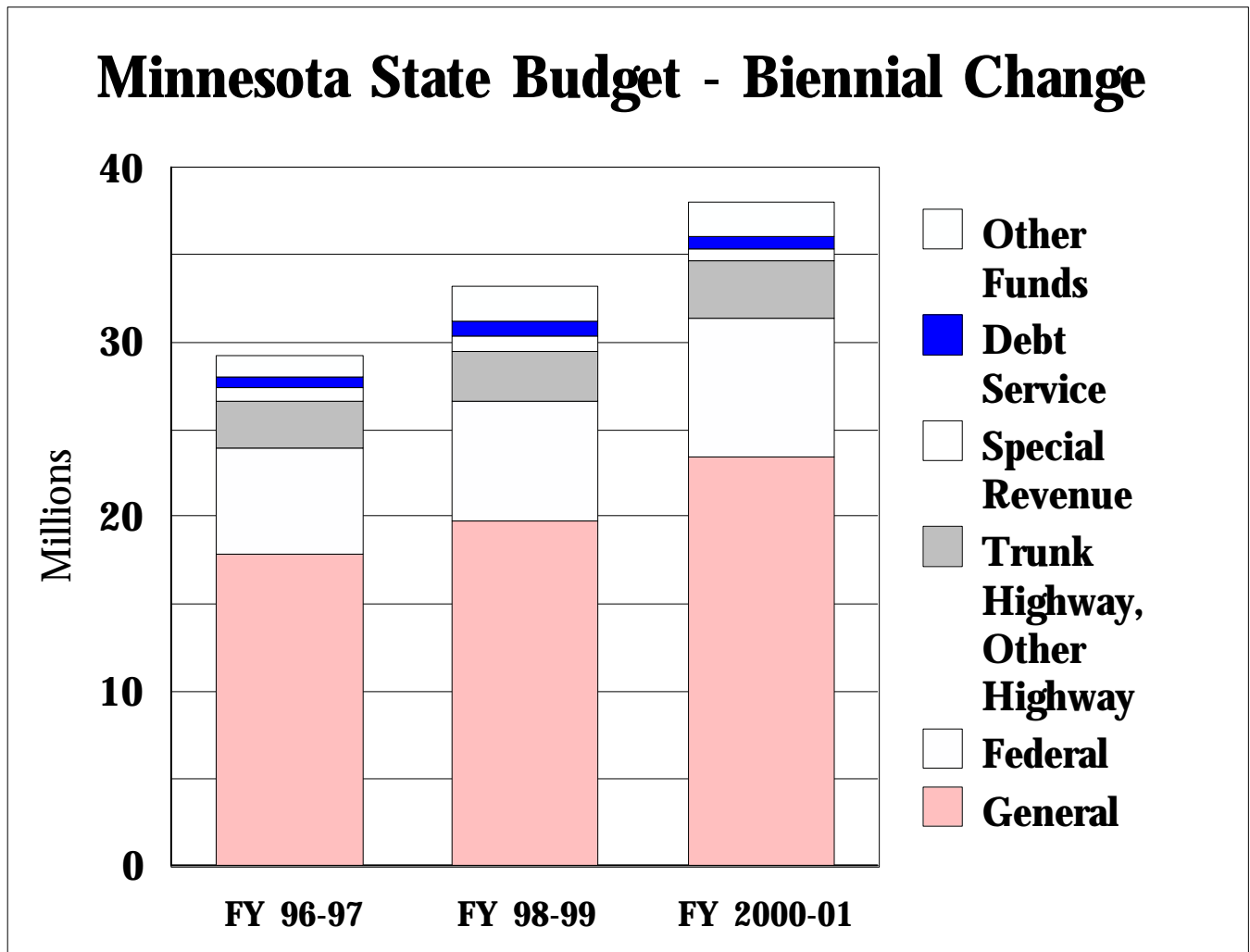
Data is from end of 2000 session

	<u>FY 96-97</u>	<u>FY 98-99</u>	<u>FY 2000-01</u>
Trunk Highway	1,768,299	1,989,144	2,332,960
Workers Comp Special	215,708	262,556	261,098
General	17,881,434	19,779,738	23,416,546
Petroleum Tank Release	72,894	60,910	68,327
Federal	6,090,216	6,854,926	7,962,761
State Government Special Revenue	78,589	90,930	111,768
Special Revenue	777,166	892,161	728,062
Game & Fish	106,056	113,036	143,788
Debt Service	563,359	878,184	681,879
Health Care Access	183,219	304,923	394,805
County State Aid Highway	703,010	636,137	748,027
Municipal State Aid Street	220,844	223,962	218,000
Others	576,237	1,139,975	1,020,079
Totals	29,237,031	33,226,582	38,088,100
Biennial Change		13.6%	14.6%

Note: General fund numbers may differ from other comparisons because general fund appropriations that are transfers to other funds are shown as expenditures in those funds rather than in the general fund.

Caution needs to be exercised about comparisons from this table, particularly of the general fund amounts. Transfers from one fund to another are shown as expenditures from the fund from which the actual expenditure is made. As an example, a substantial appropriation was made in the 2000 legislative session from the general fund for transportation projects. That amount, rather than actually being spent from the general fund, will be transferred to the trunk highway fund and spent from that fund. Most charts showing general fund spending would include the appropriation for transportation projects as a general fund expenditure. However, this all funds comparison would include that amount as an expenditure from the trunk highway fund. The information in this paper should not be used to look at the general fund separate from other funds.

