

STATE OF MINNESOTA

EIGHTY-FIFTH SESSION — 2007

 FORTY-SEVENTH DAY

SAINT PAUL, MINNESOTA, FRIDAY, APRIL 13, 2007

The House of Representatives convened at 3:30 p.m. and was called to order by Margaret Anderson Kelliher, Speaker of the House.

Prayer was offered by the Reverend Carol Tomer, Pilgrim Lutheran Church, St. Paul, Minnesota.

The members of the House gave the pledge of allegiance to the flag of the United States of America.

The roll was called and the following members were present:

Anderson, S.	Dittrich	Hilstrom	Lieder	Ozment	Slocum
Atkins	Dominguez	Hilty	Lillie	Paulsen	Smith
Beard	Doty	Holberg	Loeffler	Paymar	Solberg
Benson	Eastlund	Hoppe	Madore	Pelowski	Sviggum
Berns	Eken	Hornstein	Magnus	Peppin	Swails
Bigham	Emmer	Hortman	Mahoney	Peterson, A.	Thao
Bly	Erhardt	Huntley	Mariani	Peterson, N.	Thissen
Brod	Erickson	Jaros	Marquart	Peterson, S.	Tillberry
Brown	Faust	Johnson	Masin	Poppe	Tingelstad
Brynaert	Finstad	Juhnke	McFarlane	Rukavina	Tschumper
Buesgens	Fritz	Kahn	McNamara	Ruth	Urdahl
Bunn	Gardner	Kalin	Morgan	Ruud	Wagenius
Carlson	Garofalo	Knuth	Morrow	Sailer	Walker
Clark	Greiling	Koenen	Mullery	Scalze	Ward
Cornish	Gunther	Kohls	Murphy, E.	Seifert	Wardlow
Davnie	Hackbarth	Kranz	Nelson	Sertich	Welti
Dean	Hamilton	Laine	Nornes	Severson	Winkler
DeLaForest	Hansen	Lanning	Norton	Shimanski	Wollschlager
Demmer	Hausman	Lenczewski	Olin	Simon	Zellers
Dettmer	Haws	Lesch	Olson	Simpson	Spk. Kelliher
Dill	Heidgerken	Liebling	Otremba	Slawik	

A quorum was present.

Abeler; Anderson, B.; Anzelc; Gottwalt; Hosch; Howes; Moe; Murphy, M., and Westrom were excused.

The Chief Clerk proceeded to read the Journal of the preceding day. Hamilton moved that further reading of the Journal be suspended and that the Journal be approved as corrected by the Chief Clerk. The motion prevailed.

REPORTS OF CHIEF CLERK

S. F. No. 493 and H. F. No. 49, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Lesch moved that the rules be so far suspended that S. F. No. 493 be substituted for H. F. No. 49 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 753 and H. F. No. 965, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

McFarlane moved that the rules be so far suspended that S. F. No. 753 be substituted for H. F. No. 965 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 837 and H. F. No. 1141, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Emmer moved that S. F. No. 837 be substituted for H. F. No. 1141 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1048 and H. F. No. 1051, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Hilty moved that the rules be so far suspended that S. F. No. 1048 be substituted for H. F. No. 1051 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1236 and H. F. No. 1267, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Morgan moved that the rules be so far suspended that S. F. No. 1236 be substituted for H. F. No. 1267 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1335 and H. F. No. 1770, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Sailer moved that S. F. No. 1335 be substituted for H. F. No. 1770 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1696 and H. F. No. 1645, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Bly moved that S. F. No. 1696 be substituted for H. F. No. 1645 and that the House File be indefinitely postponed. The motion prevailed.

REPORTS OF STANDING COMMITTEES AND DIVISIONS

Lenczewski from the Committee on Taxes to which was referred:

H. F. No. 6, A bill for an act relating to education; providing for early childhood, family, adult, and prekindergarten through grade 12 education including general education, education excellence, special programs, facilities and technology, nutrition and accounting, libraries, state agencies, forecast adjustments, technical and conforming amendments, pupil transportation standards, and early childhood and adult programs; providing for task force and advisory groups; requiring school districts to give employees who are veterans the option to take personal leave on Veteran's Day and encouraging private employers to give employees who are veterans a day off with pay on Veteran's Day; requiring reports; authorizing rulemaking; funding parenting time centers; funding lead hazard reduction; appropriating money; amending Minnesota Statutes 2006, sections 13.32, by adding a subdivision; 16A.152, subdivision 2; 119A.50, by adding a subdivision; 119A.52; 119A.535; 120A.22, subdivision 7; 120B.021, subdivision 1; 120B.023, subdivision 2; 120B.024; 120B.11, subdivision 5; 120B.132; 120B.15; 120B.30; 120B.31, subdivision 3; 120B.36, subdivision 1; 121A.22, subdivisions 1, 3, 4; 122A.16; 122A.18, by adding a subdivision; 122A.414, subdivisions 1, 2; 122A.415, subdivision 1; 122A.60, subdivision 3; 122A.61, subdivision 1; 122A.628, subdivision 2; 122A.72, subdivision 5; 123A.73, subdivision 8; 123B.03, subdivision 3, by adding a subdivision; 123B.10, subdivision 1, by adding a subdivision; 123B.143, subdivision 1; 123B.37, subdivision 1; 123B.53, subdivisions 1, 4, 5; 123B.54; 123B.57, subdivision 3; 123B.63, subdivision 3; 123B.77, subdivision 4; 123B.79, subdivisions 6, 8, by adding a subdivision; 123B.81, subdivisions 2, 4, 7; 123B.83, subdivision 2; 123B.88, subdivision 12; 123B.90, subdivision 2; 123B.92, subdivisions 1, 3, 5; 124D.095, subdivisions 2, 3, 4, 7; 124D.10, subdivisions 4, 23a, 24; 124D.11, subdivision 1; 124D.111, subdivision 1; 124D.128, subdivisions 1, 2, 3; 124D.13, subdivisions 1, 2, 11, by adding a subdivision; 124D.135, subdivisions 1, 3, 5; 124D.16, subdivision 2; 124D.175; 124D.34, subdivision 7; 124D.4531; 124D.454, subdivisions 2, 3; 124D.531, subdivisions 1, 4; 124D.55; 124D.56, subdivisions 1, 2, 3; 124D.59, subdivision 2; 124D.65, subdivisions 5, 11; 124D.84, subdivision 1; 125A.11, subdivision 1; 125A.13; 125A.14; 125A.39; 125A.42; 125A.44; 125A.45; 125A.63, by adding a subdivision; 125A.75, subdivisions 1, 4; 125A.76, subdivisions 1, 2, 4, 5, by adding a subdivision; 125A.79, subdivisions 5, 6, 8; 125B.15; 126C.01, subdivision 9, by adding subdivisions; 126C.05, subdivisions 1, 8, 15; 126C.10, subdivisions 1, 2, 2a, 2b, 4, 13a, 18, 24, 34, by adding a subdivision; 126C.126; 126C.13, subdivision 4; 126C.15, subdivision 2; 126C.17, subdivisions 6, 9; 126C.21, subdivisions 3, 5; 126C.41, by adding a subdivision; 126C.44; 126C.48, subdivisions 2, 7; 127A.441; 127A.47, subdivisions 7, 8; 127A.48, by adding a subdivision; 127A.49, subdivisions 2, 3; 128D.11, subdivision 3; 134.31, by adding a subdivision; 134.34, subdivision 4; 134.355, subdivision 9; 169.01, subdivision 6, by adding a subdivision; 169.443, by adding a subdivision; 169.447, subdivision 2; 169.4501, subdivisions 1, 2; 169.4502, subdivision 5; 169.4503, subdivisions 13, 20; 171.02, subdivisions 2, 2a; 171.321, subdivision 4; 205A.03, subdivision 1; 205A.06, subdivision 1a; 272.029, by adding a subdivision; 273.11, subdivision 1a; 273.1393; 275.065, subdivisions 1, 1a, 3; 275.07, subdivision 2; 275.08, subdivision 1b; 276.04, subdivision 2; 517.08, subdivision 1c; Laws 2005, First Special Session chapter 5, article 1, sections 50, subdivision 2; 54, subdivisions 2, as amended, 4, 5, as amended, 6, as amended, 7, as amended, 8, as amended; article 2, sections 81, as amended; 84, subdivisions 2, as amended, 3, as amended, 4, as amended, 6, as amended, 10, as amended; article 3, section 18, subdivisions 2, as amended, 3, as amended, 4, as amended, 6, as amended; article 4, section 25, subdivisions 2, as amended, 3, as amended; article 5, section 17, subdivision 3, as amended; article 7, section 20, subdivisions 2, as amended, 3, as amended, 4, as amended; article 8, section 8, subdivisions 2, as amended, 5, as amended; article 9, section 4, subdivision 2; Laws 2006, chapter 263, article 3, section 15; Laws 2006, chapter 282,

article 2, section 28, subdivision 4; article 3, section 4, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 119A; 121A; 122A; 123B; 124D; 135A; repealing Minnesota Statutes 2006, sections 121A.23; 123A.22, subdivision 11; 123B.81, subdivision 8; 124D.06; 124D.081, subdivisions 1, 2, 3, 4, 5, 6, 9; 124D.454, subdivisions 4, 5, 6, 7; 124D.531, subdivision 5; 124D.62; 125A.10; 125A.75, subdivision 6; 125A.76, subdivision 3; 169.4502, subdivision 15; 169.4503, subdivisions 17, 18, 26.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
GENERAL EDUCATION

Section 1. Minnesota Statutes 2006, section 16A.152, subdivision 2, is amended to read:

Subd. 2. **Additional revenues; priority.** (a) If on the basis of a forecast of general fund revenues and expenditures, the commissioner of finance determines that there will be a positive unrestricted budgetary general fund balance at the close of the biennium, the commissioner of finance must allocate money to the following accounts and purposes in priority order:

(1) the cash flow account established in subdivision 1 until that account reaches \$350,000,000;

(2) the budget reserve account established in subdivision 1a until that account reaches \$653,000,000;

(3) the amount necessary to increase the aid payment schedule for school district aids and credits payments in section 127A.45 to not more than 90 percent rounded to the nearest tenth of a percent without exceeding the amount available and with any remaining funds deposited in the budget reserve; and

(4) the amount necessary to restore all or a portion of the net aid reductions under section 127A.441 and to reduce the property tax revenue recognition shift under section 123B.75, subdivision 5, paragraph ~~(e)~~ (b), and Laws 2003, First Special Session chapter 9, article 5, section 34, as amended by Laws 2003, First Special Session chapter 23, section 20, by the same amount.

(b) The amounts necessary to meet the requirements of this section are appropriated from the general fund within two weeks after the forecast is released or, in the case of transfers under paragraph (a), clauses (3) and (4), as necessary to meet the appropriations schedules otherwise established in statute.

(c) To the extent that a positive unrestricted budgetary general fund balance is projected, appropriations under this section must be made before section 16A.1522 takes effect.

(d) The commissioner of finance shall certify the total dollar amount of the reductions under paragraph (a), clauses (3) and (4), to the commissioner of education. The commissioner of education shall increase the aid payment percentage and reduce the property tax shift percentage by these amounts and apply those reductions to the current fiscal year and thereafter.

Sec. 2. Minnesota Statutes 2006, section 124D.11, subdivision 1, is amended to read:

Subdivision 1. **General education revenue.** (a) General education revenue must be paid to a charter school as though it were a district. The general education revenue for each adjusted marginal cost pupil unit is the state average general education revenue per pupil unit, plus the referendum equalization aid allowance in the pupil's

district of residence, minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times ~~.0485~~ .0416, calculated without basic skills revenue, extended time revenue, alternative teacher compensation revenue, transition revenue, and transportation sparsity revenue, plus basic skills revenue, extended time revenue, basic alternative teacher compensation aid according to section 126C.10, subdivision 34, and transition revenue as though the school were a school district. The general education revenue for each extended time marginal cost pupil unit equals \$4,378 for fiscal year 2007, \$4,542 for fiscal year 2008, and \$4,677 for fiscal year 2009 and later.

(b) Notwithstanding paragraph (a), for charter schools in the first year of operation, general education revenue shall be computed using the number of adjusted pupil units in the current fiscal year.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 3. Minnesota Statutes 2006, section 124D.128, subdivision 1, is amended to read:

Subdivision 1. **Program established.** A learning year program provides instruction throughout the year on an extended year calendar, extended school day calendar, or both. A pupil may participate in the program and accelerate attainment of grade level requirements or graduation requirements. A learning year program may begin after the close of the regular school year in June. The program may be for students in one or more grade levels from kindergarten through grade 12.

Sec. 4. Minnesota Statutes 2006, section 124D.128, subdivision 2, is amended to read:

Subd. 2. **Commissioner designation.** (a) An area learning center designated by the state must be a site. An area learning center must provide services to students who meet the criteria in section 124D.68 and who are enrolled in:

(1) a district that is served by the center; or

(2) a charter school located within the geographic boundaries of a district that is served by the center.

(b) A school district or charter school may be approved biennially by the state to provide additional instructional programming that results in grade level acceleration. The program must be designed so that students make grade progress during the school year and graduate prior to the students' peers.

(c) To be designated, a district, charter school, or center must demonstrate to the commissioner that it will:

(1) provide a program of instruction that permits pupils to receive instruction throughout the entire year; and

(2) develop and maintain a separate record system that, for purposes of section 126C.05, permits identification of membership attributable to pupils participating in the program. The record system and identification must ensure that the program will not have the effect of increasing the total ~~number of pupil units~~ average daily membership attributable to an individual pupil as a result of a learning year program. The record system must include the date the pupil originally enrolled in a learning year program, the pupil's grade level, the date of each grade promotion, the average daily membership generated in each grade level, the number of credits or standards earned, and the number needed to graduate.

~~(b)~~ (d) A student who has not completed a school district's graduation requirements may continue to enroll in courses the student must complete in order to graduate until the student satisfies the district's graduation requirements or the student is 21 years old, whichever comes first.

Sec. 5. Minnesota Statutes 2006, section 124D.128, subdivision 3, is amended to read:

Subd. 3. **Student planning.** A district, charter school, or area learning center must inform all pupils and their parents about the learning year program and that participation in the program is optional. A continual learning plan must be developed at least annually for each pupil with the participation of the pupil, parent or guardian, teachers, and other staff; each participant must sign and date the plan. The plan must specify the learning experiences that must occur during the entire fiscal year and; are necessary for grade progression, or for secondary students, ~~for~~ graduation. The plan must include:

(1) the pupil's learning objectives and experiences, including courses or credits the pupil plans to complete each year and, for a secondary pupil, the graduation requirements the student must complete;

(2) the assessment measurements used to evaluate a pupil's objectives;

(3) requirements for grade level or other appropriate progression; and

(4) for pupils generating more than one average daily membership in a given grade, an indication of which objectives were unmet.

The plan may be modified to conform to district schedule changes. The district may not modify the plan if the modification would result in delaying the student's time of graduation.

Sec. 6. Minnesota Statutes 2006, section 124D.4531, is amended to read:

124D.4531 CAREER AND TECHNICAL ~~LEVY~~ REVENUE.

Subdivision 1. **Career and technical levy.** (a) A district with a career and technical program approved under this section for the fiscal year in which the levy is certified may levy an amount equal to the lesser of:

(1) \$80 times the district's average daily membership served in grades 10 through 12 for the fiscal year in which the levy is certified; or

(2) 25 percent of approved expenditures in the fiscal year in which the levy is certified for the following:

(i) salaries paid to essential, licensed personnel providing direct instructional services to students in that fiscal year for services rendered in the district's approved career and technical education programs;

(ii) contracted services provided by a public or private agency other than a Minnesota school district or cooperative center under subdivision 7;

(iii) necessary travel between instructional sites by licensed career and technical education personnel;

(iv) necessary travel by licensed career and technical education personnel for vocational student organization activities held within the state for instructional purposes;

(v) curriculum development activities that are part of a five-year plan for improvement based on program assessment;

(vi) necessary travel by licensed career and technical education personnel for noncollegiate credit-bearing professional development; and

(vii) specialized vocational instructional supplies.

(b) The district must recognize the full amount of this levy as revenue for the fiscal year in which it is certified.

Subd. 1a. Career and technical aid. A district with a career and technical program approved under this section is eligible for career and technical state aid in an amount equal to 10 percent of approved expenditures under subdivision 1.

Subd. 1b. Revenue uses. Up to ten percent of a district's career and technical ~~levy revenue~~ may be spent on equipment purchases. Districts using the career and technical ~~levy revenue~~ for equipment purchases must report to the department on the improved learning opportunities for students that result from the investment in equipment.

~~(c) The district must recognize the full amount of this levy as revenue for the fiscal year in which it is certified.~~

Subd. 2. Allocation from cooperative centers and intermediate districts. For purposes of this section, a cooperative center or an intermediate district must allocate its approved expenditures for career and technical education programs among participating districts.

Subd. 3. Levy guarantee. Notwithstanding subdivision 1, the career and technical education levy for a district is not less than the lesser of:

(1) the district's career and technical education levy authority for the previous fiscal year; or

(2) 100 percent of the approved expenditures for career and technical programs included in subdivision 1, paragraph ~~(b)~~ (a), for the fiscal year in which the levy is certified.

Subd. 4. District reports. Each district or cooperative center must report data to the department for all career and technical education programs as required by the department to implement the career and technical aid and ~~levy formula formulas.~~

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2009.

Sec. 7. Minnesota Statutes 2006, section 124D.59, subdivision 2, is amended to read:

Subd. 2. Pupil of limited English proficiency. (a) "Pupil of limited English proficiency" means a pupil in kindergarten through grade 12 who meets the following requirements:

(1) the pupil, as declared by a parent or guardian first learned a language other than English, comes from a home where the language usually spoken is other than English, or usually speaks a language other than English; and

(2) the pupil is determined by developmentally appropriate measures, which might include observations, teacher judgment, parent recommendations, or developmentally appropriate assessment instruments, to lack the necessary English skills to participate fully in classes taught in English.

(b) Notwithstanding paragraph (a), a pupil in grades 4 through 12 who was enrolled in a Minnesota public school on the dates during the previous school year when a commissioner provided assessment that measures the pupil's emerging academic English was administered, shall not be counted as a pupil of limited English proficiency in calculating limited English proficiency pupil units under section 126C.05, subdivision 17, and shall not generate state limited English proficiency aid under section 124D.65, subdivision 5, unless the pupil scored below the state cutoff score on an assessment measuring emerging academic English provided by the commissioner during the previous school year.

(c) Notwithstanding paragraphs (a) and (b), a pupil in kindergarten through grade 12 shall not be counted as a pupil of limited English proficiency in calculating limited English proficiency pupil units under section 126C.05, subdivision 17, and shall not generate state limited English proficiency aid under section 124D.65, subdivision 5, if:

~~(4) the pupil is not enrolled during the current fiscal year in an educational program for pupils of limited English proficiency in accordance with sections 124D.58 to 124D.64; or,~~

~~(2) the pupil has generated five or more years of average daily membership in Minnesota public schools since July 1, 1996.~~

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 8. Minnesota Statutes 2006, section 124D.65, subdivision 5, is amended to read:

Subd. 5. **School district LEP revenue.** (a) The limited English proficiency allowance equals \$700 for fiscal year 2007, and \$815 for fiscal year 2008 and later.

~~(b) A district's limited English proficiency programs revenue equals the product of (1) \$700 in fiscal year 2004 and later the limited English proficiency allowance times (2) the greater of 20 or the adjusted marginal cost average daily membership of eligible pupils of limited English proficiency enrolled in the district during the current fiscal year.~~

~~(b) (c) A pupil ceases to generate state limited English proficiency aid in the school year following the school year in which the pupil attains the state cutoff score on a commissioner-provided assessment that measures the pupil's emerging academic English.~~

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 9. Minnesota Statutes 2006, section 126C.01, is amended by adding a subdivision to read:

Subd. 3a. **Referendum market value equalizing factor.** The referendum market value equalizing factor equals the quotient derived by dividing the total referendum market value of all school districts in the state for the year before the year the levy is certified by the total number of resident marginal cost pupil units in the state for the current school year.

EFFECTIVE DATE. This section is effective for taxes payable in 2008.

Sec. 10. Minnesota Statutes 2006, section 126C.01, is amended by adding a subdivision to read:

Subd. 12. **Location equity index.** (a) A school district's wage equity index equals each district's composite wage level divided by the statewide average wage for the same period. The composite wage level for a school district equals the sum of 80 percent of the district's county wage level and 20 percent of the district's economic development region composite wage level. The composite wage level is computed by using the most recent three-year weighted wage data with the coefficient weights set at 0.5 for the most recent year, 0.3 for the prior year, and 0.15 for the second prior year.

(b) A school district's housing equity index equals the ratio of each district's county median home value to the statewide median home value.

(c) A school district's location equity index equals the greater of one, or the sum of (i) 0.65 times the district's wage equity index, and (ii) 0.35 times the district's housing equity index.

(d) The commissioner of education annually must recalculate the indexes in this section. For purposes of this subdivision, the commissioner must locate a school district with boundaries that cross county borders in the county that generates the highest location equity index for that district.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 11. Minnesota Statutes 2006, section 126C.05, subdivision 1, is amended to read:

Subdivision 1. **Pupil unit.** Pupil units for each Minnesota resident pupil under the age of 21 or who meets the requirements of section 120A.20, subdivision 1, paragraph (c), in average daily membership enrolled in the district of residence, in another district under sections 123A.05 to 123A.08, 124D.03, 124D.06, 124D.07, 124D.08, or 124D.68; in a charter school under section 124D.10; or for whom the resident district pays tuition under section 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88, subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65, shall be counted according to this subdivision.

(a) A prekindergarten pupil with a disability who is enrolled in a program approved by the commissioner and has an individual education plan is counted as the ratio of the number of hours of assessment and education service to 825 times 1.25 with a minimum average daily membership of 0.28, but not more than 1.25 pupil units.

(b) A prekindergarten pupil who is assessed but determined not to be disabled is counted as the ratio of the number of hours of assessment service to 825 times 1.25.

(c) A kindergarten pupil with a disability who is enrolled in a program approved by the commissioner is counted as the ratio of the number of hours of assessment and education services required in the fiscal year by the pupil's individual education program plan to 875, but not more than one.

(d) A kindergarten pupil who is not included in paragraph (c) is counted as ~~.557 of a pupil unit for fiscal year 2000 and thereafter~~ 0.86 pupil units.

(e) A pupil who is in any of grades 1 to 3 is counted as 1.115 pupil units for fiscal year 2000 and thereafter.

(f) A pupil who is any of grades 4 to 6 is counted as 1.06 pupil units for fiscal year 1995 and thereafter.

(g) A pupil who is in any of grades 7 to 12 is counted as 1.3 pupil units.

(h) A pupil who is in the postsecondary enrollment options program is counted as 1.3 pupil units.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2009.

Sec. 12. Minnesota Statutes 2006, section 126C.05, subdivision 8, is amended to read:

Subd. 8. **Average daily membership.** (a) Membership for pupils in grades kindergarten through 12 and for prekindergarten pupils with disabilities shall mean the number of pupils on the current roll of the school, counted from the date of entry until withdrawal. The date of withdrawal shall mean the day the pupil permanently leaves the school or the date it is officially known that the pupil has left or has been legally excused. However, a pupil, regardless of age, who has been absent from school for 15 consecutive school days during the regular school year or for five consecutive school days during summer school or intersession classes of flexible school year programs without receiving instruction in the home or hospital shall be dropped from the roll and classified as withdrawn. Nothing in this section shall be construed as waiving the compulsory attendance provisions cited in section 120A.22. Average daily membership equals the sum for all pupils of the number of days of the school year each pupil is enrolled in the district's schools divided by the number of days the schools are in session. Days of summer school or

intersession classes of flexible school year programs are only included in the computation of membership for pupils with a disability not appropriately served primarily in the regular classroom. A student must not be counted as more than ~~4.2~~ 1.5 pupils in average daily membership under this section. When the initial total average daily membership exceeds ~~4.2~~ 1.5 for a pupil enrolled in more than one school district during the fiscal year, each district's average daily membership must be reduced proportionately.

(b) A student must not be counted as more than one pupil in average daily membership except for purposes of section 126C.10, subdivision 2a.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 13. Minnesota Statutes 2006, section 126C.05, subdivision 15, is amended to read:

Subd. 15. **Learning year pupil units.** (a) When a pupil is enrolled in a learning year program under section 124D.128, an area learning center under sections 123A.05 and 123A.06, an alternative program approved by the commissioner, or a contract alternative program under section 124D.68, subdivision 3, paragraph (d), or subdivision 3a, for more than 1,020 hours in a school year for a secondary student, more than 935 hours in a school year for an elementary student more than 850 hours in a school year for a kindergarten student without a disability enrolled in a full-day kindergarten program in fiscal year 2009 or later, or more than 425 hours in a school year for a half-day kindergarten student without a disability, that pupil may be counted as more than one pupil in average daily membership for purposes of section 126C.10, subdivision 2a. The amount in excess of one pupil must be determined by the ratio of the number of hours of instruction provided to that pupil in excess of: (i) the greater of 1,020 hours or the number of hours required for a full-time secondary pupil in the district to 1,020 for a secondary pupil; (ii) the greater of 935 hours or the number of hours required for a full-time elementary pupil in the district to 935 for an elementary pupil in grades 1 through 6; ~~and~~ (iii) the greater of 425 850 hours or the number of hours required for a full-time kindergarten student without a disability in the district to 425 850 for a kindergarten student without a disability for fiscal years 2009 and later; and (iv) the greater of 425 hours or the number of hours required for all kindergarten pupils for fiscal year 2008 and for a half-day kindergarten student without a disability to 425 for a kindergarten student without a disability. Hours that occur after the close of the instructional year in June shall be attributable to the following fiscal year. A kindergarten student must not be counted as more than 1.2 pupils in average daily membership under this subdivision. A student in grades 1 through 12 must not be counted as more than ~~4.2~~ 1.5 pupils in average daily membership under this subdivision.

(b)(i) To receive general education revenue for a pupil in an alternative program that has an independent study component, a district must meet the requirements in this paragraph. The district must develop, for the pupil, a continual learning plan consistent with section 124D.128, subdivision 3. Each school district that has a state-approved public alternative program must reserve revenue in an amount equal to at least 90 percent of the district average general education revenue per pupil unit less compensatory revenue per pupil unit times the number of pupil units generated by students attending a state-approved public alternative program. The amount of reserved revenue available under this subdivision may only be spent for program costs associated with the state-approved public alternative program. Compensatory revenue must be allocated according to section 126C.15, subdivision 2.

(ii) General education revenue for a pupil in an approved alternative program without an independent study component must be prorated for a pupil participating for less than a full year, or its equivalent. The district must develop a continual learning plan for the pupil, consistent with section 124D.128, subdivision 3. Each school district that has a state-approved public alternative program must reserve revenue in an amount equal to at least 90 percent of the district average general education revenue per pupil unit less compensatory revenue per pupil unit times the number of pupil units generated by students attending a state-approved public alternative program. The amount of reserved revenue available under this subdivision may only be spent for program costs associated with the state-approved public alternative program. Compensatory revenue must be allocated according to section 126C.15, subdivision 2.

(iii) General education revenue for a pupil in an approved alternative program that has an independent study component must be paid for each hour of teacher contact time and each hour of independent study time completed toward a credit or graduation standards necessary for graduation. Average daily membership for a pupil shall equal the number of hours of teacher contact time and independent study time divided by 1,020.

(iv) For an alternative program having an independent study component, the commissioner shall require a description of the courses in the program, the kinds of independent study involved, the expected learning outcomes of the courses, and the means of measuring student performance against the expected outcomes.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 14. Minnesota Statutes 2006, section 126C.10, subdivision 1, is amended to read:

Subdivision 1. **General education revenue.** ~~For fiscal year 2006 and later,~~ The general education revenue for each district equals the sum of the district's basic revenue, extended time revenue, gifted and talented revenue, location equity revenue, basic skills revenue, training and experience revenue, secondary sparsity revenue, elementary sparsity revenue, transportation sparsity revenue, total operating capital revenue, equity revenue, alternative teacher compensation revenue, and transition revenue.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 15. Minnesota Statutes 2006, section 126C.10, subdivision 2, is amended to read:

Subd. 2. **Basic revenue.** The basic revenue for each district equals the formula allowance times the adjusted marginal cost pupil units for the school year. The formula allowance for fiscal year ~~2005~~ 2007 is ~~\$4,601~~ \$4,974. The formula allowance for fiscal year ~~2006~~ 2008 is ~~\$4,783~~ \$5,125. The formula allowance for fiscal year ~~2007~~ 2009 and subsequent years is ~~\$4,974~~ \$5,280.

Sec. 16. Minnesota Statutes 2006, section 126C.10, subdivision 2a, is amended to read:

Subd. 2a. **Extended time revenue.** (a) A school district's extended time revenue is equal to the product of ~~\$4,601~~ the extended time allowance and the sum of the adjusted marginal cost pupil units of the district for each pupil in average daily membership in excess of 1.0 and less than ~~1.2~~ 1.5 according to section 126C.05, subdivision 8. The extended time allowance is \$4,601 for fiscal year 2007, \$4,740 for fiscal year 2008, and \$4,880 for fiscal year 2009 and subsequent years.

(b) A school district's extended time revenue may be used for extended day programs, extended week programs, summer school, ~~and~~ other programming authorized under the learning year program, and for additional pupil transportation costs attributable to these programs. Not more than five percent of the extended time revenue may be used for administrative and oversight services.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 17. Minnesota Statutes 2006, section 126C.10, subdivision 2b, is amended to read:

Subd. 2b. **Gifted and talented revenue.** Gifted and talented revenue for each district equals ~~\$4 times the district's adjusted marginal cost pupil units for fiscal year 2006 and \$9 for fiscal year 2007 and later~~ that school year times \$13 for fiscal year 2008 and later. A school district must reserve gifted and talented revenue and, consistent with section 120B.15, must spend the revenue only to:

(1) identify gifted and talented students;

- (2) provide education programs for gifted and talented students; or
- (3) provide staff development to prepare teachers to best meet the unique needs of gifted and talented students.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 18. Minnesota Statutes 2006, section 126C.10, is amended by adding a subdivision to read:

Subd. 2c. Location equity revenue. (a) A school district's location equity revenue equals the product of:

(1) the basic formula allowance for that year;

(2) the district's adjusted marginal cost pupil units for that year; and

(3) the district's location equity index minus one.

(b) The total annual revenue for this subdivision must not exceed \$500,000.

(c) If the revenue required under paragraph (b) is insufficient to fund the formula in paragraph (a), the commissioner of education must proportionately reduce each district's aid payment.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 19. Minnesota Statutes 2006, section 126C.10, subdivision 4, is amended to read:

Subd. 4. Basic skills revenue. A school district's basic skills revenue equals the sum of:

(1) compensatory revenue under subdivision 3; plus

(2) limited English proficiency revenue under section 124D.65, subdivision 5; ~~plus~~

~~(3) \$250 times the limited English proficiency pupil units under section 126C.05, subdivision 17.~~

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 20. Minnesota Statutes 2006, section 126C.10, subdivision 13a, is amended to read:

Subd. 13a. Operating capital levy. To obtain operating capital revenue for fiscal year 2007 and later, a district may levy an amount not more than the product of its operating capital revenue for the fiscal year times the lesser of one or the ratio of its adjusted net tax capacity per adjusted marginal cost pupil unit to the operating capital equalizing factor. The operating capital equalizing factor equals ~~\$22,222 for fiscal year 2006, and \$10,700 for fiscal year 2007~~ \$22,222 for fiscal year 2006, and \$10,700 for fiscal year 2008 and \$33,000 for fiscal year 2009 and later.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2009.

Sec. 21. Minnesota Statutes 2006, section 126C.10, subdivision 18, is amended to read:

Subd. 18. Transportation sparsity revenue allowance. (a) A district's transportation sparsity allowance equals the greater of zero or the result of the following computation:

- (i) Multiply the formula allowance according to subdivision 2, by ~~1469~~ 1493.

(ii) Multiply the result in clause (i) by the district's sparsity index raised to the ~~26/100~~ 30/100 power.

(iii) Multiply the result in clause (ii) by the district's density index raised to the ~~13/100~~ 15/100 power.

(iv) Multiply the formula allowance according to subdivision 2, by ~~.0485~~ .0416.

(v) Subtract the result in clause (iv) from the result in clause (iii).

(b) Transportation sparsity revenue is equal to the transportation sparsity allowance times the adjusted marginal cost pupil units.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 22. Minnesota Statutes 2006, section 126C.10, subdivision 24, is amended to read:

Subd. 24. **Equity revenue.** (a) A school district qualifies for equity revenue if:

(1) the school district's adjusted marginal cost pupil unit amount of basic revenue, supplemental revenue, transition revenue, and referendum revenue is less than the value of the school district at or immediately above the 95th percentile of school districts in its equity region for those revenue categories; and

(2) the school district's administrative offices are not located in a city of the first class on July 1, 1999.

(b) Equity revenue for a qualifying district that receives referendum revenue under section 126C.17, subdivision 4, equals the product of (1) the district's adjusted marginal cost pupil units for that year; times (2) the sum of (i) \$13, plus (ii) \$75, times the school district's equity index computed under subdivision 27.

(c) Equity revenue for a qualifying district that does not receive referendum revenue under section 126C.17, subdivision 4, equals the product of the district's adjusted marginal cost pupil units for that year times \$13.

(d) A school district's equity revenue is increased by the greater of zero or an amount equal to the district's resident marginal cost pupil units times the difference between ten percent of the statewide average amount of referendum revenue per resident marginal cost pupil unit for that year and the district's referendum revenue per resident marginal cost pupil unit. A school district's revenue under this paragraph must not exceed \$100,000 for that year.

(e) A school district's equity revenue for a school district located in the metro equity region equals the amount computed in paragraphs (b), (c), and (d) multiplied by 1.25.

(f) For fiscal year 2007 and later, notwithstanding paragraph (a), clause (2), a school district that has per pupil referendum revenue below the 95th percentile qualifies for additional equity revenue equal to \$46 times its adjusted marginal cost pupil unit.

(g) A district that does not qualify for revenue under paragraph (f) qualifies for equity revenue equal to ~~one-half of the per pupil allowance in paragraph (f)~~ \$46 times its adjusted marginal cost pupil units.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 23. Minnesota Statutes 2006, section 126C.126, is amended to read:

**126C.126 REALLOCATING GENERAL EDUCATION REVENUE FOR ALL-DAY KINDERGARTEN
EARLY EDUCATION PROGRAMS.**

(a) In order to provide additional revenue for an optional all-day kindergarten program early education programs including school readiness and early childhood family education, a district may reallocate general education revenue attributable to 12th grade students who have graduated early under section 120B.07.

(b) A school district may spend general education revenue on extended time kindergarten and prekindergarten programs.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2009.

Sec. 24. Minnesota Statutes 2006, section 126C.13, subdivision 4, is amended to read:

Subd. 4. **General education aid.** ~~(a) For fiscal year 2006, a district's general education aid is the sum of the following amounts:~~

- ~~(1) general education revenue, excluding equity revenue, total operating capital, and transition revenue;~~
- ~~(2) operating capital aid according to section 126C.10, subdivision 13b;~~
- ~~(3) equity aid according to section 126C.10, subdivision 30;~~
- ~~(4) transition aid according to section 126C.10, subdivision 33;~~
- ~~(5) shared time aid according to section 126C.01, subdivision 7;~~
- ~~(6) referendum aid according to section 126C.17; and~~
- ~~(7) online learning aid according to section 124D.096.~~

~~(b)~~ For fiscal year ~~2007~~ 2008 and later, a district's general education aid is the sum of the following amounts:

(1) general education revenue, excluding equity revenue, total operating capital revenue, alternative teacher compensation revenue, and transition revenue;

- (2) operating capital aid under section 126C.10, subdivision 13b;
- (3) equity aid under section 126C.10, subdivision 30;
- (4) alternative teacher compensation aid under section 126C.10, subdivision 36;
- (5) transition aid under section 126C.10, subdivision 33;
- (6) shared time aid under section 126C.01, subdivision 7;
- (7) referendum aid under section 126C.17, subdivisions 7 and 7a; and
- (8) online learning aid according to section 124D.096.

Sec. 25. Minnesota Statutes 2006, section 126C.15, subdivision 2, is amended to read:

Subd. 2. **Building allocation.** (a) A district must allocate its compensatory revenue to each school building in the district where the children who have generated the revenue are served unless the school district has received permission under Laws 2005, First Special Session chapter 5, article 1, section 50 to allocate compensatory revenue according to student performance measures developed by the school board.

(b) Notwithstanding paragraph (a), a district may allocate up to five percent of the amount of compensatory revenue that the district receives to school sites according to a plan adopted by the school board. The money reallocated under this paragraph must be spent for the purposes listed in subdivision 1, but may be spent on students in any grade, including students attending school readiness or other prekindergarten programs.

(c) For the purposes of this section and section 126C.05, subdivision 3, "building" means education site as defined in section 123B.04, subdivision 1.

(d) If the pupil is served at a site other than one owned and operated by the district, the revenue shall be paid to the district and used for services for pupils who generate the revenue.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 26. Minnesota Statutes 2006, section 126C.17, subdivision 6, is amended to read:

Subd. 6. **Referendum equalization levy.** (a) ~~For fiscal year 2003 and later,~~ A district's referendum equalization levy equals the sum of the first tier referendum equalization levy and the second tier referendum equalization levy.

(b) A district's first tier referendum equalization levy equals the district's first tier referendum equalization revenue times the lesser of one or the ratio of the district's referendum market value per resident marginal cost pupil unit to ~~\$476,000~~ 120 percent of the referendum market value equalizing factor.

(c) A district's second tier referendum equalization levy equals the district's second tier referendum equalization revenue times the lesser of one or the ratio of the district's referendum market value per resident marginal cost pupil unit to ~~\$270,000~~ 60 percent of the referendum market value equalizing factor.

EFFECTIVE DATE. This section is effective for taxes payable in 2008.

Sec. 27. Minnesota Statutes 2006, section 126C.17, subdivision 9, is amended to read:

Subd. 9. **Referendum revenue.** (a) The revenue authorized by section 126C.10, subdivision 1, may be increased in the amount approved by the voters of the district at a referendum called for the purpose. The referendum may be called by the board or shall be called by the board upon written petition of qualified voters of the district. The referendum must be conducted one or two calendar years before the increased levy authority, if approved, first becomes payable. Only one election to approve an increase may be held in a calendar year. Unless the referendum is conducted by mail under paragraph (g), the referendum must be held on the first Tuesday after the first Monday in November. The ballot must state the maximum amount of the increased revenue per resident marginal cost pupil unit. The ballot may state a schedule, determined by the board, of increased revenue per resident marginal cost pupil unit that differs from year to year over the number of years for which the increased revenue is authorized or may state that the amount shall increase annually by the rate of inflation. For this purpose, the rate of inflation shall be the annual inflationary increase calculated under subdivision 2, paragraph (b). The ballot may state that existing referendum levy authority is expiring. In this case, the ballot may also compare the proposed levy authority to the existing expiring levy authority, and express the proposed increase as the amount, if any, over the expiring referendum levy authority. The ballot must designate the specific number of years, not to

exceed ten, for which the referendum authorization applies. The ballot, including a ballot on the question to revoke or reduce the increased revenue amount under paragraph (c), must abbreviate the term "per resident marginal cost pupil unit" as "per pupil." The notice required under section 275.60 may be modified to read, in cases of renewing existing levies:

"BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ~~MAY BE VOTING FOR A PROPERTY TAX INCREASE~~ ARE RENEWING AN EXISTING PROPERTY TAX REFERENDUM. YOU ARE NOT CHANGING YOUR OPERATING REFERENDUM FROM ITS LEVEL IN THE PREVIOUS YEAR."

The ballot may contain a textual portion with the information required in this subdivision and a question stating substantially the following:

"Shall the increase in the revenue proposed by (petition to) the board of, School District No. ..., be approved?"

If approved, an amount equal to the approved revenue per resident marginal cost pupil unit times the resident marginal cost pupil units for the school year beginning in the year after the levy is certified shall be authorized for certification for the number of years approved, if applicable, or until revoked or reduced by the voters of the district at a subsequent referendum.

(b) The board must prepare and deliver by first class mail at least 15 days but no more than 30 days before the day of the referendum to each taxpayer a notice of the referendum and the proposed revenue increase. The board need not mail more than one notice to any taxpayer. For the purpose of giving mailed notice under this subdivision, owners must be those shown to be owners on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer. Every property owner whose name does not appear on the records of the county auditor or the county treasurer is deemed to have waived this mailed notice unless the owner has requested in writing that the county auditor or county treasurer, as the case may be, include the name on the records for this purpose. The notice must project the anticipated amount of tax increase in annual dollars for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the school district.

The notice for a referendum may state that an existing referendum levy is expiring and project the anticipated amount of increase over the existing referendum levy in the first year, if any, in annual dollars for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the district.

The notice must include the following statement: "Passage of this referendum will result in an increase in your property taxes." However, in cases of renewing existing levies, the notice may include the following statement: "Passage of this referendum may result in ~~an increase~~ a change in your property taxes."

(c) A referendum on the question of revoking or reducing the increased revenue amount authorized pursuant to paragraph (a) may be called by the board and shall be called by the board upon the written petition of qualified voters of the district. A referendum to revoke or reduce the revenue amount must state the amount per resident marginal cost pupil unit by which the authority is to be reduced. Revenue authority approved by the voters of the district pursuant to paragraph (a) must be available to the school district at least once before it is subject to a referendum on its revocation or reduction for subsequent years. Only one revocation or reduction referendum may be held to revoke or reduce referendum revenue for any specific year and for years thereafter.

(d) A petition authorized by paragraph (a) or (c) is effective if signed by a number of qualified voters in excess of 15 percent of the registered voters of the district on the day the petition is filed with the board. A referendum invoked by petition must be held on the date specified in paragraph (a).

(e) The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this subdivision.

(f) At least 15 days before the day of the referendum, the district must submit a copy of the notice required under paragraph (b) to the commissioner and to the county auditor of each county in which the district is located. Within 15 days after the results of the referendum have been certified by the board, or in the case of a recount, the certification of the results of the recount by the canvassing board, the district must notify the commissioner of the results of the referendum.

EFFECTIVE DATE. This section is effective for elections conducted on or after July 1, 2007.

Sec. 28. Minnesota Statutes 2006, section 126C.21, subdivision 3, is amended to read:

Subd. 3. **County apportionment deduction.** Each year the amount of money apportioned to a district for that year pursuant to ~~section~~ sections 127A.34, subdivision 2, and 272.029, subdivision 6, must be deducted from the general education aid earned by that district for the same year or from aid earned from other state sources.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2009.

Sec. 29. Minnesota Statutes 2006, section 126C.21, subdivision 5, is amended to read:

Subd. 5. **Adjustment for failure to meet federal maintenance of effort.** (a) The general education aid paid to a school district or charter school that failed to meet federal special education maintenance of effort for the previous fiscal year must be reduced by the amount that must be paid to the federal government due to the shortfall.

(b) The general education aid paid to school districts that were members of a cooperative that failed to meet federal special education maintenance of effort must be reduced by the amount that must be paid to the federal government due to the shortfall. The commissioner must apportion the aid reduction amount to the member school districts based on each district's individual shortfall in maintaining effort, and on each member district's proportionate share of any shortfall in expenditures made by the cooperative. Each district's proportionate share of shortfall in expenditures made by the cooperative must be calculated using the adjusted marginal pupil units of each member school district.

(c) The amounts recovered under this subdivision shall be paid to the federal government to meet the state's obligations resulting from the district's ~~or~~ charter school's, or cooperative's failure to meet federal special education maintenance of effort.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 30. Minnesota Statutes 2006, section 126C.44, is amended to read:

126C.44 SAFE SCHOOLS LEVY.

(a) Each district may make a levy on all taxable property located within the district for the purposes specified in this section. The maximum amount which may be levied for all costs under this section shall be equal to \$27 \$30 multiplied by the district's adjusted marginal cost pupil units for the school year. The proceeds of the levy must be reserved and used for directly funding the following purposes or for reimbursing the cities and counties who contract with the district for the following purposes: (1) to pay the costs incurred for the salaries, benefits, and transportation costs of peace officers and sheriffs for liaison in services in the district's schools; (2) to pay the costs for a drug abuse prevention program as defined in section 609.101, subdivision 3, paragraph (e), in the elementary schools; (3) to pay the costs for a gang resistance education training curriculum in the district's schools; (4) to pay the costs for security in the district's schools and on school property; ~~or~~ (5) to pay the costs for other crime prevention, drug abuse, student and staff safety, voluntary opt-in suicide prevention tools, and violence prevention measures taken by the school district; or (6) to pay costs for licensed school counselors, licensed school nurses, licensed school social workers, licensed school psychologists, and licensed alcohol and chemical dependency counselors to help provide early responses to problems. For expenditures under clause (1), the district must initially attempt to contract for

services to be provided by peace officers or sheriffs with the police department of each city or the sheriff's department of the county within the district containing the school receiving the services. If a local police department or a county sheriff's department does not wish to provide the necessary services, the district may contract for these services with any other police or sheriff's department located entirely or partially within the school district's boundaries.

(b) A school district that is a member of an intermediate school district may include in its authority under this section the costs associated with safe schools activities authorized under paragraph (a) for intermediate school district programs. This authority must not exceed \$5 times the adjusted marginal cost pupil units of the member districts. This authority is in addition to any other authority authorized under this section. Revenue raised under this paragraph must be transferred to the intermediate school district.

(c) If a school district spends safe schools levy proceeds under paragraph (a), clause (6), the district must annually certify that its total spending on services provided by the employees listed in paragraph (a), clause (6), is not less than the sum of its expenditures for these purposes in the previous year plus the amount spent under this section.

EFFECTIVE DATE. This section is effective for taxes payable in 2008.

Sec. 31. Minnesota Statutes 2006, section 127A.441, is amended to read:

127A.441 AID REDUCTION; LEVY REVENUE RECOGNITION CHANGE.

Each year, the state aids payable to any school district for that fiscal year that are recognized as revenue in the school district's general and community service funds shall be adjusted by an amount equal to (1) the amount the district recognized as revenue for the prior fiscal year pursuant to section 123B.75, subdivision 5, paragraph (b) ~~or~~ ~~(e)~~, minus (2) the amount the district recognized as revenue for the current fiscal year pursuant to section 123B.75, subdivision 5, paragraph ~~(e)~~ (b). For purposes of making the aid adjustments under this section, the amount the district recognizes as revenue for either the prior fiscal year or the current fiscal year pursuant to section 123B.75, subdivision 5, paragraph (b) ~~or~~ ~~(e)~~, shall not include any amount levied pursuant to section 124D.86, subdivision 4, for school districts receiving revenue under sections 124D.86, subdivision 3, clauses (1), (2), and (3); 126C.41, subdivisions 1, 2, and 3, paragraphs (b), (c), and (d); 126C.43, subdivision 2; 126C.457; and 126C.48, subdivision 6. Payment from the permanent school fund shall not be adjusted pursuant to this section. The school district shall be notified of the amount of the adjustment made to each payment pursuant to this section.

Sec. 32. Minnesota Statutes 2006, section 127A.47, subdivision 7, is amended to read:

Subd. 7. **Alternative attendance programs.** The general education aid and special education aid for districts must be adjusted for each pupil attending a nonresident district under sections 123A.05 to 123A.08, 124D.03, 124D.06, 124D.08, and 124D.68. The adjustments must be made according to this subdivision.

(a) General education aid paid to a resident district must be reduced by an amount equal to the referendum equalization aid attributable to the pupil in the resident district.

(b) General education aid paid to a district serving a pupil in programs listed in this subdivision must be increased by an amount equal to the greater of (1) the referendum equalization aid attributable to the pupil in the nonresident district; or (2) the product of the district's open enrollment concentration index, the maximum amount of referendum revenue in the first tier, and the district's net open enrollment pupil units for that year. A district's open enrollment concentration index equals the greater of: (i) zero, or (ii) the lesser of 1.0, or the difference between the district's ratio of open enrollment pupil units served to its resident pupil units for that year and 0.2. This clause does not apply to a school district where more than 50 percent of the open enrollment students are enrolled solely in online learning courses.

(c) If the amount of the reduction to be made from the general education aid of the resident district is greater than the amount of general education aid otherwise due the district, the excess reduction must be made from other state aids due the district.

(d) For fiscal year 2006, the district of residence must pay tuition to a district or an area learning center, operated according to paragraph (f), providing special instruction and services to a pupil with a disability, as defined in section 125A.02, or a pupil, as defined in section 125A.51, who is enrolled in a program listed in this subdivision. The tuition must be equal to (1) the actual cost of providing special instruction and services to the pupil, including a proportionate amount for special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, minus (2) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum aid attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, minus (3) special education aid attributable to that pupil, that is received by the district providing special instruction and services. For purposes of this paragraph, general education revenue and referendum aid attributable to a pupil must be calculated using the serving district's average general education revenue and referendum aid per adjusted pupil unit.

(e) For fiscal year 2007 and later, special education aid paid to a resident district must be reduced by an amount equal to (1) the actual cost of providing special instruction and services, including special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, for a pupil with a disability, as defined in section 125A.02, or a pupil, as defined in section 125A.51, who is enrolled in a program listed in this subdivision, minus (2) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum aid attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, minus (3) special education aid attributable to that pupil, that is received by the district providing special instruction and services. For purposes of this paragraph, general education revenue and referendum aid attributable to a pupil must be calculated using the serving district's average general education revenue and referendum aid per adjusted pupil unit. Special education aid paid to the district or cooperative providing special instruction and services for the pupil, or to the fiscal agent district for a cooperative, must be increased by the amount of the reduction in the aid paid to the resident district. If the resident district's special education aid is insufficient to make the full adjustment, the remaining adjustment shall be made to other state aids due to the district.

(f) An area learning center operated by a service cooperative, intermediate district, education district, or a joint powers cooperative may elect through the action of the constituent boards to charge the resident district tuition for pupils rather than to have the general education revenue paid to a fiscal agent school district. Except as provided in paragraph (d) or (e), the district of residence must pay tuition equal to at least 90 percent of the district average general education revenue per pupil unit minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0485, calculated without basic skills revenue and transportation sparsity revenue, times the number of pupil units for pupils attending the area learning center, plus the amount of compensatory revenue generated by pupils attending the area learning center.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 33. Minnesota Statutes 2006, section 127A.47, subdivision 8, is amended to read:

Subd. 8. **Charter schools.** (a) The general education aid for districts must be adjusted for each pupil attending a charter school under section 124D.10. The adjustments must be made according to this subdivision.

(b) General education aid paid to a district in which a charter school not providing transportation according to section 124D.10, subdivision 16, is located must be increased by an amount equal to the sum of:

(1) the product of: (i) the sum of an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times ~~0485~~ .0416, plus the transportation sparsity allowance for the district; times (ii) the adjusted marginal cost pupil units attributable to the pupil; plus

(2) the product of \$223 ~~and~~ for fiscal year 2007, \$198 for fiscal year 2008, and \$203 for fiscal year 2009 and later, times the extended time marginal cost pupil units attributable to the pupil.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 34. Minnesota Statutes 2006, section 127A.49, subdivision 2, is amended to read:

Subd. 2. **Abatements.** Whenever by virtue of chapter 278, sections 270C.86, 375.192, or otherwise, the net tax capacity or referendum market value of any district for any taxable year is changed after the taxes for that year have been spread by the county auditor and the local tax rate as determined by the county auditor based upon the original net tax capacity is applied upon the changed net tax capacities, the county auditor shall, prior to February 1 of each year, certify to the commissioner of education the amount of any resulting net revenue loss that accrued to the district during the preceding year. Each year, the commissioner shall pay an abatement adjustment to the district in an amount calculated according to the provisions of this subdivision. This amount shall be deducted from the amount of the levy authorized by section 126C.46. The amount of the abatement adjustment must be the product of:

(1) the net revenue loss as certified by the county auditor, times

(2) the ratio of:

(i) the sum of the amounts of the district's certified levy in the third preceding year according to the following:

(A) section 123B.57, if the district received health and safety aid according to that section for the second preceding year;

(B) section 124D.20, if the district received aid for community education programs according to that section for the second preceding year;

(C) section 124D.135, subdivision 3, if the district received early childhood family education aid according to section 124D.135 for the second preceding year; ~~and~~

(D) section 126C.17, subdivision 6, if the district received referendum equalization aid according to that section for the second preceding year;

(E) section 126C.10, subdivision 13a, if the district received operating capital aid according to section 126C.10, subdivision 13b, in the second preceding year;

(F) section 126C.10, subdivision 29, if the district received equity aid according to section 126C.10, subdivision 30, in the second preceding year;

(G) section 126C.10, subdivision 32, if the district received transition aid according to section 126C.10, subdivision 33, in the second preceding year;

(H) section 123B.53, subdivision 5, if the district received debt service equalization aid according to section 123B.53, subdivision 6, in the second preceding year;

(I) section 124D.22, subdivision 3, if the district received school-age care aid according to section 124D.22, subdivision 4, in the second preceding year;

(J) section 123B.591, subdivision 3, if the district received deferred maintenance aid according to section 123B.591, subdivision 4, in the second preceding year; and

(K) section 126C.10, subdivision 35, if the district received alternative teacher compensation equalization aid according to section 126C.10, subdivision 36, paragraph (a), in the second preceding year; to

(ii) the total amount of the district's certified levy in the third preceding December, plus or minus auditor's adjustments.

Sec. 35. Minnesota Statutes 2006, section 127A.49, subdivision 3, is amended to read:

Subd. 3. **Excess tax increment.** (a) If a return of excess tax increment is made to a district pursuant to sections 469.176, subdivision 2, and 469.177, subdivision 9, or upon decertification of a tax increment district, the school district's aid and levy limitations must be adjusted for the fiscal year in which the excess tax increment is paid under the provisions of this subdivision.

(b) An amount must be subtracted from the district's aid for the current fiscal year equal to the product of:

(1) the amount of the payment of excess tax increment to the district, times

(2) the ratio of:

(i) the sum of the amounts of the district's certified levy for the fiscal year in which the excess tax increment is paid according to the following:

(A) section 123B.57, if the district received health and safety aid according to that section for the second preceding year;

(B) section 124D.20, if the district received aid for community education programs according to that section for the second preceding year;

(C) section 124D.135, subdivision 3, if the district received early childhood family education aid according to section 124D.135 for the second preceding year; ~~and~~

(D) section 126C.17, subdivision 6, if the district received referendum equalization aid according to that section for the second preceding year;

(E) section 126C.10, subdivision 13a, if the district received operating capital aid according to section 126C.10, subdivision 13b, in the second preceding year;

(F) section 126C.10, subdivision 29, if the district received equity aid according to section 126C.10, subdivision 30, in the second preceding year;

(G) section 126C.10, subdivision 32, if the district received transition aid according to section 126C.10, subdivision 33, in the second preceding year;

(H) section 123B.53, subdivision 5, if the district received debt service equalization aid according to section 123B.53, subdivision 6, in the second preceding year;

(I) section 124D.22, subdivision 3, if the district received school-age care aid according to section 124D.22, subdivision 4, in the second preceding year;

(J) section 123B.591, subdivision 3, if the district received deferred maintenance aid according to section 123B.591, subdivision 4, in the second preceding year; and

(K) section 126C.10, subdivision 35, if the district received alternative teacher compensation equalization aid according to section 126C.10, subdivision 36, paragraph (a), in the second preceding year; to

(ii) the total amount of the district's certified levy for the fiscal year, plus or minus auditor's adjustments.

(c) An amount must be subtracted from the school district's levy limitation for the next levy certified equal to the difference between:

(1) the amount of the distribution of excess increment; and

(2) the amount subtracted from aid pursuant to clause (a).

If the aid and levy reductions required by this subdivision cannot be made to the aid for the fiscal year specified or to the levy specified, the reductions must be made from aid for subsequent fiscal years, and from subsequent levies. The school district must use the payment of excess tax increment to replace the aid and levy revenue reduced under this subdivision.

(d) This subdivision applies only to the total amount of excess increments received by a district for a calendar year that exceeds \$25,000.

Sec. 36. Minnesota Statutes 2006, section 272.029, is amended by adding a subdivision to read:

Subd. 6a. **Report to commissioner of education.** The county auditor, on the first Wednesday after such settlement, shall report to the commissioner the amount distributed to each school district under subdivision 6.

EFFECTIVE DATE. This section is effective July 1, 2008, for settlements made during fiscal year 2009.

Sec. 37. Laws 2005, First Special Session chapter 5, article 1, section 50, subdivision 2, is amended to read:

Subd. 2. **Application process.** Independent School Districts Nos. 11, Anoka-Hennepin; 279, Osseo; 281, Robbinsdale; ~~286, Brooklyn Center; 535, Rochester; and 833, South Washington~~ may submit an application to the commissioner of education ~~by August 15, 2005,~~ for a plan to allocate compensatory revenue to school sites based on student performance. The application must include a written resolution approved by the school board that: (1) identifies the test results that will be used to assess student performance; (2) describes the method for distribution of compensatory revenue to the school sites; and (3) summarizes the evaluation procedure the district will use to determine if the redistribution of compensatory revenue improves overall student performance. The application must be submitted in the form and manner specified by the commissioner. The commissioner must notify the selected school districts ~~by September 1, 2005~~ within 90 days of receipt of their application.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 38. Laws 2006, chapter 282, article 3, section 4, subdivision 2, is amended to read:

Subd. 2. **Onetime energy assistance aid.** For onetime energy assistance aid under section 3:

\$3,495,000 ~~2007~~ 2006

EFFECTIVE DATE. This section is effective the day following final enactment and applies retroactively to fiscal year 2006.

Sec. 39. **SCHOOL FINANCE REFORM; TASK FORCE ESTABLISHED.**

Subdivision 1. **Task force established.** A School Finance Reform Task Force is established.

Subd. 2. **Task force goals.** The goals of the School Finance Reform Task Force include:

(1) creating a standard and index to ensure that the formula remains adequate over time;

(2) simplifying the remaining school formulas;

(3) analyzing categorical funding formulas, including but not limited to pupil transportation, compensatory revenue, and limited English proficiency revenue;

(4) establishing a schedule for implementation of the other new formulas; and

(5) examining the role of the regional delivery structure including the functions performed by intermediate school districts, service cooperatives, education districts, and other cooperative organizations.

Subd. 3. **Task force members.** The task force consists of nine members. Membership includes the commissioner of education, four members appointed according to the rules of the senate by the Senate Committee on Rules and Administration Subcommittee on Committees, and four members appointed by the speaker of the house.

Subd. 4. **Task force recommendations.** The task force must submit a report to the education committees of the legislature by January 15, 2008, describing the formula recommendations according to the goals it has established.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 40. **CHARTER SCHOOL PUPIL TRANSPORTATION.**

The commissioner of education shall undertake a study and make recommendations to the legislature on the organization, delivery, and financing of transportation services for students attending public charter schools. The study must be undertaken with affected stakeholders including school districts, charter schools, parents of charter school students, pupil transportation providers and others with expertise in arranging and financing pupil transportation services. The study must be completed and reported to the house and senate Education Policy and Finance Committees no later than December 31, 2007.

Sec. 41. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **General education aid.** For general education aid under Minnesota Statutes, section 126C.13, subdivision 4:

\$5,654,187,000	2008
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\$5,977,201,000	2009
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The 2008 appropriation includes \$531,733,000 for 2007 and \$5,122,454,000 for 2008.

The 2009 appropriation includes \$550,550,000 for 2008 and \$5,426,651,000 for 2009.

Subd. 3. **Referendum tax base replacement aid.** For referendum tax base replacement aid under Minnesota Statutes, section 126C.17, subdivision 7a:

\$870,000	2008
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The 2008 appropriation includes \$870,000 for 2007 and \$0 for 2008.

Subd. 4. **Enrollment options transportation.** For transportation of pupils attending postsecondary institutions under Minnesota Statutes, section 124D.09, or for transportation of pupils attending nonresident districts under Minnesota Statutes, section 124D.03:

\$95,000	2008
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\$97,000	2009
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Subd. 5. **Abatement revenue.** For abatement aid under Minnesota Statutes, section 127A.49:

\$1,343,000	2008
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\$1,347,000	2009
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The 2008 appropriation includes \$76,000 for 2007 and \$1,267,000 for 2008.

The 2009 appropriation includes \$140,000 for 2008 and \$1,207,000 for 2009.

Subd. 6. **Consolidation transition.** For districts consolidating under Minnesota Statutes, section 123A.485:

\$565,000	2008
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\$212,000	2009
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The 2008 appropriation includes \$43,000 for 2007 and \$522,000 for 2008.

The 2009 appropriation includes \$57,000 for 2008 and \$155,000 for 2009.

Subd. 7. **Nonpublic pupil education aid.** For nonpublic pupil education aid under Minnesota Statutes, sections 123B.87 and 123B.40 to 123B.43:

\$16,349,000	2008
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\$16,803,000	2009
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The 2008 appropriation includes \$1,606,000 for 2007 and \$14,743,000 for 2008.

The 2009 appropriation includes \$1,638,000 for 2008 and \$15,165,000 for 2009.

Subd. 8. **Nonpublic pupil transportation.** For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

\$21,747,000	2008
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\$21,993,000	2009
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The 2008 appropriation includes \$2,124,000 for 2007 and \$19,623,000 for 2008.

The 2009 appropriation includes \$2,180,000 for 2008 and \$19,813,000 for 2009.

Subd. 9. **One-room schoolhouse.** For a grant to Independent School District No. 690, Warroad, to operate the Angle Inlet School:

\$50,000	2008
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\$50,000	2009
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Subd. 10. **Declining pupil aid; Browns Valley.** For declining pupil aid for Independent School District No. 801, Browns Valley, due to the March 2007 flood:

\$120,000	2008
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\$100,000	2009
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Any balance in the first year does not cancel but is available in the second year.

Subd. 11. **Declining pupil aid McGregor.** For declining pupil aid for Independent School District No. 4, McGregor:

\$100,000	2008
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Any balance in the first year does not cancel but is available in the second year.

Subd. 12. **Compensatory revenue pilot project.** For grants for participation in the compensatory revenue pilot program under Laws 2005, First Special Session chapter 5, article 1, section 50:

\$2,175,000	2008
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\$2,175,000	2009
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Of this amount, \$1,500,000 in each year is for a grant to Independent School District No. 11, Anoka-Hennepin; \$210,000 in each year is for a grant to Independent School District No. 279, Osseo; \$160,000 in each year is for a grant to Independent School District No. 281, Robbinsdale; \$75,000 in each year is for a grant to Independent School District No. 286, Brooklyn Center; \$165,000 in each year is for a grant to Independent School District No. 535, Rochester; and \$65,000 in each year is for a grant to Independent School District No. 833, South Washington.

If a grant to a specific school district is not awarded, the commissioner may increase the aid amounts to any of the remaining participating school districts.

This appropriation is part of the base budget for subsequent fiscal years.

Subd. 13. **School Finance Reform Task Force.** For the school finance reform task force under section 39:

<u>\$100,000</u>	<u>.....</u>	<u>2008</u>
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This is a onetime appropriation.

Sec. 42. **REVISOR'S INSTRUCTION.**

In Minnesota Statutes, the revisor of statutes shall correct any incorrect cross references resulting from the repeal of Minnesota Statutes, section 124D.06.

Sec. 43. **REPEALER.**

(a) Minnesota Statutes 2006, section 124D.06, is repealed effective June 30, 2007.

(b) Minnesota Statutes 2006, section 124D.081, subdivisions 1, 2, 3, 4, 5, 6, and 9, are repealed effective for revenue for fiscal year 2009.

ARTICLE 2

EDUCATION EXCELLENCE

Section 1. Minnesota Statutes 2006, section 13.32, is amended by adding a subdivision to read:

Subd. 8a. **Access to student records; school conferences.** (a) A parent or guardian of a student may designate one "significant individual," defined under paragraph (c), to participate in a school conference involving the child of the parent or guardian. The parent or guardian must provide the school with prior written consent allowing the significant individual to participate in the conference and to receive any data on the child of the consenting parent or guardian that is necessary and relevant to the conference discussions. The consenting parent or guardian may withdraw consent, in writing, at any time.

(b) A school may accept the following form, or another consent to release student data form, as sufficient to meet the requirements of this subdivision:

"CONSENT TO PARTICIPATE IN CONFERENCES AND RECEIVE STUDENT DATA

I, (Name of parent or guardian), as parent or guardian of
(Name of child), consent to allow (Name of significant individual) to participate in
school conferences and receive student data relating to the above-named child, consistent with Minnesota Statutes,
section 13.32, subdivision 8a. I understand that I may withdraw my consent, upon written request, at any time.

..... (Signature of parent or guardian)

..... (Date)"

(c) For purposes of this section, "significant individual" means one additional adult designated by a child's parent or guardian to attend school-related activities and conferences. The significant individual must reside with the child and participate actively in the child's care and upbringing.

Sec. 2. Minnesota Statutes 2006, section 119A.50, is amended by adding a subdivision to read:

Subd. 3. **Early childhood literacy programs.** (a) A research-based early childhood literacy program premised on actively involved parents, ongoing professional staff development, and high quality early literacy program standards is established to increase the literacy skills of children participating in Head Start to prepare them to be successful readers and to increase families' participation in providing early literacy experiences to their children. Program providers must:

(1) work to prepare children to be successful learners;

(2) work to close the achievement gap for at-risk children;

(3) use an integrated approach to early literacy that daily offers a literacy-rich classroom learning environment composed of books, writing materials, writing centers, labels, rhyming, and other related literacy materials and opportunities;

(4) support children's home language while helping the children master English and use multiple literacy strategies to provide a cultural bridge between home and school;

(5) use literacy mentors, ongoing literacy groups, and other teachers and staff to provide appropriate, extensive professional development opportunities in early literacy and classroom strategies for preschool teachers and other preschool staff;

(6) use ongoing data-based assessments that enable preschool teachers to understand, plan, and implement literacy strategies, activities, and curriculum that meet children's literacy needs and continuously improve children's literacy; and

(7) foster participation by parents, community stakeholders, literacy advisors, and evaluation specialists.

Program providers are encouraged to collaborate with qualified, community-based early childhood providers in implementing this program and to seek nonstate funds to supplement the program.

(b) Program providers under paragraph (a) interested in extending literacy programs to children in kindergarten through grade 3 may elect to form a partnership with an eligible organization under section 124D.38, subdivision 2, or 124D.42, subdivision 6, clause (3), schools enrolling children in kindergarten through grade 3, and other interested and qualified community-based entities to provide ongoing literacy programs that offer seamless literacy instruction focused on closing the literacy achievement gap. To close the literacy achievement gap by the end of third grade, partnership members must agree to use best efforts and practices and to work collaboratively to implement a seamless literacy model from age three to grade 3, consistent with paragraph (a). Literacy programs under this paragraph must collect and use literacy data to:

(1) evaluate children's literacy skills; and

(2) formulate specific intervention strategies to provide reading instruction to children premised on the outcomes of formative and summative assessments and research-based indicators of literacy development.

The literacy programs under this paragraph also must train teachers and other providers working with children to use the assessment outcomes under clause (2) to develop and use effective, long-term literacy coaching models that are specific to the program providers.

(c) The commissioner must collect and evaluate literacy data on children from age three to grade 3 who participate in literacy programs under this section to determine the efficacy of early literacy programs on children's success in developing the literacy skills that they need for long-term academic success and the programs' success in closing the literacy achievement gap. Annually by February 1, the commissioner must report to the education policy and finance committees of the legislature on the ongoing impact of these programs.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 3. Minnesota Statutes 2006, section 120A.22, subdivision 7, is amended to read:

Subd. 7. **Education records.** (a) A district, a charter school, or a nonpublic school that receives services or aid under sections 123B.40 to 123B.48 from which a student is transferring must transmit the student's educational records, within ten business days of a request, to the district, the charter school, or the nonpublic school in which the student is enrolling. Districts, charter schools, and nonpublic schools that receive services or aid under sections 123B.40 to 123B.48 must make reasonable efforts to determine the district, the charter school, or the nonpublic school in which a transferring student is next enrolling in order to comply with this subdivision.

(b) A closed charter school must transfer the student's educational records, within ten business days of the school's closure, to the student's school district of residence where the records must be retained unless the records are otherwise transferred under this subdivision.

(c) A school district, a charter school, or a nonpublic school that receives services or aid under sections 123B.40 to 123B.48 that transmits a student's educational records to another school district or other educational entity, charter school, or nonpublic school to which the student is transferring must include in the transmitted records information about any formal suspension, expulsion, and exclusion disciplinary action taken as a result of any incident in which the student possessed or used a dangerous weapon under sections 121A.40 to 121A.56. The district, the charter school, or the nonpublic school that receives services or aid under sections 123B.40 to 123B.48 must provide notice to a student and the student's parent or guardian that formal disciplinary records will be transferred as part of the student's educational record, in accordance with data practices under chapter 13 and the Family Educational Rights and Privacy Act of 1974, United States Code, title 20, section 1232(g).

~~(d)~~ (d) Notwithstanding section 138.17, a principal or chief administrative officer must remove from a student's educational record and destroy a probable cause notice received under section 260B.171, subdivision 5, or paragraph (d), if one year has elapsed since the date of the notice and the principal or chief administrative officer has not received a disposition or court order related to the offense described in the notice. This paragraph does not apply if the student no longer attends the school when this one-year period expires.

~~(d)~~ (e) A principal or chief administrative officer who receives a probable cause notice under section 260B.171, subdivision 5, or a disposition or court order, must include a copy of that data in the student's educational records if they are transmitted to another school, unless the data are required to be destroyed under paragraph (c) or section 121A.75.

Sec. 4. Minnesota Statutes 2006, section 120B.021, subdivision 1, is amended to read:

Subdivision 1. **Required academic standards.** The following subject areas are required for statewide accountability:

(1) language arts;

- (2) mathematics;
- (3) science;
- (4) social studies, including history, geography, economics, and government and citizenship;
- (5) health and physical education, for which locally developed health academic standards apply; and

(6) the arts, for which statewide or locally developed academic standards apply, as determined by the school district. Public elementary and middle schools must offer at least three and require at least two of the following four arts areas: dance; music; theater; and visual arts. Public high schools must offer at least three and require at least one of the following five arts areas: media arts; dance; music; theater; and visual arts.

To satisfy state graduation requirements under section 120B.024, paragraph (a), clause (6), the physical education standards under clause (5) must be consistent with either the (i) six physical education standards developed by the department's quality teaching network or the (ii) six National Physical Education Standards developed by the National Association for Sport and Physical Education. To satisfy federal reporting requirements for continued funding under Title VII of the Physical Education for Progress Act, a school district, if applicable, must notify the department by March 15, in the form and manner the department prescribes, of its intent to comply with the National Physical Education Standards in the next school year.

The commissioner must submit proposed standards in science and social studies to the legislature by February 1, 2004.

For purposes of applicable federal law, the academic standards for language arts, mathematics, and science apply to all public school students, except the very few students with extreme cognitive or physical impairments for whom an individualized education plan team has determined that the required academic standards are inappropriate. An individualized education plan team that makes this determination must establish alternative standards.

A school district, no later than the 2007-2008 school year, must adopt graduation requirements that meet or exceed state graduation requirements established in law or rule. A school district that incorporates these state graduation requirements before the 2007-2008 school year must provide students who enter the 9th grade in or before the 2003-2004 school year the opportunity to earn a diploma based on existing locally established graduation requirements in effect when the students entered the 9th grade. District efforts to develop, implement, or improve instruction or curriculum as a result of the provisions of this section must be consistent with sections 120B.10, 120B.11, and 120B.20.

The commissioner must include the contributions of Minnesota American Indian tribes and communities as they relate to each of the academic standards during the review and revision of the required academic standards.

EFFECTIVE DATE. This section is effective the day following final enactment, except that clause (5) applies to students entering the ninth grade in the 2008-2009 school year and later.

Sec. 5. Minnesota Statutes 2006, section 120B.023, subdivision 2, is amended to read:

Subd. 2. **Revisions and reviews required.** (a) The commissioner of education must revise and appropriately embed technology and information literacy standards consistent with recommendations from school media specialists into the state's academic standards and graduation requirements and implement a review cycle for state academic standards and related benchmarks, consistent with this subdivision. During each review cycle, the commissioner also must examine the alignment of each required academic standard and related benchmark with the knowledge and skills students need for college readiness and advanced work in the particular subject area.

(b) The commissioner in the 2006-2007 school year must revise and align the state's academic standards and high school graduation requirements in mathematics to require that students satisfactorily complete the revised mathematics standards, beginning in the 2010-2011 school year. Under the revised standards:

(1) students must satisfactorily complete an algebra I credit by the end of eighth grade; and

(2) students scheduled to graduate in the 2014-2015 school year or later must satisfactorily complete an algebra II credit or its equivalent.

The commissioner also must ensure that the statewide mathematics assessments administered to students in grades 3 through 8 and 11 beginning in the 2010-2011 school year are aligned with the state academic standards in mathematics. The statewide 11th grade mathematics test administered to students under clause (2) beginning in the 2013-2014 school year must include algebra II test items that are aligned with corresponding state academic standards in mathematics. The office of educational accountability under section 120B.31, subdivision 3, in collaboration with the Minnesota State Colleges and Universities, must determine and the commissioner must set a passing score for the statewide 11th grade mathematics test that represents readiness for college so that a student who achieves a passing score on this test, upon graduation, is immediately ready to take college courses for college credit in a two-year or a four-year institution, consistent with section 135A.104. The commissioner must implement a review of the academic standards and related benchmarks in mathematics beginning in the 2015-2016 school year.

(c) The commissioner in the 2007-2008 school year must revise and align the state's academic standards and high school graduation requirements in the arts to require that students satisfactorily complete the revised arts standards beginning in the 2010-2011 school year. The commissioner must implement a review of the academic standards and related benchmarks in arts beginning in the 2016-2017 school year.

(d) The commissioner in the 2008-2009 school year must revise and align the state's academic standards and high school graduation requirements in science to require that students satisfactorily complete the revised science standards, beginning in the 2011-2012 school year. Under the revised standards, students scheduled to graduate in the 2014-2015 school year or later must satisfactorily complete a chemistry or physics credit. The commissioner must implement a review of the academic standards and related benchmarks in science beginning in the 2017-2018 school year.

(e) The commissioner in the 2009-2010 school year must revise and align the state's academic standards and high school graduation requirements in language arts to require that students satisfactorily complete the revised language arts standards beginning in the 2012-2013 school year. The office of educational accountability under section 120B.31, subdivision 3, in collaboration with the Minnesota State Colleges and Universities, must determine and the commissioner must set a passing score for the statewide tenth grade reading and language arts test that represents readiness for college so that a student who achieves a passing score on this test, upon graduation, is immediately ready to take college courses for college credit in a two-year or a four-year institution, consistent with section 135A.104. The commissioner must implement a review of the academic standards and related benchmarks in language arts beginning in the 2018-2019 school year.

(f) The commissioner in the 2010-2011 school year must revise and align the state's academic standards and high school graduation requirements in social studies to require that students satisfactorily complete the revised social studies standards beginning in the 2013-2014 school year. The commissioner must implement a review of the academic standards and related benchmarks in social studies beginning in the 2019-2020 school year.

(g) The commissioner in the 2011-2012 school year must revise and align the state's standards and high school graduation requirements in physical education, consistent with the requirements governing sections 120B.021, subdivision 1, clause (5), and 120B.024, paragraph (a), clause (6), to require students to satisfactorily complete the revised physical education standards beginning in the 2014-2015 school year. The commissioner must implement a review of the standards and related benchmarks in physical education beginning in the 2020-2021 school year.

~~(e)~~ (h) School districts and charter schools must revise and align local academic standards and high school graduation requirements in health, ~~physical education~~, world languages, and career and technical education to require students to complete the revised standards beginning in a school year determined by the school district or charter school. School districts and charter schools must formally establish a periodic review cycle for the academic standards and related benchmarks in health, ~~physical education~~, world languages, and career and technical education.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to students entering the ninth grade in the 2008-2009 school year and later.

Sec. 6. Minnesota Statutes 2006, section 120B.024, is amended to read:

120B.024 GRADUATION REQUIREMENTS; COURSE CREDITS.

(a) Students beginning 9th grade in the 2004-2005 school year and later must successfully complete the following high school level course credits for graduation:

- (1) four credits of language arts;
- (2) three credits of mathematics, encompassing at least algebra, geometry, statistics, and probability sufficient to satisfy the academic standard;
- (3) three credits of science, including at least one credit in biology;
- (4) three and one-half credits of social studies, encompassing at least United States history, geography, government and citizenship, world history, and economics or three credits of social studies encompassing at least United States history, geography, government and citizenship, and world history, and one-half credit of economics taught in a school's social studies, agriculture education, or business department;
- (5) one credit in the arts; ~~and~~
- (6) one-half credit in physical education; and
- (7) a minimum of seven six elective course credits.

A course credit is equivalent to a student successfully completing an academic year of study or a student mastering the applicable subject matter, as determined by the local school district.

(b) An agriculture science course may fulfill a science credit requirement in addition to the specified science credits in biology and chemistry or physics under paragraph (a), clause (3).

(c) The commissioner, in collaboration with the Minnesota State Colleges and Universities, must develop and implement a statewide plan to communicate with all Minnesota high school students no later than the beginning of 9th grade the state's expectations for college readiness, consistent with section 120B.023, subdivision 2, paragraphs (b) and (e), and section 135A.104.

EFFECTIVE DATE. This section is effective the day following final enactment. Paragraph (a) applies to students entering the ninth grade in the 2008-2009 school year and later.

Sec. 7. Minnesota Statutes 2006, section 120B.11, subdivision 5, is amended to read:

Subd. 5. **Report.** (a) By October 1 of each year, the school board shall use standard statewide reporting procedures the commissioner develops and adopt a report that includes the following:

(1) student achievement goals for meeting state academic standards;

(2) results of local assessment data, and any additional test data;

(3) description of student achievement in subject areas under section 120B.021, subdivision 1, for which locally developed academic standards apply and statewide assessments are not developed;

~~(3)~~ (4) the annual school district improvement plans including staff development goals under section 122A.60;

~~(4)~~ (5) information about district and learning site progress in realizing previously adopted improvement plans; and

~~(5)~~ (6) the amount and type of revenue attributed to each education site as defined in section 123B.04.

(b) The school board shall publish the report in the local newspaper with the largest circulation in the district, by mail, or by electronic means such as the district Web site. If electronic means are used, school districts must publish notice of the report in a periodical of general circulation in the district. School districts must make copies of the report available to the public on request. The board shall make a copy of the report available to the public for inspection. The board shall send a copy of the report to the commissioner of education by October 15 of each year.

(c) The title of the report shall contain the name and number of the school district and read "Annual Report on Curriculum, Instruction, and Student Achievement." The report must include at least the following information about advisory committee membership:

(1) the name of each committee member and the date when that member's term expires;

(2) the method and criteria the school board uses to select committee members; and

(3) the date by which a community resident must apply to next serve on the committee.

Sec. 8. Minnesota Statutes 2006, section 120B.132, is amended to read:

120B.132 RAISED ACADEMIC ACHIEVEMENT; ADVANCED PLACEMENT AND INTERNATIONAL BACCALAUREATE PROGRAMS.

Subdivision 1. **Establishment; eligibility.** A program is established to raise kindergarten through grade 12 academic achievement through increased student participation in preadvanced placement ~~and~~ advanced placement, and international baccalaureate programs, consistent with section 120B.13. Schools and charter schools eligible to participate under this section:

(1) must have a three-year plan approved by the local school board to establish a new international baccalaureate program leading to international baccalaureate authorization, expand an existing program that leads to international baccalaureate authorization, or expand an existing authorized international baccalaureate program; or

(2) must have a three-year plan approved by the local school board to create a new or expand an existing program to implement the college board advanced placement courses and exams or preadvanced placement courses initiative; and

(2) (3) must propose to further raise students' academic achievement by:

(i) increasing the availability of and all students' access to advanced placement or international baccalaureate courses or programs;

(ii) expanding the breadth of advanced placement or international baccalaureate courses or programs that are available to students;

(iii) increasing the number and the diversity of the students who participate in advanced placement or international baccalaureate courses or programs and succeed;

(iv) providing low-income and other disadvantaged students with increased access to advanced placement or international baccalaureate courses and programs; or

(v) increasing the number of high school students, including low-income and other disadvantaged students, who receive college credit by successfully completing advanced placement or international baccalaureate courses or programs and achieving satisfactory scores on related exams.

Subd. 2. **Application and review process; funding priority.** (a) Charter schools and school districts in which eligible schools under subdivision 1 are located may apply to the commissioner, in the form and manner the commissioner determines, for competitive funding to further raise students' academic achievement. The application must detail the specific efforts the applicant intends to undertake in further raising students' academic achievement, consistent with subdivision 1, and a proposed budget detailing the district or charter school's current and proposed expenditures for advanced placement ~~or~~, preadvanced placement, and international baccalaureate courses and programs. The proposed budget must demonstrate that the applicant's efforts will ~~supplement but not supplant any expenditures for advanced placement and preadvanced placement courses and programs the applicant currently makes available to students~~ support implementation of advanced placement, preadvanced placement, and international baccalaureate courses and programs. Expenditures for administration must not exceed five percent of the proposed budget. The commissioner may require an applicant to provide additional information.

(b) When reviewing applications, the commissioner must determine whether the applicant satisfied all the requirements in this subdivision and subdivision 1. The commissioner may give funding priority to an otherwise qualified applicant that demonstrates:

(1) a focus on developing or expanding preadvanced placement, advanced placement, or international baccalaureate courses ~~and~~ or programs or increasing students' participation in, access to, or success with the courses or programs, including the participation, access, or success of low-income and other disadvantaged students;

(2) a compelling need for access to preadvanced placement, advanced placement, or international baccalaureate courses or programs;

(3) an effective ability to actively involve local business and community organizations in student activities that are integral to preadvanced placement, advanced placement, or international baccalaureate courses ~~and~~ or programs;

(4) access to additional public or nonpublic funds or in-kind contributions that are available for preadvanced placement, advanced placement, or international baccalaureate courses or programs; or

(5) an intent to implement activities that target low-income and other disadvantaged students.

Subd. 3. **Funding; permissible funding uses.** (a) The commissioner shall award grants to applicant school districts and charter schools that meet the requirements of subdivisions 1 and 2. The commissioner must award grants on an equitable geographical basis to the extent feasible and consistent with this section. Grant awards must not exceed the lesser of:

(1) \$85 times the number of pupils enrolled at the participating sites on October 1 of the previous fiscal year; or

(2) the approved supplemental expenditures based on the budget submitted under subdivision 2. For charter schools in their first year of operation, the maximum ~~grant~~ funding award must be calculated using the number of pupils enrolled on October 1 of the current fiscal year. The commissioner may adjust the maximum ~~grant~~ funding award computed using prior year data for changes in enrollment attributable to school closings, school openings, grade level reconfigurations, or school district reorganizations between the prior fiscal year and the current fiscal year.

(b) School districts and charter schools that submit an application and receive funding under this section must use the funding, consistent with the application, to:

(1) provide teacher training and instruction to more effectively serve students, including low-income and other disadvantaged students, who participate in preadvanced placement, advanced placement, or international baccalaureate courses or programs;

(2) further develop preadvanced placement, advanced placement, or international baccalaureate courses or programs;

(3) improve the transition between grade levels to better prepare students, including low-income and other disadvantaged students, for succeeding in preadvanced placement, advanced placement, or international baccalaureate courses or programs;

(4) purchase books and supplies;

(5) pay course or program fees;

(6) increase students' participation in and success with preadvanced placement, advanced placement, or international baccalaureate courses or programs;

(7) expand students' access to preadvanced placement ~~or~~ advanced placement, or international baccalaureate courses or programs through online learning;

(8) hire appropriately licensed personnel to teach additional advanced placement or international baccalaureate courses or programs; or

(9) engage in other activity directly related to expanding students' access to, participation in, and success with preadvanced placement ~~or~~ advanced placement, or international baccalaureate courses ~~and~~ or programs, including low-income and other disadvantaged students.

Subd. 4. **Annual reports.** (a) Each school district and charter school that receives a grant under this section annually must collect demographic and other student data to demonstrate and measure the extent to which the district or charter school raised students' academic achievement under this program and must report the data to the commissioner in the form and manner the commissioner determines. The commissioner annually by February 15 must make summary data about this program available to the education policy and finance committees of the legislature.

(b) Each school district and charter school that receives a grant under this section annually must report to the commissioner, consistent with the Uniform Financial Accounting and Reporting Standards, its actual expenditures for advanced placement ~~and~~ preadvanced placement, and international baccalaureate courses and programs. The report must demonstrate that the school district or charter school has maintained its effort from other sources for advanced placement ~~and~~ preadvanced placement, and international baccalaureate courses and programs compared with the previous fiscal year, and the district or charter school has expended all grant funds, consistent with its approved budget.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to the 2007-2008 school year and later.

Sec. 9. Minnesota Statutes 2006, section 120B.15, is amended to read:

120B.15 GIFTED AND TALENTED STUDENTS PROGRAMS.

(a) School districts may identify students, locally develop programs, provide staff development, and evaluate programs to provide gifted and talented students with challenging educational programs.

(b) School districts may adopt guidelines for assessing and identifying students for participation in gifted and talented programs. The guidelines should include the use of:

- (1) multiple and objective criteria; and
- (2) assessments and procedures that are valid and reliable, fair, and based on current theory and research.

(c) School districts must adopt policies and procedures for the academic acceleration of gifted and talented students. These policies and procedures must include how the district will:

- (1) assess a student's readiness and motivation for acceleration; and
- (2) match the level, complexity, and pace of the curriculum to a student to achieve the best type of academic acceleration for that student.

Sec. 10. Minnesota Statutes 2006, section 120B.30, is amended to read:

120B.30 STATEWIDE TESTING AND REPORTING SYSTEM.

Subdivision 1. **Statewide testing.** (a) The commissioner, with advice from experts with appropriate technical qualifications and experience and stakeholders, consistent with subdivision 1a, shall include in the comprehensive assessment system, for each grade level to be tested, state-constructed tests developed from and aligned with the state's required academic standards under section 120B.021 and administered annually to all students in grades 3 through 8 and at the high school level. A state-developed test in a subject other than writing, developed after the 2002-2003 school year, must include both machine-scoreable and constructed response questions. The commissioner shall establish one or more months during which schools shall administer the tests to students each school year. For students enrolled in grade 8 before the 2005-2006 school year, only Minnesota basic skills tests in reading, mathematics, and writing shall fulfill students' basic skills testing requirements for a passing state notation. The passing scores of ~~the state basic skills~~ tests in reading and mathematics are the equivalent of:

- ~~(1) 70 percent correct for students entering grade 9 in 1996; and~~

~~(2)~~ 75 percent correct for students entering grade 9 in 1997 and thereafter, as based on the first uniform test administration of February 1998.

(b) For students enrolled in grade 8 in the 2005-2006 school year and later, only the Minnesota Comprehensive Assessments Second Edition (MCA IIs) in reading, mathematics, and writing following options shall fulfill students' academic standard state graduation test requirements:-

(1) for reading and mathematics:

(i) obtaining an achievement level equivalent to or greater than proficient as determined through a standard setting process on the Minnesota comprehensive assessments in grade 10 for reading and grade 11 for mathematics or achieving a passing score as determined through a standard setting process on the graduation-required assessment for diploma in grade 10 for reading and grade 11 for mathematics or subsequent retests;

(ii) achieving a passing score as determined through a standard setting process on the state-identified language proficiency test in reading and the mathematics test for English language learners or the graduation-required assessment for diploma equivalent of those assessments for students designated as English language learners;

(iii) achieving an individual passing score on the graduation-required assessment for diploma as determined by appropriate state guidelines for students with an individual education plan or 504 plan;

(iv) obtaining achievement level equivalent to or greater than proficient as determined through a standard setting process on the state-identified alternate assessment or assessments in grade 10 for reading and grade 11 for mathematics for students with an individual education plan; or

(v) achieving an individual passing score on the state-identified alternate assessment or assessments as determined by appropriate state guidelines for students with an individual education plan; and

(2) for writing:

(i) achieving a passing score on the graduation-required assessment for diploma;

(ii) achieving a passing score as determined through a standard setting process on the state-identified language proficiency test in writing for students designated as English language learners;

(iii) achieving an individual passing score on the graduation-required assessment for diploma as determined by appropriate state guidelines for students with an individual education plan or 504 plan; or

(iv) achieving an individual passing score on the state-identified alternate assessment or assessments as determined by appropriate state guidelines for students with an individual education plan.

~~(b)~~ (c) The third 3rd through 8th grade and high school level test results shall be available to districts for diagnostic purposes affecting student learning and district instruction and curriculum, and for establishing educational accountability. The commissioner must disseminate to the public the test results upon receiving those results.

~~(e)~~ (d) State tests must be constructed and aligned with state academic standards. The testing process and the order of administration shall be determined by the commissioner. The statewide results shall be aggregated at the site and district level, consistent with subdivision 1a.

~~(d)~~ (e) In addition to the testing and reporting requirements under this section, the commissioner shall include the following components in the statewide public reporting system:

(1) uniform statewide testing of all students in grades 3 through 8 and at the high school level that provides appropriate, technically sound accommodations, alternate assessments, or exemptions consistent with applicable federal law, only with parent or guardian approval, for those very few students for whom the student's individual education plan team under sections 125A.05 and 125A.06; determines that the general statewide test is inappropriate for a student is incapable of taking a statewide test, or for a limited English proficiency student under section 124D.59, subdivision 2; ~~if the student has been in the United States for fewer than three years;~~

(2) educational indicators that can be aggregated and compared across school districts and across time on a statewide basis, including average daily attendance, high school graduation rates, and high school drop-out rates by age and grade level;

(3) ~~students' scores~~ state results on the American College Test; and

(4) state results from participation in the National Assessment of Educational Progress so that the state can benchmark its performance against the nation and other states, and, where possible, against other countries, and contribute to the national effort to monitor achievement.

~~(e) Districts must report exemptions under paragraph (d), clause (1), to the commissioner consistent with a format provided by the commissioner.~~

Subd. 1a. **Statewide and local assessments; results.** (a) The commissioner must develop reading, mathematics, and science assessments aligned with state academic standards that districts and sites must use to monitor student growth toward achieving those standards. The commissioner must not develop statewide assessments for academic standards in social studies, health and physical education, and the arts. The commissioner must require:

(1) annual reading and mathematics assessments in grades 3 through 8 and at the high school level for the 2005-2006 school year and later; and

(2) annual science assessments in one grade in the grades 3 through 5 span, the grades 6 through 9 span, and a life sciences assessment in the grades 10 through 12 span for the 2007-2008 school year and later.

(b) The commissioner must ensure that all statewide tests administered to elementary and secondary students measure students' academic knowledge and skills and not students' values, attitudes, and beliefs.

(c) Reporting of assessment results must:

(1) provide timely, useful, and understandable information on the performance of individual students, schools, school districts, and the state;

(2) include, by ~~the 2006-2007~~ no later than the 2008-2009 school year, a value-added component ~~to~~ that is in addition to a measure for student achievement growth over time; and

(3)(i) for students enrolled in grade 8 before the 2005-2006 school year, determine whether students have met the state's basic skills requirements; and

(ii) for students enrolled in grade 8 in the 2005-2006 school year and later, determine whether students have met the state's academic standards.

(d) Consistent with applicable federal law and subdivision 1, paragraph (d), clause (1), the commissioner must include appropriate, technically sound accommodations or alternative assessments for the very few students with disabilities for whom statewide assessments are inappropriate and for students with limited English proficiency.

(e) A school, school district, and charter school must administer statewide assessments under this section, as the assessments become available, to evaluate student progress in achieving the academic standards. If a state assessment is not available, a school, school district, and charter school must determine locally if a student has met the required academic standards. A school, school district, or charter school may use a student's performance on a statewide assessment as one of multiple criteria to determine grade promotion or retention. A school, school district, or charter school may use a high school student's performance on a statewide assessment as a percentage of the student's final grade in a course, or place a student's assessment score on the student's transcript except as required under paragraph (f).

(f) A school district or charter school must place a student's assessment score for 9th grade writing, 10th grade language arts, and 11th grade mathematics on the student's transcript.

Subd. 2. **Department of Education assistance.** The Department of Education shall contract for professional and technical services according to competitive bidding procedures under chapter 16C for purposes of this section.

Subd. 3. **Reporting.** The commissioner shall report test data publicly and to stakeholders, including the ~~three performance baselines~~ performance achievement levels developed from students' unweighted ~~mean~~ test scores in each tested subject and a listing of demographic factors that strongly correlate with student performance. The commissioner shall also report data that compares performance results among school sites, school districts, Minnesota and other states, and Minnesota and other nations. The commissioner shall disseminate to schools and school districts a more comprehensive report containing testing information that meets local needs for evaluating instruction and curriculum.

Subd. 4. **Access to tests.** The commissioner must adopt and publish a policy to provide public and parental access for review of basic skills tests, Minnesota Comprehensive Assessments, or any other such statewide test and assessment. Upon receiving a written request, the commissioner must make available to parents or guardians a copy of their student's actual ~~answer sheet~~ responses to the test questions to be reviewed by the parent.

Sec. 11. Minnesota Statutes 2006, section 120B.31, subdivision 3, is amended to read:

Subd. 3. **Educational accountability.** (a) The Independent Office of Educational Accountability, as authorized by Laws 1997, First Special Session chapter 4, article 5, section 28, subdivision 2, is established, and shall be funded through the Board of Regents of the University of Minnesota. The office shall advise the education committees of the legislature and the commissioner of education, at least on a biennial basis, on the degree to which the statewide educational accountability and reporting system includes a comprehensive assessment framework that measures school accountability for students achieving the goals described in the state's results-oriented graduation rule. The office shall ~~consider~~ determine and annually report to the legislature whether and how effectively:

(1) the statewide system of educational accountability utilizes multiple indicators to provide valid and reliable comparative and contextual data on students, schools, districts, and the state, and if not, recommend ways to improve the accountability reporting system;

(2) the commissioner makes statistical adjustments when reporting student data over time, consistent with clause (4);

(3) the commissioner uses indicators of student achievement growth over time and a value-added assessment model that estimates the effects of the school and school district on student achievement to measure school performance, consistent with section 120B.36, subdivision 1; and

(4) the commissioner makes data available on students who do not pass one or more of the state's required GRAD tests and do not receive a diploma as a consequence, and categorizes these data according to gender, race, eligibility for free or reduced lunch, and English language proficiency.

(b) When the office reviews the statewide educational accountability and reporting system, it shall also consider:

(1) the objectivity and neutrality of the state's educational accountability system; and

(2) the impact of a testing program on school curriculum and student learning.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 12. Minnesota Statutes 2006, section 120B.36, subdivision 1, is amended to read:

Subdivision 1. **School performance report cards.** (a) The commissioner shall use objective criteria based on levels of student performance to ~~identify four to six designations applicable to high and low performing public schools. The objective criteria shall include report~~ at least student academic performance, school safety, student-to-teacher ratios that clearly indicate the definition of teacher for purposes of determining these ratios, and staff characteristics, with a value-added ~~growth~~ component added ~~by the 2006-2007 no later than the 2008-2009~~ school year. The report must indicate a school's adequate yearly progress status.

(b) The commissioner shall develop, annually update, and post on the department Web site school performance report cards. ~~A school's designation must be clearly stated on each school performance report card.~~

(c) The commissioner must make available the first ~~school designations and school~~ performance report cards by November 2003, and during the beginning of each school year thereafter.

(d) A school or district may appeal its adequate yearly progress status in writing ~~a designation under this section~~ to the commissioner within 30 days of receiving the ~~designation~~ notice of its status. The commissioner's decision to uphold or deny an appeal is final.

(e) School performance report cards data are nonpublic data under section 13.02, subdivision 9, until not later than ten days after the appeal procedure described in paragraph (d) concludes. The department shall annually post school performance report cards to its public Web site no later than September 1.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to the school performance report cards for the 2006-2007 school year and later.

Sec. 13. Minnesota Statutes 2006, section 121A.22, subdivision 1, is amended to read:

Subdivision 1. **Applicability.** (a) This section applies only:

(1) when the parent of a pupil requests school personnel to administer drugs or medicine, including physician-prescribed naturopathic medicine, to the pupil; or

(2) when administration is allowed by the individual education plan of a child with a disability.

The request of a parent may be oral or in writing. An oral request must be reduced to writing within two school days, provided that the district may rely on an oral request until a written request is received.

(b) "Physician-prescribed naturopathic medicine" under this section means naturopathic medicine, as defined by the federal Food, Drug, and Cosmetic Act, that is prescribed by a licensed physician in consultation with a board-certified naturopathic physician.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 14. Minnesota Statutes 2006, section 121A.22, subdivision 3, is amended to read:

Subd. 3. **Labeling.** Drugs or medicine subject to this section, except physician-prescribed and labeled naturopathic medicine, must be in a container with a label prepared by a pharmacist according to section 151.212 and applicable rules.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 15. Minnesota Statutes 2006, section 121A.22, subdivision 4, is amended to read:

Subd. 4. **Administration.** (a) Drugs and medicine subject to this section, except physician-prescribed naturopathic medicine, must be administered in a manner consistent with instructions on the label. Physician-prescribed naturopathic medicine must be administered according to the order of the prescribing physician.

(b) Drugs and medicine subject to this section must be administered, to the extent possible, according to school board procedures that must be developed in consultation:

- (1) with a school nurse, in a district that employs a school nurse;
- (2) with a licensed school nurse, in a district that employs a licensed school nurse;
- (3) with a public or private health or health-related organization, in a district that contracts with a public or private health or health-related organization, according to section 121A.21; or
- (4) with the appropriate party, in a district that has an arrangement approved by the commissioner of education, according to section 121A.21.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 16. **[121A.231] RESPONSIBLE FAMILY LIFE AND SEXUALITY EDUCATION PROGRAMS.**

Subdivision 1. **Definitions.** (a) "Responsible family life and sexuality education" means education in grades 7 through 12 that:

- (1) respects community values and encourages family communication;
- (2) develops skills in communication, decision making, and conflict resolution;
- (3) contributes to healthy relationships;
- (4) provides human development and sexuality education that is age appropriate and medically accurate;

(5) includes an abstinence-first approach to delaying initiation of sexual activity that emphasizes abstinence while also including education about the use of protection and contraception; and

(6) promotes individual responsibility.

