

CITIZENS LEAGUE REPORT

No. 83

City of Minneapolis 1958 Budget Review

November 1957

Presented to Bd of trustees 11/6/57

REVIEW OF 1958 BUDGET

Citizens League
601 Syndicate Building
Minneapolis 2, Minn

85

1958 Budget Review

1. Property tax mill rates
2. Consolidated resources, City of Minneapolis
3. Tax fund expenditures, City of Minneapolis, by function
4. Consolidated resources, County of Hennepin
5. Expenditures, County of Hennepin, by function

November 6, 1957

TABLE I

PROPERTY TAX RATES
CITY, COUNTY, METROPOLITAN AND STATE PURPOSES
1948, 1957, and 1958

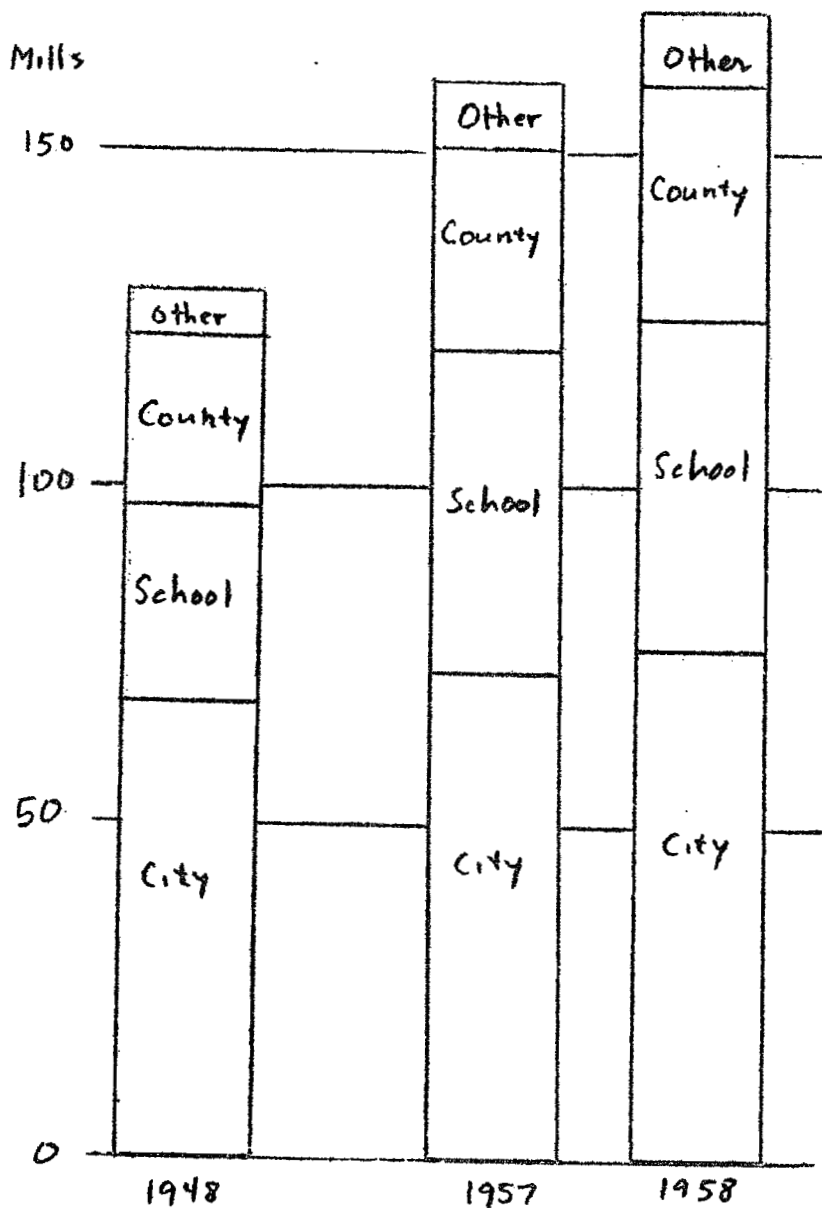
	Levy Made By	1947 for 1948	1956 for 1957	1957 for 1958	1958 over 1957
City Operating Funds:					
Current Expense	City Council	13.81	13.33	14.00	.67
Permanent Improvement	City Council	2.815	2.80	2.795	-.005
Street	City Council	2.815	2.80	2.795	-.005
Civil Defense	City Council	--	.17	.205	.035
Public Examiner's Exp.	City Council	--	.02	.02	--
Public Welfare	City Council	4.225	4.20	4.19	-.01
Hospitals	City Council	5.635	5.60	6.09	.49
Poor Relief	City Council	--	5.00	4.94	-.06
Civil Service	City Council	.21	.18	.20	.02
Municipal Bldg. Comm.	City Council*	2.13	1.365	1.645	.28
Metropolitan Airports Commission	City Council*	.27	.465	.405	-.06
Armory	City Council*	.04	.04	.04	--
Parks & Playgrounds	Park Board	3.38	5.00	5.90	.90
Street Forestry	Park Board	.05	.05	.05	--
Park Museum	Park Board*	.125	.25	.25	--
Library	Library Board	3.255	4.48	4.40	-.08
Estimate & Taxation	Bd. Of Est. & Tax.	.045	.065	.065	--
Total		<u>38.805</u>	<u>45.815</u>	<u>47.99</u>	<u>2.175</u>
City Pension & Retirement					
Fire Dept. Relief Assn.	City Council*	1.00	1.00	1.50	.50
Police Relief Assn.	City Council*	.90	1.50	2.00	.50
Mun. Employees Retire.	City Council*	2.44	6.52	6.52	--
Total		<u>4.34</u>	<u>9.02</u>	<u>10.02</u>	<u>1.00</u>
City Debt Funds					
Bond Redemption & Int.	City Council	24.715	17.19	18.20	1.01
Total City Rates		<u>67.86</u>	<u>72.025</u>	<u>76.21</u>	<u>4.185</u>
Board of Education					
School General	Bd. of Educ.	24.81	41.64	42.60	.96
School District	County Board	1.00	1.00	1.00	--
Teachers' Retirement	Bd. of Educ.	3.48	5.975	6.17	.195
Total		<u>29.29</u>	<u>48.615</u>	<u>49.77</u>	<u>1.155</u>
Total City & School		<u>97.15</u>	<u>120.64</u>	<u>125.98</u>	<u>5.34</u>