Figure 2



Education and Health Care/Human Services Areas Are Each About 1/3 of the Budget

The allocation of all state funds by Omnibus Bill is different than when just the general fund is considered. Health Care and Human Services at 30.8 percent is the single largest part of the budget because of the large share of federal funds in that area. K-12 Education at 23.5 percent is the second largest area. If the three education areas are added together, they total 32 percent of the all funds budget. The area with perhaps the most noticeable difference from the general fund only allocation is transportation. In the all funds budget, transportation is 11.5 percent of the total. When only the general fund is considered, transportation is just over two percent of the total expenditures for the FY 2000-01 biennium. Table 3 and Figure 3 (on the next page) illustrate the all funds expenditures by omnibus bill.

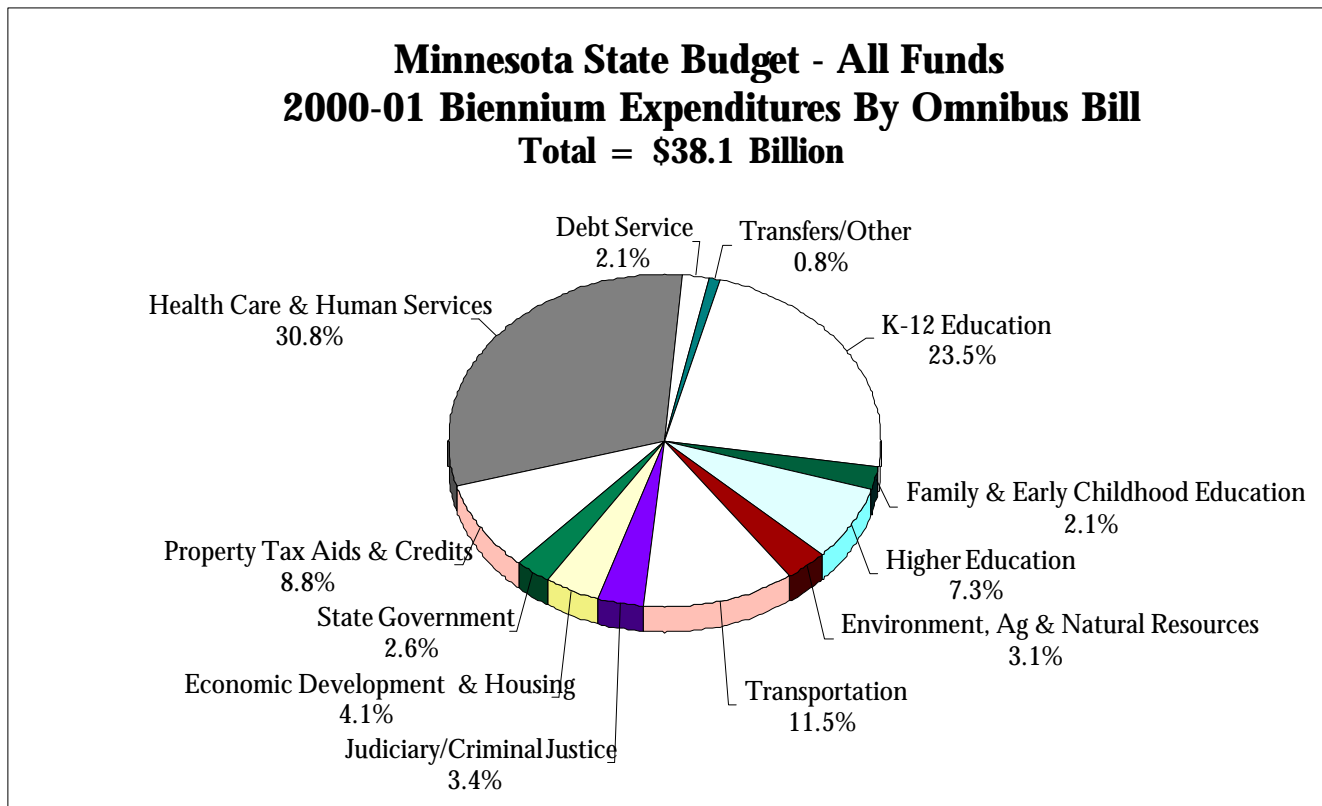
Table 3

Minnesota State Budget - All Funds - Expenditures by Omnibus Bill

Dollars in thousands - Data is from end of 2000 session

	FY 2000	FY 2001	Biennial FY 2000-01
K-12 Education	4,328,168	4,630,888	8,959,056
Family & Early Childhood Education	382,233	404,371	786,604
Higher Education	1,362,869	1,413,660	2,776,529
Environment, Ag & Natural Resources	602,303	587,976	1,190,279
Transportation	1,921,612	2,447,032	4,368,644
Judiciary/Criminal Justice	626,606	670,533	1,297,139
Economic Development & Housing	810,059	752,508	1,562,567
State Government	541,746	465,074	1,006,820
Property Tax Aids & Credits	1,596,679	1,745,748	3,342,427
Health Care & Human Services	5,693,612	6,026,373	11,719,985
Debt Service	389,233	402,926	792,159
Transfers/Other	220,338	65,552	285,891
Total	18,475,458	19,612,642	38,088,100

Figure 3



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