(b) "Age appropriate" refers to topics, messages, and teaching methods suitable to particular ages or age groups of children and adolescents, based on developing cognitive, emotional, and behavioral capacity typical for the age or age group.

(c) "Medically accurate" means verified or supported by research conducted in compliance with scientific methods and published in peer-reviewed journals, where appropriate, and recognized as accurate and objective by professional organizations and agencies in the relevant field, such as the federal Centers for Disease Control and Prevention, the American Public Health Association, the American Academy of Pediatrics, or the American College of Obstetricians and Gynecologists.

Subd. 2. Curriculum requirements. (a) A school district must offer and may independently establish policies, procedures, curriculum, and services for providing responsible family life and sexuality education that is age appropriate and medically accurate for grades 7 through 12.

(b) A school district must consult with parents or guardians of enrolled students when establishing policies, procedures, curriculum, and services under this subdivision.

Subd. 3. Notice and parental options. (a) It is the legislature's intent to encourage pupils to communicate with their parents or guardians about human sexuality and to respect rights of parents or guardians to supervise their children's education on these subjects.

(b) Parents or guardians may excuse their children from all or part of a responsible family life and sexuality education program.

(c) A school district must establish policies and procedures consistent with paragraph (e) and this section for providing parents or guardians reasonable notice with the following information:

(1) if the district is offering a responsible family life and sexuality education program to the parents' or guardians' child during the course of the year;

(2) how the parents or guardians may inspect the written and audio/visual educational materials used in the program and the process for inspection;

(3) if the program is presented by school district personnel or outside consultants, and if outside consultants are used, who they may be; and

(4) parents' or guardians' right to choose not to have their child participate in the program and the procedure for exercising that right.

(d) A school district must establish policies and procedures for reasonably restricting the availability of written and audio/visual educational materials from public view of students who have been excused from all or part of a responsible family life and sexuality education program at the request of a parent or guardian, consistent with paragraph (e) and this section.

(e) A school district may offer a responsible family life and sexuality education program under this section to a pupil only with the prior written consent of the pupil's parent or guardian. A school district must make reasonable arrangements with school personnel for alternative instruction for those pupils whose parents or guardians refuse to give their consent, and must not impose an academic or other penalty upon a pupil merely for arranging the alternative instruction. School personnel may evaluate and assess the quality of the pupil's work completed as part of the alternative instruction.

Subd. 4. **Assistance to school districts.** (a) The Department of Education may offer services to school districts to help them implement effective responsible family life and sexuality education programs. In making these services available the department may provide:

(1) training for teachers, parents, and community members in the development of responsible family life and sexuality education curriculum or services and in planning for monitoring and evaluation activities;

(2) resource staff persons to provide expert training, curriculum development and implementation, and evaluation services;

(3) technical assistance to promote and coordinate community, parent, and youth forums in communities identified as having high needs for responsible family life and sexuality education;

(4) technical assistance for issue management and policy development training for school boards, superintendents, principals, and administrators across the state; and

(b) Technical assistance in accordance with National Health Education Standards provided by the department to school districts may:

(1) promote instruction and use of materials that are age appropriate;

(2) provide information that is medically accurate and objective;

(3) provide instruction and promote use of materials that are respectful of marriage and commitments in relationships;

(4) provide instruction and promote use of materials that are appropriate for use with pupils and family experiences based on race, gender, sexual orientation, ethnic and cultural background, and appropriately accommodate alternative learning based on language or disability;

(5) provide instruction and promote use of materials that encourage pupils to communicate with their parents or guardians about human sexuality;

(6) provide instruction and promote use of age-appropriate materials that teach abstinence from sexual intercourse as the only certain way to prevent unintended pregnancy or sexually transmitted infections, including HIV and HPV, and provide information about the role and value of abstinence while also providing medically accurate information on other methods of preventing and reducing risk for unintended pregnancy and sexually transmitted infections;

(7) provide instruction and promote use of age-appropriate materials that are medically accurate in explaining transmission modes, risks, symptoms, and treatments for sexually transmitted infections, including HIV and HPV;

(8) provide instruction and promote use of age-appropriate materials that address varied societal views on sexuality, sexual behaviors, pregnancy, and sexually transmitted infections, including HIV and HPV, in an age-appropriate manner;

(9) provide instruction and promote use of age-appropriate materials that provide information about the effectiveness and safety of all FDA-approved methods for preventing and reducing risk for unintended pregnancy and sexually transmitted infections, including HIV and HPV;

(10) provide instruction and promote use of age-appropriate materials that provide instruction in skills for making and implementing responsible decisions about sexuality;

(11) provide instruction and promote use of age-appropriate materials that provide instruction in skills for making and implementing responsible decisions about finding and using health services; and

(12) provide instruction and promote use of age-appropriate materials that do not teach or promote religious doctrine or bias against a religion or reflect or promote bias against any person on the basis of any category protected under the Minnesota Human Rights Act, chapter 363A.

Sec. 17. Minnesota Statutes 2006, section 122A.16, is amended to read:

122A.16 HIGHLY QUALIFIED TEACHER DEFINED.

(a) A qualified teacher is one holding a valid license, under this chapter, to perform the particular service for which the teacher is employed in a public school.

(b) For the purposes of the federal No Child Left Behind Act, a highly qualified teacher ~~is one who holds a valid license under this chapter to perform the particular service for which the teacher is employed in a public school or who meets the requirements of a highly objective uniform state standard of evaluation (HOUSSE)~~ means a teacher who:

(1) has obtained full state certification or passed the state teacher licensing examination and holds a license to teach in the state;

(2) does not have certification or licensure requirements waived on an emergency, temporary, or provisional basis;

(3) holds a minimum of a bachelor's degree; and

(4) has demonstrated subject matter competency in core academic subjects.

~~All Minnesota teachers teaching in a core academic subject area, as defined by the federal No Child Left Behind Act, in which they are not fully licensed may complete the following HOUSSE process in the core subject area for which the teacher is requesting highly qualified status by completing an application, in the form and manner described by the commissioner, that includes:~~

~~(1) documentation of student achievement as evidenced by norm-referenced test results that are objective and psychometrically valid and reliable;~~

~~(2) evidence of local, state, or national activities, recognition, or awards for professional contribution to achievement;~~

~~(3) description of teaching experience in the teachers' core subject area in a public school under a waiver, variance, limited license or other exception; nonpublic school; and postsecondary institution;~~

~~(4) test results from the Praxis II content test;~~

~~(5) evidence of advanced certification from the National Board for Professional Teaching Standards;~~

~~(6) evidence of the successful completion of course work or pedagogy courses; and~~

~~(7) evidence of the successful completion of high quality professional development activities.~~

~~Districts must assign a school administrator to serve as a HOUSSE reviewer to meet with teachers under this paragraph and, where appropriate, certify the teachers' applications. Teachers satisfy the definition of highly qualified when the teachers receive at least 100 of the total number of points used to measure the teachers' content expertise under clauses (1) to (7). Teachers may acquire up to 50 points only in any one clause (1) to (7). Teachers may use the HOUSSE process to satisfy the definition of highly qualified for more than one subject area.~~

~~(c) Achievement of the HOUSSE criteria is not equivalent to a license. A teacher must obtain permission from the Board of Teaching in order to teach in a public school. Subject matter competency to meet federal highly qualified teacher requirements is determined by the state.~~

Sec. 18. Minnesota Statutes 2006, section 122A.18, is amended by adding a subdivision to read:

Subd. 2c. **Determining passing scores.** The passing score on the examination of skills in reading, writing, and mathematics required as a condition of granting an initial teaching license under subdivision 2, paragraph (b), is the passing score in effect at the time the person takes the examination and not the time the person applies for the initial teaching license.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to all persons enrolled in a teacher preparation program on that date and later.

Sec. 19. Minnesota Statutes 2006, section 122A.20, subdivision 1, is amended to read:

Subdivision 1. **Grounds for revocation, suspension, or denial.** (a) The Board of Teaching or Board of School Administrators, whichever has jurisdiction over a teacher's licensure, may, on the written complaint of the school board employing a teacher, a teacher organization, or any other interested person, refuse to issue, refuse to renew, suspend, or revoke a teacher's license to teach for any of the following causes:

(1) immoral character or conduct;

(2) failure, without justifiable cause, to teach for the term of the teacher's contract;

(3) gross inefficiency or willful neglect of duty;

(4) failure to meet licensure requirements; or

(5) fraud or misrepresentation in obtaining a license.

The written complaint must specify the nature and character of the charges.

(b) The Board of Teaching or Board of School Administrators, whichever has jurisdiction over a teacher's licensure, shall refuse to issue, refuse to renew, or automatically revoke a teacher's license to teach without the right to a hearing upon receiving a certified copy of a conviction showing that the teacher has been convicted of child abuse, as defined in section 609.185, ~~or~~ sexual abuse under section 609.342, 609.343, 609.344, 609.345, 609.3451, subdivision 3, or 617.23, subdivision 3, ~~or~~ using minors in a sexual performance under section 617.246, or possessing pornographic works involving a minor under section 617.247, or under a similar law of another state or the United States. The board shall send notice of this licensing action to the district in which the teacher is currently employed.

(c) A person whose license to teach has been revoked, not issued, or not renewed under paragraph (b), may petition the board to reconsider the licensing action if the person's conviction for child abuse or sexual abuse is reversed by a final decision of the Court of Appeals or the Supreme Court or if the person has received a pardon for the offense. The petitioner shall attach a certified copy of the appellate court's final decision or the pardon to the petition. Upon receiving the petition and its attachment, the board shall schedule and hold a disciplinary hearing on the matter under section 214.10, subdivision 2, unless the petitioner waives the right to a hearing. If the board finds that, notwithstanding the reversal of the petitioner's criminal conviction or the issuance of a pardon, the petitioner is disqualified from teaching under paragraph (a), clause (1), the board shall affirm its previous licensing action. If the board finds that the petitioner is not disqualified from teaching under paragraph (a), clause (1), it shall reverse its previous licensing action.

(d) For purposes of this subdivision, the Board of Teaching is delegated the authority to suspend or revoke coaching licenses.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 20. Minnesota Statutes 2006, section 122A.414, subdivision 1, is amended to read:

Subdivision 1. **Restructured pay system.** A restructured alternative teacher professional pay system that may include experience and educational credits is established under subdivision 2 to provide incentives to encourage teachers to improve their knowledge and instructional skills in order to improve student learning and for school districts, intermediate school districts, and charter schools to recruit and retain highly qualified teachers, encourage highly qualified teachers to undertake challenging assignments, and support teachers' roles in improving students' educational achievement.

EFFECTIVE DATE. This section is effective for the 2007-2008 school year and later.

Sec. 21. Minnesota Statutes 2006, section 122A.414, subdivision 2, is amended to read:

Subd. 2. **Alternative teacher professional pay system.** (a) To participate in this program, a school district, intermediate school district, school site, or charter school must have an educational improvement plan under section 122A.413 and an alternative teacher professional pay system agreement under paragraph (b). A charter school participant also must comply with subdivision 2a.

(b) The alternative teacher professional pay system agreement must:

(1) describe how teachers can achieve career advancement and additional compensation;

(2) describe how the school district, intermediate school district, school site, or charter school will provide teachers with career advancement options that allow teachers to retain primary roles in student instruction and facilitate site-focused professional development that helps other teachers improve their skills;

(3) reform the "steps and lanes" salary schedule, prevent any teacher's compensation paid before implementing the pay system from being reduced as a result of participating in this system, and base at least 60 percent of any compensation increase funded by alternative compensation revenue on teacher performance using:

(i) schoolwide student achievement gains under section 120B.35 or locally selected standardized assessment outcomes, or both;

(ii) measures of student achievement; and

(iii) an objective evaluation program that includes:

(A) individual teacher evaluations aligned with the educational improvement plan under section 122A.413 and the staff development plan under section 122A.60; and

(B) objective evaluations using multiple criteria conducted by a locally selected and periodically trained evaluation team that understands teaching and learning;

(4) provide integrated ongoing site-based professional development activities to improve instructional skills and learning that are aligned with student needs under section 122A.413, consistent with the staff development plan under section 122A.60 and led during the school day by trained teacher leaders such as master or mentor teachers;

(5) allow any teacher in a participating school district, intermediate school district, school site, or charter school that implements an alternative pay system to participate in that system without any quota or other limit; and

(6) encourage collaboration rather than competition among teachers.

EFFECTIVE DATE. This section is effective for the 2007-2008 school year and later.

Sec. 22. Minnesota Statutes 2006, section 122A.415, subdivision 1, is amended to read:

Subdivision 1. **Revenue amount.** (a) A school district, intermediate school district, school site, or charter school that meets the conditions of section 122A.414 and submits an application approved by the commissioner is eligible for alternative teacher compensation revenue.

(b) For school district and intermediate school district applications, the commissioner must consider only those applications to participate that are submitted jointly by a district and the exclusive representative of the teachers. The application must contain an alternative teacher professional pay system agreement that:

(1) implements an alternative teacher professional pay system consistent with section 122A.414; and

(2) is negotiated and adopted according to the Public Employment Labor Relations Act under chapter 179A, except that notwithstanding section 179A.20, subdivision 3, a district may enter into a contract for a term of two or four years.

Alternative teacher compensation revenue for a qualifying school district or site in which the school board and the exclusive representative of the teachers agree to place teachers in the district or at the site on the alternative teacher professional pay system equals \$260 times the number of pupils enrolled at the district or site on October 1 of the previous fiscal year. Alternative teacher compensation revenue for a qualifying intermediate school district must be calculated under section 126C.10, subdivision 34, ~~paragraphs (a) and (b)~~ paragraph (c).

(c) For a newly combined or consolidated district, the revenue shall be computed using the sum of pupils enrolled on October 1 of the previous year in the districts entering into the combination or consolidation. The commissioner may adjust the revenue computed for a site using prior year data to reflect changes attributable to school closings, school openings, or grade level reconfigurations between the prior year and the current year.

(d) The revenue is available only to school districts, intermediate school districts, school sites, and charter schools that fully implement an alternative teacher professional pay system by October 1 of the current school year.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 23. Minnesota Statutes 2006, section 122A.60, subdivision 3, is amended to read:

Subd. 3. **Staff development outcomes.** The advisory staff development committee must adopt a staff development plan for improving student achievement. The plan must be consistent with education outcomes that the school board determines. The plan must include ongoing staff development activities that contribute toward continuous improvement in achievement of the following goals:

(1) improve student achievement of state and local education standards in all areas of the curriculum by using best practices methods;

(2) effectively meet the needs of a diverse student population, including at-risk children, children with disabilities, and gifted children, within the regular classroom and other settings;

(3) provide an inclusive curriculum for a racially, ethnically, and culturally diverse student population that is consistent with the state education diversity rule and the district's education diversity plan;

(4) improve staff collaboration and develop mentoring and peer coaching programs for teachers new to the school or district;

(5) effectively teach and model violence prevention policy and curriculum that address early intervention alternatives, issues of harassment, and teach nonviolent alternatives for conflict resolution; ~~and~~

(6) provide teachers and other members of site-based management teams with appropriate management and financial management skills; and

(7) improve and increase teachers' knowledge of the academic subjects they teach.

Sec. 24. Minnesota Statutes 2006, section 122A.61, subdivision 1, is amended to read:

Subdivision 1. **Staff development revenue.** A district is required to reserve an amount equal to at least two percent of the basic revenue under section 126C.10, subdivision 2, for in-service education for programs under section 120B.22, subdivision 2, for staff development plans, including plans for challenging instructional activities and experiences under section 122A.60, and for curriculum development and programs, other in-service education, teachers' workshops, teacher conferences, the cost of substitute teachers staff development purposes, preservice and in-service education for special education professionals and paraprofessionals, higher education courses and programs in teachers' areas of licensure, and other related costs for staff development efforts. A district may annually waive the requirement to reserve their basic revenue under this section if a majority vote of the licensed teachers in the district and a majority vote of the school board agree to a resolution to waive the requirement. A district in statutory operating debt is exempt from reserving basic revenue according to this section. Districts may expend an additional amount of unreserved revenue for staff development based on their needs. With the exception of amounts reserved for staff development from revenues allocated directly to school sites, the board must initially

allocate 50 percent of the reserved revenue to each school site in the district on a per teacher basis, which must be retained by the school site until used. The board may retain 25 percent to be used for district wide staff development efforts. The remaining 25 percent of the revenue must be used to make grants to school sites for best practices methods. A grant may be used for any purpose authorized under section 120B.22, subdivision 2, 122A.60, or for the costs of curriculum development and programs, other in-service education, teachers' workshops, teacher conferences, substitute teachers for staff development purposes, and other staff development efforts, and determined by the site professional development team. The site professional development team must demonstrate to the school board the extent ~~to which that~~ staff at the site have met the outcomes of the program. The board may withhold a portion of initial allocation of revenue if the staff development outcomes are not being met.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 25. **[122A.633] SCHOLAR LOANS TO PREPARE TEACHERS OF COLOR.**

Subdivision 1. **Establishment; definitions.** (a) A scholar loan program is established to encourage academically talented postsecondary students of color to become teachers of early childhood, elementary, or secondary education.

(b) For the purposes of this section, the following terms have the meanings given them:

(1) "student of color" means a student who is African American, American Indian, Alaskan native, Asian American or Pacific Islander, or Hispanic; and

(2) "director" means the director of the Minnesota Office of Higher Education.

Subd. 2. **Eligibility.** To be eligible for a scholar loan, a student of color must:

(1) be an American citizen residing in Minnesota;

(2) be registered as a junior or senior in a Minnesota public or private postsecondary institution and enrolled in a teacher preparation program approved by the Board of Teaching at that postsecondary institution;

(3) be making satisfactory progress towards a baccalaureate degree with a major in education;

(4) agree to teach in a Minnesota school district with a student of color population of at least 15 percent or a desegregation/integration plan approved by the commissioner of education; and

(5) meet academic criteria specified by the director in consultation with the commissioner.

Subd. 3. **Application process; awarding scholar loans.** (a) The director, in consultation with the commissioner of education, shall award scholar loans to eligible students of color. A student of color must submit an application for a scholar loan to the director in the form and manner determined by the director in consultation with the commissioner. The application must include the criteria in subdivision 2 and any other information required by the director.

(b) A student of color may receive scholar loans for two consecutive academic years if the student of color remains enrolled full time in a teacher preparation program and continues to make satisfactory progress toward the baccalaureate degree. For each academic year, a loan may not exceed the lesser of the cost of tuition, fees, books, and on-campus housing, if applicable, or a maximum amount of \$10,000. The director must award ten percent of the scholar loans to students of color who transfer from a Minnesota public community or technical college to a Minnesota public or private college or university with an approved teacher preparation program.

(c) The director must spend up to five percent of any appropriation for promotion of the scholar loan program, recruitment of students of color to the program, and retention and mentoring of students of color while attending a teacher preparation program and teaching in an eligible Minnesota public school under subdivision 2, clause (4). The director must consult with the commissioner to consider the use of existing state programs, as appropriate, to provide the services under this paragraph.

Subd. 4. **Loan forgiveness; deferral; repayment.** (a) A scholar loan may be forgiven if a recipient is employed as a teacher under section 122A.40 or 122A.41 in an eligible school under subdivision 2, clause (4). The director shall forgive up to \$2,500 of the principal of the outstanding loan amount for successful completion of each school year of full-time teaching up to four school years of teaching in an eligible school or a pro rata amount of the principal for eligible employment during part of a school year, part-time employment as a substitute, or other part-time teaching.

(b) If there is no eligible employment available, the director may grant an exemption from the 15 percent district student of color teaching requirement or a deferral from payment of principal and interest on the loan. The director may also grant a deferral of payment of principal and interest on the loan during any time period the recipient is enrolled at least one-half time in an advanced degree program in a field that leads to employment by a school district. The recipient shall apply for a loan deferral by submitting written notification to the director in a form and manner established by the director.

(c) A recipient with an outstanding scholar loan amount who is not having the loan forgiven under paragraph (a) or deferred under paragraph (b) must repay the principal of the loan plus interest at the rate of six percent. The interest rate must begin accruing the first day of the first month following the last month of the period of forgiveness or deferral. Interest does not accrue during the period of forgiveness or deferral.

(d) The director shall establish repayment procedures for scholar loans including, at least, variable repayment schedules consistent with the need and anticipated income streams of loan recipients. The repayment period begins the first day of the first month after:

(1) the recipient terminates full-time enrollment in an approved teacher preparation program;

(2) the recipient completes an approved teacher preparation program and does not teach in an eligible school under subdivision 2, clause (4), or have an exemption under paragraph (b);

(3) the period of forgiveness under paragraph (a) ends; or

(4) the period of deferral under paragraph (b) ends.

Subd. 5. **Revolving fund.** The scholar loan repayment revolving account is established in the state treasury. Any amounts repaid by a loan recipient shall be deposited in the account. All money in the account is annually appropriated to the director for the purposes of the scholar loan program under this section.

Sec. 26. Minnesota Statutes 2006, section 122A.72, subdivision 5, is amended to read:

Subd. 5. **Center functions.** (a) A teacher center shall perform functions according to this subdivision. The center shall assist teachers, diagnose learning needs, experiment with the use of multiple instructional approaches, assess pupil outcomes, assess staff development needs and plans, and teach school personnel about effective pedagogical approaches. The center shall develop and produce curricula and curricular materials designed to meet the educational needs of pupils being served, by applying educational research and new and improved methods, practices, and techniques. The center shall provide programs to improve the skills of teachers to meet the special educational needs of pupils. The center shall provide programs to familiarize teachers with developments in

curriculum formulation and educational research, including how research can be used to improve teaching skills. The center shall facilitate sharing of resources, ideas, methods, and approaches directly related to classroom instruction and improve teachers' familiarity with current teaching materials and products for use in their classrooms. The center shall provide in-service programs.

(b) Each teacher center must provide a professional development program to train interested and highly qualified elementary, middle, and secondary teachers, selected by the employing school district, to assist other teachers in that district with mathematics and science curriculum, standards, and instruction so that all teachers have access to:

(1) high quality professional development programs in mathematics and science that address curriculum, instructional methods, alignment of standards, and performance measurements, enhance teacher and student learning, and support state mathematics and science standards; and

(2) research-based mathematics and science programs and instructional models premised on best practices that inspire teachers and students and have practical classroom application.

EFFECTIVE DATE. This section is effective for the 2007-2008 school year and later.

Sec. 27. **[122A.95] VETERAN'S DAY RECOGNITION.**

(a) Every independent, special, and common school district and every charter school shall honor the federal Veteran's Day holiday by:

(1) granting to each staff member who is a veteran the option of using Veteran's Day as a personal leave day; and

(2) if the school district or school is open and providing instruction on Veteran's Day, instructing the students about Veteran's Day and the significance to our nation of the service provided by veterans. The instruction must be given in each school for at least 30 minutes or one school period, whichever is longer.

(b) In recognition of the educational value of observing Veteran's Day and honoring the service provided by all our veterans, Minnesota institutions, organizations, and other entities are encouraged to honor the federal Veteran's Day holiday by granting to each employee who is a veteran a day off with pay on that holiday.

Sec. 28. Minnesota Statutes 2006, section 123B.02, is amended by adding a subdivision to read:

Subd. 16a. **Membership in economic development, community, and civic organizations.** The board may authorize payment of a district administrator's membership fee to local economic development associations or other community or civic organizations.

Sec. 29. Minnesota Statutes 2006, section 123B.03, subdivision 3, is amended to read:

Subd. 3. **Definitions.** For purposes of this section:

(a) "School" means a school as defined in section 120A.22, subdivision 4, except a home school, and includes a school receiving tribal contract or grant school aid under section 124D.83; school, for the purposes of this section, also means a service cooperative, a special education cooperative, or an education district under Minnesota Statutes 1997 Supplement, section 123.35, a charter school under section 124D.10, and a joint powers district under section 471.59.

(b) "School hiring authority" means the school principal or other person having general control and supervision of the school.

(c) "Security violations" means the failure to prevent or failure to institute safeguards to prevent access, use, retention, or dissemination of information in violation of the security and management control outsourcing standard.

Sec. 30. Minnesota Statutes 2006, section 123B.03, is amended by adding a subdivision to read:

Subd. 4. Third-party handling of criminal history record information. (a) For purposes of this section, a school hiring authority may contract with a third party to conduct background checks required in subdivision 1. Prior to engaging in the contract the school hiring authority shall:

(1) request and receive written permission from the state compact officer as defined in section 299C.58, article I, paragraph (2), item (B);

(2) provide the state compact officer a copy of the contract; and

(3) inquire of the state compact officer whether a prospective contractor has any security violations.

(b) The contract shall specifically describe the purposes for which the background check information may be made available, consistent with applicable data practices law, and shall incorporate by reference a security and management control outsourcing standard approved by the state compact officer.

Sec. 31. Minnesota Statutes 2006, section 123B.37, subdivision 1, is amended to read:

Subdivision 1. Boards shall not charge certain fees. (a) A board is not authorized to charge fees in the following areas:

(1) textbooks, workbooks, art materials, laboratory supplies, towels;

(2) supplies necessary for participation in any instructional course except as authorized in sections 123B.36 and 123B.38;

(3) field trips that are required as a part of a basic education program or course;

(4) graduation caps, gowns, any specific form of dress necessary for any educational program, and diplomas;

(5) instructional costs for necessary school personnel employed in any course or educational program required for graduation;

(6) library books required to be utilized for any educational course or program;

(7) admission fees, dues, or fees for any activity the pupil is required to attend;

(8) any admission or examination cost for any required educational course or program;

(9) locker rentals;

(10) transportation to and from school of pupils living two miles or more from school.

(b) Notwithstanding paragraph (a), clauses (1) and (6), a board may charge fees for textbooks, workbooks, and library books, lost or destroyed by students. The board must annually notify parents or guardians and students about its policy to charge a fee under this paragraph.

(c) A school board must not charge a fee to a person serving in active military service under section 190.05, subdivision 5, who requests that the school district or charter school transmit a copy of the person's transcript to a postsecondary institution or prospective employer. The school district or charter school may request reasonable proof of the service member's current military duty status.

Sec. 32. **[123B.485] NONPUBLIC SCHOOL TRANSCRIPTS.**

A nonpublic school that receives services or aid under sections 123B.40 to 123B.48 must not charge a fee to a person serving in active military service under section 190.05, subdivision 5, who requests that the nonpublic school transmit a copy of the person's transcript to a postsecondary institution or prospective employer. The nonpublic school may request reasonable proof of the service member's current military status.

Sec. 33. Minnesota Statutes 2006, section 123B.92, subdivision 3, is amended to read:

Subd. 3. **Alternative attendance programs.** (a) A district that enrolls nonresident pupils in programs under sections 124D.03, 124D.06, 124D.08, 123A.05 to 123A.08, and 124D.68, must provide authorized transportation to the pupil within the attendance area for the school that the pupil attends at the same level of service that is provided to resident pupils within the attendance area. The resident district need not provide or pay for transportation between the pupil's residence and the district's border.

(b) A district may provide transportation to allow a student who attends a high-need English language learner program and who resides within the transportation attendance area of the program to continue in the program until the student completes the highest grade level offered by the program.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 34. **[124D.091] CONCURRENT ENROLLMENT PROGRAM AID.**

Subdivision 1. **Accreditation.** To establish a uniform standard by which concurrent enrollment courses and professional development activities may be measured, postsecondary institutions are encouraged to apply for accreditation by the National Alliance of Concurrent Enrollment Partnership.

Subd. 2. **Eligibility.** A district that offers a concurrent enrollment course according to an agreement under section 124D.09, subdivision 10, is eligible to receive aid for the costs of providing postsecondary courses at the high school. Beginning in fiscal year 2011, districts only are eligible for aid if the college or university concurrent enrollment courses offered by the district are accredited by the National Alliance of Concurrent Enrollment Partnership, in the process of being accredited, or are shown by clear evidence to be of comparable standard to accredited courses.

Subd. 3. **Aid.** An eligible district shall receive \$150 per pupil enrolled in a concurrent enrollment course. The money must be used to defray the cost of delivering the course at the high school. The commissioner shall establish application procedures and deadlines for receipt of aid payments.

Sec. 35. Minnesota Statutes 2006, section 124D.095, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For purposes of this section, the following terms have the meanings given them.

(a) "Online learning" is an interactive course or program that delivers instruction from a teacher to a student by computer; is combined with other traditional delivery methods that include frequent student assessment and may include actual teacher contact time; and meets or exceeds state academic standards.

(b) "Online learning provider" is a school district, an intermediate school district, an organization of two or more school districts operating under a joint powers agreement, or a charter school located in Minnesota that provides online learning to students.

(c) "Student" is a Minnesota resident enrolled in a school under section 120A.22, subdivision 4, in kindergarten through grade 12.

(d) "Online learning student" is a student enrolled in an online learning course or program delivered by an online provider under paragraph (b).

(e) "Enrolling district" means the school district or charter school in which a student is enrolled under section 120A.22, subdivision 4, for purposes of compulsory attendance.

(f) "Supplemental online learning" means an online course taken in place of a course period during the regular school day at a local district school.

(g) "Full-time online provider" means an enrolling school authorized by the department to deliver comprehensive public education at any or all of the elementary, middle, or high school levels.

Sec. 36. Minnesota Statutes 2006, section 124D.095, subdivision 3, is amended to read:

Subd. 3. **Authorization; notice; limitations on enrollment.** (a) A student may apply ~~to an online learning provider to enroll in online learning~~ for full-time enrollment in an approved online learning program under section 124D.03, 124D.08 or 124D.10, or for supplemental online learning. Notwithstanding sections 124D.03, 124D.08, and 124D.10, procedures for enrolling in online learning shall be as provided in this subdivision. A student age 17 or younger must have the written consent of a parent or guardian to apply. No school district or charter school may prohibit a student from applying to enroll in online learning. ~~An online learning provider that accepts a student under this section must, within ten days, notify the student and the enrolling district if the enrolling district is not the online learning provider. The notice must report the student's course or program and hours of instruction. In order that a student may enroll in online learning, the student and the student's parents must submit an application to the online learning provider and identify the reason for enrolling in online learning. The online learning provider that accepts a student under this section must within ten days notify the student and the enrolling district in writing if the enrolling district is not the online learning provider. The student and family must notify the online learning provider of their intent to enroll in online learning within ten days of acceptance, at which time the student and parent must sign a statement of assurance that they have reviewed the online course or program and understand the expectations of online learning enrollment. The online learning provider must notify the enrolling district of the student's enrollment in online learning in writing on a form provided by the department.~~

(b) Supplemental online learning notification to the enrolling district upon student enrollment in the online learning program will include the courses or program, credits to be awarded, the start date of online enrollment, and confirmation that the courses will meet the student's graduation plan. A student may enroll in supplemental online learning courses up to the midpoint of the enrolling district's term. The enrolling district may waive this requirement for special circumstances and upon acceptance by the online provider.

~~(b) An online learning student must notify the enrolling district at least 30 days before taking an online learning course or program if the enrolling district is not providing the online learning. (c) An online learning provider must notify the commissioner that it is delivering online learning and report the number of online learning students it is accepting and the online learning courses and programs it is delivering.~~

~~(e)~~ (d) An online learning provider may limit enrollment if the provider's school board or board of directors adopts by resolution specific standards for accepting and rejecting students' applications.

~~(d)~~ (e) An enrolling district may reduce an online learning student's regular classroom instructional membership in proportion to the student's membership in online learning courses.

Sec. 37. Minnesota Statutes 2006, section 124D.095, subdivision 4, is amended to read:

Subd. 4. **Online learning parameters.** (a) An online learning student must receive academic credit for completing the requirements of an online learning course or program. Secondary credits granted to an online learning student must be counted toward the graduation and credit requirements of the enrolling district. An online learning provider must make available to the enrolling district the course syllabus, standard alignment, content outline, assessment requirements, and contact information for supplemental online courses taken by students in the enrolling district. The enrolling district must apply the same graduation requirements to all students, including online learning students, and must continue to provide nonacademic services to online learning students. If a student completes an online learning course or program that meets or exceeds a graduation standard or grade progression requirement at the enrolling district, that standard or requirement is met. The enrolling district must use the same criteria for accepting online learning credits or courses as it does for accepting credits or courses for transfer students under section 124D.03, subdivision 9. The enrolling district may reduce the ~~teacher-contact time~~ course schedule of an online learning student in proportion to the number of online learning courses the student takes from an online learning provider that is not the enrolling district.

(b) An online learning student may:

(1) enroll in supplemental online learning courses during a single school year in a maximum of 12 semester-long courses or their equivalent delivered by an online learning provider or the enrolling district to a maximum of 50 percent of the student's full schedule of courses per term. A student may exceed the supplemental online learning registration limit if the enrolling district grants permission for supplemental online learning enrollment above the limit, or if an agreement is made between the enrolling district and the online learning provider for instructional services;

(2) complete course work at a grade level that is different from the student's current grade level; and

(3) enroll in additional courses with the online learning provider under a separate agreement that includes terms for payment of any tuition or course fees.

(c) An online learning student has the same access to the computer hardware and education software available in a school as all other students in the enrolling district. An online learning provider must assist an online learning student whose family qualifies for the education tax credit under section 290.0674 to acquire computer hardware and educational software for online learning purposes.

(d) An enrolling district may offer online learning to its enrolled students. Such online learning does not generate online learning funds under this section. An enrolling district that offers online learning only to its enrolled students is not subject to the reporting requirements or review criteria under subdivision 7. A teacher with a Minnesota license must assemble and deliver instruction to enrolled students receiving online learning from an enrolling district. The delivery of instruction occurs when the student interacts with the computer or the teacher and receives ongoing assistance and assessment of learning. The instruction may include curriculum developed by persons other than a teacher with a Minnesota license.

(e) An online learning provider that is not the enrolling district is subject to the reporting requirements and review criteria under subdivision 7. A teacher with a Minnesota license must assemble and deliver instruction to online learning students. The delivery of instruction occurs when the student interacts with the computer or the teacher and receives ongoing assistance and assessment of learning. The instruction may include curriculum developed by persons other than a teacher with a Minnesota license. Unless the commissioner grants a waiver, a teacher providing online learning instruction must not instruct more than 40 students in any one online learning course or program.

(f) To enroll in more than 50 percent of the student's full schedule of courses per term in online learning, the student must qualify to exceed the supplemental online learning registration limit under paragraph (b) or apply for enrollment to an approved full-time online learning program following appropriate procedures in subdivision 3, paragraph (a). Full-time online learning students may enroll in classes at a local school per contract for instructional services between the online learning provider and the school district.

Sec. 38. Minnesota Statutes 2006, section 124D.095, subdivision 7, is amended to read:

Subd. 7. **Department of Education.** (a) The department must review and certify online learning providers. The online learning courses and programs must be rigorous, aligned with state academic standards, and contribute to grade progression in a single subject. Online learning providers must ~~affirm~~ demonstrate to the commissioner that online learning courses have equivalent standards or instruction, curriculum, and assessment requirements as other courses offered to enrolled students. The online learning provider must also demonstrate expectations for actual teacher contact time or other student-to-teacher communication. Once an online learning provider is approved under this paragraph, all of its online learning course offerings are eligible for payment under this section unless a course is successfully challenged by an enrolling district or the department under paragraph (b).

(b) An enrolling district may challenge the validity of a course offered by an online learning provider. The department must review such challenges based on the certification procedures under paragraph (a). The department may initiate its own review of the validity of an online learning course offered by an online learning provider.

(c) The department may collect a fee not to exceed \$250 for certifying online learning providers or \$50 per course for reviewing a challenge by an enrolling district.

(d) The department must develop, publish, and maintain a list of approved online learning providers and online learning courses and programs that it has reviewed and certified.

Sec. 39. Minnesota Statutes 2006, section 124D.10, subdivision 4, is amended to read:

Subd. 4. **Formation of school.** (a) A sponsor may authorize one or more licensed teachers under section 122A.18, subdivision 1, to operate a charter school subject to approval by the commissioner. A board must vote on charter school application for sponsorship no later than 90 days after receiving the application. ~~After 90 days, the applicant may apply to the commissioner. If a board elects not to sponsor a charter school, the applicant may appeal the board's decision to the commissioner who may elect to assist the applicant in finding an eligible sponsor.~~ The school must be organized and operated as a cooperative under chapter 308A or nonprofit corporation under chapter 317A and the provisions under the applicable chapter shall apply to the school except as provided in this section. Notwithstanding sections 465.717 and 465.719, a school district may create a corporation for the purpose of creating a charter school.

(b) Before the operators may form and operate a school, the sponsor must file an affidavit with the commissioner stating its intent to authorize a charter school. The affidavit must state the terms and conditions under which the sponsor would authorize a charter school and how the sponsor intends to oversee the fiscal and student performance of the charter school and to comply with the terms of the written contract between the sponsor and the charter school board of directors under subdivision 6. The commissioner must approve or disapprove the sponsor's proposed authorization within 90 days of receipt of the affidavit. Failure to obtain commissioner approval precludes a sponsor from authorizing the charter school that was the subject of the affidavit.

(c) The operators authorized to organize and operate a school, before entering into a contract or other agreement for professional or other services, goods, or facilities, must incorporate as a cooperative under chapter 308A or as a nonprofit corporation under chapter 317A and must establish a board of directors composed of at least five members until a timely election for members of the charter school board of directors is held according to the school's articles

and bylaws. A charter school board of directors must be composed of at least five members. Any staff members who are employed at the school, including teachers providing instruction under a contract with a cooperative, and all parents of children enrolled in the school may participate in the election for members of the school's board of directors. Licensed teachers employed at the school, including teachers providing instruction under a contract with a cooperative, must be a majority of the members of the board of directors before the school completes its third year of operation, unless the commissioner waives the requirement for a majority of licensed teachers on the board. Board of director meetings must comply with chapter 13D.

(d) The granting or renewal of a charter by a sponsoring entity must not be conditioned upon the bargaining unit status of the employees of the school.

(e) A sponsor may authorize the operators of a charter school to expand the operation of the charter school to additional sites or to add additional grades at the school beyond those described in the sponsor's application as approved by the commissioner only after submitting a supplemental application to the commissioner in a form and manner prescribed by the commissioner. The supplemental application must provide evidence that:

- (1) the expansion of the charter school is supported by need and projected enrollment;
- (2) the charter school is fiscally sound;
- (3) the sponsor supports the expansion; and
- (4) the building of the additional site meets all health and safety requirements to be eligible for lease aid.

(f) The commissioner annually must provide timely financial management training to newly elected members of a charter school board of directors and ongoing training to other members of a charter school board of directors. Training must address ways to:

- (1) proactively assess opportunities for a charter school to maximize all available revenue sources;
- (2) establish and maintain complete, auditable records for the charter school;
- (3) establish proper filing techniques;
- (4) document formal actions of the charter school, including meetings of the charter school board of directors;
- (5) properly manage and retain charter school and student records;
- (6) comply with state and federal payroll record-keeping requirements; and
- (7) address other similar factors that facilitate establishing and maintaining complete records on the charter school's operations.

Sec. 40. Minnesota Statutes 2006, section 124D.10, subdivision 23a, is amended to read:

Subd. 23a. **Related party lease costs.** (a) A charter school is prohibited from entering a lease of real property with a related party as defined in ~~this~~ subdivision 26, unless the lessor is a nonprofit corporation under chapter 317A or a cooperative under chapter 308A, and the lease cost is reasonable under section 124D.11, subdivision 4, clause (1).

(b) For purposes of this ~~subdivision~~ section and section 124D.11:

(1) A "related party" is an affiliate or close relative of the other party in question, an affiliate of a close relative, or a close relative of an affiliate.

(2) "Affiliate" means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, another person.

(3) "Close relative" means an individual whose relationship by blood, marriage, or adoption to another individual is no more remote than first cousin.

(4) "Person" means an individual or entity of any kind.

(5) "Control" includes the terms "controlling," "controlled by," and "under common control with" and means the possession, direct or indirect, of the power to direct or cause the direction of the management, operations, or policies of a person, whether through the ownership of voting securities, by contract, or otherwise.

(c) A lease of real property to be used for a charter school, not excluded in paragraph ~~(b)~~ (a), must contain the following statement: "This lease is subject to Minnesota Statutes, section 124D.10, subdivision 23a."

(d) If a charter school enters into as lessee a lease with a related party and the charter school subsequently closes, the commissioner has the right to recover from the lessor any lease payments in excess of those that are reasonable under section 124D.11, subdivision 4, clause (1).

Sec. 41. Minnesota Statutes 2006, section 124D.10, subdivision 24, is amended to read:

Subd. 24. **Pupil enrollment upon nonrenewal or termination of charter school contract.** If a contract is not renewed or is terminated according to subdivision 23, a pupil who attended the school, siblings of the pupil, or another pupil who resides in the same place as the pupil may enroll in the resident district or may submit an application to a nonresident district according to section 124D.03 at any time. Applications and notices required by section 124D.03 must be processed and provided in a prompt manner. The application and notice deadlines in section 124D.03 do not apply under these circumstances. The closed charter school must transfer the student's educational records within ten business days of closure to the student's school district of residence where the records must be retained or transferred under section 120A.22, subdivision 7.

Sec. 42. **[124D.645] MULTIRACIAL DIVERSITY.**

(a) Notwithstanding other law or rule to the contrary and in order to effectively meet students' educational needs and foster parents' meaningful participation in their children's education, a school district may apply to the commissioner for a waiver from the requirement to maintain racial balance within a district school if the racial imbalance in that school results from:

(1) the enrollment of protected multiracial students and the proportion of enrolled multiracial students reflects the proportion of multiracial students who reside in the school attendance area or who are enrolled in the grade levels served by the district; or

(2) the enrollment of limited English proficiency students in a transition program that includes an intensive English component.

The commissioner must grant the waiver if the district in which the school is located offers the multiracial students or the limited English proficiency students, as appropriate, the option of enrolling in another school with the requisite racial balance, and the students' parents choose not to pursue that option.

(b) This section is effective for the 2006-2007 through 2010-2011 school years or until amended rules are adopted under Minnesota Rules, chapter 3535, pertaining to racial diversity, whichever comes first.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 43. Minnesota Statutes 2006, section 124D.84, subdivision 1, is amended to read:

Subdivision 1. **Awards.** The commissioner ~~may award~~ shall establish procedures for the distribution of scholarships to any Minnesota resident student who is of one-fourth or more Indian ancestry, who has applied for other existing state and federal scholarship and grant programs, and who, in the opinion of the commissioner, based upon postsecondary institution recommendations, has the capabilities to benefit from further education. Scholarships must be for accredited degree programs in accredited Minnesota colleges or universities or for courses in accredited Minnesota business, technical, or vocational schools. Scholarships may also be given to students attending Minnesota colleges that are in candidacy status for obtaining full accreditation, and are eligible for and receiving federal financial aid programs. Students are also eligible for scholarships when enrolled as students in Minnesota higher education institutions that have joint programs with other accredited higher education institutions. ~~Scholarships shall be used to defray the total cost of education including tuition, incidental fees, books, supplies, transportation, other related school costs and the cost of board and room and shall be paid directly to the college or school concerned where the student receives federal financial aid. The total cost of education includes all tuition and fees for each student enrolling in a public institution and the portion of tuition and fees for each student enrolling in a private institution that does not exceed the tuition and fees at a comparable public institution. Each student shall be awarded a scholarship based on the total cost of the student's education and a federal standardized need analysis after application of federal Pell money, state grant money, and other scholarships. Depending upon students' unmet needs, the Minnesota Indian scholarship program may award up to the current federal Pell grant allowable maximum student award per school year.~~ Applicants are encouraged to apply for all other sources of financial aid.

When an Indian student satisfactorily completes the work required by a certain college or school in a school year the student is eligible for additional scholarships, if additional training is necessary to reach the student's educational and vocational objective. Scholarships may not be given to any Indian student for more than five years of study at the undergraduate level and five years at the graduate level. Students may acquire only one degree per level and one terminal degree.

Sec. 44. **[124D.8955] PARENT AND FAMILY INVOLVEMENT POLICY.**

(a) In order to promote and support student achievement, a local school board must formally adopt and implement a parent and family involvement policy that promotes and supports:

- (1) communication between home and school that is regular, two-way, and meaningful;
- (2) parenting skills;
- (3) parents and caregivers who play an integral role in assisting student learning and learn about fostering students' academic success and learning at home and school;
- (4) welcoming parents in the school and seeking their support and assistance;
- (5) partnerships with parents in the decisions that affect children and families in the schools; and
- (6) providing community resources to strengthen schools, families, and student learning.

(b) The school board must convene an advisory committee composed of an equal number of resident parents who are not district employees and school staff to make recommendations to the board on developing and evaluating the board's parent and family involvement policy. If possible, the advisory committee must represent the diversity of the district. The advisory committee must consider the district's demographic diversity and barriers to parent involvement when developing its recommendations. The advisory committee must present its recommendations to the board for board consideration.

(c) The board must consider best practices when implementing this policy.

(d) The board periodically must review this policy to determine whether it is aligned with the most current research findings on parent involvement policies and practices and how effective the policy is in supporting increased student achievement.

EFFECTIVE DATE. This section is effective January 1, 2008, and later.

Sec. 45. Minnesota Statutes 2006, section 126C.10, subdivision 34, is amended to read:

Subd. 34. **Basic alternative teacher compensation aid.** ~~(a) For fiscal year 2006, the basic alternative teacher compensation aid for a school district or an intermediate school district with a plan approved under section 122A.414, subdivision 2b, equals the alternative teacher compensation revenue under section 122A.415, subdivision 1. The basic alternative teacher compensation aid for a charter school with an approved plan under section 122A.414, subdivision 2b, equals \$260 times the number of pupils enrolled in the school on October 1 of the previous school year, or on October 1 of the current fiscal year for a charter school in the first year of operation.~~

~~(b) For fiscal year 2007 and later, the basic alternative teacher compensation aid for a school district with a plan approved under section 122A.414, subdivision 2b, equals 73.1 percent of the alternative teacher compensation revenue under section 122A.415, subdivision 1. The basic alternative teacher compensation aid for an intermediate school district or a charter school with a plan approved under section 122A.414, subdivisions 2a and 2b, if the recipient is a charter school, equals \$260 times the number of pupils enrolled in the school on October 1 of the previous fiscal year, or on October 1 of the current fiscal year for a charter school in the first year of operation, times the ratio of the sum of the alternative teacher compensation aid and alternative teacher compensation levy for all participating school districts to the maximum alternative teacher compensation revenue for those districts under section 122A.415, subdivision 1.~~

(b) The basic alternative teacher compensation aid for an intermediate school district with a plan approved under section 122A.414, subdivision 2b, equals \$3,800 times the number of licensed teachers teaching in the school on October 1 of the previous fiscal year.

(c) Notwithstanding paragraphs (a) and (b), and section 122A.415, subdivision 1, the state total basic alternative teacher compensation aid entitlement must not exceed \$19,329,000 for fiscal year 2006 and \$75,636,000 for fiscal year 2007 and later. The commissioner must limit the amount of alternative teacher compensation aid approved under section 122A.415 so as not to exceed these limits.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 46. **[135A.104] COLLEGE READINESS.**

(a) The Minnesota State Colleges and Universities must collaborate with the office of educational accountability under section 120B.31, subdivision 3, in determining passing scores on the Minnesota comprehensive assessments in reading and language arts for grade 10 and in mathematics for grade 11 under section 120B.30 so that "passing score" performances on those two assessments represent a student's college readiness. For purposes of this section

and chapter 120B, "college readiness" means that a student who graduates from a public high school is immediately ready to take college courses for college credit in a two-year or a four-year institution within the Minnesota State Colleges and Universities system. The Minnesota State Colleges and Universities also must collaborate with the commissioner of education to develop and implement a statewide plan to communicate the state's expectations for college readiness to all Minnesota high school students no later than the beginning of ninth grade.

(b) The entrance and admission materials that the Minnesota State Colleges and Universities provide to prospective students must clearly indicate the level of academic preparation that students must have in order to be ready to immediately take college courses for college credit in two-year and four-year institutions.

Sec. 47. Laws 2005, First Special Session chapter 5, article 2, section 81, as amended by Laws 2006, chapter 263, article 2, section 20, is amended to read:

Sec. 81. BOARD OF SCHOOL ADMINISTRATORS; RULEMAKING AUTHORITY.

On or before June 30, ~~2007~~ 2008, the Board of School Administrators may adopt rules to reflect the changes in duties, responsibilities, and roles of school administrators under sections 121A.035, 121A.037 and 299F.30, and to make technical revisions and clarifications to Minnesota Rules, chapter 3512.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 48. GRANT PROGRAM TO PROMOTE PROFESSIONAL TEACHING STANDARDS.

Subdivision 1. **Establishment.** A grant program to promote professional teaching standards through the National Board for Professional Teaching Standards is established to provide teachers with the opportunity to receive National Board for Professional Teaching Standards certification and to reward teachers who have already received this certification.

Subd. 2. **Eligibility.** An applicant for a grant must:

(1) be a licensed teacher employed in a Minnesota public school;

(2) have a minimum of five school years' classroom teaching experience; and

(3) demonstrate acceptance by the National Board for Professional Teaching Standards as a candidate for board certification or as a recipient of board certification.

Subd. 3. **Application process.** To obtain a grant to participate in the National Board for Professional Teaching Standards certification process or to receive a reward for already completing the board certification process, a teacher must submit an application to the commissioner of education in the form and manner established by the commissioner. The commissioner shall consult with the Board of Teaching when reviewing the applications. The commissioner shall also provide program support to assist applicants during the national board certification process.

Subd. 4. **Grant awards; proceeds.** (a) The commissioner may award grants of \$1,000 to eligible teachers accepted as candidates for the National Board for Professional Teaching Standards certification or for national board certification renewal for partial payment of the teacher's candidate application fee.

(b) The commissioner shall award grants of \$3,000 to all eligible teacher applicants who hold certification from the National Board for Professional Teaching Standards and \$2,000 for renewal of their national board certification.

(c) The commissioner shall also award grants to eligible teachers who have received National Board for Professional Teaching Standards certification within one year prior to the date of the teacher's application for a grant to use for educational purposes, including purchasing instructional materials, equipment, or supplies, and pursuing professional development opportunities. The commissioner, under this paragraph, may award grants not to exceed \$1,000 after consulting with interested stakeholders regarding the grant amount.

Sec. 49. **EXPERIENCE REQUIREMENTS.**

Any rules adopted by the Board of School Administrators governing principal licensure must require that a person applying for a principal license have at least three years of successful teaching experience gained while holding a classroom teaching license valid for the positions in which the applicant taught.

Sec. 50. **RULEMAKING AUTHORITY.**

The commissioner of education shall adopt rules for implementing and administering the graduation-required assessment for diploma (GRAD) in reading and mathematics and in writing, consistent with Minnesota Statutes, section 120B.30, subdivision 1, and for public review of the GRAD test. The rules must specify the GRAD requirements that apply to students in unique circumstances including dual enrolled students, English language learners, foreign exchange students, home school students, open enrollment students, Minnesota postsecondary enrollment options students, shared-time students, transfer students from other states, and district-placed students and students attending school under a tuition agreement. The rules must establish the criteria for determining individualized GRAD passing scores for students with an individual education plan or a Section 504 plan and for using an alternative assessment when a student's individual education plan team decides to replace the GRAD test.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 51. **RULEMAKING REQUIRED.**

(a) Notwithstanding the time limit in Minnesota Statutes, section 14.125, the Board of Teaching must adopt the rules it was mandated to adopt under Laws 2003, chapter 129, article 1, section 10. The board must publish a notice of intent to adopt rules or a notice of hearing for rules subject to this section before January 1, 2008.

(b) The failure of a board member to comply with paragraph (a) is a willful failure to perform a specific act that is a required part of the duties of a public official and is cause for removal under Minnesota Statutes, section 15.0575, subdivision 4.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 52. **RULEMAKING AUTHORIZED; SUPPLEMENTAL EDUCATION SERVICE PROVIDERS.**

The commissioner of education must amend Minnesota Rules, part 3512.5400, consistent with the requirements under Minnesota Statutes, chapter 14, to include specifications that provide the basis for withdrawing Department of Education approval from supplemental education service providers that fail to increase students' academic proficiency for two consecutive school years. The amended rule also must clearly indicate:

(1) how the Department of Education will disentangle the impact of supplemental education from the impact of regular school instruction on students' academic performance; and

(2) whether the Department of Education will assess effectiveness of the supplemental education service providers using an absolute measure, such as percent of "proficient" students or measure individual students' growth toward proficiency over time.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 53. RULEMAKING AUTHORITY.

(a) The commissioner of education shall adopt rules under Minnesota Statutes, chapter 14, for physical education standards required for high school graduation, consistent with requirements governing Minnesota Statutes, sections 120B.021, subdivision 1, clause (5)(i), and 120B.024, paragraph (a), clause (6), after reviewing the six physical education standards developed by the Department of Education's health and physical education quality teaching network and consulting with interested and qualified stakeholders and members of the public about the proposed substance of the physical education standards.

(b) Consistent with the requirements governing Minnesota Statutes, sections 120B.021, subdivision 1, clause (5)(ii), and 120B.024, paragraph (a), clause (6), the commissioner of education must use the expedited rulemaking process under Minnesota Statutes, section 14.389, to adopt a rule governing physical education standards that contains the six National Physical Education Standards developed by the National Association for Sport and Physical Education requiring a physically educated person to:

(1) demonstrate competency in motor skills and movement patterns needed to perform a variety of physical activities;

(2) demonstrate understanding of movement concepts, principles, strategies, and tactics as they apply to learning and performance of physical activities;

(3) participate regularly in physical education;

(4) achieve and maintain a health-enhancing level of physical fitness;

(5) exhibit responsible personal and social behavior that respects one's self and others in physical activity settings; and

(6) value physical activity for health, enjoyment, challenge, self-expression, and social interaction.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 54. WORLD LANGUAGES RESOURCES.

(a) The commissioner of education shall employ a full-time state coordinator for world languages education within the department by July 1, 2007. The commissioner shall seek advice from the quality teaching network before assigning or hiring the coordinator. The coordinator, at a minimum, shall:

(1) assist charter schools and school districts in planning to develop or enhance their capacity to offer world languages courses and programs;

(2) collaborate with Minnesota world languages professionals and charter schools and school districts and continuously seek their advice in developing all aspects of world languages programs;

(3) survey Minnesota charter schools and school districts to (i) determine the types of existing world languages programs including, among others, those that use information technology to provide high-quality world languages instruction, (ii) identify exemplary model world languages programs, and (iii) identify and address staff development needs of current world languages teachers, preservice teachers, and teacher preparation programs;

(4) identify successful world languages programs in other states;

(5) consult with interested stakeholders to prepare a report for the commissioner of education to submit by February 15, 2008, to the education policy and finance committees of the legislature assessing the feasibility and structure of a statewide world languages graduation requirement under Minnesota Statutes, section 120B.021, subdivision 1; and

(6) beginning February 1, 2008, and until February 1, 2012, report annually to the education policy and finance committees of the legislature on the status of world languages in Minnesota and the programmatic needs identified by charter school and school district surveys, and make recommendations on how to address the identified needs.

(b) After carefully examining existing world languages assessments, including among other considerations the ease or difficulty with which the assessments may be adapted to world languages not currently assessed, the commissioner, by July 1, 2009, shall recommend an assessment tool for charter schools and school districts to use in measuring student progress in acquiring proficiency in world languages.

(c) Beginning July 1, 2008, the department shall assist world languages teachers and other school staff in developing and implementing world languages programs that acknowledge and reinforce the language proficiency and cultural awareness that non-English language speakers already possess, and encourage students' proficiency in multiple world languages. Programs under this paragraph must encompass indigenous American Indian languages and cultures, among other world languages and cultures. The department shall consult with postsecondary institutions in developing related professional development opportunities

(d) The commissioner, upon request, must evaluate the plans of charter schools and school districts to develop or enhance their capacity to offer world languages courses and programs and continue to offer technical assistance to districts in developing or enhancing world languages programs. The department shall assist districts in monitoring local assessment results.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 55. **WORLD LANGUAGES PILOT PROGRAM GRANTS.**

(a) A pilot program awarding five world languages grants of \$50,000 per grant to interested and qualified school sites and school districts is established for fiscal year 2009 to develop and implement sustainable, high-quality model world languages programs and to enhance existing world languages programs at various grade levels for students in kindergarten through grade 12. Program participants must simultaneously support both non-English language learners in maintaining their native language while mastering English and native English speakers in learning other languages.

(b) Interested school sites and school districts must apply to the commissioner of education in the form and manner the commissioner determines. The application must indicate whether the applicant intends to develop a new world languages program or expand an existing world languages program and whether the applicant intends to offer more intensive programs or programs that are readily accessible to larger numbers of students. Applicants must agree to disseminate information about their programs to interested school sites and school districts.

(c) The commissioner must award grants to qualified applicants that satisfy the requirements in paragraphs (a) and (b). To the extent there are qualified applicants, the commissioner must award grants to qualified applicants on an equitable geographic basis to the extent feasible. The commissioner must award three grants to kindergarten through grade 8 sites, one grant to a qualified site interested in developing or enhancing a sustainable Mandarin Chinese program, and one grant to an indigenous American Indian world languages program. Grantees must expend the grant consistent with the content of their application and this section.

(d) The commissioner shall provide for an evaluation of the grantees to identify exemplary model world languages programs and the staff development needs of world languages teachers and report the findings of the evaluation to the education policy and finance committees of the legislature by February 15, 2010.

EFFECTIVE DATE. This section is effective for the 2007-2008 school year.

Sec. 56. **BILINGUAL AND MULTILINGUAL CERTIFICATES; DEPARTMENT OF EDUCATION.**

The Department of Education, in consultation with interested stakeholders, must develop and recommend to the legislature by February 15, 2008, the standards and process for awarding bilingual and multilingual certificates to those kindergarten through grade 12 students who demonstrate and maintain a requisite level of proficiency in multiple languages.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 57. **MASTER TEACHER TRAINING IN ECONOMICS AND PERSONAL FINANCE.**

The commissioner of education must contract with the Minnesota Council on Economic Education to allow 20 highly qualified economics and personal finance teachers throughout the state to participate in a week-long summer training program that offers content, skills for teaching adults, mentoring, and workshop planning and delivery. The program must enable participants, as master teachers, to provide professional development to other teachers interested in improving their teaching of economics and personal finance. Successful master teachers may co-teach teacher workshops with members of the statewide network of centers for economic education and provide professional development workshops as part of school districts' professional development programs.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 58. **SCHOOL PERFORMANCE REPORT CARDS; ADVISORY GROUP RECOMMENDATIONS.**

(a) To sustain equity and excellence in education, the Independent Office of Educational Accountability under Minnesota Statutes, section 120B.31, subdivision 3, must convene and facilitate an advisory group of measurement experts to consider and recommend how to structure school performance data and school performance report cards under Minnesota Statutes, section 120B.36, subdivision 1, to fully, fairly, and accurately report student achievement and emphasize school excellence under Minnesota's system of educational accountability and public reporting. The advisory group at least must consider and recommend how to: evaluate student achievement using multiple measures of growth that take into account student demographic characteristics, consistent with Minnesota Statutes, section 120B.31, subdivision 4; and identify outstanding schools based on student achievement and achievement growth and using multiple performance measures that are objective and consistent with the highest standards in the field of educational measurements and accountability. The advisory group, at its discretion, may also consider and make recommendations on other related statewide accountability and reporting matters.

(b) Advisory group members under paragraph (a) include: two qualified experts in measurement in education selected by the State Council on Measurement in Education; three regionally diverse school district research and evaluation directors selected by the Minnesota Assessment Group; one school superintendent selected by the Minnesota Association of School Administrators; one University of Minnesota faculty selected by the dean of the College of Education and Human Development; one licensed teacher selected by Education Minnesota; two parents selected by the Minnesota Parent Teachers Association with expertise in measurement in education; and the director of evaluation and testing at the Minnesota Department of Education. Advisory group members' terms and other

advisory group matters are subject to Minnesota Statutes, section 15.059, subdivision 6. The Independent Office of Educational Accountability must present the advisory group's recommendations under paragraph (a) to the education policy and finance committees of the legislature by February 15, 2008. The advisory group expires February 16, 2008.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 59. **ALTERNATIVE SCHOOL CALENDAR PILOT PROGRAM.**

Subdivision 1. Establishment. Notwithstanding Minnesota Statutes, section 120A.41 or 120A.415, or other law to the contrary, but consistent with Minnesota Statutes, section 124D.128, an alternative school calendar pilot program is established to examine the impact of school calendar arrangements on student learning by comparing students' academic gains in school districts and charter schools that use traditional and nontraditional school calendars. The commissioner of education must structure the program and select elementary and secondary program participants with the purpose of comparing the impact of traditional and nontraditional school calendars on:

- (1) the amount of educational material students retain after school vacations;
- (2) the educational enrichment opportunities and remedial help available to students throughout the school year;
- (3) the impact of the calendar on student attendance, student disciplinary actions, and student achievement test scores; and
- (4) the amount of time available to students and school staff for out-of-school learning, vacations, and recreation.

Subd. 2. Eligibility; application. An interested school district, charter school, or groups of school districts or charter schools that participate for a particular purpose may apply to the commissioner of education to participate in the pilot program in the form and manner the commissioner determines. An applicant must identify in its application the internal and external factors that it anticipates may determine its preference for a traditional or nontraditional school calendar, including the impact of the school calendar on: costs related to employee compensation, transportation, food, facility use throughout the calendar year, and facility maintenance; needs of at-risk students; number of instructional and staff development days; and the availability of extracurricular activities, community resources, and before- and after-school care and child care. The commissioner may require an applicant to provide additional information.

Subd. 3. Application review; grant awards. When reviewing an application, the commissioner must determine whether the applicant met the requirements in subdivisions 1 and 2, and only an applicant that satisfies all the requirements is eligible to receive a grant under this section. The commissioner must equitably distribute grant awards, to the extent feasible, on the basis of geography and must consider grant applications from existing and proposed flexible learning year programs under Minnesota Statutes, section 124D.12. The commissioner must base the amount of the grant award on the number of students the grantee has enrolled in school and the length and structure of the grantee's school calendar. Grant expenditures must be consistent with budget information the grantee periodically submits to the commissioner.

Subd. 4. Evaluation. The commissioner must provide for an ongoing annual evaluation of the impact of school calendar arrangements on student learning under subdivision 1, clauses (1) to (4). Within 180 days of when the pilot program terminates, the commissioner must recommend to the education policy and finance committees of the legislature preferred school calendars based upon demonstrated student achievement and the criteria listed in subdivision 1.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 60. **AMERICAN INDIAN SCHOLARSHIP.**

Administration of the American Indian scholarship program under Minnesota Statutes, section 124D.84, is transferred from the Department of Education to the Minnesota Office of Higher Education. The Minnesota Office of Higher Education must maintain an office at no cost to the scholarship program that employs at least one person in the Bemidji area for distributing scholarships under this section. Office space and support may be provided by Bemidji State University at no cost to the scholarship program.

Sec. 61. **TEACHER TRAINING TO INTEGRATE LEARNING TECHNOLOGIES INTO K-12 CLASSROOMS.**

(a) The commissioner of education must contract with the University of Minnesota for qualified experts to provide teacher training in effectively using computers and related technologies in kindergarten through grade 12 classrooms. The experts must provide professional development opportunities to teachers throughout the state and enable participants to successfully use technology-related instructional resources to help diverse students meet state and local academic standards and graduation requirements and achieve educational excellence, and enhance teachers' learning and curriculum content and instruction. The experts also must enable participants to serve as master teachers to provide professional development to other teachers interested in better integrating the use of learning technologies into kindergarten through grade 12 classrooms. Participants who serve as master teachers may co-teach teacher workshops with other qualified professional development providers and participate in professional development workshops as part of school districts' professional development programs.

(b) The commissioner of education must provide for an evaluation of the effectiveness of the teacher training program under paragraph (a) and recommend to the education policy and finance committees of the legislature by February 15, 2010, whether or not to make the program available statewide.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 62. **ADVISORY TASK FORCE ON MINNESOTA AMERICAN INDIAN TRIBES AND COMMUNITIES AND K-12 STANDARDS-BASED REFORM.**

(a) The commissioner of education shall appoint an advisory task force on Minnesota American Indian tribes and communities and kindergarten through grade 12 standards-based reform that is composed of the following representatives: Department of Education staff experienced in working with American Indian students and programs; Minnesota American Indian tribes and communities; Minnesota School Board Association; school administrators; Education Minnesota; the state Board of Teaching; the Minnesota Council on Indian Affairs; postsecondary faculty who serve as instructors in teacher preparation programs; local community service providers who work with Minnesota American Indian tribes and communities; and other representatives recommended by task force members. Task force members' terms and other task force matters are subject to Minnesota Statutes, section 15.059, subject to the limits of available appropriations. The task force must submit a written report to the education policy and finance committees of the legislature by February 15, 2008, that includes any recommended changes to the state's performance standards, content requirements, assessments measures, and teacher preparation programs to most effectively meet the educational needs of American Indian students enrolled in Minnesota schools.

(b) Upon request, the commissioner of education must provide the task force with technical, fiscal, and other support.

(c) The task force expires on February 16, 2008.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 63. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall renumber Minnesota Statutes, section 124D.84 to section 136A.126, correct cross-references, and make other necessary corrections to implement section 58.

Sec. 64. **APPROPRIATIONS.**

Subdivision 1. **Minnesota Office of Higher Education.** The sums indicated in this section are appropriated from the general fund to the Minnesota Office of Higher Education for the fiscal years designated.

Subd. 2. **American Indian scholarships.** For American Indian scholarships under Minnesota Statutes, section 124D.84:

<u>\$1,950,000</u>	<u>.....</u>	<u>2008</u>
<u>\$1,950,000</u>	<u>.....</u>	<u>2009</u>

Of this appropriation, \$75,000 per year is for administration under section 58.

Sec. 65. **APPROPRIATIONS.**

Subdivision 1. **Board of Regents of the University of Minnesota.** The sums indicated in this section are appropriated from the general fund to the Board of Regents of the University of Minnesota for the fiscal years designated.

Subd. 2. **Independent Office of Educational Accountability.** For the Independent Office of Educational Accountability under Minnesota Statutes, section 120B.31, subdivision 3:

<u>\$200,000</u>	<u>.....</u>	<u>2008</u>
<u>\$200,000</u>	<u>.....</u>	<u>2009</u>

This is a onetime appropriation.

Sec. 66. **APPROPRIATIONS.**

Subdivision 1. **Department.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Charter school building lease aid.** For building lease aid under Minnesota Statutes, section 124D.11, subdivision 4:

<u>\$31,875,000</u>	<u>.....</u>	<u>2008</u>
<u>\$36,193,000</u>	<u>.....</u>	<u>2009</u>

The 2008 appropriation includes \$2,814,000 for 2007 and \$29,061,000 for 2008.

The 2009 appropriation includes \$3,229,000 for 2008 and \$32,964,000 for 2009.

Subd. 3. **Charter school startup cost aid.** For charter school startup cost aid under Minnesota Statutes, section 124D.11:

<u>\$1,896,000</u>	<u>.....</u>	<u>2008</u>
<u>\$2,161,000</u>	<u>.....</u>	<u>2009</u>

The 2008 appropriation includes \$241,000 for 2007 and \$1,655,000 for 2008.

The 2009 appropriation includes \$183,000 for 2008 and \$1,978,000 for 2009.

Subd. 4. **Integration aid.** For integration aid under Minnesota Statutes, section 124D.86, subdivision 5:

<u>\$61,769,000</u>	<u>.....</u>	<u>2008</u>
<u>\$61,000,000</u>	<u>.....</u>	<u>2009</u>

The 2008 appropriation includes \$5,824,000 for 2007 and \$55,945,000 for 2008.

The 2009 appropriation includes \$6,216,000 for 2008 and \$54,784,000 for 2009.

Subd. 5. **Magnet school program grants.** For magnet school program grants:

<u>\$750,000</u>	<u>.....</u>	<u>2008</u>
<u>\$750,000</u>	<u>.....</u>	<u>2009</u>

These amounts may be used for magnet school programs under Minnesota Statutes, section 124D.88.

Up to \$100,000 each year is available for site-based decision-making grants under Minnesota Statutes, section 123B.04, subdivision 2, clause (g).

Any balance in the first year does not cancel but is available in the second year.

Subd. 6. **Interdistrict desegregation or integration transportation grants.** For interdistrict desegregation or integration transportation grants under Minnesota Statutes, section 124D.87:

<u>\$9,639,000</u>	<u>.....</u>	<u>2008</u>
<u>\$11,567,000</u>	<u>.....</u>	<u>2009</u>

Subd. 7. **Success for the future.** For American Indian success for the future grants under Minnesota Statutes, section 124D.81:

<u>\$2,137,000</u>	<u>.....</u>	<u>2008</u>
<u>\$2,137,000</u>	<u>.....</u>	<u>2009</u>

The 2008 appropriation includes \$213,000 for 2007 and \$1,924,000 for 2008.

The 2009 appropriation includes \$213,000 for 2008 and \$1,924,000 for 2009.

Subd. 8. **American Indian teacher preparation grants.** For joint grants to assist American Indians to become teachers under Minnesota Statutes, section 122A.63:

<u>\$190,000</u>	<u>.....</u>	<u>2008</u>
<u>\$190,000</u>	<u>.....</u>	<u>2009</u>

Subd. 9. **Tribal contract schools.** For tribal contract school aid under Minnesota Statutes, section 124D.83:

<u>\$2,251,000</u>	<u>.....</u>	<u>2008</u>
<u>\$2,463,000</u>	<u>.....</u>	<u>2009</u>

The 2008 appropriation includes \$204,000 for 2007 and \$2,047,000 for 2008.

The 2009 appropriation includes \$227,000 for 2008 and \$2,236,000 for 2009.

Subd. 10. **Early childhood family education programs at tribal contract schools.** For early childhood family education programs at tribal contract schools under Minnesota Statutes, section 124D.83, subdivision 4:

<u>\$68,000</u>	<u>.....</u>	<u>2008</u>
<u>\$68,000</u>	<u>.....</u>	<u>2009</u>

Subd. 11. **Statewide testing and reporting system.** For the statewide testing and reporting system under Minnesota Statutes, section 120B.30:

<u>\$12,650,000</u>	<u>.....</u>	<u>2008</u>
<u>\$12,650,000</u>	<u>.....</u>	<u>2009</u>

\$11,500,000 each year is to continue the general administration and reporting of the statewide testing program.

\$1,150,000 each year is for the value-added index assessment model.

Any balance in the first year does not cancel but is available in the second year.

The base for this program in fiscal year 2010 and later is \$12,650,000.

Subd. 12. **First grade preparedness.** For first grade preparedness grants under Minnesota Statutes, section 124D.081:

<u>\$7,250,000</u>	<u>.....</u>	<u>2008</u>
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Subd. 13. **Examination fees; teacher training and support programs.** (a) For students' advanced placement and international baccalaureate examination fees under Minnesota Statutes, section 120B.13, subdivision 3, and the training and related costs for teachers and other interested educators under Minnesota Statutes, section 120B.13, subdivision 1:

<u>\$4,500,000</u>	<u>.....</u>	<u>2008</u>
<u>\$4,500,000</u>	<u>.....</u>	<u>2009</u>

(b) The advanced placement program shall receive 75 percent of the appropriation each year and the international baccalaureate program shall receive 25 percent of the appropriation each year. The department, in consultation with representatives of the advanced placement and international baccalaureate programs selected by the Advanced Placement Advisory Council and IBMN, respectively, shall determine the amounts of the expenditures each year for examination fees and training and support programs for each program.

(c) Notwithstanding Minnesota Statutes, section 120B.13, subdivision 1, at least \$500,000 each year is for teachers to attend subject matter summer training programs and follow-up support workshops approved by the advanced placement or international baccalaureate programs. The amount of the subsidy for each teacher attending an advanced placement or international baccalaureate summer training program or workshop shall be the same. The commissioner shall determine the payment process and the amount of the subsidy.

(d) The commissioner shall pay all examination fees for all students of low-income families under Minnesota Statutes, section 120B.13, subdivision 3, and to the extent of available appropriations shall also pay examination fees for students sitting for an advanced placement examination, international baccalaureate examination, or both.

Any balance in the first year does not cancel but is available in the second year.

Subd. 14. **Preadvanced placement, advanced placement, international baccalaureate, and concurrent enrollment programs.** For preadvanced placement, advanced placement, international baccalaureate, and concurrent enrollment programs under Minnesota Statutes, sections 120B.132 and 124D.091:

<u>\$7,740,000</u>	<u>.....</u>	<u>2008</u>
<u>\$8,600,000</u>	<u>.....</u>	<u>2009</u>

The 2008 appropriation includes \$0 for fiscal year 2007 and \$7,740,000 for fiscal year 2008. The 2009 appropriation includes \$860,000 for fiscal year 2008 and \$7,740,000 for fiscal year 2009.

Of this amount, \$2,500,000 each year is for concurrent enrollment program aid under Minnesota Statutes, section 124D.091. If the appropriation is insufficient, the commissioner must proportionately reduce the aid payment to each district.

Subd. 15. **Collaborative urban educator.** For collaborative urban educator grants under Minnesota Statutes, section 122A.641:

<u>\$1,301,000</u>	<u>.....</u>	<u>2008</u>
<u>\$1,301,000</u>	<u>.....</u>	<u>2009</u>

\$500,000 each year is for the Southeast Asian teacher program at Concordia University, St. Paul; \$400,000 each year is for the collaborative urban educator program at the University of St. Thomas; and \$400,000 each year is for the Center for Excellence in Urban Teaching at Hamline University. Grant recipients must collaborate with urban and nonurban school districts.

Any balance in the first year does not cancel but is available in the second year.

Subd. 16. **Youth works program.** For funding youth works programs under Minnesota Statutes, sections 124D.37 to 124D.45:

<u>\$900,000</u>	<u>.....</u>	<u>2008</u>
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<u>\$900,000</u>	<u>.....</u>	<u>2009</u>
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A grantee organization may provide health and child care coverage to the dependents of each participant enrolled in a full-time youth works program to the extent the coverage is not otherwise available.

Subd. 17. **Early childhood literacy programs.** For early childhood literacy programs under Minnesota Statutes, section 119A.50, subdivision 3:

<u>\$1,500,000</u>	<u>.....</u>	<u>2008</u>
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<u>\$1,500,000</u>	<u>.....</u>	<u>2009</u>
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\$1,000,000 each year is for leveraging federal and private funding to support AmeriCorps members serving in the Minnesota Reading Corps program established by Serve Minnesota, including costs associated with the training and teaching of early literacy skills to children age three to grade 3 and the evaluation of the impact of the program under Minnesota Statutes, section 124D.42, subdivision 8.

\$500,000 each year is for grants for early childhood literacy programs under Minnesota Statutes, section 119A.50, subdivision 3, paragraph (a).

Any balance in the first year does not cancel but is available in the second year.

Subd. 18. **St. Croix River Education District.** For a grant to the St. Croix River Education District:

<u>\$500,000</u>	<u>.....</u>	<u>2008</u>
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<u>\$500,000</u>	<u>.....</u>	<u>2009</u>
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These funds must be used to:

(1) deliver standardized research-based professional development in problem-solving, including response to intervention, scientifically based reading instruction, and standards-aligned instruction and assessment;

(2) provide coaching to targeted districts throughout the state;

(3) deliver large scale training throughout the state;

(4) provide ongoing technical assistance to schools;

(5) assist with implementing professional development content into higher education instructional curricula; and

(6) evaluate the effectiveness of project activities.

This is a onetime appropriation.

Subd. 19. **Student organizations.** For student organizations:

<u>\$725,000</u>	<u>.....</u>	<u>2008</u>
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<u>\$725,000</u>	<u>.....</u>	<u>2009</u>
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Any balance in the first year does not cancel but is available in the second year.

Subd. 20. **College level examination program (CLEP).** For the college level examination program (CLEP) under Minnesota Statutes, section 120B.131:

<u>\$1,650,000</u>	<u>.....</u>	<u>2008</u>
<u>\$1,650,000</u>	<u>.....</u>	<u>2009</u>

Any balance in the first year does not cancel but is available in the second year.

Subd. 21. **Education planning and assessment (EPAS) program.** For the educational planning and assessment (EPAS) program under Minnesota Statutes, section 120B.128:

<u>\$829,000</u>	<u>.....</u>	<u>2008</u>
<u>\$829,000</u>	<u>.....</u>	<u>2009</u>

Any balance in the first year does not cancel but is available in the second year.

The base for this program in fiscal year 2010 and later is \$829,000.

Subd. 22. **21st century high schools.** (a) For 21st century high schools:

<u>\$1,920,000</u>	<u>.....</u>	<u>2008</u>
<u>\$6,843,000</u>	<u>.....</u>	<u>2009</u>

(b) \$1,000,000 in fiscal year 2008 is for grants for alternative school calendar pilot programs under section 59. Grant funds may be used for pupil transportation costs.

(c) \$6,443,000 in fiscal year 2009 is for Career and Technical Aid under Minnesota Statutes, section 124D.4531. The 2009 appropriation includes \$0 for fiscal year 2008 and \$6,443,000 for fiscal year 2009.

(d) \$500,000 in fiscal year 2008 is for professional teacher licensure.

(e) \$150,000 each year is for the quantum opportunities program.

(f) \$250,000 each year is for world languages resources for developing and implementing world languages programs.

(g) \$20,000 in fiscal year 2008 is for the committee on American Indian education under Minnesota Statutes, section 124D.805.

Any balance in the first year does not cancel but is available in the second year.

The base for this appropriation for fiscal year 2010 is \$7,352,000 and \$7,572,000 for fiscal year 2011.

Subd. 23. **Minnesota teacher development.** (a) Effective, well prepared, fully engaged, and adequately supported kindergarten through grade 12 classroom teachers, along with parents, are critical partners in helping the many diverse student populations realize meaningful academic achievement. To afford students needed opportunities to learn effectively without remediation; to acknowledge and reinforce the language proficiency and

cultural awareness that diverse language speakers possess; to encourage students' proficiency in science, technology, mathematics, engineering, economics, civics, and foreign languages; and to provide new and experienced teachers with sufficient staff development resources and support to effectively work to close the student achievement gap, the following resources are provided:

<u>\$4,950,000</u>	<u>.....</u>	<u>2008</u>
<u>\$4,000,000</u>	<u>.....</u>	<u>2009</u>

(b) \$400,000 each year is for a grant to the Minnesota Humanities Commission under Minnesota Statutes, section 138.911.

(c) \$150,000 each year is for a grant to the Minnesota Historical Society.

(d) \$400,000 each year is for the Principals' Leadership Institute under Minnesota Statutes, section 122A.74. Any balance in the first year does not cancel but is available in the second year.

(e) \$1,300,000 each year is for teachers of color scholarships under Minnesota Statutes, section 122A.633.

(f) \$2,600,000 in fiscal year 2008 and \$1,750,000 in fiscal year 2009 are for professional development programs. Of this amount: \$1,667,000 in fiscal year 2008 and \$1,125,000 in fiscal year 2009 are for grants for up to five teacher centers under Minnesota Statutes, section 122A.72, subdivision 5, for the science, technology, engineering and mathematics initiative including teacher workshops and expanded outreach programs in classrooms; \$333,000 in fiscal year 2008 and \$225,000 in fiscal year 2009 are for a grant to the Science Museum of Minnesota for the science, technology, engineering, and mathematics initiative; \$200,000 in fiscal year 2008 is for a grant to the Minnesota Council on Economic Education for master teacher training in economics and personal finance; and \$400,000 each year is for teacher technology training grants under section 61.

(g) \$100,000 in fiscal year 2008 is for a grant to the commissioner of education for a grant to the Learning Law and Democracy Foundation for the development and electronic collection, review, and distribution of educational materials supporting Minnesota's kindergarten through grade 12 education standards for civics and government.

Any balance in the first year does not cancel but is available in the second year.

The base for the appropriations contained in this subdivision for fiscal year 2010 and later is \$800,000 per year.

Sec. 67. **REPEALER.**

Minnesota Statutes 2006, sections 121A.23; and 124D.62, are repealed.

ARTICLE 3

SPECIAL PROGRAMS

Section 1. Minnesota Statutes 2006, section 123B.92, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For purposes of this section and section 125A.76, the terms defined in this subdivision have the meanings given to them.

(a) "Actual expenditure per pupil transported in the regular and excess transportation categories" means the quotient obtained by dividing:

(1) the sum of:

(i) all expenditures for transportation in the regular category, as defined in paragraph (b), clause (1), and the excess category, as defined in paragraph (b), clause (2), plus

(ii) an amount equal to one year's depreciation on the district's school bus fleet and mobile units computed on a straight line basis at the rate of 15 percent per year for districts operating a program under section 124D.128 for grades 1 to 12 for all students in the district and 12-1/2 percent per year for other districts of the cost of the fleet, plus

(iii) an amount equal to one year's depreciation on the district's type three school buses, as defined in section 169.01, subdivision 6, clause (5), which must be used a majority of the time for pupil transportation purposes, computed on a straight line basis at the rate of 20 percent per year of the cost of the type three school buses by:

(2) the number of pupils eligible for transportation in the regular category, as defined in paragraph (b), clause (1), and the excess category, as defined in paragraph (b), clause (2).

(b) "Transportation category" means a category of transportation service provided to pupils as follows:

(1) Regular transportation is:

(i) transportation to and from school during the regular school year for resident elementary pupils residing one mile or more from the public or nonpublic school they attend, and resident secondary pupils residing two miles or more from the public or nonpublic school they attend, excluding desegregation transportation and noon kindergarten transportation; but with respect to transportation of pupils to and from nonpublic schools, only to the extent permitted by sections 123B.84 to 123B.87;

(ii) transportation of resident pupils to and from language immersion programs;

(iii) transportation of a pupil who is a custodial parent and that pupil's child between the pupil's home and the child care provider and between the provider and the school, if the home and provider are within the attendance area of the school;

(iv) transportation to and from or board and lodging in another district, of resident pupils of a district without a secondary school; and

(v) transportation to and from school during the regular school year required under subdivision 3 for nonresident elementary pupils when the distance from the attendance area border to the public school is one mile or more, and for nonresident secondary pupils when the distance from the attendance area border to the public school is two miles or more, excluding desegregation transportation and noon kindergarten transportation.

For the purposes of this paragraph, a district may designate a licensed day care facility, school day care facility, respite care facility, the residence of a relative, or the residence of a person chosen by the pupil's parent or guardian as the home of a pupil for part or all of the day, if requested by the pupil's parent or guardian, and if that facility or residence is within the attendance area of the school the pupil attends.

(2) Excess transportation is:

(i) transportation to and from school during the regular school year for resident secondary pupils residing at least one mile but less than two miles from the public or nonpublic school they attend, and transportation to and from school for resident pupils residing less than one mile from school who are transported because of extraordinary traffic, drug, or crime hazards; and

(ii) transportation to and from school during the regular school year required under subdivision 3 for nonresident secondary pupils when the distance from the attendance area border to the school is at least one mile but less than two miles from the public school they attend, and for nonresident pupils when the distance from the attendance area border to the school is less than one mile from the school and who are transported because of extraordinary traffic, drug, or crime hazards.

(3) Desegregation transportation is transportation within and outside of the district during the regular school year of pupils to and from schools located outside their normal attendance areas under a plan for desegregation mandated by the commissioner or under court order.

(4) "Transportation services for pupils with disabilities" is:

(i) transportation of pupils with disabilities who cannot be transported on a regular school bus between home or a respite care facility and school;

(ii) necessary transportation of pupils with disabilities from home or from school to other buildings, including centers such as developmental achievement centers, hospitals, and treatment centers where special instruction or services required by sections 125A.03 to 125A.24, 125A.26 to 125A.48, and 125A.65 are provided, within or outside the district where services are provided;

(iii) necessary transportation for resident pupils with disabilities required by sections 125A.12, and 125A.26 to 125A.48;

(iv) board and lodging for pupils with disabilities in a district maintaining special classes;

(v) transportation from one educational facility to another within the district for resident pupils enrolled on a shared-time basis in educational programs, and necessary transportation required by sections 125A.18, and 125A.26 to 125A.48, for resident pupils with disabilities who are provided special instruction and services on a shared-time basis or if resident pupils are not transported, the costs of necessary travel between public and private schools or neutral instructional sites by essential personnel employed by the district's program for children with a disability;

(vi) transportation for resident pupils with disabilities to and from board and lodging facilities when the pupil is boarded and lodged for educational purposes; and

(vii) services described in clauses (i) to (vi), when provided for pupils with disabilities in conjunction with a summer instructional program that relates to the pupil's individual education plan or in conjunction with a learning year program established under section 124D.128.

For purposes of computing special education ~~base revenue~~ initial aid under section 125A.76, subdivision 2, the cost of providing transportation for children with disabilities includes (A) the additional cost of transporting a homeless student from a temporary nonshelter home in another district to the school of origin, or a formerly homeless student from a permanent home in another district to the school of origin but only through the end of the academic year; and (B) depreciation on district-owned school buses purchased after July 1, 2005, and used primarily for transportation of pupils with disabilities, calculated according to paragraph (a), clauses (ii) and (iii). Depreciation costs included in the disabled transportation category must be excluded in calculating the actual expenditure per pupil transported in the regular and excess transportation categories according to paragraph (a).

(5) "Nonpublic nonregular transportation" is:

(i) transportation from one educational facility to another within the district for resident pupils enrolled on a shared-time basis in educational programs, excluding transportation for nonpublic pupils with disabilities under clause (4);

(ii) transportation within district boundaries between a nonpublic school and a public school or a neutral site for nonpublic school pupils who are provided pupil support services pursuant to section 123B.44; and

(iii) late transportation home from school or between schools within a district for nonpublic school pupils involved in after-school activities.

(c) "Mobile unit" means a vehicle or trailer designed to provide facilities for educational programs and services, including diagnostic testing, guidance and counseling services, and health services. A mobile unit located off nonpublic school premises is a neutral site as defined in section 123B.41, subdivision 13.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 2. Minnesota Statutes 2006, section 124D.454, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For the purposes of this section, the definitions in this subdivision apply.

(a) ~~"Base year" means the second fiscal year preceding the fiscal year for which aid will be paid.~~

~~(b)~~ (b) "Basic revenue" has the meaning given it in section 126C.10, subdivision 2. For the purposes of computing basic revenue pursuant to this section, each child with a disability shall be counted as prescribed in section 126C.05, subdivision 1.

~~(c) "Average daily membership" has the meaning given it in section 126C.05.~~

~~(d) "Program growth factor" means 1.00 for fiscal year 1998 and later.~~

~~(e) "Aid percentage factor" means 100 percent for fiscal year 2000 and later.~~

~~(f)~~ (b) "Essential personnel" means a licensed teacher, licensed support services staff person, paraprofessional providing direct services to students, or licensed personnel under subdivision 12. This definition is not intended to change or modify the definition of essential employee in chapter 179A.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 3. Minnesota Statutes 2006, section 124D.454, subdivision 3, is amended to read:

Subd. 3. **Base revenue Initial aid.** ~~(a)~~ The transition-disabled program ~~base revenue~~ initial aid equals the sum of the following amounts computed using ~~base~~ current year data:

(1) 68 percent of the salary of each essential licensed person or approved paraprofessional who provides direct instructional services to students employed during that fiscal year for services rendered in that district's transition program for children with a disability;

(2) 47 percent of the costs of necessary equipment for transition programs for children with a disability;

(3) 47 percent of the costs of necessary travel between instructional sites by transition program teachers of children with a disability but not including travel to and from local, regional, district, state, or national career and technical student organization meetings;

(4) 47 percent of the costs of necessary supplies for transition programs for children with a disability but not to exceed an average of \$47 in any one school year for each child with a disability receiving these services;

(5) for transition programs for children with disabilities provided by a contract approved by the commissioner with public, private, or voluntary agencies other than a Minnesota school district or cooperative center, in place of programs provided by the district, 52 percent of the difference between the amount of the contract and the basic revenue of the district for that pupil for the fraction of the school day the pupil receives services under the contract;

(6) for transition programs for children with disabilities provided by a contract approved by the commissioner with public, private, or voluntary agencies other than a Minnesota school district or cooperative center, that are supplementary to a full educational program provided by the school district, 52 percent of the amount of the contract; and

(7) for a contract approved by the commissioner with another Minnesota school district or cooperative center for vocational evaluation services for children with a disability for children that are not yet enrolled in grade 12, 52 percent of the amount of the contract.

~~(b) If requested by a school district for transition programs during the base year for less than the full school year, the commissioner may adjust the base revenue to reflect the expenditures that would have occurred during the base year had the program been operated for the full year.~~

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 4. Minnesota Statutes 2006, section 125A.11, subdivision 1, is amended to read:

Subdivision 1. **Nonresident tuition rate; other costs.** (a) For fiscal year 2006, when a school district provides instruction and services outside the district of residence, board and lodging, and any tuition to be paid, shall be paid by the district of residence. The tuition rate to be charged for any child with a disability, excluding a pupil for whom tuition is calculated according to section 127A.47, subdivision 7, paragraph (d), must be the sum of (1) the actual cost of providing special instruction and services to the child including a proportionate amount for special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, plus (2) the amount of general education revenue and referendum aid attributable to the pupil, minus (3) the amount of special education aid for children with a disability received on behalf of that child, minus (4) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum aid, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom. If the boards involved do not agree upon the tuition rate, either board may apply to the commissioner to fix the rate. Notwithstanding chapter 14, the commissioner must then set a date for a hearing or request a written statement from each board, giving each board at least ten days' notice, and after the hearing or review of the written statements the commissioner must make an order fixing the tuition rate, which is binding on both school districts. General education revenue and referendum equalization aid attributable to a pupil must be calculated using the resident district's average general education revenue and referendum revenue equalization aid per adjusted pupil unit.

(b) For fiscal year 2007 and later, when a school district provides special instruction and services for a pupil with a disability as defined in section 125A.02 outside the district of residence, excluding a pupil for whom an adjustment to special education aid is calculated according to section 127A.47, subdivision 7, paragraph (e), special education aid paid to the resident district must be reduced by an amount equal to (1) the actual cost of providing special instruction and services to the pupil, including a proportionate amount for special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, plus (2) the amount of general education revenue and referendum equalization aid attributable to that pupil, calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit excluding basic skills revenue, elementary sparsity revenue and secondary sparsity revenue, minus (3) the amount of special education aid for children with a disability received on behalf of that child, minus (4) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum equalization aid, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom. ~~General education revenue and referendum aid attributable to a pupil must be calculated using the resident district's average general education revenue and referendum aid per adjusted pupil unit excluding basic skills revenue, elementary sparsity revenue and secondary sparsity revenue and the serving district's basic skills revenue, elementary sparsity revenue and secondary sparsity revenue per adjusted pupil unit. Notwithstanding clauses (1) and (4), for pupils served by a cooperative unit without a fiscal agent school district, the general education revenue and referendum equalization aid attributable to a pupil must be calculated using the resident district's average general education revenue and referendum equalization aid excluding elementary sparsity revenue and secondary sparsity revenue.~~ Special education aid paid to the district or cooperative providing special instruction and services for the pupil must be increased by the amount of the reduction in the aid paid to the resident district. Amounts paid to cooperatives under this subdivision and section 127A.47, subdivision 7, shall be recognized and reported as revenues and expenditures on the resident school district's books of account under sections 123B.75 and 123B.76. If the resident district's special education aid is insufficient to make the full adjustment, the remaining adjustment shall be made to other state aid due to the district.

(c) Notwithstanding paragraphs (a) and (b) and section 127A.47, subdivision 7, paragraphs (d) and (e), a charter school where more than 30 percent of enrolled students receive special education and related services, a site approved under section 125A.515, an intermediate district, a special education cooperative, or a school district that served as the applicant agency for a group of school districts for federal special education aids for fiscal year 2006 may apply to the commissioner for authority to charge the resident district an additional amount to recover any remaining unreimbursed costs of serving pupils with a disability. The application must include a description of the costs and the calculations used to determine the unreimbursed portion to be charged to the resident district. Amounts approved by the commissioner under this paragraph must be included in the tuition billings or aid adjustments under paragraph (a) or (b), or section 127A.47, subdivision 7, paragraph (d) or (e), as applicable.

(d) For purposes of this subdivision and section 127A.47, subdivision 7, paragraphs (d) and (e), "general education revenue and referendum equalization aid" means the sum of the general education revenue according to section 126C.10, subdivision 1, excluding alternative teacher compensation revenue, plus the referendum equalization aid according to section 126C.17, subdivision 7, as adjusted according to section 127A.47, subdivision 7, paragraphs (a) to (c).

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 5. Minnesota Statutes 2006, section 125A.13, is amended to read:

125A.13 SCHOOL OF PARENTS' CHOICE.

(a) Nothing in this chapter must be construed as preventing parents of a child with a disability from sending the child to a school of their choice, if they so elect, subject to admission standards and policies adopted according to sections 125A.62 to 125A.64 and 125A.66 to 125A.73, and all other provisions of chapters 120A to 129C.

(b) The parent of a student with a disability not yet enrolled in kindergarten and not open enrolled in a nonresident district may request that the resident district enter into a tuition agreement with the nonresident district if:

(1) the child is enrolled in a Head Start program or a licensed child care setting in the nonresident district; and

(2) the child can be served in the same setting as other children in the nonresident district with the same level of disability.

Sec. 6. Minnesota Statutes 2006, section 125A.14, is amended to read:

125A.14 ~~SUMMER PROGRAMS~~ EXTENDED SCHOOL YEAR.

A district may provide ~~summer programs~~ extended school year services for children with a disability living within the district and nonresident children temporarily placed in the district pursuant to section 125A.15 or 125A.16. Prior to March 31 or 30 days after the child with a disability is placed in the district, whichever is later, the providing district shall give notice to the district of residence of any nonresident children temporarily placed in the district pursuant to section 125A.15 or 125A.16, of its intention to provide these programs. Notwithstanding any contrary provisions in sections 125A.15 and 125A.16, the district providing the special instruction and services must apply for special education aid for the ~~summer program~~ extended school year services. The unreimbursed actual cost of providing the program for nonresident children with a disability, including the cost of board and lodging, may be billed to the district of the child's residence and must be paid by the resident district. Transportation costs must be paid by the district responsible for providing transportation pursuant to section 125A.15 or 125A.16 and transportation aid must be paid to that district.

Sec. 7. Minnesota Statutes 2006, section 125A.63, is amended by adding a subdivision to read:

Subd. 5. Statewide hearing loss early education intervention coordinator. (a) The coordinator shall:

(1) collaborate with the early hearing detection and intervention coordinator for the Department of Health, the director of the Department of Education Resource Center for Deaf and Hard-of-Hearing, and the Department of Health Early Hearing Detection and Intervention Advisory Council;

(2) coordinate and support Department of Education early hearing detection and intervention teams;

(3) leverage resources by serving as a liaison between interagency early intervention committees; part C coordinators from the Departments of Education, Health, and Human Services; Department of Education regional low-incidence facilitators; service coordinators from school districts; Minnesota children with special health needs in the Department of Health; public health nurses; child find; Department of Human Services Deaf and Hard-of-Hearing Services Division; and others as appropriate;

(4) identify, support, and promote culturally appropriate and evidence-based early intervention practices for infants with hearing loss, and provide training, outreach, and use of technology to increase consistency in statewide service provision;

(5) identify culturally appropriate specialized reliable and valid instruments to assess and track the progress of children with hearing loss and promote their use;

(6) ensure that early childhood providers, parents, and members of the individual family service and intervention plan are provided with child progress data resulting from specialized assessments;

(7) educate early childhood providers and teachers of the deaf and hard-of-hearing to use developmental data from specialized assessments to plan and adjust individual family service plans; and

(8) make recommendations that would improve educational outcomes to the early hearing detection and intervention committee, the commissioners of education and health, the Minnesota Commission Serving Deaf and Hard-of-Hearing People, and the advisory council of the Minnesota Department of Education Resource Center for the Deaf and Hard-of-Hearing.

(b) The Department of Education must provide aggregate data regarding outcomes of deaf and hard-of-hearing children who receive early intervention services within the state in accordance with the state performance plan.

Sec. 8. Minnesota Statutes 2006, section 125A.75, subdivision 1, is amended to read:

Subdivision 1. **Travel aid.** The state must pay each district one-half of the sum actually expended by a district, based on mileage, for necessary travel of essential personnel providing home-based or community-based services to children with a disability under age five and their families.

Sec. 9. Minnesota Statutes 2006, section 125A.75, subdivision 4, is amended to read:

Subd. 4. **Program and aid approval.** Before June 1 of each year, each district providing special instruction and services to children with a disability, including children eligible for Part C, as defined in sections 125A.02, subdivision 1, and 125A.27, subdivision 8, must submit to the commissioner an application for approval of these programs and their budgets for the next fiscal year. The application must include an enumeration of the costs proposed as eligible for state aid pursuant to this section and of the estimated number and grade level of children with a disability in the district who will receive special instruction and services ~~during the regular school year and in summer school programs~~ during the next fiscal year. The application must also include any other information deemed necessary by the commissioner for the calculation of state aid and for the evaluation of the necessity of the program, the necessity of the personnel to be employed in the program, for determining the amount which the program will receive from grants from federal funds, or special grants from other state sources, and the program's compliance with the rules and standards of the Department of Education. The commissioner shall review each application to determine whether the program and the personnel to be employed in the program are actually necessary and essential to meet the district's obligation to provide special instruction and services to children with a disability pursuant to sections 125A.03 to 125A.24, 125A.259 to 125A.48, and 125A.65. The commissioner shall not approve aid pursuant to this section for any program or for the salary of any personnel determined to be unnecessary or unessential on the basis of this review. The commissioner may withhold all or any portion of the aid for programs which receive grants from federal funds, or special grants from other state sources. By August 31 the commissioner shall approve, disapprove, or modify each application, and notify each applying district of the action and of the estimated amount of aid for the programs. The commissioner shall provide procedures for districts to submit additional applications for program and budget approval during the fiscal year, for programs needed to meet any substantial changes in the needs of children with a disability in the district. Notwithstanding the provisions of section 127A.42, the commissioner may modify or withdraw the program or aid approval and withhold aid pursuant

to this section without proceeding according to section 127A.42 at any time the commissioner determines that the program does not comply with rules of the Department of Education or that any facts concerning the program or its budget differ from the facts in the district's approved application.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 10. Minnesota Statutes 2006, section 125A.76, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For the purposes of this section, the definitions in this subdivision apply.