* Mandatory levies

	<u>1947</u> for <u>1948</u>	<u>1956</u> for <u>1957</u>	<u>1957</u> for <u>1958</u>	<u>1958</u> over <u>1957</u>
District rates:				
MAC Bonds and interest	--	2.32	1.36	--.96
Mpls. Housing & Redev. Auth.	--	.50	1.00	.50
Metropolitan Planning Comm.	--	--	.10	.10
Mosquito Abatement	--	--	.64	.64
		<u>2.82</u>	<u>3.10</u>	<u>-.28</u>
County rates:				
Revenue fund	10.00	10.54	12.44	1.90
Municipal Bldg. Comm.	*	.93	.88	-.05
Welfare	9.66	13.54	16.10	2.56
Sanatorium	4.57	4.58	4.64	.06
Bldg. & Maint. reserve	.25	.25	.25	
School transportation	.10	.06	.03	.03
Replacement of loan to sanatorium	.50	--	--	
County employees retirement fund			.55	.55
Total	<u>25.08</u>	<u>29.90</u>	<u>34.89</u>	<u>4.99</u>
State homestead rate	3.02	3.81	6.01	2.20
State non-homestead rate	6.77	8.50	7.54	-.96
Total HOMESTEAD rate	125.25	157.17	169.98	12.81
Total NON-HOMESTEAD rate	129.00	161.86	171.51	9.65
Taxable valuation (000 omitted)				
Minneapolis	\$269,786	375,652	382,371	6,719
Rest of county	35,361	135,621	150,219	14,598
Total county	<u>\$305,047</u>	<u>511,273</u>	<u>532,590</u>	<u>21,317</u>

