

Table of Contents
Department of Iron Range Resources & Rehabilitation

<i>Agency Profile</i>	1
Agency Expenditure Overview	3
Agency Financing by Fund (REVISED)	5
Agency Change Summary (REVISED)	7

AT A GLANCE

- The mission of Iron Range Resources & Rehabilitation is to promote and invest in business, community and workforce development for the betterment of northeastern Minnesota.
- The Department of Iron Range Resources and Rehabilitation differs from other state agencies in that it operates on an annual budget that is established by the commissioner and approved by a nine-member board and the Governor.
- The agency is primarily funded by a portion of local taconite production taxes paid by mining companies on each ton of iron ore pellets or concentrates produced.
- Production taxes are paid by mining companies in lieu of local property taxes.
- The agency reinvests its income in businesses, cities and townships in a service area comprised of 13,000 square-miles of northeastern Minnesota.

PURPOSE

Established in 1941, the Department of Iron Range Resources and Rehabilitation was created to diversify the economy within a region largely dependent on the removal of minerals (iron ore and taconite) and other natural resources.

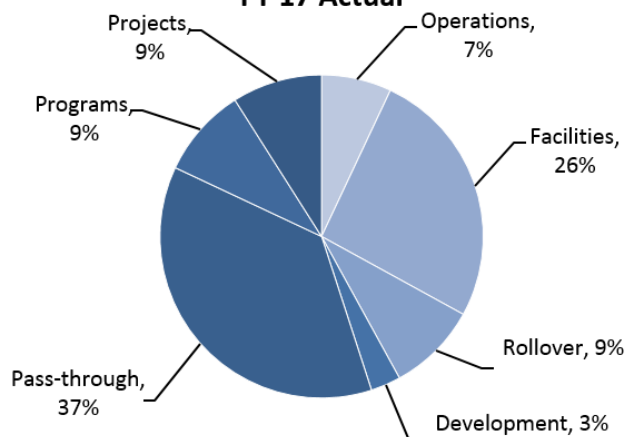
IRRR supports the following statewide outcomes:

- **A thriving economy that encourages business growth and employment opportunities**
- **Strong and stable families and communities**
- **Minnesotans have the education and skills needed to achieve their goals**

BUDGET

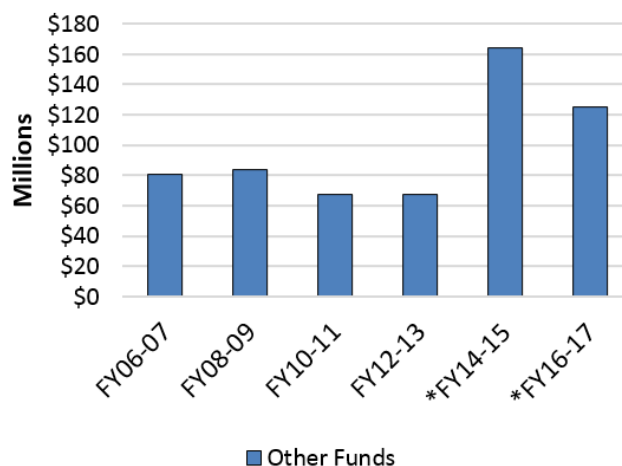
Spending by Program

FY 17 Actual



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



*Include DJJ Corpus, Event Center Construction & School Bond Payments

Source: Consolidated Fund Statement

STRATEGIES

- Iron Range Resources and Rehabilitation conducts business retention and expansion and recruits businesses from outside the area who may be considering expanding or relocating. The agency works individually with business clients to customize financial assistance packages that meet business goals and objectives. The agency also collaborates with funding partners – other businesses, banks, and economic development organizations to leverage capital and regional resources.
- The agency provides grants to local units of government and non-profits that contribute to stable, livable and healthy communities.
- The agency provides grants for innovative education and workforce development initiatives that address workforce skills needed by business and industry.

RESULTS

Iron Range Resources & Rehabilitation assists small businesses with the information and financing needed to stabilize and grow; provides larger business developments with agency and partnership support to encourage them to expand and relocate to northeastern Minnesota; and provides communities the resources to leverage financial investments that improve quality of life.

Results are measured in businesses/communities served by agency programs, agency investment, and total project investment.