(a) ~~"Base year" for fiscal year 1998 and later fiscal years means the second fiscal year preceding the fiscal year for which aid will be paid.~~

~~(b)~~ "Basic revenue" has the meaning given it in section 126C.10, subdivision 2. For the purposes of computing basic revenue pursuant to this section, each child with a disability shall be counted as prescribed in section 126C.05, subdivision 1.

~~(c)~~ (b) "Essential personnel" means teachers, cultural liaisons, related services, and support services staff providing direct services to students. Essential personnel may also include special education paraprofessionals or clericals providing support to teachers and students by preparing paperwork and making arrangements related to special education compliance requirements, including parent meetings and individual education plans.

~~(d)~~ (c) "Average daily membership" has the meaning given it in section 126C.05.

~~(e)~~ (d) "Program growth factor" means 1.046 for fiscal year 2003, and 1.0 for fiscal year 2004 and later.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 11. Minnesota Statutes 2006, section 125A.76, subdivision 2, is amended to read:

Subd. 2. **Special education base revenue initial aid.** ~~(a)~~ The special education ~~base revenue~~ initial aid equals the sum of the following amounts computed using ~~base~~ current year data:

(1) 68 percent of the salary of each essential person employed in the district's program for children with a disability during the fiscal year, whether the person is employed by one or more districts or a Minnesota correctional facility operating on a fee-for-service basis;

(2) for the Minnesota State Academy for the Deaf or the Minnesota State Academy for the Blind, 68 percent of the salary of each instructional aide assigned to a child attending the academy, if that aide is required by the child's individual education plan;

(3) for special instruction and services provided to any pupil by contracting with public, private, or voluntary agencies other than school districts, in place of special instruction and services provided by the district, 52 percent of the difference between the amount of the contract and ~~the amount of the basic revenue, as defined in section 126C.10, subdivision 2, special education aid, and any other aid earned on behalf of the child~~ the general education revenue, excluding basic skills revenue and alternative teacher compensation revenue, and referendum equalization aid attributable to a pupil, calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit for the fraction of the school day the pupil receives services under the contract. This includes children who are residents of the state, receive services under section 125A.76, subdivisions 1 and 2, and are placed in a care and treatment facility by court action in a state that does not have a reciprocity agreement with the commissioner under section 125A.155 as provided for in section 125A.79, subdivision 8;

(4) for special instruction and services provided to any pupil by contracting for services with public, private, or voluntary agencies other than school districts, that are supplementary to a full educational program provided by the school district, 52 percent of the amount of the contract for that pupil;

(5) for supplies and equipment purchased or rented for use in the instruction of children with a disability, an amount equal to 47 percent of the sum actually expended by the district, or a Minnesota correctional facility operating on a fee-for-service basis, but not to exceed an average of \$47 in any one school year for each child with a disability receiving instruction;

(6) ~~for fiscal years 1997 and later~~, special education base revenue shall include amounts under clauses (1) to (5) for special education summer programs provided during the base year for that fiscal year; ~~and~~

(7) ~~for fiscal years 1999 and later~~, the cost of providing transportation services for children with disabilities under section 123B.92, subdivision 1, paragraph (b), clause (4).

The department shall establish procedures through the uniform financial accounting and reporting system to identify and track all revenues generated from third-party billings as special education revenue at the school district level; include revenue generated from third-party billings as special education revenue in the annual cross-subsidy report; and exclude third-party revenue from calculation of excess cost aid to the districts; and

(8) the district's transition-disabled program initial aid according to section 124D.454, subdivision 3.

~~(b) If requested by a school district operating a special education program during the base year for less than the full fiscal year, or a school district in which is located a Minnesota correctional facility operating on a fee for service basis for less than the full fiscal year, the commissioner may adjust the base revenue to reflect the expenditures that would have occurred during the base year had the program been operated for the full fiscal year.~~

~~(c) Notwithstanding paragraphs (a) and (b), the portion of a school district's base revenue attributable to a Minnesota correctional facility operating on a fee for service basis during the facility's first year of operating on a fee for service basis shall be computed using current year data.~~

Sec. 12. Minnesota Statutes 2006, section 125A.76, subdivision 4, is amended to read:

Subd. 4. **State total special education aid.** ~~The state total special education aid for fiscal year 2004 equals \$530,642,000. The state total special education aid for fiscal year 2005 equals \$529,164,000 \$572,297,000 for fiscal year 2008, \$573,122,000 for fiscal year 2009, \$574,696,000 for fiscal year 2010, and \$576,653,000 for fiscal year 2011.~~ The state total special education aid for later fiscal years equals:

(1) the state total special education aid for the preceding fiscal year; times

(2) the program growth factor; times

(3) the greater of one, or the ratio of the state total average daily membership for the current fiscal year to the state total average daily membership for the preceding fiscal year.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 13. Minnesota Statutes 2006, section 125A.76, subdivision 5, is amended to read:

Subd. 5. **School district special education aid.** ~~(a) A school district's special education aid for fiscal year 2000~~ 2008 and later equals the state total special education aid, ~~minus the amount determined under paragraphs (b) and (c),~~ times the ratio of the district's adjusted initial special education base revenue aid to the state total adjusted initial special education base revenue aid. ~~If the commissioner of education modifies its rules for special education in a~~

~~manner that increases a district's special education obligations or service requirements, the commissioner shall annually increase each district's special education aid by the amount necessary to compensate for the increased service requirements. The additional aid equals the cost in the current year attributable to rule changes not reflected in the computation of special education base revenue, multiplied by the appropriate percentages from subdivision 2.~~

~~(b) Notwithstanding paragraph (a), if the special education base revenue for a district equals zero, the special education aid equals the amount computed according to subdivision 2 using current year data.~~

~~(c) Notwithstanding paragraphs (a) and (b), if the special education base revenue for a district is greater than zero, and the base year amount for the district under subdivision 2, paragraph (a), clause (7), equals zero, the special education aid equals the sum of the amount computed according to paragraph (a), plus the amount computed according to subdivision 2, paragraph (a), clause (7), using current year data.~~

~~(d) A charter school under section 124D.10 shall generate state special education aid based on current year expenditures for its first four years of operation and only in its fifth and later years shall paragraphs (a), (b), and (c) apply.~~

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 14. Minnesota Statutes 2006, section 125A.76, is amended by adding a subdivision to read:

Subd. 8. **Special education forecast maintenance of effort.** (a) If, on the basis of a forecast of general fund revenues and expenditures under section 16A.103, the state's expenditures for special education and related services for children with disabilities from nonfederal sources for a fiscal year, including special education aid under section 125A.76; special education excess cost aid under section 125A.76, subdivision 7; travel for home-based services under section 125A.75, subdivision 1; aid for students with disabilities under section 125A.75, subdivision 3; court-placed special education under section 125A.79, subdivision 4; out-of-state tuition under section 125A.79, subdivision 8; and direct expenditures by state agencies are projected to be less than the amount required to meet federal special education maintenance of effort, the additional amount required to meet federal special education maintenance of effort is added to the state total special education aid in section 125A.76, subdivision 4.

(b) If, on the basis of a forecast of general fund revenues and expenditures under section 16A.103, expenditures in the programs in paragraph (a) are projected to be greater than previously forecast for an enacted budget, and an addition to state total special education aid has been made under paragraph (a), the state total special education aid must be reduced by the lesser of the amount of the expenditure increase or the amount previously added to state total special education aid in section 125A.76, subdivision 4.

(c) For the purpose of this section, "previously forecast for an enacted budget" means the allocation of funding for these programs in the most recent forecast of general fund revenues and expenditures or the act appropriating money for these programs, whichever occurred most recently. It does not include planning estimates for a future biennium.

EFFECTIVE DATE. This section is effective for fiscal year 2008.

Sec. 15. Minnesota Statutes 2006, section 125A.79, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For the purposes of this section, the definitions in this subdivision apply.

(a) "Unreimbursed special education cost" means the sum of the following:

(1) expenditures for teachers' salaries, contracted services, supplies, equipment, and transportation services eligible for revenue under section 125A.76; plus

(2) expenditures for tuition bills received under sections 125A.03 to 125A.24 and 125A.65 for services eligible for revenue under section 125A.76, subdivision 2; minus

(3) revenue for teachers' salaries, contracted services, supplies, ~~and equipment, and transportation services~~ under section 125A.76; minus

(4) tuition receipts under sections 125A.03 to 125A.24 and 125A.65 for services eligible for revenue under section 125A.76, subdivision 2.

(b) "General revenue" means the sum of the general education revenue according to section 126C.10, subdivision 1, excluding alternative teacher compensation revenue, plus the total qualifying referendum revenue specified in paragraph (e) minus transportation sparsity revenue minus total operating capital revenue.

(c) "Average daily membership" has the meaning given it in section 126C.05.

(d) "Program growth factor" means 1.02 for fiscal year 2003, and 1.0 for fiscal year 2004 and later.

(e) "Total qualifying referendum revenue" means two-thirds of the district's total referendum revenue as adjusted according to section 127A.47, subdivision 7, paragraphs (a) to (c), for fiscal year 2006, one-third of the district's total referendum revenue for fiscal year 2007, and none of the district's total referendum revenue for fiscal year 2008 and later.

Sec. 16. Minnesota Statutes 2006, section 125A.79, subdivision 5, is amended to read:

Subd. 5. **Initial excess cost aid.** For fiscal years ~~2002~~ 2008 and later, a district's initial excess cost aid equals the ~~greatest~~ greater of:

(1) 75 percent of the difference between (i) the district's unreimbursed special education cost and (ii) 4.36 percent of the district's general revenue; or

~~(2) 70 percent of the difference between (i) the increase in the district's unreimbursed special education cost between the base year as defined in section 125A.76, subdivision 1, and the current year and (ii) 1.6 percent of the district's general revenue; or~~

~~(3) zero.~~

EFFECTIVE DATE. This section is effective for fiscal year 2008.

Sec. 17. Minnesota Statutes 2006, section 125A.79, subdivision 6, is amended to read:

Subd. 6. **State total special education excess cost aid.** The state total special education excess cost aid ~~for~~ for fiscal year 2005 equals \$91,811,000, \$128,341,000 for fiscal year 2008, \$129,523,000 for fiscal year 2009, \$129,801,000 for fiscal year 2010, and \$130,193,000 for fiscal year 2011. ~~The state total special education excess cost aid equals \$103,600,000 for fiscal year 2006 and \$104,700,000 for fiscal year 2007. The state total special education excess cost aid for fiscal year 2008 and later fiscal years equals:~~

(1) the state total special education excess cost aid for the preceding fiscal year; times

(2) the program growth factor; times

(3) the greater of one, or the ratio of the state total average daily membership for the current fiscal year to the state total average daily membership for the preceding fiscal year.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 18. Minnesota Statutes 2006, section 125A.79, subdivision 8, is amended to read:

Subd. 8. **Out-of-state tuition.** For children who are residents of the state, receive services under section 125A.76, subdivisions 1 and 2, and are placed in a care and treatment facility by court action in a state that does not have a reciprocity agreement with the commissioner under section 125A.155, the resident school district shall submit the balance of the tuition bills, minus the ~~amount of the basic revenue, as defined by section 126C.10, subdivision 2, of the district for the child and~~ general education revenue, excluding basic skills revenue and alternative teacher compensation revenue, and referendum equalization aid attributable to the pupil, calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit minus the special education aid, and any other aid earned on behalf of the child contracted services initial aid attributable to the pupil.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 19. Minnesota Statutes 2006, section 127A.47, subdivision 7, is amended to read:

Subd. 7. **Alternative attendance programs.** The general education aid and special education aid for districts must be adjusted for each pupil attending a nonresident district under sections 123A.05 to 123A.08, 124D.03, 124D.06, 124D.08, and 124D.68. The adjustments must be made according to this subdivision.

(a) General education aid paid to a resident district must be reduced by an amount equal to the referendum equalization aid attributable to the pupil in the resident district.

(b) General education aid paid to a district serving a pupil in programs listed in this subdivision must be increased by an amount equal to the referendum equalization aid attributable to the pupil in the nonresident district.

(c) If the amount of the reduction to be made from the general education aid of the resident district is greater than the amount of general education aid otherwise due the district, the excess reduction must be made from other state aids due the district.

(d) For fiscal year 2006, the district of residence must pay tuition to a district or an area learning center, operated according to paragraph (f), providing special instruction and services to a pupil with a disability, as defined in section 125A.02, or a pupil, as defined in section 125A.51, who is enrolled in a program listed in this subdivision. The tuition must be equal to (1) the actual cost of providing special instruction and services to the pupil, including a proportionate amount for special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, minus (2) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum equalization aid attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, minus (3) special education aid attributable to that pupil, that is received by the district providing special instruction and services. For purposes of this paragraph, general education revenue and referendum equalization aid attributable to a pupil must be calculated using the serving district's average general education revenue and referendum equalization aid per adjusted pupil unit.

(e) For fiscal year 2007 and later, special education aid paid to a resident district must be reduced by an amount equal to (1) the actual cost of providing special instruction and services, including special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, for a pupil with a disability, as defined in section 125A.02, or a pupil, as defined in section 125A.51, who is enrolled in a program listed in this subdivision, minus (2) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum equalization aid attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, minus (3) special education aid attributable to that pupil, that is received by the district providing special instruction and services. For purposes of this paragraph, general education revenue and referendum equalization aid attributable to a pupil must be calculated using the serving district's average general education revenue and referendum equalization aid per adjusted pupil unit. Special education aid paid to the district or cooperative providing special instruction and services for the pupil, or to the fiscal agent district for a cooperative, must be increased by the amount of the reduction in the aid paid to the resident district. If the resident district's special education aid is insufficient to make the full adjustment, the remaining adjustment shall be made to other state aids due to the district.

(f) An area learning center operated by a service cooperative, intermediate district, education district, or a joint powers cooperative may elect through the action of the constituent boards to charge the resident district tuition for pupils rather than to have the general education revenue paid to a fiscal agent school district. Except as provided in paragraph (d) or (e), the district of residence must pay tuition equal to at least 90 percent of the district average general education revenue per pupil unit minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0485, calculated without basic skills revenue and transportation sparsity revenue, times the number of pupil units for pupils attending the area learning center, plus the amount of compensatory revenue generated by pupils attending the area learning center.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 20. Laws 2006, chapter 263, article 3, section 15, is amended to read:

Sec. 15. **SPECIAL EDUCATION TUITION BILLING FOR FISCAL YEARS 2006 AND, 2007, AND 2008.**

(a) Notwithstanding Minnesota Statutes, sections 125A.11, subdivision 1, paragraph (a), and 127A.47, subdivision 7, paragraph (d), for fiscal year 2006 an intermediate district, special education cooperative, or school district that served as an applicant agency for a group of school districts for federal special education aids for fiscal year 2006 is not subject to the uniform special education tuition billing calculations, but may instead continue to bill the resident school districts for the actual unreimbursed costs of serving pupils with a disability as determined by the intermediate district, special education cooperative, or school district.

(b) Notwithstanding Minnesota Statutes, section 125A.11, subdivision 1, paragraph (c), for fiscal year 2007 only, an ~~applicant district~~ agency exempted from the uniform special education tuition billing calculations for fiscal year 2006 under paragraph (a) may apply to the commissioner for ~~a waiver~~ an exemption from the uniform special education tuition calculations and aid adjustments under Minnesota Statutes, sections 125A.11, subdivision 1, paragraph (b), and 127A.47, subdivision 7, paragraph (e). The commissioner must grant the ~~waiver~~ exemption within 30 days of receiving the following information from the intermediate district, special education cooperative, or school district:

(1) a detailed description of the applicant district's methodology for calculating special education tuition for fiscal years 2006 and 2007, as required by the applicant district to recover the full cost of serving pupils with a disability;

(2) sufficient data to determine the total amount of special education tuition actually charged for each student with a disability, as required by the applicant district to recover the full cost of serving pupils with a disability in fiscal year 2006; and

(3) sufficient data to determine the amount that would have been charged for each student for fiscal year 2006 using the uniform tuition billing methodology according to Minnesota Statutes, sections 125A.11, subdivision 1, or 127A.47, subdivision 7, as applicable.

(c) Notwithstanding Minnesota Statutes, section 125A.11, subdivision 1, paragraph (c), for fiscal year 2008 only, an agency granted an exemption from the uniform special education tuition billing calculations and aid adjustments for fiscal year 2007 under paragraph (b) may apply to the commissioner for a one-year extension of the exemption granted under paragraph (b). The commissioner must grant the extension within 30 days of receiving the request.

(d) Notwithstanding Minnesota Statutes, section 125A.11, subdivision 1, paragraphs (a) and (b), and section 127A.47, subdivision 7, paragraphs (d) and (e), for fiscal year 2007 only, a school district or charter school not eligible for a waiver under Minnesota Statutes, section 125A.11, subdivision 1, paragraph (d), may apply to the commissioner for authority to charge the resident district an additional amount to recover any remaining unreimbursed costs of serving pupils with a disability. The application must include a description of the costs and the calculations used to determine the unreimbursed portion to be charged to the resident district. Amounts approved by the commissioner under this paragraph must be included in the tuition billings or aid adjustments under paragraph (a) or (b), or Minnesota Statutes, section 127A.47, subdivision 7, paragraph (d) or (e), as applicable.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 21. **TASK FORCE TO COMPARE FEDERAL AND STATE SPECIAL EDUCATION REQUIREMENTS.**

Subdivision 1. **Establishment; duties.** A task force is established to recommend which state laws and rules that exceed or expand upon minimum federal special education requirements for providing special education programs and services to eligible students should be amended to conform with minimum federal requirements. The commissioner of the Bureau of Mediation Services under Minnesota Statutes, section 179.02, after consulting with interested stakeholders, shall appoint a ten-member task force composed of equal numbers of providers, advocates, regulators, consumers of special education services, lawyers who practice in the field of special education and represent either parents or school districts, special education teachers, and school officials. The commissioner must convene the task force by August 1, 2007, which shall meet regularly and shall review the January 25, 2006, report prepared by the Minnesota Department of Education Office of Compliance and Assistance and other relevant studies and resources analyzing differences between federal and state special education requirements. The terms and compensation of task force members are governed by Minnesota Statutes, section 15.059, subdivision 6.

Subd. 2. **Report.** The task force must submit to the education policy and finance committees of the legislature by February 15, 2008, a report that identifies and clearly and concisely explains each provision in state law or rule that exceeds or expands upon a minimum federal requirement contained in law or regulation for providing special education programs and services to eligible students. The report also must recommend which state provisions that exceed or expand upon a minimum federal requirement may be amended to conform with minimum federal requirements. The task force expires when it submits its report to the legislature.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 22. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Special education; regular.** For special education aid under Minnesota Statutes, section 125A.75:

\$568,034,000 2008

\$573,040,000 2009

The 2008 appropriation includes \$52,965,000 for 2007 and \$515,069,000 for 2008.

The 2009 appropriation includes \$57,228,000 for 2008 and \$515,812,000 for 2009.

Subd. 3. **Aid for children with disabilities.** For aid under Minnesota Statutes, section 125A.75, subdivision 3, for children with disabilities placed in residential facilities within the district boundaries for whom no district of residence can be determined:

\$1,538,000 2008

\$1,729,000 2009

If the appropriation for either year is insufficient, the appropriation for the other year is available.

Subd. 4. **Travel for home-based services.** For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

\$254,000 2008

\$284,000 2009

The 2008 appropriation includes \$22,000 for 2007 and \$232,000 for 2008.

The 2009 appropriation includes \$26,000 for 2008 and \$258,000 for 2009.

Subd. 5. **Special education; excess costs.** For excess cost aid under Minnesota Statutes, section 125A.79, subdivision 7:

\$120,445,000 2008

\$129,128,000 2009

The 2008 appropriation includes \$34,969,000 for 2007 and \$85,476,000 for 2008.

The 2009 appropriation includes \$42,865,000 for 2008 and \$86,263,000 for 2009.

Subd. 6. **Transition for disabled students.** For aid for transition programs for children with disabilities under Minnesota Statutes, section 124D.454:

\$879,000 2008

The 2008 appropriation includes \$879,000 for 2007 and \$0 for 2008.

Subd. 7. **Court-placed special education revenue.** For reimbursing serving school districts for unreimbursed eligible expenditures attributable to children placed in the serving school district by court action under Minnesota Statutes, section 125A.79, subdivision 4:

\$72,000	2008
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\$74,000	2009
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Subd. 8. **Special education out-of-state tuition.** For special education out-of-state tuition according to Minnesota Statutes, section 125A.79, subdivision 8:

\$250,000	2008
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\$250,000	2009
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Subd. 9. **Special education task force.** For the commissioner to contract with the Bureau of Mediation Services for costs related to the work of the special education task force under section 21:

\$20,000	2008
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Sec. 23. **REPEALER.**

Minnesota Statutes 2006, sections 124D.454, subdivisions 4, 5, 6, and 7; 125A.10; 125A.75, subdivision 6; and 125A.76, subdivision 3, are repealed effective for revenue for fiscal year 2008.

ARTICLE 4

FACILITIES AND TECHNOLOGY

Section 1. Minnesota Statutes 2006, section 123B.53, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For purposes of this section, the eligible debt service revenue of a district is defined as follows:

(1) the amount needed to produce between five and six percent in excess of the amount needed to meet when due the principal and interest payments on the obligations of the district for eligible projects according to subdivision 2, including the amounts necessary for repayment of energy loans according to section 216C.37 or sections 298.292 to 298.298, debt service loans and capital loans, lease purchase payments under section 126C.40, subdivision 2, alternative facilities levies under section 123B.59, subdivision 5, paragraph (a), minus

(2) the amount of debt service excess levy reduction for that school year calculated according to the procedure established by the commissioner.

(b) The obligations in this paragraph are excluded from eligible debt service revenue:

(1) obligations under section 123B.61;

(2) the part of debt service principal and interest paid from the taconite environmental protection fund or Douglas J. Johnson economic protection trust;

(3) obligations issued under Laws 1991, chapter 265, article 5, section 18, as amended by Laws 1992, chapter 499, article 5, section 24; and

(4) obligations under section 123B.62.

(c) For purposes of this section, if a preexisting school district reorganized under sections 123A.35 to 123A.43, 123A.46, and 123A.48 is solely responsible for retirement of the preexisting district's bonded indebtedness, capital loans or debt service loans, debt service equalization aid must be computed separately for each of the preexisting districts.

(d) For purposes of this section, the adjusted net tax capacity determined according to section 127A.48 shall be adjusted to include a portion of the tax capacity of property generally exempted from ad valorem taxes under section 272.02, subdivisions 64 and 65, equal to the product of that tax capacity times the ratio of the eligible debt service revenue attributed to general obligation bonds to the total eligible debt service revenue of the district.

EFFECTIVE DATE. This section is effective for taxes payable in 2008.

Sec. 2. Minnesota Statutes 2006, section 123B.53, subdivision 4, is amended to read:

Subd. 4. **Debt service equalization revenue.** ~~(a) The debt service equalization revenue of a district equals the sum of the first tier debt service equalization revenue and the second tier debt service equalization revenue.~~

~~(b) The first tier debt service equalization revenue of a district equals the greater of zero or the eligible debt service revenue minus the amount raised by a levy of 15 percent times the adjusted debt service net tax capacity of the district minus the second tier debt service equalization revenue of the district.~~

~~(c) The second tier debt service equalization revenue of a district equals the greater of zero or the eligible debt service revenue, excluding alternative facilities levies under section 123B.59, subdivision 5, minus the amount raised by a levy of 25 percent times the adjusted net tax capacity of the district.~~

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2009.

Sec. 3. Minnesota Statutes 2006, section 123B.53, subdivision 5, is amended to read:

Subd. 5. **Equalized debt service levy.** ~~(a) The equalized debt service levy of a district equals the sum of the first tier equalized debt service levy and the second tier equalized debt service levy.~~

~~(b) A district's first tier equalized debt service levy equals the district's first tier debt service equalization revenue times the lesser of one or the ratio of:~~

~~(1) the quotient derived by dividing the adjusted debt service net tax capacity of the district for the year before the year the levy is certified by the adjusted pupil units in the district for the school year ending in the year prior to the year the levy is certified; to~~

~~(2) \$3,200 100 percent of the statewide adjusted net tax capacity equalizing factor.~~

~~(c) A district's second tier equalized debt service levy equals the district's second tier debt service equalization revenue times the lesser of one or the ratio of:~~

~~(1) the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the adjusted pupil units in the district for the school year ending in the year prior to the year the levy is certified; to~~

~~(2) \$8,000.~~

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2009.

Sec. 4. Minnesota Statutes 2006, section 123B.54, is amended to read:

123B.54 DEBT SERVICE AND SCHOOL BOND AGRICULTURAL CREDIT APPROPRIATION.

(a) \$21,624,000 \$14,813,000 in fiscal year 2008 and \$20,403,000, \$26,100,000 in fiscal year 2009, \$29,816,000 in fiscal year 2010, and \$30,538,000 in fiscal year 2011 and later are appropriated from the general fund to the commissioner of education for payment of debt service equalization aid under section 123B.53.

(b) \$10,000,000 in fiscal year 2009, \$10,475,000 in fiscal year 2010, and \$10,948,000 in fiscal year 2011 and each year thereafter are appropriated from the general fund to the commissioner of education for payment of school bond agricultural credit aid under section 123B.555.

~~(b)~~ (c) The appropriations in paragraph paragraphs (a) and (b) must be reduced by the amount of any money specifically appropriated for the same purpose in any year from any state fund.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2009.

Sec. 5. **[123B.555] SCHOOL BOND AGRICULTURAL CREDIT.**

Subdivision 1. **Eligibility.** All class 2 property under section 273.13, subdivision 23, except for (1) property consisting of the house, garage, and immediately surrounding one acre of land of an agricultural homestead, and (2) property classified under section 273.13, subdivision 23, paragraph (b), clause (4), is eligible to receive the credit under this section.

Subd. 2. **Credit amount.** For each qualifying property, the school bond agricultural credit is equal to 20 percent of the property's eligible net tax capacity multiplied by the school debt tax rate determined under section 275.08, subdivision 1b.

Subd. 3. **Credit reimbursements.** The county auditor shall determine the tax reductions allowed under this section within the county for each taxes payable year and shall certify that amount to the commissioner of revenue as a part of the abstracts of tax lists submitted under section 275.29. Any prior year adjustments shall also be certified on the abstracts of tax lists. The commissioner shall review the certifications for accuracy, and may make such changes as are deemed necessary, or return the certification to the county auditor for correction. The credit under this section must be used to reduce the school district net tax capacity-based property tax as provided in section 273.1393.

Subd. 4. **Payment.** The commissioner of revenue shall certify the total of the tax reductions granted under this section for each taxes payable year within each school district to the commissioner of education, who shall pay the reimbursement amounts to each school district as provided in section 273.1392.

EFFECTIVE DATE. This section is effective for taxes payable in 2008.

Sec. 6. Minnesota Statutes 2006, section 123B.57, subdivision 3, is amended to read:

Subd. 3. **Health and safety revenue.** A district's health and safety revenue for a fiscal year equals the district's alternative facilities levy under section 123B.59, subdivision 5, paragraph (b), plus the greater of zero or:

(1) the sum of (a) the total approved cost of the district's hazardous substance plan for fiscal years 1985 through 1989, plus (b) the total approved cost of the district's health and safety program for fiscal year 1990 through the fiscal year to which the levy is attributable, excluding expenditures funded with bonds issued under section 123B.59 or 123B.62, or chapter 475; certificates of indebtedness or capital notes under section 123B.61; levies under section 123B.58, 123B.59, 123B.63, or 126C.40, subdivision 1 or 6; and other federal, state, or local revenues, minus

(2) the sum of (a) the district's total hazardous substance aid and levy for fiscal years 1985 through 1989 under sections 124.245 and 275.125, subdivision 11c, plus (b) the district's health and safety revenue under this subdivision, for years before the fiscal year to which the levy is attributable.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2009.

Sec. 7. Minnesota Statutes 2006, section 123B.63, subdivision 3, is amended to read:

Subd. 3. **Capital project levy referendum.** A district may levy the local tax rate approved by a majority of the electors voting on the question to provide funds for an approved project. The election must take place no more than five years before the estimated date of commencement of the project. The referendum must be held on a date set by the board. A referendum for a project not receiving a positive review and comment by the commissioner under section 123B.71 must be approved by at least 60 percent of the voters at the election. The referendum may be called by the school board and may be held:

(1) separately, before an election for the issuance of obligations for the project under chapter 475; or

(2) in conjunction with an election for the issuance of obligations for the project under chapter 475; or

(3) notwithstanding section 475.59, as a conjunctive question authorizing both the capital project levy and the issuance of obligations for the project under chapter 475. Any obligations authorized for a project may be issued within five years of the date of the election.

The ballot must provide a general description of the proposed project, state the estimated total cost of the project, state whether the project has received a positive or negative review and comment from the commissioner, state the maximum amount of the capital project levy as a percentage of net tax capacity, state the amount that will be raised by that local tax rate in the first year it is to be levied, and state the maximum number of years that the levy authorization will apply.

The ballot must contain a textual portion with the information required in this section and a question stating substantially the following:

"Shall the capital project levy proposed by the board of School District No. be approved?"

If approved, the amount provided by the approved local tax rate applied to the net tax capacity for the year preceding the year the levy is certified may be certified for the number of years, not to exceed ten, approved.

In the event a conjunctive question proposes to authorize both the capital project levy and the issuance of obligations for the project, appropriate language authorizing the issuance of obligations must also be included in the question.

The district must notify the commissioner of the results of the referendum.

EFFECTIVE DATE. This section is effective July 1, 2007, for elections conducted on or after that day.

Sec. 8. Minnesota Statutes 2006, section 126C.01, is amended by adding a subdivision to read:

Subd. 2a. **Statewide adjusted net tax capacity equalizing factor.** The statewide adjusted net tax capacity equalizing factor equals the quotient derived by dividing the total adjusted net tax capacity of all school districts in the state for the year before the year the levy is certified by the total number of adjusted pupil units in the state for the fiscal year preceding the year the levy is certified.

EFFECTIVE DATE. This section is effective for taxes payable in 2008.

Sec. 9. Minnesota Statutes 2006, section 127A.48, is amended by adding a subdivision to read:

Subd. 17. **Adjusted debt service net tax capacity.** To calculate each district's adjusted debt service net tax capacity, the commissioner of revenue must recompute the amounts in this section using an alternative sales ratio comparing the sales price to the estimated market value of the property.

EFFECTIVE DATE. This section is effective the day following final enactment for computing taxes payable in 2008.

Sec. 10. Minnesota Statutes 2006, section 128D.11, subdivision 3, is amended to read:

Subd. 3. **No election.** Subject to the provisions of subdivisions 7 to 10, the school district may also by a two-thirds majority vote of all the members of its board of education and without any election by the voters of the district, issue and sell in each calendar year general obligation bonds of the district in an amount not to exceed 5-1/10 per cent of the net tax capacity of the taxable property in the district (plus, for calendar years 1990 to 2003, an amount not to exceed \$7,500,000, ~~and~~ for calendar years 2004 to 2008 an amount not to exceed \$15,000,000, and for each calendar year after 2008, an amount not to exceed \$15,000,000; with an additional provision that any amount of bonds so authorized for sale in a specific year and not sold can be carried forward and sold in the year immediately following).

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 11. Minnesota Statutes 2006, section 273.11, subdivision 1a, is amended to read:

Subd. 1a. **Limited market value.** In the case of all property classified as agricultural homestead or nonhomestead, residential homestead or nonhomestead, timber, or noncommercial seasonal residential recreational, the assessor shall compare the value with the taxable portion of the value determined in the preceding assessment.

For assessment years 2004, 2005, and 2006, the amount of the increase shall not exceed the greater of (1) 15 percent of the value in the preceding assessment, or (2) 25 percent of the difference between the current assessment and the preceding assessment.

For assessment year 2007, the amount of the increase shall not exceed the greater of (1) 15 percent of the value in the preceding assessment, or (2) 33 percent of the difference between the current assessment and the preceding assessment.

For assessment year 2008, the amount of the increase shall not exceed the greater of (1) 15 percent of the value in the preceding assessment, or (2) 50 percent of the difference between the current assessment and the preceding assessment.

This limitation shall not apply to increases in value due to improvements. For purposes of this subdivision, the term "assessment" means the value prior to any exclusion under subdivision 16.

The provisions of this subdivision shall be in effect through assessment year 2008 as provided in this subdivision.

For purposes of the assessment/sales ratio study conducted under section 127A.48, and the computation of state aids paid under chapters 122A, 123A, 123B, excluding section 123B.53, 124D, 125A, 126C, 127A, and 477A, market values and net tax capacities determined under this subdivision and subdivision 16, shall be used.

EFFECTIVE DATE. This section is effective the day following final enactment for computing taxes payable in 2008.

Sec. 12. Minnesota Statutes 2006, section 273.1393, is amended to read:

273.1393 COMPUTATION OF NET PROPERTY TAXES.

Notwithstanding any other provisions to the contrary, "net" property taxes are determined by subtracting the credits in the order listed from the gross tax:

- (1) disaster credit as provided in section 273.123;
- (2) powerline credit as provided in section 273.42;
- (3) agricultural preserves credit as provided in section 473H.10;
- (4) enterprise zone credit as provided in section 469.171;
- (5) disparity reduction credit;
- (6) conservation tax credit as provided in section 273.119;
- (7) homestead and agricultural credits as provided in section 273.1384;
- (8) school bond agricultural credit as provided in section 123B.555;
- ~~(8)~~ (9) taconite homestead credit as provided in section 273.135; and
- ~~(9)~~ (10) supplemental homestead credit as provided in section 273.1391.

The combination of all property tax credits must not exceed the gross tax amount.

EFFECTIVE DATE. This section is effective for taxes payable in 2008.

Sec. 13. Minnesota Statutes 2006, section 275.065, subdivision 3, is amended to read:

Subd. 3. **Notice of proposed property taxes.** (a) The county auditor shall prepare and the county treasurer shall deliver after November 10 and on or before November 24 each year, by first class mail to each taxpayer at the address listed on the county's current year's assessment roll, a notice of proposed property taxes.

(b) The commissioner of revenue shall prescribe the form of the notice.

(c) The notice must inform taxpayers that it contains the amount of property taxes each taxing authority proposes to collect for taxes payable the following year. In the case of a town, or in the case of the state general tax, the final tax amount will be its proposed tax. In the case of taxing authorities required to hold a public meeting under subdivision 6, the notice must clearly state that each taxing authority, including regional library districts established under section 134.201, and including the metropolitan taxing districts as defined in paragraph (i), but excluding all other special taxing districts and towns, will hold a public meeting to receive public testimony on the proposed budget and proposed or final property tax levy, or, in case of a school district, on the current budget and proposed property tax levy. It must clearly state the time and place of each taxing authority's meeting, a telephone number for the taxing authority that taxpayers may call if they have questions related to the notice, and an address where comments will be received by mail.

(d) The notice must state for each parcel:

(1) the market value of the property as determined under section 273.11, and used for computing property taxes payable in the following year and for taxes payable in the current year as each appears in the records of the county assessor on November 1 of the current year; and, in the case of residential property, whether the property is classified as homestead or nonhomestead. The notice must clearly inform taxpayers of the years to which the market values apply and that the values are final values;

(2) the items listed below, shown separately by county, city or town, and state general tax, net of the residential and agricultural homestead credit under section 273.1384 and the school bond agricultural credit under section 123B.555, voter approved school levy, other local school levy, and the sum of the special taxing districts, and as a total of all taxing authorities:

(i) the actual tax for taxes payable in the current year; and

(ii) the proposed tax amount.

If the county levy under clause (2) includes an amount for a lake improvement district as defined under sections 103B.501 to 103B.581, the amount attributable for that purpose must be separately stated from the remaining county levy amount.

In the case of a town or the state general tax, the final tax shall also be its proposed tax unless the town changes its levy at a special town meeting under section 365.52. If a school district has certified under section 126C.17, subdivision 9, that a referendum will be held in the school district at the November general election, the county auditor must note next to the school district's proposed amount that a referendum is pending and that, if approved by the voters, the tax amount may be higher than shown on the notice. In the case of the city of Minneapolis, the levy for the Minneapolis Library Board and the levy for Minneapolis Park and Recreation shall be listed separately from the remaining amount of the city's levy. In the case of the city of St. Paul, the levy for the St. Paul Library Agency must be listed separately from the remaining amount of the city's levy. In the case of Ramsey County, any amount levied under section 134.07 may be listed separately from the remaining amount of the county's levy. In the case of a parcel where tax increment or the fiscal disparities areawide tax under chapter 276A or 473F applies, the proposed tax levy on the captured value or the proposed tax levy on the tax capacity subject to the areawide tax must each be stated separately and not included in the sum of the special taxing districts; and

(3) the increase or decrease between the total taxes payable in the current year and the total proposed taxes, expressed as a percentage.

For purposes of this section, the amount of the tax on homesteads qualifying under the senior citizens' property tax deferral program under chapter 290B is the total amount of property tax before subtraction of the deferred property tax amount.

(e) The notice must clearly state that the proposed or final taxes do not include the following:

(1) special assessments;

(2) levies approved by the voters after the date the proposed taxes are certified, including bond referenda and school district levy referenda;

(3) a levy limit increase approved by the voters by the first Tuesday after the first Monday in November of the levy year as provided under section 275.73;

(4) amounts necessary to pay cleanup or other costs due to a natural disaster occurring after the date the proposed taxes are certified;

(5) amounts necessary to pay tort judgments against the taxing authority that become final after the date the proposed taxes are certified; and

(6) the contamination tax imposed on properties which received market value reductions for contamination.

(f) Except as provided in subdivision 7, failure of the county auditor to prepare or the county treasurer to deliver the notice as required in this section does not invalidate the proposed or final tax levy or the taxes payable pursuant to the tax levy.

(g) If the notice the taxpayer receives under this section lists the property as nonhomestead, and satisfactory documentation is provided to the county assessor by the applicable deadline, and the property qualifies for the homestead classification in that assessment year, the assessor shall reclassify the property to homestead for taxes payable in the following year.

(h) In the case of class 4 residential property used as a residence for lease or rental periods of 30 days or more, the taxpayer must either:

(1) mail or deliver a copy of the notice of proposed property taxes to each tenant, renter, or lessee; or

(2) post a copy of the notice in a conspicuous place on the premises of the property.

The notice must be mailed or posted by the taxpayer by November 27 or within three days of receipt of the notice, whichever is later. A taxpayer may notify the county treasurer of the address of the taxpayer, agent, caretaker, or manager of the premises to which the notice must be mailed in order to fulfill the requirements of this paragraph.

(i) For purposes of this subdivision, subdivisions 5a and 6, "metropolitan special taxing districts" means the following taxing districts in the seven-county metropolitan area that levy a property tax for any of the specified purposes listed below:

(1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325, 473.446, 473.521, 473.547, or 473.834;

(2) Metropolitan Airports Commission under section 473.667, 473.671, or 473.672; and

(3) Metropolitan Mosquito Control Commission under section 473.711.

For purposes of this section, any levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter 398A shall be included with the appropriate county's levy and shall be discussed at that county's public hearing.

(j) The governing body of a county, city, or school district may, with the consent of the county board, include supplemental information with the statement of proposed property taxes about the impact of state aid increases or decreases on property tax increases or decreases and on the level of services provided in the affected jurisdiction. This supplemental information may include information for the following year, the current year, and for as many consecutive preceding years as deemed appropriate by the governing body of the county, city, or school district. It may include only information regarding:

(1) the impact of inflation as measured by the implicit price deflator for state and local government purchases;

(2) population growth and decline;

(3) state or federal government action; and

(4) other financial factors that affect the level of property taxation and local services that the governing body of the county, city, or school district may deem appropriate to include.

The information may be presented using tables, written narrative, and graphic representations and may contain instruction toward further sources of information or opportunity for comment.

EFFECTIVE DATE. This section is effective for taxes payable in 2008.

Sec. 14. Minnesota Statutes 2006, section 275.07, subdivision 2, is amended to read:

Subd. 2. **School district in more than one county levies; special requirements.** (a) In school districts lying in more than one county, the clerk shall certify the tax levied to the auditor of the county in which the administrative offices of the school district are located.

(b) The clerk shall identify the portion of the school district levy that is levied for the purposes specified in section 123B.53, subdivision 5, as the school debt levy at the time that the levy is certified under this section.

EFFECTIVE DATE. This section is effective for taxes payable in 2008.

Sec. 15. Minnesota Statutes 2006, section 275.08, subdivision 1b, is amended to read:

Subd. 1b. **Computation of tax rates.** (a) The amounts certified to be levied against net tax capacity under section 275.07 by an individual local government unit shall be divided by the total net tax capacity of all taxable properties within the local government unit's taxing jurisdiction. The resulting ratio, the local government's local tax rate, multiplied by each property's net tax capacity shall be each property's net tax capacity tax for that local government unit before reduction by any credits.

(b) The auditor shall also determine the school debt tax rate for each school district equal to the school debt levy certified under section 275.07 divided by the total net tax capacity of all taxable property within the district.

(c) Any amount certified to the county auditor to be levied against market value shall be divided by the total referendum market value of all taxable properties within the taxing district. The resulting ratio, the taxing district's new referendum tax rate, multiplied by each property's referendum market value shall be each property's new referendum tax before reduction by any credits. For the purposes of this subdivision, "referendum market value" means the market value as defined in section 126C.01, subdivision 3.

EFFECTIVE DATE. This section is effective for taxes payable in 2008.

Sec. 16. Minnesota Statutes 2006, section 276.04, subdivision 2, is amended to read:

Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the printing of the tax statements. The commissioner of revenue shall prescribe the form of the property tax statement and its contents. The statement must contain a tabulated statement of the dollar amount due to each taxing authority and the amount of the state tax from the parcel of real property for which a particular tax statement is prepared. The dollar amounts attributable to the county, the state tax, the voter approved school tax, the other local school tax, the township or municipality, and the total of the metropolitan special taxing districts as defined in section 275.065, subdivision 3, paragraph (i), must be separately stated. The amounts due all other special taxing districts, if any, may be aggregated except that any levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter 398A shall be listed on a separate line directly under the appropriate county's levy. If the county levy under this paragraph includes an amount for a lake improvement district as defined under sections 103B.501 to 103B.581, the amount attributable for that purpose must be separately stated from the remaining county levy amount. In the case of Ramsey County, if the county levy under this paragraph includes an amount for public library service under section 134.07, the amount attributable for that purpose may be separated from the remaining county levy amount. The amount of the tax on homesteads qualifying under the senior citizens' property tax deferral program under chapter 290B is the total amount of property tax before subtraction of the deferred property tax amount. The amount of the tax on contamination value imposed under sections 270.91 to 270.98, if any, must also be separately stated. The dollar amounts, including the dollar amount of any special assessments, may be rounded to the nearest even whole dollar. For purposes of this section whole odd-numbered dollars may be adjusted to the next higher even-numbered dollar. The amount of market value excluded under section 273.11, subdivision 16, if any, must also be listed on the tax statement.

(b) The property tax statements for manufactured homes and sectional structures taxed as personal property shall contain the same information that is required on the tax statements for real property.

(c) Real and personal property tax statements must contain the following information in the order given in this paragraph. The information must contain the current year tax information in the right column with the corresponding information for the previous year in a column on the left:

- (1) the property's estimated market value under section 273.11, subdivision 1;
- (2) the property's taxable market value after reductions under section 273.11, subdivisions 1a and 16;
- (3) the property's gross tax, calculated by adding the property's total property tax to the sum of the aids enumerated in clause (4);
- (4) a total of the following aids:
 - (i) education aids payable under chapters 122A, 123A, 123B, 124D, 125A, 126C, and 127A;

(ii) local government aids for cities, towns, and counties under sections 477A.011 to 477A.04; and

(iii) disparity reduction aid under section 273.1398;

(5) for homestead residential and agricultural properties, the credits under ~~section~~ sections 123B.555 and 273.1384;

(6) any credits received under sections 273.119; 273.123; 273.135; 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of credit received under section 273.135 must be separately stated and identified as "taconite tax relief"; and

(7) the net tax payable in the manner required in paragraph (a).

(d) If the county uses envelopes for mailing property tax statements and if the county agrees, a taxing district may include a notice with the property tax statement notifying taxpayers when the taxing district will begin its budget deliberations for the current year, and encouraging taxpayers to attend the hearings. If the county allows notices to be included in the envelope containing the property tax statement, and if more than one taxing district relative to a given property decides to include a notice with the tax statement, the county treasurer or auditor must coordinate the process and may combine the information on a single announcement.

The commissioner of revenue shall certify to the county auditor the actual or estimated aids enumerated in paragraph (c), clause (4), that local governments will receive in the following year. The commissioner must certify this amount by January 1 of each year.

EFFECTIVE DATE. This section is effective for taxes payable in 2008.

Sec. 17. **SCHOOL TECHNOLOGY AID.**

Subdivision 1. **Advisory task force established.** An advisory task force on school technology standards is established to develop and recommend to the commissioner of education and the education policy and finance committees of the legislature school technology standards and systems. At a minimum, the advisory task force must propose:

(1) minimum standards for technology infrastructure and capacity;

(2) standards for local and state online student assessments;

(3) standards for electronic student records;

(4) school interoperability frameworks;

(5) policies and procedures that ensure instructional resource availability to help students successfully achieve education excellence and state standards;

(6) databases that are accessible to and within each district and on the Internet;

(7) policies, procedures, and systems that stimulate and promote teacher and student curriculum and learning collaboration;

(8) uniform technology standards;

(9) adequate Internet and bandwidth capacity; and

(10) the Department of Education data collection procedures under each of the department's major data reporting systems, and recommendations for streamlining the reporting of school district data and eliminating duplication.

Subd. 2. **Advisory task force members.** (a) The commissioner of education shall appoint as members to the advisory task force a representative from each of the following:

(1) one member from the Department of Education who shall serve as chair;

(2) one member from the Office of Enterprise Technology;

(3) one member from a list of school technology experts submitted to the commissioner by Education Minnesota;

(4) one member from a list of school technology experts submitted to the commissioner by the Minnesota School Boards Association;

(5) one member from a list of school technology experts submitted to the commissioner by the Association of Metropolitan School Districts;

(6) one member from a list of school technology experts submitted to the commissioner by the Minnesota Rural Education Association;

(7) one member from a list of school technology experts submitted to the commissioner by the Schools for Equity in Education;

(8) one member from a list of school technology experts submitted to the commissioner by the service cooperatives;

(9) one member from a list of school technology experts submitted to the commissioner by the Minnesota Association of School Administrators;

(10) one member from a list of school technology experts submitted to the commissioner by Minnesota Educational Media Organization;

(11) one member from a list of school technology experts submitted to the commissioner by the Minnesota State Colleges and Universities;

(12) one member from a list of school technology experts submitted to the commissioner by the president of the University of Minnesota; and

(13) one member from a list of technology experts submitted to the commissioner by the online advisory council.

(b) The commissioner of education shall provide needed materials and assistance to the task force upon request.

(c) Advisory task force members' terms and other task force matters are subject to Minnesota Statutes, section 15.059. The advisory task force must submit by February 15, 2008, to the commissioner of education and the education policy and finance committees of the legislature a written report that includes the recommendations under subdivision 1.

(d) The advisory task force expires on February 16, 2008.

Subd. 3. **Funding.** A school technology funding program is established to assist school districts, consortiums of school districts, and charter schools to achieve the school technology standards proposed in subdivision 1.

School technology aid equals \$30 times the district's adjusted marginal cost pupil units for fiscal year 2009.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 18. **ADMINISTRATIVE LEASE LEVY; SPRING LAKE PARK.**

Notwithstanding the instructional purposes limitation of Minnesota Statutes, section 126C.40, subdivision 1, Independent School District No. 16, Spring Lake Park, may lease a building for administrative purposes and include the lease under Minnesota Statutes, section 126C.40, subdivision 1.

Sec. 19. **BONDING AUTHORIZATION.**

To provide funds for the acquisition or betterment of school facilities, Independent School District No. 625, St. Paul, may by two-thirds majority vote of all the members of the board of directors issue general obligation bonds in one or more series for each calendar year following 2008, as provided in this section. The aggregate principal amount of any bonds issued under this section for each calendar year must not exceed \$15,000,000. Issuance of the bonds is not subject to Minnesota Statutes, section 475.58 or 475.59. The bonds must otherwise be issued as provided in Minnesota Statutes, chapter 475. The authority to issue bonds under this section is in addition to any bonding authority authorized by Minnesota Statutes, chapter 123B, or other law. The amount of bonding authority authorized under this section must be disregarded in calculating the bonding limit of Minnesota Statutes, chapter 123B, or any other law other than Minnesota Statutes, section 475.53, subdivision 4.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 20. **TAX LEVY FOR DEBT SERVICE.**

To pay the principal of and interest on bonds issued under section 19, Independent School District No. 625, St. Paul, must levy a tax annually in an amount sufficient under Minnesota Statutes, section 475.61, subdivisions 1 and 3, to pay the principal of and interest on the bonds. The tax authorized under this section is in addition to the taxes authorized to be levied under Minnesota Statutes, chapter 123B, 124D, or 126C, or other law.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 21. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Health and safety revenue.** For health and safety aid according to Minnesota Statutes, section 123B.57, subdivision 5:

\$190,000	.....	<u>2008</u>
\$179,000	.....	<u>2009</u>

The 2008 appropriation includes \$20,000 for 2007 and \$170,000 for 2008.

The 2009 appropriation includes \$18,000 for 2008 and \$161,000 for 2009.

Subd. 3. **Debt service equalization.** For debt service aid according to Minnesota Statutes, section 123B.53, subdivision 6:

\$14,813,000	<u>2008</u>
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\$26,100,000	<u>2009</u>
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The 2008 appropriation includes \$1,767,000 for 2007 and \$13,046,000 for 2008.

The 2009 appropriation includes \$1,450,000 for 2008 and \$24,650,000 for 2009.

Subd. 4. **School bond agricultural credit aid.** For school bond agricultural credit aid:

\$10,000,000	<u>2009</u>
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Subd. 5. **Alternative facilities bonding aid.** For alternative facilities bonding aid, according to Minnesota Statutes, section 123B.59, subdivision 1:

\$19,287,000	<u>2008</u>
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\$19,287,000	<u>2009</u>
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The 2008 appropriation includes \$1,928,000 for 2007 and \$17,359,000 for 2008.

The 2009 appropriation includes \$1,928,000 for 2008 and \$17,359,000 for 2009.

Subd. 6. **Equity in telecommunications access.** For equity in telecommunications access:

\$7,622,000	<u>2008</u>
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\$8,743,000	<u>2009</u>
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If the appropriation amount is insufficient, the commissioner shall reduce the reimbursement rate in Minnesota Statutes, section 125B.26, subdivisions 4 and 5, and the revenue for fiscal years 2008 and 2009 shall be prorated.

Any balance in the first year does not cancel but is available in the second year.

The base appropriation for fiscal year 2010 and later is \$3,750,000.

Subd. 7. **Deferred maintenance aid.** For deferred maintenance aid, according to Minnesota Statutes, section 123B.591, subdivision 4:

\$3,290,000	<u>2008</u>
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\$2,667,000	<u>2009</u>
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The 2008 appropriation includes \$0 for 2007 and \$3,290,000 for 2008.

The 2009 appropriation includes \$365,000 for 2008 and \$2,302,000 for 2009.

Subd. 8. **Red Lake security reimbursement aid.** For Independent School District No. 38, Red Lake, for onetime security reimbursement aid to improve infrastructure needs in the Red Lake School District as a result of the March 21, 2005, school shooting:

\$132,000	2008
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This is a onetime appropriation.

Subd. 9. **Rocori school district.** For Rocori, Independent School District No. 750, for Project Serv:

\$53,000	2008
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Subd. 10. **School technology grants.** For school technology grants under section 17:

\$29,100,000	2009
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This is a onetime appropriation.

Subd. 11. **School Technology Advisory Task Force expenses.** For expenses of the School Technology Advisory Task Force under section 17:

\$20,000	2008
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This is a onetime appropriation.

Subd. 12. **Eden Valley-Watkins; environmental remediation.** For a grant to Independent School District No. 463, Eden Valley-Watkins, to recover the amount actually spent on environmental remediation efforts related to the cleanup of a mercury spill.

\$126,000	2008
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ARTICLE 5

NUTRITION AND ACCOUNTING

Section 1. Minnesota Statutes 2006, section 123B.10, subdivision 1, is amended to read:

Subdivision 1. **Budgets.** Every board must publish revenue and expenditure budgets for the current year and the actual revenues, expenditures, fund balances for the prior year and projected fund balances for the current year in a form prescribed by the commissioner within one week of the acceptance of the final audit by the board, or November 30, whichever is earlier. The forms prescribed must be designed so that year to year comparisons of revenue, expenditures and fund balances can be made. ~~These budgets, reports of revenue, expenditures and fund balances must be published in a qualified newspaper of general circulation in the district or on the district's official Web site. If published on the district's official Web site, the district must also publish an announcement in a qualified newspaper of general circulation in the district that includes the Internet address where the information has been posted.~~

Sec. 2. Minnesota Statutes 2006, section 123B.10, is amended by adding a subdivision to read:

Subd. 1a. **Form of notification.** A school board annually must notify the public of its revenue, expenditures, fund balances, and other relevant budget information. The board must include the budget information required by this section in the materials provided as a part of its truth in taxation hearing, post the materials in a conspicuous place on the district's official Web site, including a link to the district's school report card on the Department of Education's Web site, and publish the information in a qualified newspaper of general circulation in the district.

Sec. 3. Minnesota Statutes 2006, section 123B.143, subdivision 1, is amended to read:

Subdivision 1. **Contract; duties.** All districts maintaining a classified secondary school must employ a superintendent who shall be an ex officio nonvoting member of the school board. The authority for selection and employment of a superintendent must be vested in the board in all cases. An individual employed by a board as a superintendent shall have an initial employment contract for a period of time no longer than three years from the date of employment. Any subsequent employment contract must not exceed a period of three years. A board, at its discretion, may or may not renew an employment contract. A board must not, by action or inaction, extend the duration of an existing employment contract. Beginning 365 days prior to the expiration date of an existing employment contract, a board may negotiate and enter into a subsequent employment contract to take effect upon the expiration of the existing contract. A subsequent contract must be contingent upon the employee completing the terms of an existing contract. If a contract between a board and a superintendent is terminated prior to the date specified in the contract, the board may not enter into another superintendent contract with that same individual that has a term that extends beyond the date specified in the terminated contract. A board may terminate a superintendent during the term of an employment contract for any of the grounds specified in section 122A.40, subdivision 9 or 13. A superintendent shall not rely upon an employment contract with a board to assert any other continuing contract rights in the position of superintendent under section 122A.40. Notwithstanding the provisions of sections 122A.40, subdivision 10 or 11, 123A.32, 123A.75, or any other law to the contrary, no individual shall have a right to employment as a superintendent based on order of employment in any district. If two or more districts enter into an agreement for the purchase or sharing of the services of a superintendent, the contracting districts have the absolute right to select one of the individuals employed to serve as superintendent in one of the contracting districts and no individual has a right to employment as the superintendent to provide all or part of the services based on order of employment in a contracting district. The superintendent of a district shall perform the following:

(1) visit and supervise the schools in the district, report and make recommendations about their condition when advisable or on request by the board;

(2) recommend to the board employment and dismissal of teachers;

(3) superintend school grading practices and examinations for promotions;

(4) make reports required by the commissioner; and

~~(5) by January 10, submit an annual report to the commissioner in a manner prescribed by the commissioner, in consultation with school districts, identifying the expenditures that the district requires to ensure an 80 percent student passage rate on the basic standards test taken in the eighth grade, identifying the highest student passage rate the district expects it will be able to attain on the basic standards test by grade 12, the amount of expenditures that the district requires to attain the targeted student passage rate, and how much the district is cross subsidizing programs with special education, basic skills, and general education revenue; and~~

~~(6) perform other duties prescribed by the board.~~

Sec. 4. Minnesota Statutes 2006, section 123B.77, subdivision 4, is amended to read:

Subd. 4. **Budget approval.** Prior to July 1 of each year, the board of each district must approve and adopt its revenue and expenditure budgets for the next school year. The budget document so adopted must be considered an expenditure-authorizing or appropriations document. No funds shall be expended by any board or district for any purpose in any school year prior to the adoption of the budget document which authorizes that expenditure, or prior to an amendment to the budget document by the board to authorize the expenditure. Expenditures of funds in violation of this subdivision shall be considered unlawful expenditures. ~~Prior to the appropriation of revenue for the~~

~~next school year in the initial budget, the board shall inform the principal or other responsible administrative authority of each site of the amount of general education and referendum revenue that the Department of Education estimates will be generated by the pupils in attendance at each site. For purposes of this subdivision, a district may adjust the department's estimates for school building openings, school building closings, changes in attendance area boundaries, or other changes in programs or student demographics not reflected in the department's calculations. A district must report to the department any adjustments it makes according to this subdivision in the department's estimates of compensatory revenue generated by the pupils in attendance at each site, and the department must use the adjusted compensatory revenue estimates in preparing the report required under section 123B.76, subdivision 3, paragraph (c).~~

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 5. Minnesota Statutes 2006, section 123B.79, subdivision 8, is amended to read:

Subd. 8. **Account transfer for reorganizing districts.** A district that has reorganized according to sections 123A.35 to 123A.43, 123A.46, or 123A.48, or has conducted a successful referendum on the question of combination under section 123A.37, subdivision 2, or consolidation under section 123A.48, subdivision 15, or has been assigned an identification number by the commissioner under section 123A.48, subdivision 16, may make permanent transfers between any of the funds or accounts in the newly created or enlarged district with the exception of the debt redemption fund, food service fund, and health and safety account of the capital expenditure fund. Fund transfers under this section may be made for up to one year prior to the effective date of combination or consolidation by the consolidating boards and during the year following the effective date of reorganization by the consolidated board. The newly formed board of the combined district may adopt a resolution on or before August 30 of the year of the reorganization authorizing a transfer among accounts or funds of the previous independent school districts which transfer or transfers shall be reported in the affected districts' audited financial statements for the year immediately preceding the consolidation.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 6. Minnesota Statutes 2006, section 123B.79, is amended by adding a subdivision to read:

Subd. 9. **Elimination of reserve accounts.** A school board shall eliminate all reserve accounts established in the school district's general fund under Minnesota Statutes before July 1, 2006, for which no specific authority remains in statute as of June 30, 2007. Any balance in the district's reserved for bus purchases account as of June 30, 2007, shall be transferred to the reserved account for operating capital in the school district's general fund. Any balance in other reserved accounts established in the school district's general fund under Minnesota Statutes before July 1, 2006, for which no specific authority remains in statute as of June 30, 2007, shall be transferred to the school district's unreserved general fund balance. A school board may, upon adoption of a resolution by the school board, establish a designated account for any program for which a reserved account has been eliminated.

EFFECTIVE DATE. This section is effective June 30, 2007.

Sec. 7. Minnesota Statutes 2006, section 124D.111, subdivision 1, is amended to read:

Subdivision 1. **School lunch aid computation.** Each school year, the state must pay participants in the national school lunch program the amount of ~~40.5~~ 12 cents for each full paid, reduced, and free student lunch served to students.

Sec. 8. Minnesota Statutes 2006, section 126C.15, subdivision 2, is amended to read:

Subd. 2. **Building allocation.** (a) A district must allocate its compensatory revenue to each school building in the district where the children who have generated the revenue are served unless the school district has received permission under section 50 to allocate compensatory revenue according to student performance measures developed by the school board.

(b) Notwithstanding paragraph (a), a district may allocate up to five percent of the amount of compensatory revenue that the district receives to school sites according to a plan adopted by the school board.

(c) For the purposes of this section and section 126C.05, subdivision 3, "building" means education site as defined in section 123B.04, subdivision 1.

(d) If the pupil is served at a site other than one owned and operated by the district, the revenue shall be paid to the district and used for services for pupils who generate the revenue.

(e) A district with school building openings, school building closings, changes in attendance area boundaries, or other changes in programs or student demographics between the prior year and the current year may reallocate compensatory revenue among sites to reflect these changes. A district must report to the department any adjustments it makes according to this paragraph and the department must use the adjusted compensatory revenue allocations in preparing the report required under section 123B.76, subdivision 3, paragraph (c).

Sec. 9. Minnesota Statutes 2006, section 126C.41, is amended by adding a subdivision to read:

Subd. 6. **Levy authority for unfunded severance and retirement costs.** (a) A school district qualifies for eligibility under this section if the district:

(1) participated in the cooperative secondary facilities program;

(2) consolidated with at least two other school districts; and

(3) has unfunded severance or retirement costs.

(b) An eligible school district may annually levy up to \$150,000 for unfunded severance or retirement costs. This levy authority expires after taxes payable in 2017.

(c) A school district that levies under this section must reserve the proceeds of the levy and spend those amounts only for unfunded severance or retirement costs.

EFFECTIVE DATE. This section is effective for taxes payable in 2008.

Sec. 10. Minnesota Statutes 2006, section 126C.48, subdivision 2, is amended to read:

Subd. 2. **Notice to commissioner; forms.** By October 7 of each year each district must notify the commissioner of the proposed levies in compliance with the levy limitations of this chapter and chapters 120B, 122A, 123A, 123B, 124D, 125A, 127A, and 136D. A school district that has reached an agreement with its home county auditor to extend the date of certification of its proposed levy under section 275.065, subdivision 1, must submit its notice of proposed levies to the commissioner no later than October 10 of each year. By January 7 of each year each district must notify the commissioner of the final levies certified. The commissioner shall prescribe the form of these notifications and may request any additional information necessary to compute certified levy amounts.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 11. Minnesota Statutes 2006, section 205A.03, subdivision 1, is amended to read:

Subdivision 1. **Required Resolution requiring primary in certain circumstances.** ~~In~~ The school board of a school district ~~election,~~ may, by resolution adopted by June 1 of any year, decide to choose nominees for school board by a primary as provided in this section. The resolution, when adopted, is effective for all ensuing elections of board members in that school district until it is revoked. If the board decides to choose nominees by primary and if there are more than two candidates for a specified school board position or more than twice as many school board candidates as there are at-large school board positions available, ~~a~~ the school district must hold a primary.

EFFECTIVE DATE. This section is effective the day following final enactment and applies for school board elections held in 2007 and thereafter.

Sec. 12. Minnesota Statutes 2006, section 205A.06, subdivision 1a, is amended to read:

Subd. 1a. **Filing period.** In school districts that have adopted a resolution to choose nominees for school board by a primary election, affidavits of candidacy must be filed with the school district clerk no earlier than the 70th day and no later than the 56th day before the first Tuesday after the second Monday in September in the year when the school district general election is held. In all other school districts, affidavits of candidacy must be filed no earlier than the 70th day and no later than the 56th day before the school district general election.

EFFECTIVE DATE. This section is effective the day following final enactment and applies for school board elections held in 2007 and thereafter.

Sec. 13. Minnesota Statutes 2006, section 275.065, subdivision 1, is amended to read:

Subdivision 1. **Proposed levy.** (a) Notwithstanding any law or charter to the contrary, on or before September 15, each taxing authority, other than a school district, shall adopt a proposed budget and shall certify to the county auditor the proposed or, in the case of a town, the final property tax levy for taxes payable in the following year.

(b) On or before September 30, each school district that has not mutually agreed with its home county to extend this date shall certify to the county auditor the proposed property tax levy for taxes payable in the following year. Each school district that has agreed with its home county to delay the certification of its proposed property tax levy must certify its proposed property tax levy for the following year no later than October 7. The school district shall certify the proposed levy as:

(1) a specific dollar amount by school district fund, broken down between voter-approved and non-voter-approved levies and between referendum market value and tax capacity levies; or

(2) the maximum levy limitation certified by the commissioner of education according to section 126C.48, subdivision 1.

(c) If the board of estimate and taxation or any similar board that establishes maximum tax levies for taxing jurisdictions within a first class city certifies the maximum property tax levies for funds under its jurisdiction by charter to the county auditor by September 15, the city shall be deemed to have certified its levies for those taxing jurisdictions.

(d) For purposes of this section, "taxing authority" includes all home rule and statutory cities, towns, counties, school districts, and special taxing districts as defined in section 275.066. Intermediate school districts that levy a tax under chapter 124 or 136D, joint powers boards established under sections 123A.44 to 123A.446, and Common School Districts No. 323, Franconia, and No. 815, Prinsburg, are also special taxing districts for purposes of this section.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 14. Minnesota Statutes 2006, section 275.065, subdivision 1a, is amended to read:

Subd. 1a. **Overlapping jurisdictions.** In the case of a taxing authority lying in two or more counties, the home county auditor shall certify the proposed levy and the proposed local tax rate to the other county auditor by October 5, unless the home county has agreed to delay the certification of its proposed property tax levy, in which case the home county auditor shall certify the proposed levy and the proposed local tax rate to the other county auditor by October 10. The home county auditor must estimate the levy or rate in preparing the notices required in subdivision 3, if the other county has not certified the appropriate information. If requested by the home county auditor, the other county auditor must furnish an estimate to the home county auditor.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 15. **DEPARTMENT OF EDUCATION REPORT.**

The Department of Education must provide a report to the education committees of the legislature by January 15, 2008. The report must analyze the department's data collection procedures under each of the department's major data reporting systems and recommend a streamlined, Web-based system of reporting school district data. The report must also analyze any stand-alone school district reporting requirements and recommend elimination of any district reports that are duplicative of other data already collected by the department.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 16. **PLAINVIEW-ELGIN-MILLVILLE; CONSOLIDATED DISTRICT FUND BALANCE CALCULATIONS.**

Subdivision 1. **Fiscal year 2007 replacement aid.** Independent School District No. 2899, Plainview-Elgin-Millville, is eligible for replacement aid to offset its excess fund balance penalty for fiscal year 2007.

Subd. 2. **Fiscal years 2008 and 2009.** Upon receipt of appropriate documentation from Independent School District No. 2899, Plainview-Elgin-Millville, the Department of Education must adjust the district's three-year adjusted average fund balances required under Minnesota Statutes, sections 124D.135, 124D.16 and 124D.20. The department shall adjust the fiscal year 2006 account balances reported by former Independent School Districts Nos. 806, Elgin-Millville, and 810, Plainview, to reflect any permanent account of fund transfers made under Minnesota Statutes, section 123B.79.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 17. **FUND TRANSFERS.**

Subdivision 1. **Brainerd.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, Independent School District No. 181, Brainerd, on June 30, 2007, may permanently transfer up to \$750,000 from the reserved for operating capital account to the undesignated balance in its general fund.

Subd. 2. **Campbell-Tintah.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2007, Independent School District No. 852, Campbell-Tintah, may permanently transfer up to \$100,000 from its reserved for operating capital account to the undesignated balance in its general fund.

Subd. 3. **Jackson County Central.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2007, Independent School District No. 2895, Jackson County Central, may permanently transfer up to \$300,000 from its reserved for operating capital account to the undesignated balance in its general fund.

Subd. 4. **Comfrey.** Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, Independent School District No. 81, Comfrey, on June 30, 2007, may permanently transfer up to \$250,000 from its reserved for operating capital account to the undesignated balance in its general fund.

Sec. 18. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **School lunch.** For school lunch aid according to Minnesota Statutes, section 124D.111, and Code of Federal Regulations, title 7, section 210.17:

\$12,022,000	.....	2008
\$12,166,000	.....	2009

Subd. 3. **Traditional school breakfast; kindergarten milk.** For traditional school breakfast aid and kindergarten milk under Minnesota Statutes, sections 124D.1158 and 124D.118:

\$5,460,000	.....	2008
\$5,695,000	.....	2009

Subd. 4. **Summer food service replacement aid.** For summer food service replacement aid under Minnesota Statutes, section 124D.119:

\$150,000	.....	2008
\$150,000	.....	2009

Subd. 5. **Plainview-Elgin-Millville fund balance replacement aid.** For fund balance replacement aid for Independent School District No. 2899, Plainview-Elgin-Millville:

\$17,000	2008
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This is a onetime appropriation.

Sec. 19. **REVISOR'S INSTRUCTION.**

In Minnesota Statutes, the revisor of statutes shall renumber Minnesota Statutes, section 123B.10, subdivision 1, as 123B.10, subdivision 1b, and make necessary cross-reference changes consistent with the renumbering.

ARTICLE 6

LIBRARIES

Section 1. Minnesota Statutes 2006, section 134.31, is amended by adding a subdivision to read:

Subd. 4a. **Services to the blind and physically handicapped.** The Minnesota Department of Education shall provide specialized services to the blind and physically handicapped through the Minnesota Library for the Blind and Physically Handicapped under a cooperative plan with the National Library Services for the Blind and Physically Handicapped of the Library of Congress.

Sec. 2. Minnesota Statutes 2006, section 134.34, subdivision 4, is amended to read:

Subd. 4. **Limitation.** A regional library basic system support grant shall not be made to a regional public library system for a participating city or county which decreases the dollar amount provided for support for operating purposes of public library service below the amount provided by it for the second preceding year. For purposes of this subdivision and subdivision 1, any funds provided under section 473.757, subdivision 2, for extending library hours of operation shall not be considered amounts provided by a city or county for support for operating purposes of public library service. This subdivision shall not apply to participating cities or counties where the adjusted net tax capacity of that city or county has decreased, if the dollar amount of the reduction in support is not greater than the dollar amount by which support would be decreased if the reduction in support were made in direct proportion to the decrease in adjusted net tax capacity.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 3. **COMPREHENSIVE LIBRARY STRUCTURE STUDY.**

The commissioner of education must contract with an independent consultant that has extensive experience working with libraries to evaluate the structure of the library system and services provided by Minnesota libraries that receive public funding. The study must include all types of libraries in the state such as academic, government, special, school, and public libraries, including collaborative entities such as MINITEX and state library services. The consultant must:

(1) conduct an in-depth analysis of the current library system structure and services, identifying best practices, duplication of services, and opportunities to improve efficiency; and

(2) prepare a report to be submitted to the Department of Education, documenting and reporting findings, and recommending, where necessary, changes to increase efficiency and cooperation in the delivery of service and use of public funds.

The commissioner must report the findings of the study to the legislative committees having jurisdiction over kindergarten through grade 12 finance before January 15, 2009, and shall recommend any required changes in statute that will result in a more streamlined and efficient library structure.

Sec. 4. **DEPARTMENT OF EDUCATION; LIBRARY APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Basic system support.** For basic system support grants under Minnesota Statutes, section 134.355:

<u>\$9,182,000</u>	<u>.....</u>	<u>2008</u>
<u>\$13,138,000</u>	<u>.....</u>	<u>2009</u>

The 2008 appropriation includes \$857,000 for 2007 and \$8,325,000 for 2008.

The 2009 appropriation includes \$925,000 for 2008 and \$12,213,000 for 2009.

Subd. 3. **Multicounty, multitype library systems.** For grants under Minnesota Statutes, sections 134.353 and 134.354, to multicounty, multitype library systems:

<u>\$1,260,000</u>	<u>.....</u>	<u>2008</u>
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<u>\$1,300,000</u>	<u>.....</u>	<u>2009</u>
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The 2008 appropriation includes \$90,000 for 2007 and \$1,170,000 for 2008.

The 2009 appropriation includes \$130,000 for 2008 and \$1,170,000 for 2009.

Subd. 4. **Electronic library for Minnesota.** For statewide licenses to online databases selected in cooperation with the Minnesota Office of Higher Education for school media centers, public libraries, state government agency libraries, and public or private college or university libraries:

<u>\$900,000</u>	<u>.....</u>	<u>2008</u>
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<u>\$900,000</u>	<u>.....</u>	<u>2009</u>
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Any balance in the first year does not cancel but is available in the second year.

Subd. 5. **Regional library telecommunications aid.** For regional library telecommunications aid under Minnesota Statutes, section 134.355:

<u>\$2,190,000</u>	<u>.....</u>	<u>2008</u>
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<u>\$2,300,000</u>	<u>.....</u>	<u>2009</u>
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The 2008 appropriation includes \$120,000 for 2007 and \$2,070,000 for 2008.

The 2009 appropriation includes \$230,000 for 2008 and \$2,070,000 for 2009.

Subd. 6. **Hennepin County and Minneapolis library systems merger.** For costs attributable to the library system merger:

<u>\$4,500,000</u>	<u>.....</u>	<u>2008</u>
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If the Hennepin County and Minneapolis city library systems do not merge, any unexpended balance remaining in this appropriation must be allocated to increase the fiscal year 2008 entitlement for Basic System Support Grants under Minnesota Statutes, section 134.355.

This appropriation is available through June 30, 2009.

This is a onetime appropriation.

ARTICLE 7

STATE AGENCIES

Section 1. **[124D.805] COMMITTEES ON AMERICAN INDIAN EDUCATION PROGRAMS.**

Subdivision 1. Establishment. The commissioner of education shall create one or more American Indian education committees. Members must include representatives of tribal bodies, community groups, parents of children eligible to be served by the programs for American Indian children in American Indian schools, American Indian administrators and teachers, persons experienced in training teachers for American Indian education programs, persons involved in programs for American Indian children in American Indian schools, and persons knowledgeable about American Indian education. The commissioner of education shall appoint members who are representative of significant segments of the American Indian population.

Subd. 2. Committee to advise commissioner. Each committee on American Indian education programs shall advise the commissioner regarding the commissioner's duties under sections 124D.71 to 124D.82 and other programs for educating American Indian people as determined by the commissioner.

Subd. 3. Expenses. Each committee must be reimbursed for expenses under section 15.059, subdivision 6. The commissioner must determine the membership terms and the duration of each committee, which must expire no later than June 30, 2020.

Sec. 2. Minnesota Statutes 2006, section 517.08, subdivision 1c, is amended to read:

Subd. 1c. Disposition of license fee. (a) Of the marriage license fee collected pursuant to subdivision 1b, paragraph (a), \$15 must be retained by the county. The local registrar must pay \$85 to the commissioner of finance to be deposited as follows:

(1) \$50 in the general fund;

(2) \$3 in the state government special revenue fund to be appropriated to the commissioner of ~~education~~ public safety for parenting time centers under section 119A.37;

(3) \$2 in the special revenue fund to be appropriated to the commissioner of health for developing and implementing the MN ENABL program under section 145.9255;

(4) \$25 in the special revenue fund is appropriated to the commissioner of employment and economic development for the displaced homemaker program under section 116L.96; and

(5) \$5 in the special revenue fund is appropriated to the commissioner of human services for the Minnesota Healthy Marriage and Responsible Fatherhood Initiative under section 256.742.

(b) Of the \$30 fee under subdivision 1b, paragraph (b), \$15 must be retained by the county. The local registrar must pay \$15 to the commissioner of finance to be deposited as follows:

(1) \$5 as provided in paragraph (a), clauses (2) and (3); and

(2) \$10 in the special revenue fund is appropriated to the commissioner of employment and economic development for the displaced homemaker program under section 116L.96.

(c) The increase in the marriage license fee under paragraph (a) provided for in Laws 2004, chapter 273, and disbursement of the increase in that fee to the special fund for the Minnesota Healthy Marriage and Responsible Fatherhood Initiative under paragraph (a), clause (5), is contingent upon the receipt of federal funding under United States Code, title 42, section 1315, for purposes of the initiative.

Sec. 3. **RULEMAKING AUTHORITY; CAREER AND TECHNICAL EDUCATION.**

The commissioner of education shall adopt rules under Minnesota Statutes, chapter 14, for the administration of career and technical education programs for grades 7 through 12 under Minnesota Statutes, sections 124D.452, 124D.4531, and 124D.454, to ensure that the career and technical levy and programs can be administered to serve students under the current state and local organizational structures.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 4. **APPROPRIATIONS; DEPARTMENT OF EDUCATION.**

Subdivision 1. **Department of Education.** Unless otherwise indicated, the sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Department.** (a) For the Department of Education:

<u>\$22,003,000</u>	<u>.....</u>	<u>2008</u>
<u>\$22,309,000</u>	<u>.....</u>	<u>2009</u>

Any balance in the first year does not cancel but is available in the second year.

(b) \$260,000 each year is for the Minnesota Children's Museum.

(c) \$41,000 each year is for the Minnesota Academy of Science.

(d) \$614,000 in fiscal year 2008 and \$622,000 in fiscal year 2009 are for the Board of Teaching.

(e) \$162,000 in fiscal year 2008 and \$165,000 in fiscal year 2009 are for the Board of School Administrators.

(f) \$7,000 in fiscal year 2008 is for GRAD test rulemaking.

(g) \$7,000 in fiscal year 2008 is for rulemaking under section 3.

(h) \$7,000 in fiscal year 2008 is for rulemaking for health and physical education standards.

(i) \$40,000 each year is for an early hearing loss intervention coordinator under Minnesota Statutes, section 125A.63, subdivision 5.

(j) The expenditures of federal grants and aids as shown in the biennial budget document and its supplements are approved and appropriated and shall be spent as indicated.

(k) \$260,000 per year is for the Minnesota Children's Museum.

(l) \$41,000 per year is for the Academy of Science.

Sec. 5. **APPROPRIATIONS; MINNESOTA STATE ACADEMIES.**

The sums indicated in this section are appropriated from the general fund to the Minnesota State Academies for the Deaf and the Blind for the fiscal years designated:

<u>\$11,504,000</u>	<u>.....</u>	<u>2008</u>
<u>\$11,527,000</u>	<u>.....</u>	<u>2009</u>

Any balance in the first year does not cancel but is available in the second year.

Sec. 6. **APPROPRIATIONS; PERPICH CENTER FOR ARTS EDUCATION.**

The sums indicated in this section are appropriated from the general fund to the Perpich Center for Arts Education for the fiscal years designated:

<u>\$6,727,000</u>	<u>.....</u>	<u>2008</u>
<u>\$6,833,000</u>	<u>.....</u>	<u>2009</u>

Any balance in the first year does not cancel but is available in the second year.

Sec. 7. **APPROPRIATIONS; DEPARTMENT OF PUBLIC SAFETY.**

The sums indicated in this section are appropriated from the state government special revenue fund to the Department of Public Safety for the fiscal years designated to fund parenting time centers as described in Minnesota Statutes, section 119A.37:

<u>\$96,000</u>	<u>.....</u>	<u>2008</u>
<u>\$96,000</u>	<u>.....</u>	<u>2009</u>

ARTICLE 8

EDUCATION FORECAST ADJUSTMENTS

A. GENERAL EDUCATION

Section 1. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision 2, as amended by Laws 2006, chapter 282, article 3, section 2, is amended to read:

Subd. 2. **General education aid.** For general education aid under Minnesota Statutes, section 126C.13, subdivision 4:

<u>\$5,819,153,000</u>	<u>.....</u>	<u>2006</u>
<u>\$ 5,472,238,000 5,453,693,000</u>	<u>.....</u>	<u>2007</u>

The 2006 appropriation includes \$787,978,000 for 2005 and \$5,031,175,000 for 2006.

The 2007 appropriation includes \$ ~~513,848,000~~ 518,218,000 for 2006 and \$ ~~4,958,390,000~~ 4,935,475,000 for 2007.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 2. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision 4, is amended to read:

Subd. 4. **Enrollment options transportation.** For transportation of pupils attending postsecondary institutions under Minnesota Statutes, section 124D.09, or for transportation of pupils attending nonresident districts under Minnesota Statutes, section 124D.03:

\$55,000	.....	2006
\$ 55,000 <u>93,000</u>	.....	2007

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 3. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision 5, as amended by Laws 2006, chapter 282, article 7, section 2, is amended to read:

Subd. 5. **Abatement revenue.** For abatement aid under Minnesota Statutes, section 127A.49:

\$909,000	.....	2006
\$ 1,026,000 <u>765,000</u>	.....	2007

The 2006 appropriation includes \$187,000 for 2005 and \$722,000 for 2006.

The 2007 appropriation includes \$80,000 for 2006 and ~~\$946,000~~ \$685,000 for 2007.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 4. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision 6, as amended by Laws 2006, chapter 282, article 7, section 3, is amended to read:

Subd. 6. **Consolidation transition.** For districts consolidating under Minnesota Statutes, section 123A.485:

\$ 527,000 <u>388,000</u>	2007
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The 2007 appropriation includes \$0 for 2006 and ~~\$527,000~~ \$388,000 for 2007.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 5. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision 7, as amended by Laws 2006, chapter 282, article 7, section 4, is amended to read:

Subd. 7. **Nonpublic pupil education aid.** For nonpublic pupil education aid under Minnesota Statutes, sections 123B.87 and 123B.40 to 123B.43:

\$15,458,000	.....	2006
\$ 15,991,000 <u>15,972,000</u>	.....	2007

The 2006 appropriation includes \$1,864,000 for 2005 and \$13,594,000 for 2006.

The 2007 appropriation includes \$1,510,000 for 2006 and ~~\$14,481,000~~ \$14,462,000 for 2007.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 6. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision 8, as amended by Laws 2006, chapter 282, article 7, section 5, is amended to read:

Subd. 8. **Nonpublic pupil transportation.** For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

\$21,371,000	.....	2006
\$ 20,843,000 <u>21,133,000</u>	.....	2007

The 2006 appropriation includes \$3,274,000 for 2005 and \$18,097,000 for 2006.

The 2007 appropriation includes \$2,010,000 for 2006 and ~~\$18,833,000~~ \$19,123,000 for 2007.

EFFECTIVE DATE. This section is effective the day following final enactment.

B. EDUCATION EXCELLENCE

Sec. 7. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision 2, as amended by Laws 2006, chapter 282, article 7, section 6, is amended to read:

Subd. 2. **Charter school building lease aid.** For building lease aid under Minnesota Statutes, section 124D.11, subdivision 4:

\$25,331,000	.....	2006
\$ 27,806,000 <u>27,795,000</u>	.....	2007

The 2006 appropriation includes \$3,173,000 for 2005 and \$22,158,000 for 2006.

The 2007 appropriation includes \$2,462,000 for 2006 and ~~\$25,344,000~~ \$25,333,000 for 2007.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 8. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision 3, as amended by Laws 2006, chapter 282, article 7, section 7, is amended to read:

Subd. 3. **Charter school startup aid.** For charter school startup cost aid under Minnesota Statutes, section 124D.11:

\$1,291,000	.....	2006
\$ 2,347,000 <u>2,316,000</u>	.....	2007

The 2006 appropriation includes \$0 for 2005 and \$1,291,000 for 2006.

The 2007 appropriation includes \$143,000 for 2006 and ~~\$2,204,000~~ \$2,173,000 for 2007.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 9. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision 4, as amended by Laws 2006, chapter 282, article 7, section 8, is amended to read:

Subd. 4. **Integration aid.** For integration aid under Minnesota Statutes, section 124D.86, subdivision 5:

\$59,404,000	.....	2006
\$ 58,405,000 <u>58,075,000</u>	.....	2007

The 2006 appropriation includes \$8,545,000 for 2005 and \$50,859,000 for 2006.

The 2007 appropriation includes \$5,650,000 for 2006 and ~~\$52,755,000~~ \$52,425,000 for 2007.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 10. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision 6, as amended by Laws 2006, chapter 282, article 7, section 9, is amended to read:

Subd. 6. **Interdistrict desegregation or integration transportation grants.** For interdistrict desegregation or integration transportation grants under Minnesota Statutes, section 124D.87:

\$6,032,000	.....	2006
\$ 10,134,000 <u>8,169,000</u>	.....	2007

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 11. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision 10, as amended by Laws 2006, chapter 282, article 7, section 11, is amended to read:

Subd. 10. **Tribal contract schools.** For tribal contract school aid under Minnesota Statutes, section 124D.83:

\$2,338,000	.....	2006
\$ 2,357,000 <u>2,060,000</u>	.....	2007

The 2006 appropriation includes \$348,000 for 2005 and \$1,990,000 for 2006.

The 2007 appropriation includes \$221,000 for 2006 and ~~\$2,136,000~~ \$1,839,000 for 2007.

EFFECTIVE DATE. This section is effective the day following final enactment.

C. SPECIAL PROGRAMS

Sec. 12. Laws 2005, First Special Session chapter 5, article 3, section 18, subdivision 2, as amended by Laws 2006, chapter 282, article 7, section 12, is amended to read:

Subd. 2. **Special education; regular.** For special education aid under Minnesota Statutes, section 125A.75:

\$559,485,000	.....	2006
\$ 528,106,000 <u>529,257,000</u>	.....	2007

The 2006 appropriation includes \$83,078,000 for 2005 and \$476,407,000 for 2006.

The 2007 appropriation includes \$52,934,000 for 2006 and ~~\$475,172,000~~ \$476,323,000 for 2007.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 13. Laws 2005, First Special Session chapter 5, article 3, section 18, subdivision 3, as amended by Laws 2006, chapter 282, article 7, section 13, is amended to read:

Subd. 3. **Aid for children with disabilities.** For aid under Minnesota Statutes, section 125A.75, subdivision 3, for children with disabilities placed in residential facilities within the district boundaries for whom no district of residence can be determined:

\$1,527,000	.....	2006
\$ 1,624,000 <u>1,410,000</u>	.....	2007

If the appropriation for either year is insufficient, the appropriation for the other year is available.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 14. Laws 2005, First Special Session chapter 5, article 3, section 18, subdivision 4, as amended by Laws 2006, chapter 282, article 7, section 14, is amended to read:

Subd. 4. **Travel for home-based services.** For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

\$198,000	.....	2006
\$ 195,000 <u>224,000</u>	.....	2007

The 2006 appropriation includes \$28,000 for 2005 and \$170,000 for 2006.

The 2007 appropriation includes \$18,000 for 2006 and ~~\$177,000~~ \$206,000 for 2007.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 15. Laws 2005, First Special Session chapter 5, article 3, section 18, subdivision 6, as amended by Laws 2006, chapter 282, article 7, section 16, is amended to read:

Subd. 6. **Transition for disabled students.** For aid for transition programs for children with disabilities under Minnesota Statutes, section 124D.454:

\$9,300,000	.....	2006
\$ 8,781,000 <u>8,800,000</u>	.....	2007

The 2006 appropriation includes \$1,380,000 for 2005 and \$7,920,000 for 2006.

The 2007 appropriation includes \$880,000 for 2006 and ~~\$7,901,000~~ \$7,920,000 for 2007.

EFFECTIVE DATE. This section is effective the day following final enactment.

D. FACILITIES

Sec. 16. Laws 2005, First Special Session chapter 5, article 4, section 25, subdivision 2, as amended by Laws 2006, chapter 282, article 7, section 18, is amended to read:

Subd. 2. **Health and safety revenue.** For health and safety aid according to Minnesota Statutes, section 123B.57, subdivision 5:

\$823,000	.....	2006
\$ 352,000 <u>249,000</u>	.....	2007

The 2006 appropriation includes \$211,000 for 2005 and \$612,000 for 2006.

The 2007 appropriation includes \$68,000 for 2006 and ~~\$284,000~~ \$181,000 for 2007.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 17. Laws 2005, First Special Session chapter 5, article 4, section 25, subdivision 3, as amended by Laws 2006, chapter 282, article 5, section 2, is amended to read:

Subd. 3. **Debt service equalization.** For debt service aid according to Minnesota Statutes, section 123B.53, subdivision 6:

\$27,206,000	.....	2006
\$ 18,410,000 <u>18,395,000</u>	.....	2007

The 2006 appropriation includes \$4,654,000 for 2005 and \$22,552,000 for 2006.

The 2007 appropriation includes \$2,504,000 for 2006 and ~~\$15,906,000~~ 15,891,000 for 2007.

EFFECTIVE DATE. This section is effective the day following final enactment.

E. NUTRITION

Sec. 18. Laws 2005, First Special Session chapter 5, article 5, section 17, subdivision 3, as amended by Laws 2006, chapter 282, article 7, section 20, is amended to read:

Subd. 3. **Traditional school breakfast; kindergarten milk.** For traditional school breakfast aid and kindergarten milk under Minnesota Statutes, sections 124D.1158 and 124D.118:

\$4,856,000	.....	2006
\$ 5,044,000 <u>5,175,000</u>	.....	2007

EFFECTIVE DATE. This section is effective the day following final enactment.

F. EARLY CHILDHOOD EDUCATION

Sec. 19. Laws 2005, First Special Session chapter 5, article 7, section 20, subdivision 2, as amended by Laws 2006, chapter 282, article 7, section 24, is amended to read:

Subd. 2. **School readiness.** For revenue for school readiness programs under Minnesota Statutes, sections 124D.15 and 124D.16:

\$9,528,000	.....	2006
\$ 9,020,000 <u>9,087,000</u>	.....	2007

The 2006 appropriation includes \$1,415,000 for 2005 and \$8,113,000 for 2006.

The 2007 appropriation includes \$901,000 for 2006 and ~~\$8,119,000~~ \$8,186,000 for 2007.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 20. Laws 2005, First Special Session chapter 5, article 7, section 20, subdivision 3, as amended by Laws 2006, chapter 282, article 2, section 24, is amended to read:

Subd. 3. **Early childhood family education aid.** For early childhood family education aid under Minnesota Statutes, section 124D.135:

\$15,105,000	.....	2006
\$ 17,792,000 <u>17,639,000</u>	.....	2007

The 2006 appropriation includes \$1,859,000 for 2005 and \$13,246,000 for 2006.

The 2007 appropriation includes \$1,471,000 for 2006 and ~~\$16,321,000~~ \$16,168,000 for 2007.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 21. Laws 2005, First Special Session chapter 5, article 7, section 20, subdivision 4, as amended by Laws 2006, chapter 282, article 2, section 25, is amended to read:

Subd. 4. **Health and developmental screening aid.** For health and developmental screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

\$3,000,000	.....	2006
\$ 2,997,000 <u>2,880,000</u>	.....	2007

The 2006 appropriation includes \$417,000 for 2005 and \$2,583,000 for 2006

The 2007 appropriation includes \$287,000 for 2006 and ~~\$2,710,000~~ \$2,593,000 for 2007.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 22. Laws 2006, chapter 282, article 2, section 28, subdivision 4, is amended to read:

Subd. 4. **Early childhood Part C.** For the expansion of early childhood Part C services:

\$ 400,000 <u>-0-</u>	2007
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EFFECTIVE DATE. This section is effective the day following final enactment.

G. PREVENTION

Sec. 23. Laws 2005, First Special Session chapter 5, article 8, section 8, subdivision 2, as amended by Laws 2006, chapter 282, article 7, section 25, is amended to read:

Subd. 2. **Community education aid.** For community education aid under Minnesota Statutes, section 124D.20:

\$2,043,000	.....	2006
\$ 1,949,000 <u>1,942,000</u>	.....	2007

The 2006 appropriation includes \$385,000 for 2005 and \$1,658,000 for 2006.

The 2007 appropriation includes \$184,000 for 2006 and ~~\$1,765,000~~ \$1,758,000 for 2007.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 24. Laws 2005, First Special Session chapter 5, article 8, section 8, subdivision 5, as amended by Laws 2006, chapter 282, article 7, section 27, is amended to read:

Subd. 5. **School-age care revenue.** For extended day aid under Minnesota Statutes, section 124D.22:

\$17,000	.....	2006
\$ 4,000 <u>6,000</u>	.....	2007

The 2006 appropriation includes \$4,000 for 2005 and \$13,000 for 2006.

The 2007 appropriation includes \$1,000 for 2006 and ~~\$3,000~~ \$5,000 for 2007.

EFFECTIVE DATE. This section is effective the day following final enactment.

H. SELF-SUFFICIENCY AND LIFELONG LEARNING

Sec. 25. Laws 2005, First Special Session chapter 5, article 9, section 4, subdivision 2, is amended to read:

Subd. 2. **Adult basic education aid.** For adult basic education aid under Minnesota Statutes:

\$36,518,000	.....	2006
\$ 36,540,000 <u>37,486,000</u>	.....	2007

The 2006 appropriation includes \$5,707,000 for 2005 and \$30,811,000 for 2006.

The 2007 appropriation includes ~~\$5,737,000~~ \$3,654,000 for 2006 and ~~\$30,803,000~~ \$33,832,000 for 2007.

EFFECTIVE DATE. This section is effective the day following final enactment.

ARTICLE 9

TECHNICAL AND CONFORMING AMENDMENTS

Section 1. Minnesota Statutes 2006, section 122A.628, subdivision 2, is amended to read:

Subd. 2. **Revenue.** A school district that is selected to participate in the schools mentoring schools program under this section may utilize its professional compensation revenue under section ~~122A.4142~~ 122A.414, subdivision 4, to pay regional training sites for staff development and training services.

Sec. 2. Minnesota Statutes 2006, section 123A.73, subdivision 8, is amended to read:

Subd. 8. **Taxable property.** As of the effective date of a consolidation of districts or the dissolution of a district and its attachment to one or more existing districts pursuant to chapter 123A, ~~and subject to the conditions of section 126C.42, subdivision 1,~~ all the taxable property which is in the newly created or enlarged district and which was previously taxable for the payment of any statutory operating debt theretofore incurred by any preexisting district of which the taxable property was a part prior to the consolidation or dissolution and attachment shall remain taxable for the payment of that debt and shall not become taxable for the payment of any statutory operating debt theretofore incurred by any preexisting district of which the taxable property was not a part prior to the consolidation or dissolution and attachment. The amount of statutory operating debt attributable to that taxable property and to the newly created or enlarged district in which it is located, and the amount of a preexisting district's reserved fund balance reserve account for purposes of statutory operating debt reduction attributable to the newly created or enlarged district, shall be apportioned according to the proportion which the adjusted net tax capacity of that part of the preexisting district bears to the total adjusted net tax capacity of the entire preexisting district at the time of the consolidation or dissolution and attachment. This apportionment shall be made by the county auditor and shall be incorporated as an annex to the order of the commissioner dividing the assets and liabilities of the component districts. As used in this section, "statutory operating debt" shall have the meaning given it in section 123B.81.

Sec. 3. Minnesota Statutes 2006, section 123B.79, subdivision 6, is amended to read:

Subd. 6. **Account transfer for statutory operating debt.** On June 30 of each year, a district may make a permanent transfer from the general fund account entitled "net unreserved general fund balance since statutory operating debt" to the account entitled "reserved fund balance reserve account for purposes of statutory operating debt reduction." The amount of the transfer is limited to ~~the lesser of (a) the net unreserved general fund balance, or (b) the sum of the remaining statutory operating debt levies authorized for all future years according to section 126C.42, subdivision 1.~~ If the net unreserved general fund balance is less than zero, the district may not make a transfer.

Sec. 4. Minnesota Statutes 2006, section 123B.81, subdivision 2, is amended to read:

Subd. 2. **Statutory operating debt.** If the amount of the operating debt is more than 2-1/2 percent of the most recent fiscal year's expenditure amount for the funds considered under subdivision 1, the net negative undesignated fund balance is defined as "statutory operating debt" for the purposes of this section and ~~sections section 123B.83 and 126C.42, subdivision 1.~~

Sec. 5. Minnesota Statutes 2006, section 123B.81, subdivision 4, is amended to read:

Subd. 4. **Debt elimination.** If an audit or other verification procedure conducted pursuant to subdivision 3 determines that a statutory operating debt exists, a district must follow the procedures set forth in this section ~~126C.42, subdivision 1,~~ to eliminate this statutory operating debt.

Sec. 6. Minnesota Statutes 2006, section 123B.81, subdivision 7, is amended to read:

Subd. 7. **Applicability.** This section ~~and the provisions of section 126C.42, subdivision 1, are~~ is applicable only to common, independent, and special school districts and districts formed pursuant to Laws 1967, chapter 822, as amended, and Laws 1969, chapters 775 and 1060, as amended. This section ~~and the provisions of section 126C.42, subdivision 1, do~~ does not apply to Independent School District No. 625.

Sec. 7. Minnesota Statutes 2006, section 123B.83, subdivision 2, is amended to read:

Subd. 2. **Net unreserved general fund balances.** A school district must limit its expenditures so that its net unreserved general fund balance does not constitute statutory operating debt ~~as defined in section 126C.42 under~~ section 123B.81.

Sec. 8. Minnesota Statutes 2006, section 124D.34, subdivision 7, is amended to read:

Subd. 7. **Foundation staff.** The commissioner of education shall appoint the executive director of the foundation from three candidates nominated and submitted by the foundation board of directors and, as necessary, other staff who shall perform duties and have responsibilities solely related to the foundation. The employees appointed are not state employees under chapter 43A, but are covered under section 3.736. The employees may participate in the state health and state insurance plans for employees in unclassified service. The employees shall be supervised by the executive director.

The commissioner shall appoint ~~from the Office of Lifework Development~~ a liaison to the foundation board from the division in the department responsible for career and technical education.

Sec. 9. Minnesota Statutes 2006, section 124D.65, subdivision 11, is amended to read:

Subd. 11. **Allocations from cooperative units.** For the purposes of this section ~~and section 125A.77~~, pupils of limited English proficiency enrolled in a cooperative or intermediate school district unit shall be counted by the school district of residence, and the cooperative unit shall allocate its approved expenditures for limited English proficiency programs among participating school districts. Limited English proficiency aid for services provided by a cooperative or intermediate school district shall be paid to the participating school districts.

Sec. 10. Minnesota Statutes 2006, section 125A.39, is amended to read:

125A.39 LOCAL INTERAGENCY AGREEMENTS.

School boards and the county board may enter into agreements to cooperatively serve and provide funding for children with disabilities, under age five, and their families within a specified geographic area.

The local interagency agreement must address, at a minimum, the following issues:

(1) responsibilities of local agencies on local interagency early intervention committees (IEIC's), consistent with section 125A.38;

(2) assignment of financial responsibility for early intervention services;

(3) methods to resolve intraagency and interagency disputes;

(4) identification of current resources and recommendations about the allocation of additional state and federal early intervention funds under the auspices of United States Code, title 20, section 1471 et seq. (Part C, Public Law ~~402-449~~ 108-446) and United States Code, title 20, section 631, et seq. (Chapter I, Public Law 89-313);

(5) data collection; and

(6) other components of the local early intervention system consistent with Public Law 102-119.

Sec. 11. Minnesota Statutes 2006, section 125A.42, is amended to read:

125A.42 PROCEDURAL SAFEGUARDS; PARENT AND CHILD RIGHTS.

(a) This section applies to local school and county boards for children from birth through age two who are eligible for Part ~~H.C.~~, Public Law ~~102-119~~ 108-446, and their families. This section must be consistent with the Individuals with Disabilities Education Act, United States Code, title 20, sections 1471 to 1485 (Part ~~H.C.~~, Public Law ~~102-119~~ 108-446), regulations adopted under United States Code, title 20, sections 1471 to 1485, and sections 125A.259 to 125A.48.