* Included in County Revenue Fund

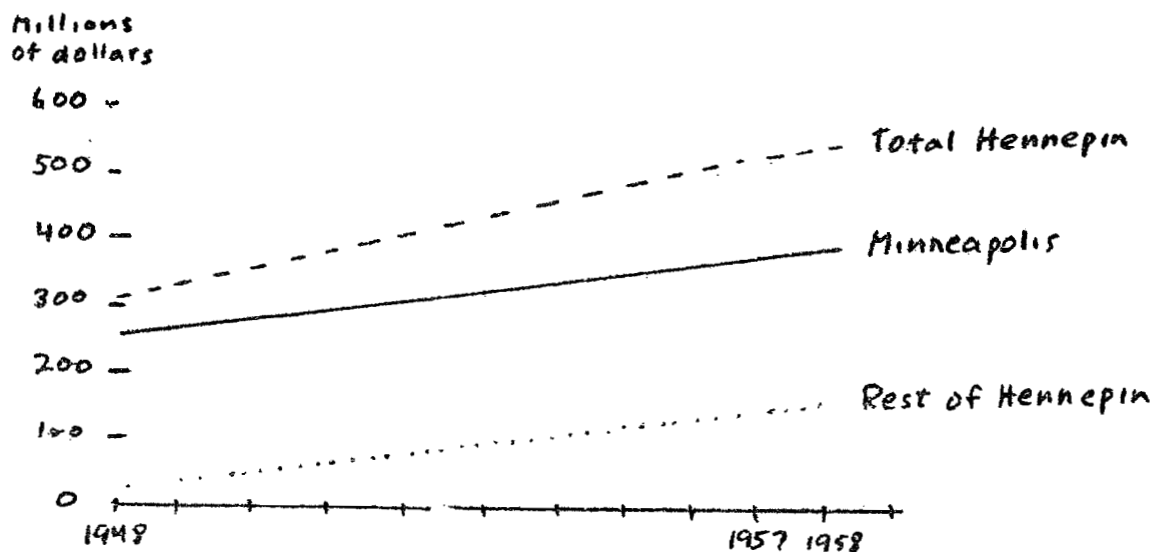
Figure 1



TOTAL MILL RATES
for
Minneapolis Non-Homestead
Property Taxpayer

1948, 1957, 1958

Taxable Valuations



1958 budget review

Table 1 and Figure 1: comments and explanation

General

1. New levies appearing this year: Metropolitan Planning Commission (.10 mill), Mosquito Abatement (.64), and County Employees Retirement Fund (.55).

City Government (including schools)

1. All City operating funds with millage limits are at these limits except Park and Playgrounds (levy 5.90, maximum 6.71), Library (levy 4.40, maximum 4.48), and Board of Estimate and Taxation (levy .065, maximum .07).

2. These important funds have no ceilings: Municipal Employees Retirement (6.52 for 1958), Bond Redemption and Interest (18.20), Teachers Retirement (6.17).

County

1. Only the Sanatorium, Building and Maintenance Reserve and School Transportation Funds are subject to property tax limits.

TABLE 2

CITY GOVERNMENT

CONSOLIDATED RESOURCES STATEMENT

All tax funds, including schools

(000 omitted)