- The agency served more businesses and communities in the current biennium than previously although the amount of funds per customer was lower.
- Overall agency investment was reduced in the current biennium because of decreased taconite production during the last three years – tax revenue from that downturn impacts agency income over several years due to averaging.
- Total project investment in the current biennium decreased less than 5%. This amount varies depending on project types, timing, the capacity of the businesses or municipalities, and their ability to access other state, federal or private funds.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	# of businesses/communities served by Iron Range Resources & Rehabilitation Programs	161	200	Previous FY15/16 and Current FY17/18
Quantity	Iron Range Resources & Rehabilitation Investment	\$47M	\$33.6M	Previous FY15/16 and Current FY17/18
Results	Total Project Cost for Projects that include IRRR Investment	\$313M	\$298M	Previous FY15/16 and Current FY17/18

M.S. 298.22 provides the legal authority for the Department of Iron Range Resources & Rehabilitation.

Iron Range Resources and Rehabilitation

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
2370 - Iron Range Resources & Rehab	32,743	42,482	31,722	35,525	28,717	28,779	28,717	28,779
2380 - Douglas J Johnson Econ Protect	22,180	2,429	18,486	14,622	2,622	2,620	2,622	2,620
4600 - Giants Ridge Golf & Ski Resort	9,140	16,454	10,535	12,082	10,000	10,000	10,000	10,000
Total	64,063	61,365	60,744	62,229	41,339	41,399	41,339	41,399
Biennial Change				(2,456)		(40,235)		(40,235)
Biennial % Change				(2)		(33)		(33)
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Program

Operations	23,631	4,037	20,127	16,301	4,301	4,301	4,301	4,301
Facilities	9,140	16,016	10,272	12,082	10,000	10,000	10,000	10,000
Development	2,316	2,099	2,087	2,690	2,690	2,690	2,690	2,690
Agency Roll Over	204	5,545	1,870	634				
Pass-through Funding	16,114	22,747	14,981	17,116	16,906	16,900	16,906	16,900
Programs	6,320	5,647	5,067	7,406	7,442	7,508	7,442	7,508
Projects	6,338	5,274	6,340	6,000				
Total	64,063	61,365	60,744	62,229	41,339	41,399	41,339	41,399

Expenditures by Category

Compensation	6,074	6,328	5,751	5,177	5,011	5,011	5,011	5,011
Operating Expenses	8,854	15,549	11,604	11,244	11,214	11,214	11,214	11,214
Grants, Aids and Subsidies	44,482	33,292	38,388	38,912	20,269	20,335	20,269	20,335
Capital Outlay-Real Property	349	443	342	2,782	730	730	730	730
Other Financial Transaction	4,305	5,752	4,660	4,114	4,115	4,109	4,115	4,109
Total	64,063	61,365	60,744	62,229	41,339	41,399	41,339	41,399

Total Agency Expenditures	64,063	61,365	60,744	62,229	41,339	41,399	41,339	41,399
Internal Billing Expenditures	0	0	0	14	14	14	14	14
Expenditures Less Internal Billing	64,063	61,365	60,744	62,215	41,325	41,385	41,325	41,385

Iron Range Resources and Rehabilitation

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Full-Time Equivalents</u>	74.02	74.37	45.21	45.68	45.68	45.68	45.68	45.68

Iron Range Resources and Rehabilitation

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY16	FY17	FY18	FY19	FY20	FY21	FY20	FY21
1000 - General								
Open Appropriation	2,815	2,514	2,408	2,618	2,883	2,905	2,883	2,905
Transfers In	3,664	3,303	2,957	3,214	3,777	4,143	3,777	4,143
Transfers Out	6,479	5,817	5,365	5,832	6,660	7,048	6,660	7,048