(b) A parent has the right to:

- (1) inspect and review early intervention records;
- (2) prior written notice of a proposed action in the parents' native language unless it is clearly not feasible to do so;
- (3) give consent to any proposed action;
- (4) selectively accept or decline any early intervention service; and
- (5) resolve issues regarding the identification, evaluation, or placement of the child, or the provision of appropriate early intervention services to the child and the child's family through an impartial due process hearing pursuant to section 125A.46.

(c) The eligible child has the right to have a surrogate parent appointed by a school district as required by section 125A.07.

Sec. 12. Minnesota Statutes 2006, section 125A.44, is amended to read:

125A.44 COMPLAINT PROCEDURE.

(a) An individual or organization may file a written signed complaint with the commissioner of the state lead agency alleging that one or more requirements of the Code of Federal Regulations, title 34, part 303, is not being met. The complaint must include:

(1) a statement that the state has violated the Individuals with Disabilities Education Act, United States Code, title 20, section 1471 et seq. (Part C, Public Law ~~102-119~~ 108-446) or Code of Federal Regulations, title 34, section 303; and

(2) the facts on which the complaint is based.

(b) The commissioner of the state lead agency shall receive and coordinate with other state agencies the review and resolution of a complaint within 60 calendar days according to the state interagency agreement required under section 125A.48. The development and disposition of corrective action orders for nonschool agencies shall be determined by the State Agency Committee (SAC). Failure to comply with corrective orders may result in fiscal actions or other measures.

Sec. 13. Minnesota Statutes 2006, section 125A.45, is amended to read:

125A.45 INTERAGENCY DISPUTE PROCEDURE.

(a) A dispute between a school board and a county board that is responsible for implementing the provisions of section 125A.29 regarding early identification, child and family assessment, service coordination, and IFSP development and implementation must be resolved according to this subdivision when the dispute involves services provided to children and families eligible under the Individuals with Disabilities Education Act, United States Code, title 20, section 1471 et seq. (Part C, Public Law ~~102-119~~ 108-446).

(b) A dispute occurs when the school board and county board are unable to agree as to who is responsible to coordinate, provide, pay for, or facilitate payment for services from public and private sources.

(c) Written and signed disputes must be filed with the local primary agency.

(d) The local primary agency must attempt to resolve the matter with the involved school board and county board and may request mediation from the commissioner of the state lead agency for this purpose.

(e) When interagency disputes have not been resolved within 30 calendar days, the local primary agency must request the commissioner of the state lead agency to review the matter with the commissioners of health and human services and make a decision. The commissioner must provide a consistent process for reviewing those procedures. The commissioners' decision is binding subject to the right of an aggrieved party to appeal to the state Court of Appeals.

(f) The local primary agency must ensure that eligible children and their families receive early intervention services during resolution of a dispute. While a local dispute is pending, the local primary agency must either assign financial responsibility to an agency or pay for the service from the early intervention account under section 125A.35. If in resolving the dispute, it is determined that the assignment of financial responsibility was inappropriate, the responsibility for payment must be reassigned to the appropriate agency and the responsible agency must make arrangements for reimbursing any expenditures incurred by the agency originally assigned financial responsibility.

Sec. 14. Minnesota Statutes 2006, section 125B.15, is amended to read:

125B.15 INTERNET ACCESS FOR STUDENTS.

(a) Recognizing the difference between school libraries, school computer labs, and school media centers, which serve unique educational purposes, and public libraries, which are designed for public inquiry, all computers at a school site with access to the Internet available for student use must be equipped to restrict, including by use of available software filtering technology or other effective methods, all student access to material that is reasonably believed to be obscene or child pornography or material harmful to minors under federal or state law.

(b) A school site is not required to purchase filtering technology if the school site would incur more than incidental expense in making the purchase.

(c) A school district receiving technology revenue under section ~~125B.25~~ 125B.26 must prohibit, including through use of available software filtering technology or other effective methods, adult access to material that under federal or state law is reasonably believed to be obscene or child pornography.

(d) A school district, its agents or employees, are immune from liability for failure to comply with this section if they have made a good faith effort to comply with the requirements of this section.

(e) "School site" means an education site as defined in section 123B.04, subdivision 1, or charter school under section 124D.10.

Sec. 15. Minnesota Statutes 2006, section 126C.01, subdivision 9, is amended to read:

Subd. 9. **Training and experience index.** "Training and experience index" means a measure of a district's teacher training and experience relative to the education and experience of teachers in the state. The measure must be determined pursuant to Minnesota Statutes 1996, section 126C.11.

Sec. 16. Minnesota Statutes 2006, section 126C.05, subdivision 1, is amended to read:

Subdivision 1. **Pupil unit.** Pupil units for each Minnesota resident pupil under the age of 21 or who meets the requirements of section 120A.20, subdivision 1, paragraph (c), in average daily membership enrolled in the district of residence, in another district under sections 123A.05 to 123A.08, 124D.03, 124D.06, ~~124D.07~~, 124D.08, or 124D.68; in a charter school under section 124D.10; or for whom the resident district pays tuition under section 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88, subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65, shall be counted according to this subdivision.

(a) A prekindergarten pupil with a disability who is enrolled in a program approved by the commissioner and has an individual education plan is counted as the ratio of the number of hours of assessment and education service to 825 times 1.25 with a minimum average daily membership of 0.28, but not more than 1.25 pupil units.

(b) A prekindergarten pupil who is assessed but determined not to be disabled is counted as the ratio of the number of hours of assessment service to 825 times 1.25.

(c) A kindergarten pupil with a disability who is enrolled in a program approved by the commissioner is counted as the ratio of the number of hours of assessment and education services required in the fiscal year by the pupil's individual education program plan to 875, but not more than one.

(d) A kindergarten pupil who is not included in paragraph (c) is counted as .557 of a pupil unit for fiscal year 2000 and thereafter.

(e) A pupil who is in any of grades 1 to 3 is counted as 1.115 pupil units for fiscal year 2000 and thereafter.

(f) A pupil who is any of grades 4 to 6 is counted as 1.06 pupil units for fiscal year 1995 and thereafter.

(g) A pupil who is in any of grades 7 to 12 is counted as 1.3 pupil units.

(h) A pupil who is in the postsecondary enrollment options program is counted as 1.3 pupil units.

Sec. 17. Minnesota Statutes 2006, section 126C.48, subdivision 7, is amended to read:

Subd. 7. **Reporting.** For each tax settlement, the county auditor shall report to each school district by fund, the district tax settlement revenue defined in section 123B.75, subdivision 5, paragraph (a), ~~and the amount levied pursuant to section 126C.42, subdivision 1,~~ on the form specified in section 276.10. The county auditor shall send to the district a copy of the spread levy report specified in section 275.124.

Sec. 18. Minnesota Statutes 2006, section 134.355, subdivision 9, is amended to read:

Subd. 9. **Telecommunications aid.** An application for regional library telecommunications aid must, at a minimum, contain information to document the following:

(1) the connections are adequate and employ an open network architecture that will ensure interconnectivity and interoperability with school districts, postsecondary education, or other governmental agencies;

(2) that the connection is established through the most cost-effective means and that the regional library has explored and coordinated connections through school districts, postsecondary education, or other governmental agencies;

(3) that the regional library system has filed an e-rate application; and

(4) other information, as determined by the commissioner of ~~children, families, and learning~~ education, to ensure that connections are coordinated, efficient, and cost-effective, take advantage of discounts, and meet applicable state standards.

The library system may include costs associated with cooperative arrangements with postsecondary institutions, school districts, and other governmental agencies.

Sec. 19. **REPEALER.**

Minnesota Statutes 2006, sections 123A.22, subdivision 11; and 123B.81, subdivision 8, are repealed.

ARTICLE 10

PUPIL TRANSPORTATION STANDARDS

Section 1. Minnesota Statutes 2006, section 123B.88, subdivision 12, is amended to read:

Subd. 12. **Early childhood family education participants.** Districts may provide bus transportation along ~~regular~~ school bus routes when space is available for participants in early childhood family education programs and school readiness programs if these services do not result in an increase in the district's expenditures for transportation. The costs allocated to these services, as determined by generally accepted accounting principles, shall be considered part of the authorized cost for ~~regular~~ transportation for the purposes of section 123B.92.

EFFECTIVE DATE. This section is effective the day following final enactment and applies for fiscal year 2007 and later.

Sec. 2. Minnesota Statutes 2006, section 123B.90, subdivision 2, is amended to read:

Subd. 2. **Student training.** (a) Each district must provide public school pupils enrolled in kindergarten through grade 10 with age-appropriate school bus safety training, as described in this section, of the following concepts:

(1) transportation by school bus is a privilege and not a right;

(2) district policies for student conduct and school bus safety;

(3) appropriate conduct while on the school bus;

- (4) the danger zones surrounding a school bus;
- (5) procedures for safely boarding and leaving a school bus;
- (6) procedures for safe street or road crossing; and
- (7) school bus evacuation.

(b) Each nonpublic school located within the district must provide all nonpublic school pupils enrolled in kindergarten through grade 10 who are transported by school bus at public expense and attend school within the district's boundaries with training as required in paragraph (a).

(c) Students enrolled in kindergarten through grade 6 who are transported by school bus and are enrolled during the first or second week of school must receive the school bus safety training competencies by the end of the third week of school. Students enrolled in grades 7 through 10 who are transported by school bus and are enrolled during the first or second week of school and have not previously received school bus safety training must receive the training or receive bus safety instructional materials by the end of the sixth week of school. Students taking driver's training instructional classes ~~and other students in grades 9 and 10~~ must receive training in the laws and proper procedures when operating a motor vehicle in the vicinity of a school bus as required by section 169.446, subdivisions 2 and 3. Students enrolled in kindergarten through grade 10 who enroll in a school after the second week of school and are transported by school bus and have not received training in their previous school district shall undergo school bus safety training or receive bus safety instructional materials within four weeks of the first day of attendance. Upon request of the superintendent of schools, the school transportation safety director in each district must certify to the superintendent ~~of schools annually~~ that all students transported by school bus within the district have received the school bus safety training according to this section. Upon request of the superintendent of the school district where the nonpublic school is located, the principal or other chief administrator of each nonpublic school must certify ~~annually~~ to the school transportation safety director of the district in which the school is located that the school's students transported by school bus at public expense have received training according to this section.

(d) A district and a nonpublic school with students transported by school bus at public expense may provide kindergarten pupils with bus safety training before the first day of school.

(e) A district and a nonpublic school with students transported by school bus at public expense may also provide student safety education for bicycling and pedestrian safety, for students enrolled in kindergarten through grade 5.

(f) A district and a nonpublic school with students transported by school bus at public expense must make reasonable accommodations for the school bus safety training of pupils known to speak English as a second language and pupils with disabilities.

(g) The district and a nonpublic school with students transported by school bus at public expense must provide students enrolled in kindergarten through grade 3 school bus safety training twice during the school year.

(h) A district and a nonpublic school with students transported by school bus at public expense must conduct a school bus evacuation drill at least once during the school year.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 3. Minnesota Statutes 2006, section 123B.92, subdivision 5, is amended to read:

Subd. 5. **District reports.** (a) Each district must report data to the department as required by the department to account for transportation expenditures.

(b) Salaries and fringe benefits of district employees whose primary duties are other than transportation, including central office administrators and staff, building administrators and staff, teachers, social workers, school nurses, and instructional aides, must not be included in a district's transportation expenditures, except that a district may include salaries and benefits according to paragraph (c) for (1) an employee designated as the district transportation director, (2) an employee providing direct support to the transportation director, or (3) an employee providing direct transportation services such as a bus driver or bus aide.

(c) Salaries and fringe benefits of the district employees listed in paragraph (b), clauses (1), (2), and (3), who work part time in transportation and part time in other areas must not be included in a district's transportation expenditures unless the district maintains documentation of the employee's time spent on pupil transportation matters in the form and manner prescribed by the department.

(d) Pupil transportation expenditures, excluding expenditures for capital outlay, leased buses, student board and lodging, crossing guards, and aides on buses, must be allocated among transportation categories based on cost-per-mile, cost-per-student, cost-per-hour, or cost-per-route, regardless of whether the transportation services are provided on district-owned or contractor-owned school buses. Expenditures for school bus driver salaries and fringe benefits may either be directly charged to the appropriate transportation category or may be allocated among transportation categories based on cost-per-mile, cost-per-student, cost-per-hour, or cost-per-route. Expenditures by private contractors or individuals who provide transportation exclusively in one transportation category must be charged directly to the appropriate transportation category. Transportation services provided by contractor-owned school bus companies incorporated under different names but owned by the same individual or group of individuals must be treated as the same company for cost allocation purposes.

(e) Notwithstanding paragraph (d), districts contracting for transportation services are exempt from the standard cost allocation method for authorized and nonauthorized transportation categories if the district (1) bid its contracts separately for authorized and nonauthorized transportation categories, (2) received bids or quotes from more than one vendor for these transportation categories or can demonstrate that efforts were made to solicit bids or quotes through advertising, and (3) the district's cost-per-mile, cost-per-hour, or cost-per-route does not vary more than ten percent among authorized transportation categories, excluding expenditures for capital outlay, leased buses, student board and lodging, crossing guards, special equipment, and aides on buses. If the costs reported by the district for contractor-owned operations vary more than the parameters outlined above, the department shall require the district to reallocate its transportation costs, excluding salaries and fringe benefits of bus aids, among all categories.

EFFECTIVE DATE. This section is effective the day following final enactment and applies for fiscal year 2007 and later.

Sec. 4. Minnesota Statutes 2006, section 169.01, subdivision 6, is amended to read:

Subd. 6. **School bus.** "School bus" means a motor vehicle used to transport pupils to or from a school defined in section 120A.22, or to or from school-related activities, by the school or a school district, or by someone under an agreement with the school or a school district. A school bus does not include a motor vehicle transporting children to or from school for which parents or guardians receive direct compensation from a school district, a motor coach operating under charter carrier authority, a transit bus providing services as defined in section 174.22, subdivision 7, ~~a multifunction school activity bus as defined by federal motor vehicle safety standards~~, or a vehicle otherwise qualifying as a type III vehicle under paragraph ~~(5)~~ (6), when the vehicle is properly registered and insured and being driven by an employee or agent of a school district for nonscheduled or nonregular transportation. A school bus may be type A, type B, type C, ~~or~~ type D, a multifunctional school activity bus, or type III as follows:

(1) A "type A school bus" is a ~~van conversion or~~ bus constructed utilizing a cutaway front section vehicle with a left-side driver's door. ~~The entrance door is behind the front wheels.~~ This definition includes two classifications: type A-I, with a gross vehicle weight rating (GVWR) ~~less than or equal to 10,000~~ 14,500 pounds or less; and type A-II, with a GVWR greater than ~~10,000~~ 14,500 pounds and less than or equal to 21,500 pounds.

(2) A "type B school bus" is constructed utilizing a stripped chassis. The entrance door is behind the front wheels. This definition includes two classifications: type B-I, with a GVWR less than or equal to 10,000 pounds; and type B-II, with a GVWR greater than 10,000 pounds.

(3) A "type C school bus" is constructed utilizing a chassis with a hood and front fender assembly. The entrance door is behind the front wheels. A "type C school bus" also includes a cutaway truck chassis or truck chassis with cab with or without a left side door and with a GVWR greater than 21,500 pounds.

(4) A "type D school bus" is constructed utilizing a stripped chassis. The entrance door is ahead of the front wheels.

(5) A "multifunctional school activity bus" is a bus that meets the federal motor vehicle safety standards definition, except for vehicles classified as type III school buses according to paragraph (6).

(6) Type III school buses and type III Head Start buses are restricted to passenger cars, station wagons, vans, and buses having a maximum manufacturer's rated seating capacity of ten or fewer people, including the driver, and a gross vehicle weight rating of 10,000 pounds or less. In this subdivision, "gross vehicle weight rating" means the value specified by the manufacturer as the loaded weight of a single vehicle. A "type III school bus" and "type III Head Start bus" must not be outwardly equipped and identified as a type A, B, C, or D school bus or type A, B, C, or D Head Start bus. A van or bus converted to a seating capacity of ten or fewer and placed in service on or after August 1, 1999, must have been originally manufactured to comply with the passenger safety standards.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 5. Minnesota Statutes 2006, section 169.01, is amended by adding a subdivision to read:

Subd. 92. **Cellular phone.** "Cellular phone" means a cellular, analog, wireless, or digital telephone capable of sending or receiving telephone or text messages without an access line for service.

Sec. 6. Minnesota Statutes 2006, section 169.443, is amended by adding a subdivision to read:

Subd. 9. **Personal cellular phone call prohibition.** A school bus driver may not operate a school bus while communicating over, or otherwise operating, a cellular phone for personal reasons, whether hand-held or hands free, when the vehicle is in motion.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 7. Minnesota Statutes 2006, section 169.447, subdivision 2, is amended to read:

Subd. 2. **Driver seat belt.** ~~New School buses and Head Start buses manufactured after December 31, 1994,~~ must be equipped with driver seat belts and seat belt assemblies of the type described in section 169.685, subdivision 3. School bus drivers and Head Start bus drivers must use these seat belts.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 8. Minnesota Statutes 2006, section 169.4501, subdivision 1, is amended to read:

Subdivision 1. **National standards adopted.** Except as provided in sections 169.4502 and 169.4503, the construction, design, equipment, and color of types A, B, C, ~~and D~~ and multifunctional school activity bus school buses used for the transportation of school children shall meet the requirements of the "bus chassis standards" and "bus body standards" in the ~~2000~~ 2005 edition of the "National School Transportation Specifications and Procedures" adopted by the National ~~Conference~~ Congress on School Transportation. Except as provided in section 169.4504, the construction, design, and equipment of types A, B, C, ~~and D~~ and multifunctional school activity bus school buses used for the transportation of students with disabilities also shall meet the requirements of the "specially equipped school bus standards" in the ~~2000~~ 2005 National School Transportation Specifications and Procedures. The "bus chassis standards," "bus body standards," and "specially equipped school bus standards" sections of the ~~2000~~ 2005 edition of the "National School Transportation Specifications and Procedures" are incorporated by reference in this chapter.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 9. Minnesota Statutes 2006, section 169.4501, subdivision 2, is amended to read:

Subd. 2. **Applicability.** (a) The standards adopted in this section and sections 169.4502 and 169.4503, govern the construction, design, equipment, and color of school buses used for the transportation of school children, when owned or leased and operated by a school or privately owned or leased and operated under a contract with a school. Each school, its officers and employees, and each person employed under the contract is subject to these standards.

(b) The standards apply to school buses manufactured after ~~October 31, 2004~~ December 31, 2007. Buses complying with the standards when manufactured need not comply with standards established later except as specifically provided for by law.

(c) A school bus manufactured on or before ~~October 31, 2004~~ December 31, 2007, must conform to the Minnesota standards in effect on the date the vehicle was manufactured except as specifically provided for in law.

(d) A new bus body may be remounted on a used chassis provided that the remounted vehicle meets state and federal standards for new buses which are current at the time of the remounting. Permission must be obtained from the commissioner of public safety before the remounting is done. A used bus body may not be remounted on a new or used chassis.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 10. Minnesota Statutes 2006, section 169.4502, subdivision 5, is amended to read:

Subd. 5. **Electrical system; battery.** (a) The storage battery, as established by the manufacturer's rating, must be of sufficient capacity to care for starting, lighting, signal devices, heating, and other electrical equipment. In a bus with a gas-powered chassis, the battery or batteries must provide a minimum of 800 cold cranking amperes. In a bus with a diesel-powered chassis, the battery or batteries must provide a minimum of 1050 cold cranking amperes.

(b) In a type B bus with a gross vehicle weight rating of 15,000 pounds or more, and type C and D buses, the battery shall be temporarily mounted on the chassis frame. The final location of the battery and the appropriate cable lengths in these buses must comply with the SBMI design objectives booklet.

(c) All batteries shall be mounted according to chassis manufacturers' recommendations.

(d) In a type C bus, other than are powered by diesel fuel, a battery providing at least 550 cold cranking amperes may be installed in the engine compartment only if used in combination with a generator or alternator of at least ~~120~~ 130 amperes.

(e) A bus with a gross vehicle weight rating of 15,000 pounds or less may be equipped with a battery to provide a minimum of 550 cold cranking amperes only if used in combination with an alternator of at least ~~80~~ 130 amperes. This paragraph does not apply to those buses with wheelchair lifts or diesel engines.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 11. Minnesota Statutes 2006, section 169.4503, subdivision 13, is amended to read:

Subd. 13. **Identification.** (a) Each bus shall, in the beltline, identify the school district serviced, or company name, or owner of the bus. Numbers necessary for identification must appear on the sides and rear of the bus. Symbols or letters may be used on the outside of the bus near the entrance door for student identification. A manufacturer's nameplate or logo may be placed on the bus.

(b) Effective December 31, 1994, all type A, B, C, and D buses sold must display lettering "Unlawful to pass when red lights are flashing" on the rear of the bus. The lettering shall be in two-inch black letters on school bus yellow background. This message shall be displayed directly below the upper window of the rear door. On rear engine buses, it shall be centered at approximately the same location. Only signs and lettering approved or required by state law may be displayed.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 12. Minnesota Statutes 2006, section 169.4503, subdivision 20, is amended to read:

Subd. 20. **Seat and crash barriers.** (a) All restraining barriers and passenger seats shall be covered with a material that has fire retardant or fire block characteristics.

(b) All seats must have a minimum cushion depth of 15 inches and a seat back height of at least 20 inches above the seating reference point.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 13. Minnesota Statutes 2006, section 171.02, subdivision 2, is amended to read:

Subd. 2. **Driver's license classifications, endorsements, exemptions.** (a) Drivers' licenses are classified according to the types of vehicles that may be driven by the holder of each type or class of license. The commissioner may, as appropriate, subdivide the classes listed in this subdivision and issue licenses classified accordingly.

(b) Except as provided in paragraph (c), clauses (1) and (2), and subdivision 2a, no class of license is valid to operate a motorcycle, school bus, tank vehicle, double-trailer or triple-trailer combination, vehicle transporting hazardous materials, or bus, unless so endorsed. There are four general classes of licenses as described in paragraphs (c) through (f).

(c) Class D drivers' licenses are valid for:

(1) operating all farm trucks if the farm truck is:

(i) controlled and operated by a farmer, including operation by an immediate family member or an employee of the farmer;

(ii) used to transport agricultural products, farm machinery, or farm supplies, including hazardous materials, to or from a farm;

(iii) not used in the operations of a common or contract motor carrier as governed by Code of Federal Regulations, title 49, part 365; and

(iv) used within 150 miles of the farm;

(2) notwithstanding paragraph (b), operating an authorized emergency vehicle, as defined in section 169.01, subdivision 5, whether or not in excess of 26,000 pounds gross vehicle weight;

(3) operating a recreational vehicle as defined in section 168.011, subdivision 25, that is operated for personal use;

(4) operating all single-unit vehicles except vehicles with a gross vehicle weight of more than 26,000 pounds, vehicles designed to carry more than 15 passengers including the driver, and vehicles that carry hazardous materials;

(5) notwithstanding paragraph (d), operating a type A school bus or a multifunctional school activity bus without a school bus endorsement if:

(i) ~~the bus has a gross vehicle weight of 10,000 pounds or less;~~

~~(ii) the bus is designed to transport 15 or fewer passengers, including the driver; and~~

~~(iii) (ii) the requirements of subdivision 2a are satisfied, as determined by the commissioner; and~~

(iii) the type A school bus or a multifunctional school activity bus has a gross vehicle weight of 14,500 pounds or less;

(6) operating any vehicle or combination of vehicles when operated by a licensed peace officer while on duty; and

(7) towing vehicles if:

(i) the towed vehicles have a gross vehicle weight of 10,000 pounds or less; or

(ii) the towed vehicles have a gross vehicle weight of more than 10,000 pounds and the combination of vehicles has a gross vehicle weight of 26,000 pounds or less.

(d) Class C drivers' licenses are valid for:

(1) operating class D motor vehicles;

(2) with a hazardous materials endorsement, transporting hazardous materials in class D vehicles; and

(3) with a school bus endorsement, operating school buses designed to transport 15 or fewer passengers, including the driver.

(e) Class B drivers' licenses are valid for:

(1) operating all class C motor vehicles, class D motor vehicles, and all other single-unit motor vehicles including, with a passenger endorsement, buses; and

(2) towing only vehicles with a gross vehicle weight of 10,000 pounds or less.

(f) Class A drivers' licenses are valid for operating any vehicle or combination of vehicles.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 14. Minnesota Statutes 2006, section 171.02, subdivision 2a, is amended to read:

Subd. 2a. **Exception for certain school bus drivers.** Notwithstanding subdivision 2, paragraph (c), the holder of a class D driver's license, without a school bus endorsement, may operate a type A school bus or a multifunctional school activity bus described in subdivision 2, paragraph (b), under the following conditions:

(a) The operator is an employee of the entity that owns, leases, or contracts for the school bus and is not solely hired to provide transportation services under this subdivision.

(b) The operator drives the school bus only from points of origin to points of destination, not including home-to-school trips to pick up or drop off students.

(c) The operator is prohibited from using the type A school bus eight-light system. Violation of this paragraph is a misdemeanor.

(d) The operator's employer has adopted and implemented a policy that provides for annual training and certification of the operator in:

(1) safe operation of the type of school bus the operator will be driving;

(2) understanding student behavior, including issues relating to students with disabilities;

(3) encouraging orderly conduct of students on the bus and handling incidents of misconduct appropriately;

(4) knowing and understanding relevant laws, rules of the road, and local school bus safety policies;

(5) handling emergency situations; and

(6) safe loading and unloading of students.

(e) A background check or background investigation of the operator has been conducted that meets the requirements under section 122A.18, subdivision 8, or 123B.03 for teachers; section 144.057 or chapter 245C for day care employees; or section 171.321, subdivision 3, for all other persons operating a ~~type A school bus~~ vehicle under this subdivision.

(f) Operators shall submit to a physical examination as required by section 171.321, subdivision 2.

(g) The operator's driver's license is verified annually by the entity that owns, leases, or contracts for the ~~school bus~~ vehicle.

(h) A person who sustains a conviction, as defined under section 609.02, of violating section 169A.25, 169A.26, 169A.27, 169A.31, 169A.51, or 169A.52, or a similar statute or ordinance of another state is precluded from operating a school bus for five years from the date of conviction.

(i) A person who has ever been convicted of a disqualifying offense as defined in section 171.3215, subdivision 1, paragraph (c), may not operate a school bus under this subdivision.

(j) A person who sustains a conviction, as defined under section 609.02, of a fourth moving offense in violation of chapter 169 is precluded from operating a school bus for one year from the date of the last conviction.

(k) Students riding the ~~school bus~~ vehicle must have training required under section 123B.90, subdivision 2.

(l) An operator must be trained in the proper use of child safety restraints as set forth in the National Highway Traffic Safety Administration's "Guideline for the Safe Transportation of Pre-school Age Children in School Buses;" if child safety restraints are used by the passengers.

(m) Annual certification of the requirements listed in this subdivision must be maintained under separate file at the business location for each operator licensed under this subdivision and subdivision 2, paragraph (b), clause (5). The business manager, school board, governing body of a nonpublic school, or any other entity that owns, leases, or contracts for the school bus operating under this subdivision is responsible for maintaining these files for inspection.

(n) The ~~school bus~~ vehicle must bear a current certificate of inspection issued under section 169.451.

(o) On a type A school bus, the word "School" on the front and rear of the bus must be covered by a sign that reads "Activities" when the bus is being operated under authority of this subdivision.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 15. Minnesota Statutes 2006, section 171.321, subdivision 4, is amended to read:

Subd. 4. **Training.** (a) No person shall drive a class A, B, C, or D school bus when transporting school children to or from school or upon a school-related trip or activity without having demonstrated sufficient skills and knowledge to transport students in a safe and legal manner.

(b) A bus driver must have training or experience that allows the driver to meet at least the following competencies:

- (1) safely operate the type of school bus the driver will be driving;
- (2) understand student behavior, including issues relating to students with disabilities;
- (3) encourage orderly conduct of students on the bus and handle incidents of misconduct appropriately;
- (4) know and understand relevant laws, rules of the road, and local school bus safety policies;
- (5) handle emergency situations; and
- (6) safely load and unload students.

(c) The commissioner of public safety shall develop a comprehensive model school bus driver training program and model assessments for school bus driver training competencies, which are not subject to chapter 14. A school district, nonpublic school, or private contractor may use alternative assessments for bus driver training competencies with the approval of the commissioner of public safety. A driver may receive at least eight hours of school bus in-service training any year, as an alternative to being assessed for bus driver competencies after the initial year of being assessed for bus driver competencies. The employer shall keep the assessment or a record of the in-service training for the current period available for inspection by representatives of the commissioner.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 16. **RULES REVISED: COMMISSIONER OF PUBLIC SAFETY.**

Subdivision 1. **Rules revised under the good cause exemption.** The commissioner of public safety must amend and adopt the revisions to the rules listed in subdivisions 2 to 8 under the good cause exemption to the rulemaking process under Minnesota Statutes, section 14.388, subdivision 1, clause (3).

Subd. 2. **Minnesota Rules, part 7470.0500.** The commissioner of public safety must amend Minnesota Rules, part 7470.0500, by replacing two obsolete references to the Department of Children, Families, and Learning, with a reference to the Department of Public Safety and removing references to specifically repealed rules.

Subd. 3. **Minnesota Rules, part 7470.0700.** The commissioner of public safety must amend Minnesota Rules, part 7470.0700, as follows:

(1) for the points assigned to school bus equipment defects, strike the reference to "orange" school buses and include a new school bus color exemption for multifunctional school activity buses;

(2) replace the references to type I and type II school buses with type A, B, C, or D school buses;

(3) exempt multifunctional school activity buses from the point reduction for not having a stop arm; and

(4) exempt multifunctional school activity buses from the point reduction for not having an eight-lamp warning lamp system.

Subd. 4. **Minnesota Rules, part 7470.1000.** The commissioner of public safety must amend Minnesota Rules, part 7470.1000, to:

(1) include multifunctional school activity buses in the headnote;

(2) update subpart 1 to include multifunctional school activity buses as a type of school bus listed after bus types A, B, C, and D;

(3) modify subpart 2 to clarify that the prohibition against loading or unloading while adjacent to a turn lane applies only when it is a right-hand turn lane and does not prohibit a bus from loading or unloading at the side of the road when there is a center turn lane; and

(3) expand the exception that allows service dogs on school buses to include all companion animals.

Subd. 5. **Minnesota Rules, part 7470.1100.** The commissioner of public safety must amend Minnesota Rules, part 7470.1100, to include multifunctional school activity buses in the headnote and amend subpart 1 to include multifunctional school activity buses as a type of school bus listed after bus types A, B, C, and D. The commissioner must also amend item B of this part to require drivers to use prewarning flashing signals, flashing red signals, and stop signals arms on buses that are equipped with those signals.

Subd. 6. **Minnesota Rules, part 7470.1400.** The commissioner of public safety must amend Minnesota Rules, part 7470.1400, to clarify that the operating rules in parts 7470.1000 to 7470.1500 apply to buses that are leased and rented as well as to school buses that are owned by a school district, a nonpublic school, or a private operator under contract to a school district or nonpublic school.

Subd. 7. **Minnesota Rules, part 7470.1500.** The commissioner of public safety must amend Minnesota Rules, part 7470.1500, to:

(1) clarify that the prohibition against loading or unloading while adjacent to a turn lane applies only when it is a right-hand turn lane and does not prohibit a bus from loading or unloading at the side of the road when there is a center turn lane; and

(2) delete item H because it is obsolete.

Subd. 8. **Minnesota Rules, part 7470.1700.** The commissioner of public safety must amend Minnesota Rules, part 7470.1700, subpart 2, to:

(1) clarify that the bus driver and the bus aide must have access to emergency health care information for the students with disabilities transported on the bus; and

(2) add an item E that allows the health information to be maintained either in a hard copy on the vehicle or immediately accessible through a two-way communications system.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 17. **REPEALER.**

Minnesota Statutes 2006, sections 169.4502, subdivision 15; and 169.4503, subdivisions 17, 18, and 26, are repealed.

EFFECTIVE DATE. This section is effective January 1, 2008.

ARTICLE 11

EARLY CHILDHOOD AND ADULT PROGRAMS

Section 1. Minnesota Statutes 2006, section 119A.52, is amended to read:

119A.52 DISTRIBUTION OF APPROPRIATION.

(a) The commissioner of education must distribute money appropriated for that purpose to federally designated Head Start programs to expand services and to serve additional low-income children. Migrant and Indian reservation programs must be initially allocated money based on the programs' share of federal funds. The remaining money must be initially allocated to the remaining local agencies based equally on the agencies' share of federal funds and on the proportion of eligible children in the agencies' service area who are not currently being

served. A Head Start ~~grantee program~~ must be funded at a per child rate equal to its contracted, federally funded base level at the start of the fiscal year. In allocating funds under this paragraph, the commissioner of education must assure that each Head Start program in existence in 1993 is allocated no less funding in any fiscal year than was allocated to that program in fiscal year 1993. Before paying money to the programs, the commissioner must notify each program of its initial allocation, how the money must be used, and the number of low-income children to be served with the allocation based upon the federally funded per child rate. Each program must present a plan under section 119A.535. For any ~~grantee program~~ that cannot utilize its full allocation at the beginning of the fiscal year, the commissioner must reduce the allocation proportionately. Money available after the initial allocations are reduced must be redistributed to eligible ~~grantees programs~~.

(b) The commissioner must develop procedures to make payments to programs based upon the number of children reported to be enrolled during the required time period of program operations. Enrollment is defined by federal Head Start regulations. The procedures must include a reporting schedule, corrective action plan requirements, and financial consequences to be imposed on programs that do not meet full enrollment after the period of corrective action. Programs reporting chronic underenrollment, as defined by the commissioner, will have their subsequent program year allocation reduced proportionately. Funds made available by prorating payments and allocations to programs with reported underenrollment will be made available to the extent funds exist to fully enrolled Head Start programs through a form and manner prescribed by the department.

Sec. 2. Minnesota Statutes 2006, section 119A.535, is amended to read:

119A.535 APPLICATION REQUIREMENTS.

Eligible Head Start organizations must submit a plan to the department for approval on a form and in the manner prescribed by the commissioner. The plan must include:

- (1) the ~~estimated~~ number of low-income children and families the program will be able to serve;
- (2) a description of the program design and service delivery area which meets the needs of and encourages access by low-income working families;
- (3) a program design that ensures fair and equitable access to Head Start services for all populations and parts of the service area;
- (4) a plan for ~~coordinating services to maximize assistance for child care costs available to families under chapter 119B~~ providing Head Start services in conjunction with full-day child care programs to minimize child transitions, increase program intensity and duration, and improve child and family outcomes as required in section 119A.5411; and
- (5) identification of regular Head Start, early Head Start, full-day services identified in section 119A.5411, and innovative services based upon demonstrated needs to be provided.

Sec. 3. **119A.5411 FULL-DAY REQUIREMENTS.**

The following phase-in of full-day services in Head Start programs or licensed child care as defined in chapter 245A is required:

- (1) by fiscal year 2009, a minimum of 25 percent of the total state-funded enrollment throughout the state must be provided in full-day services;

(2) by fiscal year 2011, a minimum of 40 percent of the total state-funded enrollment throughout the state must be provided in full-day services; and

(3) by fiscal year 2013, a minimum of 50 percent of the total state-funded enrollment throughout the state must be provided in full-day services.

Head Start programs may provide full-day services as part of their own program model or through agreements with licensed full-day child care programs. If licensed child care providers do not exist in a geographic area, choose not to participate, cannot meet the federal Head Start performance standards after sufficient opportunity, or a Head Start program is unable to establish the full-day services as a part of their own program model, the Head Start program may request exemption from the commissioner.

Sec. 4. Minnesota Statutes 2006, section 124D.13, subdivision 1, is amended to read:

Subdivision 1. **Establishment; purpose.** A district that provides a community education program under sections 124D.18 and 124D.19 may establish an early childhood family education program. Two or more districts, each of which provides a community education program, may cooperate to jointly provide an early childhood family education program. The purpose of the early childhood family education program is to provide parenting education to support children's learning and development.

Sec. 5. Minnesota Statutes 2006, section 124D.13, subdivision 2, is amended to read:

Subd. 2. **Program characteristics requirements.** (a) Early childhood family education programs are programs for children in the period of life from birth to kindergarten, for the parents and other relatives of these children, and for expectant parents. To the extent that funds are insufficient to provide programs for all children, early childhood family education programs should emphasize programming for a child children from birth to age three, and encourage parents and other relatives to for children at risk of not being ready for kindergarten and the children's parents. Program providers also are encouraged to involve four- and five-year-old children and their families in school readiness programs, and other public and nonpublic early learning programs. A district may not limit participation to school district residents. Early childhood family education programs ~~may include the following~~ must provide:

(1) programs to educate parents and other relatives about the physical, mental, and emotional development of children;

~~(2) programs to enhance the skills of parents and other relatives in providing for their children's learning and development~~ structured learning activities requiring interaction between children and their parents or relatives;

(3) structured learning experiences activities for children ~~and parents and other relatives~~ that promote children's development and positive interaction with peers, which are held while parents or relatives attend parent education classes;

~~(4) activities designed to detect children's physical, mental, emotional, or behavioral problems that may cause learning problems;~~

~~(5) activities and materials designed to encourage self esteem, skills, and behavior that prevent sexual and other interpersonal violence;~~

~~(6) educational materials which may be borrowed for home use;~~

~~(7)~~ (4) information on related community resources;

~~(8) programs to prevent (5) information, materials, and activities that support the safety of children, including prevention of child abuse and neglect; and~~

~~(9) other programs or activities to improve the health, development, and school readiness of children; or~~

~~(10) activities designed to maximize development during infancy.~~

(6) a community outreach plan to ensure participation by families who reflect the racial, cultural, and economic diversity of the school district.

The programs must not include activities for children that do not require substantial involvement of the children's parents or other relatives. The ~~programs~~ program must be reviewed periodically to assure the instruction and materials are not racially, culturally, or sexually biased. The programs must encourage parents to be aware of practices that may affect equitable development of children.

(b) For the purposes of this section, "relative" or "relatives" means noncustodial grandparents or other persons related to a child by blood, marriage, adoption, or foster placement, excluding parents.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 6. Minnesota Statutes 2006, section 124D.13, subdivision 11, is amended to read:

Subd. 11. **Teachers and coordinators.** A school board must employ necessary qualified teachers licensed in early childhood or parent education for its early childhood family education programs. Coordinators of early childhood family education programs shall meet, as a minimum, the licensure requirements for a teacher within the ECFE program.

Sec. 7. Minnesota Statutes 2006, section 124D.13, is amended by adding a subdivision to read:

Subd. 13. **Plan and program data submission requirements.** (a) An early childhood family education program must submit a biennial plan addressing the requirements of subdivision 2 for approval by the commissioner. The plan must also describe how the program provides parenting education and ensures participation of families representative of the school district. A school district must submit the plan for approval by the commissioner in the form and manner prescribed by the commissioner. One-half of districts, as determined by the commissioner, must first submit a biennial plan by April 1, 2009, and the remaining districts must first submit a plan by April 1, 2010.

(b) Districts receiving early childhood family education revenue under section 124D.135 must submit annual program data to the department by July 15 in the form and manner prescribed by the commissioner.

(c) Beginning with levies for fiscal year 2011, a school district must submit its annual program data to the department before it may certify a levy under section 124D.135. Districts selected by the commissioner to submit a biennial plan by April 1, 2010, must also have an approved plan on file with the commissioner before certifying a levy under section 124D.135 for fiscal year 2011. Beginning with levies for fiscal year 2012, all districts must submit annual program data and have an approved biennial plan on file with the commissioner before certifying a levy under section 124D.135.

Sec. 8. Minnesota Statutes 2006, section 124D.135, subdivision 1, is amended to read:

Subdivision 1. **Revenue.** The revenue for early childhood family education programs for a school district equals \$112 for fiscal year 2007 and \$120 for fiscal year 2008 and later, times the greater of:

(1) 150; or

(2) the number of people under five years of age residing in the district on October 1 of the previous school year.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 9. Minnesota Statutes 2006, section 124D.135, subdivision 3, is amended to read:

Subd. 3. **Early childhood family education levy.** ~~For fiscal year 2001 to obtain early childhood family education revenue, a district may levy an amount equal to the tax rate of .5282 percent times the adjusted tax capacity of the district for the year preceding the year the levy is certified. Beginning with levies for fiscal year 2002, By September 30 of each year, the commissioner shall establish a tax rate for early childhood family education revenue that raises \$21,027,000 for fiscal year 2002 and \$22,135,000 in each fiscal year 2003 and each subsequent year. If the amount of the early childhood family education levy would exceed the early childhood family education revenue, the early childhood family education levy must equal the early childhood family education revenue. Beginning with levies for fiscal year 2011, a district may not certify an early childhood family education levy unless it has met the annual program data reporting and biennial plan requirements under section 124D.13, subdivision 13.~~

Sec. 10. Minnesota Statutes 2006, section 124D.135, subdivision 5, is amended to read:

Subd. 5. **Use of revenue restricted.** (a) Early childhood family education revenue may be used only for early childhood family education programs.

(b) Not more than five percent of early childhood family education revenue, as defined in subdivision 7, may be used to administer early childhood family education programs.

(c) An early childhood family education program may use up to ten percent of its early childhood family education revenue as defined in subdivision 1, including revenue from participant fees, for equipment that is used in the early childhood family education program. This revenue may only be used for the following purposes:

(1) to purchase or lease computers and related materials; and

(2) to purchase or lease equipment for instruction for participating children and their families.

If a district anticipates an unusual circumstance requiring its early childhood family education program capital expenditures to exceed the ten percent limitation, prior approval to exceed the limit must be obtained in writing from the commissioner.

Sec. 11. **[124D.141] STATE ADVISORY BOARD ON SCHOOL READINESS.**

Subdivision 1. **Establishment.** A 13-member State Advisory Board on School Readiness is established in the Office of the Governor to advise the governor and the legislature on developing a coordinated, efficient, and cost-effective system for delivering throughout Minnesota early childhood programs that focus on early care and education, health care, and family support.

Subd. 2. **Board members; terms.** (a) The advisory board includes the following 13 members:

(1) the commissioner of employment and economic development or the commissioner's designee;

(2) the commissioner of health or the commissioner's designee;

(3) the commissioner of education or the commissioner's designee;

(4) the commissioner of human services or the commissioner's designee;

(5) six public members, one of whom is the parent of a child currently enrolled in an early care and education program, five of whom are recognized experts in early care and education, one of whom is a higher education representative, one of whom is a licensed professional who currently provides student support services, and one of whom is a currently practicing early childhood educator, appointed jointly by the majority and minority leaders in the house of representatives and senate; and

(6) three public members who are community or business leaders, one of whom is a member of the Minnesota Early Learning Foundation board of directors under section 124D.175, appointed jointly by the speaker and minority leader in the house of representatives and the majority and minority leaders in the senate.

(b) Members appointed by the speaker and minority leader in the house of representatives and the majority and minority leaders in the senate serve staggered three-year terms. Board members must nominate and elect a chair and other officers from among the public members. Members initially appointed to the board shall assign themselves by lot to terms of one, two, or three years. The chair must notify the governor on the assignment of these terms. The board shall meet regularly at the times and places the board determines. Meetings shall be called by the chair or at the written request of any three members. Members' terms, compensation, removal, and vacancies are governed by section 15.0575.

Subd. 3. **Duties.** (a) The board shall recommend to the governor and the legislature:

(1) the most effective method to improve the coordination and delivery of early care and education services that integrates child care, early care and education programs, and family support services and programs;

(2) a multiyear plan for effectively and efficiently coordinating and integrating state services for early care and education, improving service delivery and standards of care, avoiding duplication and fragmentation of service, and enhancing public and private investment;

(3) methods for measuring the quality, quantity, and effectiveness of early care and education programs throughout the state;

(4) how to identify and measure school readiness indicators on a regular basis;

(5) how to track, enhance, integrate, and coordinate federal, state, and local funds allocated for early care and education and related family support services;

(6) policy changes to improve children's ability to start school ready to learn; and

(7) how to provide technical assistance to community efforts that promote school readiness and encourage community organizations to collaborate in promoting school readiness.

(b) In developing recommendations for the governor and the legislature under this section, the board must evaluate on an ongoing basis:

(1) what government can do to enhance families' capacity to help themselves and others; and

(2) the positive or negative effects of policies and programs recommended under this section on families affected by these programs.

(c) The board shall convene policy work groups as necessary to make recommendations to the governor and the legislature on:

(1) financing early childhood programs;

(2) building a coordinated service delivery system based on an assessment of early childhood systems and available state and federal funding;

(3) integrating a coordinated, collaborative health care component, including medical homes, parent education, family support, developmental health and early education, into early childhood programs and avoiding duplication of services;

(4) enhancing the quality and measuring the cost of child care and preschool programs; and

(5) improving the wages, benefits, and supply of early childhood professionals.

Subd. 4. **Report.** The task force annually by February 15 must report to the education policy and finance committees of the legislature on the recommendations the task force made during the preceding calendar year.

Subd. 5. **Board expiration.** The State Advisory Board on School Readiness expires January 1, 2013.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 12. Minnesota Statutes 2006, section 124D.16, subdivision 2, is amended to read:

Subd. 2. **Amount of aid.** (a) A district is eligible to receive school readiness aid for eligible prekindergarten pupils enrolled in a school readiness program under section 124D.15 if the biennial plan required by section 124D.15, subdivision 3a, has been approved by the commissioner.

(b) ~~For fiscal year 2002 and thereafter,~~ A district must receive school readiness aid equal to:

(1) the number of four-year-old children in the district on October 1 for the previous school year times the ratio of 50 percent of the total school readiness aid entitlement for that year to the total number of four-year-old children reported to the commissioner for the previous school year; plus

(2) the number of pupils enrolled in the school district from families eligible for the free or reduced school lunch program for the previous school year times the ratio of 50 percent of the total school readiness aid entitlement for that year to the total number of pupils in the state from families eligible for the free or reduced school lunch program for the previous school year.

(c) For fiscal year 2008 and later, the total statewide school readiness aid entitlement equals \$10,095,000.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 13. **[124D.1625] EXPANDING DEPARTMENT DEVELOPMENTAL ASSESSMENT ADMINISTERED TO ENTERING KINDERGARTNERS.**

(a) The commissioner of education shall encourage school districts to implement the voluntary school readiness kindergarten assessment initiative in the 2008-2009 school year, to assess up to 30 percent of children.

(b) The commissioner must report the assessment results for the current school year to the legislature by January 1 of the next year.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 14. [124D.163] TARGETED TRAINING OF EARLY CHILDHOOD PROFESSIONALS TO IMPROVE SCHOOL READINESS.

Subdivision 1. **Establishment; purpose.** The commissioner of education shall provide a training program for the purpose of improving the school readiness of prekindergarten children.

Subd. 2. **Eligible participants.** The training program is available to all staff in school readiness programs as defined in section 124D.15, Head Start programs as defined in section 119A.50, and child care centers as defined in chapter 245A. The commissioner of education shall cooperate with the commissioner of human services to identify child care center program and licensed family child care provider participants and implement the training program for them.

Subd. 3. **Training content.** The commissioner shall develop three foundational and sequential training modules on child observation, child and program assessment, and curriculum planning.

Subd. 4. **Availability.** To the extent practical, the training must be made available throughout the state on an ongoing basis. In addition to the geographic availability, the commissioner shall consider the availability of training to meet the needs of diverse cultural groups. Training materials may be translated and training may be delivered in other languages as determined by the commissioner. The training may be provided through a variety of methods that may include on-site and Web-based delivery.

Sec. 15. [124D.165] EARLY CHILDHOOD SCHOLARSHIPS.

Subdivision 1. **Purpose.** The commissioner must establish an early childhood scholarship fund to improve the school readiness of prekindergarten children at risk of being unprepared for kindergarten. Scholarships are available for the purpose of participating in an approved program as specified in subdivision 4 the year prior to kindergarten entrance.

Subd. 2. **Eligibility.** A parent or legal guardian of a four-year-old child with a household income that does not exceed 185 percent of the federal poverty guidelines, adjusted for family size, is eligible to apply for an annual scholarship of up to \$4,000 for each eligible child.

Subd. 3. **Scholarship application, award, and process.** Parents or guardians meeting the eligibility requirements defined in subdivision 2 may apply for a scholarship certificate. Application must be made according to the form and manner prescribed by the commissioner. The certificates must be redeemable for instruction at an approved early childhood program, as specified in subdivision 4, for up to one year from the date of issue or until the child for whom the scholarship is designated enrolls in kindergarten, whichever occurs first. The commissioner shall annually award scholarship certificates to eligible applicants in the order applications are received until all funds available for the year have been obligated. Recipients may not transfer a scholarship certificate to another person. The parent or guardian may transfer the scholarship certificate to another approved early childhood program according to requirements established by the commissioner.

Subd. 4. **Program approval.** A program must be approved by the commissioner to be eligible to receive state early childhood scholarship program funds on behalf of an enrolled scholarship certificate recipient. Early childhood programs must apply for approval in the form and manner prescribed by the commissioner and must be:

(1) a federally designated Head Start program as defined in section 119A.50;

(2) a school readiness program as defined in section 124D.15; or

(3) a licensed child care program as defined in chapter 245A.

The application must include evidence that the program provides research-based instruction to support school readiness. Programs must submit any program changes related to approval as they occur and must reapply for approval every three years.

Subd. 5. **Payments to approved programs.** The commissioner shall issue payments of scholarship funds on a reimbursement basis to approved programs as defined in subdivision 4 for services provided that are comparable to service costs for program participants who do not receive a scholarship. Scholarship funds may not be used for services that are available at no cost to nonscholarship recipient families. Approved programs must maintain documentation of services provided and the commissioner shall verify information submitted by approved programs to ensure appropriate services were provided to eligible recipients for whom state early childhood scholarship funds are paid. Scholarship funds awarded to families receiving other forms of assistance, such as child care assistance, must be used to supplement and may not be used to supplant services provided through that assistance.

Subd. 6. **Scholarship not income for purposes of other publicly funded programs.** Notwithstanding any law to the contrary, the receipt of a scholarship does not count as earned income for the purposes of medical assistance, MinnesotaCare, MFIP, child care assistance, or Head Start programs.

Sec. 16. Minnesota Statutes 2006, section 124D.175, is amended to read:

124D.175 MINNESOTA EARLY LEARNING FOUNDATION.

(a) ~~The commissioner must make a grant to the~~ Minnesota Early Learning Foundation ~~to~~ may implement an early childhood development grant program for low-income and other challenged families that increases the effectiveness and expands the capacity of public and nonpublic early childhood development programs, which may include child care programs, and leads to improved early childhood parent education and children's kindergarten readiness. The program ~~must~~ may include:

(1) grant awards to existing early childhood development program providers that also provide parent education programs and to qualified providers proposing to implement pilot programs for this same purpose;

(2) grant awards to enable low-income families to participate in these programs;

(3) grant awards to improve overall programmatic quality; and

(4) an evaluation of the programmatic and financial efficacy of all these programs, which may be performed using measures of services, staffing, and management systems that provide consistent information about system performance, show trends, confirm successes, and identify potential problems in early childhood development programs.

This grant program must not supplant existing early childhood development programs or child care funds.

~~(b) The commissioner must make a grant to a private nonprofit, section 501(c)(3) organization to implement the requirements of paragraph (a). The private nonprofit organization must be governed by a board of directors composed of members from the public and nonpublic sectors, where the nonpublic sector members compose a simple majority of board members and where the public sector members are state and local government officials;~~

~~kindergarten through grade 12 or postsecondary educators, and early childhood providers appointed by the governor. Membership on the board of directors by a state agency official are work duties for the official and are not a conflict of interest under section 43A.38. The board of directors must appoint an executive director and must seek advice from geographically and ethnically diverse parents of young children and representatives of early childhood development providers, kindergarten through grade 12 and postsecondary educators, public libraries, and the business sector.~~

~~The board of directors is subject to the open meeting law under chapter 13D. All other terms and conditions under which board members serve and operate must be described in the articles and bylaws of the organization. The private nonprofit organization is not a state agency and is not subject to laws governing public agencies except the provisions of chapter 13, salary limits under section 15A.0815, subdivision 2, and audits by the legislative auditor under chapter 3 apply.~~

~~(e) (b)~~ In addition to the duties under paragraph (a), the Minnesota Early Learning Foundation (MELF) shall evaluate the effectiveness of ~~the a~~ voluntary NorthStar quality improvement and rating system. The NorthStar Quality Improvement and Rating System quality rating system must:

- (1) provide consumer information for parents on child care and early education program quality and ratings;
- (2) set indicators to identify quality in care and early education settings, including licensed family child care and centers, tribal providers and programs, and Head Start ~~and school-age~~ programs, and identify quality programs through ratings and ongoing monitoring of programs;
- (3) provide ~~funds~~ resources and incentives for provider improvement ~~grants~~ and quality achievement ~~grants~~;
- (4) require participating providers to ~~incorporate the state's early learning standards in their curriculum activities and develop appropriate child assessments aligned with the kindergarten readiness assessment~~ implement a curriculum and child assessments that align with the kindergarten through grade 2 standards;
- (5) provide ~~accountability for the NorthStar Quality Improvement and Rating System's effectiveness in improving child outcomes and kindergarten readiness~~ an evaluation of the quality rating system; and
- (6) align current and new state investments to improve the quality of child care with the NorthStar quality ~~Improvement and~~ rating system framework, by providing accountability and informed parent choice.

~~(c)~~ The Minnesota Early Learning Foundation shall report back to the legislature ~~by January 15, 2008, annually~~ on the progress being made under ~~this paragraph~~ paragraphs (a) and (b).

~~(d)~~ This section expires June 30, 2011 2012. ~~If no state appropriation is made for purposes of this section, the commissioner must not implement paragraphs (a) and (b).~~

~~(e)~~ A legislative advisory task force shall be established to meet with MELF regarding pilot projects for scholarship programs, and regarding other programs and pilot projects of a similar nature conducted in Minnesota or elsewhere. The task force shall have eight members, appointed as follows: two members from the majority party of the house of representatives, appointed by the speaker, one of whom shall be designated the house of representatives cochair, and two from nonmajority members of the house of representatives, appointed by the speaker with advice from the minority leader; two members from the majority party in the senate, one of whom shall be designated the senate cochair, and two from nonmajority members of the senate, appointed by the senate subcommittee on committees. Appointments shall be balanced geographically, with at least two members from substantially suburban districts and four members from nonmetropolitan districts. The task force shall meet at least twice per year.

Sec. 17. **[124D.2211] AFTER-SCHOOL COMMUNITY LEARNING PROGRAMS.**

Subdivision 1. Establishment. A competitive statewide after-school community learning grant program is established to provide grants to community or nonprofit organizations, political subdivisions, for-profit or nonprofit child care centers, or school-based programs that serve youth after school or during nonschool hours. The commissioner shall develop criteria for after-school community learning programs.

Subd. 2. Program outcomes. The expected outcomes of the after-school community learning programs are to increase:

- (1) school connectedness of participants;
- (2) academic achievement of participating students in one or more core academic areas;
- (3) the capacity of participants to become productive adults; and
- (4) prevent truancy from school and prevent juvenile crime.

Subd. 3. Grants. An applicant shall submit an after-school community learning program proposal to the commissioner. The submitted plan must include:

- (1) collaboration with and leverage of existing community resources that have demonstrated effectiveness;
- (2) outreach to children and youth; and
- (3) involvement of local governments, including park and recreation boards or schools, unless no government agency is appropriate.

Proposals will be reviewed and approved by the commissioner.

Sec. 18. Minnesota Statutes 2006, section 124D.531, subdivision 1, is amended to read:

Subdivision 1. State total adult basic education aid. (a) The state total adult basic education aid for fiscal year 2005 is \$36,509,000. The state total adult basic education aid for fiscal year 2006 equals \$36,587,000 plus any amount that is not paid for during the previous fiscal year, as a result of adjustments under subdivision 4, paragraph (a), or section 124D.52, subdivision 3. The state total adult basic education aid for fiscal year 2007 equals \$37,673,000 plus any amount that is not paid for during the previous fiscal year, as a result of adjustments under subdivision 4, paragraph (a), or section 124D.52, subdivision 3. The state total adult basic education aid for fiscal year 2008 equals \$40,650,000, plus any amount that is not paid during the previous fiscal year as a result of adjustments under subdivision 4, paragraph (a), or section 124D.52, subdivision 3. The state total adult basic education aid for later fiscal years equals:

- (1) the state total adult basic education aid for the preceding fiscal year plus any amount that is not paid for during the previous fiscal year, as a result of adjustments under subdivision 4, paragraph (a), or section 124D.52, subdivision 3; times
- (2) the lesser of:
 - (i) 1.03; or

(ii) the greater of 1.00 or the ratio of the state total contact hours in the first prior program year to the state total contact hours in the second prior program year.

Beginning in fiscal year 2002, two percent of the state total adult basic education aid must be set aside for adult basic education supplemental service grants under section 124D.522.

(b) The state total adult basic education aid, excluding basic population aid, equals the difference between the amount computed in paragraph (a), and the state total basic population aid under subdivision 2.

Sec. 19. Minnesota Statutes 2006, section 124D.531, subdivision 4, is amended to read:

Subd. 4. **Adult basic education program aid limit.** (a) Notwithstanding subdivisions 2 and 3, the total adult basic education aid for a program per prior year contact hour must not exceed ~~\$21~~ \$22 per prior year contact hour computed under subdivision 3, clause (2).

(b) For fiscal year 2004, the aid for a program under subdivision 3, clause (2), adjusted for changes in program membership, must not exceed the aid for that program under subdivision 3, clause (2), for fiscal year 2003 by more than the greater of eight percent or \$10,000.

(c) For fiscal year 2005, the aid for a program under subdivision 3, clause (2), adjusted for changes in program membership, must not exceed the sum of the aid for that program under subdivision 3, clause (2), and Laws 2003, First Special Session chapter 9, article 9, section 8, paragraph (a), for the preceding fiscal year by more than the greater of eight percent or \$10,000.

(d) For fiscal ~~year~~ years 2006 and ~~later~~ 2007, the aid for a program under subdivision 3, clause (2), adjusted for changes in program membership, must not exceed the aid for that program under subdivision 3, clause (2), for the first preceding fiscal year by more than the greater of eight percent or \$10,000.

(e) For fiscal year 2008, the aid for a program under subdivision 3, clause (2), adjusted for changes in program membership, shall not be limited.

(f) For fiscal year 2009 and later, the aid for a program under subdivision 3, clause (2), adjusted for changes in program membership, must not exceed the aid for that program under subdivision 3, clause (2), for the first preceding fiscal year by more than the greater of 11 percent or \$10,000.

~~(e)~~ (g) Adult basic education aid is payable to a program for unreimbursed costs occurring in the program year as defined in section 124D.52, subdivision 3.

~~(f)~~ (h) Any adult basic education aid that is not paid to a program because of the program aid limitation under paragraph (a) must be added to the state total adult basic education aid for the next fiscal year under subdivision 1. Any adult basic education aid that is not paid to a program because of the program aid limitations under paragraph (b), (c), or (d), must be reallocated among programs by adjusting the rate per contact hour under subdivision 3, clause (2).

Sec. 20. Minnesota Statutes 2006, section 124D.55, is amended to read:

124D.55 GENERAL EDUCATION DEVELOPMENT (GED) TEST FEES.

(a) The commissioner shall pay ~~60~~ 75 percent of the fee that is charged to an eligible individual for the full battery of a general education development (GED) test, but not more than ~~\$20~~ \$75 for an eligible individual.

(b) Notwithstanding paragraph (a), the commissioner shall pay 100 percent of the initial fee for an eligible individual who is homeless or precariously housed, as determined by the commissioner.

Sec. 21. Minnesota Statutes 2006, section 124D.56, subdivision 1, is amended to read:

Subdivision 1. **Revenue amount.** A district that is eligible according to section 124D.20, subdivision 2, may receive revenue for a program for adults with disabilities. Revenue for the program for adults with disabilities for a district or a group of districts equals the lesser of:

- (1) the actual expenditures for approved programs and budgets; or
- (2) ~~\$60,000~~ \$75,000.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 22. Minnesota Statutes 2006, section 124D.56, subdivision 2, is amended to read:

Subd. 2. **Aid.** Program aid for adults with disabilities equals the lesser of:

- (1) one-half of the actual expenditures for approved programs and budgets; or
- (2) ~~\$30,000~~ \$37,500.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 23. Minnesota Statutes 2006, section 124D.56, subdivision 3, is amended to read:

Subd. 3. **Levy.** A district may levy for a program for adults with disabilities an amount ~~up to the amount designated~~ not to exceed the difference between the revenue amount calculated in subdivision 1 and the aid amount calculated in subdivision 2. In the case of a program offered by a group of districts, the levy amount must be apportioned among the districts according to the agreement submitted to the department.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

Sec. 24. **EARLY CHILDHOOD COMMUNITY HUB PLANNING AND IMPLEMENTATION GRANTS.**

Subdivision 1. **Establishment.** (a) A two-year grant program is established to increase children's school readiness and success using early childhood community hubs. An early childhood community hub must promote children's school readiness from before birth to kindergarten by coordinating and improving families' access to:

- (1) community early care and education services;
- (2) school;
- (3) health services; and
- (4) other family support services that stabilize, support, and assist families in meeting their children's health and developmental needs.

(b) The commissioner of education shall designate at least four hubs to be established under this section. One hub must be located in a rural area of the state, one must be in a suburban area, and one must be in an urban area. The commissioner shall consider other demographic and cultural factors to ensure that hubs are selected in diverse areas of the state, and shall ensure that a significant number of participants in each area are eligible for free or reduced-price lunch.

Subd. 2. **Eligibility; application.** (a) An applicant for a grant must be a school district, a consortium of school districts, or a tribal school interested in collaborating with community-based early childhood care and education providers to maximize the services available to eligible families.

(b) An interested applicant must submit a plan to the commissioner of education, in the form and manner the commissioner determines, to implement an early childhood community hub that is located in a public school, a tribal school, or other appropriate community location. An applicant must include in the plan a community-based assessment of the existing resources and needs for providing high quality early care and education services, health and mental health services, and other social services that support healthy families and safe neighborhoods. A district superintendent or a designated representative, or a tribal school principal or a designated representative, must oversee the community collaboration.

Subd. 3. **Program components.** (a) Grant recipients must:

(1) provide for an ongoing assessment of local resources and needs for high quality early care and education services, health and mental health services, and other social services that support safe neighborhoods and healthy families;

(2) develop and implement, in consultation with an advisory committee under subdivision 4, a plan to improve the healthy development and school readiness of children from before birth to kindergarten;

(3) develop collaborative partnerships among school-based early childhood programs, kindergarten teachers and other school officials, community-based Head Start and child care programs including licensed centers, family child care homes, and unlicensed family friend and neighbor caregivers, early intervention interagency committees, and other appropriate partners that:

(i) use the Minnesota child care resource and referral network to provide parents with information on quality early care and education services and financial aid options for their children from birth to kindergarten;

(ii) provide high quality early care and education settings for children from birth to kindergarten;

(iii) connect families to health, mental health, adult basic education, English language learning, family literacy programs, and other relevant social services; and

(iv) promote shared professional development activities in early care and education settings that integrate curriculum, assessment, and instruction and are aligned with kindergarten through grade 12 standards;

(4) provide meaningful kindergarten transition services for families that begin one school year before a child enters kindergarten;

(5) develop and implement an evaluation plan to determine the effectiveness of the collaboration, the level of parent satisfaction, and children's kindergarten readiness before and after participating in the program; and

(6) assign an unduplicated MARSS number to each child participating in the program.

(b) An applicant must agree to contract with a qualified person to coordinate the hub who, at a minimum, must have:

- (1) a bachelor's degree in early childhood development or a related field;
- (2) experience working with low-income families from diverse cultural communities; and
- (3) experience working with state and community school readiness providers.

(c) An applicant must agree to provide a 15 percent local match for any grant money it receives, of which five percent may be in-kind contributions. A grant recipient must use the grant, including the local match, to supplement but not supplant existing state-funded early childhood initiatives in the community.

Subd. 4. **Advisory committees.** Each early childhood community hub grantee must have an advisory committee, which may be a preexisting early childhood committee or a newly formed early childhood advisory committee. A newly formed early childhood advisory committee must include at least the following members selected by the school administrator who oversees the community collaboration:

- (1) 30 percent parents;
- (2) the school administrator who oversees the community collaboration;
- (3) licensed teachers for kindergarten through grade 3;
- (4) licensed child care providers that include family child care and center-based providers;
- (5) Head Start providers;
- (6) early childhood family education and school readiness providers;
- (7) early childhood special education providers;
- (8) a child care resource and referral agency;
- (9) community business leaders;
- (10) an early intervention interagency committee liaison;
- (11) other appropriate community members serving young children and their families; and
- (12) an official from a county-recognized labor organization that serves as a partner with licensed family day care providers.

Subd. 5. **Evaluation.** The commissioner must provide for an evaluation of this grant program and must recommend to the education policy and finance committees of the legislature by February 15, 2010, whether or not to expand the program throughout the state.

Sec. 25. **PROVISIONAL QUALITY RATING SYSTEM, LICENSED CHILD CARE.**

For fiscal year 2009 only, a licensed child care program shall receive a provisional quality rating system approval if the provider certifies to the Department of Human Services that it uses curricula and child assessment instruments approved by the Department of Human Services, provides opportunities for parent involvement and parent education, proves a program with sufficient intensity and duration to improve school readiness of participating children, and meets other criteria determined necessary by the commissioner of human services.

Sec. 26. **PROVISIONAL QUALITY RATING SYSTEM, SCHOOL READINESS.**

For fiscal year 2009 only, a school readiness program shall receive a provisional quality rating system approval if the provider certifies to the Department of Education that it uses curricula and child assessment instruments approved by the Department of Education, provides opportunities for parent involvement and parent education, proves a program with sufficient intensity and duration to improve school readiness of participating children, and meets other criteria determined necessary by the commissioner of education.

Sec. 27. **SCHOLARSHIP DEMONSTRATION PROJECTS.**

Subdivision 1. **Early childhood allowance.** The commissioners of human services and education shall establish two scholarship demonstration projects to be conducted in partnership with the Minnesota Early Learning Foundation to promote children's school readiness. The demonstration projects shall be designed and evaluated by the Minnesota Early Learning Foundation in consultation with the legislative advisory group. The programs shall be conducted in nonurban areas outside the seven-county metropolitan area.

Subd. 2. **Family eligibility.** Parents or legal guardians with incomes less than or equal to 185 percent of the federal poverty guidelines are eligible to receive allowances to pay for their children's education in a quality early education program, in an amount not to exceed \$4,000 per child per year. The allowance must be used during the 12 months following receipt of the allowance by the claimant for a child who is age 3 or 4 on August 31, to pay for services designed to promote school readiness in a quality early education setting. A quality program is one that meets the standards in subdivision 3.

Subd. 3. **Quality standards.** (a) A quality early care and education setting is any service or program that receives a quality rating from the Department of Human Services under the Minnesota Early Learning Foundation quality rating system administered by the Department of Human Services and agrees to accept a prekindergarten education allowance to pay for services. For fiscal year 2008 and 2009 only, a provider may satisfy the quality rating system requirements and be deemed eligible to participate in this program if the provider has received a provisional quality rating system approval from either the Department of Human Services or the Department of Education.

(b) For the purposes of receiving a provisional quality rating, a child care program or provider must be approved by the commissioner of human services and a school readiness program or a Head Start program must be approved by the commissioner of education. Programs and providers must apply for approval in the form and manner prescribed by the commissioners. To receive approval, the commissioners must determine that applicants:

(1) use research-based curricula that are aligned with the education standards under Minnesota Statutes, section 120B.021, instruction, and child assessment instruments approved by the Department of Education and the Department of Human Services, in consultation with the Minnesota Early Learning Foundation;

(2) provide a program of sufficient intensity and duration to improve the school readiness of participating children;

(3) provide opportunities for parent involvement; and

(4) meet other research-based criteria determined necessary by the commissioners.

(c) For 2008 and 2009, notwithstanding paragraph (b), Head Start programs meeting Head Start performance standards and accredited child care centers are granted a provisional quality rating for the purposes of receiving a prekindergarten education allowance under this statute.

(d) A provider deemed eligible to receive a prekindergarten education allowance under paragraphs (a) to (c) may use the allowance to enhance services above the current quality levels, increase the duration of services provided, or expand the number of children to whom services are provided.

(e) For fiscal years 2008 and 2009 only, when no quality program is available, a recipient may direct the prekindergarten education allowance to a provider or program for school readiness quality improvements that will make the provider or program eligible for a quality rating according to the quality rating system. Allowable expenditures that will increase the capacity of the provider or program to help children be ready for school include purchase of curricula and assessment tools, training on the use of curriculum and assessment tools, purchase of materials to improve the learning environment, or other expenditures approved by the commissioner of human services for child care providers and the commissioner of education for school readiness programs.

Subd. 4. **Eligibility; applications.** The Department of Human Services and Department of Education shall, in cooperation with the Minnesota Early Learning Foundation, develop an application process for eligible families. Eligible families must have incomes less than or equal to 185 percent of the federal poverty guidelines. Allowances paid to families under this program may not be counted as earned income for the purposes of medical assistance, MinnesotaCare, MFIP, child care assistance, or Head Start programs.

Subd. 5. **Expenditures.** This program shall operate during fiscal years 2008 and 2009.

EFFECTIVE DATE. This section is effective the day following final enactment and its provisions sunset on January 1, 2012.

Sec. 28. **GRANT PROGRAM TO PROMOTE THE HEALTHY DEVELOPMENT OF CHILDREN AND YOUTH WITHIN THEIR COMMUNITIES.**

(a) The commissioner of education must contract with the Search Institute to help local communities develop, expand, and maintain the tools, training, and resources needed to foster positive child and youth development and effectively engage young people in their communities. The Search Institute must educate individuals and community-based organizations to adequately understand and meet the development needs of their children and youth, use best practices to promote the healthy development of children and youth, share best program practices with other interested communities, and create electronic and other opportunities for communities to share experiences in and resources for promoting the healthy development of children and youth.

(b) The commissioner of education must provide for an evaluation of the effectiveness of this program and must recommend to the education policy and finance committees of the legislature by February 15, 2010, whether or not to make the program available statewide. The Search Institute annually must report to the commissioner of education on the services it provided and the grant money it expended under this section.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 29. **APPROPRIATION.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Early childhood family education aid.** For early childhood family education aid under Minnesota Statutes, section 124D.135:

<u>\$21,106,000</u>	<u>.....</u>	<u>2008</u>
<u>\$21,888,000</u>	<u>.....</u>	<u>2009</u>

The 2008 appropriation includes \$1,796,000 for 2007 and \$19,310,000 for 2008.

The 2009 appropriation includes \$2,145,000 for 2008 and \$19,743,000 for 2009.

Subd. 3. **Targeted training of early childhood professionals.** For the targeted training of early childhood professionals under Minnesota Statutes, section 124D.163:

<u>\$155,000</u>	<u>.....</u>	<u>2008</u>
<u>\$70,000</u>	<u>.....</u>	<u>2009</u>

Any balance in the first year does not cancel but is available in the second year. The base for this program in fiscal year 2010 and later is \$70,000.

Subd. 4. **Early childhood community hub planning and implementation grants.** For planning and implementation grants under section 24:

<u>\$1,000,000</u>	<u>.....</u>	<u>2008</u>
<u>\$1,000,000</u>	<u>.....</u>	<u>2009</u>

This is a onetime appropriation.

Subd. 5. **Early childhood scholarships.** For early childhood scholarships under section 15:

<u>\$392,000</u>	<u>.....</u>	<u>2008</u>
<u>\$2,108,000</u>	<u>.....</u>	<u>2009</u>

This is a onetime appropriation.

Subd. 6. **School readiness.** For revenue for school readiness programs under Minnesota Statutes, sections 124D.15 and 124D.16:

<u>\$9,995,000</u>	<u>.....</u>	<u>2008</u>
<u>\$10,095,000</u>	<u>.....</u>	<u>2009</u>

The 2008 appropriation includes \$909,000 for 2007 and \$9,086,000 for 2008.

The 2009 appropriation includes \$1,009,000 for 2008 and \$9,086,000 for 2009.

Subd. 7. **State Advisory Board on School Readiness.** For the State Advisory Board on School Readiness under section 11:

\$46,000	<u>2008</u>
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\$40,000	<u>2009</u>
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The base for this program is \$40,000 per year for fiscal year 2010 and later.

Subd. 8. **Lifetrack Resources.** For a contract with Lifetrack Resources to provide a program in Ramsey County to expand school readiness and home visiting services for children from birth to kindergarten who are at risk of or have been diagnosed with mental illness or developmental delays due to fetal alcohol or drug exposure, child neglect, or abuse, and their families in order to ensure the children's school readiness:

\$500,000	<u>2008</u>
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\$500,000	<u>2009</u>
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This is a onetime appropriation.

Subd. 9. **Minnesota Learning Resource Center.** For a grant to A Chance to Grow/New Visions for the Minnesota Learning Resource Center's comprehensive training program for education professionals charged with helping children acquire learning readiness skills:

\$75,000	<u>2008</u>
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\$75,000	<u>2009</u>
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Any balance in the first year does not cancel but is available in the second year.

The Minnesota Learning Resource Center shall issue a report by January 15, 2009, to the committees of the house of representatives and senate responsible for early childhood programs. The report shall describe the conduct of the training provided to the A Chance to Grow/New Visions program, and any findings or lessons learned that might prove useful to the training of education professionals or the improvement of learning readiness services for children from such training.

This is a onetime appropriation.

Subd. 10. **Health and developmental screening aid.** For health and developmental screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

\$3,159,000	<u>2008</u>
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\$3,330,000	<u>2009</u>
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The 2008 appropriation includes \$288,000 for 2007 and \$2,871,000 for 2008.

The 2009 appropriation includes \$319,000 for 2008 and \$3,011,000 for 2009.

Subd. 11. **Educate parents partnership.** For the educate parents partnership under Minnesota Statutes, section 124D.129:

\$50,000	2008
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\$50,000	2009
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Subd. 12. **Kindergarten entrance assessment initiative and intervention program.** For the kindergarten entrance assessment initiative and intervention program under Minnesota Statutes, section 124D.162:

\$584,000	2008
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\$776,000	2009
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Subd. 13. **Head Start programs.** For Head Start programs under Minnesota Statutes, section 119A.52:

\$20,100,000	2008
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\$20,100,000	2009
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Of these amounts, up to 10 percent of the funds allocated to local Head Start programs annually may be used for innovative services designed either to target Head Start resources to particular at-risk groups of children or to provide services in addition to those currently allowable under federal Head Start regulations. Head Start programs must submit a plan for innovative services as part of the application process described under Minnesota Statutes, section 119A.535.

Any balance in the first year does not cancel but is available in the second year.

Subd. 14. **Community education aid.** For community education aid under Minnesota Statutes, section 124D.20:

\$1,307,000	2008
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\$816,000	2009
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The 2008 appropriation includes \$195,000 for 2007 and \$1,112,000 for 2008.

The 2009 appropriation includes \$123,000 for 2008 and \$693,000 for 2009.

Subd. 15. **Adults with disabilities program aid.** For adults with disabilities programs under Minnesota Statutes, section 124D.56:

\$881,000	2008
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\$900,000	2009
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The 2008 appropriation includes \$71,000 for 2007 and \$810,000 for 2008.

The 2009 appropriation includes \$90,000 for 2008 and \$810,000 for 2009.

School districts operating existing adults with disabilities programs that are not fully funded shall receive full funding for the program beginning in fiscal year 2008 before the commissioner awards grants to other districts.

Subd. 16. **Hearing-impaired adults.** For programs for hearing-impaired adults under Minnesota Statutes, section 124D.57:

<u>\$70,000</u>	<u>.....</u>	<u>2008</u>
<u>\$70,000</u>	<u>.....</u>	<u>2009</u>

Subd. 17. **School-age care revenue.** For extended day aid under Minnesota Statutes, section 124D.22:

<u>\$1,000</u>	<u>.....</u>	<u>2008</u>
<u>\$1,000</u>	<u>.....</u>	<u>2009</u>

The 2008 appropriation includes \$0 for 2007 and \$1,000 for 2008.

The 2009 appropriation includes \$0 for 2008 and \$1,000 for 2009.

Subd. 18. **After-school community learning grants.** For after-school community learning grants:

<u>\$2,775,000</u>	<u>.....</u>	<u>2008</u>
<u>\$2,600,000</u>	<u>.....</u>	<u>2009</u>

The commissioner may hire one full-time equivalent staff person to administer the statewide after-school community learning grant program.

The Department of Education shall give strong consideration to an application for a grant under this subdivision by Independent School District No. 625, St. Paul, on behalf of the city of St. Paul to increase the number and quality of after school and school release time activities for children within the school district. A grant provided under this subdivision to Independent School District No. 625, St. Paul, in partnership with the city of St. Paul must improve opportunities for learning provided by the district and by nonprofit programs serving youth, and for staff development for library and park and recreation workers who have frequent contact with children.

This is a onetime appropriation.

Subd. 19. **Children and youth healthy development grant.** For children and youth healthy development grant under section 28:

<u>\$250,000</u>	<u>.....</u>	<u>2008</u>
<u>\$250,000</u>	<u>.....</u>	<u>2009</u>

This is a onetime appropriation.

Subd. 20. **Adult basic education aid.** For adult basic education aid under Minnesota Statutes, section 124D.531:

<u>\$40,347,000</u>	<u>.....</u>	<u>2008</u>
<u>\$41,745,000</u>	<u>.....</u>	<u>2009</u>

The 2008 appropriation includes \$3,759,000 for 2007 and \$36,588,000 for 2008.

The 2009 appropriation includes \$4,065,000 for 2008 and \$37,680,000 for 2009.

Subd. 21. **GED test fees.** For GED test fees under Minnesota Statutes, section 124D.55:

<u>\$300,000</u>	<u>.....</u>	<u>2008</u>
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<u>\$200,000</u>	<u>.....</u>	<u>2009</u>
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\$100,000 in fiscal year 2008 is for GED test fees for homeless persons.

Any balance in the first year does not cancel but is available in the second year.

Subd. 22. **Adult literacy grants for recent immigrants.** For adult literacy grants for recent immigrants to Minnesota under Laws 2006, chapter 282, article 2, section 26:

<u>\$1,250,000</u>	<u>.....</u>	<u>2008</u>
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Subd. 23. **Minnesota Early Learning Foundation.** For a grant to the Minnesota Early Learning Foundation for the scholarship demonstration projects in section 27:

<u>\$1,250,000</u>	<u>.....</u>	<u>2008</u>
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<u>\$1,250,000</u>	<u>.....</u>	<u>2009</u>
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Any balance in the first year does not cancel but is available in the second year.

This is a onetime appropriation.

Sec. 30. **DEPARTMENT OF HEALTH.**

\$100,000 in fiscal year 2008 and \$100,000 in fiscal year 2009 are appropriated from the general fund to the commissioner of health for lead hazard reduction.

Sec. 31. **REPEALER.**

Minnesota Statutes 2006, section 124D.531, subdivision 5, is repealed."

Delete the title and insert:

"A bill for an act relating to education; providing for early childhood, family, adult, and prekindergarten through grade 12 education including general education, education excellence, special programs, facilities and technology, nutrition and accounting, libraries, state agencies, forecast adjustments, technical and conforming amendments, pupil transportation standards, and early childhood and adult programs; providing for task force and advisory groups; requiring school districts to give employees who are veterans the option to take personal leave on Veteran's Day and encouraging private employers to give employees who are veterans a day off with pay on Veteran's Day; requiring reports; authorizing rulemaking; funding parenting time centers; funding lead hazard reduction; appropriating money; amending Minnesota Statutes 2006, sections 13.32, by adding a subdivision; 16A.152,

subdivision 2; 119A.50, by adding a subdivision; 119A.52; 119A.535; 120A.22, subdivision 7; 120B.021, subdivision 1; 120B.023, subdivision 2; 120B.024; 120B.11, subdivision 5; 120B.132; 120B.15; 120B.30; 120B.31, subdivision 3; 120B.36, subdivision 1; 121A.22, subdivisions 1, 3, 4; 122A.16; 122A.18, by adding a subdivision; 122A.20, subdivision 1; 122A.414, subdivisions 1, 2; 122A.415, subdivision 1; 122A.60, subdivision 3; 122A.61, subdivision 1; 122A.628, subdivision 2; 122A.72, subdivision 5; 123A.73, subdivision 8; 123B.02, by adding a subdivision; 123B.03, subdivision 3, by adding a subdivision; 123B.10, subdivision 1, by adding a subdivision; 123B.143, subdivision 1; 123B.37, subdivision 1; 123B.53, subdivisions 1, 4, 5; 123B.54; 123B.57, subdivision 3; 123B.63, subdivision 3; 123B.77, subdivision 4; 123B.79, subdivisions 6, 8, by adding a subdivision; 123B.81, subdivisions 2, 4, 7; 123B.83, subdivision 2; 123B.88, subdivision 12; 123B.90, subdivision 2; 123B.92, subdivisions 1, 3, 5; 124D.095, subdivisions 2, 3, 4, 7; 124D.10, subdivisions 4, 23a, 24; 124D.11, subdivision 1; 124D.111, subdivision 1; 124D.128, subdivisions 1, 2, 3; 124D.13, subdivisions 1, 2, 11, by adding a subdivision; 124D.135, subdivisions 1, 3, 5; 124D.16, subdivision 2; 124D.175; 124D.34, subdivision 7; 124D.4531; 124D.454, subdivisions 2, 3; 124D.531, subdivisions 1, 4; 124D.55; 124D.56, subdivisions 1, 2, 3; 124D.59, subdivision 2; 124D.65, subdivisions 5, 11; 124D.84, subdivision 1; 125A.11, subdivision 1; 125A.13; 125A.14; 125A.39; 125A.42; 125A.44; 125A.45; 125A.63, by adding a subdivision; 125A.75, subdivisions 1, 4; 125A.76, subdivisions 1, 2, 4, 5, by adding a subdivision; 125A.79, subdivisions 1, 5, 6, 8; 125B.15; 126C.01, subdivision 9, by adding subdivisions; 126C.05, subdivisions 1, 8, 15; 126C.10, subdivisions 1, 2, 2a, 2b, 4, 13a, 18, 24, 34, by adding a subdivision; 126C.126; 126C.13, subdivision 4; 126C.15, subdivision 2; 126C.17, subdivisions 6, 9; 126C.21, subdivisions 3, 5; 126C.41, by adding a subdivision; 126C.44; 126C.48, subdivisions 2, 7; 127A.441; 127A.47, subdivisions 7, 8; 127A.48, by adding a subdivision; 127A.49, subdivisions 2, 3; 128D.11, subdivision 3; 134.31, by adding a subdivision; 134.34, subdivision 4; 134.355, subdivision 9; 169.01, subdivision 6, by adding a subdivision; 169.443, by adding a subdivision; 169.447, subdivision 2; 169.4501, subdivisions 1, 2; 169.4502, subdivision 5; 169.4503, subdivisions 13, 20; 171.02, subdivisions 2, 2a; 171.321, subdivision 4; 205A.03, subdivision 1; 205A.06, subdivision 1a; 272.029, by adding a subdivision; 273.11, subdivision 1a; 273.1393; 275.065, subdivisions 1, 1a, 3; 275.07, subdivision 2; 275.08, subdivision 1b; 276.04, subdivision 2; 517.08, subdivision 1c; Laws 2005, First Special Session chapter 5, article 1, sections 50, subdivision 2; 54, subdivisions 2, as amended, 4, 5, as amended, 6, as amended, 7, as amended, 8, as amended; article 2, sections 81, as amended; 84, subdivisions 2, as amended, 3, as amended, 4, as amended, 6, as amended, 10, as amended; article 3, section 18, subdivisions 2, as amended, 3, as amended, 4, as amended, 6, as amended; article 4, section 25, subdivisions 2, as amended, 3, as amended; article 5, section 17, subdivision 3, as amended; article 7, section 20, subdivisions 2, as amended, 3, as amended, 4, as amended; article 8, section 8, subdivisions 2, as amended, 5, as amended; article 9, section 4, subdivision 2; Laws 2006, chapter 263, article 3, section 15; Laws 2006, chapter 282, article 2, section 28, subdivision 4; article 3, section 4, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 119A; 121A; 122A; 123B; 124D; 135A; repealing Minnesota Statutes 2006, sections 121A.23; 123A.22, subdivision 11; 123B.81, subdivision 8; 124D.06; 124D.081, subdivisions 1, 2, 3, 4, 5, 6, 9; 124D.454, subdivisions 4, 5, 6, 7; 124D.531, subdivision 5; 124D.62; 125A.10; 125A.75, subdivision 6; 125A.76, subdivision 3; 169.4502, subdivision 15; 169.4503, subdivisions 17, 18, 26."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Ways and Means.

The report was adopted.

Carlson from the Committee on Finance to which was referred:

H. F. No. 854, A bill for an act relating to environment; providing for collection, transportation, and recycling of video display devices; providing civil penalties; proposing coding for new law in Minnesota Statutes, chapter 115A.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. **[115A.1310] DEFINITIONS.**

Subdivision 1. **Scope.** For the purposes of sections 115A.1310 to 115A.1330, the following terms have the meanings given.

Subd. 2. **Cathode-ray tube or CRT.** "Cathode-ray tube" or "CRT" means a vacuum tube or picture tube used to convert an electronic signal into a visual image.

Subd. 3. **Collection.** "Collection" means the aggregation of covered electronic devices from households and includes all the activities up to the time the covered electronic devices are delivered to a recycler.

Subd. 4. **Collector.** "Collector" means a public or private entity that receives covered electronic devices from households and arranges for the delivery of the devices to a recycler.

Subd. 5. **Computer.** "Computer" means an electronic, magnetic, optical, electrochemical, or other high-speed data processing device performing logical, arithmetic, or storage functions, but does not include an automated typewriter or typesetter, a portable hand-held calculator or device, or other similar device.

Subd. 6. **Computer monitor.** "Computer monitor" means an electronic device that is a cathode-ray tube or flat panel display primarily intended to display information from a central processing unit or the Internet. Computer monitor includes a laptop computer.

Subd. 7. **Covered electronic device.** "Covered electronic device" means computers, peripherals, facsimile machines, DVD players, video cassette recorders, and video display devices that are sold to a household by means of retail, wholesale, or electronic commerce.

Subd. 8. **Department.** "Department" means the Department of Revenue.

Subd. 9. **Dwelling unit.** "Dwelling unit" has the meaning given in section 238.02, subdivision 21a.

Subd. 10. **Household.** "Household" means an occupant of a single detached dwelling unit or a single unit of a multiple dwelling unit located in this state who has used a video display device at a dwelling unit primarily for personal use.

Subd. 11. **Manufacturer.** "Manufacturer" means a person who:

(1) manufactures video display devices to be sold under its own brand as identified by its own brand label; or

(2) sells video display devices manufactured by others under its own brand as identified by its own brand label.

Subd. 12. **Peripheral.** "Peripheral" means a keyboard, printer, or any other device sold exclusively for external use with a computer that provides input or output into or from a computer.

Subd. 13. **Program year.** "Program year" means the period from July 1 through June 30.

Subd. 14. **Recycler.** "Recycler" means a public or private individual or entity who accepts covered electronic devices from households and collectors for the purpose of recycling. A manufacturer who takes products for refurbishment or repair is not a recycler.

Subd. 15. **Recycling.** "Recycling" means the process of collecting and preparing video display devices or covered electronic devices for use in manufacturing processes or for recovery of useable materials followed by delivery of such materials for use. Recycling does not include the destruction by incineration or other process or land disposal of recyclable materials nor reuse, repair, or any other process through which video display devices or covered electronic devices are returned to use for households in their original form.

Subd. 16. **Recycling credits.** "Recycling credits" means the number of pounds of covered electronic devices recycled by a manufacturer from households during a program year, less the product of the number of pounds of video display devices sold to households during the same program year, multiplied by the proportion of sales a manufacturer is required to recycle. The calculation and uses of recycling credits are as specified in section 115A.1314, subdivision 1.

Subd. 17. **Retailer.** "Retailer" means a person who sells, rents, or leases, through sales outlets, catalogs, or the Internet, a video display device to a household and not for resale in any form.

Subd. 18. **Sell or sale.** "Sell" or "sale" means any transfer for consideration of title or of the right to use, by lease or sales contract, including, but not limited to, transactions conducted through sales outlets, catalogs, or the Internet, or any other similar electronic means either inside or outside of the state, by a person who conducts the transaction and controls the delivery of a video display device to a consumer in the state, but does not include a manufacturer's or distributor's wholesale transaction with a distributor or a retailer.

Subd. 19. **Television.** "Television" means an electronic device that is a cathode-ray tube or flat panel display primarily intended to receive video programming via broadcast, cable, or satellite transmission or video from surveillance or other similar cameras.

Subd. 20. **Video display device.** "Video display device" means a television or computer monitor, including a laptop computer, that contains a cathode-ray tube or a flat panel screen with a screen size that is greater than nine inches measured diagonally and that is marketed by manufacturers for use by households. Video display device does not include any of the following:

(1) a video display device that is part of a motor vehicle or any component part of a motor vehicle assembled by, or for, a vehicle manufacturer or franchised dealer, including replacement parts for use in a motor vehicle;

(2) a video display device, including a touch-screen display, that is functionally or physically part of a larger piece of equipment or is designed and intended for use in an industrial; commercial, including retail; library checkout; traffic control; kiosk; security, other than household security; border control; or medical setting, including diagnostic, monitoring, or control equipment;

(3) a video display device that is contained within a clothes washer, clothes dryer, refrigerator, refrigerator and freezer, microwave oven, conventional oven or range, dishwasher, room air conditioner, dehumidifier, or air purifier; or

(4) a telephone of any type unless it contains a video display area greater than nine inches measured diagonally.

Sec. 2. **[115A.1312] REGISTRATION PROGRAM.**

Subdivision 1. **Requirements for sale.** (a) On or after September 1, 2007, a manufacturer must not sell or offer for sale or deliver to retailers for subsequent sale a new video display device unless:

(1) the video display device is labeled with the manufacturer's brand, which label is permanently affixed and readily visible; and

(2) the manufacturer has filed a registration with the agency, as specified in subdivision 2.

(b) On or after February 1, 2008, a retailer who sells or offers for sale a new video display device to a household must, before the initial offer for sale, review the agency Web site specified in subdivision 2, paragraph (g), to determine that all new video display devices that the retailer is offering for sale are labeled with the manufacturer's brands that are registered with the agency.

(c) A retailer is not responsible for an unlawful sale under this subdivision if the manufacturer's registration expired or was revoked and the retailer took possession of the video display device prior to the expiration or revocation of the manufacturer's registration and the unlawful sale occurred within six months after the expiration or revocation.

Subd. 2. **Manufacturer's registration.** (a) A manufacturer of video display devices sold or offered for sale to households after September 1, 2007, must submit a registration to the agency that includes:

(1) a list of the manufacturer's brands of video display devices offered for sale in this state;

(2) the name, address, and contact information of a person responsible for ensuring compliance with this chapter; and

(3) a certification that the manufacturer has complied and will continue to comply with the requirements of sections 115A.1312 to 115A.1318.

(b) By September 1, 2008, and each year thereafter, a manufacturer of video display devices sold or offered for sale to a household must include in the registration submitted under paragraph (a), a statement disclosing whether:

(1) any video display devices sold to households exceed the maximum concentration values established for lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyls (PBBs), and polybrominated diphenyl ethers (PBDEs) under the RoHS (restricting the use of certain hazardous substances in electrical and electronic equipment) Directive 2002/95/EC of the European Parliament and Council and any amendments thereto; or

(2) the manufacturer has received an exemption from one or more of those maximum concentration values under the RoHS Directive that has been approved and published by the European Commission.

(c) A manufacturer who begins to sell or offer for sale video display devices to households after September 1, 2007, and has not filed a registration under this subdivision must submit a registration to the agency within ten days of beginning to sell or offer for sale video display devices to households.

(d) A registration must be updated within ten days after a change in the manufacturer's brands of video display devices sold or offered for sale to households.

(e) A registration is effective upon receipt by the agency and is valid until September 1 of each year.

(f) The agency must review each registration and notify the manufacturer of any information required by this section that is omitted from the registration. Within 30 days of receipt of a notification from the agency, the manufacturer must submit a revised registration providing the information noted by the agency.

(g) The agency must maintain on its Web site the names of manufacturers and the manufacturers' brands listed in registrations filed with the agency. The agency must update the Web site information promptly upon receipt of a new or updated registration. The Web site must contain prominent language stating, in effect, that sections 115A.1310 to 115A.1330 are directed at household equipment and the manufacturers' brands list is, therefore, not a list of manufacturers qualified to sell to industrial, commercial, or other markets identified as exempt from the requirements of sections 115A.1310 to 115A.1330.

Subd. 3. Collector's registration. After August 1, 2007, no person may operate as a collector of covered electronic devices from households unless that person has submitted a registration with the agency on a form prescribed by the commissioner. Registration information must include the name, address, telephone number, and location of the business and a certification that the collector has complied and will continue to comply with the requirements of sections 115A.1312 to 115A.1318. A registration is effective upon receipt by the agency and is valid until July 1 of each year.

Subd. 4. Recycler's registration. After August 1, 2007, no person may recycle video display devices generated by households unless that person has submitted a registration with the agency on a form prescribed by the commissioner. Registration information must include the name, address, telephone number, and location of all recycling facilities under the direct control of the recycler that may receive video display devices from households and a certification that the recycler has complied and will continue to comply with the requirements of sections 115A.1312 to 115A.1318. A registered recycler may conduct recycling activities that are consistent with this chapter. A registration is effective upon receipt by the agency and is valid until July 1 of each year.

Sec. 3. [115A.1314] MANUFACTURER'S REGISTRATION FEE; CREATION OF ACCOUNT.

Subdivision 1. Registration fee. (a) Each manufacturer who registers under section 115A.1312 must, by September 1, 2007, and each year thereafter, pay to the commissioner of revenue an annual registration fee. The commissioner of revenue must deposit the fee in the account established in subdivision 2.

(b) The registration fee for the initial program year during which a manufacturer's video display devices are sold to households is \$5,000. Each year thereafter, the registration fee is equal to a base fee of \$2,500, plus a variable recycling fee calculated according to the formula:

$((A \times B) - (C + D)) \times E$, where:

(1) A = the number of pounds of a manufacturer's video display devices sold to households during the previous program year, as reported to the department under section 115A.1316, subdivision 1;

(2) B = the proportion of sales of video display devices required to be recycled, set at 0.6 for the first program year and 0.8 for the second program year and every year thereafter;

(3) C = the number of pounds of covered electronic devices recycled by a manufacturer from households during the previous program year, as reported to the department under section 115A.1316, subdivision 1;

(4) D = the number of recycling credits a manufacturer elects to use to calculate the variable recycling fee, as reported to the department under section 115A.1316, subdivision 1; and

(5) E = the estimated per-pound cost of recycling, initially set at \$0.50 per pound for manufacturers who recycle less than 50 percent of the product (A x B); \$0.40 per pound for manufacturers who recycle at least 50 percent but less than 90 percent of the product (A x B); and \$0.30 per pound for manufacturers who recycle at least 90 percent but less than 100 percent of the product (A x B).

(c) If, as specified in paragraph (b), the term $C - (A \times B)$ equals a positive number of pounds, that amount is defined as the manufacturer's recycling credits. A manufacturer may retain recycling credits to be added, in whole or in part, to the actual value of C, as reported under section 115A.1316, subdivision 2, during any of the three succeeding program years. A manufacturer may sell any portion or all of its recycling credits to another manufacturer, at a price negotiated by the parties, who may use the credits in the same manner.

(d) For the purpose of calculating a manufacturer's variable recycling fee under paragraph (b), the weight of covered electronic devices collected from households located outside the 11-county metropolitan area, as defined in subdivision 2, paragraph (c), is calculated at 1.5 times their actual weight.

(e) The registration fee for the initial program year and the base registration fee thereafter for a manufacturer who produces fewer than 100 video display devices for sale annually to households is \$1,250.

Subd. 2. Creation of account; appropriations. (a) The electronic waste account is established in the environmental fund. The commissioner of revenue must deposit receipts from the fee established in subdivision 2 in the account. Any interest earned on the account must remain in the account. Money from other sources may be credited to the account.

(b) Until June 30, 2009, money in the account is annually appropriated to the Pollution Control Agency:

(1) for the purpose of implementing sections 115A.1312 to 115A.1330, including transfer to the commissioner of revenue to carry out the department's duties under section 115A.1320, subdivision 2; and

(2) to the commissioner of the Pollution Control Agency to be distributed on a competitive basis through contracts with counties outside the 11-county metropolitan area, as defined in paragraph (c), and with private entities that collect for recycling covered electronic devices in counties outside the 11-county metropolitan area, where such collection and recycling is consistent with the respective county's solid waste plan, for the purpose of carrying out the activities under sections 115A.1312 to 115A.1330. In awarding competitive grants under this clause, the commissioner must give preference to counties and private entities that are working cooperatively with manufacturers to help them meet their recycling obligations under section 115A.1318, subdivision 1.

(c) The 11-county metropolitan area consists of the counties of Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington, and Wright.

Sec. 4. [115A.1316] REPORTING REQUIREMENTS.

Subdivision 1. Manufacturer's reporting requirements. (a) By September 1 of each year, beginning in 2008, each manufacturer must report to the department:

(1) the total weight of each specific model of its video display devices sold to households during the previous program year;

(2) the total weight of its video display devices sold to households during the previous year; or

(3) an estimate of the total weight of its video display devices sold to households during the previous program year based on national sales data.

A manufacturer must submit with the report required under this paragraph a description of how the information or estimate was calculated.

(b) By September 1 of each year, beginning in 2008, each manufacturer must report to the department the total weight of covered electronic devices the manufacturer collected from households and recycled or arranged to have collected and recycled during the preceding program year. If a manufacturer wishes to receive the variable recycling rate of 1.5 for covered electronic devices it recycles, the manufacturer must report separately the total weight of covered electronic devices collected from households located in counties specified in section 115A.1314, subdivision 1, paragraph (d), and those collected from households located outside those counties.