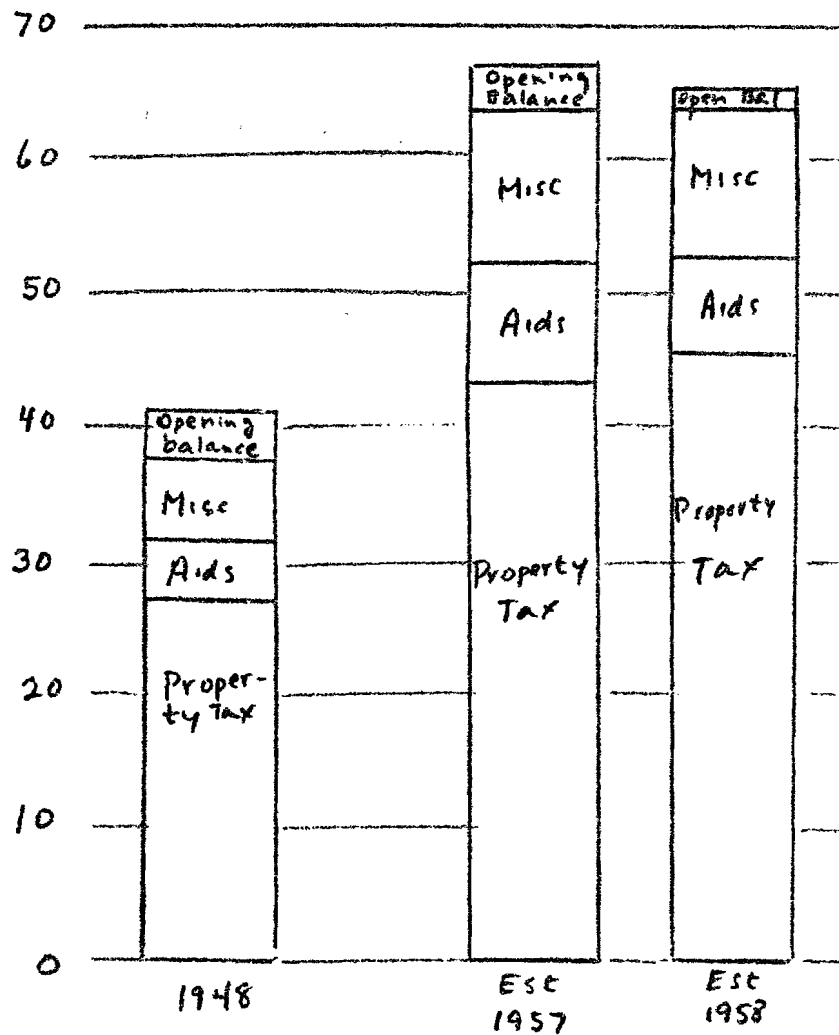
	<u>1948</u>	Est. <u>1957</u>	Est. <u>1958</u>	1958 over <u>1957</u>
Balance, January 1	\$3,581	\$3,609	\$2,604	-\$2,005
Taxes	27,702	44,184	47,348	3,164
Property	(27,019)	(42,687)	(45,475)	
Other	(683)	(1,497)	(1,873)	
Licenses and permits	1,310	1,350	1,390	40
Aid from other govts.	5,319	9,451	9,227	- 224
School	(4,099)	(8,045)	(7,920)	
Other	(1,220)	(1,406)	(1,307)	
Traffic funds	574	1,075	1,075	--
Departmental earnings	1,136	3,309	3,076	- 233
Hospital fees	(217)	(962)	(963)	
Overhead charges - non-				
tax funds	--	(285)	(287)	
Other	(919)	(2,062)	(1,826)	
Transfers from non-tax funds	800	2,358	619	- 1,739
From parking meters	(60)	(593)	(619)	
Other	(720)	(1,765)	--	
Miscellaneous	585	2,124	1,172	952
Abandoned carline street				
restoration	--	(693)	(192)	
Other	(585)	(1,429)	(980)	
TOTAL RECEIPTS	\$37,426	\$63,851	\$63,907	56
TOTAL RESOURCES	\$41,007	\$67,460	\$65,511	- 1,949

Figure 2

CITY

Consolidated Resources
1943, 1957 (est), 1958 (est.)

Millions
of dollars



1958 budget review

Table 2 and Figure 2: comments and explanation

1. In 1948 property taxes comprised 72% of total receipts; in 1958, estimated at 71%.
2. Judging from the past, the estimated 1958 beginning balance is probably well understated, as a measure of financial conservatism.
3. "Other" taxes include use charges levied against NSP and the Gas Company. They are estimated to total \$905,000 in 1958.
4. "Aids from other governments" estimated for 1958 can be expected to be \$2 to \$2.5 million more than the amount shown because of new distribution of highway user funds following passage of constitutional amendment #2 last fall. These aids were not budgeted because the State Highway Department must first approve the City's plan for using them, and this approval is not expected till early 1958.
5. "Overhead charges against non-tax funds" are a relatively recent innovation introduced as one way to add revenue to the Current Expense Fund. Main charges are against Water Works and Equipment Fund.
6. Principal reason for unusually high figure for "Other transfers" in 1957 is that several construction funds were consolidated with the Permanent Improvement Fund at that time. \$1,317,000 of the \$1,559,000 so transferred was in the Upper River Harbor Fund.

TABLE 3

CITY GOVERNMENT
CONSOLIDATED EXPENDITURES STATEMENT

All tax funds including schools

(000 omitted)