2370 - Iron Range Resources & Rehab

Balance Forward In	47,468	55,237	47,143	48,228	54,574	69,240	54,574	69,240
Receipts	38,053	34,337	35,154	40,622	45,040	45,040	45,040	45,040
Transfers In	22,313	26,336	20,094	17,431	11,396	11,418	11,396	11,418
Transfers Out	21,423	26,706	24,046	16,344	13,215	13,215	13,215	13,215
Net Loan Activity	706	(372)	1,604	162	162	162	162	162
Balance Forward Out	54,375	46,349	48,227	54,574	69,240	83,866	69,240	83,866
Expenditures	32,743	42,482	31,722	35,525	28,717	28,779	28,717	28,779
Biennial Change in Expenditures				(7,978)		(9,751)		(9,751)
Biennial % Change in Expenditures				(11)		(15)		(15)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	34.52	33.72	34.10	34.33	34.33	34.33	34.33	34.33

2380 - Douglas J Johnson Econ Protect

Balance Forward In	45,828	36,659	44,742	30,408	19,766	29,262	19,766	29,262
Receipts	10,061	8,721	5,089	5,238	5,813	5,811	5,813	5,811
Transfers In	10,186	9,486	12,772	12,815	4,878	5,244	4,878	5,244
Transfers Out	10,186	13,754	12,363	9,601	1,101	1,101	1,101	1,101
Net Loan Activity	(13,989)	4,480	(1,346)	(4,472)	2,528	2,528	2,528	2,528
Balance Forward Out	19,720	43,163	30,408	19,766	29,262	39,124	29,262	39,124
Expenditures	22,180	2,429	18,486	14,622	2,622	2,620	2,622	2,620
Biennial Change in Expenditures				8,499		(27,866)		(27,866)
Biennial % Change in Expenditures				35		(84)		(84)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	7.28	7.12	6.48	8.35	8.35	8.35	8.35	8.35

Iron Range Resources and Rehabilitation

Agency Financing by Fund

4600 - Giants Ridge Golf & Ski Resort

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
Balance Forward In	1,798	2,152	527	2,281	349	469	349	469
Receipts	3,895	4,343	4,899	8,651	5,450	5,450	5,450	5,450
Transfers In	6,697	10,427	7,540	1,499	4,670	4,670	4,670	4,670
Transfers Out	1,109		149					
Balance Forward Out	2,141	468	2,281	349	469	589	469	589
Expenditures	9,140	16,454	10,535	12,082	10,000	10,000	10,000	10,000
Biennial Change in Expenditures				(2,977)		(2,617)		(2,617)
Biennial % Change in Expenditures				(12)		(12)		(12)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	32.22	33.53	4.63	3.00	3.00	3.00	3.00	3.00

Iron Range Resources and Rehabilitation

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Open				
Fund: 1000 - General				
FY2019 Appropriations	2,591	2,591	2,591	5,182
Base Adjustments				
Forecast Open Appropriation Adjustment		330	354	684
November Forecast Adjustment	17	(48)	(50)	(98)
February Forecast Adjustments	10	10	10	20
Forecast Base	2,618	2,883	2,905	5,788
Total Governor's Recommendations	2,618	2,883	2,905	5,788
Dedicated				
Fund: 2370 - Iron Range Resources & Rehab				
Planned Spending	35,525	28,717	28,779	57,496
Forecast Base	35,525	28,717	28,779	57,496
Total Governor's Recommendations	35,525	28,717	28,779	57,496
Fund: 2380 - Douglas J Johnson Econ Protect				
Planned Spending	14,622	2,622	2,620	5,242
Forecast Base	14,622	2,622	2,620	5,242
Total Governor's Recommendations	14,622	2,622	2,620	5,242
Fund: 4600 - Giants Ridge Golf & Ski Resort				
Planned Spending	12,082	10,000	10,000	20,000
Forecast Base	12,082	10,000	10,000	20,000
Total Governor's Recommendations	12,082	10,000	10,000	20,000
Revenue Change Summary				
Dedicated				
Fund: 2370 - Iron Range Resources & Rehab				
Forecast Revenues	40,622	45,040	45,040	90,080
Total Governor's Recommendations	40,622	45,040	45,040	90,080
Fund: 2380 - Douglas J Johnson Econ Protect				
Forecast Revenues	5,238	5,813	5,811	11,624
Total Governor's Recommendations	5,238	5,813	5,811	11,624
Fund: 4600 - Giants Ridge Golf & Ski Resort				
Forecast Revenues	8,651	5,450	5,450	10,900

Iron Range Resources and Rehabilitation

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Total Governor's Recommendations	8,651	5,450	5,450	10,900