(c) By September 1 of each year, beginning in 2008, each manufacturer must report to the department:

(1) the number of recycling credits the manufacturer has purchased and sold during the preceding program year;

(2) the number of recycling credits possessed by the manufacturer that the manufacturer elects to use in the calculation of its variable recycling fee under section 115A.1314, subdivision 1; and

(3) the number of recycling credits the manufacturer retains at the beginning of the current program year.

Subd. 2. **Recycler's reporting requirements.** By August 1 of each year, beginning in 2008, a recycler of covered electronic devices must report to the agency and the department the total weight of covered electronic devices recycled during the preceding program year and must certify that the recycler has complied with section 115A.1318, subdivision 2.

Subd. 3. **Collector's reporting requirements.** By August 1 of each year, beginning in 2008, a collector must report separately to the agency the total pounds of covered electronic devices collected in the counties specified in section 115A.1314, subdivision 1, paragraph (d), and all other Minnesota counties, and a list of all recyclers to whom collectors delivered covered electronic devices.

Sec. 5. **[115A.1318] RESPONSIBILITIES.**

Subdivision 1. **Manufacturer's responsibilities.** (a) In addition to fulfilling the requirements of sections 115A.1310 to 115A.1330, a manufacturer must comply with paragraphs (b) to (e).

(b) A manufacturer must annually recycle or arrange for the collection and recycling of an amount of covered electronic devices equal to the total weight of its video display devices sold to households during the preceding program year, multiplied by the proportion of sales of video display devices required to be recycled, as established by the agency under section 115A.1320, subdivision 1, paragraph (c).

(c) The obligations of a manufacturer apply only to video display devices received from households and do not apply to video display devices received from sources other than households.

(d) A manufacturer must conduct and document due diligence assessments of collectors and recyclers it contracts with, including an assessment of items specified under subdivision 2. A manufacturer is responsible for maintaining, for a period of three years, documentation that all video display devices recycled, partially recycled, or sent to downstream recycling operations comply with the requirements of subdivision 2.

(e) A manufacturer must provide the agency with contact information for a person who can be contacted regarding the manufacturer's activities under sections 115A.1310 to 115A.1320.

Subd. 2. **Recycler's responsibilities.** (a) As part of the report submitted under section 115A.1316, subdivision 2, a recycler must certify, except as provided in paragraph (b), that facilities that recycle video display devices, including all downstream recycling operations:

(1) comply with all applicable health, environmental, safety, and financial responsibility regulations;

(2) are licensed by all applicable governmental authorities;

(3) use no prison labor to recycle video display devices; and

(4) possess liability insurance of not less than \$1,000,000 for environmental releases, accidents, and other emergencies.

(b) A nonprofit corporation that contracts with a correctional institution to refurbish and reuse donated computers in schools is exempt from paragraph (a), clauses (3) and (4).

(c) Except to the extent otherwise required by law, a recycler has no responsibility for any data that may be contained in a covered electronic device if an information storage device is included in the covered electronic device.

Subd. 3. **Retailer's responsibilities.** (a) By July 1 of each year, beginning in 2008, a retailer must report to a manufacturer the number of video display devices, by video display device model, labeled with the manufacturer's brand sold to households during the previous program year.

(b) A retailer who sells new video display devices shall provide information to households describing where and how they may recycle video display devices and advising them of opportunities and locations for the convenient collection of video display devices for the purpose of recycling. This requirement may be met by providing to households the agency's toll-free number and Web site address. Retailers selling through catalogs or the Internet may meet this requirement by including the information in a prominent location on the retailer's Web site.

Sec. 6. [115A.1320] AGENCY AND DEPARTMENT DUTIES.

Subdivision 1. **Duties of the agency.** (a) The agency shall administer sections 115A.1310 to 115A.1330.

(b) The agency shall establish procedures for:

(1) receipt and maintenance of the registration statements and certifications filed with the agency under section 115A.1312; and

(2) making the statements and certifications easily available to manufacturers, retailers, and members of the public.

(c) The agency shall annually review the value of the following variables that are part of the formula used to calculate a manufacturer's annual registration fee under section 115A.1314, subdivision 1:

(1) the proportion of sales of video display devices sold to households that manufacturers are required to recycle;

(2) the estimated per-pound price of recycling covered electronic devices sold to households;

(3) the base registration fee; and

(4) the multiplier established for the weight of covered electronic devices collected in section 115A.1314, subdivision 1, paragraph (d). If the agency determines that any of these values must be changed in order to improve the efficiency or effectiveness of the activities regulated under sections 115A.1312 to 115A.1330, it shall present those recommendations and the reasons for them to the chairs of the senate and house of representatives committees with jurisdiction over solid waste policy.

(d) By January 15 each year, beginning in 2008, the agency shall calculate estimated sales of video display devices sold to households by each manufacturer during the preceding program year, based on national sales data, and forward the estimates to the department.

(e) The agency shall manage the account established in section 115A.1314, subdivision 2. If the revenues in the account exceed the amount that the agency determines is necessary for efficient and effective administration of the program, including any amount for contingencies, the agency must recommend to the legislature that either the base registration fee or the estimated per pound cost of recycling established under section 115A.1314, subdivision 1, paragraph (b), or both, be lowered in order to reduce revenues collected in the subsequent program year by the estimated amount of the excess.

(f) On or before December 1, 2010, and each year thereafter, the agency shall provide a report to the governor and the legislature on the implementation of sections 115A.1310 to 115A.1330. For each program year, the report must discuss the total weight of covered electronic devices recycled and a summary of information in the reports submitted by manufacturers and recyclers under section 115A.1316. The report must also discuss the various collection programs used by manufacturers to collect covered electronic devices; information regarding covered electronic devices that are being collected by persons other than registered manufacturers, collectors, and recyclers; and information about covered electronic devices, if any, being disposed of in landfills in this state. The report must include a description of enforcement actions under sections 115A.1310 to 115A.1330. The agency may include in its report other information received by the agency regarding the implementation of sections 115A.1312 to 115A.1330.

(g) The agency shall promote public participation in the activities regulated under sections 115A.1312 to 115A.1330 through public education and outreach efforts.

(h) The agency shall enforce sections 115A.1310 to 115A.1330 in the manner provided by sections 115.071, subdivisions 1, 3, 4, 5, and 6; and 116.072, except for those provisions enforced by the department, as provided in subdivision 2. The agency may revoke a registration of a collector or recycler found to have violated sections 115A.1310 to 115A.1330.

(i) The agency shall facilitate communication between counties, collection and recycling centers, and manufacturers to ensure that manufacturers are aware of video display devices available for recycling.

(j) The agency shall develop a form retailers must use to report information to manufacturers under section 115A.1318 and post it on the agency's Web site.

(k) The agency shall post on its Web site the contact information provided by each manufacturer under section 115A.1318, paragraph (e).

Subd. 2. Duties of the department. (a) The department must collect the data submitted to it annually by each manufacturer on the total weight of each specific model of video display device sold to households, if provided; the total weight of video display devices sold to households; the total weight of covered electronic devices collected from households that are recycled; and data on recycling credits, as required under section 115A.1316. The department must use this data to review each manufacturer's annual registration fee submitted to the department to ensure that the fee was calculated accurately according to the formula in section 115A.1314, subdivision 1.

(b) The department must estimate, for each registered manufacturer, the sales of video display devices to households during the previous program year, based on:

(1) data provided by a manufacturer on sales of video display devices to households, including documentation describing how that amount was calculated and certification that the amount is accurate; or

(2) if a manufacturer does not provide the data specified in clause (1), national data on sales of video display devices.

The department must use the data specified in this subdivision to review each manufacturer's annual registration fee submitted to the department to ensure that the fee was calculated accurately according to the formula in section 115A.1314, subdivision 1.

(c) The department must enforce section 115A.1314, subdivision 1. The audit, assessment, appeal, collection, enforcement, disclosure, and other administrative provisions of chapters 270B, 270C, and 289A that apply to the taxes imposed under chapter 297A apply to the fee imposed under section 115A.1314, subdivision 1. To enforce this subdivision, the commissioner of revenue may grant extensions to pay, and impose and abate penalties and interest on, the fee due under section 115A.1314, subdivision 1, in the manner provided in chapters 270C and 289A as if the fee were a tax imposed under chapter 297A.

(d) The department may disclose nonpublic data to the agency only when necessary for the efficient and effective administration of the activities regulated under sections 115A.1310 to 115A.1330. Any data disclosed by the department to the agency retains the classification it had when in the possession of the department.

Sec. 7. [115A.1322] OTHER RECYCLING PROGRAMS.

A city, county, or other public agency may not require households to use public facilities to recycle their covered electronic devices to the exclusion of other lawful programs available. Cities, counties, and other public agencies, including those awarded contracts by the agency under section 115A.1314, subdivision 2, are encouraged to work with manufacturers to assist them in meeting their recycling obligations under section 115A.1318, subdivision 1. Nothing in sections 115A.1310 to 115A.1330 prohibits or restricts the operation of any program recycling covered electronic devices in addition to those provided by manufacturers or prohibits or restricts any persons from receiving, collecting, transporting, or recycling covered electronic devices, provided that those persons are registered under section 115A.1312.

Sec. 8. [115A.1324] REQUIREMENTS FOR PURCHASES BY STATE AGENCIES.

(a) The Department of Administration must ensure that acquisitions of video display devices under chapter 16C are in compliance with or not subject to sections 115A.1310 to 115A.1318.

(b) The solicitation documents must specify that the prospective responder is required to cooperate fully in providing reasonable access to its records and documents that evidence compliance with paragraph (a) and sections 115A.1310 to 115A.1318.

(c) Any person awarded a contract under chapter 16C for purchase or lease of video display devices that is found to be in violation of paragraph (a) or sections 115A.1310 to 115A.1318 is subject to the following sanctions:

(1) the contract must be voided if the commissioner of administration determines that the potential adverse impact to the state is exceeded by the benefit obtained from voiding the contract;

(2) the contractor is subject to suspension and disbarment under Minnesota Rules, part 1230.1150; and

(3) if the attorney general establishes that any money, property, or benefit was obtained by a contractor as a result of violating paragraph (a) or sections 115A.1310 to 115A.1318, the court may, in addition to any other remedy, order the disgorgement of the unlawfully obtained money, property, or benefit.

Sec. 9. [115A.1326] REGULATION OF VIDEO DISPLAY DEVICES.

If the United States Environmental Protection Agency adopts regulations under the Resource Conservation and Recovery Act regarding the handling, storage, or treatment of any type of video display device being recycled, those regulations are automatically effective in this state on the same date and supersede any rules previously adopted by the agency regarding the handling, storage, or treatment of all video display devices being recycled.

Sec. 10. **[115A.1328] MULTISTATE IMPLEMENTATION.**

The agency and department are authorized to participate in the establishment and implementation of a regional multistate organization or compact to assist in carrying out the requirements of this chapter.

Sec. 11. **[115A.1330] LIMITATIONS.**

Sections 115A.1310 to 115A.1330 expire if a federal law, or combination of federal laws, take effect that is applicable to all video display devices sold in the United States and establish a program for the collection and recycling or reuse of video display devices that is applicable to all video display devices discarded by households.

Sec. 12. **DIRECT APPROPRIATION.**

Prior to the governor making budget recommendations to the legislature in 2009, the Pollution Control Agency must report on revenues received and expenditures made under Minnesota Statutes, section 115A.1314, subdivision 2, during fiscal years 2008 and 2009 and request the governor to recommend a direct appropriation for the purposes of that section.

Sec. 13. **EFFECTIVE DATE.**

Sections 1 to 12 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to environment; providing for collection, transportation, and recycling of video display devices; providing civil penalties; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 115A."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Taxes.

The report was adopted.

Lenczewski from the Committee on Taxes to which was referred:

H. F. No. 882, A bill for an act relating to metropolitan government; modifying provisions governing metropolitan livable communities fund; authorizing a transfer of funds between metropolitan livable communities fund accounts; authorizing a onetime transfer from the livable communities demonstration account for local planning assistance grants and loans; amending Minnesota Statutes 2006, sections 473.252, subdivision 3; 473.253, subdivision 2.

Reported the same back with the following amendments:

Page 1, delete section 1

Page 2, delete section 2

Page 2, line 34, after "under" insert "Minnesota Statutes,"

Page 3, line 2, delete "Sections 1 to 3 apply" and insert "This act applies"

Page 3, line 5, delete "Sections 1 to 4 are" and insert "This act is"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, delete everything after the semicolon

Page 1, delete line 3

Page 1, line 4, delete everything before "authorizing"

Correct the title numbers accordingly

With the recommendation that when so amended the bill pass.

The report was adopted.

Solberg from the Committee on Ways and Means to which was referred:

H. F. No. 1048, A bill for an act relating to state government; abolishing the Department of Employee Relations; transferring duties; providing certain protections for employees.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Solberg from the Committee on Ways and Means to which was referred:

H. F. No. 2227, A bill for an act relating to appropriations; appropriating money for agriculture and veterans affairs; modifying disposition of certain revenue and funds; modifying certain grant and loan requirements; modifying use of Minnesota grown label; modifying and creating certain funds and accounts; eliminating the aquatic pest control license; modifying permit and safeguard requirements; modifying and establishing certain fees and surcharges; creating a food safety and defense task force; requiring certain studies and reports; providing for NextGen energy; changing certain provisions related to veterans; amending Minnesota Statutes 2006, sections 3.737, subdivision 1; 3.7371, subdivision 3; 17.03, subdivision 3; 17.101, subdivision 2; 17.102, subdivisions 1, 3, 4, by adding subdivisions; 17.117, subdivisions 1, 4, 5a, 5b, 11; 17.983, subdivision 1; 17B.03, by adding a subdivision; 18B.065, subdivisions 1, 2a; 18B.26, subdivision 3; 18B.33, subdivision 1; 18B.34, subdivision 1; 18B.345; 18C.305, by adding a subdivision; 18E.02, subdivision 5, by adding a subdivision; 18E.03, subdivision 4; 25.341, subdivision 1; 28A.04, subdivision 1; 28A.06; 28A.082, subdivision 1; 32.21, subdivision 4; 32.212; 32.394, subdivision 4; 32.415; 41B.03, subdivision 1; 41B.043, subdivisions 2, 3, 4; 41B.046, subdivision 4; 41B.047; 41B.055; 41B.06; 41C.05, subdivision 2; 116.0714; 156.001, by adding subdivisions; 156.12, subdivision 1; 197.75; 198.002, subdivision 2; 198.004, subdivision 1; 239.7911, subdivision 1; 343.10; proposing coding for new law in Minnesota Statutes, chapters 18C; 28A; 35; 38; 41A; 192; 197; repealing Minnesota Statutes 2006, sections 17.109; 18B.315; 18C.425, subdivision 5; 32.213; 35.08; 35.09; 35.10; 35.11; 35.12; 41B.043, subdivision 1a; 156.075; Laws 2006, chapter 258, section 14, subdivision 6; Minnesota Rules, parts 1705.0840; 1705.0850; 1705.0860; 1705.0870; 1705.0880; 1705.0890; 1705.0900; 1705.0910; 1705.0920; 1705.0930; 1705.0940; 1705.0950; 1705.0960; 1705.0970; 1705.0980; 1705.0990; 1705.1000; 1705.1010; 1705.1020; 1705.1030; 1705.1040; 1705.1050; 1705.1060; 1705.1070; 1705.1080; 1705.1086; 1705.1087; 1705.1088.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Carlson from the Committee on Finance to which was referred:

S. F. No. 1989, A bill for an act relating to higher education; appropriating money for higher education and related purposes to the Minnesota Office of Higher Education, the Board of Trustees of the Minnesota State Colleges and Universities, the board of Regents of the University of Minnesota, and the Mayo Clinic, with certain conditions; requiring certain studies; making technical changes; eliminating certain report requirements; permitting certain interest rate savings and other agreements; requiring summary statistics in required reports; repealing certain data sharing and collecting requirements; modifying financial aid programs; establishing the Minnesota GI bill program; regulating private higher education institutions; providing penalties; amending Minnesota Statutes 2006, sections 13.322, subdivision 3; 135A.01; 135A.031, subdivisions 1, 7; 135A.034, subdivision 1; 135A.14, subdivision 1; 135A.52, subdivisions 1, 2; 136A.01, subdivision 2; 136A.031, subdivision 5; 136A.0411; 136A.08, subdivision 7; 136A.101, subdivisions 4, 5a; 136A.121, subdivisions 6, 7a, by adding a subdivision; 136A.125, subdivisions 2, 4; 136A.15, subdivisions 1, 6; 136A.16, subdivisions 1, 2, 5, 8, 9, 10, by adding a subdivision; 136A.17, subdivision 1; 136A.1701, subdivisions 1, 2, 5; 136A.233, subdivision 3; 136A.29, subdivision 9; 136A.62, subdivision 3; 136A.63; 136A.65, subdivision 1, by adding a subdivision; 136A.653; 136A.657, subdivisions 1, 2, 3, by adding a subdivision; 136A.66; 136A.67; 136A.68; 136A.69; 136A.71; 136A.861, subdivisions 1, 2, 3, 6; 136F.02, subdivisions 1, 2; 136F.03, subdivision 3; 136F.42, subdivision 1; 136F.58; 136F.70, by adding a subdivision; 136F.71, subdivision 2, by adding a subdivision; 136G.11, subdivision 5; 137.0245, subdivision 4; 137.0246, subdivision 2; 141.21, subdivisions 1a, 5; 141.25, subdivisions 1, 5, 7, 9, 10, 12; 141.255, subdivision 2; 141.265, subdivision 2; 141.271, subdivisions 10, 12; 141.28, subdivision 1; 141.32; 141.35; 197.775, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 135A; 136A; 141; 197; repealing Minnesota Statutes 2006, sections 135A.031, subdivisions 2, 3, 5, 6; 135A.032; 135A.033; 135A.045; 135A.053; 136A.07; 136A.08, subdivision 8; 136A.1702; 136A.61; Laws 2001, First Special Session chapter 1, article 1, sections 3, subdivision 3; 4, subdivision 5.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

HIGHER EDUCATION APPROPRIATIONS

Section 1. SUMMARY OF APPROPRIATIONS.

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

	<u>2008</u>	<u>2009</u>	<u>Total</u>
<u>General</u>	<u>\$1,561,448,000</u>	<u>\$1,644,178,000</u>	<u>\$3,205,626,000</u>
<u>Health Care Access</u>	<u>2,157,000</u>	<u>2,157,000</u>	<u>4,314,000</u>
<u>Total</u>	<u>\$1,563,605,000</u>	<u>\$1,646,335,000</u>	<u>\$3,209,940,000</u>

Sec. 2. HIGHER EDUCATION APPROPRIATIONS.

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2008" and "2009" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2008, or June 30, 2009, respectively. "The first year" is fiscal year 2008. "The second year" is fiscal year 2009. "The biennium" is fiscal years 2008 and 2009.

<u>APPROPRIATIONS</u>		
<u>Available for the Year</u>		
	<u>Ending June 30</u>	
	<u>2008</u>	<u>2009</u>
Sec. 3. <u>MINNESOTA OFFICE OF HIGHER EDUCATION</u>		
Subdivision 1. <u>Total Appropriation</u>	<u>\$197,933,000</u>	<u>\$198,654,000</u>
<u>The amounts that may be spent for each purpose are specified in the following subdivisions.</u>		
Subd. 2. <u>Minnesota GI Bill</u>	<u>10,000,000</u>	<u>10,000,000</u>
<u>For grants to eligible veterans or the eligible spouses and children of veterans as provided under Minnesota Statutes, section 197.791.</u>		
<u>Of this appropriation, \$152,000 the first year and \$104,000 the second year are for the administrative costs of operating this program. For the 2010-2011 biennium, the base for this program's administrative costs must be included within the agency administration program activity.</u>		
Subd. 3. <u>State Grants</u>	<u>150,154,000</u>	<u>151,124,000</u>
<u>If the appropriation in this subdivision for either year is insufficient, the appropriation for the other year is available for it.</u>		
<u>For the biennium, the tuition maximum for students in four-year programs is \$9,957 in each year for students in four-year programs, and for students in two-year programs, is \$4,717 in the first year and \$4,859 in the second year.</u>		
<u>This appropriation sets the living and miscellaneous expense allowance at \$6,241 each year.</u>		
Subd. 4. <u>Safety Officers Survivors</u>	<u>100,000</u>	<u>100,000</u>
<u>This appropriation is to provide educational benefits under Minnesota Statutes, section 299A.45, to dependent children under age 23 and to the spouses of public safety officers killed in the line of duty.</u>		
<u>If the appropriation in this subdivision for either year is insufficient, the appropriation for the other year is available for it.</u>		
Subd. 5. <u>Interstate Tuition Reciprocity</u>	<u>2,000,000</u>	<u>2,000,000</u>
<u>If the appropriation in this subdivision for either year is insufficient, the appropriation for the other year is available to meet reciprocity contract obligations.</u>		

<u>APPROPRIATIONS</u>		
<u>Available for the Year</u>		
<u>Ending June 30</u>		
	<u>2008</u>	<u>2009</u>
Subd. 6. <u>State Work Study</u>	12,444,000	12,444,000
Subd. 7. <u>Child Care Grants</u>	4,934,000	4,934,000
Subd. 8. <u>Minitex</u>	5,881,000	5,881,000
Subd. 9. <u>MnLINK Gateway</u>	400,000	400,000
Subd. 10. <u>Learning Network of Minnesota</u>	4,800,000	4,800,000
Subd. 11. <u>Minnesota College Savings Plan</u>	1,020,000	1,020,000
Subd. 12. <u>Midwest Higher Education Compact</u>	90,000	90,000
Subd. 13. <u>Other Small Programs</u>	1,960,000	1,670,000

This appropriation includes funding for postsecondary service learning, student and parent information, get ready, outreach, and intervention for college attendance programs.

\$265,000 each year is for grants to increase campus-community collaboration and service learning statewide, including operations of the Minnesota campus compact, grants to member institutions and grants for member institution initiatives. For every \$1 in state funding, grant recipients must contribute \$2 in campus or community-based support.

\$100,000 each year is for a grant to the Loan Repayment Assistance Program of Minnesota, Inc. for loan repayment assistance awards.

\$500,000 each year is for the teacher education and compensation helps (TEACH) and the Minnesota early childhood teacher retention programs in Minnesota Statutes, section 136A.126. This is a onetime appropriation.

\$250,000 in the first year is for a grant to Augsburg College for the purpose of its Step UP program to provide educational opportunities to chemically dependent students and to work with other public and private colleges in Minnesota to help replicate this program. This is a onetime appropriation.

\$40,000 in the first year is for a grant to the Washington Center for Internships and Academic Seminars for a pilot program for scholarships for students enrolling in a Minnesota four-year college or university beginning in the fall semester of 2007. The grant is available only with a dollar-for-dollar match from nonstate sources.

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Subd. 14. Access to College and Helping Individuals Everywhere Value Education and Rural Pilot Programs

1,000,000

1,000,000

For Access to College and Helping Individuals Everywhere Value Education pilot projects that provide distance-learning opportunities through the Minnesota State Colleges and Universities for high school students living in remote and underserved areas where the school district lacks the resources to provide academically challenging educational opportunities, including Advanced Placement and International Baccalaureate programs. Students who successfully complete a course must receive college credit at no cost to the student or the participating school district. The office must report to the committees of the legislature with responsibility for higher education finance by January 15, 2009, on the program outcomes with recommendations on continuing and expanding the program.

Subd. 15. United Family Medicine Residency Program

360,000

360,000

For a grant to the united family medicine residency program. This appropriation must be used to support up to 18 resident physicians each year in family practice at united family medicine residency programs and must prepare doctors to practice family care medicine in underserved rural and urban areas of the state. The legislature intends this program to improve health care in underserved communities, provide affordable access to appropriate medical care, and manage the treatment of patients in a more cost-effective manner.

Subd. 16. Agency Administration

2,690,000

2,731,000

Of this appropriation, \$39,000 the first year and \$80,000 the second year are for compensation-related costs associated with the delivery of the office's services and programs.

Subd. 17. Balances Forward

A balance in the first year under this section does not cancel, but is available for the second year.

Subd. 18. Transfers

The Minnesota Office of Higher Education may transfer unencumbered balances from the appropriations in subdivisions 2 to 15 to the state grant appropriation, the safety officer survivors appropriation, the interstate tuition reciprocity appropriation, the Minnesota college savings plan appropriation, the child care appropriation, and the state work study appropriation.

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Subd. 19. Reporting

(a) By November 1 and February 15, the Minnesota Office of Higher Education must provide updated state grant spending projections, taking into account the most current and projected enrollment and tuition and fee information, economic conditions, and other relevant factors. Before submitting state grant spending projections, the office must meet and consult with representatives of public and private postsecondary education, the Department of Finance, the governor's office, legislative staff, and financial aid administrators.

(b) The Minnesota Office of Higher Education shall report to the higher education divisions of the house and senate finance committees on participation in postsecondary education by income, and persistence and graduation rates of state grant recipients compared to students who did not receive state grants. The office is authorized to match individual student data from the student record enrollment database with individual student data from the state grant database on data elements necessary to perform the study.

Sec. 4. BOARD OF TRUSTEES OF THE MINNESOTA STATE COLLEGES AND UNIVERSITIES

Subdivision 1. Total Appropriation

\$668,388,000

\$704,288,000

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. Central Office and Shared Services Unit

\$40,170,550

\$40,170,550

For the office of the chancellor and the shared services division.

Subd. 3. Operations and Maintenance

\$628,217,450

\$664,118,000

(a) This appropriation includes funding for the board's initiatives on recruiting and retaining underrepresented students, strategic educational advancements, STEM initiatives, and infrastructure and technology, and for the costs of inflation. This appropriation also includes funding to reduce the tuition rate increase to two percent from the board-approved plan of a four percent annual increase.

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(b) Appropriations for technology and infrastructure under this subdivision must not be used to increase permanent positions in the office of the chancellor or the shared services office. Any new positions funded from the technology and infrastructure appropriation must be at a campus.

(c) \$400,000 each year is for community-based energy development pilot projects at Mesabi Range Technical and Community College, the Minnesota West Community and Technical College, and Riverland Community College. Each campus must establish partnerships for community-based energy development pilot projects that involve students and faculty. An allocation for the pilot project is available to the participating institutions and the partnerships for the biennium ending June 30, 2009.

(d) \$750,000 in the first year is for a modular clean-room research and training facility at St. Paul College. This is a onetime appropriation and is available until expended.

(e) \$300,000 the first year is for a grant to the Range Association of Municipalities and Schools for a study of student demand and employer needs for higher education in the Mesabi Range region of northeastern Minnesota including the cities of Grand Rapids through Eveleth to Ely. The association must coordinate and contract for a study in cooperation with the Board of Regents of the University of Minnesota and the Board of Trustees of the Minnesota State Colleges and Universities. The governing boards must advise on which of the identified needs can be met by University of Minnesota courses and which can be met by the Minnesota State Colleges and Universities, and which degree programs may be offered jointly. The final report must be submitted to the committees of the legislature responsible for higher education finance by January 15, 2008, with recommendations and plans for the region.

(f) \$120,000 in each year is for the Cook County Higher Education Board to provide educational programs and academic support services. The base appropriation for this program is \$120,000 in each year of the biennium ending June 30, 2011.

(g) \$2,000,000 the first year and \$1,000,000 the second year are for a pilot project with the Northeast Minnesota Higher Education District and high schools in its area. Up to \$1,200,000 of the first year appropriation must be used to purchase equipment that is necessary to reestablish a technical education curriculum in the

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area high schools to provide the students with the technical skills necessary for the workforce. Students from area high schools may also access the facilities and faculty of the Northeast Minnesota Higher Education District for state-of-the-art technical education opportunities, including MnSCU's 2+2 Pathways initiative. \$1,000,000 is added to the base for this project.

(h) \$50,000 in the first year is for St. Paul College to collaborate with the United Auto Workers Local 879 to purchase a Ford Ranger pickup truck to retrofit to run on a battery-powered motor. This vehicle must be retrofitted to serve as a prototype that could be mass-produced at the St. Paul Ford assembly plant.

(i) \$100,000 each year is for a grant to a Minnesota public postsecondary institution with a total student enrollment under 7,000 students, that has an existing women's hockey team competing in Division I in the Western Collegiate Hockey Association. The institution may use the grant for equipment, facility improvements, travel and compensation for coaches, trainers, and other necessary personnel.

(j) \$450,000 each year is to establish a center for workforce and economic development at the Mesabi Range Community and Technical College and to enhance eFolio Minnesota. The board, in cooperation with the Iron Range Resources and Rehabilitation Board (IRRRB) and the Department of Employment and Economic Development, must establish the center to provide on-site and Internet-based support and technical assistance to users of the state's eFolio Minnesota system to promote workforce and economic development. The center must assist local economic development agencies and officials to enable them to access workforce information generated through the eFolio Minnesota system. The board must enhance the eFolio Minnesota system as necessary to serve these purposes. The center must report annually to the IRRRB and the Department of Employment and Economic Development on the outcomes of the center's activities.

(k) \$1,000,000 the first year is to identify and improve on practices for selecting and purchasing textbooks and course materials that are used by students. The board, in collaboration with the Minnesota State University Student Association (MSUSA) and the Minnesota State College Student Association (MSCSA) must develop and implement pilot projects with this appropriation to address the financial burden that textbook prices and requirements place on students. These projects may include textbook rental programs, cooperative purchasing efforts, training, and education

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and awareness programs for students and faculty on cost considerations and textbook options. The student associations must be fully involved in the development and implementation of any project using this appropriation. Each student association must vote to approve a project before it is implemented. MSUSA and MSCSA must report to the committees of the legislature responsible for higher education finance by February 15, 2009, on the success of the pilot projects. This money is available until June 30, 2009.

Subd. 4. Board Policies

(a) The board must adopt a policy that allows students to add the cost of textbooks and required course materials purchased at a campus bookstore, owned by or operated under a contract with the campus, to the existing waivers or payment plans for tuition and fees.

(b) The board must adopt a policy setting the maximum number of semester credits required for a baccalaureate degree at 120 semester credits or the equivalent and the number of semester credits required for an associate degree at 60 semester credits or the equivalent.

Sec. 5. BOARD OF REGENTS OF THE UNIVERSITY OF MINNESOTA

Subdivision 1. Total Appropriation

\$696,082,000

\$742,143,000

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. Operations and Maintenance

611,112,000

667,550,000

(a) This appropriation includes amounts for the board:

(1) to make investments in the university's technology and related infrastructure;

(2) to award faculty and staff compensation increases differentially;

(3) for the board's health workforce and clinical sciences initiative;

(4) initiatives in science and engineering;

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(5) initiatives relating to the environment, agriculture, and renewable energy; and

(6) for advancing education, including an Ojibwe Indian language program on the Duluth campus.

(b) \$2,250,000 each year is to establish banded tuition at the Morris, Crookston, and Duluth campuses to reduce tuition costs for students.

(c) \$7,000,000 for the biennium is for scholarships to mitigate the effects of rising tuition on Minnesota students and families. This appropriation must be matched with \$2 of nonstate money for each \$1 of state money.

(d) \$12,404,000 in the second year is to reduce the proposed tuition rate increase. Any of this amount that is not used by the board to reduce tuition cancels to the general fund.

(e) \$300,000 the first year is for the Center for Transportation Studies to complete a study to assess public policy options for reducing the volume of greenhouse gases emitted from the transportation sector in Minnesota. The Center for Transportation Studies must report its preliminary findings to the legislature by February 1, 2008, and must issue its full report by June 1, 2008. This is a onetime appropriation.

(f) \$250,000 each year is to establish an India Center to improve and promote relations with India and Southeast Asia. The center must partner with public and private organizations in Minnesota to:

(1) foster an understanding of the history, culture, and values of India;

(2) serve as a resource and catalyst to promote economic, governmental, and academic pursuits involving India; and

(3) facilitate educational and business exchanges and partnerships, collaborative research, and teaching and training activities for Minnesota students and teachers.

The Board of Regents may establish an advisory council to facilitate the mission and objectives of the India Center and must report on the progress of the India Center by February 15, 2008, to the governor and chairs of the legislative committees responsible for higher education finance. This is a onetime appropriation.

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<u>Available for the Year</u>	
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<u>2008</u>	<u>2009</u>

(g) \$750,000 in the first year is to assist in the formation of the neighborhood alliance and for projects identified in section 8. The alliance, the Board of Regents, and the city of Minneapolis may cooperate on the projects and may use a public services of other entities to complete all or a portion of a project.

(h) \$300,000 the first year is to establish a Dakota language teacher training immersion program on the Twin Cities campus to prepare teachers to teach in Dakota language immersion programs. This is a onetime appropriation.

(i) \$400,000 each year is for the Minnesota Institute for Sustainable Agriculture to provide funds for on-station and on-farm field scale research and outreach to develop and test the agronomic and economic requirements of diverse strands of prairie plants and other perennials for bioenergy systems including but not limited to multiple species selection and establishment, ecological management between planting and harvest, harvest technologies, financial and agronomic risk management, farmer goal setting and adoption of technologies, integration of wildlife habitat into management approaches, evaluation of carbon and other benefits, and robust polices needed to induce farmer conversion on marginal lands.

Subd. 3. Health Care Access Fund

2,157,000

2,157,000

This appropriation is from the health care access fund and is for primary care education initiatives.

Subd. 4. Special Appropriation

65,813,000

65,436,000

(a) Agriculture and Extension Service

52,625,000

52,275,000

(1) For the Agricultural Experiment Station, Minnesota Extension Service. This appropriation includes funding to promote alternative livestock research and outreach at the Minnesota Institute for Sustainable Agriculture, and to promote sustainable and organic agricultural research and education.

(2) This appropriation includes funding for research efforts that demonstrate a renewed emphasis on the needs of the state's production agriculture community and a continued focus on renewable energy derived from Minnesota biomass resources including agronomic crops, plant and animal wastes, and native plants or trees, with priority for extending the Minnesota vegetable growing season; fertilizer and soil fertility research and

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<u>2008</u>	<u>2009</u>
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development; treating and curing human diseases utilizing plant and livestock cells; using biofuel production coproducts as feed for livestock; and a rapid agricultural response fund for current or emerging animal, plant, and insect problems affecting production or food safety. In addition, the appropriation may be used to secure a facility and retain current faculty levels for poultry research currently conducted at UMore Park.

(3) In the area of renewable energy, priority should be given to projects pertaining to: biofuel and other energy production from small grains; alternative bioenergy crops and cropping systems; and growing, harvesting, and transporting biomass plant material.

(4) This appropriation includes funding for the college of food, agricultural, and natural resources sciences to establish and maintain a statewide organic research and education initiative to provide leadership for organic agronomic, horticultural, livestock, and food systems research, education, and outreach and for the purchase of state-of-the-art laboratory, planting, tilling, harvesting, and processing equipment necessary for this project.

(5) By February 1, 2009, the Board of Regents must report to the legislative committees with responsibility for agriculture and higher education finance on the research and initiatives under this paragraph.

(6) The base appropriation is \$51,775,000 each year of the biennium ending June 30, 2011.

(b) Health Sciences

5,275,000

5,275,000

\$346,000 each year is to support up to 12 resident physicians each year in the St. Cloud Hospital family practice residency program. The program must prepare doctors to practice primary care medicine in the rural areas of the state. The legislature intends this program to improve health care in rural communities, provide affordable access to appropriate medical care, and manage the treatment of patients in a more cost-effective manner.

The remainder of this appropriation is for the rural physicians associates program, the Veterinary Diagnostic Laboratory, health sciences research, dental care, and the Biomedical Engineering Center.

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<u>Ending June 30</u>		
	<u>2008</u>	<u>2009</u>
<u>(c) Institute of Technology</u>	<u>1,387,000</u>	<u>1,387,000</u>
<u>For the Geological Survey and the talented youth mathematics program.</u>		
<u>(d) System Specials</u>	<u>6,526,000</u>	<u>6,526,000</u>
<u>For general research, student loans matching money, industrial relations education, Natural Resources Research Institute, Center for Urban and Regional Affairs, and the Bell Museum of Natural History. \$100,000 is added to the base appropriation for industrial relations education.</u>		
<u>Subd. 5. University of Minnesota and Mayo Foundation Partnership</u>	<u>17,000,000</u>	<u>7,000,000</u>
<u>For the direct and indirect expenses of the collaborative research partnership between the University of Minnesota and the Mayo Foundation for research in biotechnology and medical genomics. \$7,000,000 is added to the base. This appropriation is available until expended. An annual report on the expenditure of these funds must be submitted to the governor and the chairs of the senate and house committees responsible for higher education and economic development by June 30 of each fiscal year.</u>		
<u>Subd. 6. Academic Health Center</u>		
<u>The appropriation for Academic Health Center funding under Minnesota Statutes, section 297F.10, is \$22,250,000 each year.</u>		
<u>Sec. 6. MAYO CLINIC</u>		
<u>Subdivision 1. Total Appropriation</u>	<u>\$1,202,000</u>	<u>\$1,250,000</u>
<u>The amounts that may be spent for each purpose are specified in the following subdivisions.</u>		
<u>Subd. 2. Medical School</u>	<u>591,000</u>	<u>615,000</u>
<u>The state of Minnesota must pay a capitation each year for each student who is a resident of Minnesota. The appropriation may be transferred between years of the biennium to accommodate enrollment fluctuations. The funding base for this program is \$640,000 in fiscal year 2010 and \$665,000 in fiscal year 2011.</u>		

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2008</u>	<u>2009</u>

It is intended that during the biennium the Mayo Clinic use the capitation money to increase the number of doctors practicing in rural areas in need of doctors.

Subd. 3. <u>Family Practice and Graduate Residency Program</u>	<u>611,000</u>	<u>635,000</u>
<u>The state of Minnesota must pay stipend support for up to 27 residents each year. The funding base for this program is \$660,000 in fiscal year 2010 and \$686,000 in fiscal year 2011.</u>		

Sec. 7. **LEGISLATIVE COMMISSION ON POSTSECONDARY FUNDING.**

Subdivision 1. **Membership.** A 12-member legislative commission on postsecondary funding is established consisting of six members of the house of representatives appointed by the speaker and six members of the senate appointed by the Subcommittee on Committees of the Committee on Rules and Administration. The commission may elect a chair and other officers as necessary.

Subd. 2. **Charge.** The commission must develop an alternative funding formula or funding method for postsecondary education that creates incentives for high quality postsecondary education while maintaining access for students. In developing the formula or funding method, the commission must consider and address:

- (1) both institutional aid and direct student aid;
- (2) the major cost drivers in postsecondary education, such as inflation and enrollment;
- (3) federal postsecondary funding and tax incentives for postsecondary education; and
- (4) funding the formula or funding method within the projected constraints on the state budget in the coming decade.

Subd. 3. **Report.** The commission must report its recommendations to the house Division on Higher Education and Workforce Development Policy and Finance, and the senate Higher Education Budget and Policy Division by June 30, 2008.

Subd. 4. **Expiration.** The commission expires June 30, 2008.

Sec. 8. **UNIVERSITY OF MINNESOTA MINNEAPOLIS AREA NEIGHBORHOOD ALLIANCE.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have the meanings given them.

(b) "Alliance" means a representative body of the constituencies, including, but not limited to, the University of Minnesota, the city of Minneapolis, and the recognized neighborhood organizations and business associations referenced in the report.

(c) "Board" means the Board of Regents of the University of Minnesota.

(d) "Report" means the report and appendix entitled Moving Forward Together: University of Minnesota Minneapolis Area Neighborhood Impact Report, submitted to the legislature in February 2007.

(e) "University partnership district" or "district" means the area located within the city that includes the neighborhoods of Cedar-Riverside, Marcy-Holmes, South East Como, Prospect Park, and University, as they are defined by the city, and the university's Minneapolis campus.

(f) "Tier two impact zone" means the neighborhoods of northeast Minneapolis that house significant numbers of university students and staff. Transportation and housing policy analysis and planning must include these areas but they must not be included in the projects funded through the alliance.

(g) "University" means the University of Minnesota.

Subd. 2. **Alliance; functions.** The alliance may facilitate, initiate, or manage projects with the board, city, or other public or private entities that are intended to maintain the university partnership district as a viable place to study, research, and live. Projects may include, but are not limited to, those outlined in the report, as well as efforts to involve students in activities to maintain and improve the university partnership district; cooperative university and university partnership district long-term planning; and incentives to increase homeownership within the district with particular emphasis on employees of the university and of other major employers located within the district.

Subd. 3. **Report.** The board must report to the legislature by January 15, 2009, on the expenditure of funds appropriated under section 3.

Sec. 9. **MINNESOTA OFFICE OF HIGHER EDUCATION FINANCIAL AID STUDY.**

The Minnesota Office of Higher Education must review and evaluate the existing financial aid programs that provide loans and grants to students in postsecondary education and the needs of the workforce for occupations that are currently or will be in demand. The study must evaluate how effective the financial aid programs are at linking the needs of the workforce with student need for financial aid. The study must also identify options for designing financial aid programs including loan forgiveness and loan repayment programs that target the needs of the workforce and provide incentives to students to pursue postsecondary education in fields with identified workforce needs. By February 15, 2008, the office must report to the legislative committees responsible for higher education and workforce development on the findings of the study and provide options and recommendations on how to deliver financial aid, provide incentives for students, and meet the needs of the workforce for occupations that include speech pathologists and other occupations with unmet need.

ARTICLE 2

MINNESOTA GI BILL FOR VETERANS

Section 1. Minnesota Statutes 2006, section 136A.01, subdivision 2, is amended to read:

Subd. 2. **Responsibilities.** The Minnesota Office of Higher Education is responsible for:

(1) necessary state level administration of financial aid and Minnesota GI Bill programs, including accounting, auditing, and disbursing state and federal financial aid funds, and reporting on financial aid programs to the governor and the legislature;

(2) approval, registration, licensing, and financial aid eligibility of private collegiate and career schools, under sections 136A.61 to 136A.71 and chapter 141;

- (3) administering the Learning Network of Minnesota;
- (4) negotiating and administering reciprocity agreements;
- (5) publishing and distributing financial aid information and materials, and other information and materials under section 136A.87, to students and parents;
- (6) collecting and maintaining student enrollment and financial aid data and reporting data on students and postsecondary institutions to develop and implement a process to measure and report on the effectiveness of postsecondary institutions;
- (7) administering the federal programs that affect students and institutions on a statewide basis; and
- (8) prescribing policies, procedures, and rules under chapter 14 necessary to administer the programs under its supervision.

EFFECTIVE DATE. This section is effective July 1, 2007, and applies to qualifying coursework taken on or after that date.

Sec. 2. **[197.791] MINNESOTA GI BILL PROGRAM.**

Subdivision 1. Policy. It is the policy of the state of Minnesota to provide postsecondary educational assistance to Minnesota veterans who have provided honorable service to this state and nation as members of the United States armed forces, whether in peacetime or in war, and to the spouses and children of Minnesota veterans who have become severely disabled or deceased during or as the direct result of military service.

Subd. 2. Definitions. (a) The definitions in this subdivision apply to this section.

(b) "Commissioner" means the commissioner of veterans affairs, unless otherwise specified.

(c) "Cost of attendance" for both undergraduate and graduate students has the meaning given in section 136A.121, subdivision 6, multiplied by a factor of 1.2.

(d) "Child" means a natural or adopted child of a person described in subdivision 5, paragraph (a), clause (1), item (i) or (ii).

(e) "Director" means the director of the Minnesota Office of Higher Education.

(f) "Eligible institution" means a postsecondary institution located in this state that either (1) is operated by this state; or (2) is operated publicly or privately and, as determined by the office, maintains academic standards substantially equivalent to those of comparable institutions operated in this state.

(g) "Eligible student" means a person who:

(1) if the student is an undergraduate student, has applied for the federal Pell Grant and the Minnesota State Grant;

(2) is maintaining satisfactory academic progress as defined by the institution for students participating in federal Title IV programs;

(3) is enrolled in an education program leading to a certificate, diploma, or degree at an eligible institution;

(4) has applied for educational assistance under the Minnesota GI Bill program prior to the end of the academic term for which the assistance is being requested.

(5) is in compliance with child support payment requirements under section 136A.121, subdivision 2, clause (5).

(h) "Part-time student" means an undergraduate student enrolled for fewer than 12 credits in a semester or the equivalent, or a graduate student as defined by the student's eligible institution.

(i) "Program" means the Minnesota GI Bill program established in this section, unless otherwise specified.

(j) "Service-connected" has the meaning given by the United States Department of Veterans Affairs.

(k) "Veteran" has the meaning given in section 197.447, and also includes a service member who has fulfilled the requirements for being a veteran but is still serving actively in the United States armed forces.

Subd. 3. **Program established.** There is established a program to provide postsecondary educational assistance to eligible Minnesota veterans and to the children and spouses of deceased and severely disabled Minnesota veterans. This program may be cited as the "Minnesota GI Bill program."

The director, in consultation with the commissioner and in cooperation with eligible postsecondary educational institutions, shall expend a biennial appropriation for the purpose of providing postsecondary educational assistance to eligible persons in accordance with this program. Each public postsecondary educational institution in the state must participate in the program and each private postsecondary educational institution in the state is encouraged to participate in the program. Any participating private institution may suspend or terminate its participation in the program at the end of any semester or other academic term.

Subd. 4. **Duties; responsibilities.** (a) The director, in consultation with the commissioner, shall establish policies and procedures including, but not limited to, procedures for student application record keeping, information sharing, payment to participating eligible institutions, and other procedures the director considers appropriate and necessary for effective and efficient administration of the program established in this section.

(b) The director, in consultation with the commissioner, may delegate part or all of the administrative procedures for the program to responsible representatives of participating eligible institutions.

Subd. 5. **Eligibility.** (a) A person is eligible for educational assistance under this section if:

(1) the person is:

(i) a veteran who is serving or has served honorably in any branch or unit of the United States armed forces at any time on or after August 2, 1990;

(ii) a nonveteran who has served honorably for a total of 16 years or more cumulatively as a member of the Minnesota national guard or any other active or reserve component of the United States armed forces, and any part of that service occurred on or after August 2, 1990;

(iii) the surviving spouse or child of a person described in (i) or (ii) who has died as a direct result of that military service; or

(iv) the spouse or child of a person described in (i) or (ii) who has a total and permanent service-connected disability as rated by the United States veterans administration;

(2) the person described in clause (1), item (i) or (ii), had Minnesota as the person's state of residence at the time of the person's initial enlistment or any reenlistment in the United States armed forces;

(3) the person receiving the educational assistance is a Minnesota resident, as defined in section 136A.101, subdivision 8; and

(4) the person receiving the educational assistance is an eligible student.

(b) A person's eligibility terminates when the person becomes eligible for benefits under section 135A.52.

(c) As proof of honorable service and disability or death status for a veteran or service member, the director, by policy and in consultation with the commissioner, may require official documentation, including the person's federal form DD-214 or other official military discharge papers, correspondence from the United States veterans administration, birth certificate, marriage certificate, proof of enrollment at an eligible institution, signed affidavits, proof of residency, proof of identity, or any other official documentation the director considers necessary to determine an applicant's eligibility status.

(d) The director, in consultation with the commissioner, may deny eligibility or terminate benefits under this section to any person who has not provided sufficient proof of eligibility for the program. An applicant may appeal the director's eligibility determination in writing to the director at any time. The director must rule on any application or appeal within 30 days of receipt of all documentation that the director requires. Upon receiving an application with insufficient documentation, the director must notify the applicant within 30 days of receipt of the application that the application is being suspended pending receipt by the director of sufficient documentation from the applicant. The decision of the director regarding an appeal is final; however, an applicant whose appeal of an eligibility determination has been rejected by the director may submit an additional appeal of that determination in writing to the director at any time that the applicant is able to provide substantively significant additional information relating to the person's eligibility for the program. An approval of an applicant's eligibility by the director following an appeal by the applicant is not retroactively effective beyond the later of one year previously or the semester of the person's original application.

Subd. 6. **Benefit amount.** (a) On approval by the director of an applicant's eligibility for the program, the applicant shall be awarded, on a funds-available basis, the educational assistance under the program for use at any time according to program rules at any eligible institution. Eligibility for the program terminates upon exhaustion of a person's benefits as specified in paragraph (c).

(b) The amount of educational assistance in any semester or term for an eligible person must be determined by subtracting from the eligible person's cost of attendance at that eligible public institution, or in the case of an eligible private institution the cost of attendance for a comparable program at the Twin Cities campus of the University of Minnesota, the amount the person received or was eligible to receive in that semester or term from:

(1) the federal Pell Grant;

(2) the state grant under section 136A.121; and

(3) any federal military or veterans educational benefits, including, but not limited to, the Montgomery GI Bill, GI Bill Kicker, the federal tuition assistance program, vocational rehabilitation benefits, and any other federal benefits associated with the person's status as a veteran, except veterans disability payments from the United States Department of Veterans Affairs.

(c) The amount of education assistance for any eligible person must not exceed any of the following amounts:

(1) \$1,250 per semester or term of enrollment, or in the case of a part-time student \$625 per semester or term of enrollment;

(2) \$3,570 per state fiscal year; and

(3) \$10,000 total.

EFFECTIVE DATE. This section is effective July 1, 2007, and applies to qualifying coursework taken on or after that date.

Sec. 3. **ANNUAL REVIEW AND RECOMMENDATION.**

The commissioner of veterans affairs, in consultation with the director of higher education, must annually review veterans' participation level in and expenditures for the Minnesota GI Bill program in Minnesota Statutes, section 197.791, and, by January 15 each year, must make recommendations to the chairs of the senate and house committees having oversight responsibility for veterans affairs regarding adjustment of individual benefit levels and program funding.

ARTICLE 3

RELATED HIGHER EDUCATION

Section 1. Minnesota Statutes 2006, section 13.322, subdivision 3, is amended to read:

Subd. 3. **Minnesota Office of Higher Education.** (a) **General.** Data sharing involving the Minnesota Office of Higher Education and other institutions is governed by ~~sections section~~ section 136A.05 ~~and 136A.08, subdivision 8.~~

(b) **Student financial aid.** Data collected and used by the Minnesota Office of Higher Education on applicants for financial assistance are classified under section 136A.162.

(c) **Minnesota college savings plan data.** Account owner data, account data, and data on beneficiaries of accounts under the Minnesota college savings plan are classified under section 136G.05, subdivision 10.

(d) **School financial records.** Financial records submitted by schools registering with the Minnesota Office of Higher Education are classified under section 136A.64.

(e) **Enrollment and financial aid data.** Data collected from eligible institutions on student enrollment and federal and state financial aid are governed by sections 136A.121, subdivision 18, and 136A.1701, subdivision 11.

Sec. 2. Minnesota Statutes 2006, section 16B.70, is amended by adding a subdivision to read:

Subd. 4. **Construction management education surcharge and account.** (a) For nonresidential construction building permits, the surcharge under subdivision 1 is increased by an amount equal to one-quarter mill (.00025) of the fee or 25 cents, whichever amount is greater, and designated for and deposited in the construction management education account.

(b) The construction management education account is created as an account in the special revenue fund, administered by the Minnesota Office of Higher Education for the purpose of enhancing construction management education in public postsecondary institutions. Funds in the account are appropriated in fiscal years 2008 and 2009 to the director of the Minnesota Office of Higher Education for the purposes of section 136A.127.

Sec. 3. Minnesota Statutes 2006, section 41D.01, subdivision 1, is amended to read:

Subdivision 1. **Establishment; membership.** (a) The Minnesota Agriculture Education Leadership Council is established. The council is composed of ~~16~~ 17 members as follows:

- (1) the chair of the University of Minnesota agricultural education program;
- (2) a representative of the commissioner of education;
- (3) a representative of the Minnesota State Colleges and Universities recommended by the chancellor;
- (4) the president and the president-elect of the Minnesota Association of Agriculture Educators;
- (5) a representative of the Future Farmers of America Foundation;
- (6) a representative of the commissioner of agriculture;
- (7) the dean of the College of Agriculture, Food, and Environmental Sciences at the University of Minnesota;
- (8) a representative of the Minnesota Private Colleges Council;
- ~~(9)~~ two members representing agriculture education and agriculture business appointed by the governor;
- ~~(9)~~ (10) the chair of the senate Committee on Agriculture, General Legislation and Veterans Affairs;
- ~~(40)~~ (11) the chair of the house Committee on Agriculture;

~~(44)~~ (12) the ranking minority member of the senate Committee on Agriculture, General Legislation and Veterans Affairs, and a member of the senate Education Committee designated by the Subcommittee on Committees of the Committee on Rules and Administration; and

~~(42)~~ (13) the ranking minority member of the house Agriculture Committee, and a member of the house Education Committee designated by the speaker.

(b) An ex officio member of the council under paragraph (a), clause (1), (4), (7), ~~(9)~~, (10), (11), ~~or (12)~~, or (13), may designate a permanent or temporary replacement member representing the same constituency.

Sec. 4. Minnesota Statutes 2006, section 120B.023, subdivision 2, is amended to read:

Subd. 2. **Revisions and reviews required.** (a) The commissioner of education must revise and appropriately embed technology and information literacy standards consistent with recommendations from school media specialists into the state's academic standards and graduation requirements and implement a review cycle for state academic standards and related benchmarks, consistent with this subdivision. During each review cycle, the commissioner also must examine the alignment of each required academic standard and related benchmark with the knowledge and skills students need for college readiness and advanced work in the particular subject area.

(b) The commissioner in the 2006-2007 school year must revise and align the state's academic standards and high school graduation requirements in mathematics to require that students satisfactorily complete the revised mathematics standards, beginning in the 2010-2011 school year. Under the revised standards:

- (1) students must satisfactorily complete an algebra I credit by the end of eighth grade; and

(2) students scheduled to graduate in the 2014-2015 school year or later must satisfactorily complete an algebra II credit or its equivalent.

The commissioner also must ensure that the statewide mathematics assessments administered to students in grades 3 through 8 and 11 beginning in the 2010-2011 school year are aligned with the state academic standards in mathematics. The statewide 11th grade mathematics test administered to students under clause (2) beginning in the 2013-2014 school year must include algebra II test items that are aligned with corresponding state academic standards in mathematics. The commissioner, in collaboration with the Minnesota State Colleges and Universities, must ensure that passing score for the statewide 11th grade mathematics test represents readiness for college so that a student who achieves a passing score on this test, upon graduation, is immediately ready to take college courses for college credit in a two-year or a four-year institution, consistent with section 135A.104. The commissioner must implement a review of the academic standards and related benchmarks in mathematics beginning in the 2015-2016 school year.

(c) The commissioner in the 2007-2008 school year must revise and align the state's academic standards and high school graduation requirements in the arts to require that students satisfactorily complete the revised arts standards beginning in the 2010-2011 school year. The commissioner must implement a review of the academic standards and related benchmarks in arts beginning in the 2016-2017 school year.

(d) The commissioner in the 2008-2009 school year must revise and align the state's academic standards and high school graduation requirements in science to require that students satisfactorily complete the revised science standards, beginning in the 2011-2012 school year. Under the revised standards, students scheduled to graduate in the 2014-2015 school year or later must satisfactorily complete a chemistry or physics credit. The commissioner must implement a review of the academic standards and related benchmarks in science beginning in the 2017-2018 school year.

(e) The commissioner in the 2009-2010 school year must revise and align the state's academic standards and high school graduation requirements in language arts to require that students satisfactorily complete the revised language arts standards beginning in the 2012-2013 school year. The commissioner, in collaboration with the Minnesota State Colleges and Universities, must ensure that the passing score for the statewide tenth grade reading and language arts test represents readiness for college so that a student who achieves a passing score on this test, upon graduation, is immediately ready to take college courses for college credit in a two-year or a four-year institution, consistent with section 135A.104. The commissioner must implement a review of the academic standards and related benchmarks in language arts beginning in the 2018-2019 school year.

(f) The commissioner in the 2010-2011 school year must revise and align the state's academic standards and high school graduation requirements in social studies to require that students satisfactorily complete the revised social studies standards beginning in the 2013-2014 school year. The commissioner must implement a review of the academic standards and related benchmarks in social studies beginning in the 2019-2020 school year.

(g) School districts and charter schools must revise and align local academic standards and high school graduation requirements in health, physical education, world languages, and career and technical education to require students to complete the revised standards beginning in a school year determined by the school district or charter school. School districts and charter schools must formally establish a periodic review cycle for the academic standards and related benchmarks in health, physical education, world languages, and career and technical education.

Sec. 5. Minnesota Statutes 2006, section 120B.024, is amended to read:

120B.024 GRADUATION REQUIREMENTS; COURSE CREDITS.

(a) Students beginning 9th grade in the 2004-2005 school year and later must successfully complete the following high school level course credits for graduation:

- (1) four credits of language arts;
- (2) three credits of mathematics, encompassing at least algebra, geometry, statistics, and probability sufficient to satisfy the academic standard;
- (3) three credits of science, including at least one credit in biology;
- (4) three and one-half credits of social studies, encompassing at least United States history, geography, government and citizenship, world history, and economics or three credits of social studies encompassing at least United States history, geography, government and citizenship, and world history, and one-half credit of economics taught in a school's social studies, agriculture education, or business department;
- (5) one credit in the arts; and
- (6) a minimum of seven elective course credits.

A course credit is equivalent to a student successfully completing an academic year of study or a student mastering the applicable subject matter, as determined by the local school district.

(b) An agriculture science course may fulfill a science credit requirement in addition to the specified science credits in biology and chemistry or physics under paragraph (a), clause (3).

(c) The commissioner, in collaboration with the Minnesota State Colleges and Universities, must develop and implement a statewide plan to communicate with all Minnesota high school students no later than the beginning of ninth grade the state's expectations for college readiness, consistent with sections 120B.023, subdivision 2, paragraphs (b) and (e), and 135A.104.

Sec. 6. Minnesota Statutes 2006, section 135A.031, subdivision 7, is amended to read:

Subd. 7. **Reports.** Instructional expenditure and enrollment data ~~for each instructional category~~ shall be submitted by the public postsecondary systems to the Minnesota Office of Higher Education and the Department of Finance and included in the biennial budget document. The specific data shall be submitted only after the director of the Minnesota Office of Higher Education has consulted with a data advisory task force to determine the need, content, and detail of the information.

Sec. 7. **[135A.043] RESIDENT TUITION.**

(a) A student shall qualify for a resident tuition rate or its equivalent at state universities and colleges, including the University of Minnesota, if the student meets all of the following requirements:

- (1) high school attendance within the state for three or more years;
- (2) graduation from a state high school or attainment within the state of the equivalent of high school graduation;
and

(3) registration as an entering student at, or current enrollment in, a public institution of higher education.

(b) This section is in addition to any other statute, rule, or higher education institution regulation or policy providing eligibility for a resident tuition rate or its equivalent to a student.

(c) To qualify for resident tuition under this section an individual who is not a citizen or permanent resident of the United States must provide the college or university with an affidavit that the individual will file an application to become a permanent resident at the earliest opportunity the individual is eligible to do so.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to tuition for school terms commencing on or after that date.

Sec. 8. Minnesota Statutes 2006, section 135A.053, subdivision 2, is amended to read:

Subd. 2. **Performance and accountability.** Higher education systems and campuses are expected to achieve the objectives in subdivision 1 and will be held accountable for doing so. The legislature is increasing the flexibility of the systems and campuses to provide greater responsibility to higher education in deciding how to achieve statewide objectives, and to decentralize authority so that those decisions can be made at the level where the education is delivered. ~~To demonstrate their accountability, the legislature expects each system and campus to measure and report on its performance, using meaningful indicators that are critical to achieving the objectives in subdivision 1, as provided in section 135A.033.~~ Nothing in this section precludes a system or campus from determining its own objectives and performance measures beyond those identified in this section.

Sec. 9. **[135A.104] COLLEGE READINESS.**

(a) Minnesota State Colleges and Universities must collaborate with the commissioner of education in establishing passing scores on the Minnesota comprehensive assessments in reading for grade 10 and in mathematics for grade 11 under section 120B.30 so that "passing score" performances on those two assessments represent a student's college readiness. For purposes of this section and chapter 120B, "college readiness" means that a student who graduates from a public high school is immediately ready to take college courses for college credit in a two-year or a four-year institution. Minnesota State Colleges and Universities also must collaborate with the commissioner of education to develop and implement a statewide plan to communicate with all Minnesota high school students no later than the beginning of ninth grade the state's expectations for college readiness.

(b) The entrance and admission materials that the Minnesota State Colleges and Universities provide to prospective students must clearly indicate the level of academic preparation that the students must have in order to be ready to immediately take college courses for college credit in two-year and four-year institutions.

Sec. 10. Minnesota Statutes 2006, section 135A.14, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** As used in this section, the following terms have the meanings given them.

(a) "Administrator" means the administrator of the institution or other person with general control and supervision of the institution.

(b) "Public or private postsecondary educational institution" or "institution" means any of the following institutions having an enrollment of more than 100 persons during any quarter, term, or semester during the preceding year: (1) the University of Minnesota; (2) the state universities; (3) the state community colleges; (4) public technical colleges; (5) private four-year, professional and graduate institutions; (6) private two-year colleges; and (7) schools subject to either chapter 141, sections ~~136A.61~~ 136A.615 to 136A.71, or schools exempt under section 136A.657, and which offer educational programs within the state for an academic year greater than six consecutive months. An institution's report to the Minnesota Office of Higher Education or the Minnesota Department of Education may be considered when determining enrollment.

(c) "Student" means a person born after 1956 who did not graduate from a Minnesota high school in 1997 or later, and who is (1) registering for more than one class during a full academic term, such as a quarter or a semester or (2) housed on campus and is registering for one or more classes. Student does not include persons enrolled in extension classes only or correspondence classes only.

Sec. 11. Minnesota Statutes 2006, section 135A.51, subdivision 2, is amended to read:

Subd. 2. **Senior citizen.** "Senior citizen" means a person who has reached 62 years of age before the beginning of any term, semester or quarter, in which a course of study is pursued, or a person receiving a railroad retirement annuity who has reached 60 years of age before the beginning of the term.

Sec. 12. Minnesota Statutes 2006, section 135A.52, subdivision 1, is amended to read:

Subdivision 1. **Fees and tuition.** Except for an administration fee established by the governing board at a level to recover costs, to be collected only when a course is taken for credit, a senior citizen who is a legal resident of Minnesota is entitled without payment of tuition or activity fees to attend courses offered for credit, audit any courses offered for credit, or enroll in any noncredit courses in any state supported institution of higher education in Minnesota when space is available after all tuition-paying students have been accommodated. A senior citizen enrolled under this section must pay any materials, personal property, or service charges for the course. In addition, a senior citizen who is enrolled in a course for credit must pay an administrative fee in an amount established by the governing board of the institution to recover ~~the course~~ costs. There shall be no administrative fee charges to a senior citizen auditing a course. For the purposes of this section and section 135A.51, the term "noncredit courses" shall not include those courses designed and offered specifically and exclusively for senior citizens.

The provisions of this section and section 135A.51 do not apply to noncredit courses designed and offered by the University of Minnesota, and the Minnesota State Colleges and Universities specifically and exclusively for senior citizens. Senior citizens enrolled under the provisions of this section and section 135A.51 shall not be included by such institutions in their computation of full-time equivalent students when requesting staff or appropriations.

Sec. 13. Minnesota Statutes 2006, section 135A.52, subdivision 2, is amended to read:

Subd. 2. **Term; income of senior citizens.** (a) Except under paragraph (b), there shall be no limit to the number of terms, quarters or semesters a senior citizen may attend courses, nor income limitation imposed in determining eligibility.

(b) A senior citizen enrolled in a closed enrollment contract training ~~or professional continuing education~~ program is not eligible for benefits under subdivision 1.

Sec. 14. **[136A.002] DEFINITIONS.**

Subdivision 1. **Scope.** For purposes of this chapter, the terms defined in this section have the meanings given them.

Subd. 2. **Office of Higher Education or office.** "Office of Higher Education" or "office" means the Minnesota Office of Higher Education.

Sec. 15. Minnesota Statutes 2006, section 136A.01, subdivision 2, is amended to read:

Subd. 2. **Responsibilities.** The Minnesota Office of Higher Education is responsible for:

- (1) necessary state level administration of financial aid programs, including accounting, auditing, and disbursing state and federal financial aid funds, and reporting on financial aid programs to the governor and the legislature;
- (2) approval, registration, licensing, and financial aid eligibility of private collegiate and career schools, under sections ~~136A.61~~ 136A.615 to 136A.71 and chapter 141;
- (3) administering the Learning Network of Minnesota;
- (4) negotiating and administering reciprocity agreements;
- (5) publishing and distributing financial aid information and materials, and other information and materials under section 136A.87, to students and parents;
- (6) collecting and maintaining student enrollment and financial aid data and reporting data on students and postsecondary institutions to develop and implement a process to measure and report on the effectiveness of postsecondary institutions;
- (7) administering the federal programs that affect students and institutions on a statewide basis; and
- (8) prescribing policies, procedures, and rules under chapter 14 necessary to administer the programs under its supervision.

Sec. 16. Minnesota Statutes 2006, section 136A.031, subdivision 5, is amended to read:

Subd. 5. **Expiration.** Notwithstanding section 15.059, subdivision 5, the advisory groups established in this section do not expire ~~on June 30, 2007~~.

Sec. 17. Minnesota Statutes 2006, section 136A.0411, is amended to read:

136A.0411 COLLECTING FEES.

The office may charge fees for seminars, conferences, workshops, services, and materials. The office may collect fees for registration and licensure of private institutions under sections ~~136A.61~~ 136A.615 to 136A.71 and chapter 141. The money is annually appropriated to the office.

Sec. 18. Minnesota Statutes 2006, section 136A.08, subdivision 7, is amended to read:

Subd. 7. **Reporting.** The Minnesota Office of Higher Education must annually, before the last day in January, submit a report to the committees in the house of representatives and the senate with responsibility for higher education finance on:

- (1) participation in the tuition reciprocity program by Minnesota students and students from other states attending Minnesota postsecondary institutions under a reciprocity agreement;
- (2) reciprocity and resident tuition rates at each institution; ~~and~~

(3) interstate payments and obligations for each state participating in the tuition reciprocity program in the prior year-; and

(4) summary statistics on number of graduates by institution, degree granted, and year of graduation for reciprocity students who attended Minnesota postsecondary institutions.

Sec. 19. Minnesota Statutes 2006, section 136A.101, subdivision 4, is amended to read:

Subd. 4. **Eligible institution.** "Eligible institution" means a postsecondary educational institution located in this state or in a state with which the office has entered into a higher education reciprocity agreement on state student aid programs that ~~either~~ (1) is operated by this state or the Board of Regents of the University of Minnesota, or (2) is operated ~~publicly or~~ privately and, as determined by the office, meets all of the following: (i) maintains academic standards substantially equivalent to those of comparable institutions operated in this state; (ii) is licensed or registered as a postsecondary institution by the office or another state agency; and (iii) by July 1, 2011, is participating in the federal Pell Grant program under Title IV of the Higher Education Act of 1965, as amended.

Sec. 20. Minnesota Statutes 2006, section 136A.121, subdivision 5, is amended to read:

Subd. 5. **Grant stipends.** The grant stipend shall be based on a sharing of responsibility for covering the recognized cost of attendance by the applicant, the applicant's family, and the government. The amount of a financial stipend must not exceed a grant applicant's recognized cost of attendance, as defined in subdivision 6, after deducting the following:

(1) the assigned student responsibility of at least ~~46~~ 45.5 percent of the cost of attending the institution of the applicant's choosing;

(2) the assigned family responsibility as defined in section 136A.101; and

(3) the amount of a federal Pell grant award for which the grant applicant is eligible.

The minimum financial stipend is \$100 per academic year.

Sec. 21. Minnesota Statutes 2006, section 136A.125, subdivision 2, is amended to read:

Subd. 2. **Eligible students.** (a) An applicant is eligible for a child care grant if the applicant:

(1) is a resident of the state of Minnesota;

(2) has a child 12 years of age or younger, or 14 years of age or younger who is disabled as defined in section 125A.02, and who is receiving or will receive care on a regular basis from a licensed or legal, nonlicensed caregiver;

(3) is income eligible as determined by the office's policies and rules, but is not a recipient of assistance from the Minnesota family investment program;

(4) has not earned a baccalaureate degree and has been enrolled full time less than eight semesters or the equivalent;

(5) is pursuing a nonsectarian program or course of study that applies to an undergraduate degree, diploma, or certificate;

(6) is enrolled at least half time in an eligible institution; and

(7) is in good academic standing and making satisfactory academic progress.

(b) A student who withdraws from enrollment for active military service is entitled to an additional semester or the equivalent of grant eligibility and will be considered to be in continuing enrollment status upon return.

Sec. 22. **[136A.126] TEACHER EDUCATION AND COMPENSATION HELPS; MINNESOTA EARLY CHILDHOOD TEACHER RETENTION PROGRAMS.**

Subdivision 1. **TEACH.** The teacher education and compensation helps program (TEACH) is established to provide tuition scholarships, education incentives, and an early childhood teacher retention program to provide retention incentives to early care and education providers. The director shall make a grant with appropriations for this purpose to a nonprofit organization licensed to administer the TEACH early childhood program.

Subd. 2. **Program components.** (a) The nonprofit organization must use the grant for:

(1) tuition scholarships up to \$5,000 per year for courses leading to the nationally recognized child development associate credential or college-level courses leading to an associate's or bachelor's degree in early childhood development and school-age care; and

(2) education incentives of a minimum of \$100 to participants in the tuition scholarship program if they complete a year of working in the early care and education field.

(b) Applicants for the scholarship must be employed by a licensed early childhood or child care program and working directly with children, a licensed family child care provider, or an employee in a school-age program exempt from licensing under section 245A.03, subdivision 2, clause (12). Lower wage earners must be given priority in awarding the tuition scholarships. Scholarship recipients must contribute ten percent of the total scholarship and must be sponsored by their employers, who must also contribute ten percent of the total scholarship. Scholarship recipients who are self-employed must contribute 20 percent of the total scholarship.

(c) The organization must also use the grant for teacher retention incentives of \$1,000 to \$3,500 annually to be paid biannually. Applicants for the retention incentives must be employed by a licensed early childhood or child care program and working directly with children, a licensed family child care provider, or an employee in a school-age program exempt from licensing under section 245A.03, subdivision 2, clause (12). Lower wage earners must be given priority for the retention incentives. The amount of the retention incentive must be based on the applicant's level of education at the time of application. A provider is eligible for the retention incentive if the provider:

(1) has worked in the field for at least one year and has been working at the same location for at least one year at the time of application;

(2) agrees to remain in the provider's current position for a period of at least one year; and

(3) has an associate's or bachelor's degree or a child development associate's degree.

Subd. 3. **Advisory committee.** The TEACH early childhood and Minnesota early childhood teacher retention programs must have an advisory board as prescribed by the national TEACH organization.

Sec. 23. **[136A.127] CONSTRUCTION MANAGEMENT EDUCATION PROGRAM.**

Subdivision 1. **Construction Management Education Account Advisory Committee.** The director must establish an advisory committee for the construction management education account. Members of the committee must include: the executive vice-president of the Minnesota Mechanical Contractors association or designee, a

chapter manager of one of the Minnesota chapters of the National Electrical Contractors Association or designee, the executive director of the Associated General Contractors of Minnesota or designee, two members of the nonresidential construction industry, and a construction management program coordinator or director from an accredited construction management program in the Minnesota State Colleges and Universities. Members serve three-year terms. Advisory committee members are reimbursed for expenses related to committee activities. The director may accept funds from federal, state, or local public agencies, or from private foundations or individuals for deposit into the construction management education account under section 16B.70. All money in the account must be used for the purposes of this section.

Subd. 2. **Grants.** Grants from the construction management education account must be used to maintain and increase the quality and availability of education programs for the construction industry by awarding grants to accredited construction management programs in the Minnesota State Colleges and Universities. Grants must be used to maintain and upgrade facilities and provide greater industry access to modern construction standards and management practices. In making grants, the director, in consultation with the committee, must:

- (1) confirm the qualifications of any program applying for a grant;
- (2) affirm applications for American Council for Construction Education accreditation and, when funds are available, award grants to complete the accreditation process;
- (3) promote close ties between technical and community colleges and four-year construction management programs; and
- (4) support the development of new educational programs with specific emphasis on outreach to the construction industry at large.

Subd. 3. **Grant awards.** (a) The committee may award grants to a Minnesota State Colleges and Universities institution to support construction management education and to promote outreach and continuing education in the construction industry.

(b) An eligible institution must provide one of the following:

- (1) a bachelor of science construction management degree accredited by the American Council for Construction Education;
- (2) a degree with an American Council for Construction Education accredited option, including, but not limited to, Engineering Technology and Industrial Technology;
- (3) a bachelor of science degree program documenting placement of more than 50 percent of their graduates with Minnesota nonresidential contractors; and
- (4) the development of a construction management curriculum to meet the American Council for Construction Education criteria.

(c) Grant awards may be made as follows:

- (1) \$3,000 per graduate during the past academic year up to a maximum of \$100,000 for institutions qualifying under paragraph (b), clause (1);
- (2) \$3,000 per graduate during the past academic year up to a maximum of \$100,000 for institutions qualifying under paragraph (b), clause (2);

(3) \$3,000 per graduate placed with Minnesota nonresidential contractors during the past academic year to a maximum of \$20,000 for institutions qualifying under paragraph (b), clause (3);

(4) up to \$25,000 for the purpose of becoming accredited by the American Council for Construction Education for two years which may be renewed if the institution is continuing progress towards accreditation; and

(5) for faculty recruitment and development in construction management programs, including support for postgraduate work leading to advanced degrees, visiting lecturer compensation and expenses, teaching assistant positions, and faculty positions; and

(6) to support general classroom and laboratory operating expenses.

Grants may only be awarded from the construction management education account to the extent that funds are available. No other state funding may be provided for these grants.

Subd. 4. **Reports.** (a) The director must annually report to the committees of the legislature responsible for higher education finance by January 15. The report must include the names of the public postsecondary educational institutions receiving grants, the amount of the grant, the purposes for each grant, the number of students served, and the number of placements made to the construction industry for the previous academic year.

(b) After receiving an initial grant, the president of the public postsecondary educational institution must annually submit a report to the director listing the amount of all past grants awarded from the construction management education account and the uses of those funds. The report must be submitted with a request for a new or continuing grant and at a minimum must include the following:

(1) the number of graduates placed with the Minnesota contractors during the previous academic year;

(2) the expected enrollment in construction management courses in the upcoming academic year; and

(3) continuing education and extension courses offered in construction management during the previous academic year and their enrollments.

Subd. 5. **Administration.** Up to \$15,000 per year from the construction management education account may be used for the administration of this program.

Sec. 24. Minnesota Statutes 2006, section 136A.15, subdivision 1, is amended to read:

Subdivision 1. **Scope.** For purposes of sections 136A.15 to 136A.1702, the terms defined in this section have the meanings ~~ascribed to~~ given them.

Sec. 25. Minnesota Statutes 2006, section 136A.15, subdivision 6, is amended to read:

Subd. 6. **Eligible institution.** "Eligible institution" means a postsecondary educational institution that ~~either~~ (1) is operated or regulated by this state; or the Board of Regents of the University of Minnesota; (2) is operated publicly or privately in another state, is approved by the United States Secretary of Education, and, as determined by the office, maintains academic standards substantially equal to those of comparable institutions operated in this state; (3) is licensed or registered as a postsecondary institution by the office or another state agency; and (4) by July 1, 2011, is participating in the federal Pell Grant program under Title IV of the Higher Education Act of 1965, as amended. It also includes any institution chartered in a province.

Sec. 26. Minnesota Statutes 2006, section 136A.233, subdivision 3, is amended to read:

Subd. 3. **Payments.** Work-study payments shall be made to eligible students by postsecondary institutions as provided in this subdivision.

(a) Students shall be selected for participation in the program by the postsecondary institution on the basis of student financial need.

(b) In selecting students for participation, priority must be given to students enrolled for at least 12 credits. In each academic year, a student may be awarded work-study payments for one period of nonenrollment or less than half-time enrollment if the student will enroll on at least a half-time basis during the following academic term.

(c) Students will be paid for hours actually worked and the maximum hourly rate of pay shall not exceed the maximum hourly rate of pay permitted under the federal college work-study program.

(d) Minimum pay rates will be determined by an applicable federal or state law.

(e) The office shall annually establish a minimum percentage rate of student compensation to be paid by an eligible employer.

(f) Each postsecondary institution receiving money for state work-study grants shall make a reasonable effort to place work-study students in employment with eligible employers outside the institution. However, a public employer other than the institution may not terminate, lay off, or reduce the working hours of a permanent employee for the purpose of hiring a work-study student, or replace a permanent employee who is on layoff from the same or substantially the same job by hiring a work-study student.

(g) The percent of the institution's work-study allocation provided to graduate students shall not exceed the percent of graduate student enrollment at the participating institution.

(h) An institution may use up to 30 percent of its allocation for student internships with private, for-profit employers.

Sec. 27. Minnesota Statutes 2006, section 136A.29, subdivision 9, is amended to read:

Subd. 9. **Revenue bonds; limit.** The authority is authorized and empowered to issue revenue bonds whose aggregate principal amount at any time shall not exceed ~~\$800,000,000~~ \$950,000,000 and to issue notes, bond anticipation notes, and revenue refunding bonds of the authority under the provisions of sections 136A.25 to 136A.42, to provide funds for acquiring, constructing, reconstructing, enlarging, remodeling, renovating, improving, furnishing, or equipping one or more projects or parts thereof.

Sec. 28. Minnesota Statutes 2006, section 136A.861, subdivision 1, is amended to read:

Subdivision 1. **Grants.** The director of the Minnesota Office of Higher Education shall award grants to foster postsecondary attendance and retention by providing outreach services to historically underserved students in grades six through 12 and historically underrepresented college students. Grants must be awarded to programs that provide precollege services, including, but not limited to:

(1) academic counseling;

(2) mentoring;

- (3) fostering and improving parental involvement in planning for and facilitating a college education;
- (4) services for students with English as a second language;
- (5) academic enrichment activities;
- (6) tutoring;
- (7) career awareness and exploration;
- (8) orientation to college life;
- (9) assistance with high school course selection and information about college admission requirements; and
- (10) financial aid counseling.

Grants shall be awarded to postsecondary institutions, professional organizations, community-based organizations, or others deemed appropriate by the director.

Grants shall be awarded for one year and may be renewed for a second year with documentation to the Minnesota Office of Higher Education of successful program outcomes.

Sec. 29. Minnesota Statutes 2006, section 136A.861, subdivision 2, is amended to read:

Subd. 2. **Eligible students.** Eligible students include students in grades six through 12 who meet one or more of the following criteria:

- (1) are counted under section 1124(c) of the Elementary and Secondary Education Act of 1965 (Title I);
- (2) are eligible for free or reduced-price lunch under the National School Lunch Act;
- (3) receive assistance under the Temporary Assistance for Needy Families Law (Title I of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996); or
- (4) are a member of a group traditionally underrepresented in higher education.

Eligible undergraduate students include those who met the student eligibility criteria as 6th through 12th graders.

Sec. 30. Minnesota Statutes 2006, section 136A.861, subdivision 3, is amended to read:

Subd. 3. **Application process.** The director of the Minnesota Office of Higher Education shall develop a grant application process. The director shall attempt to support projects in a manner that ensures that eligible students throughout the state have access to ~~precollege~~ college program services.

The grant application must include, at a minimum, the following information:

- (1) a description of the characteristics of the students to be served reflective of the need for services listed in subdivision 1;
- (2) a description of the services to be provided and a timeline for implementation of the activities;

(3) a description of how the services provided will foster postsecondary attendance and support postsecondary retention;

(4) a description of how the services will be evaluated to determine whether the program goals were met; and

(5) other information as identified by the director.

Grant recipients must specify both program and student outcome goals, and performance measures for each goal.

Sec. 31. Minnesota Statutes 2006, section 136A.861, subdivision 6, is amended to read:

Subd. 6. **Program evaluation.** Each grant recipient must annually submit a report to the Minnesota Office of Higher Education delineating its program and student outcome goals, and activities implemented to achieve the stated outcomes. The goals must be clearly stated and measurable. Grant recipients are required to collect, analyze, and report on participation and outcome data that enable the office to verify that the program goals were met. The office shall maintain:

(1) information about successful precollege program and undergraduate student retention program activities for dissemination to individuals throughout the state interested in adopting or replicating successful program practices; and

(2) data on the success of the funded projects in increasing the high school graduation ~~and~~ college participation, and college graduation rates of students served by the grant recipients. The office may convene meetings of the grant recipients, as needed, to discuss issues pertaining to the implementation of precollege services and undergraduate retention programs.

Sec. 32. Minnesota Statutes 2006, section 136F.02, subdivision 1, is amended to read:

Subdivision 1. **Membership.** The board consists of ~~45~~ 17 members appointed by the governor with the advice and consent of the senate. At least one member of the board must be a resident of each congressional district. Three members must be students who are enrolled at least half time in a degree, diploma, or certificate program or have graduated from an institution governed by the board within one year of the date of appointment. The student members shall include: one member from a community college, one member from a state university, and one member from a technical college. Two members must be members of the AFL-CIO. The remaining members must be appointed to represent the state at large.

Sec. 33. **[136F.045] UNION MEMBER SELECTION.**

Notwithstanding section 136F.03, the AFL-CIO has the responsibility for recruiting, screening, and recommending qualified candidates for their members of the board. The AFL-CIO must develop a statement of selection criteria for board membership and a process for recommending candidates. Beginning in 2008, and every six years thereafter, the AFL-CIO must recommend four candidates for the two board positions to the governor by April 15. The governor must appoint two of the candidates to the board of trustees.

Sec. 34. Minnesota Statutes 2006, section 136F.42, subdivision 1, is amended to read:

Subdivision 1. **Time reporting.** As provided in Executive Order 96-2, the board, in consultation with the commissioners of employee relations and finance, may develop policies to allow system office or campus employees on salaries, as defined in section 43A.17, subdivision 1, to use negative time reporting in which employees report only that time for which leave is taken. ~~By the end of the 1997 fiscal year, the board, in consultation with the commissioners of employee relations and finance, shall evaluate the use of negative time reporting and its potential for use with other state employees.~~

Sec. 35. Minnesota Statutes 2006, section 136F.71, subdivision 2, is amended to read:

Subd. 2. **Activity funds.** All receipts attributable to the state colleges and universities activity funds ~~and deposited in the state treasury~~ are appropriated to the board and are not subject to budgetary control as exercised by the commissioner of finance.

Sec. 36. Minnesota Statutes 2006, section 136F.71, is amended by adding a subdivision to read:

Subd. 4. **Banking services.** Notwithstanding section 16A.27, the board shall have authority to control the amount and manner of deposit of all receipts described in this section in depositories selected by the board. The board's authority shall include specifying the considerations, financial activities, and conditions required from the depository, including the requirement of collateral security or a corporate surety bond as described in section 118A.03. The board may compensate the depository, including paying a reasonable charge to the depository, maintaining appropriate compensating balances with the depository, or purchasing non-interest-bearing certificates of deposit from the depository for performing depository-related services.

Sec. 37. Minnesota Statutes 2006, section 136G.11, subdivision 5, is amended to read:

Subd. 5. **Amount of matching grant.** The amount of the matching grant for a beneficiary equals:

(1) if the beneficiary's family income is \$50,000 or less, 15 percent of the sum of the contributions made to the beneficiary's account during the calendar year, not to exceed ~~\$300~~ \$400; and

(2) if the beneficiary's family income is more than \$50,000 but not more than \$80,000, ~~five~~ ten percent of the sum of the contributions made to the beneficiary's account during the calendar year, not to exceed ~~\$300~~ \$400.

Sec. 38. **MINNESOTA WEST COMMUNITY AND TECHNICAL COLLEGE AT WORTHINGTON; YMCA LEASE AGREEMENT.**

(a) The Board of Trustees of Minnesota State Colleges and Universities may enter into a lease agreement with the YMCA not to exceed 40 years, for the lease of land on the Minnesota West Community and Technical College at Worthington campus for the construction of a YMCA facility. The lease may also include the city of Worthington.

(b) Siting and design of the facility must be consistent with the college's master plan and Minnesota State Colleges and Universities' building standards. Minnesota West Community and Technical College may negotiate for use of the facility for college purposes. The lease must contain a provision that the lease shall terminate if the improved property is no longer used for the partial benefit of the students at the Worthington campus.

Sec. 39. **INTEREST RATE SWAP AND OTHER AGREEMENTS; IMPLEMENTATION PLAN.**

The Minnesota Office of Higher Education must develop a plan for implementing interest rate exchanges, swaps, or other interest rate protection agreements for its student loan programs. The plan must be presented in a report to the committees of legislature responsible for higher education finance by January 15, 2008. The report must address potential contracting arrangements and options, benefits and risks associated with these agreements, and the potential impacts on the student loan program, its assets, and its objectives.

Sec. 40. **REPEALER.**

(a) Minnesota Statutes 2006, sections 135A.031, subdivisions 1, 2, 3, 4, 5, and 6; 135A.032; 135A.033; 136A.07; and 136A.08, subdivision 8, are repealed.

(b) Minnesota Statutes 2006, sections 137.0245; and 137.0246, are repealed.

ARTICLE 4

TEXTBOOK PRICING AND ACCESS

Section 1. **[135A.25] TEXTBOOK DISCLOSURE, PRICING, AND ACCESS.**

Subdivision 1. **Short title.** This section may be cited as the Textbook Disclosure, Pricing, and Access Act.

Subd. 2. **Purpose and intent.** The purpose of this act is to ensure that every student in higher education is offered better and more timely access to affordable course materials by educating and informing faculty, students, administrators, institutions, bookstores, and publishers on all aspects of the selection, purchase, sales, and use of the materials. It is the policy of the state of Minnesota that all involved parties must work together to identify ways to decrease the cost of course materials for students while protecting the academic freedom of faculty members to provide high-quality course materials for students.

Subd. 3. **Definitions.** For the purposes of this section, the following definitions have the meanings given.

(1) "Bundled" means any course material packaged together to be sold for one price.

(2) "Bookstore" means a store that is affiliated with a postsecondary institution or has a contract with a postsecondary institution to sell course materials to students enrolled at the postsecondary institution.

(3) "Course material" means textbooks as defined in section 297A.67, subdivision 13, custom course materials, and instructional materials as defined in section 297A.67, subdivision 13a, sold to students by a bookstore in a bundled or unbundled form.

(4) "Custom course materials" means any combination of textbooks, course materials, or any part thereof that has been customized, produced, and sold by a distributor or publisher specifically for a specific course, program, or field of study.

(5) "Distributor" means an independent contractor, including its employees or agents, that is in the business of selling, distributing, advertising, marketing, or maintaining an inventory of course materials for a postsecondary institution or bookstore.

(6) "Postsecondary institution" means a Minnesota institution defined under section 136A.101, subdivision 4.

(7) "Publisher" means a publishing house, firm, or business, including its employees or agents, acting with authority of the publisher that publishes, sells, markets, or maintains an inventory of course materials to a postsecondary institution or bookstore.

Subd. 4. **Publisher disclosures.** (a) Beginning January 1, 2008, a publisher or distributor must post on its Web site, include in a catalog, or disclose in writing to a faculty member or other individual at a postsecondary institution responsible for selecting course material within seven days of a request, at least the following:

(1) the title, edition, author, and International Standard Book Number (ISBN) of all course material and custom course materials, if applicable;

(2) the price for the course material;

(3) whether the required course material is bundled with optional material, whether it can be unbundled, and the price for each bundled and unbundled component;

(4) whether the material is available in an alternative format and the cost for the alternatively formatted material; and

(5) summary of revisions to requested course material for the previous edition or release for materials that have been in circulation for five years or less and a detailed breakdown of revisions must be made available in writing within seven days of the request.

(b) A publisher or distributor must make all bundled course materials available to bookstores or postsecondary institutions in an unbundled form or provide written or verbal notice within seven days of a request under this subdivision if the unbundled materials are not available.

(c) A publisher or distributor must post on its Web site, include in its marketing materials, or disclose in writing when a request is made under this subdivision for the return policy for course material, including any penalties or conditions for returns.

(d) Disclosure under this section is not required for mass market and trade books that are not published, marketed, or sold primarily for use in or by postsecondary institutions.

Subd. 5. **Payment for course material.** Each postsecondary institution must adopt policies that allow students to add the costs of course material purchased at a bookstore to existing waivers or payment plans for tuition and fees.

Subd. 6. **Notice to purchase.** (a) An instructor shall make reasonable efforts to notify a bookstore of the final order for required and recommended course material including, but not limited to, alternative formats, previous editions, or custom course materials at least 30 days prior to the commencement of the term.

(b) The bookstore must notify students of the following information concerning the required and recommended course material at least 15 days prior to the commencement of the term for which the course material is required, including, but not limited to:

(1) the title, edition, author, and International Standard Book Number (ISBN) of the course material;

(2) the price for the course material;

(3) whether the required course material is bundled with optional material, whether it can be unbundled, and the price for each bundled and unbundled component; and

(4) whether the material is available in an alternative format and the cost for the alternatively formatted material.

Subd. 7. **Educational strategies.** (a) During the biennium ending June 30, 2009, the Minnesota Office of Higher Education shall work with postsecondary institutions to develop educational materials based upon the findings of the Minnesota Textbook Advisory Task Force recommendations and other relevant information, convene and sponsor meetings and workshops, and provide educational materials for faculty, students, administrators, institutions, bookstores, and publishers in order to educate all interested parties on strategies for reducing the costs of course materials for students attending postsecondary institutions.

(b) The Minnesota Office of Higher Education must develop and maintain a standardized request form for publisher disclosure under this section with all required information. The request form must be in an electronic format that can be downloaded from the office Web site.

ARTICLE 5

PRIVATE INSTITUTIONS

Section 1. Minnesota Statutes 2006, section 136A.61, is amended to read:

136A.61 POLICY.

The legislature has found and hereby declares that the availability of legitimate courses and programs leading to academic degrees offered by responsible private ~~not for profit and for profit~~ institutions of postsecondary education and the existence of legitimate private colleges and universities are in the best interests of the people of this state. The legislature has found and declares that the state can provide assistance and protection for persons choosing private institutions and programs, by establishing policies and procedures to assure the authenticity and legitimacy of private postsecondary education institutions and programs. The legislature has also found and declares that this same policy applies to any private and public postsecondary educational institution located in another state or country which offers or makes available to a Minnesota resident any course, program or educational activity which does not require the leaving of the state for its completion.

Sec. 2. **[136A.615] CITATION.**

Sections 136A.615 to 136A.71 may be cited as the "Minnesota Private and Out-of-State Public Postsecondary Education Act."

Sec. 3. Minnesota Statutes 2006, section 136A.62, subdivision 3, is amended to read:

Subd. 3. **School.** "School" means:

(1) any ~~individual~~, partnership, company, firm, society, trust, association, corporation, or any combination thereof, which ~~(a) (i)~~ is, owns, or operates a private, nonprofit postsecondary education institution; ~~(b) (ii)~~ is, owns, or operates a private, for profit postsecondary education institution; (iii) provides a postsecondary instructional program or course leading to a degree whether or not for profit; ~~(c) (iv)~~ is, owns, or operates a private, postsecondary education institution which uses the term "college", "academy", "institute" or "university" in its name; ~~or (d) operates for profit and provides programs or courses which are intended to allow an individual to fulfill in part or totally the requirements necessary to maintain a license to practice an occupation. School shall also mean~~

(2) any public postsecondary educational institution located in another state or country which offers or makes available to a Minnesota resident any course, program or educational activity which does not require the leaving of the state for its completion; or

(3) any individual, entity, or postsecondary institution located in another state that contracts with any school located within the state of Minnesota for the purpose of providing educational programs, training programs, or awarding postsecondary credits or continuing education credits to Minnesota residents that may be applied to a degree program.

Sec. 4. Minnesota Statutes 2006, section 136A.63, is amended to read:

136A.63 REGISTRATION.

Subdivision 1. Annual registration. All schools located within Minnesota and all schools located outside Minnesota which offer degree programs or courses within Minnesota shall register annually with the office.

Subd. 2. **Sale of an institution.** Within 30 days of a change of ownership the school must submit a registration renewal application, all usual and ordinary information and materials for an initial registration, and applicable registration fees for a new institution. For purposes of this subdivision, "change of ownership" means a merger or consolidation with a corporation; a sale, lease, exchange, or other disposition of all or substantially all of the assets of a school; the transfer of a controlling interest of at least 51 percent of the school's stock; or a change in the not-for-profit or for profit status of a school.

Sec. 5. Minnesota Statutes 2006, section 136A.64, is amended to read:

136A.64 INFORMATION REQUIRED FOR REGISTRATION.

Subdivision 1. **Schools to provide information.** As a basis for registration, schools shall provide the office with such information as the office needs to determine the nature and activities of the school, including but not limited to, requirements for admission, enrollments, tuition charge, refund policies, curriculum, degrees granted, and faculty employed. The office shall have the authority to verify the accuracy of the information submitted to it by inspection or any other means it deems necessary. the following which shall be accompanied by an affidavit attesting to its accuracy and truthfulness:

- (1) articles of incorporation, constitution, bylaws, or other operating documents;
- (2) a duly adopted statement of the school's mission and goals;
- (3) evidence of current school or program licenses granted by departments or agencies of any state;
- (4) a fiscal balance sheet on an accrual basis, or a certified audit of the immediate past fiscal year including any management letters provided by the independent auditor or, if the school is a public institution outside Minnesota, an income statement for the immediate past fiscal year;
- (5) all current promotional and recruitment materials and advertisements; and
- (6) the current school catalog and, if not contained in the catalog:
 - (i) the members of the board of trustees or directors, if any;
 - (ii) the current institutional officers;
 - (iii) current full-time and part-time faculty with degrees held or applicable experience;
 - (iv) a description of all school facilities;
 - (v) a description of all current course offerings;
 - (vi) all requirements for satisfactory completion of courses, programs, and degrees;
 - (vii) the school's policy about freedom or limitation of expression and inquiry;
 - (viii) a current schedule of fees, charges for tuition, required supplies, student activities, housing, and all other standard charges;
 - (ix) the school's policy about refunds and adjustments;

(x) the school's policy about granting credit for prior education, training, and experience; and

(xi) the school's policies about student admission, evaluation, suspension, and dismissal.

Subd. 2. **Financial records.** The office shall not disclose financial records or accreditation reports provided to it by a school pursuant to this section except for the purpose of defending, at hearings pursuant to chapter 14, or other appeal proceedings, its decision to approve or not to approve the granting of degrees or the use of a name by the school. Section 15.17, subdivision 4, shall not apply to such records.

Subd. 3. **Additional information.** If the office is unable to determine the nature and activities of a school on the basis of the information in subdivision 1, the office shall notify the school of additional information needed.

Subd. 4. **Verification of information.** The office may verify the accuracy of submitted information by inspection, visitation, or any other means it considers necessary.

Subd. 5. **Public information.** All information submitted to the office is public information except financial and accreditation records and information. The office may disclose financial records or information to defend its decision to approve or disapprove granting of degrees or the use of a name or its decisions to revoke the approval at a hearing under chapter 14 or other legal proceedings.

Subd. 6. **Late registration penalty.** Applications for renewal for any registration received after the deadline date specified in the renewal materials provided by the office are subject to a late fee equal to 20 percent of the annual registration renewal fee.

Subd. 7. **Out-of-state expenses.** A school shall reimburse the office for actual costs associated with a site evaluation visit outside Minnesota if the visit is necessary under section 136A.64, subdivision 1 or 3.

Sec. 6. **[136A.645] SCHOOL CLOSURE.**

(a) When a school decides to cease postsecondary education operations, or if its registration is refused, revoked, or suspended it must cooperate with the office in assisting students to find alternative means to complete their studies with a minimum of disruption, and inform the office of the following:

(1) the planned date for termination of postsecondary education operations;

(2) the planned date for the transfer of the student records;

(3) confirmation of the name and address of the organization to receive and hold the student records; and

(4) the official at the organization receiving the student records who is designated to provide official copies of records or transcripts upon request.

(b) Upon notice from a school of its intention to cease operations, or if a school's registration is revoked, refused, or suspended, the office shall notify the school of the date on which it must cease the enrollment of students and all postsecondary educational operations.

Sec. 7. **[136A.646] ADDITIONAL SECURITY.**

In the event any registered institution is notified by the United States Department of Education that it has fallen below minimum financial standards and that its continued participation in Title IV will be conditioned upon its satisfying either the Zone Alternative, Code of Federal Regulations, title 34, section 668.175, paragraph (f), or a

Letter of Credit Alternative, Code of Federal Regulations, title 34, section 668.175, paragraph (c), the institution shall provide a surety bond conditioned upon the faithful performance of all contracts and agreements with students in a sum equal to the "letter of credit" required by the United States Department of Education in the Letter of Credit Alternative, but in no event shall such bond be less than \$10,000 and not more than \$250,000.

Sec. 8. Minnesota Statutes 2006, section 136A.65, is amended to read:

136A.65 APPROVAL OF DEGREES AND NAME.

Subdivision 1. **Prohibition.** No school subject to registration shall grant a degree unless such degree is and its underlying curriculum are approved by the office, nor shall any school subject to registration use the name "college," "academy," "institute" or "university" in its name without approval by the office.

Subd. 1a. **Accreditation; requirement.** A school must not be registered or authorized to offer any degree at any level unless the school is accredited by an agency recognized by the United States Department of Education for purposes of eligibility to participate in Title IV federal financial aid programs. Any registered school undergoing institutional accreditation shall inform the office of site visits by the accrediting agency and provide office staff the opportunity to attend the visits, including any exit interviews. The institution must provide the office with a copy of the final report upon receipt.

Subd. 2. **Procedures.** The office shall establish procedures for approval, including notice and an opportunity for a hearing pursuant to chapter 14 if such approval is not granted. If a hearing is requested, no disapproval shall take effect until after such hearing.

Subd. 3. **Application.** A school subject to registration shall be granted approval to use the term "college," "academy," "institute" or "university" in its name whether or not it offers a program leading to a degree, if it was organized, operating and using such term in its name on or before August 1, 1975, and if it meets the other policies and standards for approval established by the office.