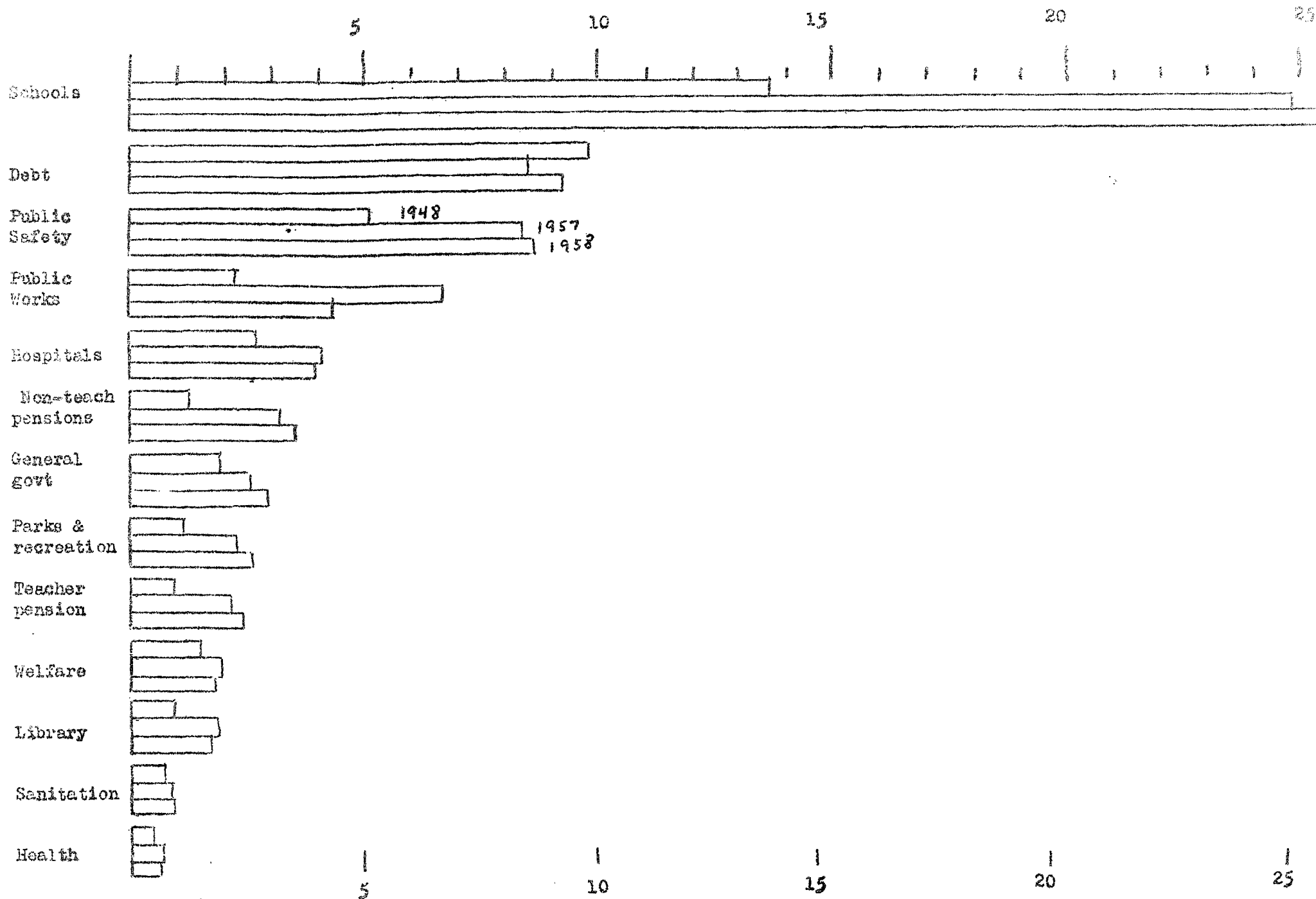
	<u>1948</u>	<u>Est.</u> <u>1957</u>	<u>Est.</u> <u>1958</u>	<u>1958</u> <u>over</u> <u>1957</u>
General Government	\$1,959	\$2,619	\$2,578	\$ 359
Public Safety	5,066	8,370	8,467	97
Public Works	2,242	6,600	4,264	-2,336
Sanitation	621	895	911	16
Health	475	682	668	186
Parks and Recreation	1,107	2,295	2,591	296
Hospitals	2,729	4,088	4,021	- 67
Welfare	1,494	1,924	1,833	- 91
Schools	13,746	24,896	25,290	394
Library	906	1,836	1,780	- 56
Pensions*				
Teacher	939	2,217	2,330	113
Other	1,337	3,347	3,777	430
Debt	<u>9,775</u>	<u>8,573</u>	<u>9,134</u>	<u>561</u>
TOTALS	\$42,396	\$68,342	\$68,044	\$- 298

* Tax portion only

Figur 3

City of Minneapolis
Tax Fund Expenditures by function

Millions of dollars



1958 budget review

Table 3 and Figure 3: comments and explanation

1. 1958 budget includes no provision for cost-of-living salary increases, except for School Board employees. City Council and boards and commissions are now considering salary matters, and will probably grant some increases, with the Council setting the pattern for other boards and commissions. In recent years the Council has granted increases with general instructions to department heads to absorb the increases within existing appropriations. Some departments have been able to do this, where services lend themselves to contraction without great damage to health, safety and welfare. Other departments come back late in the year for supplemental appropriations, which the Council is able to provide because it underestimated beginning balances and the Comptroller underestimated receipts.

Last year's cost-of-living salary increase granted by the City Council varied a good deal but seemed to average about \$250 per employee. Agencies under the Board of Public Welfare, notably the General Hospital, did not get this increase. In fact, General Hospital employees currently are at a level which is two jumps behind that of the City Council agencies.

2. Public works expenditures are down from 1957 to 1958 principally due to reduction in two major capital expenditure accounts: (a) abandoned car line street restoration -- down \$527,000, (b) Upper Harbor work -- down \$1,470,000. Former financed largely from transit company payments and County aid funds, latter from balance accumulated over period of years.

Also a drop of \$156,000 in traffic capital outlay.

3. Schools and park increases reflect use of increased property tax millage.

4. Estimated hospital expenditures are down from 1957 because no provision is made in 1958 to repeat the back salary payment made in 1957. (However, a reserve is set up in another fund which probably will be used in part for hospital salaries.) Increased property tax millage authorized by 1957 Legislature (.50 mill) is to be more than offset by reduction in transfers from Welfare and Relief funds to the hospital.

5. Pension funds (tax portions only) increased because of increases in Police and Fire pension funds pursuant to 1957 Legislature's authorization of half-mill boost in each fund. Both funds have negligible reserves to meet their future requirements. There was little increase in the tax levy for Municipal Employees Retirement Fund, although there is evidently no ceiling on the tax rate for this purpose, and the fund has a large actuarial deficit.

6. Comparison of percentage distribution of tax fund expenditures, 1948 and 1958:

	<u>1948</u>	<u>Est. 1958</u>
General government	4.6%	4.4%
Public safety	11.9	12.4
Public works	5.3	6.3
Sanitation	1.5	1.3
Health	1.1	1.0
Parks and recreation	2.6	3.8
Hospitals	6.4	5.9
Welfare	3.5	2.7
Schools	32.4	37.2
Library	2.1	2.6
Pensions		
Teacher	2.2	3.4
Other	3.2	5.6
Debt	23.1	13.4
	<hr/>	<hr/>
Total	100.0%	100.0%

In the 10 year period, pensions, parks, schools, and library have moved to a significantly larger share of the total. The drop in debt costs alone practically offsets these increases, but there were also some drops in the health, hospitals, welfare and sanitation categories.