Subd. 4. **Criteria for approval.** (a) A school applying to be registered and to have its degree or degrees and name approved must substantially meet the following criteria:

(1) the school has an organizational framework with administrative and teaching personnel to provide the educational programs offered;

(2) the school has financial resources sufficient to meet the school's financial obligations, including refunding tuition and other charges consistent with its stated policy if the institution is dissolved, or if claims for refunds are made, to provide service to the students as promised, and to provide educational programs leading to degrees as offered;

(3) the school operates in conformity with generally accepted budgeting and accounting procedures, such as the standards adopted by the National Association of College and University Business Officers, located at 1 Dupont Circle, Washington, D.C., 20036;

(4) the school provides an educational program leading to the degree it offers;

(5) the school provides appropriate and accessible library, laboratory, and other physical facilities to support the educational program offered;

(6) the school has a policy on freedom or limitation of expression and inquiry for faculty and students which is published or available on request;

(7) the school uses only publications and advertisements which are truthful and do not give any false, fraudulent, deceptive, inaccurate, or misleading impressions about the school, its personnel, programs, services, or occupational opportunities for its graduates for promotion and student recruitment;

(8) the school's compensated recruiting agents who are operating in Minnesota identify themselves as agents of the school when talking to or corresponding with students and prospective students; and

(9) the school provides information to students and prospective students concerning:

(i) comprehensive and accurate policies relating to student admission, evaluation, suspension, and dismissal;

(ii) clear and accurate policies relating to granting credit for prior education, training, and experience and for courses offered by the school;

(iii) current schedules of fees, charges for tuition, required supplies, student activities, housing, and all other standard charges;

(iv) policies regarding refunds and adjustments for withdrawal or modification of enrollment status; and

(v) procedures and standards used for selection of recipients and the terms of payment and repayment for any financial aid program.

(b) An application for degree approval must also include:

(i) title of degree and formal recognition awarded;

(ii) location where such degree will be offered;

(iii) proposed implementation date of the degree;

(iv) admissions requirements for the degree;

(v) length of the degree;

(vi) projected enrollment for a period of five years;

(vii) the curriculum required for the degree, including course syllabi or outlines;

(viii) statement of academic and administrative mechanisms planned for monitoring the quality of the proposed degree;

(ix) statement of satisfaction of professional licensure criteria, if applicable;

(x) documentation of the availability of clinical, internship, externship, or practicum sites, if applicable; and

(xi) statement of how the degree fulfills the institution's mission and goals, complements existing degrees, and contributes to the school's viability.

Subd. 5. **Requirements for degree approval.** For each degree a school offers to a student, where the student does not leave Minnesota for the major portion of the program or course leading to the degree, the school must have:

(1) qualified teaching personnel to provide the educational programs for each degree for which approval is sought;

(2) appropriate educational programs leading to each degree for which approval is sought;

(3) appropriate and accessible library, laboratory, and other physical facilities to support the educational program for each degree for which approval is sought; and

(4) a rationale showing that degree programs are consistent with the school's mission and goals.

Subd. 6. **Name.** A school may use the term "academy" or "institute" in its name without meeting any additional requirements. A school may use the term "college" in its name if it offers at least one program leading to an associate degree. A school may use the term "university" in its name if it offers at least one program leading to a master's or doctorate degree.

Subd. 7. **Grandfathered names.** Names used before August 1, 2007, by a school, organized, operating, and using the term "academy," "institute," "college," or "university" in its name on or before August 1, 2007, may continue using such term whether or not it offers a program leading to a degree.

Subd. 8. **Conditional approval.** The office may grant conditional approval for a degree or use of a term in its name for a period of less than one year if doing so would be in the best interests of currently enrolled students or prospective students.

Subd. 9. **Disapproval of registration appeal.** If a school's degree or use of a term in its name is disapproved by the office, the school may request a hearing under chapter 14. The request must be in writing and made to the office within 30 days of the date the school is notified of the disapproval.

(a) The office may refuse to renew, revoke, or suspend registration, approval of a school's degree, or use of a regulated term in its name by giving written notice and reasons to the school. The school may request a hearing under chapter 14. If a hearing is requested, no revocation or suspension shall take effect until after the hearing.

(b) Reasons for revocation or suspension of registration or approval may be for one or more of the following reasons:

(1) violating the provisions of sections 136A.615 to 136A.71;

(2) providing false, misleading, or incomplete information to the office;

(3) presenting information about the school which is false, fraudulent, misleading, deceptive, or inaccurate in a material respect to prospective students; or

(4) refusing to allow reasonable inspection or to supply reasonable information after a written request by the office has been received.

Sec. 9. Minnesota Statutes 2006, section 136A.653, is amended to read:

136A.653 EXEMPTIONS.

Subdivision 1. **Exemption.** A school that is subject to licensing by the office under chapter 141, is exempt from the provisions of sections ~~136A.61~~ 136A.615 to 136A.71. The determination of the office as to whether a particular school is subject to regulation under chapter 141 is final for the purposes of this exemption.

Subd. 2. **Educational program; nonprofit organizations.** Educational programs which are sponsored by a bona fide and nonprofit trade, labor, business, professional or fraternal organization, which programs are conducted solely for that organization's membership or for the members of the particular industries or professions served by that organization, and which are not available to the public on a fee basis, are exempted from the provisions of sections ~~136A.61~~ 136A.615 to 136A.71.

Subd. 3. **Educational program; business firms.** Educational programs which are sponsored by a business firm for the training of its employees or the employees of other business firms with which it has contracted to provide educational services at no cost to the employees are exempted from the provisions of sections ~~136A.61~~ 136A.615 to 136A.71.

Subd. 4. **Voluntary submission.** Any school or program exempted from the provisions of sections ~~136A.61~~ 136A.615 to 136A.71 by the provisions of this section may voluntarily submit to the provisions of those sections.

Sec. 10. Minnesota Statutes 2006, section 136A.657, is amended to read:

136A.657 EXEMPTION; RELIGIOUS SCHOOLS.

Subdivision 1. **Exemption.** Any school or any department or branch of a school (a) which is substantially owned, operated or supported by a bona fide church or religious organization; (b) whose programs are primarily designed for, aimed at and attended by persons who sincerely hold or seek to learn the particular religious faith or beliefs of that church or religious organization; and (c) whose programs are primarily intended to prepare its students to become ministers of, to enter into some other vocation closely related to, or to conduct their lives in consonance with, the particular faith of that church or religious organization, is exempt from the provisions of sections ~~136A.61~~ 136A.615 to 136A.71.

Subd. 2. **Limitation.** This exemption shall not extend to any school or to any department or branch of a school which through advertisements or solicitations represents to any students or prospective students that the school, its aims, goals, missions or purposes or its programs are different from those described in subdivision 1. This exemption shall not extend to any school which represents to any student or prospective student that the major purpose of its programs is to prepare the student for a vocation not closely related to that particular religious faith, or to provide the student with a general educational program recognized by other schools or the broader educational, business or social community as being substantially equivalent to the educational programs offered by schools or departments or branches of schools which are not exempt from sections ~~136A.61~~ 136A.615 to 136A.71, and rules adopted pursuant thereto.

Subd. 3. **Scope.** Nothing in sections ~~136A.61~~ 136A.615 to 136A.71, or the rules adopted pursuant thereto, shall be interpreted as permitting the office to determine the truth or falsity of any particular set of religious beliefs.

Subd. 4. **Statement required; religious nature.** Any degree awarded upon completion of a religiously exempt program shall include descriptive language to make the religious nature of the award clear.

Sec. 11. Minnesota Statutes 2006, section 136A.66, is amended to read:

136A.66 LIST.

The office shall maintain a list of ~~schools~~ registered institutions authorized to grant degrees and schools authorized to use the name "college," "academy," "institute" or "university," and shall make such list available to the public.

Sec. 12. Minnesota Statutes 2006, section 136A.67, is amended to read:

136A.67 UNAUTHORIZED REPRESENTATIONS.

~~No school and none of its officials or employees shall advertise or represent in any manner that such school is approved or accredited by the office or state of Minnesota except that any A school which is duly registered with the office, or any of its officials or employees, may represent in advertising and shall disclose in catalogues, applications, and enrollment materials that the school is registered with the office- by prominently displaying the following statement: "(Name of school) is registered as a private institution with the Minnesota Office of Higher Education pursuant to sections 136A.615 to 136A.71. Registration is not an endorsement of the institution. Credits earned at the institution may not transfer to all other institutions."~~

Sec. 13. **[136A.675] RISK ANALYSIS.**

The office shall develop a set of financial and programmatic evaluation metrics to aid in the detection of the failure or potential failure of a school to meet the standards established under sections 136A.61 to 136A.71. These metrics shall include indicators of financial stability, changes in the senior management or the financial aid and senior administrative staff of an institution, changes in enrollment, changes in program offerings, and changes in faculty staffing patterns. The development of financial standards shall use industry standards as benchmarks. The development of the nonfinancial standards shall include a measure of trends and dramatic changes in trends or practice. The agency must specify the metrics and standards for each area and provide a copy to each registered institution and post them on the agency Web site. The agency shall use regularly reported data submitted to the federal government or other regulatory or accreditation agencies wherever possible. The agency may require more frequent data reporting by an institution to ascertain whether the standards are being met.

Sec. 14. Minnesota Statutes 2006, section 136A.68, is amended to read:

136A.68 RECORDS.

~~After August 1, 1975, all schools located in this state must maintain permanent records of all students enrolled therein at any time. The office may require schools to provide a plan acceptable to the office for preserving all such records for at least ten years. The office may require that such plan include the filing of a continuous surety bond or a deposit of funds in trust in an amount not to exceed \$20,000 for the purpose of preserving records after such school ceases to exist. A registered school shall maintain a permanent record for each student for 50 years from the last date of the student's attendance. A registered school offering distance instruction to a student located in Minnesota shall maintain a permanent record for each Minnesota student for 50 years from the last date of the student's attendance. Records include a student's academic transcript, documents, and files containing student data about academic credits earned, courses completed, grades awarded, degrees awarded, and periods of attendance. To preserve permanent records, a school shall submit a plan that meets the following requirements:~~

(1) at least one copy of the records must be held in a secure, fireproof depository or duplicate records must be maintained off site in a secure location and in a manner approved by the office;

(2) an appropriate official must be designated to provide a student with copies of records or a transcript upon request;

(3) an alternative method approved by the office of complying with clauses (1) and (2) must be established if the school ceases to exist; and

(4) if the school has no binding agreement approved by the office for preserving student records, a continuous surety bond must be filed with the office in an amount not to exceed \$20,000. The bond shall run to the state of Minnesota.

Sec. 15. Minnesota Statutes 2006, section 136A.69, is amended to read:

136A.69 FEES.

Subdivision 1. **Registration fees.** The office shall collect reasonable registration fees that are sufficient to recover, but do not exceed, its costs of administering the registration program. The office shall charge \$1,100 for initial registration fees and \$950 for annual renewal fees.

Subd. 2. **Degree level addition fee.** The office processing fee for adding a degree level to an existing program is \$2,000 per program.

Subd. 3. **Program addition fee.** The office processing fee for adding a program that represents a significant departure in the objectives, content, or method of delivery of programs that are currently offered by the school is \$500 per program.

Subd. 4. **Visit or consulting fee.** If the office determines that a fact-finding visit or outside consultant is necessary to review or evaluate any new or revised program, the office shall be reimbursed for the expenses incurred related to the review as follows:

(1) \$300 for the team base fee or for a paper review conducted by a consultant if the office determines that a fact-finding visit is not required;

(2) \$300 for each day or part thereof on site per team member; and

(3) the actual cost of customary meals, lodging, and related travel expenses incurred by team members.

Subd. 5. **Modification fee.** The fee for modification of any existing program is \$100 and is due if there is:

(1) an increase or decrease of 25 percent or more from the original date of program approval, in clock hours, credit hours, or calendar length of an existing program;

(2) a change in academic measurement from clock hours to credit hours or vice versa; or

(3) an addition or alteration of courses that represent a 25 percent change or more in the objectives, content, or methods of delivery.

Sec. 16. **[136A.705] PENALTY.**

The director may assess fines for violations of a provision of sections 136A.615 to 136A.71. Each day's failure to comply with a provision of sections 136A.615 to 136A.71 shall be a separate violation and fines shall not exceed \$500 per day per violation. Amounts received under this section must be deposited in the special revenue fund and are appropriated in fiscal years 2008 and 2009 for the purposes in sections 136A.615 to 136A.71.

Sec. 17. Minnesota Statutes 2006, section 136A.71, is amended to read:

136A.71 INJUNCTION.

Upon application of the attorney general the district courts shall have jurisdiction to enjoin any violations of sections ~~136A.61~~ 136A.615 to 136A.71.

Sec. 18. Minnesota Statutes 2006, section 141.21, subdivision 1a, is amended to read:

Subd. 1a. **Office of Higher Education or office.** "Office of Higher Education" or "office" means the Minnesota Office of Higher Education.

Sec. 19. Minnesota Statutes 2006, section 141.21, subdivision 5, is amended to read:

Subd. 5. **School.** "School" means any person, within or outside the state, who maintains, advertises, administers, solicits for, or conducts any program ~~for profit at any less than an associate degree level other than baccalaureate or graduate programs, and is not specifically exempted by sections 141.21 to and is not registered as a private institution under sections 136A.615 to 136A.71 and is not specifically exempted by section 141.35 or 141.37.~~

Sec. 20. Minnesota Statutes 2006, section 141.25, subdivision 1, is amended to read:

Subdivision 1. **Required.** A school must not maintain, advertise, solicit for, administer, or conduct any program in Minnesota without first obtaining a license from the office.

Sec. 21. Minnesota Statutes 2006, section 141.25, subdivision 5, is amended to read:

Subd. 5. **Bond.** (a) No license shall be issued to any school which maintains, conducts, solicits for, or advertises within the state of Minnesota any program, unless the applicant files with the office a continuous corporate surety bond written by a company authorized to do business in Minnesota conditioned upon the faithful performance of all contracts and agreements with students made by the applicant.

(b) The amount of the surety bond shall be ten percent of the preceding year's gross income from student tuition, fees, and other required institutional charges, but in no event less than \$10,000 nor greater than \$250,000, except that a school may deposit a greater amount at its own discretion. A school in each annual application for licensure must compute the amount of the surety bond and verify that the amount of the surety bond complies with this subdivision, unless the school maintains a surety bond equal to at least \$250,000. A school that operates at two or more locations may combine gross income from student tuition, fees, and other required institutional charges for all locations for the purpose of determining the annual surety bond requirement. The gross tuition and fees used to determine the amount of the surety bond required for a school having a license for the sole purpose of recruiting students in Minnesota shall be only that paid to the school by the students recruited from Minnesota.

(c) The bond shall run to the state of Minnesota and to any person who may have a cause of action against the applicant arising at any time after the bond is filed and before it is canceled for breach of any contract or agreement made by the applicant with any student. The aggregate liability of the surety for all breaches of the conditions of the bond shall not exceed the principal sum deposited by the school under paragraph (b). The surety of any bond may cancel it upon giving 60 days' notice in writing to the office and shall be relieved of liability for any breach of condition occurring after the effective date of cancellation.

(d) In lieu of bond, the applicant may deposit with the commissioner of finance a sum equal to the amount of the required surety bond in cash, or securities as may be legally purchased by savings banks or for trust funds in an aggregate market value equal to the amount of the required surety bond.

(e) Failure of a school to post and maintain the required surety bond or deposit under paragraph (d) ~~may~~ shall result in denial, suspension, or revocation of the school's license.

Sec. 22. Minnesota Statutes 2006, section 141.25, subdivision 7, is amended to read:

Subd. 7. **Minimum standards.** A license shall be issued if the office first determines:

(1) that the applicant has a sound financial condition with sufficient resources available to:

(i) meet the school's financial obligations;

(ii) refund all tuition and other charges, within a reasonable period of time, in the event of dissolution of the school or in the event of any justifiable claims for refund against the school by the student body;

(iii) provide adequate service to its students and prospective students; and

(iv) maintain and support the school;

(2) that the applicant has satisfactory facilities with sufficient tools and equipment and the necessary number of work stations to prepare adequately the students currently enrolled, and those proposed to be enrolled;

(3) that the applicant employs a sufficient number of qualified teaching personnel to provide the educational programs contemplated;

(4) that the school has an organizational framework with administrative and instructional personnel to provide the programs and services it intends to offer;

(5) that the premises and conditions under which the students work and study are sanitary, healthful, and safe, according to modern standards;

(6) that the quality and content of each occupational course or program of study provides education and adequate preparation to enrolled students for entry level positions in the occupation for which prepared;

(7) that the living quarters which are owned, maintained, recommended, or approved by the applicant for students are sanitary and safe;

(8) that the contract or enrollment agreement used by the school complies with the provisions in section 141.265;

(9) that contracts and agreements do not contain a wage assignment provision or a confession of judgment clause; and

(10) that there has been no adjudication of fraud or misrepresentation in any criminal, civil, or administrative proceeding in any jurisdiction against the school or its owner, officers, agents, or sponsoring organization.

Sec. 23. Minnesota Statutes 2006, section 141.25, subdivision 9, is amended to read:

Subd. 9. **Catalog, brochure, or electronic display.** Before a license is issued to a school, the school shall furnish to the office a catalog, brochure, or electronic display including:

- (1) identifying data, such as volume number and date of publication;
- (2) name and address of the school and its governing body and officials;
- (3) a calendar of the school showing legal holidays, beginning and ending dates of each course quarter, term, or semester, and other important dates;
- (4) the school policy and regulations on enrollment including dates and specific entrance requirements for each program;
- (5) the school policy and regulations about leave, absences, class cuts, make-up work, tardiness, and interruptions for unsatisfactory attendance;
- (6) the school policy and regulations about standards of progress for the student including the grading system of the school, the minimum grades considered satisfactory, conditions for interruption for unsatisfactory grades or progress, a description of any probationary period allowed by the school, and conditions of reentrance for those dismissed for unsatisfactory progress;
- (7) the school policy and regulations about student conduct and conditions for dismissal for unsatisfactory conduct;
- (8) a detailed schedule of fees, charges for tuition, books, supplies, tools, student activities, laboratory fees, service charges, rentals, deposits, and all other charges;
- (9) the school policy and regulations, including an explanation of section 141.271, about refunding tuition, fees, and other charges if the student does not enter the program, withdraws from the program, or the program is discontinued;
- (10) a description of the available facilities and equipment;
- (11) a course outline syllabus for each course offered showing course objectives, subjects or units in the course, type of work or skill to be learned, and approximate time, hours, or credits to be spent on each subject or unit;
- (12) the school policy and regulations about granting credit for previous education and preparation;
- (13) a notice to students relating to the transferability of any credits earned at the school to other institutions;
- (14) a procedure for investigating and resolving student complaints; and
- ~~(14)~~ (15) the name and address of the Minnesota Office of Higher Education.

A school that is exclusively a distance education school is exempt from clauses (3) and (5).

Sec. 24. Minnesota Statutes 2006, section 141.25, subdivision 10, is amended to read:

Subd. 10. **Placement records.** (a) Before a license is ~~issued~~ reissued to a school that offers, advertises or implies a placement service, the school shall file with the office for the past year and thereafter at reasonable intervals determined by the office, a certified copy of the school's placement record, containing a list of graduates, a description of their jobs, names of their employers, and other information as the office may prescribe.

(b) Each school that offers a placement service shall furnish to each prospective student, upon request, prior to enrollment, written information concerning the percentage of the previous year's graduates who were placed in the occupation for which prepared or in related employment.

Sec. 25. Minnesota Statutes 2006, section 141.25, subdivision 12, is amended to read:

Subd. 12. **Permanent records.** A school licensed under this chapter and located in Minnesota shall maintain a permanent record for each student for 50 years from the last date of the student's attendance. A school licensed under this chapter and offering distance instruction to a student located in Minnesota shall maintain a permanent record for each Minnesota student for 50 years from the last date of the student's attendance. Records include school transcripts, documents, and files containing student data about academic credits earned, courses completed, grades awarded, degrees awarded, and periods of attendance. To preserve permanent records, a school shall submit a plan that meets the following requirements:

- (1) at least one copy of the records must be held in a secure, fireproof depository;
- (2) an appropriate official must be designated to provide a student with copies of records or a transcript upon request;
- (3) an alternative method, approved by the office, of complying with clauses (1) and (2) must be established if the school ceases to exist; and
- (4) a continuous surety bond must be filed with the office in an amount not to exceed \$20,000 if the school has no binding agreement approved by the office, for preserving student records ~~or a trust must be arranged if the school ceases to exist. The bond shall run to the state of Minnesota.~~

Sec. 26. Minnesota Statutes 2006, section 141.255, subdivision 2, is amended to read:

Subd. 2. **Renewal licensure fee; late fee.** (a) The office processing fee for a renewal licensure application is:

- (1) for a category A school, as determined by the office, the fee is \$865 if the school offers one program or \$1,150 if the school offers two or more programs; and
 - (2) for a category B or C school, as determined by the office, the fee is \$430 if the school offers one program or \$575 if the school offers two or more programs.
- (b) If a license renewal application is not received by the office by the close of business at least 60 days before the expiration of the current license, a late fee of \$100 per business day, not to exceed \$3,000, shall be assessed.

Sec. 27. Minnesota Statutes 2006, section 141.265, subdivision 2, is amended to read:

Subd. 2. **Contract information.** A contract or enrollment agreement used by a school must include at least the following:

- (1) the name and address of the school, clearly stated;
- (2) a clear and conspicuous disclosure that the agreement is a legally binding instrument upon written acceptance of the student by the school unless canceled under section 141.271;
- (3) the school's cancellation and refund policy that shall be clearly and conspicuously entitled "Buyer's Right to Cancel";
- (4) a clear statement of total cost of the program including tuition and all other charges;
- (5) the name and description of the program, including the number of hours or credits of classroom instruction, or distance instruction, that shall be included; and
- (6) a clear and conspicuous explanation of the form and means of notice the student should use in the event the student elects to cancel the contract or sale, the effective date of cancellation, and the name and address of the seller to which the notice should be sent or delivered.

The contract or enrollment agreement must not include a wage assignment provision or a confession of judgment clause.

Sec. 28. Minnesota Statutes 2006, section 141.271, subdivision 10, is amended to read:

Subd. 10. **Cancellation occurrence.** Written notice of cancellation shall take place on the date the letter of cancellation is postmarked or, in the cases where the notice is hand carried, it shall occur on the date the notice is delivered to the school. If a student has not attended ~~classes~~ class for a period of 21 consecutive days without contacting the school to indicate an intent to continue in school or otherwise making arrangements concerning the absence, the student is considered to have withdrawn from school for all purposes as of the student's last documented date of attendance.

Sec. 29. Minnesota Statutes 2006, section 141.271, subdivision 12, is amended to read:

Subd. 12. **Instrument not to be negotiated.** A school shall not negotiate any promissory instrument received as payment of tuition or other charge prior to completion of 50 percent of the program-, except that prior to that time, instruments may be transferred by assignment to purchasers who shall be subject to all defenses available against the school named as payee.

Sec. 30. Minnesota Statutes 2006, section 141.28, subdivision 1, is amended to read:

Subdivision 1. ~~Not to advertise state approval~~ **Disclosure required.** ~~Schools, agents of schools, and solicitors may not advertise or represent in writing or orally that such school is approved or accredited by the state of Minnesota, except that any A school, agent, or solicitor may advertise~~ represent in advertisements and shall disclose in catalogues, applications, and enrollment materials that the school and solicitor have been is duly licensed by the state ~~using by prominently displaying the following language statement:~~

"(Name of school) is licensed as a private career school with the Minnesota Office of Higher Education. Licensure is not an endorsement of the institution. Credits earned at the institution may not transfer to all other institutions. ~~The educational programs may not meet the needs of every student or employer.~~"

Sec. 31. Minnesota Statutes 2006, section 141.32, is amended to read:

141.32 PENALTY.

~~Violation of a provision of this chapter shall be a misdemeanor. Each day's failure to comply with this chapter shall be a separate violation. The office shall adopt rules establishing a list of civil penalties and the fine associated with each violation. Fines for violations shall not exceed \$500 per day per violation. The director may assess fines for violations of a provision of this chapter. Each day's failure to comply with a provision of sections 136A.615 to 136A.71 shall be a separate violation and fines shall not exceed \$500 per day per violation. Amounts received under this section must be deposited in the special revenue fund and are appropriated in fiscal years 2008 and 2009 for the purposes of this chapter.~~

Sec. 32. Minnesota Statutes 2006, section 141.35, is amended to read:

141.35 EXEMPTIONS.

Sections 141.21 to ~~141.35~~ 141.32 shall not apply to the following:

- (1) public postsecondary institutions;
- (2) ~~private~~ postsecondary institutions registered under sections ~~136A.61~~ 136A.615 to 136A.71 ~~that are nonprofit, or that are for profit and registered under sections 136A.61 to 136A.71 as of December 31, 1998, or are approved to offer exclusively baccalaureate or postbaccalaureate programs;~~
- (3) schools of nursing accredited by the state Board of Nursing or an equivalent public board of another state or foreign country;
- (4) private schools complying with the requirements of section 120A.22, subdivision 4;
- (5) courses taught to students in a valid apprenticeship program taught by or required by a trade union;
- (6) schools exclusively engaged in training physically or mentally disabled persons for the state of Minnesota;
- (7) schools licensed by boards authorized under Minnesota law to issue licenses;
- (8) schools and educational programs, or training programs, contracted for by persons, firms, corporations, government agencies, or associations, for the training of their own employees, for which no fee is charged the employee;
- (9) schools engaged exclusively in the teaching of purely avocational, recreational, or remedial subjects as determined by the office;
- (10) ~~driver training schools and instructors as defined in section 171.33, subdivisions 1 and 2;~~
- ~~(11)~~ classes, courses, or programs conducted by a bona fide trade, professional, or fraternal organization, solely for that organization's membership;

~~(12)~~ (11) programs in the fine arts provided by organizations exempt from taxation under section 290.05 and registered with the attorney general under chapter 309. For the purposes of this clause, "fine arts" means activities resulting in artistic creation or artistic performance of works of the imagination which are engaged in for the primary purpose of creative expression rather than commercial sale or employment. In making this determination the office may seek the advice and recommendation of the Minnesota Board of the Arts;

~~(13)~~ (12) classes, courses, or programs intended to fulfill the continuing education requirements for licensure or certification in a profession, that have been approved by a legislatively or judicially established board or agency responsible for regulating the practice of the profession, and that are offered exclusively to an individual practicing the profession;

~~(14)~~ (13) classes, courses, or programs intended to prepare students to sit for undergraduate, graduate, postgraduate, or occupational licensing and occupational entrance examinations;

~~(15)~~ (14) classes, courses, or programs providing 16 or fewer clock hours of instruction that are not part of the curriculum for an occupation or entry level employment;

~~(16)~~ (15) classes, courses, or programs providing instruction in personal development, modeling, or acting;

~~(17)~~ (16) training or instructional programs, in which one instructor teaches an individual student, that are not part of the curriculum for an occupation or are not intended to prepare a person for entry level employment; and

~~(18)~~ (17) schools with no physical presence in Minnesota, as determined by the office, engaged exclusively in offering distance instruction that are located in and regulated by other states or jurisdictions.

Sec. 33. **[141.37] EXEMPTION; RELIGIOUS SCHOOLS.**

Subdivision 1. **Exemption.** Any school or any department or branch of a school:

(1) which is substantially owned, operated, or supported by a bona fide church or religious organization;

(2) whose programs are primarily designed for, aimed at, and attended by persons who sincerely hold or seek to learn the particular religious faith or beliefs of that church or religious organization; and

(3) whose programs are primarily intended to prepare its students to become ministers of, to enter into some other vocation closely related to, or to conduct their lives in consonance with the particular faith of that church or religious organization,

is exempt from the provisions of sections 141.21 to 141.32.

Subd. 2. **Limitations.** (a) An exemption shall not extend to any school, department or branch of a school, or program of a school which through advertisements or solicitations represents to any students or prospective students that the school, its aims, goals, missions, purposes, or programs are different from those described in subdivision 1.

(b) An exemption shall not extend to any school which represents to any student or prospective student that the major purpose of its programs is to:

(1) prepare the student for a vocation not closely related to that particular religious faith; or

(2) provide the student with a general educational program recognized by other schools or the broader educational, business, or social community as being substantially equivalent to the educational programs offered by schools or departments or branches of schools which are not religious in nature and are not exempt from chapter 141 and from rules adopted pursuant under this chapter.

Subd. 3. **Scope.** Nothing in this chapter or the rules adopted under it shall be interpreted as permitting the office to determine the truth or falsity of any particular set of religious beliefs.

Subd. 4. **Descriptive language required.** Any certificate, diploma, degree, or other formal recognition awarded upon completion of any religiously exempt program shall include such descriptive language as to make the religious nature of the award clear.

Sec. 34. EFFECTIVE DATE; TRANSITION PROCESS.

Changes in Minnesota Statutes, chapter 141, and sections 136A.615 to 136A.71, shall be effective July 1, 2007. Schools currently licensed pursuant to Minnesota Statutes, chapter 141, that qualify for private institution registration after July 1, 2007, shall apply for and complete the process for registration prior to the expiration of their current private career school license. Schools currently registered as private institutions pursuant to Minnesota Statutes, sections 136A.61 to 136A.71, that are required to obtain a private career school license after August 1, 2007, shall apply for and complete the process for licensure prior to the expiration of the current registration, but in any event no later than December 31, 2007. The office is authorized to extend existing license or registration for a reasonable period of time to allow for the completion of the new processes when necessary."

Delete the title and insert:

"A bill for an act relating to higher education; appropriating money; establishing the Minnesota GI Bill program; amending certain Minnesota Office of Higher Education provisions; establishing new grant and loan repayment programs; amending higher education programs; amending certain grant programs; amending certain higher education provisions; eliminating obsolete references; making technical changes; authorizing control of certain decreasing students' share of attendance; establishing a college readiness assessment; increasing revenue bond limits; authorizing control of certain deposits; authorizing lease agreements; authorizing interest rate swap; providing for the Textbook Disclosure, Pricing and Access Act; amending certain private postsecondary institution provisions; amending Minnesota Statutes 2006, sections 13.322, subdivision 3; 16B.70, by adding a subdivision; 41D.01, subdivision 1; 120B.023, subdivision 2; 120B.024; 135A.031, subdivision 7; 135A.053, subdivision 2; 135A.14, subdivision 1; 135A.51, subdivision 2; 135A.52, subdivisions 1, 2; 136A.01, subdivision 2; 136A.031, subdivision 5; 136A.0411; 136A.08, subdivision 7; 136A.101, subdivision 4; 136A.121, subdivision 5; 136A.125, subdivision 2; 136A.15, subdivisions 1, 6; 136A.233, subdivision 3; 136A.29, subdivision 9; 136A.61; 136A.62, subdivision 3; 136A.63; 136A.64; 136A.65; 136A.653; 136A.657; 136A.66; 136A.67; 136A.68; 136A.69; 136A.71; 136A.861, subdivisions 1, 2, 3, 6; 136F.02, subdivision 1; 136F.42, subdivision 1; 136F.71, subdivision 2, by adding a subdivision; 136G.11, subdivision 5; 141.21, subdivisions 1a, 5; 141.25, subdivisions 1, 5, 7, 9, 10, 12; 141.255, subdivision 2; 141.265, subdivision 2; 141.271, subdivisions 10, 12; 141.28, subdivision 1; 141.32; 141.35; proposing coding for new law in Minnesota Statutes, chapters 135A; 136A; 136F; 141; 197; repealing Minnesota Statutes 2006, sections 135A.031, subdivisions 1, 2, 3, 4, 5, 6; 135A.032; 135A.033; 136A.07; 136A.08, subdivision 8; 137.0245; 137.0246."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Taxes.

The report was adopted.

Lenczewski from the Committee on Taxes to which was referred:

S. F. No. 1997, A bill for an act relating to government operations; appropriating money for the general legislative and administrative expenses of state government; raising fees; regulating state and local government operations; modifying provisions related to public employment; providing for automatic voter registration; abolishing the Department of Employee Relations; amending Minnesota Statutes 2006, sections 4.035, subdivision 3; 5.12, subdivision 1; 15.06, subdivisions 2, 8; 15B.17, subdivision 1; 16A.1286, subdivision 2; 16B.03; 16C.08, subdivision 2; 43A.02, by adding a subdivision; 43A.03, subdivision 3; 43A.08, subdivisions 1, 2a; 43A.24, subdivision 1; 43A.346, subdivision 1; 45.013; 84.01, subdivision 3; 116.03, subdivision 1; 116J.01, subdivision 5; 116J.035, subdivision 4; 174.02, subdivision 2; 201.12; 201.13, subdivision 3; 201.161; 241.01, subdivision 2; 270B.14, by adding a subdivision; 302A.821, subdivision 4; 321.0206; 336.1-110; 336.9-525; 471.61, subdivision 1a; 517.08, subdivisions 1b, 1c; Laws 2005, First Special Session chapter 1, article 4, section 121; proposing coding for new law in Minnesota Statutes, chapters 5; 13; 16B; 16C; repealing Minnesota Statutes 2006, sections 43A.03, subdivision 4; 43A.08, subdivision 1b; Laws 2006, chapter 253, section 22.

Reported the same back with the following amendments to the unofficial engrossment:

Page 14, line 20, delete "128,562,000" and insert "132,562,000"

Page 14, line 23, delete "124,462,000" and insert "128,462,000"

Page 14, line 32, delete "104,301,000" and insert "108,301,000"

Page 15, line 31, delete "12,000,000" and insert "16,000,000"

Page 20, line 27, delete "775,000" and insert "4,775,000"

Page 54, line 19, after the period, insert "Fees under this section must be established under the rulemaking process in section 14.389. Section 16A.1283 does not apply to fees established under this section. Fee revenue received under this section is appropriated in fiscal years 2008 and 2009 to the Office of Enterprise Technology for purposes of developing and maintaining an electronic system for business and occupational licenses."

Page 59, after line 26, insert:

"Sec. 80. Minnesota Statutes 2006, section 270C.03, subdivision 1, is amended to read:

Subdivision 1. **Powers and duties.** The commissioner shall have and exercise the following powers and duties:

- (1) administer and enforce the assessment and collection of taxes;
- (2) make determinations, corrections, and assessments with respect to taxes, including interest, additions to taxes, and assessable penalties;
- (3) use statistical or other sampling techniques consistent with generally accepted auditing standards in examining returns or records and making assessments;
- (4) investigate the tax laws of other states and countries, and formulate and submit to the legislature such legislation as the commissioner may deem expedient to prevent evasions of state revenue laws and to secure just and equal taxation and improvement in the system of state revenue laws;

(5) consult and confer with the governor upon the subject of taxation, the administration of the laws in regard thereto, and the progress of the work of the department, and furnish the governor, from time to time, such assistance and information as the governor may require relating to tax matters;

(6) execute and administer any agreement with the secretary of the treasury or the Bureau of Alcohol, Tobacco, Firearms, and Explosives in the Department of Justice of the United States or a representative of another state regarding the exchange of information and administration of the state revenue laws;

(7) require town, city, county, and other public officers to report information as to the collection of taxes received from licenses and other sources, and such other information as may be needful in the work of the commissioner, in such form as the commissioner may prescribe;

(8) authorize the use of unmarked motor vehicles to conduct seizures or criminal investigations pursuant to the commissioner's authority; ~~and~~

(9) maintain toll-free telephone access for taxpayer assistance for calls from locations within the state; and

(10) exercise other powers and authority and perform other duties required of or imposed upon the commissioner by law.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 81. **[270C.21] TAXPAYER ASSISTANCE GRANTS.**

When the commissioner awards grants to nonprofit organizations to coordinate, facilitate, encourage, and aid in the provision of taxpayer assistance services, the commissioner must provide public notice of the grants in a timely manner so that the grant process is completed and grants are awarded by October 1, in order for recipient organizations to adequately plan expenditures for the filing season. At the time the commissioner provides public notice, the commissioner must also notify nonprofit organizations that received grants in the previous biennium.

EFFECTIVE DATE. This section is effective the day following final enactment."

Page 73, line 28, delete "113" and insert "109"

Renumber the sections in sequence

Correct the title numbers accordingly

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Ways and Means.

The report was adopted.

Carlson from the Committee on Finance to which was referred:

S. F. No. 2089, A bill for an act relating to state government; appropriating money for jobs and economic development purposes; establishing and modifying certain programs; regulating certain activities and practices; providing for accounts, assessments, and fees; modifying provisions governing contractors; requiring studies; amending Minnesota Statutes 2006, sections 13.712, by adding a subdivision; 13.7905, by adding a subdivision;

16B.61, subdivision 1a; 16B.65, subdivisions 1, 5a; 16B.70, subdivision 2; 80A.28, subdivision 1; 116J.551, subdivision 1; 116J.554, subdivision 2; 116J.555, subdivision 1; 116J.575, subdivisions 1, 1a; 116J.966, subdivision 1; 116L.17, subdivision 1; 116L.20, subdivision 1; 116M.18, subdivision 6a; 177.27, subdivisions 1, 4; 268A.01, subdivision 13, by adding a subdivision; 268A.085, subdivision 1; 268A.15, by adding a subdivision; 298.22, subdivision 2; 298.227; 326.242, subdivision 8, by adding a subdivision; 326.2441; 326.37, subdivision 1; 326.38; 326.40, subdivision 1; 326.401, subdivision 2; 326.42, subdivision 1; 326.46; 326.461, by adding a subdivision; 326.47, subdivisions 2, 6; 326.48, subdivisions 1, 2; 326.50; 326.51; 326.52; 326.975, subdivision 1; 326.992; 327.33, subdivisions 2, 6; 327B.04, subdivision 7; 462A.21, subdivision 8b; 462A.33, subdivision 3; 471.471, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 177; 181; 182; 326; proposing coding for new law as Minnesota Statutes, chapters 59C; 326B; repealing Minnesota Statutes 2006, sections 16B.747, subdivision 4; 16C.18, subdivision 2; 181.722; 183.375, subdivision 5; 183.545, subdivision 9; 326.241; 326.44; 326.52; 326.64; 326.975.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

JOBS AND ECONOMIC DEVELOPMENT APPROPRIATIONS SUMMARY

Section 1. **SUMMARY.**

The amounts shown in this section summarize direct appropriations, by fund, made in this act.

	<u>2008</u>	<u>2009</u>	<u>Total</u>
<u>General</u>	<u>\$213,756,000</u>	<u>\$156,634,000</u>	<u>\$370,390,000</u>
<u>Workforce Development</u>	<u>15,510,000</u>	<u>15,526,000</u>	<u>31,036,000</u>
<u>Remediation</u>	<u>700,000</u>	<u>700,000</u>	<u>1,400,000</u>
<u>State Government Special Revenue</u>	<u>1,877,000</u>	<u>1,925,000</u>	<u>3,802,000</u>
<u>Workers' Compensation</u>	<u>23,379,000</u>	<u>23,763,000</u>	<u>47,142,000</u>
<u>TANF</u>	<u>3,075,000</u>	<u>3,075,000</u>	<u>6,150,000</u>
<u>Total</u>	<u>\$258,297,000</u>	<u>\$201,623,000</u>	<u>\$459,920,000</u>

ARTICLE 2

JOBS AND ECONOMIC DEVELOPMENT

Section 1. **SUMMARY OF APPROPRIATIONS.**

	<u>2008</u>	<u>2009</u>	<u>Total</u>
<u>General</u>	<u>\$94,685,000</u>	<u>\$60,084,000</u>	<u>\$154,769,000</u>

<u>Workforce Development</u>	<u>15,510,000</u>	<u>15,526,000</u>	<u>31,036,000</u>
<u>Remediation</u>	<u>700,000</u>	<u>700,000</u>	<u>1,400,000</u>
<u>State Government Special Revenue</u>	<u>1,877,000</u>	<u>1,925,000</u>	<u>3,802,000</u>
<u>Workers' Compensation</u>	<u>23,379,000</u>	<u>23,763,000</u>	<u>47,142,000</u>
<u>Total</u>	<u>\$136,151,000</u>	<u>\$101,998,000</u>	<u>\$238,149,000</u>

Sec. 2. **JOBS AND ECONOMIC DEVELOPMENT.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2008" and "2009" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2008, or June 30, 2009, respectively. "The first year" is fiscal year 2008. "The second year" is fiscal year 2009. "The biennium" is fiscal years 2008 and 2009. Appropriations for the fiscal year ending June 30, 2007, are effective the day following final enactment.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 2009

Sec. 3. **DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT**

<u>Subdivision 1. Total Appropriation</u>	<u>\$101,587,000</u>	<u>\$66,589,000</u>
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Appropriations by Fund

	<u>2008</u>	<u>2009</u>
<u>General</u>	<u>86,142,000</u>	<u>51,144,000</u>
<u>Remediation</u>	<u>700,000</u>	<u>700,000</u>
<u>Workforce Development</u>	<u>14,745,000</u>	<u>14,745,000</u>

The amounts that may be spent for each purpose are specified in the following subdivisions.

<u>Subd. 2. Business and Community Development</u>	<u>49,058,000</u>	<u>14,372,000</u>
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Appropriations by Fund

<u>General</u>	<u>48,358,000</u>	<u>13,672,000</u>
<u>Remediation</u>	<u>700,000</u>	<u>700,000</u>

APPROPRIATIONS
Available for the Year
Ending June 30
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(a)(1) \$1,100,000 is for a grant under Minnesota Statutes, section 116J.421, to the Rural Policy and Development Center at St. Peter, Minnesota. The grant shall be used for research and policy analysis on emerging economic and social issues in rural Minnesota, to serve as a policy resource center for rural Minnesota communities, to encourage collaboration across higher education institutions, to provide interdisciplinary team approaches to research and problem-solving in rural communities, and to administer overall operations of the center.

(2) The grant shall be provided upon the condition that each state-appropriated dollar be matched with a nonstate dollar. Acceptable matching funds are nonstate contributions that the center has received and have not been used to match previous state grants. Any funds not spent the first year are available the second year.

(b) \$200,000 each year is for a grant to WomenVenture for women's business development programs.

(c) \$500,000 the first year is for a grant to University Enterprise Laboratories (UEL) for its direct and indirect expenses to support efforts to encourage the growth of early-stage and emerging bioscience companies. UEL must provide a report by June 30 each year to the commissioner on the expenditures until the appropriation is expended. This is a onetime appropriation and is available until expended.

(d) \$2,180,000 the first year is for grants under Minnesota Statutes, section 116J.571, for the redevelopment grant program. This is a onetime appropriation.

(e) \$100,000 each year is to the Public Facilities Authority for the small community wastewater treatment program under Minnesota Statutes, chapter 446A.

(f) \$510,000 the first year is for the urban initiative program under Minnesota Statutes, chapter 116M, of which, \$255,000 is for a grant to the Metropolitan Economic Development Association for continuing minority business development programs in the metropolitan area. This is a onetime appropriation.

(g) \$85,000 each year is for a grant to the Minnesota Inventors Congress, of which \$10,000 must be used for youth inventors.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

(h) \$151,000 the first year is for a grant to the city of Faribault to design, construct, furnish, and equip renovations to accommodate handicapped accessibility at the Paradise Center for the Arts.

(i) \$3,000,000 the first year is for loans authorized under Minnesota Statutes, section 116J.417. This appropriation is available until expended.

(j) \$1,000,000 each year is to Minnesota Technology, Inc. for the small business growth acceleration program established under Minnesota Statutes, section 116O.115. This is a onetime appropriation.

(k) \$350,000 the first year is for a grant to the city of Northome for the construction of a new municipal building to replace the structures damaged by fire on July 22, 2006. This appropriation is available when the commissioner determines that a sufficient match is available from nonstate sources to complete the project.

(l) \$325,000 each year is for a technology and commercialization unit established under article 7, section 32. This is a onetime appropriation.

(m) \$500,000 in the first year is for a grant to the city of Worthington for an agricultural-based bioscience training and testing center. Funds appropriated under this section must be used to provide a training and testing facility for incubator firms developing new agricultural processes and products. This is a onetime appropriation and is available until expended.

(n) \$2,200,000 in the first year is for a grant to BioBusiness Alliance of Minnesota for bioscience business development programs to promote and position the state as a global leader in bioscience business activities. These funds may be used for:

(1) completion and periodic updating of a statewide bioscience business industry assessment of business technology enterprises and Minnesota's competitive position employing annual updates to federal industry classification data;

(2) long-term strategic planning that includes projections of market changes resulting from developments in biotechnology and the development of 20-year goals, strategies, and identified objectives for renewable energy, medical devices, biopharma, and biologics business development in Minnesota;

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

(3) the design and construction of a Minnesota focused bioscience business model to test competing strategies and scenarios, evaluate options, and forecast outcomes; and

(4) creation of a bioscience business resources network that includes development of a statewide bioscience business economic development framework to encourage bioscience business development and encourage spin-off activities, attract bioscience business location or expansion in Minnesota, and establish a local capability to support strategic system level planning for industry, government, and academia.

This appropriation is available until June 30, 2009.

(o) \$325,000 is for a grant to the Walker Area Community Center, Inc., to construct, furnish, and equip the Walker Area Community Center. This appropriation is not available until the commissioner has determined that an amount sufficient to complete the project has been committed from nonstate sources.

(p) \$120,000 the first year is for a grant to the Pine Island Economic Development Authority for predesign to upgrade and extend utilities to serve Elk Run Bioscience Research Park and The Falls - Healthy Living By Nature, an integrated medicine facility. This is a onetime appropriation and is available until expended.

(q) \$300,000 the first year is for a grant to Thomson Township for infrastructure improvements for the industrial park. This is a onetime appropriation.

(r) \$75,000 the first year for a grant to Le Sueur County for the cost of cleaning debris from lakes in Le Sueur County, caused by the August 24, 2006, tornado in southern Le Sueur County. This is a onetime appropriation.

(s) \$3,000,000 the second year is for bioscience business development and commercialization grants. The commissioner shall designate an evaluation team to accept grant applications, review and evaluate grant proposals, and select up to five grant proposals to receive funding each year. The evaluation team shall be comprised of not more than 12 members including: the commissioner or the commissioner's designee; representatives of bioscience businesses; public and private institutions of higher education; private investment companies; a nonprofit entity that qualifies as a 501(c)6 under the Internal Revenue Code and is a trade association representing the life sciences industry; and a bio

APPROPRIATIONS
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Ending June 30
2008 **2009**

business alliance that qualifies as a 501(c)3 under the Internal Revenue Code. The criteria used by the evaluation team in evaluating grant proposals must include, but is not limited to: the potential to create and sustain jobs within the state of Minnesota; the potential for long-term business activity, growth, and expansion in Minnesota; the level of technological maturity; the potential to attract private investment; and the availability and readiness of markets. The commissioner must report to the standing committees of the house of representatives and the senate having jurisdiction over bioscience and technology issues by February 1 each year on the number, type, and amounts of grants awarded and the activities of the grant recipients. This is a onetime appropriation and is available until expended.

(t) \$1,500,000 the first year is for the urban challenge grant program under Minnesota Statutes, section 116M.18, of which \$1,000,000 is for a grant to the Neighborhood Development Center for assistance necessary to retain minority business enterprises at the Global Market. This is a onetime appropriation.

(u) \$375,000 each year is to develop and operate a bioscience business marketing program to market Minnesota bioscience businesses and business opportunities to other states and other countries. The bioscience business marketing program must emphasize bioscience business location and expansion opportunities in communities outside of the seven-county metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2, that have established collaborative plans among two or more municipal units for bioscience business activities, and that are within 15 miles of a four-year, baccalaureate degree granting institution or a two-year technical or community college that offers bioscience curricula. The commissioner must report to the committees of the senate and house of representatives having jurisdiction over bioscience and technology issues by February 1 of each year on the expenditures of these funds and the promotional activities undertaken to market the Minnesota bioscience industry to persons outside of the state. This is a onetime appropriation and is available until expended.

(v) \$225,000 each year is for the purposes of the nanotechnology development fund program (NDF) established in section 12, for grants to promote increased use of advanced instrumentation for nanomaterials analysis, to be awarded on a one-to-one matching basis to qualifying Minnesota small businesses. This is a onetime appropriation.

APPROPRIATIONS
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Ending June 30
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(w) \$50,000 the first year is for a contract with a public higher education institution in Minnesota jointly entered into with the Center for Rural Development to study the needs of the renewable energy economy for trained employees and the training required for those employees. The study must include extensive consultation and involvement of representatives of the renewable energy industry, environmental interests, labor, the University of Minnesota, and the Minnesota State Colleges and Universities. The commissioner shall report the results of the study to the chairs of the finance divisions of the legislature with jurisdiction over economic development, energy, and higher education by November 1, 2007. This is a onetime appropriation.

(x) \$25,000,000 is for the Minnesota minerals 21st century fund created in Minnesota Statutes, section 116J.423, to restore the money unallotted by the commissioner of finance in 2003 pursuant to Minnesota Statutes, section 16A.152. This appropriation may be used as provided in Minnesota Statutes, section 116J.423, subdivision 2. This appropriation is available until expended.

(y) \$900,000 each year is for a grant to the city of St. Paul to be used to pay debt service on bond obligations issued by the city of St. Paul in 1996 for the convention center.

(z) \$189,000 each year is appropriated from the general fund to the commissioner of employment and economic development for grants of \$63,000 to eligible organizations each year and for the purposes of this paragraph. Each state grant dollar must be matched with \$1 of nonstate funds. Any balance in the first year does not cancel but is available in the second year.

The commissioner of employment and economic development must make grants to organizations to assist in the development of entrepreneurs and small businesses. Three grants must be awarded to continue or to develop a program. One grant must be awarded to the Riverbend Center for Entrepreneurial Facilitation in Blue Earth County, and two to other organizations serving Faribault and Martin Counties. Grant recipients must report to the commissioner by February 1 of each year that the organization receives a grant with the number of customers served; the number of businesses started, stabilized, or expanded; the number of jobs created and retained; and business success rates. The commissioner must report to the house of representatives and senate committees with jurisdiction over economic development finance on the effectiveness of these programs for assisting in the development of entrepreneurs and small businesses.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

(aa) \$10,000 for the biennium is to the commissioner of employment and economic development for the Minnesota investment fund. This grant is not subject to grant limitations under section 116J.8731, subdivision 5.

Subd. 3. Workforce Development

49,531,000

49,197,000

Appropriations by Fund

<u>General</u>	<u>34,786,000</u>	<u>34,452,000</u>
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<u>Workforce Development</u>	<u>14,745,000</u>	<u>14,745,000</u>
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(a) \$6,785,000 each year is for the Minnesota job skills partnership program under Minnesota Statutes, sections 116L.01 to 116L.17. If the appropriation for either year is insufficient, the appropriation for the other year is available. This appropriation is available until spent.

(b) \$305,000 each year is for a grant under Minnesota Statutes, section 116J.8747, to Twin Cities RISE! to provide training to hard-to-train individuals.

(c) \$1,375,000 each year is from the workforce development fund for Opportunities Industrialization Center programs.

(d) \$5,864,000 each year is from the general fund and \$6,920,000 each year is from the workforce development fund for extended employment services for persons with severe disabilities or related conditions under Minnesota Statutes, section 268A.15. Of this, \$125,000 each year and in the base for fiscal years 2010 and 2011 is to supplement funds paid for wage incentive for the community support fund established in Minnesota Rules, part 3300.2045.

(e) \$1,900,000 each year is for grants for programs that provide employment support services to persons with mental illness under Minnesota Statutes, sections 268A.13 and 268A.14. Up to \$77,000 each year may be used for administrative and salary expenses.

(f) \$2,190,000 each year is for grants under Minnesota Statutes, section 268A.11, for the eight centers for independent living. Money not expended the first year is available the second year.

(g) \$5,940,000 each year is for State Services for the Blind activities.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

(h) \$150,000 each year is from the general fund and \$175,000 each year is from the workforce development fund for grants under Minnesota Statutes, section 268A.03, to Rise, Inc. for the Minnesota Employment Center for People Who are Deaf or Hard-of-Hearing. Money not expended the first year is available the second year.

(i) \$9,021,000 each year from the general fund is for the vocational rehabilitation program and \$325,000 each year from the workforce development fund is for interpreters for a regional transition program specializing in culturally appropriate transition services leading to employment for deaf, hard-of-hearing, and deaf-blind students.

(j) \$150,000 each year is for a grant to Advocating Change Together for training, technical assistance, and resource materials to persons with developmental and mental illness disabilities.

(k) \$300,000 each year for a grant to Lifetrack Resources for its immigrant/refugee collaborative programs, including those related to job-seeking skills and workplace orientation, intensive job development, functional work English, and on-site job coaching. \$50,000 of this amount is for a pilot Lifetrack project in Rochester.

(l) \$1,075,000 each year is for the youthbuild program under Minnesota Statutes, sections 116L.361 to 116L.366.

(m) \$1,350,000 each year is from the workforce development fund for grants to fund summer youth employment in Minneapolis. The grants shall be used to fund up to 500 jobs for youth each summer. Of this appropriation, \$350,000 each year is for a grant to the learn-to-earn summer youth employment program. The commissioner shall establish criteria for awarding the grants. This appropriation is available in either year of the biennium and is available until spent.

(n) \$50,000 each year is for a grant to Northern Connections in Perham to implement and operate a pilot workforce program that provides one-stop supportive services to assist individuals as they transition into the workforce. This appropriation is available to the extent it is matched by \$1 of nonstate money for each \$1 of state money.

(o) \$100,000 each year is for a grant to Ramsey County Workforce Investment Board for the development of the building lives program. This is a onetime appropriation.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2008</u>	<u>2009</u>

(p) \$300,000 each year is for a grant to the Hennepin-Carver Workforce Investment Board (WIB) to coordinate with the Partners for Progress Regional Skills Consortium to provide employment and training as demonstrated by the Twin Cities regional health care training partnership project.

(q) \$160,000 the first year is for a grant to Workforce Development, Inc., for a pilot project to provide demand-driven employment and training services to welfare recipients and other economically disadvantaged populations in Mower, Freeborn, Dodge, and Steele Counties. This is a onetime appropriation.

(r) \$200,000 each year is for a grant to HIRED to operate its industry sector training initiatives, which provide employee training developed in collaboration with employers in specific, high-demand industries. This is a onetime appropriation.

(s) \$200,000 the first year is for a grant to a nonprofit organization. The nonprofit organization must work on behalf of all licensed vendors to coordinate their efforts to respond to solicitations or other requests from private and governmental units as defined in Minnesota Statutes, section 471.59, subdivision 1, in order to increase employment opportunities for persons with disabilities.

(t) \$3,500,000 each year from the workforce development fund is for the Minnesota youth program under Minnesota Statutes, section 116L.56 and 116L.561.

(u) \$500,000 each year from the workforce development fund is for a grant to the Minnesota Alliance of Boys and Girls Clubs to administer a statewide project of youth job skills development. This project, which may have career guidance components, including health and life skills, is to encourage, train, and assist youth in job-seeking skills, workplace orientation, and job site knowledge through coaching. This grant requires a 25 percent match from nonstate resources.

(v) \$350,000 in each year from the workforce development fund is for a grant to Ramsey County for a summer youth employment program to place at-risk youth, ages 14 to 21, in subsidized summer employment.

(w) \$10,000 the first year is for a study on ways to promote employment opportunities for minorities, with a particular focus on opportunities for American blacks, in the state of Minnesota. The study should focus on how to significantly expand the job training

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

available to minorities and promote substantial increases in the wages paid to minorities, at least to a rate well above living wage, and within several years, to equality. The commissioner must report on the study to the governor and the chair of the finance committee in each house of the legislature that has jurisdiction over employment by January 15, 2008, with recommendations for implementing the findings.

The commissioner must provide funding for the Minnesota Conservation Corps to provide learning stipends for deaf students and wages for interpreters participating in the MCC summer youth program.

Subd. 4. **State-Funded Administration**

2,998,000

3,020,000

The first \$1,450,000 deposited in each year of the biennium and in each year of subsequent bienniums into the contingent account created under Minnesota Statutes, section 268.196, subdivision 3, shall be transferred by June 30 of each fiscal year to the workforce development fund created under Minnesota Statutes, section 116L.20. Deposits in excess of \$1,450,000 shall be transferred by June 30 of each fiscal year to the general fund.

Sec. 4. **DEPARTMENT OF LABOR AND INDUSTRY**

Subdivision 1. **Total Appropriation**

\$29,002,000

\$29,794,000

Appropriations by Fund

	<u>2008</u>	<u>2009</u>
<u>General</u>	<u>4,644,000</u>	<u>5,035,000</u>
<u>Workers'</u>		
<u>Compensation</u>	<u>21,716,000</u>	<u>22,053,000</u>
<u>Workforce</u>		
<u>Development</u>	<u>765,000</u>	<u>781,000</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>1,877,000</u>	<u>1,925,000</u>

The amounts that may be spent for each purpose are specified in the following subdivisions.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2008</u>	<u>2009</u>
Subd. 2. <u>Workers' Compensation</u>	
<u>10,381,000</u>	<u>10,659,000</u>

This appropriation is from the workers' compensation fund.

\$200,000 each year is for grants to the Vinland Center for rehabilitation services.

Subd. 3. <u>Safety Codes and Services</u>	<u>9,949,000</u>	<u>10,134,000</u>
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\$5,292,000 the first year and \$5,388,000 the second year are from the workers' compensation fund. \$1,877,000 the first year and \$1,925,000 the second year are from the state government special revenue fund.

\$1,000,000 each year is from the workers' compensation fund for patient safe handling grants under Minnesota Statutes, section 182.6553.

\$100,000 each year is from the workers' compensation fund for the operation of the meatpacking industry workers' rights ombudsman under Minnesota Statutes, section 179.87.

Subd. 4. <u>Labor Standards/Apprenticeship</u>	<u>2,629,000</u>	<u>2,995,000</u>
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Appropriations by Fund

<u>General</u>	<u>1,864,000</u>	<u>2,214,000</u>
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<u>Workforce</u>		
<u>Development</u>	<u>765,000</u>	<u>781,000</u>

The appropriation from the workforce development fund is for the apprenticeship program under Minnesota Statutes, chapter 178, and includes \$100,000 each year for labor education and advancement program grants.

\$360,000 the first year and \$300,000 the second year from the general fund are for prevailing wage enforcement of which \$60,000 in the first year is for outreach and survey participation improvements.

\$800,000 the first year and \$1,200,000 the second year from the general fund are for the independent contractor certification under Minnesota Statutes, section 181.723.

<u>APPROPRIATIONS</u> <u>Available for the Year</u> <u>Ending June 30</u>		
	<u>2008</u>	<u>2009</u>
Subd. 5. <u>General Support</u>	<u>6,043,000</u>	<u>6,006,000</u>
<u>This appropriation is from the workers' compensation fund.</u>		
Sec. 5. <u>BUREAU OF MEDIATION SERVICES</u>		
Subdivision 1. <u>Total Appropriation</u>	<u>\$1,850,000</u>	<u>\$1,877,000</u>
<u>The amounts that may be spent for each purpose are specified in the following subdivisions.</u>		
Subd. 2. <u>Mediation Services</u>	<u>1,700,000</u>	<u>1,727,000</u>
Subd. 3. <u>Labor Management Cooperation Grants</u>	<u>150,000</u>	<u>150,000</u>
<u>\$150,000 each year is for grants to area labor management committees. Grants may be awarded for a 12-month period beginning July 1 each year. Any unencumbered balance remaining at the end of the first year does not cancel but is available for the second year.</u>		
Sec. 6. <u>WORKERS' COMPENSATION COURT OF APPEALS</u>	<u>\$1,663,000</u>	<u>\$1,710,000</u>
<u>This appropriation is from the workers' compensation fund.</u>		
Sec. 7. <u>BOARD OF ACCOUNTANCY</u>	<u>\$493,000</u>	<u>\$499,000</u>
Sec. 8. <u>BOARD OF ARCHITECTURE, ENGINEERING, LAND SURVEYING, LANDSCAPE ARCHITECTURE, GEOSCIENCE, AND INTERIOR DESIGN</u>	<u>\$795,000</u>	<u>\$805,000</u>
Sec. 9. <u>BOARD OF BARBER EXAMINERS</u>	<u>\$711,000</u>	<u>\$724,000</u>
Sec. 10. <u>MINNESOTA BOXING COMMISSION</u>	<u>\$50,000</u>	<u>\$-0-</u>
<u>To transition the commission to being a self-funded entity.</u>		
Sec. 11. <u>BIOSCIENCE ZONES DESIGNATION.</u>		
<u>The commissioner of employment and economic development must establish a criteria for expanding the zones. The criteria must limit designating a new zone to a community that has adequate resources and infrastructure to support bioindustry, including postsecondary institutions, strong health care systems, and existing bioscience companies. It must also require that a new zone be located on a transportation corridor.</u>		

Sec. 12. **NANOTECHNOLOGY DEVELOPMENT FUND PROGRAM.**

Subdivision 1. Program established; purpose. The nanotechnology development fund program (NDF) is established to develop a collaborative economic development initiative between the state of Minnesota, the private sector, and multiple academic institutions to promote by small businesses an increased use of advanced nanoinstrumentation for characterization, fabrication, and other related processes; provide research consulting by knowledgeable specialists; and provide student internship opportunities to increase nanotechnology experience by working with small, medium, or large Minnesota companies. The NDF program shall be administered by the Department of Employment and Economic Development and is not a state agency.

Subd. 2. Definition; qualifying Minnesota small business. "Qualifying Minnesota small business" means:

(1) a Minnesota small business corporation, sole proprietorship, or partnership that has fewer than 50 employees;
or

(2) a Minnesota business corporation, sole proprietorship, or partnership that:

(i) has 51 to 100 employees; and

(ii) demonstrates current financial adversity or risk or a major prospect of aiding the business's long-term outlook by significant use of nanotechnology in the business's offerings.

Subd. 3. Fund; grants. The commissioner shall extend onetime matching grants from the NDF to qualifying Minnesota small businesses located throughout the state to:

(1) add nanotechnology applications to products that are being developed by Minnesota small businesses to enhance distinctiveness;

(2) promote the depth, breadth, and value of technologies being developed by Minnesota businesses with the aid of nanotechnology;

(3) encourage more frequent use of nanoinstrumentation to speed businesses' product time-to-market, with higher incidence of distinct product characteristics;

(4) provide Minnesota small businesses with broader access to experienced research consultants; and

(5) increase the number of researchers experienced in working with nanoinstrumentation.

Subd. 4. Grant application and award procedure. (a) The commissioner may give priority to applicants:

(1) whose intellectual property would benefit from utilization of nanoinstrumentation not possessed in-house;

(2) who are currently utilizing nanoinstrumentation either at the University of Minnesota or a private sector location on a leased, hourly basis; and

(3) who wish to increase their access to experienced research consultants.

(b) The commissioner shall decide whether to award a grant to an eligible applicant based on:

(1) the applicant's planned frequency of usage of nanoinstrumentation for characterization, fabrication, and other related processes; and

(2) the applicant's demonstration of rental of nanoinstrumentation, in the form of a signed affidavit from a certified facility to confirm the one-to-one private sector investment has been met.

(c) A grant made under this section must:

(1) include verification of matching rental fees or internship stipends paid by the grantee; and

(2) be for a total amount paid to each grantee of not less than \$500 nor more than \$20,000 within the biennium.

Subd. 5. **Administration.** The commissioner of employment and economic development must develop and maintain a record-keeping system that specifies how funds from the NDF are applied for and distributed. Businesses receiving grants from the NDF must provide contact information, the date and time of the use of the nanoinstrumentation, proof of their matching contribution to meet the rental costs or provide an internship's stipend, and a general statement of the expected outcome from the use of the nanoinstrumentation, to the extent documentation can be made without divulging proprietary information.

Subd. 6. **Gifts and donations.** Gifts and donations, including land or interests in land, may be made to NDF. Noncash gifts and donations must be disposed of for cash as soon as the commissioner of employment and economic development can prudently maximize the value of the gift or donation. All funds must be credited to the nanotechnology development fund. All interest earned by the fund must be credited to the NDF.

Subd. 7. **Report to legislature.** By June 30 of each odd-numbered year, the commissioner of employment and economic development must submit a report to the legislature with statistics about the use of the NDF.

Sec. 13. WORK GROUP.

The commissioner of employment and economic development shall convene a work group to evaluate the impact of the money appropriated for wage incentives and how the wage incentive program works. The work group is to make recommendations to the legislature by January 15, 2008.

ARTICLE 3

EMPLOYMENT AND DEVELOPMENT-RELATED PROVISIONS

Section 1. Minnesota Statutes 2006, section 116J.401, is amended by adding a subdivision to read:

Subd. 4. **Use of funds for unemployed worker assistance.** Payment of employee compensation costs from the Wagner-Peyser Act referenced in subdivision 1, clause (8), must be used to provide direct benefit to unemployed and underemployed workers through the state's workforce centers. At least 75 percent of the employee compensation paid from Wagner-Peyser funds must be used for employees at workforce centers who provide direct assistance to unemployed and underemployed workers and no more than 25 percent may be used for providing hiring and human resource services for employers. The funds under this section may be used to establish an internet based labor exchange system. By July 1 of each year, the commissioner must submit a report to the committees of the legislature responsible for oversight of unemployment insurance with details on the use of Wagner-Peyser funds, including the number of employee positions funded, the location of the employees, and the use of funds for internet labor exchange system and other business assistance.

Sec. 2. **[116J.417] GREATER MINNESOTA BUSINESS DEVELOPMENT INVESTMENT FUND.**

Subdivision 1. **Eligible organization.** For the purposes of this section, "eligible organization" means an organization established pursuant to section 116J.415 which provides business financing to greater Minnesota businesses.

Subd. 2. **Investment fund establishment.** The commissioner shall establish an investment fund from which fund investments can be made in eligible organizations. The funds repaid by the eligible organizations are to be returned to the fund for subsequent reinvestment in eligible organizations.

Subd. 3. **Authorized investments.** The commissioner is authorized to make investments in eligible organizations. The commissioner shall invest funds in the form of loans to eligible organizations for the purpose of providing capital to new and expanding businesses in the form of debt or equity, or both.

Subd. 4. **Investment authorized.** The commissioner may make investments in eligible organizations under the following terms:

(1) the organization seeking an investment of funds must guarantee repayment of not less than 100 percent of the funds invested in the eligible organization;

(2) the investments are to be made in the form of a loan to the eligible organization for a term of ten years, at an interest rate of one percent;

(3) during the ten-year term of the loan, the eligible organization shall make annual interest-only payments;

(4) at the end of the ten-year term, the eligible organization is required to make a payment in the entire principal amount of the initial loan;

(5) the state investment by the commissioner in any eligible organization may not exceed \$2,000,000;

(6) the full amount of state investment will be advanced to the approved eligible organization upon execution of a formal investment agreement, specifying the terms of the loan, as well as reporting and other requirements outlined in subdivision 5;

(7) the eligible organization must maintain the funds in accounts that allow the funds to be readily available for business investments;

(8) the eligible organization must make business investments totaling the entire amount of funds loaned by the state within three years of the execution of the investment agreement and subsequent transmittal of the funds; and

(9) an eligible organization that receives an investment under this section shall report annually, in a format prescribed by the commissioner, the nature and amount of the business investments made, including, for each financing transaction involving funds received pursuant to this section, all forms and amounts of financing provided by the eligible organization from sources other than the investment fund established pursuant to this section, along with the number of jobs created and private sector investment leveraged.

Subd. 5. **Requirements for state investments.** All investments are subject to an investment agreement which must include:

(1) a description of the eligible organization, including business finance experience, qualifications, and investment history;

- (2) a description of the uses of investment proceeds by the eligible organization;
- (3) an explanation of the investment objectives;
- (4) a description of accounting and reporting standards to be used by the eligible organization; and
- (5) a copy of the most recent audited financial statements of the eligible organization.

Sec. 3. Minnesota Statutes 2006, section 116J.551, subdivision 1, is amended to read:

Subdivision 1. **Grant account.** A contaminated site cleanup and development grant account is created in the general fund. Money in the account may be used, as appropriated by law, to make grants as provided in section 116J.554 and to pay for the commissioner's costs in reviewing applications and making grants. Notwithstanding section 16A.28, money appropriated to the account for this program from any source is available for four years until spent.

Sec. 4. Minnesota Statutes 2006, section 116J.554, subdivision 2, is amended to read:

Subd. 2. **Qualifying sites.** A site qualifies for a grant under this section, if the following criteria are met:

(1) the site is not scheduled for funding during the current or next fiscal year under the Comprehensive Environmental Response, Compensation, and Liability Act, United States Code, title 42, section 9601, et seq. or under the Environmental Response, and Liability Act under sections 115B.01 to 115B.20;

~~(2) the appraised value of the site after adjusting for the effect on the value of the presence or possible presence of contaminants using accepted appraisal methodology, or the current market value of the site as issued under section 273.121, separately taking into account the effect of the contaminants on the market value, (i) is less than 75 percent of the estimated project costs for the site or (ii) is less than or equal to the estimated cleanup costs for the site and the cleanup costs equal or exceed \$3 per square foot for the site; and~~

~~(3)~~ (2) if the proposed cleanup is completed, it is expected that the site will be improved with buildings or other improvements and these improvements will provide a substantial increase in the property tax base within a reasonable period of time or the site will be used for an important publicly owned or tax-exempt facility.

Sec. 5. Minnesota Statutes 2006, section 116J.555, subdivision 1, is amended to read:

Subdivision 1. **Priorities.** (a) The legislature expects that applications for grants will exceed the available appropriations and the agency will be able to provide grants to only some of the applicant development authorities.

(b) If applications for grants for qualified sites exceed the available appropriations, the agency shall make grants for sites that, in the commissioner's judgment, provide the highest return in public benefits for the public costs incurred and that meet all the requirements provided by law. In making this judgment, the commissioner shall consider the following factors:

(1) the recommendations or ranking of projects by the commissioner of the Pollution Control Agency regarding the potential threat to public health and the environment that would be reduced or eliminated by completion of each of the response action plans;

(2) the potential increase in the property tax base of the local taxing jurisdictions, considered relative to the fiscal needs of the jurisdictions, that will result from developments that will occur because of completion of each of the response action plans;

(3) the social value to the community of the cleanup and redevelopment of the site, including the importance of development of the proposed public facilities on each of the sites;

(4) the probability that each site will be cleaned up without use of government money in the reasonably foreseeable future by considering but not limited to the current market value of the site versus the cleanup cost;

(5) the amount of cleanup costs for each site; and

(6) the amount of the commitment of municipal or other local resources to pay for the cleanup costs.

The factors are not listed in a rank order of priority; rather the commissioner may weigh each factor, depending upon the facts and circumstances, as the commissioner considers appropriate. The commissioner may consider other factors that affect the net return of public benefits for completion of the response action plan. The commissioner, notwithstanding the listing of priorities and the goal of maximizing the return of public benefits, shall make grants that distribute available money to sites both within and outside of the metropolitan area. The commissioner shall provide a written statement of the supporting reasons for each grant. Unless sufficient applications are not received for qualifying sites outside of the metropolitan area, at least 25 percent of the money provided as grants must be made for sites located outside of the metropolitan area.

Sec. 6. Minnesota Statutes 2006, section 116J.575, subdivision 1, is amended to read:

Subdivision 1. **Commissioner discretion.** The commissioner may make a grant for up to 50 percent of the eligible costs of a project. The determination of whether to make a grant for a site is within the discretion of the commissioner, subject to this section and sections 116J.571 to 116J.574 and available unencumbered money in the redevelopment account. For grants made in fiscal years 2008 and 2009, at least 75 percent of the available grant funds must be used for grants in greater Minnesota. For grants made in fiscal year 2010 and later, at least 50 percent of the available grant funds must be used for grants in greater Minnesota. If the commissioner determines that the applications for grants for projects in greater Minnesota are less than the amount of grant funds available, the commissioner may make grants for projects anywhere in Minnesota. The commissioner's decisions and application of the priorities under this section are not subject to judicial review, except for abuse of discretion.

Sec. 7. Minnesota Statutes 2006, section 116J.575, subdivision 1a, is amended to read:

Subd. 1a. **Priorities.** (a) If applications for grants exceed the available appropriations, grants shall be made for sites that, in the commissioner's judgment, provide the highest return in public benefits for the public costs incurred. "Public benefits" include job creation, bioscience development, environmental benefits to the state and region, efficient use of public transportation, efficient use of existing infrastructure, provision of affordable housing, multiuse development that constitutes community rebuilding rather than single-use development, crime reduction, blight reduction, community stabilization, and property tax base maintenance or improvement. In making this judgment, the commissioner shall give priority to redevelopment projects with one or more of the following characteristics:

(1) the need for redevelopment in conjunction with contamination remediation needs;

(2) the redevelopment project meets current tax increment financing requirements for a redevelopment district and tax increments will contribute to the project;

(3) the redevelopment potential within the municipality;

(4) proximity to public transit if located in the metropolitan area; ~~and~~

(5) redevelopment costs related to expansion of a bioscience business in Minnesota; and

~~(5)~~ (6) multijurisdictional projects that take into account the need for affordable housing, transportation, and environmental impact.

(b) The factors in paragraph (a) are not listed in a rank order of priority; rather, the commissioner may weigh each factor, depending upon the facts and circumstances, as the commissioner considers appropriate. The commissioner may consider other factors that affect the net return of public benefits for completion of the redevelopment plan. The commissioner, notwithstanding the listing of priorities and the goal of maximizing the return of public benefits, shall make grants that distribute available money to sites both within and outside of the metropolitan area. Unless sufficient applications are not received for qualifying sites outside of the metropolitan area, at least 25 percent of the money provided as grants must be made for sites located outside of the metropolitan area.

Sec. 8. Minnesota Statutes 2006, section 116J.966, subdivision 1, is amended to read:

Subdivision 1. **Generally.** (a) The commissioner shall promote, develop, and facilitate trade and foreign investment in Minnesota. In furtherance of these goals, and in addition to the powers granted by section 116J.035, the commissioner may:

- (1) locate, develop, and promote international markets for Minnesota products and services;
- (2) arrange and lead trade missions to countries with promising international markets for Minnesota goods, technology, services, and agricultural products;
- (3) promote Minnesota products and services at domestic and international trade shows;
- (4) organize, promote, and present domestic and international trade shows featuring Minnesota products and services;
- (5) host trade delegations and assist foreign traders in contacting appropriate Minnesota businesses and investments;
- (6) develop contacts with Minnesota businesses and gather and provide information to assist them in locating and communicating with international trading or joint venture counterparts;
- (7) provide information, education, and counseling services to Minnesota businesses regarding the economic, commercial, legal, and cultural contexts of international trade;
- (8) provide Minnesota businesses with international trade leads and information about the availability and sources of services relating to international trade, such as export financing, licensing, freight forwarding, international advertising, translation, and custom brokering;
- (9) locate, attract, and promote foreign direct investment and business development in Minnesota to enhance employment opportunities in Minnesota;
- (10) provide foreign businesses and investors desiring to locate facilities in Minnesota information regarding sources of governmental, legal, real estate, financial, and business services;

(11) enter into contracts or other agreements with private persons and public entities, including agreements to establish and maintain offices and other types of representation in foreign countries, to carry out the purposes of promoting international trade and attracting investment from foreign countries to Minnesota and to carry out this section, without regard to section 16C.06; and

(12) market trade-related materials to businesses and organizations, and the proceeds of which must be placed in a special revolving account and are appropriated to the commissioner to prepare and distribute trade-related materials.

(b) The programs and activities of the commissioner of employment and economic development and the Minnesota Trade Division may not duplicate programs and activities of the commissioner of agriculture.

(c) The commissioner shall notify the chairs of the senate Finance and house Ways and Means Committees of each agreement under this subdivision to establish and maintain an office or other type of representation in a foreign country.

(d) The Minnesota Trade Office shall serve as the state's office of protocol providing assistance to official visits by foreign government representatives and shall serve as liaison to the foreign diplomatic corps in Minnesota.

Sec. 9. Minnesota Statutes 2006, section 116L.01, is amended by adding a subdivision to read:

Subd. 4. **Workforce development intermediaries.** "Workforce development intermediaries" means public, private, or nonprofit entities that provide employment services to low-income individuals and have a demonstrated track record bringing together employers and workers, private and public funding streams, and other stakeholders to implement pathways to career advancement for low-income individuals. Entities may include, but are not limited to, nonprofit organizations, educational institutions, or the administrative entity of a local workforce service area.

Sec. 10. Minnesota Statutes 2006, section 116L.04, subdivision 1a, is amended to read:

Subd. 1a. **Pathways program.** The pathways program may provide grants-in-aid for developing programs which assist in the transition of persons from welfare to work and assist individuals at or below 200 percent of the federal poverty guidelines. The program is to be operated by the board. The board shall consult and coordinate with program administrators at the Department of Employment and Economic Development to design and provide services for temporary assistance for needy families recipients.

Pathways grants-in-aid may be awarded to educational or other nonprofit training institutions or to workforce development intermediaries for education and training programs and services supporting education and training programs that serve eligible recipients.

Preference shall be given to projects that:

- (1) provide employment with benefits paid to employees;
- (2) provide employment where there are defined career paths for trainees;
- (3) pilot the development of an educational pathway that can be used on a continuing basis for transitioning persons from welfare to work; and
- (4) demonstrate the active participation of Department of Employment and Economic Development workforce centers, Minnesota State College and University institutions and other educational institutions, and local welfare agencies.

Pathways projects must demonstrate the active involvement and financial commitment of private business. Pathways projects must be matched with cash or in-kind contributions on at least a ~~one-to-one~~ one-half-to-one ratio by participating private business.

A single grant to any one institution shall not exceed \$400,000. A portion of a grant may be used for preemployment training.

Sec. 11. Minnesota Statutes 2006, section 116L.17, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given them in this subdivision.

(b) "Commissioner" means the commissioner of employment and economic development.

(c) "Dislocated worker" means an individual who is a resident of Minnesota at the time employment ceased or was working in the state at the time employment ceased and:

(1) has been permanently separated or has received a notice of permanent separation from public or private sector employment and is eligible for or has exhausted entitlement to unemployment benefits, and is unlikely to return to the previous industry or occupation;

(2) has been long-term unemployed and has limited opportunities for employment or reemployment in the same or a similar occupation in the area in which the individual resides, including older individuals who may have substantial barriers to employment by reason of age;

(3) has been terminated or has received a notice of termination of employment as a result of a plant closing or a substantial layoff at a plant, facility, or enterprise;

(4) has been self-employed, including farmers and ranchers, and is unemployed as a result of general economic conditions in the community in which the individual resides or because of natural disasters; or

~~(4)~~ (5) is a displaced homemaker. A "displaced homemaker" is an individual who has spent a substantial number of years in the home providing homemaking service and (i) has been dependent upon the financial support of another; and now due to divorce, separation, death, or disability of that person, must find employment to self support; or (ii) derived the substantial share of support from public assistance on account of dependents in the home and no longer receives such support.

To be eligible under this clause, the support must have ceased while the worker resided in Minnesota.

(d) "Eligible organization" means a state or local government unit, nonprofit organization, community action agency, business organization or association, or labor organization.

(e) "Plant closing" means the announced or actual permanent shutdown of a single site of employment, or one or more facilities or operating units within a single site of employment.

(f) "Substantial layoff" means a permanent reduction in the workforce, which is not a result of a plant closing, and which results in an employment loss at a single site of employment during any 30-day period for at least 50 employees excluding those employees that work less than 20 hours per week.

Sec. 12. Minnesota Statutes 2006, section 116L.20, subdivision 1, is amended to read:

Subdivision 1. **Determination and collection of special assessment.** (a) In addition to amounts due from an employer under the Minnesota unemployment insurance program, each employer, except an employer making reimbursements is liable for a special assessment levied at the rate of .10 percent per year ~~for calendar years 2006 and 2007 on all taxable wages, as defined in section 268.035, subdivision 24. Beginning January 1, 2008, the special assessment shall be levied at a rate of .085 percent per year on all taxable wages.~~ The assessment shall become due and be paid by each employer on the same schedule and in the same manner as other amounts due from an employer under section 268.051, subdivision 1.

(b) The special assessment levied under this section shall be subject to the same requirements and collection procedures as any amounts due from an employer under the Minnesota unemployment insurance program.

Sec. 13. Minnesota Statutes 2006, section 116L.666, subdivision 1, is amended to read:

Subdivision 1. **Designation of workforce service areas.** For the purpose of administering federal, state, and local employment and training services, the commissioner shall designate the geographic boundaries for workforce service areas in Minnesota.

The commissioner shall approve a request to be a workforce service area from:

(1) a home rule charter or statutory city with a population of 200,000 or more or a county with a population of 200,000 or more; or

(2) a consortium of contiguous home rule charter or statutory cities or counties with an aggregate population of 200,000 or more that serves a substantial part of one or more labor markets.

The commissioner may approve a request to be a workforce service area from a home rule charter or statutory city or a county or a consortium of contiguous home rule charter or statutory cities or counties, without regard to population, that serves a substantial portion of a labor market area.

The commissioner shall make a final designation of workforce service areas within the state after consulting with local elected officials and the governor's Workforce Development Council. Existing service delivery areas designated under the federal Job Training Partnership Act shall be initially designated as workforce service areas providing that no other petitions are submitted by local elected officials.

The commissioner may redesignate workforce service areas, upon the advice and consent of the affected local elected officials, no more frequently than every two years. These redesignations must be made not later than four months before the beginning of a program year.

Sec. 14. Minnesota Statutes 2006, section 116M.18, subdivision 6a, is amended to read:

Subd. 6a. **Nonprofit corporation loans.** The board may make loans to a nonprofit corporation with which it has entered into an agreement under subdivision 1. These loans must be used to support a new or expanding business. This support may include such forms of financing as the sale of goods to the business on installment or deferred payments, lease purchase agreements, or royalty investments in the business. The interest rate charged by a nonprofit corporation for a loan under this subdivision must not exceed the Wall Street Journal prime rate plus four percent. For a loan under this subdivision, the nonprofit corporation may charge a loan origination fee equal to or less than one percent of the loan value. The nonprofit corporation may retain the amount of the origination fee. The nonprofit corporation must provide at least an equal match to the loan received by the board. The maximum loan available to the nonprofit corporation under this subdivision is \$50,000. Loans made to the nonprofit corporation under this subdivision may be made without interest. Repayments made by the nonprofit corporation must be deposited in the revolving fund created for urban initiative grants.

Sec. 15. **[1160.115] SMALL BUSINESS GROWTH ACCELERATION PROGRAM.**

Subdivision 1. **Establishment; purpose.** The small business growth acceleration program is established. The purpose of the program is to (1) help qualified companies implement technology and business improvements; and (2) bridge the gap between standard market pricing for technology and business improvements and what qualified companies can afford to pay.

Subd. 2. **Qualified company.** A company is qualified to receive assistance under the small business growth acceleration program if it is a manufacturing company or a manufacturing-related service company that employs 100 or fewer full-time equivalent employees.

Subd. 3. **Applications for assistance.** A company seeking assistance under the small business growth acceleration program must file an application according to the requirements of the corporation. A company's application for small business growth acceleration program assistance must include documentation of the company's overall plan for technology and business improvement and prioritize the components of the overall plan. The application must also document the company's need for small business growth acceleration program funds in order to carry forward the highest priority components of the plan.

Subd. 4. **Fund awards; use of funds.** (a) The corporation shall establish procedures for determining which applicants for assistance under the small business growth acceleration program will receive program funding. Funding shall be awarded only to accelerate a qualified company's adoption of needed technology or business improvements when the corporation concludes that it is unlikely the improvements could be accomplished in any other way.

(b) The maximum amount of funds awarded to a qualified company under the small business growth acceleration program for a particular project must not exceed 50 percent of the total cost of a project and must not under any circumstances exceed \$25,000 during a calendar year. The corporation shall not award to a qualified company small business growth acceleration program funds in excess of \$50,000 per year.

(c) Any funds awarded to a qualified company under the small business growth acceleration program must be used for business services and products that will enhance the operation of the company. These business services and products must come either directly from the corporation or from a network of expert providers identified and approved by the corporation. No company receiving small business growth acceleration program funds may use the funds for refinancing, overhead costs, new construction, renovation, equipment, or computer hardware.

(d) Any funds awarded must be disbursed to the qualified company as reimbursement documented according to requirements of the corporation.

Subd. 5. **Service agreements.** The corporation shall enter a written service agreement with each company awarded funds under the small business growth acceleration program. Each service agreement shall clearly articulate the company's need for service, state the cost of the service, identify who will provide the service, and define the scope of the service that will be provided. The service agreement must also include an estimate of the financial impact of the service on the company and require the company to report the actual financial impact of the service to the corporation 24 months after the service is provided.

Subd. 6. **Reporting.** The corporation shall report annually to the legislative committees with fiscal jurisdiction over the Department of Employment and Economic Development:

(1) the funds awarded under the small business growth acceleration program during the past 12 months;

(2) the estimated financial impact of the funds awarded to each company receiving service under the program; and

(3) the actual financial impact of funds awarded during the past 24 months.

Sec. 16. **[179.86] PACKINGHOUSE WORKERS BILL OF RIGHTS.**

Subdivision 1. **Definitions.** For the purposes of this section and section 179.87:

(1) "employer" means any person or business entity having 25 or more employees in the meatpacking industry; and

(2) "meatpacking industry" means business operations in which slaughtering, butchering, meat canning, meat packing, meat manufacturing, poultry canning, poultry packing, poultry manufacturing, pet food manufacturing, processing of meatpacking products, or rendering is carried on. Meatpacking products include livestock and poultry products.

Subd. 2. **Right to adequate facilities.** An employer must provide its employees:

(1) adequate and working restroom facilities;

(2) adequate room for meal and rest breaks;

(3) adequate locker facilities; and

(4) adequate time for necessary restroom and meal breaks as required under chapter 177; United States Code, title 29, chapter 15; and United States Code, title 42, chapter 126, or a valid collective bargaining agreement.

Subd. 3. **Right to adequate equipment and training.** An employer must furnish its employees with equipment and training that is adequate to perform the job task assigned. An employer must make ongoing skill development and training opportunities, including supervisory training, available to employees.

Subd. 4. **Information provided to employee by employer.** (a) An employer must provide an explanation in an employee's native language of the employee's rights and duties as an employee either person-to-person or through written materials as required by state or federal law, or a valid collective bargaining agreement that, at a minimum, includes:

(1) a complete description of the salary and benefits plans as they relate to the employee as required under chapter 181;

(2) a job description for the employee's position as required under chapter 181;

(3) a description of leave policies as required under chapter 181 and United States Code, title 29, chapter 28;

(4) a description of the work hours and work hours policy as required under chapter 181; United States Code, title 29, chapter 201; or a valid collective bargaining agreement; and

(5) a description of the occupational hazards known to exist for the position as required under chapters 181 and 182 and United States Code, title 29, chapter 15.

(b) The explanation must also include information on the following employee rights as protected by state or federal law and a description of where additional information about those rights may be obtained:

(1) the right to organize and bargain collectively as required under this chapter and chapter 177, and United States Code, title 29, chapter 7;

(2) the right to a safe workplace as required under chapters 181 and 182 and United States Code, title 29, chapter 15; and

(3) the right to be free from discrimination as required under this chapter and chapters 181, 182, and 363A, and United States Code, title 42, chapter 21.

Subd. 5. **Civil action.** A person aggrieved as a result of a violation of this section may file suit in any district court of this state. If the court finds that the respondent has intentionally violated this section, the court may award damages up to and including an amount equal to the original damages and may provide injunctive relief.

Subd. 6. **Criminal penalty.** An employer who violates this section is guilty of a misdemeanor.

Sec. 17. **[179.87] MEATPACKING INDUSTRY WORKERS RIGHTS OMBUDSMAN.**

Subdivision 1. **Position established.** The position of meatpacking industry workers rights ombudsman is established within the Department of Labor and Industry. The ombudsman shall be an employee of the department. The ombudsman shall be appointed by the commissioner in consultation with the chairs of the standing committees of the senate and house of representatives with jurisdiction over labor and employment issues in accordance with the preference established in subdivision 5.

Subd. 2. **Duties.** The ombudsman shall inspect and review the practices and procedures of meatpacking operations in the state. The ombudsman shall work to ensure workers rights under section 179.86 are protected.

Subd. 3. **Access.** The ombudsman or designated representatives of the ombudsman shall have access to all meatpacking operations in the state at any time meatpacking products are being processed and industry workers are on the job.

Subd. 4. **Office.** Necessary office space, furniture, equipment, and supplies as well as necessary assistance for the ombudsman shall be provided by the Department of Labor and Industry.

Subd. 5. **Language preference.** Preference shall be given to applicants for the ombudsman position who are fluent in languages in addition to English.

Subd. 6. **Report.** The ombudsman shall, on or before December 1 of each year, submit a report to the members of the legislature and the governor regarding any recommended actions the ombudsman deems necessary or appropriate to provide for the fair treatment of workers in the meatpacking industry.

Sec. 18. Minnesota Statutes 2006, section 181.78, is amended by adding a subdivision to read:

Subd. 4. **Forfeiture of employer rights.** (a) This subdivision applies to an invention or proposal by an employee in which the employer has an enforceable interest by contract or otherwise.

(b) An employer who has a right to develop or utilize an invention or proposal must make a substantial investment in the invention or proposal within five years of the submission of the invention or proposal or forfeit all rights and interests in the invention or proposal to the employee.

(c) An employee who has acquired the rights and interests of an employer under paragraph (b) may transfer that interest in the invention or proposal to anyone.

(d) An employer must notify in writing an employee who submits an invention or proposal to the employer of the employee's right under this subdivision within ten days of the submission. The employer must date and describe the proposal or invention received by the employer and provide a copy to the employee.

Sec. 19. **[181A.115] PROHIBITED EMPLOYMENT RELATING TO THE PRESENCE OF LIQUOR.**

No minor under the age of 18 shall be employed in any rooms constituting the place in which intoxicating liquors or 3.2 percent malt liquors are served or consumed or in any tasks involving the serving, dispensing, or handling of such liquors that are consumed on the premises except that:

(1) minors who have reached the age of 16 may be employed to perform busing or dishwashing services in those rooms or areas of a restaurant, hotel, motel, or resort where the presence of intoxicating liquor is incidental to food service or preparation;

(2) minors who have reached the age of 16 may be employed to perform busing or dishwashing services or to provide waiter or waitress service in rooms or areas where the presence of 3.2 percent malt liquor is incidental to food service or preparation;

(3) minors who have reached the age of 16 may be employed to provide musical entertainment in those rooms or areas where the presence of intoxicating liquor and 3.2 percent malt liquor is incidental to food service or preparation; and

(4) minors are not prevented from working at tasks which are not prohibited by law in establishments where liquor is sold, served, dispensed, or handled in those rooms or areas where no liquor is consumed or served.

Sec. 20. Minnesota Statutes 2006, section 182.65, subdivision 2, is amended to read:

Subd. 2. **Legislative findings and purpose.** The legislature finds that the burden on employers and employees of this state resulting from personal injuries and illnesses arising out of work situations is substantial; that the prevention of these injuries and illnesses is an important objective of the government of this state; that the greatest hope of attaining this objective lies in programs of research and education, and in the earnest cooperation of government, employers and employees; and that a program of regulation and enforcement is a necessary supplement to these more basic programs.

The legislature declares it to be its purpose and policy through the exercise of its powers to assure so far as possible every worker in the state of Minnesota safe and healthful working conditions and to preserve our human resources by:

(a) authorizing the Occupational Safety and Health Advisory Council to advise, consult with or recommend on any matters relating to the Minnesota occupational safety and health plan to the commissioner of labor and industry and by authorizing the commissioner of labor and industry to promulgate and enforce mandatory occupational safety and health standards applicable to employers and employees in the state of Minnesota;

(b) encouraging employers and employees to increase their efforts to reduce the number of occupational safety and health hazards at their places of employment, and to stimulate employers and employees to institute new and to perfect existing programs for providing safe and healthful working conditions;

(c) providing that employers and employees have separate but dependent responsibilities and rights with respect to achieving safe and healthful working conditions;

(d) providing for research in the field of occupational safety and health; including the psychological factors involved, and by developing innovative methods, techniques, and approaches for dealing with occupational safety and health problems;

(e) exploring ways to discover latent diseases, establishing causal connections between diseases and work in environmental conditions, and conducting other research relating to health problems, in recognition of the fact that occupational health standards present problems often different from those involved in occupational safety;

(f) utilizing advances already made by federal laws and regulations providing safe and healthful working conditions;

(g) providing criteria which will assure insofar as practicable that no employee will suffer diminished health, functional capacity, or life expectancy as a result of work experience;

(h) providing an effective enforcement program which shall include locating enforcement personnel in areas of the state with a higher incidence of workplace fatalities, injuries, and complaints and a prohibition against giving advance notice of an inspection and sanctions for any individual violating this prohibition;

(i) providing for appropriate reporting procedures with respect to occupational safety and health, which procedures will help achieve the objectives of this chapter and accurately describe the nature of the occupational safety and health problem;

(j) encouraging joint labor-management efforts to reduce injuries and diseases arising out of employment;

(k) providing consultation to employees and employers which will aid them in complying with their responsibilities under this chapter where such consultation does not interfere with the effective enforcement of this chapter; and

(l) providing for training programs to increase the number and competence of personnel engaged in the field of occupational safety and health.

Sec. 21. **[182.6551] CITATION.**

Sections 182.6551 to 182.6553 may be cited as the "Safe Patient Handling Act."

Sec. 22. **[182.6552] DEFINITIONS.**

Subdivision 1. **Direct patient care worker.** "Direct patient care worker" means an individual doing the job of directly providing physical care to patients including nurses, as defined by section 148.171, who provide physical care to patients.

Subd. 2. **Health care facility.** "Health care facility" means a hospital as defined in section 144.50, subdivision 2; an outpatient surgical center as defined in section 144.55, subdivision 2; and a nursing home as defined in section 144A.01, subdivision 5.

Subd. 3. **Safe patient handling.** "Safe patient handling" means a process, based on scientific evidence on causes of injuries, that uses safe patient handling equipment rather than people to transfer, move, and reposition patients in all health care facilities to reduce workplace injuries. This process also reduces the risk of injury to patients.

Subd. 4. **Safe patient handling equipment.** "Safe patient handling equipment" means engineering controls, lifting and transfer aids, or mechanical assistive devices used by nurses and other direct patient care workers instead of manual lifting to perform the acts of lifting, transferring, and repositioning health care facility patients and residents.

Sec. 23. [182.6553] SAFE PATIENT HANDLING PROGRAM.

Subdivision 1. **Safe patient handling program required.** (a) By July 1, 2008, every licensed health care facility in the state shall adopt a written safe patient handling policy establishing the facility's plan to achieve by January 1, 2011, the goal of minimizing manual lifting of patients by nurses and other direct patient care workers by utilizing safe patient handling equipment.

(b) The program shall address:

(1) assessment of hazards with regard to patient handling;

(2) the acquisition of an adequate supply of appropriate safe patient handling equipment;

(3) initial and ongoing training of nurses and other direct patient care workers on the use of this equipment;

(4) procedures to ensure that physical plant modifications and major construction projects are consistent with program goals; and

(5) periodic evaluations of the safe patient handling program.

Subd. 2. **Safe patient handling committee.** (a) By July 1, 2008, every licensed health care facility in the state shall establish a safe patient handling committee either by creating a new committee or assigning the functions of a safe patient handling committee to an existing committee.

(b) Membership of a safe patient handling committee or an existing committee must meet the following requirements:

(1) at least half the members shall be nonmanagerial nurses and other direct patient care workers; and

(2) in a health care facility where nurses and other direct patient care workers are covered by a collective bargaining agreement, the union shall select the committee members proportionate to its representation of nonmanagerial workers, nurses, and other direct patient care workers.

(c) A health care organization with more than one covered health care facility may establish a committee at each facility or one committee to serve this function for all the facilities. If the organization chooses to have one overall committee for multiple facilities, at least half of the members of the overall committee must be nonmanagerial nurses and other direct patient care workers and each facility must be represented on the committee.

(d) Employees who serve on a safe patient handling committee must be compensated by their employer for all hours spent on committee business.

Subd. 3. **Facilities with existing programs.** A facility that has already adopted a safe patient handling policy that satisfies the requirements of subdivision 1, and established a safe patient handling committee by July 1, 2008, is considered to be in compliance with those requirements. The committee must continue to satisfy the requirements of subdivision 2, paragraph (b), on an ongoing basis.

Subd. 4. **Committee duties.** A safe patient handling committee shall:

(1) complete a patient handling hazard assessment that:

(i) considers patient handling tasks, types of nursing units, patient populations, and the physical environment of patient care areas;

(ii) identifies problems and solutions;

(iii) identifies areas of highest risk for lifting injuries; and

(iv) recommends a mechanism to report, track, and analyze injury trends;

(2) make recommendations on the purchase, use, and maintenance of an adequate supply of appropriate safe patient handling equipment;

(3) make recommendations on training of nurses and other direct patient care workers on use of safe patient handling equipment, initially when the equipment arrives at the facility and periodically afterwards;

(4) conduct annual evaluations of the safe patient handling implementation plan and progress toward goals established in the safe patient handling policy; and

(5) recommend procedures to ensure that, when remodeling of patient care areas occurs, the plans incorporate safe patient handling equipment or the physical space and construction design needed to accommodate safe patient handling equipment at a later date.

Subd. 5. **Training materials.** The commissioner shall make training materials on implementation of this section available to all health care facilities at no cost as part of the training and education duties of the commissioner under section 182.673.

Subd. 6. **Enforcement.** This section shall be enforced by the commissioner under section 182.661. A violation of this section is subject to the penalties provided under section 182.666.

Subd. 7. **Grant program.** The commissioner may make grants to health care facilities to acquire safe patient handling equipment and for training on safe patient handling and safe patient handling equipment. Grants to any one facility may not exceed \$40,000. A grant must be matched on a dollar-for-dollar basis by the grantee. The commissioner shall establish a grant application process. The commissioner may give priority for grants to facilities that demonstrate that acquiring safe patient handling equipment will impose a financial hardship on the facility. For health care facilities that provide evidence of hardship, the commissioner may waive the 50 percent match requirement and may grant such a facility more than \$40,000. Health care facilities that the commissioner determines are experiencing hardship shall not be required to meet the safe patient handling requirements until July 1, 2012.