TABLE 4

COUNTY GOVERNMENT
CONSOLIDATED RESOURCES STATEMENT

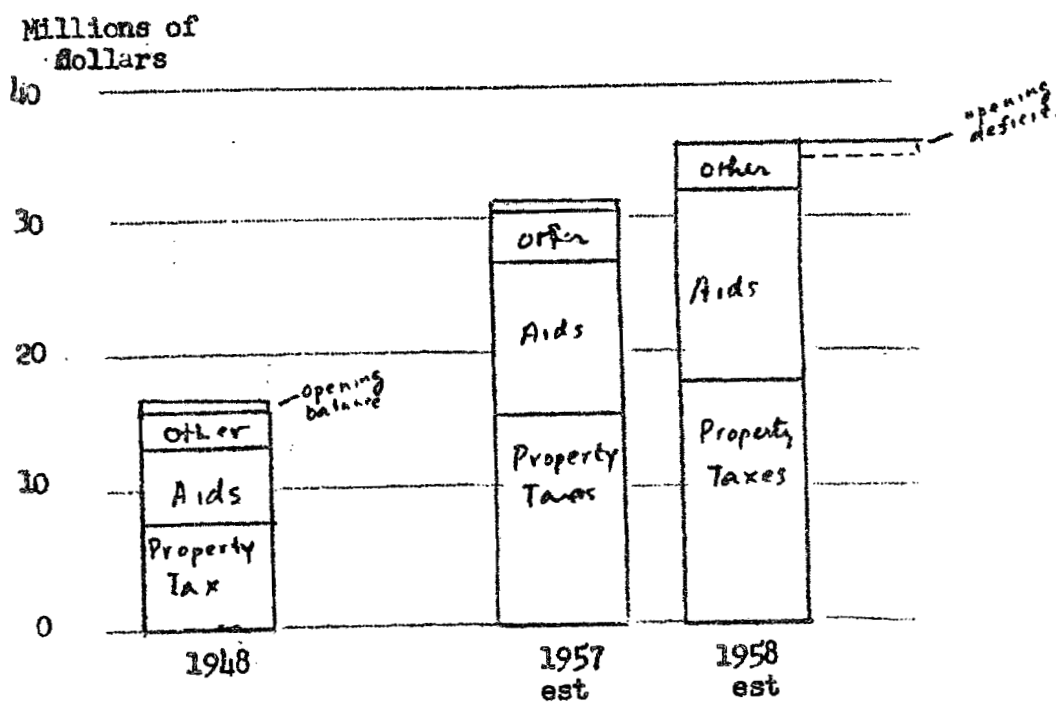
All tax funds

(000 omitted)

	<u>1948</u>	<u>Est.</u> <u>1957</u>	<u>Est.</u> <u>1958</u>	<u>1958</u> <u>over</u> <u>1957</u>
Balance January 1	\$1,503	\$1,020	-\$ 501	\$- 1,521
Taxes				
Property	7,657	15,236	18,580	3,344
Other	494	588	551	- 37
Fees	285	475	461	- 14
Aids from other governments				
Welfare	6,307	11,832	12,164	332
Highway	256	653	1,250	597
Sanatorium	111	347	363	16
State welfare reimbursements	424	529	543	14
Sanatorium earnings	375	241	299	58
Other	<u>109</u>	<u>981</u>	<u>982</u>	<u>1</u>
Total Receipts	\$16,018	\$30,882	\$35,193	\$4,311
Total Resources	\$17,521	\$31,902	\$34,692	2,790

Figure 4

Hennepin County
Consolidated Resources
1948, 1957 (est), 1958 (est)



1958 budget review

Table 4 and Figure 4: comments and explanation

1. In 1958, property taxes comprised 48% of total county receipts; in 1958, estimated at 53%. In 1948, state welfare aids comprised 39%; in 1958, estimated at 35%.

2. Deficit in estimated beginning balance for 1958 is due to two things: (a) anticipated deficit of \$698,000 in 1957 in Welfare Fund, (b) conservative estimate of 1957 carryover in County Revenue Fund. Former is due to increase in various state aid programs voted by the 1957 Legislature and effective July 1.

3. Increased highway aids for 1958 based on new distribution of highway user funds following passage of amendment #2 last fall.

4. Miscellaneous income is up so noticeably from 1948 because of increased refunds on welfare grants and state institutional payments, and income from investment of idle funds. In 1948 latter was \$5,300, estimated at \$180,000 for 1958.