Sec. 24. Minnesota Statutes 2006, section 268.085, subdivision 3, is amended to read:

Subd. 3. **Payments that delay unemployment benefits.** (a) An applicant shall not be eligible to receive unemployment benefits for any week with respect to which the applicant is receiving, has received, or has filed for payment, equal to or in excess of the applicant's weekly unemployment benefit amount, in the form of:

(1) vacation pay paid upon temporary, indefinite, or seasonal separation. This clause shall not apply to vacation pay paid upon a permanent separation from employment;

(2) severance pay, bonus pay, sick pay, and any other money payments, except earnings under subdivision 5, and back pay under subdivision 6, paid by an employer because of, upon, or after separation from employment, but only if the money payment is considered wages at the time of payment under section 268.035, subdivision 29, or United States Code, title 26, section 3121, clause (2), of the Federal Insurance Contribution Act; This clause does not apply to the first \$10,000 of any amount of severance pay, bonus pay, sick pay, or any other payments paid to an employee with annual salary or wages under \$75,000; or

(3) pension, retirement, or annuity payments from any plan contributed to by a base period employer including the United States government, except Social Security benefits which are provided for in subdivision 4. The base period employer contributed to the plan if the contribution is excluded from the definition of wages under section 268.035, subdivision 29, clause (1), or United States Code, title 26, section 3121, clause (2), of the Federal Insurance Contribution Act.

An applicant shall not be considered to have received the lump sum payment if the applicant immediately deposits that payment in a qualified pension plan or account; or

(4) holiday pay.

(b) This subdivision shall apply to all the weeks of payment and shall be applied to the period immediately following the last day of employment. The number of weeks of payment shall be determined as follows:

(1) if the payments are made periodically, the total of the payments to be received shall be divided by the applicant's last level of regular weekly pay from the employer; or

(2) if the payment is made in a lump sum, that sum shall be divided by the applicant's last level of regular weekly pay from the employer.

(c) If the payment is less than the applicant's weekly unemployment benefit amount, unemployment benefits shall be reduced by the amount of the payment. If the computation of reduced unemployment benefits is not a whole dollar, it shall be rounded down to the next lower whole dollar.

EFFECTIVE DATE. This section is effective for unemployment benefits paid on or after January 1, 2006, regardless of when the continued request was filed or the week for which the unemployment benefits are paid.

Sec. 25. Minnesota Statutes 2006, section 268.196, is amended by adding a subdivision to read:

Subd. 5. **Unemployment insurance benefits telephone system.** The commissioner must ensure that the telephone system used for unemployment insurance benefits provides an option for any caller to speak to an unemployment insurance specialist. An individual who calls any of the publicized telephone numbers seeking information about applying for benefits or on the status of a claim must have the option to speak on the telephone to a specialist who can provide direct assistance or can direct the caller to the person or office that is able to respond to the caller's needs.

Sec. 26. Minnesota Statutes 2006, section 268A.01, subdivision 13, is amended to read:

Subd. 13. **Supported employment.** (a) "Supported employment" means employment of a person with a disability so severe that the person needs ongoing training and support to get and keep a job in which:

(1) the person engages in paid work in a position removed from the service vendor's site where individuals without disabilities who do not require public subsidies also may be employed;

(2) public funds are necessary to provide ongoing training and support services throughout the period of the person's employment; and

(3) the person has the opportunity for social interaction with individuals who do not have disabilities and who are not paid caregivers.

(b) If the commissioner has certified a rehabilitation facility setting as integrated, then employment at that site may be considered supported employment.

Sec. 27. Minnesota Statutes 2006, section 268A.01, is amended by adding a subdivision to read:

Subd. 14. **Affirmative business enterprise employment.** "Affirmative business enterprise employment" means employment which provides paid work on the premises of an affirmative business enterprise as certified by the commissioner.

Affirmative business enterprise employment is considered community employment for purposes of funding under Minnesota Rules, parts 3300.1000 to 3300.2055, provided that the wages for individuals reported must be at or above customary wages for the same employer. The employer must also provide one benefit package that is available to all employees.

Sec. 28. Minnesota Statutes 2006, section 268A.085, subdivision 1, is amended to read:

Subdivision 1. **Appointment; membership.** Every city, town, county, nonprofit corporation, or combination thereof establishing a rehabilitation facility shall appoint a rehabilitation facility board of no fewer than ~~nine~~ seven voting members before becoming eligible for the assistance provided by sections 268A.06 to 268A.15. When any city, town, or county singly establishes such a rehabilitation facility, the board shall be appointed by the chief executive officer of the city or the chair of the governing board of the county or town. When any combination of cities, towns, counties, or nonprofit corporations establishes a rehabilitation facility, the chief executive officers of the cities, nonprofit corporations, and the chairs of the governing bodies of the counties or towns shall appoint the board. If a nonprofit corporation singly establishes a rehabilitation facility, the corporation shall appoint the board of directors. Membership on a board shall be representative of the community served and shall include a person with a disability. ~~One third to one half of the board shall be representative of industry or business. The remaining members should be representative of lay associations for persons with a disability, labor, the general public, and education, welfare, medical, and health professions. Nothing in sections 268A.06 to 268A.15 shall be construed to preclude the appointment of elected or appointed public officials or members of the board of directors of the sponsoring nonprofit corporation to the board, so long as the representation described above is preserved.~~ If a county establishes an extended employment program and manages the program with county employees, the governing board shall be the county board of commissioners, and other provisions of this chapter pertaining to membership on the governing board do not apply.

Sec. 29. Minnesota Statutes 2006, section 268A.15, is amended by adding a subdivision to read:

Subd. 9. **Integrated setting.** At the commissioner's discretion, paid work on the premises of a rehabilitation facility may be certified as an integrated setting after a site review by the department.

Sec. 30. Minnesota Statutes 2006, section 462.39, is amended by adding a subdivision to read:

Subd. 5. **Local planning assistance.** A regional development commission or, in regions not served by regional development commissions, a regional organization selected by the commissioner of employment and economic development, may develop a program to support planning on behalf of local units of government. The local planning must be related to issues of regional or statewide significance and may include, but is not limited to, the following:

(1) local planning and development assistance, which may include local zoning ordinances and land use plans;

(2) community or economic development plans, which may include workforce development plans, housing development plans and market analysis, JOBZ administration, grant writing assistance, and grant administration;

(3) environment and natural resources plans, which may include solid waste management plans, wastewater management plans, and renewable energy development plans;

(4) rural community health services; and

(5) development of geographical information systems to serve regional needs, including hardware and software purchases and related labor costs.

Each regional development commission or organization shall submit to the commissioner of employment and economic development an annual work program that outlines the work items for the upcoming year and establishes the relationship of the work items to development issues of regional or statewide significance. The entity completing the annual work program and identifying the statewide development issues shall consider input from the Departments of Employment and Economic Development, Natural Resources, Transportation, Agriculture, Commerce, and other state agencies as appropriate to the issues.

Sec. 31. **WORKFORCE ENHANCEMENT FEE.**

If the commissioner of employment and economic development determines that the need for services under the dislocated worker program substantially exceeds the resources that will be available for the program, the commissioner may increase the special assessment levied under Minnesota Statutes, section 116L.20, subdivision 1, to no more than .12 percent of taxable wages.

Sec. 32. **FEDERAL PROCUREMENT LIAISON.**

The commissioner of employment and economic development must establish and operate a technology and commercialization unit in the Department of Employment and Economic Development. Appropriation for this purpose must be used to: coordinate public and private efforts to procure federal funding for collaborative research and development projects of primary benefit to small- and medium-sized businesses; promote contractual relationships between Minnesota businesses who, as recipients of federal grants, are prime contractors, and appropriate Minnesota-based subcontractors; assess the research and development capabilities of small- and medium-sized businesses; undertake referral activities to link Minnesota companies with federal requests for proposal opportunities; and develop a framework for Minnesota companies to establish sole-sourcing relationships with federal agencies.

The commissioner must report to the committees in the house of representatives and the senate having jurisdiction over bioscience and technology issues on the activities of the technology and commercialization unit by June 30 of each year.

Sec. 33. **LOCATION OF NORTHERN MINNESOTA INSPECTORS.**

By December 31, 2007, the commissioner of labor and industry must assign three occupational safety and health inspectors to one or more offices on the Iron Range and one inspector to an office in Bemidji.

Sec. 34. **ROLE OF STATE LEGISLATURE IN TRADE POLICY.**

(a) It shall be the policy of the state that approval for the state to be bound by any trade agreement requires the consent of the state legislature.

(b) Four state legislative contacts must be informed by the governor when any trade agreement arrives in the governor's office. The four contacts are the majority and minority leader of the senate or their designated legislators, and the speaker and minority leader in the house of representatives or their designated legislators. The legislature declares that the purposes of the state contacts are to:

(1) serve as the state's official legislative liaisons with the governor and the state legislature on trade-related matters;

(2) serve as the legislature's designated recipients from the governor of federal requests for consent to consultation regarding investment, procurement, services, or other provisions of international trade agreements, which impinge on state law or regulatory authority reserved to the states;

(3) transmit information regarding federal requests from the governor to all appropriate legislative committees;

(4) issue a formal request to the Department of Employment and Economic Development and all appropriate state agencies to provide analysis of all proposed trade agreements' impact on state legislative authority and the economy of the state;

(5) inform all members of the legislature on a regular basis about ongoing trade negotiations and dispute settlement proceedings with implications for the state more generally;

(6) communicate the concerns of the legislature to the governor and the United States trade representative regarding ongoing and proposed trade negotiations; and

(7) notify the governor and the United States trade representative of the outcome of any legislative action.

(c) The following actions are required before the state shall consent to the terms of a trade agreement:

(1) when a federal trade request has been received, the governor must submit the request to the legislative contacts on a day both houses are in session. The request must contain a copy of the final legal text of the agreement together with:

(i) a report by the Department of Employment and Economic Development in consultation with, at a minimum, the following agencies: Department of Administration, Department of Labor and Industry, Department of Agriculture, Department of Natural Resources, and the Minnesota Pollution Control Agency. The report shall include an analysis of how the agreement of the state to the specific provisions of the agreement will change or affect existing state law;

(ii) a statement of any administrative action proposed to implement these trade agreement provisions in the state; and

(iii) a draft of legislation authorizing the state to sign on to the specific listed provisions of the agreement in question;

(2) at least one public hearing, with adequate public notice, shall occur before the legislature votes on the bill; and

(3) the bill authorizing the state to sign on to specific listed provisions of an agreement is enacted into law.

(d) It is the sense of this legislature that Congress should pass legislation instructing the United States trade representative to fully and formally consult individual state legislatures regarding procurement, services, investment, or any other trade agreement rules that impact state laws or authority before negotiations begin and as they develop, and to seek consent from state legislatures in addition to governors prior to binding states to conform their laws to the terms of international commercial agreements. Such legislation is necessary to ensure the prior informed consent of the state with regard to future international trade and investment agreements.

(e) The state attorney general shall notify the United States trade representative of the policies in paragraph (d) in writing no later than 30 days after its effective date, and shall provide copies of the notice to the president of the senate, speaker of the house of representatives, the governor, and the state's congressional delegation.

Sec. 35. **STUDY; SAFE PATIENT HANDLING.**

(a) The commissioner of labor and industry shall study ways to require workers' compensation insurers to recognize compliance with Minnesota Statutes, section 182.6553, in the workers' compensation premiums of health care and long-term care facilities. The commissioner shall report by January 15, 2008, the results of the study to the chairs of the policy committees of the legislature with primary jurisdiction over workers' compensation issues.

(b) By January 15, 2008, the commissioner must make recommendations to the legislature regarding funding sources available to health care facilities for safe patient handling programs and equipment, including, but not limited to, low interest loans, interest free loans, and federal, state, or county grants.

Sec. 36. **WORK GROUP; SAFE PATIENT HANDLING.**

The Minnesota State Council on Disability shall convene a work group comprised of representatives from the Minnesota Medical Association and other organizations representing clinics, disability advocates, and direct care workers, to do the following:

(1) assess the current options for and use of safe patient handling equipment in unlicensed outpatient clinics, physician offices, and dental settings;

(2) identify barriers to the use of safe patient handling equipment in these settings; and

(3) define clinical settings that move patients to determine applicability of the Safe Patient Handling Act.

The work group must report to the legislature by January 15, 2008, including reports to the chairs of the senate and house of representatives committees on workforce development.

Sec. 37. EFFECT ON RULES.

The commissioner of labor and industry shall amend Minnesota Rules, part 5200.0910, to conform to Minnesota Statutes, section 181A.115. The commissioner may use the good cause exemption in Minnesota Statutes, section 14.388, in adopting the amendment required by this section.

Sec. 38. PUBLIC FACILITIES AUTHORITY FUNDING.

To the greatest practical extent, projects on the Public Facilities Authority's 2007 intended use plan, the listings for which were based on the Pollution Control Agency's 2006 project priority list, shall be carried over to the 2008 intended use plan. Projects that qualified for funding from the Public Facilities Authority under Laws 2006, chapter 258, section 21, that could not be certified by the Pollution Control Agency by the applicable deadline shall have until May 1, 2008, or six months after the Minnesota Supreme Court issues an opinion in the cities of Maple Lake and Annandale matter, whichever is later, to obtain the required certification from the Pollution Control Agency.

Sec. 39. REPEALER.

Minnesota Statutes 2006, section 16C.18, subdivision 2, is repealed.

ARTICLE 4**LICENSING AND WAGES****Section 1. [154.465] HAIR BRAIDING.**

Subdivision 1. **Registration.** Any person engaged in hair braiding solely for compensation as a profession, except persons licensed as cosmetologists, shall register with the Minnesota Board of Barber and Cosmetology Examiners in a form determined by the board.

Subd. 2. **Definition.** "Hair braiding" means a natural form of hair manipulation that results in tension on hair strands by beading, braiding, cornrowing, extending, lacing, locking, sewing, twisting, weaving, or wrapping human hair, natural fibers, synthetic fibers, and hair extensions into a variety of shapes, patterns, and textures predominantly by hand and by only using simple braiding devices, and maintenance thereof. Hair braiding includes what is commonly known as "African-style hair braiding" or "natural hair care" but is not limited to any particular cultural, ethnic, racial, or religious forms of hair styles. Hair braiding includes the making of customized wigs from natural hair, natural fibers, synthetic fibers, and hair extensions. Hair braiding includes the use of topical agents such as conditioners, gels, moisturizers, oils, pomades, and shampoos. Hair braiding does not involve the use of penetrating chemical hair treatments, chemical hair coloring agents, chemical hair straightening agents, chemical hair joining agents, permanent wave styles, or chemical hair bleaching agents applied to growing human hair. For purposes of this section, "simple hair braiding devices" means clips, combs, curlers, curling irons, hairpins, rollers, scissors, needles, thread, and hair binders including adhesives, if necessary, that are required solely for hair braiding.

Subd. 3. **Requirements.** In order to qualify for initial registration, any person engaged in hair braiding solely for compensation as a profession shall satisfactorily complete instruction at either an accredited school or by an individual, except persons licensed as cosmetologists approved by the board. Instruction includes coursework covering the topics of health, safety, sanitation, and state laws related to cosmetology not to exceed 30 hours. The coursework is encouraged to be provided in a foreign language format and such availability shall be reported to and posted by the Minnesota Board of Barber and Cosmetology Examiners.

Subd. 4. **Curriculum.** An accredited school or an individual approved by the board desiring to provide the coursework required under subdivision 3 shall have curriculum in place by January 1, 2008.

EFFECTIVE DATE. This section is effective July 1, 2008, except subdivision 4 is effective the day following final enactment.

Sec. 2. Minnesota Statutes 2006, section 177.27, subdivision 1, is amended to read:

Subdivision 1. **Examination of records.** The commissioner may enter during reasonable office hours or upon request and inspect the place of business or employment of any employer of employees working in the state, to examine and inspect books, registers, payrolls, and other records of any employer that in any way relate to wages, hours, and other conditions of employment of any employees. The commissioner may transcribe any or all of the books, registers, payrolls, and other records as the commissioner deems necessary or appropriate and may question the employees to ascertain compliance with sections 177.21 to ~~477.35~~ 177.435. The commissioner may investigate wage claims or complaints by an employee against an employer if the failure to pay a wage may violate Minnesota law or an order or rule of the department.

Sec. 3. Minnesota Statutes 2006, section 177.27, subdivision 4, is amended to read:

Subd. 4. **Compliance orders.** The commissioner may issue an order requiring an employer to comply with sections 177.21 to ~~477.35~~ 177.435, 181.02, 181.03, 181.031, 181.032, 181.101, 181.11, 181.12, 181.13, 181.14, 181.145, 181.15, ~~and 181.79, 181.932, and 181.9325~~, or with any rule promulgated under section 177.28. The department shall serve the order upon the employer or the employer's authorized representative in person or by certified mail at the employer's place of business. An employer who wishes to contest the order must file written notice of objection to the order with the commissioner within 15 calendar days after being served with the order. A contested case proceeding must then be held in accordance with sections 14.57 to 14.69. If, within 15 calendar days after being served with the order, the employer fails to file a written notice of objection with the commissioner, the order becomes a final order of the commissioner.

Sec. 4. Minnesota Statutes 2006, section 177.27, subdivision 5, is amended to read:

Subd. 5. **Civil actions.** (a) The commissioner may bring an action in the district court where an employer resides or where the commissioner maintains an office to enforce or require compliance with orders issued under subdivision 4.

(b) If the district court determines that a violation of section 181.932 or 181.9325 occurred, the court may order any appropriate relief, including but not limited to reinstatement, back pay, restoration of lost service credit, if appropriate, compensatory damages, and the expungement of any adverse records of a state employee or applicant for state employment who was the subject of the alleged acts of misconduct, and any appropriate relief as described in section 181.936.

Sec. 5. Minnesota Statutes 2006, section 177.27, subdivision 8, is amended to read:

Subd. 8. **Court actions; suits brought by private parties.** An employee may bring a civil action seeking redress for a violation or violations of sections 177.21 to ~~477.35~~ 177.44 directly to district court. An employer who pays an employee less than the wages and overtime compensation to which the employee is entitled under sections 177.21 to ~~477.35~~ 177.44 is liable to the employee for the full amount of the wages, gratuities, and overtime compensation, less any amount the employer is able to establish was actually paid to the employee and for an additional equal amount as liquidated damages. In addition, in an action under this subdivision the employee may seek damages and other appropriate relief provided by subdivision 7 and otherwise provided by law. An agreement between the employee and the employer to work for less than the applicable wage is not a defense to the action.

Sec. 6. Minnesota Statutes 2006, section 177.27, subdivision 9, is amended to read:

Subd. 9. **District court jurisdiction.** Any action brought under subdivision 8 may be filed in the district court of the county wherein a violation or violations of sections 177.21 to ~~477.35~~ 177.44 are alleged to have been committed, where the respondent resides or has a principal place of business, or any other court of competent jurisdiction. The action may be brought by one or more employees.

Sec. 7. Minnesota Statutes 2006, section 177.27, subdivision 10, is amended to read:

Subd. 10. **Attorney fees and costs.** In any action brought pursuant to subdivision 8, the court shall order an employer who is found to have committed a violation or violations of sections 177.21 to ~~177.35~~ 177.44 to pay to the employee or employees reasonable costs, disbursements, witness fees, and attorney fees.

Sec. 8. Minnesota Statutes 2006, section 177.27, is amended by adding a subdivision to read:

Subd. 11. **Investigation of certain complaints.** (a) The commissioner shall conduct an investigation of any matter that alleges a violation of sections 181.932 and 181.9325. The identity of the person providing the information that initiated the investigation shall be classified as private data, pursuant to section 13.02, subdivision 12, except that the identity may be disclosed to a law enforcement agency that is conducting a criminal investigation of the matter.

(b) For each investigation completed, if the commissioner determines that there is reasonable cause to believe that an employer has violated section 181.932 or 181.9325, the commissioner shall report the nature and details of the alleged violation to the head of the employing agency or the appropriate appointing authority. If appropriate, the commissioner shall report this information to the attorney general, the policy committees of the house of representatives and senate having jurisdiction over the subject involved, and to any other authority that the commissioner deems appropriate. In any case in which the commissioner submits a report of alleged violations to the head of the employing agency or appropriate appointing authority, that individual shall report to the commissioner with respect to any action taken by the individual regarding the activity, the first report being transmitted no later than 30 days after the date of the auditor's report, and monthly thereafter until final action has been taken.

(c) This subdivision shall not limit any authority conferred upon the attorney general or other department or agency of government to investigate and prosecute any matter.

(d) The commissioner shall have all the powers and authority described in this section to conduct investigations pursuant to this subdivision.

Sec. 9. **[177.275] INVESTIGATION PROCEDURE.**

(a) The commissioner shall initiate an investigation of a written complaint of reprisal or retaliation in public employment as prohibited by section 181.932 or 181.9325 within ten working days of its submission. The commissioner shall complete findings of the investigation within 60 working days thereafter, and shall provide a copy of the findings to the complaining employee or applicant for employment and to the appropriate supervisor, manager, employee, or appointing authority. When the allegations contained in a complaint of reprisal or retaliation are the same as, or similar to, those contained in another appeal, the commissioner may consolidate the appeals into the most appropriate format. In these cases, the time limits described in this subdivision shall not apply.

(b) If the commissioner finds that the supervisor, manager, employee, or appointing power retaliated against the complainant for engaging in protected whistle-blower activities, the commissioner may issue a compliance order under section 177.27, subdivision 4.

(c) In order for the governor and the legislature to determine the need to continue or modify state personnel procedures as they relate to the investigations of reprisals or retaliation for the disclosure of information by public employees, the commissioner, by June 30 of each year, shall submit a report to the governor and the legislature regarding complaints filed, hearings held, and legal actions taken under this section.

Sec. 10. Minnesota Statutes 2006, section 177.28, subdivision 1, is amended to read:

Subdivision 1. **General authority.** The commissioner may adopt rules, including definitions of terms, to carry out the purposes of sections 177.21 to ~~177.35~~ 177.44, to prevent the circumvention or evasion of those sections, and to safeguard the minimum wage and overtime rates established by sections 177.24 and 177.25.

Sec. 11. Minnesota Statutes 2006, section 177.30, is amended to read:

177.30 KEEPING RECORDS; PENALTY.

Every employer subject to sections 177.21 to ~~177.35~~ 177.44 must make and keep a record of:

- (1) the name, address, and occupation of each employee;
- (2) the rate of pay, and the amount paid each pay period to each employee;
- (3) the hours worked each day and each workweek by the employee; ~~and~~

(4) for each employer subject to sections 177.41 to 177.44, and while performing work on public works projects funded in whole or in part with state funds, the prevailing wage master job classification of each employee working on the project for each hour worked; and

(5) other information the commissioner finds necessary and appropriate to enforce sections 177.21 to 177.35. The records must be kept for three years in or near the premises where an employee works except each employer subject to sections 177.41 to 177.44, and while performing work on public works projects funded in whole or in part with state funds, the records must be kept for three years after the contracting authority has made final payment on the public works project.

The commissioner may fine an employer up to \$1,000 for each failure to maintain records as required by this section. This penalty is in addition to any penalties provided under section 177.32, subdivision 1. In determining the amount of a civil penalty under this subdivision, the appropriateness of such penalty to the size of the employer's business and the gravity of the violation shall be considered.

Sec. 12. Minnesota Statutes 2006, section 177.43, subdivision 3, is amended to read:

Subd. 3. **Contract requirements.** The contract must specifically state the prevailing wage rates, prevailing hours of labor, and hourly basic rates of pay. The contract must also provide that the contracting authority may demand and the contractor or subcontractor shall furnish to the contracting authority, copies of any and all payrolls, and that the contracting authority may examine all records relating to wages paid laborers or mechanics on work to which sections 177.41 to 177.44 apply. The requirements of this subdivision are in addition to any other requirements or authority set forth in other laws or rules for work to which sections 177.41 to 177.44 apply.

Sec. 13. Minnesota Statutes 2006, section 177.43, subdivision 4, is amended to read:

Subd. 4. **Determination by commissioner; posting; petition for reconsideration.** The prevailing wage rates, prevailing hours of labor, and hourly basic rates of pay for all trades and occupations required in any project must be ascertained before the state asks for bids. The commissioner of labor and industry shall investigate as necessary to ascertain the information. ~~The commissioner~~ Each contractor and subcontractor performing work on a public project shall keep the information posted on the project in at least one conspicuous place for the information of the employees working on the project. A person aggrieved by a final determination of the commissioner may petition the commissioner for reconsideration of findings. A person aggrieved by a decision of the commissioner after reconsideration may, within 20 days after the decision, petition the commissioner for a public hearing in the manner of a contested case under sections 14.57 to 14.61.

Sec. 14. Minnesota Statutes 2006, section 177.43, subdivision 6, is amended to read:

Subd. 6. **Examination of records; investigation by the department.** The Department of Labor and Industry shall enforce this section. The department may demand, and the contractor and subcontractor shall furnish to the department, copies of any or all payrolls. The department may examine all records relating to wages paid laborers or mechanics on work to which sections 177.41 to 177.44 apply. The department shall employ at least three investigators to perform on-site project reviews, receive and investigate complaints of violations of this section, and conduct training and outreach to contractors and contracting authorities for public works projects financed in whole or in part with state funds.

Sec. 15. Minnesota Statutes 2006, section 177.43, is amended by adding a subdivision to read:

Subd. 6a. **Prevailing wage violations.** Upon issuing a compliance order to an employer pursuant to section 177.27, subdivision 4, for violation of sections 177.41 to 177.44, the commissioner shall issue a withholding order to the contracting authority ordering the contracting authority to withhold payment of sufficient sum to the prime or general contractor on the project to satisfy the back wages assessed or otherwise cure the violation, and the contracting authority must withhold the sum ordered until the compliance order has become a final order of the commissioner and has been fully paid or otherwise resolved by the employer.

During an investigation of a violation of sections 177.41 to 177.44 which the commissioner reasonably determines is likely to result in the finding of a violation of sections 177.41 to 177.44 and the issuance of a compliance order pursuant to section 177.27, subdivision 4, the commissioner may notify the contracting authority of the determination and the amount expected to be assessed and the contracting authority shall give the commissioner 90 days' prior notice of the date the contracting authority intends to make final payment.

Sec. 16. **[181.723] INDEPENDENT CONTRACTORS.**

Subdivision 1. **Scope.** The definitions in this subdivision apply to this section.

(a) "Person" means any individual, limited liability corporation, corporation, partnership, incorporated or unincorporated association, sole proprietorship, joint stock company, or any other legal or commercial entity.

(b) "Department" means the Department of Labor and Industry.

(c) "Commissioner" means the commissioner of labor and industry or a duly designated representative of the commissioner who is either an employee of the Department of Labor and Industry or person working under contract with the Department of Labor and Industry.

(d) "Individual" means a human being.

(e) "Day" means calendar day unless otherwise provided.

(f) "Knowingly" means knew or could have known with the exercise of reasonable diligence.

(g) "Document" or "documents" includes papers; books; records; memoranda; data; contracts; drawings; graphs; charts; photographs; digital, video, and audio recordings; records; accounts; files; statements; letters; e-mails; invoices; bills; notes; and calendars maintained in any form or manner.

Subd. 2. **Limited application.** This section only applies to individuals performing public or private sector commercial or residential building construction or improvement services.

Subd. 3. **Employee-employer relationship.** Except as provided in subdivision 4, for purposes of chapters 176, 177, 181A, 182, and 268, as of January 1, 2009, an individual who performs services for a person that are in the course of the person's trade, business, profession, or occupation is an employee of that person and that person is an employer of the individual.

Subd. 4. **Independent contractor.** An individual is an independent contractor and not an employee of the person for whom the individual is performing services in the course of the person's trade, business, profession, or occupation only if (a) the individual holds a current independent contractor exemption certificate issued by the commissioner; and (b) the individual is performing services for the person under the independent contractor exemption certificate as provided in subdivision 6. The requirements in clauses (a) and (b) must be met in order to qualify as an independent contractor and not as an employee of the person for whom the individual is performing services in the course of the person's trade, business, profession, or occupation.

Subd. 5. **Application.** To obtain an independent contractor exemption certificate, the individual must submit, in the manner prescribed by the commissioner, a complete application and the certificate fee required under subdivision 14.

(a) A complete application must include all of the following information:

(1) the individual's full name;

(2) the individual's residence address and telephone number;

(3) the individual's business name, address, and telephone number;

(4) the services for which the individual is seeking an independent contractor exemption certificate;

(5) the individual's Social Security number;

(6) the individual's or the individual's business federal employer identification number, if a number has been issued to the individual or the individual's business;

(7) any information or documentation that the commissioner requires by rule that will assist the department in determining whether to grant or deny the individual's application; and

(8) The individual's sworn statement that the individual meets all of the following conditions:

(i) the individual maintains a separate business with the individual's own office, equipment, materials, and other facilities;

(ii) the individual holds or has applied for a federal employer identification number or has filed business or self-employment income tax returns with the federal Internal Revenue Service if the person has performed services in the previous year for which the individual is seeking the independent contractor exemption certificate;

(iii) the individual operates under contracts to perform specific services for specific amounts of money and under which the individual controls the means of performing the services;

(iv) the individual incurs the main expenses related to the service that the individual performs under contract;

(v) the individual is responsible for the satisfactory completion of services that the individual contracts to perform and is liable for a failure to complete the service;

(vi) the individual receives compensation for service performed under a contract on a commission or per-job or competitive bid basis and not on any other basis;

(vii) the individual may realize a profit or suffer a loss under contracts to perform service;

(viii) the individual has continuing or recurring business liabilities or obligations; and

(ix) the success or failure of the individual's business depends on the relationship of business receipts to expenditures.

(b) Within 30 days of receiving a complete application and the certificate fee, the commissioner must either grant or deny the application. The commissioner may deny an application for an independent contractor exemption certificate if the individual has not submitted a complete application and certificate fee or if the individual does not meet all of the conditions for holding the independent contractor exemption certificate. The commissioner may revoke an independent contractor exemption certificate if the commissioner determines that the individual no longer meets all of the conditions for holding the independent contractor exemption certificate, commits any of the actions set out in subdivision 7, or fails to cooperate with a department investigation into the continued validity of the individual's certificate. Once issued, an independent contractor exemption certificate remains in effect for two years unless:

(1) revoked by the commissioner; or

(2) canceled by the individual.

(c) If the department denies an individual's original or renewal application for an independent contractor exemption certificate or revokes an independent contractor exemption certificate, the commissioner shall issue to the individual an order denying or revoking the certificate. The commissioner may issue an administrative penalty order to an individual or person who commits any of the actions set out in subdivision 7.

(d) An individual or person to whom the commissioner issues an order under paragraph (c) shall have 30 days after service of the order to request a hearing. The request for hearing must be in writing and must be served on or faxed to the commissioner at the address or fax number specified in the order by the 30th day after service of the order. If the individual does not request a hearing or if the individual's request for a hearing is not served on or faxed to the commissioner by the 30th day after service of the order, the order shall become a final order of the commissioner and will not be subject to review by any court or agency. The date on which a request for hearing is served by mail shall be the postmark date on the envelope in which the request for hearing is mailed. If the individual serves or faxes a timely request for hearing, the hearing shall be a contested case hearing and shall be held in accordance with chapter 14.

Subd. 6. **Qualifications for exemption certificate.** An individual is performing services for a person under an independent contractor exemption certificate if:

(a) the individual is performing services listed on the individual's independent contractor exemption certificate;

(b) at the time the individual is performing services listed on the individual's independent contractor exemption certificate, the individual meets all of the following conditions:

(1) the individual maintains a separate business with the individual's own office, equipment, materials, and other facilities;

(2) the individual holds or has applied for a federal employer identification number or has filed business or self-employment income tax returns with the federal Internal Revenue Service if the individual performed services in the previous year for which the individual has the independent contractor exemption certificate;

(3) the individual is operating under contract to perform the specific services for the person for specific amounts of money and under which the individual controls the means of performing the services;

(4) the individual is incurring the main expenses related to the services that the individual is performing for the person under the contract;

(5) the individual is responsible for the satisfactory completion of the services that the individual has contracted to perform for the person and is liable for a failure to complete the services;

(6) the individual receives compensation from the person for the services performed under the contract on a commission or per-job or competitive bid basis and not on any other basis;

(7) the individual may realize a profit or suffers a loss under the contract to perform services for the person;

(8) the individual has continuing or recurring business liabilities or obligations; and

(9) the success or failure of the individual's business depends on the relationship of business receipts to expenditures.

Subd. 7. Prohibited activities. (a) An individual shall not:

(1) perform work as an independent contractor who meets the qualifications under subdivision 6, without first obtaining from the department an independent contractor exemption certificate;

(2) perform work as an independent contractor when the department has denied or revoked the individual's independent contractor exemption certificate;

(3) transfer to another individual or allow another individual to use the individual's independent contractor exemption certificate;

(4) alter or falsify an independent contractor exemption certificate;

(5) misrepresent the individual's status as an independent contractor; or

(6) make a false material statement, representation, or certification; omit material information; or alter, conceal, or fail to file a document required by this section or any rule promulgated by the commissioner under rulemaking authority set out in this section.

(b) A person shall not:

(1) require an individual through coercion, misrepresentation, or fraudulent means to adopt independent contractor status;

(2) knowingly misrepresent that an individual who has not been issued an independent contractor exemption certificate or is not performing services for the person under an independent contractor exemption certificate is an independent contractor; or

(3) make a false material statement, representation, or certification; omit material information; or alter, conceal, or fail to file a document required by this section or any rule promulgated by the commissioner under rulemaking authority set out in this section.

(c) A person for whom an individual is performing services must obtain a copy of the individual's independent contractor exemption certificate before services may commence. A copy of the independent contractor exemption certificate must be retained for five years from the date of receipt by the person for whom an individual is performing services.

Subd. 8. **Remedies.** An individual or person who violates any provision of subdivision 7 is subject to a penalty to be assessed by the department of up to \$5,000 for each violation. The department shall deposit penalties in the assigned risk safety account.

Subd. 9. **Commissioner's powers.** (a) In order to carry out the purposes of this section, the commissioner may:

(1) administer oaths and affirmations, certify official acts, interview, question, take oral or written statements, and take depositions;

(2) request, examine, take possession of, photograph, record, and copy any documents, equipment, or materials;

(3) at a time and place indicated by the commissioner, request persons to appear before the commissioner to give testimony and produce documents, equipment, or materials;

(4) issue subpoenas to compel persons to appear before the commissioner to give testimony and produce documents, equipment, or materials; and

(5) with or without notice, enter without delay upon any property, public or private, for the purpose of taking any action authorized under this subdivision or the applicable law, including obtaining information or conducting inspections or investigations.

(b) Persons requested by the commissioner to give testimony or produce documents, equipment, or materials shall respond within the time and in the manner specified by the commissioner. If no time to respond is specified in the request, then a response shall be submitted within 30 days of the commissioner's service of the request.

(c) Upon the refusal or anticipated refusal of a property owner, lessee, property owner's representative, or lessee's representative to permit the commissioner's entry onto property as provided in paragraph (a), the commissioner may apply for an administrative inspection order in the Ramsey County District Court or, at the commissioner's discretion, in the district court in the county in which the property is located. The commissioner may anticipate that a property owner or lessee will refuse entry if the property owner, lessee, property owner's representative, or lessee's representative has refused to permit entry on a prior occasion or has informed the commissioner that entry will be refused. Upon showing of administrative probable cause by the commissioner, the district court shall issue an administrative inspection order that compels the property owner or lessee to permit the commissioner to enter the property for the purposes specified in paragraph (a).

(d) Upon the application of the commissioner, a district court shall treat the failure of any person to obey a subpoena lawfully issued by the commissioner under this subdivision as a contempt of court.

Subd. 10. **Notice requirements.** Unless otherwise specified, service of a document on a person under this section may be by mail, by personal service, or in accordance with any consent to service filed with the commissioner. Service by mail shall be accomplished in the manner provided in Minnesota Rules, part 1400.5550, subpart 2. Personal service shall be accomplished in the manner provided in Minnesota Rules, part 1400.5550, subpart 3.

Subd. 11. **Facsimile; timely service.** When this section permits a request for hearing to be served by facsimile on the commissioner, the facsimile shall not exceed 15 pages in length. The request shall be considered timely served if the facsimile is received by the commissioner, at the facsimile number identified by the commissioner in the order, no later than 4:30 p.m. central time on the last day permitted for faxing the request. Where the quality or authenticity of the faxed request is at issue, the commissioner may require the original request to be filed. Where the commissioner has not identified quality or authenticity of the faxed request as an issue and the request has been faxed in accordance with this subdivision, the person faxing the request does not need to file the original request with the commissioner.

Subd. 12. **Time period computation.** In computing any period of time prescribed or allowed by this section, the day of the act, event, or default from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included, unless it is a Saturday, Sunday, or legal holiday, in which event the period runs until the next day which is not a Saturday, Sunday, or legal holiday.

Subd. 13. **Rulemaking.** The commissioner may, in consultation with the commissioner of revenue and the commissioner of employment and economic development, adopt, amend, suspend, and repeal rules under the rulemaking provisions of chapter 14 that relate to the commissioner's responsibilities under this section. This subdivision is effective the day following final enactment.

Subd. 14. **Fee.** The certificate fee for the original application and for the renewal of an independent contractor exemption certificate shall be \$150. If an individual simultaneously submits an application for both an independent contractor exemption certificate under this section and a license under section 326.84, the application fee for the independent contractor exemption certificate shall be reduced to \$100. Fees collected under this subdivision are deposited in the general fund.

Subd. 15. **Notice to commissioner; review by commissioner of revenue.** When the commissioner has reason to believe that an individual who holds a certificate has failed to maintain all the conditions required by subdivision 3 or is not performing services for a person under the independent contractor exemption certificate, the commissioner must notify the commissioner of revenue and the commissioner of employment and economic development. Upon receipt of notification from the commissioner that an individual who holds a certificate has failed to maintain all the conditions required by subdivision 3 or is not performing services for a person under the independent contractor exemption certificate, the commissioner of revenue must review the information returns required under section 6041A of the Internal Revenue Code. The commissioner of revenue shall also review the submitted certification that is applicable to returns audited or investigated under section 289A.35.

Subd. 16. **Data classified.** Certifications issued by the commissioner are public data. Applications and required documentation submitted by an individual is private data on an individual. Upon request of the Department of Revenue or the Department of Employment and Economic Development, the commissioner may release to the Department of Revenue and the Department of Employment and Economic Development applications and required documentation submitted by individuals and investigative data that relates to the department's issuance or denial of applications and the department's revocations of certificates. Except as otherwise provided by this subdivision, the department's investigative data shall be classified as provided in chapter 13.

EFFECTIVE DATE. This section is effective July 1, 2008.

Sec. 17. **[181.724] PERFORMERS IN RECORDED MEDIA INDUSTRY.**

Subdivision 1. **Definitions.** The definitions in this subdivision apply to section 181.724.

(a) "Performer" means actor, announcer, singer, dancer, narrator, stunt-person, extra, or any other individual generically or customarily referred to as talent in the recorded media industry.

(b) "Recorded media industry" means radio or television commercial production, nonbroadcast audio or video production, sound recording, audio or video production for the internet, or any other recording technology.

(c) "Individual" means a human being.

(d) "Person" means any individual, limited liability corporation, corporation, partnership, incorporated or unincorporated association, sole proprietorship, joint stock company, or any other legal or commercial entity.

Subd. 2. **Limited application.** This section applies only to individuals who are performers in the recorded media industry. This section does not apply to live performances.

Subd. 3. **Employee-employer relationship.** For the purposes of chapters 176, 177, 181A, 182, and 268, an individual who provides services as a performer in the recorded media industry for a person that are in the course of the person's trade, business, profession, or occupation is an employee of that person and that person is an employer of the individual.

Subd. 4. **Civil remedy.** An individual who has been injured by a violation of this section may bring a civil action for damages against the violator. If the individual is an employee of the violator of this section, the employee's representative, as defined in section 179.01, subdivision 5, may bring a civil action for damages against the violator on behalf of the employee. The court may award attorney fees, costs, and disbursement to an individual recovering under this section.

Subd. 5. **Reporting of violations.** Any court finding that a violation of this section has occurred shall transmit a copy of its findings of fact and conclusions of law to the commissioner of labor and industry. The commissioner of labor and industry shall report the finding to relevant state and federal agencies, including the commissioner of commerce, the commissioner of employment and economic development, the commissioner of revenue, the federal Internal Revenue Service, and the United States Department of Labor.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 18. Minnesota Statutes 2006, section 181.932, subdivision 1, is amended to read:

Subdivision 1. **Prohibited action.** An employer shall not discharge, discipline, threaten, otherwise discriminate against, or penalize an employee regarding the employee's compensation, terms, conditions, location, or privileges of employment because:

(a) the employee, or a person acting on behalf of an employee, in good faith, reports a violation or suspected violation of any federal or state law or rule adopted pursuant to law to an employer or to any governmental body or law enforcement official and the alleged violation involves a matter of public concern, including, but not limited to, violations that create a specific danger to the public health, safety, or environment;

(b) the employee is requested by a public body or office to participate in an investigation, hearing, inquiry;

(c) the employee refuses an employer's order to perform an action that the employee has an objective basis in fact to believe violates any state or federal law or rule or regulation adopted pursuant to law which violation the employee reasonably believes is a matter of public concern, including, but not limited to, violations that create a specific danger to the public health, safety, or environment, and the employee informs the employer that the order is being refused for that reason; ~~or~~

(d) the employee, in good faith, reports a situation in which the quality of health care services provided by a health care facility, organization, or health care provider violates a standard established by federal or state law or a professionally recognized national clinical or ethical standard and potentially places the public at risk of harm;₂

(e) a public employee refuses to alter, dilute, or suppress the objective representation or communication of scientific or technical data or findings, including but not limited to, findings of economic or environmental impact, or findings indicating consequences for the public's health or safety; or

(f) a public employee communicates the findings of a scientific or technical study that the employee, in good faith, believes to be truthful and accurate, including reports to a governmental body or law enforcement official.

The disclosures protected pursuant to this section do not authorize the disclosure of trade secret information otherwise protected by law.

Sec. 19. [181.9325] USE OF AUTHORITY TO INFLUENCE OR INTERFERE WITH DISCLOSURE OF INFORMATION.

(a) A public employer may not directly or indirectly use or attempt to use the employer's official authority or influence for the purpose of intimidating, threatening, coercing, or attempting to intimidate, threaten, or coerce any person for the purpose of interfering with the rights described in section 181.932, or for the purpose of persuading the person to waive or disclaim any other legal rights related to the person's employment.

(b) For purposes of this section, "use of official authority or influence" includes: promising to confer, or conferring, any benefit; effecting, or threatening to effect, any reprisal; or taking, or directing others to take, or recommending, processing, or approving, any personnel action, including but not limited to appointment, promotion, transfer, assignment, performance evaluation, suspension, or other disciplinary action.

Sec. 20. Minnesota Statutes 2006, section 181.935, is amended to read:

181.935 INDIVIDUAL REMEDIES; PENALTY.

(a) In addition to any remedies otherwise provided by law, an employee injured by a violation of section 181.932 or 181.9325 may bring a civil action to recover any and all damages recoverable at law, together with costs and disbursements, including reasonable attorney's fees, and may receive such injunctive and other equitable relief as determined by the court.

(b) An employer who failed to notify, as required under section 181.933 or 181.934, an employee injured by a violation of section 181.932 is subject to a civil penalty of \$25 per day per injured employee not to exceed \$750 per injured employee.

Sec. 21. [181.936] REPRISALS FOR DISCLOSURE OF IMPROPER GOVERNMENTAL ACTIVITIES; COMPLAINT PROCEDURE; PENALTIES.

(a) A public employee or applicant for public employment who files a written complaint with the employee's or applicant's supervisor, manager, or the appointing power alleging actual or attempted acts of reprisal, retaliation, threats, coercion, or similar improper acts prohibited by section 181.9325, may also file a copy of the written complaint with the commissioner of labor and industry, together with a sworn statement that the contents of the written complaint are true, or are believed by the affiant to be true, under penalty of perjury. The complaint filed with the commissioner shall be filed within 12 months of the most recent act of reprisal complained about.

(b) Any person who intentionally engages in acts of reprisal, retaliation, threats, coercion, or similar acts against a public employee or applicant for public employment for having made a protected disclosure under section 181.932, is subject to a fine not to exceed \$10,000 and imprisonment in the county jail for a period not to exceed one year.

(c) In addition to all other penalties provided by law, any person who intentionally engages in acts of reprisal, retaliation, threats, coercion, or similar acts against a public employee or applicant for public employment for having made a protected disclosure shall be liable in an action for damages brought against the person by the injured party. Punitive damages may be awarded by the court where the acts of the offending party are proven to be malicious. Where liability has been established, the injured party shall also be entitled to reasonable attorney fees as provided by law. However, any action for damages shall not be available to the injured party unless the injured party has first filed a complaint with the commissioner of labor and industry under paragraph (a), and the department has issued, or failed to issue, findings under section 177.275.

(d) This section is not intended to prevent an appointing power, manager, or supervisor from taking, directing others to take, recommending, or approving any personnel action or from taking or failing to take a personnel action with respect to any public employee or applicant for public employment if the appointing power, manager, or supervisor reasonably believes any action or inaction is justified on the basis of evidence separate and apart from the fact that the person has made a protected disclosure under section 181.932.

(e) In any civil action or administrative proceeding, once it has been demonstrated by a preponderance of evidence that an activity protected by sections 177.27, 177.275, 181.932, and 181.9325 was a contributing factor in the alleged retaliation against a former, current, or prospective employee, the burden of proof shall be on the supervisor, manager, or appointing power to demonstrate by clear and convincing evidence that the alleged action would have occurred for legitimate, independent reasons even if the employee had not engaged in protected disclosures or refused an illegal order. If the supervisor, manager, or appointing power fails to meet this burden of proof in an adverse action against the employee in any administrative review, challenge, or adjudication in which retaliation has been demonstrated to be a contributing factor, the employee shall have a complete affirmative defense in the adverse action.

(f) Nothing in sections 177.27, 177.275, 181.932, and 181.9325 shall be deemed to diminish the rights, privileges, or remedies of any employee under any other federal or state law or under any employment contract or collective bargaining agreement.

Sec. 22. Minnesota Statutes 2006, section 325E.37, subdivision 6, is amended to read:

Subd. 6. **Scope; limitations.** (a) This section applies to a sales representative who, during some part of the period of the sales representative agreement:

- (1) is a resident of Minnesota or maintains that person's principal place of business in Minnesota; or
- (2) whose geographical territory specified in the sales representative agreement includes part or all of Minnesota.

(b) To be effective, any demand for arbitration under subdivision 5 must be made in writing and delivered to the principal on or before one year after the effective date of the termination of the agreement.

(c) A provision in any contract between a sales representative dealing in plumbing equipment or supplies and a principal purporting to waive any provision of this act, whether by express waiver or by a provision stipulating that the contract is subject to the laws of another state, shall be void.

Sec. 23. Minnesota Statutes 2006, section 326.37, subdivision 1, is amended to read:

Subdivision 1. **Rules.** The state ~~commissioner of health~~ Plumbing Board may, by rule, prescribe minimum standards which shall be uniform, and which standards shall thereafter be effective for all new plumbing installations, including additions, extensions, alterations, and replacements connected with any water or sewage disposal system owned or operated by or for any municipality, institution, factory, office building, hotel, apartment building, or any other place of business regardless of location or the population of the city or town in which located. Notwithstanding the provisions of Minnesota Rules, part 4715.3130, as they apply to review of plans and specifications, the commissioner may allow plumbing construction, alteration, or extension to proceed without approval of the plans or specifications by the commissioner.

Except for powers granted to the Plumbing Board, the commissioner of labor and industry shall administer the provisions of sections 326.37 to 326.45 and for such purposes may employ plumbing inspectors and other assistants.

Sec. 24. Minnesota Statutes 2006, section 326.37, is amended by adding a subdivision to read:

Subd. 4. **Air admittance valves and water-free urinals prohibited.** (a) Mechanical devices and fittings with internal moving parts are prohibited from installation in plumbing venting systems.

(b) All urinals covered under the jurisdiction of the state plumbing code must have a water flush device with a volume of not more than one gallon per use.

Sec. 25. **[326.372] PLUMBING BOARD.**

Subdivision 1. **Composition.** (a) The Plumbing Board shall consist of 12 voting members who must be residents of the state, appointed by the governor, and confirmed by the senate. The commissioner of labor and industry or the commissioner's designee shall be a voting member. The first appointed board members shall serve an initial term of four years, except where designated otherwise. The governor shall then reappoint the current members or appoint replacement members, all or in part, to subsequent three-year terms. Midterm vacancies shall be filled for the remaining portion of the term. Vacancies occurring with less than six months time remaining in the term shall be filled for the existing term and the following three-year term. Of the 11 appointed members, the composition shall be as follows:

(1) two members shall be municipal plumbing inspectors, one from the seven-county metro area and one from greater Minnesota;

(2) one member shall be a licensed mechanical engineer;

(3) two members serving an initial term of three years shall be plumbing contractors or the representative of the contractor, engaged in a commercial scope of plumbing contracting, one from the metropolitan area and one from greater Minnesota;

(4) two members serving an initial term of three years shall be plumbing contractors or their representatives, engaged in the residential scope of plumbing contracting, one from the metro area and one from greater Minnesota;

(5) two members serving an initial term of two years shall be plumbing journeypersons engaged in a commercial scope of plumbing systems installation, one from the metro area and one from greater Minnesota; and

(6) two members serving an initial term of two years shall be plumbing journeypersons engaged in a residential scope of plumbing systems installation, one from the metro area and one from greater Minnesota.

(b) Except for the licensed mechanical engineer, all persons appointed to the council must possess a current Minnesota plumbing license and maintain the license for the duration of their term.

Subd. 2. **Powers.** (a) The board shall have the power to:

(1) elect its chair;

(2) specify the plumbing code that must be followed in this state;

(3) maintain a review process to make determinations regarding any complaints, code amendments, code compliance, and code clarifications filed with the board;

(4) adopt rules necessary for the regulation and licensing of contractors, journeypersons, apprentices, and other persons engaged in the design, installation, and alteration of plumbing systems that would include the issuing, renewing, revoking, refusing to renew, and suspending a plumbing license, except for persons licensed under sections 326.02 to 326.15;

(5) adopt rules necessary for continuing education for individuals regulated and licensed under this section;

(6) make recommendations to the commissioner regarding educational requirements for plumbing inspectors; and

(7) pay expenses deemed necessary in the performance of board duties, including:

(i) rent, utilities, and supplies in the manner and amount specified in section 43A.18, subdivision 2; and

(ii) per diem and expenses for its members as provided in section 15.0575, subdivision 3.

(b) Requests under the review process in paragraph (a), clause (3), may originate with the municipal inspectors, the plumbing contractors or their employees, and other persons engaged in the design, installation, and alteration of plumbing systems. The board shall make its findings known to all parties and the commissioner of labor and industry within the time period specified by the board.

Subd. 3. **Fees and finances.** The board shall submit an annual budget to the commissioner of labor and industry. The commissioner shall collect fees under section 326.42 necessary for the operation and continuance of the board. The commissioner is responsible for the enforcement of the codes and licensing requirements determined by the board. The board shall recommend the fees for licenses and certification under this section. The commissioner of finance shall make a quarterly certification of the amount necessary to pay expenses required for operation of the board under subdivision 2, paragraph (a), clause (6). The certified amount is appropriated in fiscal years 2008 and 2009 to the board for those purposes from the fees collected under section 326.42.

Subd. 4. **Transfer of authority; Plumbing Board.** The authority of the commissioners of health and labor and industry to adopt rules relating to plumbers is transferred to the Plumbing Board. Licenses and permits currently in effect remain in effect according to their terms unless affected by board action. Rules adopted by the commissioner of health or labor and industry remain in effect until amended or repealed by the board. The commissioner of administration may not use the authority under section 16B.37 to modify the transfers of authority in this act.

Subd. 5. **First meeting; appointments for Plumbing Board.** The governor must complete the appointments required by section 326.372 no later than July 1, 2007. The commissioner of labor and industry shall convene the first meeting of the Plumbing Board no later than September 1, 2007.

Sec. 26. Minnesota Statutes 2006, section 326.38, is amended to read:

326.38 LOCAL REGULATIONS.

Any city having a system of waterworks or sewerage, or any town in which reside over 5,000 people exclusive of any statutory cities located therein, or the metropolitan airports commission, may, by ordinance, adopt local regulations providing for plumbing permits, bonds, approval of plans, and inspections of plumbing, which regulations are not in conflict with the plumbing standards on the same subject prescribed by the state ~~commissioner of health~~ Plumbing Board. No city or such town shall prohibit plumbers licensed by the state commissioner of ~~health~~ labor and industry from engaging in or working at the business, except cities and statutory cities which, prior to April 21, 1933, by ordinance required the licensing of plumbers. No city or town may require a license for persons performing building sewer or water service installation who have completed pipe laying training as prescribed by the commissioner of labor and industry. Any city by ordinance may prescribe regulations, reasonable standards, and inspections and grant permits to any person, firm, or corporation engaged in the business of installing water softeners, who is not licensed as a master plumber or journeyman plumber by the state commissioner of ~~health~~ labor and industry, to connect water softening and water filtering equipment to private residence water distribution systems, where provision has been previously made therefor and openings left for that purpose or by use of cold water connections to a domestic water heater; where it is not necessary to rearrange, make any extension or alteration of, or addition to any pipe, fixture or plumbing connected with the water system except to connect the water softener, and provided the connections so made comply with minimum standards prescribed by the state ~~commissioner of health~~ Plumbing Board.

Sec. 27. Minnesota Statutes 2006, section 326.40, subdivision 1, is amended to read:

Subdivision 1. ~~License required; master and journeyman plumbers.~~ ~~In any city now or hereafter having 5,000 or more population, according to the last federal census, and having a system of waterworks or sewerage, (a)~~ No person, firm, or corporation shall engage in or work at the business of a master plumber ~~or, restricted master plumber, journeyman plumber, and restricted journeyman plumber~~ unless licensed to do so by the state commissioner of ~~health~~ labor and industry. A license is not required for persons performing building sewer or water service installation who have completed pipe laying training as prescribed by the commissioner of labor and industry. A master plumber may also work as a journeyman plumber, a restricted journeyman plumber, and a restricted master plumber. A journeyman plumber may also work as a restricted journeyman plumber. Anyone not so licensed may do plumbing work which complies with the provisions of the minimum standard prescribed by the state ~~commissioner of health~~ Plumbing Board on premises or that part of premises owned and actually occupied by the worker as a residence, unless otherwise forbidden to do so by a local ordinance.

~~In any such city (b)~~ No person, firm, or corporation shall engage in the business of installing plumbing nor install plumbing in connection with the dealing in and selling of plumbing material and supplies unless at all times a licensed master plumber, or in cities and towns with a population of fewer than 5,000 according to the federal census a restricted master plumber, who shall be responsible for proper installation, is in charge of the plumbing work of the person, firm, or corporation.

The ~~Department of Health~~ Plumbing Board shall prescribe rules, not inconsistent herewith, for the examination and licensing of plumbers.

Sec. 28. Minnesota Statutes 2006, section 326.401, subdivision 2, is amended to read:

Subd. 2. **Journeyman exam.** A plumber's apprentice who has completed four years of practical plumbing experience is eligible to take the journeyman plumbing examination. Up to 24 months of practical plumbing experience prior to registration as an apprentice may be applied to the four-year experience requirement. However, none of this practical plumbing experience may be applied if the person did not have any practical plumbing

experience in the 12-month period immediately prior to registration. The ~~commissioner~~ Plumbing Board may adopt rules to evaluate whether the person's past practical plumbing experience is applicable in preparing for the journeyman's examination. If two years after completing the training the person has not taken the examination, the four years of experience shall be forfeited.

The commissioner may allow an extension of the two-year period for taking the exam for cases of hardship or other appropriate circumstances.

Sec. 29. **[326.402] RESTRICTED PLUMBER LICENSE.**

Subdivision 1. **Licensure.** The commissioner of labor and industry shall grant a restricted journeyman or master plumber license to an individual if:

(1) the individual completes an application with information required by the commissioner of labor and industry;

(2) the completed application is accompanied by a fee of \$90;

(3) the commissioner of labor and industry receives the completed application and fee before January 1, 2008;

(4) the completed application demonstrates that the applicant has had at least two years for a restricted journeyman plumber license or four years for a restricted master plumber license of practical plumbing experience in the plumbing trade prior to the application; and

(5) during the entire time for which the applicant is claiming experience in contracting for plumbing work under clause (4), the applicant was in compliance with all applicable requirements of section 326.40.

Subd. 2. **Use of license.** A restricted master plumber and restricted journeyman plumber may engage in the plumbing trade in all areas of the state except in cities and towns with a population of more than 5,000 according to the federal census.

Subd. 3. **Application period.** Applications for restricted master plumber and restricted journeyman plumber licenses must be submitted to the commissioner prior to January 1, 2008.

Subd. 4. **Renewal; use period for license.** A restricted master plumber and restricted journeyman plumber license must be renewed annually for as long as that licensee engages in the plumbing trade. Failure to renew a restricted master plumber and restricted journeyman plumber license within 12 months after the expiration date will result in permanent forfeiture of the restricted master plumber and restricted journeyman plumber license.

Subd. 5. **Prohibition of transference.** A restricted master plumber and restricted journeyman plumber license may not be transferred or sold to any other person.

Subd. 6. **Bond; insurance.** A restricted master plumber licensee is subject to the bond and insurance requirements of section 326.40, subdivision 2, unless the exemption provided by section 326.40, subdivision 3, applies.

Subd. 7. **Fee.** The annual fee for the restricted master plumber and restricted journeyman plumber licenses is the same fee as for a master or journeyman plumber license, respectively.

Sec. 30. Minnesota Statutes 2006, section 326.405, is amended to read:

326.405 RECIPROCITY WITH OTHER STATES.

~~The commissioner of health may license without examination, upon payment of the required fee, nonresident applicants who are licensed under the laws of a state having standards for licensing plumbers which the commissioner determines are substantially equivalent to the standards of this state if the other state grants similar privileges to Minnesota residents duly licensed in this state. The commissioner may issue a temporary license without examination, upon payment of the required fee, nonresident applicants who are licensed under the laws of a state having standards for licensing which the commissioner determines are substantially equivalent to the standards of this state if the other state grants similar privileges to Minnesota residents duly licensed in this state. Applicants who receive a temporary license under this section may acquire an aggregate of 24 months of experience before they have to apply and pass the licensing examination. Applicants must register with the commissioner of labor and industry and the commissioner shall set a fee for a temporary license. Applicants have five years in which to comply with this section.~~

Sec. 31. Minnesota Statutes 2006, section 326.42, subdivision 1, is amended to read:

Subdivision 1. **Application.** Applications for plumber's license shall be made to the state commissioner of ~~health~~ labor and industry, with fee. Unless the applicant is entitled to a renewal, the applicant shall be licensed by the state commissioner of ~~health~~ labor and industry only after passing a satisfactory examination administered by the examiners commissioner of labor and industry, based upon rules adopted by the Plumbing Board showing fitness. Examination fees for both journeyman and master plumbers shall be in an amount prescribed by the state commissioner of ~~health~~ labor and industry pursuant to section 144.122. Upon being notified that of having successfully passed the examination for original license the applicant shall submit an application, with the license fee herein provided. License fees shall be in an amount prescribed by the state commissioner of ~~health~~ labor and industry pursuant to section 144.122. Licenses shall expire and be renewed as prescribed by the commissioner pursuant to section 144.122.

Sec. 32. Minnesota Statutes 2006, section 341.28, subdivision 2, is amended to read:

Subd. 2. **Regulatory authority; tough person contests.** All tough person contests, including amateur tough person contests, are subject to this chapter. All tough person contests are subject to American Boxing Commission (ABC) rules. Every contestant in a tough person contest shall have a physical examination prior to their bouts. Every contestant in a tough person contest shall wear padded gloves that weigh at least 12 ounces. All tough person bouts are limited to two-minute rounds and a maximum of four total rounds. Officials at tough person bouts shall be licensed under this chapter.

Sec. 33. Minnesota Statutes 2006, section 341.28, is amended by adding a subdivision to read:

Subd. 3. **Regulatory authority; similar sporting events.** All mixed martial arts, ultimate fight contests, and similar sporting events are subject to this chapter.

Sec. 34. Minnesota Statutes 2006, section 341.32, subdivision 2, is amended to read:

Subd. 2. **Expiration and renewal.** A license ~~expires December 31 at midnight in the year of its issuance~~ after the effective date of this act is valid for one year from the date it is issued and may be renewed by filing an application for renewal with the commission and payment of the license fee. An application for a license and renewal of a license must be on a form provided by the commission. There is a 30-day grace period during which a license may be renewed if a late filing penalty fee equal to the license fee is submitted with the regular license fee. A licensee that files late shall not conduct any activity regulated by this chapter until the commission has renewed the license. If the licensee fails to apply to the commission within the 30-day grace period, the licensee must apply for a new license under subdivision 1.

Sec. 35. Minnesota Statutes 2006, section 341.321, is amended to read:

341.321 FEE SCHEDULE.

(a) The fee schedule for licenses issued by the Minnesota Boxing Commission is as follows:

- (1) referees, ~~\$35~~ \$45 for each initial license and each renewal;
- (2) promoters, \$400 for each initial license and each renewal;
- (3) judges and knockdown judges, ~~\$25~~ \$45 for each initial license and each renewal;
- (4) trainers, ~~\$35~~ \$45 for each initial license and each renewal;
- (5) ring announcers, ~~\$25~~ \$45 for each initial license and each renewal;
- (6) boxers' seconds, ~~\$25~~ \$45 for each initial license and each renewal;
- (7) timekeepers, ~~\$25~~ \$45 for each initial license and each renewal; ~~and~~
- (8) boxers, ~~\$35~~ \$45 for each initial license and each renewal;
- (9) managers, \$45 for each initial license and each renewal; and
- (10) ringside physicians, \$45 for each initial license and each renewal.

(b) The commission shall establish and assess an event fee for each sporting event. The event fee is set at a minimum of \$1,500 per event or a percentage of the ticket sales as determined by the commission when the sporting event is scheduled.

(c) All fees collected by the Minnesota Boxing Commission must be deposited in the Boxing Commission account in the special revenue fund.

Sec. 36. Minnesota Statutes 2006, section 541.051, is amended to read:

541.051 LIMITATION OF ACTION FOR DAMAGES BASED ON SERVICES OR CONSTRUCTION TO IMPROVE REAL PROPERTY.

Subdivision 1. **Limitation; service or construction of real property; improvements.** (a) Except where fraud is involved, no action by any person in contract, tort, or otherwise to recover damages for any injury to property, real or personal, or for bodily injury or wrongful death, arising out of the defective and unsafe condition of an improvement to real property, ~~nor any action for contribution or indemnity for damages sustained on account of the injury,~~ shall be brought against any person performing or furnishing the design, planning, supervision, materials, or observation of construction or construction of the improvement to real property or against the owner of the real property more than two years after discovery of the injury ~~or, in the case of an action for contribution or indemnity, accrual of the cause of action,~~ nor, in any event shall such a cause of action accrue more than ten years after substantial completion of the construction. Date of substantial completion shall be determined by the date when construction is sufficiently completed so that the owner or the owner's representative can occupy or use the improvement for the intended purpose.

(b) Notwithstanding paragraph (a), an action for contribution or indemnity arising out of the defective and unsafe condition of an improvement to real property may be brought no later than two years after the cause of action for contribution or indemnity has accrued, regardless of whether it accrued before or after the ten-year period referenced in paragraph (a).

(c) For purposes of paragraph (a), a cause of action accrues upon discovery of the injury or, in the case of an action for contribution or indemnity under paragraph (b), upon payment of a final judgment, arbitration award, or settlement arising out of the defective and unsafe condition.

~~(c)~~ (d) Nothing in this section shall apply to actions for damages resulting from negligence in the maintenance, operation or inspection of the real property improvement against the owner or other person in possession.

~~(d)~~ (e) The limitations prescribed in this section do not apply to the manufacturer or supplier of any equipment or machinery installed upon real property.

Subd. 2. **Action allowed; limitation.** Notwithstanding the provisions of subdivision 1, paragraph (a), in the case of ~~an~~ a cause of action which accrues during the ninth or tenth year after substantial completion of the construction, an action to recover damages may be brought within two years after the date on which the cause of action accrued, but in no event may such an action be brought more than 12 years after substantial completion of the construction. Nothing in this subdivision shall limit the time for bringing an action for contribution or indemnity.

Subd. 3. **Not construed.** Nothing in this section shall be construed as extending the period prescribed by the laws of this state for the bringing of any action.

Subd. 4. **Applicability.** For the purposes of actions based on breach of the statutory warranties set forth in section 327A.02, or to actions based on breach of an express written warranty, such actions shall be brought within two years of the discovery of the breach. In the case of an action under section 327A.05, which accrues during the ninth or tenth year after the warranty date, as defined in section 327A.01, subdivision 8, an action may be brought within two years of the discovery of the breach, but in no event may an action under section 327A.05 be brought more than 12 years after the effective warranty date. An action for contribution or indemnity related to actions described in this subdivision may be brought no later than two years after the cause of action for contribution or indemnity has accrued, based upon the time of accrual provided in subdivision 1, paragraph (c).

EFFECTIVE DATE. This section is effective the day following final enactment and applies to all actions pending on or commenced on or after that date.

Sec. 37. **REPEALER.**

Minnesota Statutes 2006, sections 176.042; 268.035, subdivision 9; and 326.45, are repealed.

EFFECTIVE DATE. Sections 176.042 and 268.035, subdivision 9, are repealed effective January 1, 2009.

ARTICLE 5

HIGH PRESSURE PIPING

Section 1. Minnesota Statutes 2006, section 326.46, is amended to read:

326.46 SUPERVISION OF HIGH PRESSURE PIPING.

The Department of Labor and Industry shall supervise all high pressure piping used on all projects in this state, ~~and may prescribe minimum standards which shall be uniform~~ under rules adopted by the board.

The department shall employ inspectors and other assistants to carry out the provisions of sections 326.46 to 326.52.

Sec. 2. Minnesota Statutes 2006, section 326.461, is amended by adding a subdivision to read:

Subd. 1a. **Board.** "Board" means the Board of High Pressure Piping Systems.

Sec. 3. Minnesota Statutes 2006, section 326.47, subdivision 2, is amended to read:

Subd. 2. **Permissive municipal regulation.** A municipality may, by ordinance, provide for the inspection of high pressure piping system materials and construction, and provide that it shall not be constructed or installed except in accordance with minimum state standards. The authority designated by the ordinance for issuing high pressure piping permits and assuring compliance with state standards must report to the Department of Labor and Industry all violations of state high pressure piping standards.

A municipality may not adopt an ordinance with high pressure piping standards that does not conform to the uniform standards prescribed by the Department of Labor and Industry board. ~~The Department of Labor and Industry board~~ shall specify by rule the minimum qualifications for municipal inspectors.

Sec. 4. Minnesota Statutes 2006, section 326.47, subdivision 6, is amended to read:

Subd. 6. **Filing and inspection fees.** The Department of Labor and Industry must charge a filing fee set by the commissioner board under section 16A.1285 for all applications for permits to construct or install high pressure piping systems. The fee for inspection of high pressure piping system construction or installation shall be set by the commissioner board under section 16A.1285. This subdivision does not apply where a permit is issued by a municipality complying with subdivision 2.

Sec. 5. **[326.471] BOARD OF HIGH PRESSURE PIPING SYSTEMS.**

Subdivision 1. **Composition.** (a) The Board of High Pressure Piping Systems shall consist of 12 members who must be residents of the state, appointed by the governor, and confirmed by the senate. The commissioner of the Department of Labor and Industry or the commissioner's designee shall be a voting member. The first appointed board members shall serve an initial term of four years, except where designated otherwise. The governor shall then reappoint the current members or appoint replacement members, all or in part, to subsequent three-year terms. Midterm vacancies shall be filled for the remaining portion of the term. Vacancies occurring with less than six months time remaining in the term shall be filled for the existing term and the following three-year term. Of the 11 appointed members, the composition shall be as follows:

(1) one member shall be a high pressure piping inspector;

(2) one member shall be a licensed mechanical engineer;

(3) one member shall be a representative of the piping industry;

(4) four members shall be high pressure piping contractors or their representatives, engaged in the scope of high pressure piping, two from the metro area and two from greater Minnesota;

(5) two members shall be high pressure piping journeypersons engaged in the scope of high pressure piping systems installation, one from the metro area and one from greater Minnesota; and

(6) two members shall be representatives from utility companies in Minnesota who shall serve an initial term of two years.

(b) Except for the licensed mechanical engineer and the members from utilities companies, all persons appointed to the board must possess a current license or competency credential required for contractors and persons engaged in the design, installation, alteration, and inspection of high pressure piping systems.

Subd. 2. **Powers.** (a) The board shall have the power to:

(1) elect its chair;

(2) specify the high pressure piping code that must be followed in Minnesota;

(3) maintain an appeals committee to make determinations regarding any complaints, code amendments, code compliance, and code clarifications filed with the board;

(4) adopt rules necessary for the regulation and licensing of contractors, journeypersons, trainees, and persons engaged in the design, installation, alteration, and inspection of high pressure piping systems, except for persons licensed under sections 326.02 to 326.15;

(5) adopt rules necessary for continuing education for individuals regulated and licensed under this section; and

(6) pay expenses deemed necessary in the performance of board duties, including:

(i) rent, utilities, and supplies in the manner and amount specified in section 43A.18, subdivision 2; and

(ii) per diem and expenses for its members as provided in section 15.0575, subdivision 3.

(b) Complaints filed under this section may originate with high pressure piping inspectors, contractors, or their employees, or other persons engaged in the design, installation, and alteration of a high pressure piping system. The board shall make their findings known to all parties and the commissioner of the Department of Labor and Industry within the time period specified by the board.

Subd. 3. **Fee and finances.** The board shall submit an annual budget to the commissioner of the Department of Labor and Industry. The commissioner shall collect fees under section 326.47, subdivision 6, necessary for the operation and continuance of the board. The commissioner is responsible for the enforcement of the codes and licensing requirements determined by the board. The board shall recommend the fees for licenses and certification under this section and for all high pressure piping system permits and submit the fee structure to the commissioner of labor and industry. The commissioner of finance shall make a quarterly certification of the amount necessary to pay expenses required for operation of the board under subdivision 2, paragraph (a), clause (6). The certified amount is appropriated in fiscal years 2008 and 2009 to the board for those purposes from the fees collected under section 326.50.

Sec. 6. Minnesota Statutes 2006, section 326.48, subdivision 1, is amended to read:

Subdivision 1. **License required; rules; time credit.** No person shall engage in or work at the business of a contracting pipefitter unless issued an individual contracting pipefitter license to do so by the Department of Labor and Industry under rules prescribed by the board. No license shall be required for repairs on existing installations. No person shall engage in or work at the business of journeyman pipefitter unless issued an individual journeyman pipefitter competency license to do so by the Department of Labor and Industry under rules prescribed by the board. A person possessing an individual contracting pipefitter competency license may also work as a journeyman pipefitter.

No person, partnership, firm, or corporation shall install high pressure piping, nor install high pressure piping in connection with the dealing in and selling of high pressure pipe material and supplies, unless, at all times, a person possessing a contracting pipefitter individual competency license or a journeyman pipefitter individual competency license is responsible for the high pressure pipefitting work conducted by the person, partnership, firm, or corporation being in conformity with Minnesota Statutes and Minnesota Rules.

The ~~Department of Labor and Industry~~ board shall prescribe rules, not inconsistent herewith, for the examination and individual competency licensing of contracting pipefitters and journeyman pipefitters and for issuance of permits by the department and municipalities for the installation of high pressure piping.

An employee performing the duties of inspector for the Department of Labor and Industry in regulating pipefitting shall not receive time credit for the inspection duties when making an application for a license required by this section.

Sec. 7. Minnesota Statutes 2006, section 326.48, subdivision 2, is amended to read:

Subd. 2. **High pressure pipefitting business license.** Before obtaining a permit for high pressure piping work, a person, partnership, firm, or corporation must obtain or utilize a business with a high pressure piping business license.

A person, partnership, firm, or corporation must have at all times as a full-time employee at least one individual holding an individual contracting pipefitter competency license. Only full-time employees who hold individual contracting pipefitter licenses are authorized to obtain high pressure piping permits in the name of the business. The individual contracting pipefitter competency license holder can be the employee of only one high pressure piping business at a time.

To retain its business license without reapplication, a person, partnership, firm, or corporation holding a high pressure piping business license that ceases to employ a person holding an individual contracting pipefitter competency license shall have 60 days from the last day of employment of its previous individual contracting pipefitter competency license holder to employ another license holder. The Department of Labor and Industry must be notified no later than five days after the last day of employment of the previous license holder.

No high pressure pipefitting work may be performed during any period when the high pressure pipefitting business does not have an individual contracting pipefitter competency license holder on staff. If a license holder is not employed within 60 days, the pipefitting business license shall lapse.

The ~~Department of Labor and Industry~~ board shall prescribe by rule procedures for application for and issuance of business licenses and fees.

Sec. 8. Minnesota Statutes 2006, section 326.48, is amended by adding a subdivision to read:

Subd. 6. **Reciprocity with other states.** The commissioner may issue a temporary license without examination, upon payment of the required fee, nonresident applicants who are licensed under the laws of a state having standards for licensing which the commissioner determines are substantially equivalent to the standards of this state if the other state grants similar privileges to Minnesota residents duly licensed in this state. Applicants who receive a temporary license under this section may acquire an aggregate of 24 months of experience before they have to apply and pass the licensing examination. Applicants must register with the commissioner of labor and industry and the commissioner shall set a fee for a temporary license. Applicants have five years in which to comply with this section.

Sec. 9. Minnesota Statutes 2006, section 326.50, is amended to read:

326.50 APPLICATION; FEES.

Application for an individual contracting pipefitter competency or an individual journeyman pipefitter competency license shall be made to the Department of Labor and Industry, with fees. The applicant shall be licensed only after passing an examination administered by the Department of Labor and Industry in accordance with rules adopted by the board.

Sec. 10. Minnesota Statutes 2006, section 326.51, is amended to read:

326.51 DEPARTMENT MAY REVOKE LICENSES.

The ~~department board~~ may revoke or suspend, for cause, any license obtained through error or fraud, or if the licensee is shown to be incompetent, or for a violation of any of its rules and regulations applicable to high pressure pipefitting work. The licensee shall have notice, in writing, enumerating the charges, and be entitled to a hearing on at least ten days' notice, with the right to produce testimony. The hearing shall be held pursuant to chapter 14. The ~~commissioner board~~ shall issue a final order based on testimony and the record at hearing. One year from the date of revocation application may be made for a new license.

Sec. 11. Minnesota Statutes 2006, section 326.52, is amended to read:

326.52 DEPOSIT OF FEES.

All fees received under sections 326.46 to 326.52 shall be deposited by the Department of Labor and Industry to the credit of the general fund in the state treasury. The salaries and per diem of the inspectors and examiners hereinbefore provided, their expenses, and all incidental expenses of the department and board in carrying out the provisions of sections 326.46 to 326.52 shall be paid from the appropriations made to the Department of Labor and Industry. The ~~commissioner board~~ by rule shall set the amount of the fees at a level that approximates, to the greatest extent possible, the salaries, per diem, and incidental expenses of the department.

Sec. 12. **TRANSFER OF AUTHORITY; BOARD OF HIGH PRESSURE PIPING SYSTEMS.**

The authority of the commissioner of labor and industry to adopt rules relating to high pressure piping systems is transferred to the Board of High Pressure Piping Systems. Licenses and permits currently in effect remain in effect according to their terms unless affected by board action. Rules adopted by the commissioner of labor and industry remain in effect until amended or repealed by the board. The commissioner of administration may not use the authority under Minnesota Statutes, section 16B.37, to modify transfers of authority in this act.

Sec. 13. **FIRST MEETING; APPOINTMENTS FOR BOARD OF HIGH PRESSURE PIPING SYSTEMS.**

The governor must complete the appointments required by Minnesota Statutes, section 326.471, no later than July 1, 2007. The commissioner of labor and industry shall convene the first meeting of the Board of High Pressure Piping Systems no later than September 1, 2007.

ARTICLE 6

IRON RANGE RESOURCES AND REHABILITATION BOARD

Section 1. **[270.99] HOCKEY HERITAGE SURCHARGE.**

Subdivision 1. Imposition. A surcharge of 25 cents is imposed on the sale of every ticket to an NCAA Division I men's hockey event in the state.

Subd. 2. **Collection; remittance.** The surcharge imposed in this section shall be collected by all sellers of these tickets with nexus in the state of Minnesota. The seller shall report the surcharge on a return proscribed by the commissioner of revenue and shall remit the surcharge with the return.

Subd. 3. **Administration.** Unless specifically provided otherwise in this section, the audit, assessment, refund, penalty, interest, enforcement, collection remedies, appeal, and administrative provisions in this chapter and chapter 289A that are applicable to taxes imposed under chapter 297A apply to the surcharge imposed under this section.

Subd. 4. **Deposit of revenues.** The commissioner of revenue shall deposit all revenues, including penalty and interest, derived from the surcharge imposed in this section in the hockey surcharge account in the special revenue fund. The amount deposited under this section is appropriated to the Iron Range Resources and Rehabilitation Board for payment to the city of Eveleth to be used for the support of the Hockey Hall of Fame Museum provided that it continues to operate in the city. Payments under this section for the Hockey Hall of Fame Museum are in addition to and must not be used to supplant funding under section 298.28, subdivision 9c.

Sec. 2. Minnesota Statutes 2006, section 298.22, subdivision 2, is amended to read:

Subd. 2. **Iron Range Resources and Rehabilitation Board.** There is hereby created the Iron Range Resources and Rehabilitation Board, consisting of ~~43~~ ten members, five of whom are state senators appointed by the Subcommittee on Committees of the Rules Committee of the senate, and five of whom are representatives, appointed by the speaker of the house of representatives. ~~The remaining members shall be appointed one each by the senate majority leader, the speaker of the house of representatives, and the governor and must be nonlegislators who reside in a taconite assistance area as defined in section 273.1341.~~ The members shall be appointed in January of every odd-numbered year, ~~except that the initial nonlegislator members shall be appointed by July 1, 1999,~~ and shall serve until January of the next odd-numbered year. Vacancies on the board shall be filled in the same manner as the original members were chosen. At least a majority of the legislative members of the board shall be elected from state senatorial or legislative districts in which over 50 percent of the residents reside within a taconite assistance area as defined in section 273.1341. All expenditures and projects made by the commissioner of Iron Range resources and rehabilitation shall be consistent with the priorities established in subdivision 8 and shall first be submitted to the Iron Range Resources and Rehabilitation Board for approval by a majority of the board of expenditures and projects for rehabilitation purposes as provided by this section, and the method, manner, and time of payment of all funds proposed to be disbursed shall be first approved or disapproved by the board. The board shall biennially make its report to the governor and the legislature on or before November 15 of each even-numbered year. The expenses of the board shall be paid by the state from the funds raised pursuant to this section.

Sec. 3. Minnesota Statutes 2006, section 298.227, is amended to read:

298.227 TACONITE ECONOMIC DEVELOPMENT FUND.

An amount equal to that distributed pursuant to each taconite producer's taxable production and qualifying sales under section 298.28, subdivision 9a, shall be held by the Iron Range Resources and Rehabilitation Board in a separate taconite economic development fund for each taconite and direct reduced ore producer. Money from the fund for each producer shall be released by the commissioner after review by a joint committee consisting of an equal number of representatives of the salaried employees and the nonsalaried production and maintenance employees of that producer. The District 11 director of the United States Steelworkers of America, on advice of each local employee president, shall select the employee members. In nonorganized operations, the employee committee shall be elected by the nonsalaried production and maintenance employees. The review must be completed no later than six months after the producer presents a proposal for expenditure of the funds to the committee. The funds held pursuant to this section may be released only for acquisition of plant and stationary mining equipment and facilities for the producer or for research and development in Minnesota on new mining, or

taconite, iron, or steel production technology, but only if the producer provides a matching expenditure to be used for the same purpose of at least 50 percent of the distribution based on 14.7 cents per ton beginning with distributions in 2002. Effective for proposals for expenditures of money from the fund approved beginning the day following final enactment, the commissioner may release the funds only if the proposed expenditure is approved by a majority of the members of the Iron Range Resources and Rehabilitation Board. If a producer uses money which has been released from the fund prior to the day following final enactment to procure haulage trucks, mobile equipment, or mining shovels, and the producer removes the piece of equipment from the taconite tax relief area defined in section 273.134 within ten years from the date of receipt of the money from the fund, a portion of the money granted from the fund must be repaid to the taconite economic development fund. The portion of the money to be repaid is 100 percent of the grant if the equipment is removed from the taconite tax relief area within 12 months after receipt of the money from the fund, declining by ten percent for each of the subsequent nine years during which the equipment remains within the taconite tax relief area. If a taconite production facility is sold after operations at the facility had ceased, any money remaining in the fund for the former producer may be released to the purchaser of the facility on the terms otherwise applicable to the former producer under this section. If a producer fails to provide matching funds for a proposed expenditure within six months after the commissioner approves release of the funds, the funds are available for release to another producer in proportion to the distribution provided and under the conditions of this section. Any portion of the fund which is not released by the commissioner within two years of its deposit in the fund shall be divided between the taconite environmental protection fund created in section 298.223 and the Douglas J. Johnson economic protection trust fund created in section 298.292 for placement in their respective special accounts. Two-thirds of the unreleased funds shall be distributed to the taconite environmental protection fund and one-third to the Douglas J. Johnson economic protection trust fund.

EFFECTIVE DATE. This section is effective for proposals for expenditures of money from the fund the day following final enactment.

Sec. 4. **APPROPRIATION; IRON RANGE RESOURCES AND REHABILITATION BOARD.**

\$500,000 is appropriated from the Iron Range Resources and Rehabilitation Board fund for fiscal year 2008 for allocation in this section:

(1) \$225,000 is for Aitkin County Growth, Inc. to extend electric service and other infrastructure to a peat project in Spencer Township in Aitkin County;

(2) \$75,000 is for a nonprofit organization for the preservation of the B'nai Abraham Synagogue in Virginia, of which \$50,000 is for renovation and \$25,000 is for a permanent endowment for the preservation;

(3) \$150,000 is for a grant to the Iron Range youth in action program to assist the organization to employ youth for the construction of community centers; and

(4) \$50,000 is for a grant to the Iron Range retriever club for pond and field construction.

These are onetime appropriations.

Sec. 5. **IRRRB BUILDING.**

The Iron Range Resources and Rehabilitation Board office building in Eveleth, Minnesota is designated and named the Joe Begich Building and shall be signed as such at every entrance.

ARTICLE 7

ELECTRICAL

Section 1. Minnesota Statutes 2006, section 326.01, subdivision 6g, is amended to read:

Subd. 6g. **Personal direct supervision.** ~~The term "personal~~ "Direct supervision" means ~~that a person licensed to perform electrical work oversees and directs the electrical work performed by an unlicensed person such that:~~

(1) ~~the licensed person actually reviews the electrical work performed by the unlicensed person~~ an unlicensed individual is being supervised by an individual licensed to perform the electrical work being supervised;

(2) during the entire working day of the unlicensed individual, the licensed individual is physically present at the location where the unlicensed individual is performing electrical work and immediately available to the unlicensed individual;

(3) ~~the licensed person~~ individual is physically present and immediately available to the unlicensed ~~person~~ individual at all times for assistance and direction; ~~and~~

(4) electronic supervision does not meet the requirement of physically present and immediately available;

(5) the licensed individual shall review the electrical work performed by the unlicensed individual before the electrical work is operated; and

~~(3)~~ (6) ~~the licensed person~~ individual is able to and does determine that all electrical work performed by the unlicensed ~~person~~ individual is performed in compliance with section 326.243.

The licensed ~~person~~ individual is responsible for the compliance with section 326.243 of all electrical work performed by the unlicensed ~~person~~ individual.

Sec. 2. Minnesota Statutes 2006, section 326.241, subdivision 1, is amended to read:

Subdivision 1. **Composition.** (a) ~~The Board of Electricity shall consist of 11~~ 12 members, residents of the state, appointed by the governor ~~of whom~~ and confirmed by the senate. The commissioner of labor and industry or the commissioner's designee shall be a nonvoting member. The first appointed board members shall serve an initial term of four years, except where designated otherwise. The governor shall then reappoint the current members or appoint replacement members, all or in part, to subsequent three-year terms. Midterm vacancies shall be filled for the remaining portion of the term. Vacancies occurring with less than six months time remaining in the term shall be filled for the existing term and the following three-year term. Of the 11 appointed members, the composition shall be as follows:

(1) two shall be representatives of the electrical suppliers in the rural areas of the state,

(2) two shall be master electricians, who shall be contractors,

(3) two journeyman electricians,

(4) one registered consulting electrical engineer,

(5) two power limited technicians, who shall be technology system contractors primarily engaged in the business of installing technology circuits or systems, and

(6) two public members as defined by section 214.02.

(b) Except as provided herein, membership terms, compensation of members, removal of members, the filling of membership vacancies, and fiscal year and reporting requirements shall be as provided in sections 214.07 to 214.09. The provision of staff, administrative services and office space; the review and processing of complaints; the setting of board fees; and other provisions relating to board operations shall be as provided in chapter 214.

Sec. 3. Minnesota Statutes 2006, section 326.241, subdivision 2, is amended to read:

Subd. 2. **Powers.** (a) The board, or the complaint committee on behalf of the board where authorized by law, shall have power to:

(1) Elect its own officers.

~~(2) Engage and fix the compensation of inspectors, and hire employees. The salary of the executive secretary shall be established pursuant to chapter 43A. All agents and employees other than contract inspectors shall be in the classified service and shall be compensated pursuant to chapter 43A. All inspectors shall hold licenses as master or journeyman electricians under section 326.242, subdivision 1(1) or 2(1), and shall give bond in an amount fixed by the board, conditioned upon the faithful performance of their duties.~~

~~(3) (2)~~ Pay such other expenses as it may deem necessary in the performance of its duties, including rent, supplies, and such like.

(3) Select from its members individuals to serve on any other state advisory councils, boards, or committees.

(4) Enforce the provisions of sections 326.241 to 326.248, and provide, upon request, such additional voluntary inspections and reviews as it may deem appropriate.

~~(5) Issue, renew, refuse to renew, suspend, temporarily suspend, and revoke licenses, censure licensees, assess civil penalties, issue cease and desist orders, and seek injunctive relief and civil penalties in court as authorized by section 326.242 and other provisions of Minnesota law. Establish the committees required herein and any others deemed necessary by the board or requested by the commissioner.~~

(6) Adopt reasonable rules to carry out its duties under sections 326.241 to 326.248 and to provide for the amount and collection of fees for inspection and other services. All rules shall be adopted in accordance with chapter 14.

(7) Advise the commissioner on issues related to sections 326.241 to 326.248 or as requested by the commissioner.

(b) Except for the powers granted to the Electricity Board the commissioner of labor and industry shall administer the provisions of sections 326.241 to 326.248 and for such purposes may employ electrical inspectors and other assistants.

Sec. 4. Minnesota Statutes 2006, section 326.242, subdivision 3d, is amended to read:

Subd. 3d. **Power limited technician.** (a) Except as otherwise provided by law, no person shall install, alter, repair, plan, lay out, or supervise the installing, altering, or repairing of electrical wiring, apparatus, or equipment for technology circuits or systems unless:

(1) the person is licensed by the board as a power limited technician; and

(2) the electrical work is:

(i) for a licensed contractor and the person is an employee, partner, or officer of, or is the licensed contractor; or

(ii) performed under the supervision of a master electrician or power limited technician also employed by the person's employer on technology circuits, systems, apparatus, equipment, or facilities owned or leased by the employer that are located within the limits of property owned or leased, operated, and maintained by the employer.

(b) An applicant for a power limited technician's license shall (1) be a graduate of a four-year electrical course in an accredited college or university; or (2) have had at least 36 months' experience, acceptable to the board, in planning for, laying out, supervising, and installing wiring, apparatus, or equipment for power limited systems, provided however, that the board may by rule provide for the allowance of up to 12 months (2,000 hours) of experience credit for successful completion of a two-year post high school electrical course or other technical training approved by the board.

(c) The board may initially set experience requirements without rulemaking, but must adopt rules before July 1, 2004.

(d) Licensees must attain eight hours of continuing education acceptable to the board every renewal period.

(e) A person who has submitted an application by June 30, 2003, to take the alarm and communications examination administered by the board, and who has achieved a minimal score of 70 percent on the examination by September 30, 2003, may obtain a power limited technician license without further examination by submitting an application and a license fee of \$30.

(f) A company holding an alarm and communication license as of June 30, 2003, may designate one person who may obtain a power limited technician license without passing an examination administered by the board by submitting an application and license fee of \$30.

(g) A person who has submitted an application by ~~September 30, 2005~~ December 31, 2007, to take the power limited technician examination administered by the ~~board~~ department is not required to meet the qualifications set forth in paragraph (b).

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 5. Minnesota Statutes 2006, section 326.242, subdivision 5, is amended to read:

Subd. 5. **Unlicensed persons individuals.** (a) An unlicensed ~~person~~ individual means an individual who has not been licensed by the Board of Electricity as a Class A master electrician or as a Class A journeyman electrician. An unlicensed individual shall not perform electrical work required to be performed by a licensed individual unless the individual has first registered with the Board of Electricity as an unlicensed individual. Thereafter, an unlicensed individual shall not perform electrical work required to be performed by a licensed individual unless the work is performed under the personal direct supervision of a person an individual actually licensed to perform such work and. The licensed electrician individual and unlicensed persons are individual must be employed by the same employer. Licensed persons individuals shall not permit unlicensed persons individuals to perform electrical work except under the personal direct supervision of a person an individual actually licensed to perform such work. Unlicensed persons individuals shall not supervise the performance of electrical work or make assignments of electrical work to unlicensed persons individuals. Except for technology circuit or system work, licensed persons individuals shall supervise no more than two unlicensed persons individuals. For technology circuit or system work, licensed persons individuals shall supervise no more than three unlicensed persons individuals.

(b) Notwithstanding any other provision of this section, no ~~person~~ individual other than a master electrician or power limited technician shall plan or lay out electrical wiring, apparatus, or equipment for light, heat, power, or other purposes, except circuits or systems exempted from personal licensing by subdivision 12, paragraph (b).

(c) Contractors employing unlicensed ~~persons performing~~ individuals to perform electrical work shall maintain records establishing compliance with this subdivision, ~~which that shall designate~~ identify all unlicensed ~~persons~~ individuals performing electrical work, except for persons working on circuits or systems exempted from personal licensing by subdivision 12, paragraph (b), and shall permit the board to examine and copy all such records as provided for in section 326.244, subdivision 6.

(d) When a licensed individual supervises the electrical work of an unlicensed individual, the licensed individual is responsible for ensuring that the electrical work complies with sections 326.241 to 326.248 and rules adopted.

Sec. 6. Minnesota Statutes 2006, section 326.242, is amended by adding a subdivision to read:

Subd. 5a. **Registration of unlicensed individuals.** Unlicensed individuals performing electrical work for a contractor or employer shall register with the department in the manner prescribed by the commissioner. Experience credit for electrical work performed after January 1, 2008, by an applicant for a license identified in this section shall not be granted where the applicant has not registered with or is not licensed by the department.

Sec. 7. Minnesota Statutes 2006, section 326.242, subdivision 11, is amended to read:

Subd. 11. **Reciprocity.** ~~To the extent that any other state which provides for the licensing of electricians provides for similar action the board may grant licenses, without examination, of the same grade and class to an electrician who has been licensed by such other state for at least one year, upon payment by the applicant of the required fee and upon the board being furnished with proof that the required fee and upon the board being furnished with proof that the qualifications of the applicant are equal to the qualifications of holders of similar licenses in Minnesota. The commissioner may enter into reciprocity agreements for personal licenses with another state if approved by the board. Once approved by the board, the commissioner may issue a personal license without requiring the applicant to pass an examination provided the applicant:~~

(a) submits an application under section 326.242;

(b) pays the fee required under section 326.242; and

(c) holds a valid comparable license in the state participating in the agreement.

Agreements are subject to the following:

(1) The parties to the agreement must administer a statewide licensing program that includes examination and qualifying experience or training comparable to Minnesota's.

(2) The experience and training requirements under which an individual applicant qualified for examination in the qualifying state must be deemed equal to or greater than required for an applicant making application in Minnesota at the time the applicant acquired the license in the qualifying state.

(3) The applicant must have acquired the license in the qualifying state through an examination deemed equivalent to the same class of license examination in Minnesota. A lesser class of license may be granted where the applicant has acquired a greater class of license in the qualifying state and the applicant otherwise meets the conditions of this subdivision.

(4) At the time of application, the applicant must hold a valid license in the qualifying state and have held the license continuously for at least one year before making application in Minnesota.

(5) An applicant is not eligible for a license under this subdivision if the applicant has failed the same or greater class of license examination in Minnesota, or if the applicant's license of the same or greater class has been revoked or suspended.

(6) An applicant who has failed to renew a personal license for two years or more after its expiration is not eligible for a license under this subdivision.

Sec. 8. **REPEALER.**

Minnesota Statutes 2006, sections 326.01, subdivision 4; and 326.242, subdivision 4, are repealed.

EFFECTIVE DATE. This section is effective the day following final enactment.

ARTICLE 8

APPRENTICESHIP BOARD

Section 1. Minnesota Statutes 2006, section 178.01, is amended to read:

178.01 PURPOSES.

The purposes of this chapter are: to open to young people regardless of race, sex, creed, color or national origin, the opportunity to obtain training that will equip them for profitable employment and citizenship; to establish as a means to this end, a program of voluntary apprenticeship under approved apprentice agreements providing facilities for their training and guidance in the arts, skills, and crafts of industry and trade, with concurrent, supplementary instruction in related subjects; to promote employment opportunities under conditions providing adequate training and reasonable earnings; to relate the supply of skilled workers to employment demands; to establish standards for apprentice training; to establish an Apprenticeship ~~Advisory Council Board~~ and apprenticeship committees to assist in effectuating the purposes of this chapter; to provide for a Division of Labor Standards and Apprenticeship within the Department of Labor and Industry; to provide for reports to the legislature regarding the status of apprentice training in the state; to establish a procedure for the determination of apprentice agreement controversies; and to accomplish related ends.

Sec. 2. Minnesota Statutes 2006, section 178.02, is amended to read:

178.02 APPRENTICESHIP ~~ADVISORY COUNCIL~~ BOARD.

Subdivision 1. **Members.** The commissioner of labor and industry, hereinafter called the commissioner, shall appoint an Apprenticeship ~~Advisory Council Board~~, hereinafter referred to as the ~~council board~~, composed of three representatives each from employer and employee organizations, and two representatives of the general public. The director of education responsible for career and technical education or designee shall be an ex officio member of the ~~council board~~ and shall serve in an advisory capacity only.

Subd. 2. **Terms.** The ~~council board~~ shall expire and the terms, compensation, and removal of appointed members shall be as provided in section 15.059; ~~except that the council shall not expire before June 30, 2003.~~

Subd. 4. **Duties.** The ~~council board~~ shall meet at the call of the commissioner. It shall propose occupational classifications for apprenticeship programs; propose minimum standards for apprenticeship programs and agreements; and advise on the establishment of such policies, procedures, and rules as the ~~commissioner board~~ deems necessary in implementing the intent of this chapter.

Sec. 3. Minnesota Statutes 2006, section 178.03, subdivision 3, is amended to read:

Subd. 3. **Duties and functions.** The director, under the supervision of the commissioner, and with the advice and oversight of the Apprenticeship ~~Advisory Council Board~~, is authorized: to administer the provisions of this chapter; to promote apprenticeship and other forms of on the job training; to establish, in cooperation and consultation with the Apprenticeship ~~Advisory Council Board~~ and with the apprenticeship committees, conditions and training standards for the approval of apprenticeship programs and agreements, which conditions and standards shall in no case be lower than those prescribed by this chapter; to promote equal employment opportunity in apprenticeship and other on the job training and to establish a Minnesota plan for equal employment opportunity in apprenticeship which shall be consistent with standards established under Code of Federal Regulations, title 29, part 30, as amended; to issue certificates of registration to sponsors of approved apprenticeship programs; to act as secretary of the Apprenticeship ~~Advisory Council Board~~; to approve, if of the opinion that approval is for the best interest of the apprentice, any apprenticeship agreement which meets the standards established hereunder; to terminate any apprenticeship agreement in accordance with the provisions of such agreement; to keep a record of apprenticeship agreements and their disposition; to issue certificates of completion of apprenticeship; and to perform such other duties as the commissioner deems necessary to carry out the intent of this chapter; provided, that the administration and supervision of supplementary instruction in related subjects for apprentices; coordination of instruction on a concurrent basis with job experiences, and the selection and training of teachers and coordinators for such instruction shall be the function of state and local boards responsible for vocational education. The director shall have the authority to make wage determinations applicable to the graduated schedule of wages and journeyman wage rate for apprenticeship agreements, giving consideration to the existing wage rates prevailing throughout the state, except that no wage determination by the director shall alter an existing wage provision for apprentices or journeymen that is contained in a bargaining agreement in effect between an employer and an organization of employees, nor shall the director make any determination for the beginning rate for an apprentice that is below the wage minimum established by federal or state law.

Sec. 4. Minnesota Statutes 2006, section 178.041, subdivision 1, is amended to read:

Subdivision 1. **Rules.** The commissioner may, upon receipt of the ~~council's board's~~ proposals, accept, adopt, and issue them by rule with any modifications or amendments the commissioner finds appropriate. The commissioner may refer them back to the ~~council board~~ with recommendations for further study, consideration and revision. If the commissioner refuses to accept, adopt, and issue by rule or other appropriate action a board proposal, the commissioner must provide a written explanation of the reason for the refusal to the board within 30 days after the board submitted the proposal to the commissioner. Additional rules may be issued as the commissioner may deem necessary.

ARTICLE 9

MISCELLANEOUS

Section 1. SUMMARY OF APPROPRIATIONS.

The amounts shown in this section summarize direct appropriations by fund made in this article.

	<u>2008</u>	<u>2009</u>	<u>Total</u>
<u>General</u>	<u>\$51,175,000</u>	<u>\$47,510,000</u>	<u>\$98,685,000</u>
<u>Total</u>	<u>\$51,175,000</u>	<u>\$47,510,000</u>	<u>\$98,685,000</u>

Sec. 2. MISCELLANEOUS APPROPRIATIONS.

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2008" and "2009" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2008, or June 30, 2009, respectively. "The first year" is fiscal year 2008. "The second year" is fiscal year 2009. "The biennium" is fiscal years 2008 and 2009. Appropriations for the fiscal year ending June 30, 2007, are effective the day following final enactment.