TABLE 5

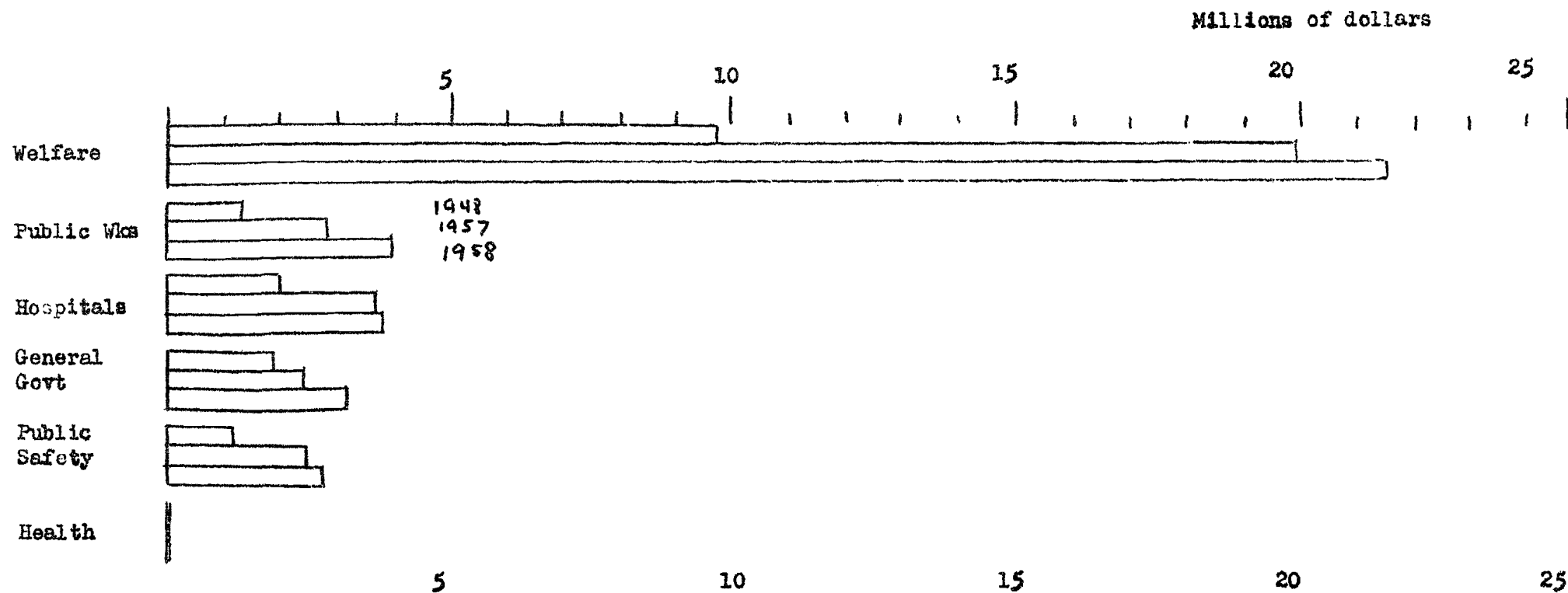
COUNTY GOVERNMENT
EXPENDITURES FROM ALL TAX FUNDS
(000 omitted)

	<u>1948</u>	<u>Est.</u> <u>1957</u>	<u>Est.</u> <u>1958</u>	<u>1958</u> <u>over</u> <u>1957</u>
General Government*	\$1,858	\$2,395	\$3,177	\$ 782
Public Safety	1,113	2,281	2,602	401
Public Works	1,207	2,803	3,907	1,104
Health	43	12	15	3
Hospitals	1,497	3,666	3,749	83
Welfare	<u>9,876</u>	<u>20,674</u>	<u>21,389</u>	<u>715</u>
Totals	\$15,594	\$31,831	\$34,919	\$3,088

* Includes Supt. of Schools

Figure 5

County of Hennepin
Expenditures by Function
1948, 1957 (est), 1958 (est)



1958 budget review

Table 5 and Figure 5: comments and explanation

1. Increases in general government, public safety, health and hospitals categories are due mainly to general salary increases.

The 1957 Legislature authorized County employees a 15 to 20% increase for 1958 over 1957. Total personal service increase for 1958, other than in Highway Department and Glen Lake Sanatorium, is about \$546,000. This percentage salary increase apparently was to bring County salary levels abreast of City levels.

Welfare Board salaries for 1958 are about \$271,000, or 14%, above 1957.

2. Principal reasons for increased cost of welfare programs is shown in comparison of estimated monthly case load and average cost of various aid programs:

<u>Program</u>	<u>Est. 1957</u>		<u>Est. 1958</u>	
	<u>Cases</u>	<u>Av. monthly payment</u>	<u>Cases</u>	<u>Av. monthly payment</u>
Old age assistance	10,508	\$ 91.98	10,405	\$ 93.33
Aid to dependent children	2,398	163.56	2,545	164.34
Aid to blind	239	105.59	250	106.66
Dependent and/or neglected children under state guardianship	590	76.67	615	76.67
Children under temporary care of County	466	72.63	535	73.00
Payments to permanently disabled	440	62.56	554	63.04
<u>Total yearly cost</u>		<u>\$17,886,000</u>	<u>\$18,446,000</u>	

3. Public works (road and bridge). Aside from general salary increase, main reasons for increase are \$300,000 for new equipment shop, \$400,000 for acquisition of right of way for 62nd street crosstown, and about \$60,000 for added engineering and design personnel.

4. For the first time an appropriation is included for employees' hospital and insurance benefits. This follows a 1957 law and is set at \$75,000 for 1958. There is no limit on the property tax which may be levied to meet this cost.

5. \$285,998 is included for the first time as the County government's contribution to the employee retirement fund. This also is new and is pursuant to statelaw.