APPROPRIATIONS Available for the Year Ending June 30

<u>2008</u>	<u>2009</u>
<u>\$11,669,000</u>	<u>\$12,587,000</u>

Sec. 3. EXPLORE MINNESOTA TOURISM

(a) To develop maximum private sector involvement in tourism, \$1,000,000 the first year and \$2,000,000 the second year must be matched by Explore Minnesota Tourism from nonstate sources. Each \$1 of state incentive must be matched with \$3 of private sector funding. Cash match is defined as revenue to the state or documented cash expenditures directly expended to support Explore Minnesota Tourism programs. Up to one-half of the private sector contribution may be in-kind or soft match. The incentive in the first year shall be based on fiscal year 2007 private sector contributions as prescribed in Laws 2005, First Special Session chapter 1, article 3, section 6. The incentive increase in the second year will be based on fiscal year 2008 private sector contributions. This incentive is ongoing.

(b) Funding for the marketing grants is available either year of the biennium. Unexpended grant funds from the first year are available in the second year.

(c) Any unexpended money from the general fund appropriations made under this section does not cancel but must be placed in a special marketing account for use by Explore Minnesota Tourism for additional marketing activities.

(d) \$250,000 the first year and \$250,000 the second year are for operating costs of the Minnesota Film and TV Board. The appropriation in each year is available only upon receipt by the board of \$1 in matching contributions of money or in-kind contributions from nonstate sources for every \$3 provided by this appropriation.

(e) \$750,000 is appropriated each year for a grant to the Minnesota Film and TV Board for the film jobs production program under Minnesota Statutes, section 116U.26. Of this amount, up to \$25,000 each year may be used for administration. The budget base for the film jobs production program shall be \$500,000 in fiscal year 2010 and \$500,000 in fiscal year 2011.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2008</u>	<u>2009</u>

(f) \$150,000 the first year is for a onetime grant to St. Louis County to be used for feasibility studies and planning activities concerning additional uses for the St. Louis County Heritage and Arts Center at the Duluth depot. The studies and planning activities must include:

(1) examining the costs and benefits of relocating the Northeast Minnesota Office of Tourism to the Duluth depot;

(2) establishing a heritage tourism center at the Duluth depot;

(3) developing a multimodal operational plan integrating railroad and bus service; and

(4) identifying additional services and activities that would contribute toward returning the Duluth depot to being a working railroad station and cultural gateway to Duluth and St. Louis County.

This appropriation is available until June 30, 2009.

Sec. 4. **MINNESOTA HISTORICAL SOCIETY**

Subdivision 1. **Total Appropriation**

\$29,031,000

\$24,441,000

The amounts that may be spent for each purpose are specified in the following subdivisions.

\$500,000 the first year and \$500,000 the second year are for increased rent costs. This amount is added to the society's base budget.

Subd. 2. **Education and Outreach**

17,307,000

13,765,000

(a) Of this amount, \$1,700,000 the first year is a onetime appropriation for the Minnesota Sesquicentennial Commission. Of this appropriation, \$750,000 is for competitive matching grants for local events and projects; \$750,000 is for planning and support of statewide activities, and up to \$200,000 may be used for administration.

(b) The Minnesota Historical Society, the State Arts Board, and Explore Minnesota Tourism may assist the commission in designing and implementing the grants program.

<u>APPROPRIATIONS</u>		
<u>Available for the Year</u>		
<u>Ending June 30</u>		
<u>2008</u>		<u>2009</u>
<p>(c) <u>The commission shall encourage private contributions to match the state funds to the greatest extent possible. Contributions received by the commission are appropriated to the commission.</u></p> <p><u>\$1,500,000 the first year is for a grant-in-aid program for county and local historical societies. The Minnesota Historical Society shall establish program guidelines and grant evaluation and award criteria for the program. Each dollar of state funds awarded to a grantee must be matched with nonstate funds on a dollar-for-dollar basis by a grantee. This is a onetime appropriation and is available until expended.</u></p> <p><u>\$500,000 the first year is for a grant-in-aid program for county and local historical societies for the repair, restoration, and preservation of historic sites and buildings in Minnesota. The Minnesota Historical Society shall establish program guidelines and grant evaluation and award criteria for the program. This is a onetime appropriation and is available until expended.</u></p> <p>(d) <u>\$60,000 each year is to offset the revenue loss from not charging fees for general tours at the Capitol. This appropriation is added to the society's base budget.</u></p> <p>(e) <u>Notwithstanding Minnesota Statutes, section 138.668, the Minnesota Historical Society may not charge a fee for its general tours at the Capitol, but may charge fees for special programs other than general tours.</u></p>		
<u>Subd. 3. Preservation and Access</u>	<u>10,953,000</u>	<u>10,271,000</u>
<p><u>\$500,000 the first year is to conduct a conservation survey and for restoration, treatment, moving, and storage of the 1905 historic furnishings and works of art in the Minnesota State Capitol. This is a onetime appropriation and is available until June 30, 2009.</u></p> <p><u>\$308,000 the first year is for the preservation of battle flags. This is a onetime appropriation and is available until June 30, 2009.</u></p>		
<u>Subd. 4. Pass-Through Appropriations</u>	<u>771,000</u>	<u>405,000</u>
(a) <u>Minnesota International Center</u>	<u>43,000</u>	<u>43,000</u>
(b) <u>Minnesota Air National Guard Museum</u>	<u>16,000</u>	<u>-0-</u>
(c) <u>Minnesota Military Museum</u>	<u>234,000</u>	<u>234,000</u>

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2008</u>	<u>2009</u>
(d) Farmamerica	
<u>128,000</u>	<u>128,000</u>

(e) Balances Forward

Any unencumbered balance remaining in this subdivision the first year does not cancel but is available for the second year of the biennium.

\$150,000 the first year is for a onetime grant to the Nicollet County Historical Society for renovation of the center exhibit gallery in the Treaty Site History Center in St. Peter, including additions to the center's infrastructure and state-of-the-art interpretive elements. This appropriation is available until the project is completed or abandoned, subject to Minnesota Statutes, section 16A.642.

\$200,000 the first year is for a grant to the Hmong Studies Center at Concordia University in St. Paul, Minnesota, to be used for preservation of Hmong historical artifacts and documents. Any part of the appropriation not used in fiscal year 2008 is available for use in fiscal year 2009. This is a onetime appropriation and is available until expended.

Subd. 5. Fund Transfer

The Minnesota Historical Society may reallocate funds appropriated in and between subdivisions 2 and 3 for any program purposes.

Subd. 6. Minnesota River Valley Study Group

The Minnesota Historical Society in cooperation with Explore Minnesota Tourism shall establish and coordinate a Minnesota River Valley study group. The Minnesota River Valley study group shall be comprised of representatives of the Minnesota Valley Scenic Byway Alliance, the Department of Natural Resources, the Department of Transportation, the Minnesota Indian Affairs Council, the Region 6 West, Region 6 East, Region 8 and Region 9 Regional Development Commissions, the Minnesota Historical Society, Explore Minnesota Tourism, State Arts Board, and other interested parties. The study group must develop a plan for coordinated activities among organizations represented on the study group to enhance and promote historic sites, and historic, scenic, and natural features of the Minnesota River Valley area. Study topics shall include, but are not limited to, historic sites related to the Dakota Conflict of 1862 and the

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

state and local preparations for the sesquicentennial of this event. The Minnesota Historical Society and Explore Minnesota Tourism shall report on the findings and recommendations of the Minnesota River Valley study group to the standing committees of the house of representatives and senate with jurisdiction over historic sites and tourism by March 1, 2008. The Minnesota River Valley study group shall serve without compensation.

Sec. 5. **BOARD OF THE ARTS**

Subdivision 1. **Total Appropriation**

\$9,975,000

\$9,982,000

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. **Operations and Services**

637,000

644,000

Subd. 3. **Grants Programs**

6,452,000

6,452,000

The base budget for the grants program shall be \$5,924,000 in fiscal year 2010 and \$5,924,000 in fiscal year 2011.

Subd. 4. **Regional Arts Councils**

2,886,000

2,886,000

The base budget for the regional arts councils shall be \$2,539,000 in fiscal year 2010 and \$2,539,000 in fiscal year 2011.

Sec. 6. **MINNESOTA HUMANITIES COMMISSION**

\$500,000

\$500,000

Of this amount, ten percent each year is for lifelong learning programs in greater Minnesota communities that do not receive financial support from other large educational institutions. The base budget for the Minnesota Humanities Commission is \$500,000 each year in the 2010-2011 biennium.

Sec. 7. Minnesota Statutes 2006, section 190.096, is amended to read:

190.096 BATTLE FLAGS; REPAIR.

Subdivision 1. **Authority to repair.** Notwithstanding the provisions of Minnesota Statutes 1961, chapters 16 and 43, the adjutant general or the Minnesota Historical Society may contract for the repair, restoration, and preservation of regimental battle flags, standards, and guidons with persons or corporations skilled in such repair, restoration, and preservation, upon terms or conditions the adjutant general or the Minnesota Historical Society deems proper, ~~subject to the approval of the commissioner of administration.~~

Subd. 2. **Surrender.** Notwithstanding the provisions of this section or section 190.09, the adjutant general or the Minnesota Historical Society may, for the purposes of this section, surrender the immediate custody and control of regimental battle flags, standards, and guidons under conditions and safeguards the adjutant general or the Minnesota Historical Society deems necessary and proper, for such time as is reasonably necessary for their restoration, after which they shall at once be again properly stored or displayed. The adjutant general or the Minnesota Historical Society shall provide adequate storage and display space for flags, standards, and guidons which have been repaired and restored.

Subd. 3. **Battle flags; care and control.** (a) The flags and colors carried by Minnesota troops in the Civil War, Indian Wars, and the Spanish-American War shall be preserved under the care and control of the Minnesota Historical Society. They shall be suitably encased and marked, and, so far as the historical society may deem it consistent with the safety of the flags and colors, they shall be publicly displayed in the capitol.

(b) The flags and colors carried by Minnesota troops in subsequent wars shall be preserved under the care and control of the adjutant general. They shall be suitably encased and marked, and, so far as the adjutant general may deem it consistent with the safety of the flags and colors, shall be publicly displayed.

ARTICLE 10

HOUSING

Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

	<u>2008</u>	<u>2009</u>	<u>Total</u>
<u>General</u>	<u>\$67,896,000</u>	<u>\$49,040,000</u>	<u>\$116,936,000</u>
<u>TANF</u>	<u>\$3,075,000</u>	<u>\$3,075,000</u>	<u>\$6,150,000</u>
<u>Total</u>	<u>\$70,971,000</u>	<u>\$52,115,000</u>	<u>\$123,086,000</u>

Sec. 2. **HOUSING.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2008" and "2009" used in this act mean that the appropriations listed under them are available for the fiscal year ending June 30, 2008, or June 30, 2009, respectively. "The first year" is fiscal year 2008. "The second year" is fiscal year 2009. "The biennium" is fiscal years 2008 and 2009. Appropriations for the fiscal year ending June 30, 2007, are effective the day following final enactment.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2008</u>	<u>2009</u>

Sec. 3. **HOUSING FINANCE AGENCY**

Subdivision 1. <u>Total Appropriation</u>	<u>\$70,971,000</u>	<u>\$52,115,000</u>
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APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

Appropriations by Fund

	<u>2008</u>	<u>2009</u>
<u>General</u>	<u>67,896,000</u>	<u>49,040,000</u>
<u>TANF</u>	<u>3,075,000</u>	<u>3,075,000</u>

This appropriation is for transfer to the housing development fund. The amounts that may be spent from this appropriation for certain programs are specified in the following subdivisions. Except as otherwise indicated, this transfer is part of the agency's permanent budget base.

Of this amount, \$3,075,000 the first year and \$3,075,000 the second year are onetime appropriations from the state's federal TANF block grant under Title I of Public Law Number 104-193 to the commissioner of human services, to reimburse the housing development fund for assistance under the programs for families receiving TANF assistance under the MFIP program. The commissioner of human services shall make monthly reimbursements to the housing development fund. The commissioner of human services shall not make any reimbursement which the commissioner determines would be subject to a penalty under Code of Federal Regulations, section 262.1. If the appropriation in either year is insufficient, the appropriation for the other year is available.

Subd. 2. Economic Development and Housing Challenge

(a) \$21,308,000 the first year and \$9,622,000 the second year are for the economic development and housing challenge program under Minnesota Statutes, section 462A.33, for housing that:

(i) conserves energy and utilizes sustainable, healthy building materials;

(ii) preserves sensitive natural areas and open spaces and minimizes the need for new infrastructure;

(iii) is accessible to jobs and services through integration with transportation or transit systems; and

(iv) expands the mix of housing choices in a community by diversifying the levels of housing affordability.

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The agency may fund demonstration projects that have unique approaches to achieving the housing described above.

(b) The base is reduced by \$3,407,000 each year in fiscal year 2010 and fiscal year 2011.

Subd. 3. Housing Trust Fund

\$15,195,000 the first year and \$11,945,000 the second year are for the housing trust fund account created under Minnesota Statutes, section 462A.201, for the purposes of that section. Of this amount, \$1,500,000 the first year and \$1,500,000 in the second year is a onetime appropriation from the state's federal TANF block grant. The base is reduced by \$3,390,000 each year in fiscal year 2010 and fiscal year 2011.

Subd. 4. Bridges Rental Assistance for Mentally Ill

\$3,400,000 the first year and \$3,400,000 the second year are for a rental housing assistance program for persons with a mental illness or families with an adult member with a mental illness under Minnesota Statutes, section 462A.2097.

Subd. 5. Family Homeless Prevention

\$7,565,000 the first year and \$7,565,000 the second year are for family homeless prevention and assistance programs under Minnesota Statutes, section 462A.204. Of this amount, \$1,575,000 in the first year and \$1,575,000 in the second year is a onetime appropriation from the state's federal TANF block grant. The general fund base is reduced by \$2,225,000 each year in fiscal year 2010 and fiscal year 2011.

Subd. 6. Home Ownership Assistance Fund

\$1,885,000 the first year and \$1,885,000 the second year are for the home ownership assistance program under Minnesota Statutes, section 462A.21, subdivision 8. The base is reduced by \$1,000,000 each year in fiscal year 2010 and fiscal year 2011.

Subd. 7. Affordable Rental Investment Fund

\$11,496,000 the first year and \$8,996,000 the second year are for the affordable rental investment fund program under Minnesota Statutes, section 462A.21, subdivision 8b. Of this amount, \$2,500,000 the first year is a onetime appropriation.

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This appropriation is to finance the acquisition, rehabilitation, and debt restructuring of federally assisted rental property and for making equity take-out loans under Minnesota Statutes, section 462A.05, subdivision 39. The owner of the federally assisted rental property must agree to participate in the applicable federally assisted housing program and to extend any existing low-income affordability restrictions on the housing for the maximum term permitted. The owner must also enter into an agreement that gives local units of government, housing and redevelopment authorities, and nonprofit housing organizations the right of first refusal if the rental property is offered for sale. Priority must be given among comparable federally assisted rental properties to properties with the longest remaining term under an agreement for federal rental assistance. Priority must also be given among comparable rental housing developments to developments that are or will be owned by local government units, a housing and redevelopment authority, or a nonprofit housing organization.

This appropriation may also be used to finance the acquisition, rehabilitation, and debt restructuring of existing supportive housing properties. For purposes of this subdivision, "supportive housing" means affordable rental housing with links to services necessary for individuals, youth, and families with children to maintain housing stability.

Of this amount, \$2,500,000 is appropriated for the purposes of financing the rehabilitation and operating costs to preserve public housing. For purposes of this subdivision, "public housing" is housing for low-income persons and households financed by the federal government and owned and operated by public housing authorities and agencies. Eligible public housing authorities must have a public housing assessment system rating of standard or above. Priority among comparable proposals must be given to proposals that maximize federal or local resources to finance the capital and operating costs.

Subd. 8. Housing Rehabilitation and Accessibility

\$5,657,000 the first year and \$4,287,000 the second year are for the housing rehabilitation and accessibility program under Minnesota Statutes, section 462A.05, subdivisions 14a and 15a. The base is reduced by \$629,000 each year in fiscal year 2010 and fiscal year 2011.

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Subd. 9. Urban Indian Housing Program

\$187,000 the first year and \$187,000 the second year are for the urban Indian housing program under Minnesota Statutes, section 462A.07, subdivision 15. The base is reduced by \$52,000 each year in fiscal year 2010 and fiscal year 2011.

Subd. 10. Tribal Indian Housing Program

\$1,683,000 the first year and \$1,683,000 the second year are for the tribal Indian housing program under Minnesota Statutes, section 462A.07, subdivision 14. The base is reduced by \$468,000 each year in fiscal year 2010 and fiscal year 2011.

Subd. 11. Home Ownership Education, Counseling, and Training

\$2,135,000 the first year and \$2,135,000 the second year are appropriated for the home ownership education, counseling, and training program under Minnesota Statutes, section 462A.209. The base is reduced by \$1,460,000 each year in fiscal year 2010 and fiscal year 2011. Of this amount, \$630,000 the first year is for:

(1) foreclosure prevention and assistance activities in communities that have mortgage foreclosure rates that exceed the statewide average foreclosure rate for the most recent quarter for which data is available; and

(2) home buyer education and counseling activities by organizations that have experience working with emerging markets or partner with organizations with experience working with emerging markets and that have demonstrated a commitment to increasing the homeownership rate of emerging markets.

Subd. 12. Capacity Building Grants

\$820,000 for the biennium is for capacity building grants under Minnesota Statutes section 462A.21, subdivision 3b. Of this amount, \$140,000 is for continuum of care planning in greater Minnesota. This appropriation is the agency's base budget for this program.

Subd. 13. Grant for Hennepin County

\$50,000 is a onetime appropriation in the first year for a grant to Hennepin County for collaboration with the Center for Urban and Regional Affairs at the University of Minnesota for the development of a predictive, data-driven model that can be used to identify at-risk properties in order to target resources to prevent foreclosure.

Sec. 4. Minnesota Statutes 2006, section 462A.21, subdivision 8b, is amended to read:

Subd. 8b. **Family rental housing.** It may establish a family rental housing assistance program to provide loans or direct rental subsidies for housing for families with incomes of up to 80 percent of state median income, or to provide grants for the operating cost of public housing. Priority must be given to those developments with resident families with the lowest income. The development may be financed by the agency or other public or private lenders. Direct rental subsidies must be administered by the agency for the benefit of eligible families. Financial assistance provided under this subdivision to recipients of aid to families with dependent children must be in the form of vendor payments whenever possible. Loans, grants, and direct rental subsidies under this subdivision may be made only with specific appropriations by the legislature. The limitations on eligible mortgagors contained in section 462A.03, subdivision 13, do not apply to loans for the rehabilitation of existing housing under this subdivision.

Sec. 5. Minnesota Statutes 2006, section 462A.33, subdivision 3, is amended to read:

Subd. 3. **Contribution requirement.** Fifty percent of the funds appropriated for this section must be used for challenge grants or loans ~~which meet the requirements of this subdivision for housing proposals with financial or in-kind contributions from nonstate resources that reduce the need for deferred loan or grant funds from state resources.~~ These Challenge grants or loans must be used for economically viable homeownership or rental housing proposals that:

~~(1) include a financial or in-kind contribution from an area employer and either a unit of local government or a private philanthropic, religious, or charitable organization; and~~

~~(2) address the housing needs of the local work force.~~

Among comparable proposals, preference must be given to proposals that include contributions from nonstate resources for the greatest portion of the total development cost. Comparable proposals with contributions from local units of government or private philanthropic, religious, or charitable organizations must be given preference in awarding grants or loans.

For the purpose of this subdivision, ~~an employer~~ a contribution may consist partially or wholly of the premium paid for federal housing tax credits.

~~Preference for grants and loans shall also be given to comparable proposals that include a financial or in-kind contribution from a unit of local government, an area employer, and a private philanthropic, religious, or charitable organization.~~

Sec. 6. Minnesota Statutes 2006, section 469.021, is amended to read:

469.021 PREFERENCES.

As between applicants equally in need and eligible for occupancy of a dwelling and at the rent involved, preference shall be given to disabled veterans, persons with disabilities, and families of service persons who died in service and to families of veterans. In admitting families of low income to dwelling accommodations in any housing project an authority shall, as far as is reasonably practicable, give consideration to applications from families ~~to which aid for dependent children is payable~~ receiving assistance under chapter 256J, and to resident families to whom public assistance or supplemental security income for the aged, blind, and disabled is payable, when those families are otherwise eligible.

Sec. 7. MORTGAGE FORECLOSURE REDUCTION.

The commissioner of the Minnesota Housing Finance Agency, in consultation with the commissioner of commerce, the attorney general, the Minnesota Mortgage Bankers' Association, Legal Services of Minnesota, the Minnesota Mortgage Foreclosure Prevention Association, and the Minnesota Sheriffs' Association shall evaluate the provisions of Minnesota Statutes, sections 580.04 and 580.041, to determine if corrective actions could be taken by the 2008 legislature to reduce mortgage foreclosures in the state."

Delete the title and insert:

"A bill for an act relating to state government; appropriating money for jobs, economic development, and housing; establishing and modifying certain programs; providing for regulation of certain activities and practices; providing for accounts, assessments, and fees; amending Minnesota Statutes 2006, sections 116J.401, by adding a subdivision; 116J.551, subdivision 1; 116J.554, subdivision 2; 116J.555, subdivision 1; 116J.575, subdivisions 1, 1a; 116J.966, subdivision 1; 116L.01, by adding a subdivision; 116L.04, subdivision 1a; 116L.17, subdivision 1; 116L.20, subdivision 1; 116L.666, subdivision 1; 116M.18, subdivision 6a; 177.27, subdivisions 1, 4, 5, 8, 9, 10, by adding a subdivision; 177.28, subdivision 1; 177.30; 177.43, subdivisions 3, 4, 6, by adding a subdivision; 178.01; 178.02; 178.03, subdivision 3; 178.041, subdivision 1; 181.78, by adding a subdivision; 181.932, subdivision 1; 181.935; 182.65, subdivision 2; 190.096; 268.085, subdivision 3; 268.196, by adding a subdivision; 268A.01, subdivision 13, by adding a subdivision; 268A.085, subdivision 1; 268A.15, by adding a subdivision; 298.22, subdivision 2; 298.227; 325E.37, subdivision 6; 326.01, subdivision 6g; 326.241, subdivisions 1, 2; 326.242, subdivisions 3d, 5, 11, by adding a subdivision; 326.37, subdivision 1, by adding a subdivision; 326.38; 326.40, subdivision 1; 326.401, subdivision 2; 326.405; 326.42, subdivision 1; 326.46; 326.461, by adding a subdivision; 326.47, subdivisions 2, 6; 326.48, subdivisions 1, 2, by adding a subdivision; 326.50; 326.51; 326.52; 341.28, subdivision 2, by adding a subdivision; 341.32, subdivision 2; 341.321; 462.39, by adding a subdivision; 462A.21, subdivision 8b; 462A.33, subdivision 3; 469.021; 541.051; proposing coding for new law in Minnesota Statutes, chapters 116J; 116O; 154; 177; 179; 181; 181A; 182; 270; 326; repealing Minnesota Statutes 2006, sections 16C.18, subdivision 2; 176.042; 268.035, subdivision 9; 326.01, subdivision 4; 326.242, subdivision 4; 326.45."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Taxes.

The report was adopted.

Carlson from the Committee on Finance to which was referred:

S. F. No. 2171, A bill for an act relating to state government; making changes to health and human services programs; modifying health policy; changing licensing provisions; altering provisions for mental and chemical health; modifying child care provisions; amending children and family services provisions; changing continuing care provisions; amending MinnesotaCare; adjusting child care assistance eligibility; establishing family stabilization services; enacting federal compliance requirements; expanding medical assistance coverage; providing rate increases for certain providers; modifying fees; appropriating money for human services, health, veterans nursing homes boards, the Emergency Medical Services Regulatory Board; health care boards, the Council on Disability, the ombudsman for mental health and developmental disabilities, and the ombudsman for families; requiring reports; amending Minnesota Statutes 2006, sections 13.381, by adding a subdivision; 16A.724, subdivision 2, by adding subdivisions; 47.58, subdivision 8; 62E.02, subdivision 7; 62J.07, subdivisions 1, 3; 62J.495; 62J.692, subdivisions 1, 4, 5, 8; 62J.82; 62L.02, subdivision 11; 62Q.165, subdivisions 1, 2; 62Q.80, subdivisions 3, 4, 13, 14, by adding a subdivision; 69.021, subdivision 11; 103I.101, subdivision 6; 103I.208, subdivisions 1, 2; 103I.235, subdivision 1; 119B.011, by adding a subdivision; 119B.035, subdivision 1; 119B.05, subdivision 1; 119B.09, subdivision 1; 119B.12, by adding a subdivision; 119B.13, subdivisions 1, 7; 144.123; 144.125, subdivisions 1, 2; 144.3345; 144D.03, subdivision 1; 148.5194, by adding a subdivision; 148.6445, subdivisions 1, 2; 148C.11, subdivision 1;

149A.52, subdivision 3; 149A.97, subdivision 7; 153A.14, subdivision 4a; 153A.17; 169A.70, subdivision 4; 245.465, by adding a subdivision; 245.4874; 245.771, by adding a subdivision; 245.98, subdivision 2; 245A.035; 245A.10, subdivision 2; 245A.16, subdivisions 1, 3; 245C.02, by adding a subdivision; 245C.04, subdivision 1; 245C.05, subdivisions 1, 4, 5, 7, by adding a subdivision; 245C.08, subdivisions 1, 2; 245C.10, by adding a subdivision; 245C.11, subdivisions 1, 2; 245C.12; 245C.16, subdivision 1; 245C.17, by adding a subdivision; 245C.21, by adding a subdivision; 245C.23, subdivision 2; 246.54, subdivisions 1, 2; 252.27, subdivision 2a; 252.32, subdivision 3; 253B.185, by adding a subdivision; 254B.02, subdivision 3; 256.01, subdivision 2b, by adding subdivisions; 256.482, subdivisions 1, 8; 256.969, subdivisions 3a, 9, 27, by adding a subdivision; 256.975, subdivision 7; 256B.04, subdivision 14, by adding a subdivision; 256B.056, subdivision 10; 256B.0621, subdivision 11; 256B.0622, subdivision 2; 256B.0623, subdivision 5; 256B.0625, subdivisions 17, 18a, 20, 30, by adding subdivisions; 256B.0631, subdivisions 1, 3; 256B.0655, subdivision 8; 256B.0911, subdivisions 1a, 3a, 3b, by adding a subdivision; 256B.0913, by adding a subdivision; 256B.0915, by adding a subdivision; 256B.0943, subdivision 8; 256B.0945, subdivision 4; 256B.095; 256B.0951, subdivision 1; 256B.15, by adding a subdivision; 256B.199; 256B.431, subdivisions 2e, 41; 256B.434, subdivision 4, by adding a subdivision; 256B.437, by adding a subdivision; 256B.441, subdivisions 1, 2, 5, 6, 10, 11, 13, 14, 17, 20, 24, 30, 31, 34, 38, by adding subdivisions; 256B.49, subdivisions 11, 16; 256B.5012, by adding a subdivision; 256B.69, subdivisions 2, 4, 5g, 5h; 256B.75; 256B.76; 256B.763; 256D.03, subdivisions 3, 4; 256I.04, subdivision 3; 256I.05, by adding subdivisions; 256J.01, by adding a subdivision; 256J.02, by adding a subdivision; 256J.021; 256J.08, subdivision 65; 256J.20, subdivision 3; 256J.32, subdivision 6; 256J.425, subdivisions 3, 4; 256J.49, subdivision 13; 256J.521, subdivisions 1, 2; 256J.53, subdivision 2; 256J.55, subdivision 1; 256J.626, subdivisions 1, 2, 3, 4, 5, 6; 256L.01, subdivisions 1, 4; 256L.03, subdivisions 1, 3, 5; 256L.035; 256L.04, subdivisions 1, 1a, 7, 10; 256L.05, subdivisions 1, 1b, 2, 3a; 256L.07, subdivisions 1, 2, 3, 6; 256L.09, subdivision 4; 256L.11, subdivision 7; 256L.12, subdivision 9a; 256L.15, subdivisions 1, 2, 4; 256L.17, subdivisions 2, 3, 7; 259.20, subdivision 2; 259.29, subdivision 1; 259.41; 259.53, subdivision 2; 259.57, subdivision 2; 259.67, subdivision 4; 260C.209; 260C.212, subdivision 2; 462A.05, by adding a subdivision; 518A.56, by adding a subdivision; 609.115, subdivisions 8, 9; Laws 2005, chapter 98, article 3, section 25; Laws 2005, First Special Session chapter 4, article 9, section 3, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 16C; 62J; 144; 145; 149A; 152; 156; 245; 245C; 252; 254A; 256; 256B; 256C; 256J; 256L; repealing Minnesota Statutes 2006, sections 62A.301; 62J.692, subdivision 10; 256B.0631, subdivision 4; 256B.441, subdivisions 12, 16, 21, 26, 28, 42, 45; 256J.24, subdivision 6; 256J.29; 256J.37, subdivisions 3a, 3b; 256J.626, subdivisions 7, 9; 256L.035; 256L.07, subdivision 2a; Laws 2004, chapter 288, article 6, section 27; Minnesota Rules, parts 4610.2800; 9585.0030.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

CHILDREN AND FAMILY

Section 1. Minnesota Statutes 2006, section 13.46, subdivision 2, is amended to read:

Subd. 2. **General.** (a) Unless the data is summary data or a statute specifically provides a different classification, data on individuals collected, maintained, used, or disseminated by the welfare system is private data on individuals, and shall not be disclosed except:

- (1) according to section 13.05;
- (2) according to court order;
- (3) according to a statute specifically authorizing access to the private data;

(4) to an agent of the welfare system, including a law enforcement person, attorney, or investigator acting for it in the investigation or prosecution of a criminal or civil proceeding relating to the administration of a program;

(5) to personnel of the welfare system who require the data to verify an individual's identity; determine eligibility, amount of assistance, and the need to provide services to an individual or family across programs; evaluate the effectiveness of programs; and investigate suspected fraud;

(6) to administer federal funds or programs;

(7) between personnel of the welfare system working in the same program;

(8) to the Department of Revenue to administer and evaluate tax refund or tax credit programs and to identify individuals who may benefit from these programs. The following information may be disclosed under this paragraph: an individual's and their dependent's names, dates of birth, Social Security numbers, income, addresses, and other data as required, upon request by the Department of Revenue. Disclosures by the commissioner of revenue to the commissioner of human services for the purposes described in this clause are governed by section 270B.14, subdivision 1. Tax refund or tax credit programs include, but are not limited to, the dependent care credit under section 290.067, the Minnesota working family credit under section 290.0671, the property tax refund and rental credit under section 290A.04, and the Minnesota education credit under section 290.0674;

(9) between the Department of Human Services, the Department of Education, and the Department of Employment and Economic Development for the purpose of monitoring the eligibility of the data subject for unemployment benefits, for any employment or training program administered, supervised, or certified by that agency, for the purpose of administering any rehabilitation program or child care assistance program, whether alone or in conjunction with the welfare system, or to monitor and evaluate the Minnesota family investment program or the child care assistance program by exchanging data on recipients and former recipients of food support, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, or medical programs under chapter 256B, 256D, or 256L;

(10) to appropriate parties in connection with an emergency if knowledge of the information is necessary to protect the health or safety of the individual or other individuals or persons;

(11) data maintained by residential programs as defined in section 245A.02 may be disclosed to the protection and advocacy system established in this state according to Part C of Public Law 98-527 to protect the legal and human rights of persons with developmental disabilities or other related conditions who live in residential facilities for these persons if the protection and advocacy system receives a complaint by or on behalf of that person and the person does not have a legal guardian or the state or a designee of the state is the legal guardian of the person;

(12) to the county medical examiner or the county coroner for identifying or locating relatives or friends of a deceased person;

(13) data on a child support obligor who makes payments to the public agency may be disclosed to the Minnesota Office of Higher Education to the extent necessary to determine eligibility under section 136A.121, subdivision 2, clause (5);

(14) participant Social Security numbers and names collected by the telephone assistance program may be disclosed to the Department of Revenue to conduct an electronic data match with the property tax refund database to determine eligibility under section 237.70, subdivision 4a;

(15) the current address of a Minnesota family investment program participant may be disclosed to law enforcement officers who provide the name of the participant and notify the agency that:

(i) the participant:

(A) is a fugitive felon fleeing to avoid prosecution, or custody or confinement after conviction, for a crime or attempt to commit a crime that is a felony under the laws of the jurisdiction from which the individual is fleeing; or

(B) is violating a condition of probation or parole imposed under state or federal law;

(ii) the location or apprehension of the felon is within the law enforcement officer's official duties; and

(iii) the request is made in writing and in the proper exercise of those duties;

(16) the current address of a recipient of general assistance or general assistance medical care may be disclosed to probation officers and corrections agents who are supervising the recipient and to law enforcement officers who are investigating the recipient in connection with a felony level offense;

(17) information obtained from food support applicant or recipient households may be disclosed to local, state, or federal law enforcement officials, upon their written request, for the purpose of investigating an alleged violation of the Food Stamp Act, according to Code of Federal Regulations, title 7, section 272.1(c);

(18) the address, Social Security number, and, if available, photograph of any member of a household receiving food support shall be made available, on request, to a local, state, or federal law enforcement officer if the officer furnishes the agency with the name of the member and notifies the agency that:

(i) the member:

(A) is fleeing to avoid prosecution, or custody or confinement after conviction, for a crime or attempt to commit a crime that is a felony in the jurisdiction the member is fleeing;

(B) is violating a condition of probation or parole imposed under state or federal law; or

(C) has information that is necessary for the officer to conduct an official duty related to conduct described in subitem (A) or (B);

(ii) locating or apprehending the member is within the officer's official duties; and

(iii) the request is made in writing and in the proper exercise of the officer's official duty;

(19) the current address of a recipient of Minnesota family investment program, general assistance, general assistance medical care, or food support may be disclosed to law enforcement officers who, in writing, provide the name of the recipient and notify the agency that the recipient is a person required to register under section 243.166, but is not residing at the address at which the recipient is registered under section 243.166;

(20) certain information regarding child support obligors who are in arrears may be made public according to section 518A.74;

(21) data on child support payments made by a child support obligor and data on the distribution of those payments excluding identifying information on obligees may be disclosed to all obligees to whom the obligor owes support, and data on the enforcement actions undertaken by the public authority, the status of those actions, and data on the income of the obligor or obligee may be disclosed to the other party;

(22) data in the work reporting system may be disclosed under section 256.998, subdivision 7;

(23) to the Department of Education for the purpose of matching Department of Education student data with public assistance data to determine students eligible for free and reduced price meals, meal supplements, and free milk according to United States Code, title 42, sections 1758, 1761, 1766, 1766a, 1772, and 1773; to allocate federal and state funds that are distributed based on income of the student's family; and to verify receipt of energy assistance for the telephone assistance plan;

(24) the current address and telephone number of program recipients and emergency contacts may be released to the commissioner of health or a local board of health as defined in section 145A.02, subdivision 2, when the commissioner or local board of health has reason to believe that a program recipient is a disease case, carrier, suspect case, or at risk of illness, and the data are necessary to locate the person;

(25) to other state agencies, statewide systems, and political subdivisions of this state, including the attorney general, and agencies of other states, interstate information networks, federal agencies, and other entities as required by federal regulation or law for the administration of the child support enforcement program;

(26) to personnel of public assistance programs as defined in section 256.741, for access to the child support system database for the purpose of administration, including monitoring and evaluation of those public assistance programs;

(27) to monitor and evaluate the Minnesota family investment program by exchanging data between the Departments of Human Services and Education, on recipients and former recipients of food support, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, or medical programs under chapter 256B, 256D, or 256L;

(28) to evaluate child support program performance and to identify and prevent fraud in the child support program by exchanging data between the Department of Human Services, Department of Revenue under section 270B.14, subdivision 1, paragraphs (a) and (b), without regard to the limitation of use in paragraph (c), Department of Health, Department of Employment and Economic Development, and other state agencies as is reasonably necessary to perform these functions; or

(29) counties operating child care assistance programs under chapter 119B may disseminate data on program participants, applicants, and providers to the commissioner of education.

(b) Information on persons who have been treated for drug or alcohol abuse may only be disclosed according to the requirements of Code of Federal Regulations, title 42, sections 2.1 to 2.67.

(c) Data provided to law enforcement agencies under paragraph (a), clause (15), (16), (17), or (18), or paragraph (b), are investigative data and are confidential or protected nonpublic while the investigation is active. The data are private after the investigation becomes inactive under section 13.82, subdivision 5, paragraph (a) or (b).

(d) Mental health data shall be treated as provided in subdivisions 7, 8, and 9, but is not subject to the access provisions of subdivision 10, paragraph (b).

For the purposes of this subdivision, a request will be deemed to be made in writing if made through a computer interface system.

Sec. 2. Minnesota Statutes 2006, section 16D.13, subdivision 3, is amended to read:

Subd. 3. **Exclusion.** A state agency may not charge interest under this section on overpayments of assistance benefits under the programs formerly codified in sections 256.031 to 256.0361, 256.72 to 256.87, and under chapters 119B, 256D, and 256I, or the federal food stamp program. Notwithstanding this prohibition, any debts that have been reduced to judgment under these programs are subject to the interest charges provided under section 549.09.

Sec. 3. Minnesota Statutes 2006, section 119B.05, subdivision 1, is amended to read:

Subdivision 1. **Eligible participants.** Families eligible for child care assistance under the MFIP child care program are:

- (1) MFIP participants who are employed or in job search and meet the requirements of section 119B.10;
- (2) persons who are members of transition year families under section 119B.011, subdivision 20, and meet the requirements of section 119B.10;
- (3) families who are participating in employment orientation or job search, or other employment or training activities that are included in an approved employability development plan under ~~section~~ sections 256J.09 and 256J.95;
- (4) MFIP families who are participating in work job search, job support, employment, or training activities as required in their employment plan, or in appeals, hearings, assessments, or orientations according to chapter 256J;
- (5) MFIP families who are participating in social services activities under chapter 256J as required in their employment plan approved according to chapter 256J;
- (6) families who are participating in programs as required in tribal contracts under section 119B.02, subdivision 2, or 256.01, subdivision 2; and
- (7) families who are participating in the transition year extension under section 119B.011, subdivision 20a.

Sec. 4. Minnesota Statutes 2006, section 119B.09, subdivision 1, is amended to read:

Subdivision 1. **General Eligibility requirements for all applicants for child care assistance.** (a) Child care services must be available to families who need child care to find or keep employment or to obtain the training or education necessary to find employment and who:

- (1) have household income less than or equal to 250 percent of the federal poverty guidelines, adjusted for family size, and meet the requirements of section 119B.05; ~~receive MFIP assistance; and are participating in employment and training services under chapter 256J or 256K; or~~
- (2) have household income less than or equal to 175 percent of the federal poverty guidelines, adjusted for family size, at program entry and less than 250 percent of the federal poverty guidelines, adjusted for family size, at program exit; or
- (3) have household income less than or equal to 250 percent of the federal poverty guidelines, adjusted for family size, and were a family whose child care assistance was terminated due to insufficient funds under Minnesota Rules, part 3400.0183.

(b) Child care services must be made available as in-kind services.

(c) All applicants for child care assistance and families currently receiving child care assistance must be assisted and required to cooperate in establishment of paternity and enforcement of child support obligations for all children in the family as a condition of program eligibility. For purposes of this section, a family is considered to meet the requirement for cooperation when the family complies with the requirements of section 256.741.

EFFECTIVE DATE. This section is effective July 1, 2008.

Sec. 5. Minnesota Statutes 2006, section 119B.09, subdivision 7, is amended to read:

Subd. 7. **Date of eligibility for assistance.** (a) The date of eligibility for child care assistance under this chapter is the later of the date the application was signed; the beginning date of employment, education, or training; the date the infant is born for applicants to the at-home infant care program; or the date a determination has been made that the applicant is a participant in employment and training services under Minnesota Rules, part 3400.0080, ~~subpart 2a~~, or chapter 256J.

(b) Payment ceases for a family under the at-home infant child care program when a family has used a total of 12 months of assistance as specified under section 119B.035. Payment of child care assistance for employed persons on MFIP is effective the date of employment or the date of MFIP eligibility, whichever is later. Payment of child care assistance for MFIP or DWP participants in employment and training services is effective the date of commencement of the services or the date of MFIP or DWP eligibility, whichever is later. Payment of child care assistance for transition year child care must be made retroactive to the date of eligibility for transition year child care.

(c) Notwithstanding paragraph (b), payment of child care assistance for participants eligible under section 119B.05, may only be made retroactively for a maximum of six months from the date of application for child care assistance.

EFFECTIVE DATE. This section is effective July 1, 2008.

Sec. 6. Minnesota Statutes 2006, section 119B.09, is amended by adding a subdivision to read:

Subd. 11. **Payment of other child care expenses.** Payment by a source other than the family, of part or all of a family's child care expenses not payable under this chapter, does not affect the family's eligibility for child care assistance, and the amount paid is excluded from the family's income, if the funds are paid directly to the family's child care provider on behalf of the family. Child care providers who accept third-party payments must maintain family-specific documentation of payment source, amount, type of expenses, and time period covered by the payment.

Sec. 7. Minnesota Statutes 2006, section 119B.09, is amended by adding a subdivision to read:

Subd. 13. **Sliding fee.** Child care services to families must be made available on a sliding fee basis.

(a) The commissioner shall convert eligibility requirements in section 119B.09 and parent fee schedules in 119B.12 to state median income, based on a family size of three, adjusted for family size, Subd. 2(a) shall be implemented July 1, 2008. The commissioner shall report to the 2008 legislature with the necessary statutory changes to codify this conversion to state median income.

Sec. 8. Minnesota Statutes 2006, section 119B.12, is amended to read:

119B.12 SLIDING FEE SCALE.

Subdivision 1. **Fee schedule.** In setting the sliding fee schedule, the commissioner shall exclude from the amount of income used to determine eligibility an amount for federal and state income and Social Security taxes attributable to that income level according to federal and state standardized tax tables. The commissioner shall base the parent fee on the ability of the family to pay for child care. The fee schedule must be designed to use any available tax credits.

PARENT FEE SCHEDULE. The parent fee schedule is as follows:

<u>Income Range</u> <u>(as a percent of the federal poverty guidelines)</u>	<u>Co-payment</u> <u>(as a percentage of adjusted gross income)</u>
<u>0-74.99%</u>	<u>\$0/month</u>
<u>75.00-99.99%</u>	<u>\$5/month</u>
<u>100.00-104.99%</u>	<u>2.61%</u>
<u>105.00-109.99%</u>	<u>2.61%</u>
<u>110.00-114.99%</u>	<u>2.61%</u>
<u>115.00-119.99%</u>	<u>2.61%</u>
<u>120.00-124.99%</u>	<u>2.91%</u>
<u>125.00-129.99%</u>	<u>2.91%</u>
<u>130.00-134.99%</u>	<u>2.91%</u>
<u>135.00-139.99%</u>	<u>2.91%</u>
<u>140.00-144.99%</u>	<u>3.21%</u>
<u>145.00-149.99%</u>	<u>3.21%</u>
<u>150.00-154.99%</u>	<u>3.21%</u>
<u>155.00-159.99%</u>	<u>3.84%</u>
<u>160.00-164.99%</u>	<u>3.84%</u>
<u>165.00-169.99%</u>	<u>4.46%</u>
<u>170.00-174.99%</u>	<u>4.76%</u>
<u>175.00-179.99%</u>	<u>5.05%</u>
<u>180.00-184.99%</u>	<u>5.65%</u>
<u>185.00-189.99%</u>	<u>5.95%</u>
<u>190.00-194.99%</u>	<u>6.24%</u>
<u>195.00-199.99%</u>	<u>6.84%</u>
<u>200.00-204.99%</u>	<u>7.58%</u>
<u>205.00-209.99%</u>	<u>8.33%</u>
<u>210.00-214.99%</u>	<u>9.20%</u>
<u>215.00-219.99%</u>	<u>10.07%</u>
<u>220.00-224.99%</u>	<u>10.94%</u>
<u>225.00-229.99%</u>	<u>11.55%</u>
<u>230.00-234.99%</u>	<u>12.16%</u>
<u>235.00-239.99%</u>	<u>12.77%</u>
<u>240.00-244.99%</u>	<u>13.38%</u>
<u>245.00-249.99%</u>	<u>14.00%</u>
<u>250%</u>	<u>ineligible</u>

A family's monthly co-payment fee is the fixed percentage established for the income range multiplied by the highest possible income within that income range.

Subd. 2. **Parent fee.** A family must be assessed a parent fee for each service period. A family's parent fee must be a fixed percentage of its annual gross income. Parent fees must apply to families eligible for child care assistance under sections 119B.03 and 119B.05. Income must be as defined in section 119B.011, subdivision 15. The fixed percent is based on the relationship of the family's annual gross income to 100 percent of the annual federal poverty guidelines. Parent fees must begin at 75 percent of the poverty level. The minimum parent fees for families between 75 percent and 100 percent of poverty level must be ~~\$10~~ \$5 per month. Parent fees must provide for graduated movement to full payment. Payment of part or all of a family's parent fee directly to the family's child care provider on behalf of the family by a source other than the family shall not affect the family's eligibility for

child care assistance, and the amount paid shall be excluded from the family's income. Child care providers who accept third-party payments must maintain family specific documentation of payment source, amount, and time period covered by the payment.

EFFECTIVE DATE. (a) This section is effective July 1, 2007.

(b) Effective July 1, 2008, the parent fee scale for families with incomes greater than or equal to 100 percent of FPG shall be converted to state median income for a family size of three, adjusted for family size, as directed in section 119B.09, subdivision 2(a).

Sec. 9. Minnesota Statutes 2006, section 119B.125, subdivision 2, is amended to read:

Subd. 2. **Persons who cannot be authorized.** (a) A person who meets any of the conditions under paragraphs (b) to (n) must not be authorized as a legal nonlicensed family child care provider. To determine whether any of the listed conditions exist, the county must request information about the provider from the Bureau of Criminal Apprehension, the juvenile courts, and social service agencies. When one of the listed entities does not maintain information on a statewide basis, the county must contact the entity in the county where the provider resides and any other county in which the provider previously resided in the past year. For purposes of this subdivision, a finding that a delinquency petition is proven in juvenile court must be considered a conviction in state district court. If a county has determined that a provider is able to be authorized in that county, and a family in another county later selects that provider, the provider is able to be authorized in the second county without undergoing a new background investigation unless one of the following conditions exists:

- (1) two years have passed since the first authorization;
- (2) another person age 13 or older has joined the provider's household since the last authorization;
- (3) a current household member has turned 13 since the last authorization; or
- (4) there is reason to believe that a household member has a factor that prevents authorization.

(b) The person has been convicted of one of the following offenses or has admitted to committing or a preponderance of the evidence indicates that the person has committed an act that meets the definition of one of the following offenses: sections 609.185 to 609.195, murder in the first, second, or third degree; 609.2661 to 609.2663, murder of an unborn child in the first, second, or third degree; 609.322, solicitation, inducement, promotion of prostitution, or receiving profit from prostitution; 609.342 to 609.345, criminal sexual conduct in the first, second, third, or fourth degree; 609.352, solicitation of children to engage in sexual conduct; 609.365, incest; 609.377, felony malicious punishment of a child; 617.246, use of minors in sexual performance; 617.247, possession of pictorial representation of a minor; 609.2242 to 609.2243, felony domestic assault; a felony offense of spousal abuse; a felony offense of child abuse or neglect; a felony offense of a crime against children; or an attempt or conspiracy to commit any of these offenses as defined in Minnesota Statutes; or an offense in any other state or country where the elements are substantially similar to any of the offenses listed in this paragraph.

(c) Less than 15 years have passed since the discharge of the sentence imposed for the offense and the person has received a felony conviction for one of the following offenses, or the person has admitted to committing or a preponderance of the evidence indicates that the person has committed an act that meets the definition of a felony conviction for one of the following offenses: sections 609.20 to 609.205, manslaughter in the first or second degree; 609.21, criminal vehicular homicide; 609.215, aiding suicide or aiding attempted suicide; 609.221 to 609.2231, assault in the first, second, third, or fourth degree; 609.224, repeat offenses of fifth degree assault; 609.228, great bodily harm caused by distribution of drugs; 609.2325, criminal abuse of a vulnerable adult; 609.2335, financial exploitation of a vulnerable adult; 609.235, use of drugs to injure or facilitate a crime; 609.24, simple robbery;

617.241, repeat offenses of obscene materials and performances; 609.245, aggravated robbery; 609.25, kidnapping; 609.255, false imprisonment; 609.2664 to 609.2665, manslaughter of an unborn child in the first or second degree; 609.267 to 609.2672, assault of an unborn child in the first, second, or third degree; 609.268, injury or death of an unborn child in the commission of a crime; 609.27, coercion; 609.275, attempt to coerce; 609.324, subdivision 1, other prohibited acts, minor engaged in prostitution; 609.3451, repeat offenses of criminal sexual conduct in the fifth degree; 609.378, neglect or endangerment of a child; 609.52, theft; 609.521, possession of shoplifting gear; 609.561 to 609.563, arson in the first, second, or third degree; 609.582, burglary in the first, second, third, or fourth degree; 609.625, aggravated forgery; 609.63, forgery; 609.631, check forgery, offering a forged check; 609.635, obtaining signature by false pretenses; 609.66, dangerous weapon; 609.665, setting a spring gun; 609.67, unlawfully owning, possessing, or operating a machine gun; 609.687, adulteration; 609.71, riot; 609.713, terrorist threats; 609.749, harassment, stalking; 260C.301, termination of parental rights; 152.021 to 152.022 and 152.0262, controlled substance crime in the first or second degree; 152.023, subdivision 1, clause (3) or (4), or 152.023, subdivision 2, clause (4), controlled substance crime in third degree; 152.024, subdivision 1, clause (2), (3), or (4), controlled substance crime in fourth degree; 617.23, repeat offenses of indecent exposure; an attempt or conspiracy to commit any of these offenses as defined in Minnesota Statutes; or an offense in any other state or country where the elements are substantially similar to any of the offenses listed in this paragraph.

(d) Less than ten years have passed since the discharge of the sentence imposed for the offense and the person has received a gross misdemeanor conviction for one of the following offenses or the person has admitted to committing or a preponderance of the evidence indicates that the person has committed an act that meets the definition of a gross misdemeanor conviction for one of the following offenses: sections 609.224, fifth degree assault; 609.2242 to 609.2243, domestic assault; 518B.01, subdivision 14, violation of an order for protection; 609.3451, fifth degree criminal sexual conduct; 609.746, repeat offenses of interference with privacy; 617.23, repeat offenses of indecent exposure; 617.241, obscene materials and performances; 617.243, indecent literature, distribution; 617.293, disseminating or displaying harmful material to minors; 609.71, riot; 609.66, dangerous weapons; 609.749, harassment, stalking; 609.224, subdivision 2, paragraph (c), fifth degree assault against a vulnerable adult by a caregiver; 609.23, mistreatment of persons confined; 609.231, mistreatment of residents or patients; 609.2325, criminal abuse of a vulnerable adult; 609.2335, financial exploitation of a vulnerable adult; 609.233, criminal neglect of a vulnerable adult; 609.234, failure to report maltreatment of a vulnerable adult; 609.72, subdivision 3, disorderly conduct against a vulnerable adult; 609.265, abduction; 609.378, neglect or endangerment of a child; 609.377, malicious punishment of a child; 609.324, subdivision 1a, other prohibited acts, minor engaged in prostitution; 609.33, disorderly house; 609.52, theft; 609.582, burglary in the first, second, third, or fourth degree; 609.631, check forgery, offering a forged check; 609.275, attempt to coerce; an attempt or conspiracy to commit any of these offenses as defined in Minnesota Statutes; or an offense in any other state or country where the elements are substantially similar to any of the offenses listed in this paragraph.

(e) Less than seven years have passed since the discharge of the sentence imposed for the offense and the person has received a misdemeanor conviction for one of the following offenses or the person has admitted to committing or a preponderance of the evidence indicates that the person has committed an act that meets the definition of a misdemeanor conviction for one of the following offenses: sections 609.224, fifth degree assault; 609.2242, domestic assault; 518B.01, violation of an order for protection; 609.3232, violation of an order for protection; 609.746, interference with privacy; 609.79, obscene or harassing telephone calls; 609.795, letter, telegram, or package opening, harassment; 617.23, indecent exposure; 609.2672, assault of an unborn child, third degree; 617.293, dissemination and display of harmful materials to minors; 609.66, dangerous weapons; 609.665, spring guns; an attempt or conspiracy to commit any of these offenses as defined in Minnesota Statutes; or an offense in any other state or country where the elements are substantially similar to any of the offenses listed in this paragraph.

(f) The person has been identified by the child protection agency in the county where the provider resides or a county where the provider has resided or by the statewide child protection database as a person found by a preponderance of evidence under section 626.556 to be responsible for physical or sexual abuse of a child within the last seven years.

(g) The person has been identified by the adult protection agency in the county where the provider resides or a county where the provider has resided or by the statewide adult protection database as the person responsible for abuse or neglect of a vulnerable adult within the last seven years.

(h) The person has refused to give written consent for disclosure of criminal history records.

(i) The person has been denied a family child care license or has received a fine or a sanction as a licensed child care provider that has not been reversed on appeal.

(j) The person has a family child care licensing disqualification that has not been set aside.

(k) The person has admitted or a county has found that there is a preponderance of evidence that fraudulent information was given to the county for child care assistance application purposes or was used in submitting child care assistance bills for payment.

(l) The person has been convicted of the crime of theft by wrongfully obtaining public assistance or has been found guilty of wrongfully obtaining public assistance by a federal court, state court, or an administrative hearing determination or waiver, through a disqualification consent agreement, as part of an approved diversion plan under section 401.065, or a court-ordered stay with probationary or other conditions.

(m) The person has a household member age 13 or older who has access to children during the hours that care is provided and who meets one of the conditions listed in paragraphs (b) to (l).

(n) The person has a household member ages ten to 12 who has access to children during the hours that care is provided; information or circumstances exist which provide the county with articulable suspicion that further pertinent information may exist showing the household member meets one of the conditions listed in paragraphs (b) to (l); and the household member actually meets one of the conditions listed in paragraphs (b) to (l).

Sec. 10. Minnesota Statutes 2006, section 119B.13, subdivision 1, is amended to read:

Subdivision 1. **Subsidy restrictions.** (a) Beginning July 1, ~~2006~~ 2007, the maximum rate paid for child care assistance in any county or multicounty region under the child care fund shall be the rate for like-care arrangements in the county effective ~~January~~ July 1, 2006, increased by ~~six~~ two percent.

(b) Rate changes shall be implemented for services provided in September ~~2006~~ 2007 unless a participant eligibility redetermination or a new provider agreement is completed between July 1, ~~2006~~ 2007, and August 31, ~~2006~~ 2007.

As necessary, appropriate notice of adverse action must be made according to Minnesota Rules, part 3400.0185, subparts 3 and 4.

New cases approved on or after July 1, ~~2006~~ 2007, shall have the maximum rates under paragraph (a), implemented immediately.

(c) Not less than ~~once every two years~~ year, the commissioner shall survey rates charged by child care providers in Minnesota to determine the 75th percentile for like-care arrangements in counties. When the commissioner determines that, using the commissioner's established protocol, the number of providers responding to the survey is too small to determine the 75th percentile rate for like-care arrangements in a county or multicounty region, the commissioner may establish the 75th percentile maximum rate based on like-care arrangements in a county, region, or category that the commissioner deems to be similar.

(d) A rate which includes a special needs rate paid under subdivision 3 or under a school readiness service agreement paid under section 30 may be in excess of the maximum rate allowed under this subdivision.

(e) The department shall monitor the effect of this paragraph on provider rates. The county shall pay the provider's full charges for every child in care up to the maximum established. The commissioner shall determine the maximum rate for each type of care on an hourly, full-day, and weekly basis, including special needs and disability care. The half-day rates are effective beginning July 1, 2008.

(f) When the provider charge is greater than the maximum provider rate allowed, the parent is responsible for payment of the difference in the rates in addition to any family co-payment fee.

(g) All maximum provider rate changes shall be implemented on the Monday following the effective date of the maximum provider rate.

Sec. 11. Minnesota Statutes 2006, section 119B.13, subdivision 3a, is amended to read:

Subd. 3a. **Provider rate differential for accreditation.** A family child care provider or child care center shall be paid a 15 percent differential above the maximum rate established in subdivision 1, up to the actual provider rate, if the provider or center holds a current early childhood development credential or is accredited. For a family child care provider, early childhood development credential and accreditation includes an individual who has earned a child development associate degree, a child development associate credential, a diploma in child development from a Minnesota state technical college, or a bachelor's or post baccalaureate degree in early childhood education from an accredited college or university, or who is accredited by the National Association for Family Child Care or the Competency Based Training and Assessment Program. For a child care center, accreditation includes accreditation by the National Association for the Education of Young Children, the Council on Accreditation, the National Early Childhood Program Accreditation, the National School-Age Care Association, or the National Head Start Association Program of Excellence. For Montessori programs, accreditation includes the American Montessori Society, Association of Montessori International-USA, or the National Center for Montessori Education.

Sec. 12. Minnesota Statutes 2006, section 119B.13, subdivision 6, is amended to read:

Subd. 6. **Provider payments.** (a) Counties or the state shall make vendor payments to the child care provider or pay the parent directly for eligible child care expenses.

(b) If payments for child care assistance are made to providers, the provider shall bill the county for services provided within ten days of the end of the service period. If bills are submitted within ten days of the end of the service period, a county or the state shall issue payment to the provider of child care under the child care fund within 30 days of receiving a bill from the provider. Counties or the state may establish policies that make payments on a more frequent basis.

(c) ~~All bills~~ If a provider has received an authorization of care and has been issued a billing form for an eligible family, the bill must be submitted within 60 days of the last date of service on the bill. A county may pay a bill submitted more than 60 days after the last date of service if the provider shows good cause why the bill was not submitted within 60 days. Good cause must be defined in the county's child care fund plan under section 119B.08, subdivision 3, and the definition of good cause must include county error. A county may not pay any bill submitted more than a year after the last date of service on the bill.

(d) If a provider provided care for a time period without receiving an authorization of care and a billing form for an eligible family, payment of child care assistance may only be made retroactively for a maximum of six months from the date the provider is issued an authorization of care and a billing form.

~~(d)~~ (e) A county may stop payment issued to a provider or may refuse to pay a bill submitted by a provider if:

(1) the provider admits to intentionally giving the county materially false information on the provider's billing forms; or

(2) a county finds by a preponderance of the evidence that the provider intentionally gave the county materially false information on the provider's billing forms.

~~(e)~~ (f) A county's payment policies must be included in the county's child care plan under section 119B.08, subdivision 3. If payments are made by the state, in addition to being in compliance with this subdivision, the payments must be made in compliance with section 16A.124.

Sec. 13. Minnesota Statutes 2006, section 119B.13, subdivision 7, is amended to read:

Subd. 7. **Absent days.** (a) Child care providers may not be reimbursed for more than 25 full-day absent days per child, excluding holidays, in a fiscal year, or for more than ten consecutive full-day absent days, unless the child has a documented medical condition that causes more frequent absences. Absences due to a documented medical condition of a parent or sibling who lives in the same residence as the child receiving child care assistance do not count against the 25-day absent day limit in a fiscal year. Documentation of medical conditions must be on the forms and submitted according to the timelines established by the commissioner. A public health nurse or school nurse may verify the illness in lieu of a medical practitioner. If a provider sends a child home early due to a medical reason including, but not limited to, fever or contagious illness, the child care center director or lead teacher may verify the illness in lieu of a medical practitioner. If a child attends for part of the time authorized to be in care in a day, but is absent for part of the time authorized to be in care in that same day, the absent time will be reimbursed but the time will not count toward the ten consecutive or 25 cumulative absent day limits. Children in families where at least one parent is under the age of 21, does not have a high school or general education development (GED) diploma, and is a student in a school district or another similar program that provides or arranges for child care, as well as parenting, social services, career and employment supports, and academic support to achieve high school graduation, may be exempt from the absent day limits upon request of the program and approval of the county. If a child attends part of an authorized day, payment to the provider must be for the full amount of care authorized for that day. Child care providers may only be reimbursed for absent days if the provider has a written policy for child absences and charges all other families in care for similar absences.

(b) Child care providers must be reimbursed for up to ten federal or state holidays or designated holidays per year when the provider charges all families for these days and the holiday or designated holiday falls on a day when the child is authorized to be in attendance. Parents may substitute other cultural or religious holidays for the ten recognized state and federal holidays. Holidays do not count toward the ten consecutive or 25 cumulative absent day limits.

(c) A family or child care provider may not be assessed an overpayment for an absent day payment unless (1) there was an error in the amount of care authorized for the family, (2) all of the allowed full-day absent payments for the child have been paid, or (3) the family or provider did not timely report a change as required under law.

(d) The provider and family must receive notification of the number of absent days used upon initial provider authorization for a family and when the family has used 15 cumulative absent days. Upon statewide implementation of the Minnesota Electronic Child Care System, the provider and family authorization for a family and ongoing notification of the number of absent days used as of the date of the notification.

(e) A county may pay for more absent days than the statewide absent day policy established under this subdivision, if current market practice in the county justifies payment for those additional days. County policies for payment of absent days in excess of the statewide absent day policy and justification for these county policies must be included in the county's child care fund plan under section 119B.08, subdivision 3. This paragraph may be implemented by counties on or after July 1, 2008.

Sec. 14. Minnesota Statutes 2006, section 119B.21, subdivision 5, is amended to read:

Subd. 5. **Child care services grants.** (a) A child care resource and referral program designated under section 119B.19, subdivision 1a, may award child care services grants for:

(1) creating new licensed child care facilities and expanding existing facilities, including, but not limited to, supplies, equipment, facility renovation, and remodeling;

(2) improving licensed child care facility programs;

(3) staff training and development services including, but not limited to, in-service training, curriculum development, accreditation, certification, consulting, resource centers, ~~and~~ program and resource materials, supporting effective teacher-child interactions, child-focused teaching, and content-driven classroom instruction;

(4) interim financing;

(5) capacity building through the purchase of appropriate technology to create, enhance, and maintain business management systems;

(6) emergency assistance for child care programs;

(7) new programs or projects for the creation, expansion, or improvement of programs that serve ethnic immigrant and refugee communities; and

(8) targeted recruitment initiatives to expand and build the capacity of the child care system and to improve the quality of care provided by legal nonlicensed child care providers.

(b) A child care resource and referral program designated under section 119B.19, subdivision 1a, may award child care services grants to:

(1) licensed providers;

(2) providers in the process of being licensed;

(3) corporations or public agencies that develop or provide child care services;

(4) school-age care programs; or

(5) any combination of clauses (1) to (4).

Unlicensed providers are only eligible for grants under paragraph (a), clause (7).

(c) A recipient of a child care services grant for facility improvements, interim financing, or staff training and development must provide a 25 percent local match.

Sec. 15. Minnesota Statutes 2006, section 256.01, subdivision 2, is amended to read:

Subd. 2. **Specific powers.** Subject to the provisions of section 241.021, subdivision 2, the commissioner of human services shall carry out the specific duties in paragraphs (a) through (cc):

(a) Administer and supervise all forms of public assistance provided for by state law and other welfare activities or services as are vested in the commissioner. Administration and supervision of human services activities or services includes, but is not limited to, assuring timely and accurate distribution of benefits, completeness of service, and quality program management. In addition to administering and supervising human services activities vested by law in the department, the commissioner shall have the authority to:

(1) require county agency participation in training and technical assistance programs to promote compliance with statutes, rules, federal laws, regulations, and policies governing human services;

(2) monitor, on an ongoing basis, the performance of county agencies in the operation and administration of human services, enforce compliance with statutes, rules, federal laws, regulations, and policies governing welfare services and promote excellence of administration and program operation;

(3) develop a quality control program or other monitoring program to review county performance and accuracy of benefit determinations;

(4) require county agencies to make an adjustment to the public assistance benefits issued to any individual consistent with federal law and regulation and state law and rule and to issue or recover benefits as appropriate;

(5) delay or deny payment of all or part of the state and federal share of benefits and administrative reimbursement according to the procedures set forth in section 256.017;

(6) make contracts with and grants to public and private agencies and organizations, both profit and nonprofit, and individuals, using appropriated funds; and

(7) enter into contractual agreements with federally recognized Indian tribes with a reservation in Minnesota to the extent necessary for the tribe to operate a federally approved family assistance program or any other program under the supervision of the commissioner. The commissioner shall consult with the affected county or counties in the contractual agreement negotiations, if the county or counties wish to be included, in order to avoid the duplication of county and tribal assistance program services. The commissioner may establish necessary accounts for the purposes of receiving and disbursing funds as necessary for the operation of the programs.

(b) Inform county agencies, on a timely basis, of changes in statute, rule, federal law, regulation, and policy necessary to county agency administration of the programs.

(c) Administer and supervise all child welfare activities; promote the enforcement of laws protecting disabled, dependent, neglected and delinquent children, and children born to mothers who were not married to the children's fathers at the times of the conception nor at the births of the children; license and supervise child-caring and child-placing agencies and institutions; supervise the care of children in boarding and foster homes or in private institutions; and generally perform all functions relating to the field of child welfare now vested in the State Board of Control.

(d) Administer and supervise all noninstitutional service to disabled persons, including those who are visually impaired, hearing impaired, or physically impaired or otherwise disabled. The commissioner may provide and contract for the care and treatment of qualified indigent children in facilities other than those located and available at state hospitals when it is not feasible to provide the service in state hospitals.

(e) Assist and actively cooperate with other departments, agencies and institutions, local, state, and federal, by performing services in conformity with the purposes of Laws 1939, chapter 431.

(f) Act as the agent of and cooperate with the federal government in matters of mutual concern relative to and in conformity with the provisions of Laws 1939, chapter 431, including the administration of any federal funds granted to the state to aid in the performance of any functions of the commissioner as specified in Laws 1939, chapter 431, and including the promulgation of rules making uniformly available medical care benefits to all recipients of public assistance, at such times as the federal government increases its participation in assistance expenditures for medical care to recipients of public assistance, the cost thereof to be borne in the same proportion as are grants of aid to said recipients.

(g) Establish and maintain any administrative units reasonably necessary for the performance of administrative functions common to all divisions of the department.

(h) Act as designated guardian of both the estate and the person of all the wards of the state of Minnesota, whether by operation of law or by an order of court, without any further act or proceeding whatever, except as to persons committed as developmentally disabled. For children under the guardianship of the commissioner or a tribe in Minnesota recognized by the Secretary of the Interior whose interests would be best served by adoptive placement, the commissioner may contract with a licensed child-placing agency or a Minnesota tribal social services agency to provide adoption services. A contract with a licensed child-placing agency must be designed to supplement existing county efforts and may not replace existing county programs or tribal social services, unless the replacement is agreed to by the county board and the appropriate exclusive bargaining representative, tribal governing body, or the commissioner has evidence that child placements of the county continue to be substantially below that of other counties. Funds encumbered and obligated under an agreement for a specific child shall remain available until the terms of the agreement are fulfilled or the agreement is terminated.

(i) Act as coordinating referral and informational center on requests for service for newly arrived immigrants coming to Minnesota.

(j) The specific enumeration of powers and duties as hereinabove set forth shall in no way be construed to be a limitation upon the general transfer of powers herein contained.

(k) Establish county, regional, or statewide schedules of maximum fees and charges which may be paid by county agencies for medical, dental, surgical, hospital, nursing and nursing home care and medicine and medical supplies under all programs of medical care provided by the state and for congregate living care under the income maintenance programs.

(l) Have the authority to conduct and administer experimental projects to test methods and procedures of administering assistance and services to recipients or potential recipients of public welfare. To carry out such experimental projects, it is further provided that the commissioner of human services is authorized to waive the enforcement of existing specific statutory program requirements, rules, and standards in one or more counties. The order establishing the waiver shall provide alternative methods and procedures of administration, shall not be in conflict with the basic purposes, coverage, or benefits provided by law, and in no event shall the duration of a project exceed four years. It is further provided that no order establishing an experimental project as authorized by the provisions of this section shall become effective until the following conditions have been met:

(1) the secretary of health and human services of the United States has agreed, for the same project, to waive state plan requirements relative to statewide uniformity; and

(2) a comprehensive plan, including estimated project costs, shall be approved by the Legislative Advisory Commission and filed with the commissioner of administration.

(m) According to federal requirements, establish procedures to be followed by local welfare boards in creating citizen advisory committees, including procedures for selection of committee members.

(n) Allocate federal fiscal disallowances or sanctions which are based on quality control error rates for the aid to families with dependent children program formerly codified in sections 256.72 to 256.87, medical assistance, or food stamp program in the following manner:

(1) one-half of the total amount of the disallowance shall be borne by the county boards responsible for administering the programs. For the medical assistance and the AFDC program formerly codified in sections 256.72 to 256.87, disallowances shall be shared by each county board in the same proportion as that county's expenditures for the sanctioned program are to the total of all counties' expenditures for the AFDC program formerly codified in sections 256.72 to 256.87, and medical assistance programs. For the food stamp program, sanctions shall be shared by each county board, with 50 percent of the sanction being distributed to each county in the same proportion as that county's administrative costs for food stamps are to the total of all food stamp administrative costs for all counties, and 50 percent of the sanctions being distributed to each county in the same proportion as that county's value of food stamp benefits issued are to the total of all benefits issued for all counties. Each county shall pay its share of the disallowance to the state of Minnesota. When a county fails to pay the amount due hereunder, the commissioner may deduct the amount from reimbursement otherwise due the county, or the attorney general, upon the request of the commissioner, may institute civil action to recover the amount due; and

(2) notwithstanding the provisions of clause (1), if the disallowance results from knowing noncompliance by one or more counties with a specific program instruction, and that knowing noncompliance is a matter of official county board record, the commissioner may require payment or recover from the county or counties, in the manner prescribed in clause (1), an amount equal to the portion of the total disallowance which resulted from the noncompliance, and may distribute the balance of the disallowance according to clause (1).

(o) Develop and implement special projects that maximize reimbursements and result in the recovery of money to the state. For the purpose of recovering state money, the commissioner may enter into contracts with third parties. Any recoveries that result from projects or contracts entered into under this paragraph shall be deposited in the state treasury and credited to a special account until the balance in the account reaches \$1,000,000. When the balance in the account exceeds \$1,000,000, the excess shall be transferred and credited to the general fund. All money in the account is appropriated to the commissioner for the purposes of this paragraph.

(p) Have the authority to make direct payments to facilities providing shelter to women and their children according to section 256D.05, subdivision 3. Upon the written request of a shelter facility that has been denied payments under section 256D.05, subdivision 3, the commissioner shall review all relevant evidence and make a determination within 30 days of the request for review regarding issuance of direct payments to the shelter facility. Failure to act within 30 days shall be considered a determination not to issue direct payments.

(q) Have the authority to establish and enforce the following county reporting requirements:

(1) the commissioner shall establish fiscal and statistical reporting requirements necessary to account for the expenditure of funds allocated to counties for human services programs. When establishing financial and statistical reporting requirements, the commissioner shall evaluate all reports, in consultation with the counties, to determine if the reports can be simplified or the number of reports can be reduced;

(2) the county board shall submit monthly or quarterly reports to the department as required by the commissioner. Monthly reports are due no later than 15 working days after the end of the month. Quarterly reports are due no later than 30 calendar days after the end of the quarter, unless the commissioner determines that the deadline must be shortened to 20 calendar days to avoid jeopardizing compliance with federal deadlines or risking a loss of federal funding. Only reports that are complete, legible, and in the required format shall be accepted by the commissioner;

(3) if the required reports are not received by the deadlines established in clause (2), the commissioner may delay payments and withhold funds from the county board until the next reporting period. When the report is needed to account for the use of federal funds and the late report results in a reduction in federal funding, the commissioner shall withhold from the county boards with late reports an amount equal to the reduction in federal funding until full federal funding is received;

(4) a county board that submits reports that are late, illegible, incomplete, or not in the required format for two out of three consecutive reporting periods is considered noncompliant. When a county board is found to be noncompliant, the commissioner shall notify the county board of the reason the county board is considered noncompliant and request that the county board develop a corrective action plan stating how the county board plans to correct the problem. The corrective action plan must be submitted to the commissioner within 45 days after the date the county board received notice of noncompliance;

(5) the final deadline for fiscal reports or amendments to fiscal reports is one year after the date the report was originally due. If the commissioner does not receive a report by the final deadline, the county board forfeits the funding associated with the report for that reporting period and the county board must repay any funds associated with the report received for that reporting period;

(6) the commissioner may not delay payments, withhold funds, or require repayment under clause (3) or (5) if the county demonstrates that the commissioner failed to provide appropriate forms, guidelines, and technical assistance to enable the county to comply with the requirements. If the county board disagrees with an action taken by the commissioner under clause (3) or (5), the county board may appeal the action according to sections 14.57 to 14.69; and

(7) counties subject to withholding of funds under clause (3) or forfeiture or repayment of funds under clause (5) shall not reduce or withhold benefits or services to clients to cover costs incurred due to actions taken by the commissioner under clause (3) or (5).

(r) Allocate federal fiscal disallowances or sanctions for audit exceptions when federal fiscal disallowances or sanctions are based on a statewide random sample for the foster care program under title IV-E of the Social Security Act, United States Code, title 42, in direct proportion to each county's title IV-E foster care maintenance claim for that period.

(s) Be responsible for ensuring the detection, prevention, investigation, and resolution of fraudulent activities or behavior by applicants, recipients, and other participants in the human services programs administered by the department.

(t) Require county agencies to identify overpayments, establish claims, and utilize all available and cost-beneficial methodologies to collect and recover these overpayments in the human services programs administered by the department.

(u) Have the authority to administer a drug rebate program for drugs purchased pursuant to the prescription drug program established under section 256.955 after the beneficiary's satisfaction of any deductible established in the program. The commissioner shall require a rebate agreement from all manufacturers of covered drugs as defined in section 256B.0625, subdivision 13. Rebate agreements for prescription drugs delivered on or after July 1, 2002, must include rebates for individuals covered under the prescription drug program who are under 65 years of age. For each drug, the amount of the rebate shall be equal to the rebate as defined for purposes of the federal rebate program in United States Code, title 42, section 1396r-8. The manufacturers must provide full payment within 30 days of receipt of the state invoice for the rebate within the terms and conditions used for the federal rebate program established pursuant to section 1927 of title XIX of the Social Security Act. The manufacturers must provide the commissioner with any information necessary to verify the rebate determined per drug. The rebate program shall utilize the terms and conditions used for the federal rebate program established pursuant to section 1927 of title XIX of the Social Security Act.

(v) Have the authority to administer the federal drug rebate program for drugs purchased under the medical assistance program as allowed by section 1927 of title XIX of the Social Security Act and according to the terms and conditions of section 1927. Rebates shall be collected for all drugs that have been dispensed or administered in an outpatient setting and that are from manufacturers who have signed a rebate agreement with the United States Department of Health and Human Services.

(w) Have the authority to administer a supplemental drug rebate program for drugs purchased under the medical assistance program. The commissioner may enter into supplemental rebate contracts with pharmaceutical manufacturers and may require prior authorization for drugs that are from manufacturers that have not signed a supplemental rebate contract. Prior authorization of drugs shall be subject to the provisions of section 256B.0625, subdivision 13.

(x) Operate the department's communication systems account established in Laws 1993, First Special Session chapter 1, article 1, section 2, subdivision 2, to manage shared communication costs necessary for the operation of the programs the commissioner supervises. A communications account may also be established for each regional treatment center which operates communications systems. Each account must be used to manage shared communication costs necessary for the operations of the programs the commissioner supervises. The commissioner may distribute the costs of operating and maintaining communication systems to participants in a manner that reflects actual usage. Costs may include acquisition, licensing, insurance, maintenance, repair, staff time and other costs as determined by the commissioner. Nonprofit organizations and state, county, and local government agencies involved in the operation of programs the commissioner supervises may participate in the use of the department's communications technology and share in the cost of operation. The commissioner may accept on behalf of the state any gift, bequest, devise or personal property of any kind, or money tendered to the state for any lawful purpose pertaining to the communication activities of the department. Any money received for this purpose must be deposited in the department's communication systems accounts. Money collected by the commissioner for the use of communication systems must be deposited in the state communication systems account and is appropriated to the commissioner for purposes of this section.

(y) Receive any federal matching money that is made available through the medical assistance program for the consumer satisfaction survey. Any federal money received for the survey is appropriated to the commissioner for this purpose. The commissioner may expend the federal money received for the consumer satisfaction survey in either year of the biennium.

(z) Designate community information and referral call centers and incorporate cost reimbursement claims from the designated community information and referral call centers into the federal cost reimbursement claiming processes of the department according to federal law, rule, and regulations. Existing information and referral centers provided by Greater Twin Cities United Way or existing call centers for which Greater Twin Cities United Way has legal authority to represent, shall be included in these designations upon review by the commissioner and assurance that these services are accredited and in compliance with national standards. Any reimbursement is appropriated to the commissioner and all designated information and referral centers shall receive payments according to normal department schedules established by the commissioner upon final approval of allocation methodologies from the United States Department of Health and Human Services Division of Cost Allocation or other appropriate authorities.

(aa) Develop recommended standards for foster care homes that address the components of specialized therapeutic services to be provided by foster care homes with those services.

(bb) Authorize the method of payment to or from the department as part of the human services programs administered by the department. This authorization includes the receipt or disbursement of funds held by the department in a fiduciary capacity as part of the human services programs administered by the department.

(cc) Have the authority to administer a drug rebate program for drugs purchased for persons eligible for general assistance medical care under section 256D.03, subdivision 3. For manufacturers that agree to participate in the general assistance medical care rebate program, the commissioner shall enter into a rebate agreement for covered drugs as defined in section 256B.0625, subdivisions 13 and 13d. For each drug, the amount of the rebate shall be equal to the rebate as defined for purposes of the federal rebate program in United States Code, title 42, section 1396r-8. The manufacturers must provide payment within the terms and conditions used for the federal rebate program established under section 1927 of title XIX of the Social Security Act. The rebate program shall utilize the terms and conditions used for the federal rebate program established under section 1927 of title XIX of the Social Security Act.

Effective January 1, 2006, drug coverage under general assistance medical care shall be limited to those prescription drugs that:

(1) are covered under the medical assistance program as described in section 256B.0625, subdivisions 13 and 13d; and

(2) are provided by manufacturers that have fully executed general assistance medical care rebate agreements with the commissioner and comply with such agreements. Prescription drug coverage under general assistance medical care shall conform to coverage under the medical assistance program according to section 256B.0625, subdivisions 13 to 13g.

The rebate revenues collected under the drug rebate program are deposited in the general fund.

Sec. 16. Minnesota Statutes 2006, section 256.01, subdivision 4, is amended to read:

Subd. 4. **Duties as state agency.** (a) The state agency shall:

(1) supervise the administration of assistance to dependent children under Laws 1937, chapter 438, by the county agencies in an integrated program with other service for dependent children maintained under the direction of the state agency;

~~(2) may subpoena witnesses and administer oaths, make rules, and take such action as may be necessary, or desirable for carrying out the provisions of Laws 1937, chapter 438. All rules made by the state agency shall be binding on the counties and shall be complied with by the respective county agencies;~~

~~(3)~~ (2) establish adequate standards for personnel employed by the counties and the state agency in the administration of Laws 1937, chapter 438, and make the necessary rules to maintain such standards;

~~(4)~~ (3) prescribe the form of and print and supply to the county agencies blanks for applications, reports, affidavits, and such other forms as it may deem necessary and advisable;

~~(5)~~ (4) cooperate with the federal government and its public welfare agencies in any reasonable manner as may be necessary to qualify for federal aid for temporary assistance for needy families and in conformity with title I of Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 and successor amendments, including the making of such reports and such forms and containing such information as the Federal Social Security Board may from time to time require, and comply with such provisions as such board may from time to time find necessary to assure the correctness and verification of such reports;

~~(6) may cooperate with other state agencies in establishing reciprocal agreements in instances where a child receiving Minnesota family investment program assistance moves or contemplates moving into or out of the state, in order that such child may continue to receive supervised aid from the state moved from until the child shall have resided for one year in the state moved to;~~

~~(7)~~ (5) on or before October 1 in each even-numbered year make a biennial report to the governor concerning the activities of the agency;

~~(8)~~ (6) enter into agreements with other departments of the state as necessary to meet all requirements of the federal government; and

~~(9)~~ (7) cooperate with the commissioner of education to enforce the requirements for program integrity and fraud prevention for investigation for child care assistance under chapter 119B.

(b) The state agency may:

(1) subpoena witnesses and administer oaths, make rules, and take such action as may be necessary or desirable for carrying out the provisions of Laws 1937, chapter 438. All rules made by the state agency shall be binding on the counties and shall be complied with by the respective county agencies;

(2) cooperate with other state agencies in establishing reciprocal agreements in instances where a child receiving Minnesota family investment program assistance moves or contemplates moving into or out of the state, in order that the child may continue to receive supervised aid from the state moved from until the child has resided for one year in the state moved to; and

(3) administer oaths and affirmations, take depositions, certify to official acts, and issue subpoenas to compel the attendance of individuals and the production of documents and other personal property necessary in connection with the administration of programs administered by the Department of Human Services.

(c) The fees for service of a subpoena in paragraph (b), clause (3), must be paid in the same manner as prescribed by law for a service of process issued by a district court. Witnesses must receive the same fees and mileage as in civil actions.

(d) The subpoena in paragraph (b), clause (3), shall be enforceable through the district court in the district where the subpoena is issued.

Sec. 17. Minnesota Statutes 2006, section 256.01, subdivision 18, is amended to read:

Subd. 18. **Immigration status verifications.** (a) Notwithstanding any waiver of this requirement by the secretary of the United States Department of Health and Human Services, effective July 1, 2001, the commissioner shall utilize the Systematic Alien Verification for Entitlements (SAVE) program to conduct immigration status verifications:

(1) as required under United States Code, title 8, section 1642;

(2) for all applicants and recipients at recertification for food assistance benefits, whether under the federal food stamp program, the MFIP ~~or work first program~~, or the Minnesota food assistance program;

(3) for all applicants and recipients at recertification for general assistance medical care, except assistance for an emergency medical condition, for immunization with respect to an immunizable disease, or for testing and treatment of symptoms of a communicable disease; and

(4) for all applicants and recipients at recertification for general assistance, Minnesota supplemental aid, MinnesotaCare, or group residential housing, when the benefits provided by these programs would fall under the definition of "federal public benefit" under United States Code, title 8, section 1642, if federal funds were used to pay for all or part of the benefits.

(b) The commissioner shall comply with the reporting requirements under United States Code, title 42, section 611a, and any federal regulation or guidance adopted under that law.

Sec. 18. Minnesota Statutes 2006, section 256.01, is amended by adding a subdivision to read:

Subd. 23. **Administrative simplification; county cost study.** (a) The commissioner shall establish and convene the first meeting of an advisory committee to identify ways to simplify and streamline human services laws and administrative requirements. The advisory committee shall select its chair from its membership at the first meeting.

(b) The committee shall consist of three senators appointed by the senate Committee on Rules and Administration, three state representatives appointed by the speaker of the house of representatives, four department staff, and five county representatives appointed by the Association of Minnesota Counties after consultation with other relevant county organizations.

(c) The committee shall annually select up to two topics for review. The goals of the reviews are to discuss opportunities for administrative improvements and increased simplification and streamlining to improve consistency, efficiency, fairness, and to reduce the risk of recipient noncompliance. In reviewing the topics selected, consideration shall be given to:

(1) current challenges in administrative complexity and service delivery and whether the sharing of responsibilities between the state and the county should be altered in any way, including transferring responsibilities from one entity to the other;

(2) methods of reducing inconsistency with similar programs; and

(3) the current funding mechanism, whether funding formulas should be adjusted for special demographic or geographic factors that influence program costs, differences in county property tax contributions and maintenance of effort obligations, and whether the mix of state and county obligations for financial support of this service should be changed.

(d) The committee members shall assume responsibility for reporting progress to the appropriate leadership of the groups they represent. The commissioner, in partnership with the advisory committee, shall report to the legislative committees and divisions with jurisdiction over the Department of Human Services on the findings and recommendations of the advisory committee by December 15 of each year.

(e) This section expires June 30, 2012.

Sec. 19. Minnesota Statutes 2006, section 256.015, subdivision 7, is amended to read:

Subd. 7. Cooperation required. Upon the request of the Department of Human Services, any state agency or third party payer shall cooperate with the department in furnishing information to help establish a third party liability. Upon the request of the Department of Human Services or county child support or human service agencies, any employer or third party payer shall cooperate in furnishing information about group health insurance plans or medical benefit plans available to its employees. For purposes of section 176.191, subdivision 4, the Department of Labor and Industry may allow the Department of Human Services and county agencies direct access and data

matching on information relating to workers' compensation claims in order to determine whether the claimant has reported the fact of a pending claim and the amount paid to or on behalf of the claimant to the Department of Human Services. The Department of Human Services and county agencies shall limit its use of information gained from agencies, third party payers, and employers to purposes directly connected with the administration of its public assistance and child support programs. The provision of information by agencies, third party payers, and employers to the department under this subdivision is not a violation of any right of confidentiality or data privacy.

Sec. 20. Minnesota Statutes 2006, section 256.017, subdivision 1, is amended to read:

Subdivision 1. **Authority and purpose.** The commissioner shall administer a compliance system for the Minnesota family investment program, the food stamp or food support program, emergency assistance, general assistance, medical assistance, general assistance medical care, emergency general assistance, Minnesota supplemental assistance, preadmission screening, ~~and~~ alternative care grants, and the child care assistance program under the powers and authorities named in section 256.01, subdivision 2. The purpose of the compliance system is to permit the commissioner to supervise the administration of public assistance programs and to enforce timely and accurate distribution of benefits, completeness of service and efficient and effective program management and operations, to increase uniformity and consistency in the administration and delivery of public assistance programs throughout the state, and to reduce the possibility of sanctions and fiscal disallowances for noncompliance with federal regulations and state statutes.

The commissioner shall utilize training, technical assistance, and monitoring activities, as specified in section 256.01, subdivision 2, to encourage county agency compliance with written policies and procedures.

Sec. 21. Minnesota Statutes 2006, section 256.017, subdivision 9, is amended to read:

Subd. 9. **Timing and disposition of penalty and case disallowance funds.** Quality control case penalty and administrative penalty amounts shall be disallowed or withheld from the next regular reimbursement made to the county agency for state and federal benefit reimbursements and federal administrative reimbursements for all programs covered in this section, according to procedures established in statute, but shall not be imposed sooner than 30 calendar days from the date of written notice of such penalties. Except for penalties withheld under the child care assistance program, all penalties must be deposited in the county incentive fund provided in section 256.018. Penalties withheld under the child care assistance program shall be reallocated to counties using the allocation formula under section 119B.03, subdivision 5. All penalties must be imposed according to this provision until a decision is made regarding the status of a written exception. Penalties must be returned to county agencies when a review of a written exception results in a decision in their favor.

Sec. 22. Minnesota Statutes 2006, section 256.0471, subdivision 1, is amended to read:

Subdivision 1. **Qualifying overpayment.** Any overpayment for assistance granted under chapter 119B, the MFIP program formerly codified under sections 256.031 to 256.0361, and the AFDC program formerly codified under sections 256.72 to 256.871; chapters 256B, 256D, 256I, 256J, ~~and~~ 256K, and 256L; and the food stamp or food support program, except agency error claims, become a judgment by operation of law 90 days after the notice of overpayment is personally served upon the recipient in a manner that is sufficient under rule 4.03(a) of the Rules of Civil Procedure for district courts, or by certified mail, return receipt requested. This judgment shall be entitled to full faith and credit in this and any other state.

Sec. 23. Minnesota Statutes 2006, section 256.984, subdivision 1, is amended to read:

Subdivision 1. **Declaration.** Every application for public assistance under this chapter or chapters 256B, 256D, 256J, and 256L; child care programs under chapter 119B; and food stamps or food support under chapter 393 shall be in writing or reduced to writing as prescribed by the state agency and shall contain the following declaration which shall be signed by the applicant:

"I declare under the penalties of perjury that this application has been examined by me and to the best of my knowledge is a true and correct statement of every material point. I understand that a person convicted of perjury may be sentenced to imprisonment of not more than five years or to payment of a fine of not more than \$10,000, or both."

Sec. 24. **[256D.0516] EXPIRATION OF FOOD SUPPORT BENEFITS AND REPORTING REQUIREMENTS.**

Subdivision 1. **Expiration of food support benefits.** Food support benefits shall not be stored off line or expunged from a recipient's account unless the benefits have not been accessed for 12 months after the month they were issued.

Subd. 2. **Food support reporting requirements.** The Department of Human Services shall implement simplified reporting as permitted under the Food Stamp Act of 1977, as amended, and the food stamp regulations in Code of Federal Regulations, title 7, part 273. Food support recipient households required to report periodically shall not be required to report more often than one time every six months. This provision shall not apply to households receiving food benefits under the Minnesota family investment program waiver.

EFFECTIVE DATE. Subdivision 1 is effective February 1, 2008, and subdivision 2 is effective May 1, 2008.

Sec. 25. **[256F.15] GRANT PROGRAM FOR CRISIS NURSERIES.**

Subdivision 1. **Crisis nurseries.** The commissioner of human services shall establish a grant program to assist private and public agencies and organizations to provide crisis nurseries to offer services and temporary care to families experiencing crisis situations including children who are at high risk of abuse and neglect, children who have been abused and neglected, and children who are in families receiving child protective services. This service shall be provided without a fee for a maximum of 30 days in any year. Crisis nurseries shall provide short-term case management, family support services, parent education, crisis intervention, referrals, and resources, as needed.

(a) The crisis nurseries must provide a spectrum of services that may include, but are not limited to:

(1) being available 24 hours a day, seven days a week;

(2) providing services for children up to 72 hours at any one time;

(3) providing short-term case management to bridge the gap between crisis and successful living;

(4) making referrals for parents to counseling services and other community resources to help alleviate the underlying cause of the precipitating stress or crisis;

(5) providing services without a fee for a maximum of 30 days in any year;

(6) providing services to families with children from birth through 12 years of age, as services are available;

(7) providing an immediate response to family needs and strengths with an initial assessment and intake interview, making referrals to appropriate agencies or programs, and providing temporary care of children, as needed;

(8) maintaining the clients' confidentiality to the extent required by law, and also complying with statutory reporting requirements which may mandate a report to child protective services;

(9) providing a volunteer component and support for volunteers;

(10) providing preservice training and ongoing training to providers and volunteers;

(11) evaluating the services provided by documenting use of services, the result of family referrals made to community resources, and how the services reduced the risk of maltreatment;

(12) providing developmental assessments;

(13) providing medical assessments as determined by using a risk screening tool;

(14) providing parent education classes or programs that include parent-child interaction either on site or in collaboration with other community agencies; and

(15) having a multidisciplinary advisory board which may include one or more parents who have used the crisis nursery services.

(b) The crisis nurseries are encouraged to provide opportunities for parents to volunteer, if appropriate.

(c) Parents shall retain custody of their children during placement in a crisis facility.

Subd. 2. **Fund distribution.** In distributing funds, the commissioner shall give priority consideration to agencies and organizations with experience in working with abused or neglected children and their families, and with children at high risk of abuse and neglect and their families, and serve communities which demonstrate the greatest need for these services. Funds shall be distributed to crisis nurseries according to a formula developed by the commissioner in consultation with the Minnesota Crisis Nursery Association. The formula shall include funding for all existing crisis nursery programs that have been previously funded through the Department of Human Services and that meet program requirements as specified in subdivision 1, paragraph (a), and consideration of factors reflecting the need for services in each service area, including but not limited to the number of children 18 years of age and under living in the service area, the percent of children 18 years of age and under living in poverty in the service area, and factors reflecting the cost of providing services, including but not limited to the number of hours of service provided in the previous year.

Sec. 26. Minnesota Statutes 2006, section 256J.01, is amended by adding a subdivision to read:

Subd. 6. **Legislative approval to move programs or activities.** The commissioner shall not move programs or activities funded with MFIP or TANF maintenance of effort funds to other funding sources without legislative approval.

Sec. 27. Minnesota Statutes 2006, section 256J.02, subdivision 1, is amended to read:

Subdivision 1. **Commissioner's authority to administer block grant funds.** The commissioner of human services is authorized to receive, administer, and expend funds available under the TANF block grant authorized under title I of Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, and under Public Law 109-171, the Deficit Reduction Act of 2005.

Sec. 28. Minnesota Statutes 2006, section 256J.02, subdivision 4, is amended to read:

Subd. 4. **Authority to transfer.** Subject to limitations of title I of Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, as amended, and under Public Law 109-171, the Deficit Reduction Act of 2005, the legislature may transfer money from the TANF block grant to the child care fund under chapter 119B, or the Title XX block grant.

Sec. 29. Minnesota Statutes 2006, section 256J.021, is amended to read:

256J.021 SEPARATE STATE PROGRAM FOR USE OF STATE MONEY.

Families receiving assistance under this section must comply with all applicable requirements in this chapter.

~~(a) Until October 1, 2006, the commissioner of human services must treat MFIP expenditures made to or on behalf of any minor child under section 256J.02, subdivision 2, clause (1), who is a resident of this state under section 256J.12, and who is part of a two-parent eligible household as expenditures under a separately funded state program and report those expenditures to the federal Department of Health and Human Services as separate state program expenditures under Code of Federal Regulations, title 45, section 263.5.~~

~~(b) Beginning October 1, 2006, and each year thereafter, the commissioner of human services must treat MFIP expenditures made to or on behalf of any minor child under section 256J.02, subdivision 2, clause (1), who is a resident of this state under section 256J.12, and who is part of a two-parent eligible household, as expenditures under a separately funded state program. These expenditures shall not count toward the state's maintenance of effort (MOE) requirements under the federal Temporary Assistance to Needy Families (TANF) program except if counting certain families would allow the commissioner to avoid a federal penalty. Families receiving assistance under this section must comply with all applicable requirements in this chapter.~~

Sec. 30. Minnesota Statutes 2006, section 256J.08, subdivision 65, is amended to read:

Subd. 65. **Participant.** (a) "Participant" means includes any of the following:

~~(1) a person who is currently receiving cash assistance or the food portion available through MFIP. A person who fails to withdraw or access electronically any portion of the person's cash and food assistance payment by the end of the payment month, who makes a written request for closure before the first of a payment month and repays cash and food assistance electronically issued for that payment month within that payment month, or who returns any uncashed assistance check and food coupons and withdraws from the program is not a participant;~~

~~(2) a person who withdraws a cash or food assistance payment by electronic transfer or receives and cashes an MFIP assistance check or food coupons and is subsequently determined to be ineligible for assistance for that period of time is a participant, regardless whether that assistance is repaid. The term "participant" includes;~~

~~(3) the caregiver relative and the minor child whose needs are included in the assistance payment;~~

~~(4) a person in an assistance unit who does not receive a cash and food assistance payment because the case has been suspended from MFIP is a participant;~~

~~(5) a person who receives cash payments under the diversionary work program under section 256J.95 is a participant; and~~

~~(6) a person who receives cash payments under the family stabilization services program under section 256J.575.~~

(b) "Participant" does not include a person who fails to withdraw or access electronically any portion of the person's cash and food assistance payment by the end of the payment month, who makes a written request for closure before the first of a payment month and repays cash and food assistance electronically issued for that payment month within that payment month, or who returns any uncashed assistance check and food coupons and withdraws from the program.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 31. Minnesota Statutes 2006, section 256J.21, subdivision 2, is amended to read:

Subd. 2. **Income exclusions.** The following must be excluded in determining a family's available income:

(1) payments for basic care, difficulty of care, and clothing allowances received for providing family foster care to children or adults under Minnesota Rules, parts 9555.5050 to 9555.6265, 9560.0521, and 9560.0650 to 9560.0655, and payments received and used for care and maintenance of a third-party beneficiary who is not a household member;

(2) reimbursements for employment training received through the Workforce Investment Act of 1998, United States Code, title 20, chapter 73, section 9201;

(3) reimbursement for out-of-pocket expenses incurred while performing volunteer services, jury duty, employment, or informal carpooling arrangements directly related to employment;

(4) all educational assistance, except the county agency must count graduate student teaching assistantships, fellowships, and other similar paid work as earned income and, after allowing deductions for any unmet and necessary educational expenses, shall count scholarships or grants awarded to graduate students that do not require teaching or research as unearned income;

(5) loans, regardless of purpose, from public or private lending institutions, governmental lending institutions, or governmental agencies;

(6) loans from private individuals, regardless of purpose, provided an applicant or participant documents that the lender expects repayment;

(7)(i) state income tax refunds; and

(ii) federal income tax refunds;

(8)(i) federal earned income credits;

(ii) Minnesota working family credits;

(iii) state homeowners and renters credits under chapter 290A; and

(iv) federal or state tax rebates;

(9) funds received for reimbursement, replacement, or rebate of personal or real property when these payments are made by public agencies, awarded by a court, solicited through public appeal, or made as a grant by a federal agency, state or local government, or disaster assistance organizations, subsequent to a presidential declaration of disaster;

(10) the portion of an insurance settlement that is used to pay medical, funeral, and burial expenses, or to repair or replace insured property;

(11) reimbursements for medical expenses that cannot be paid by medical assistance;

(12) payments by a vocational rehabilitation program administered by the state under chapter 268A, except those payments that are for current living expenses;

- (13) in-kind income, including any payments directly made by a third party to a provider of goods and services;
- (14) assistance payments to correct underpayments, but only for the month in which the payment is received;
- (15) payments for short-term emergency needs under section 256J.626, subdivision 2;
- (16) funeral and cemetery payments as provided by section 256.935;
- (17) nonrecurring cash gifts of \$30 or less, not exceeding \$30 per participant in a calendar month;
- (18) any form of energy assistance payment made through Public Law 97-35, Low-Income Home Energy Assistance Act of 1981, payments made directly to energy providers by other public and private agencies, and any form of credit or rebate payment issued by energy providers;
- (19) Supplemental Security Income (SSI), including retroactive SSI payments and other income of an SSI recipient, except as described in section 256J.37, subdivision 3b;
- (20) Minnesota supplemental aid, including retroactive payments;
- (21) proceeds from the sale of real or personal property;
- (22) state adoption assistance payments under section 259.67, and up to an equal amount of county adoption assistance payments;
- (23) state-funded family subsidy program payments made under section 252.32 to help families care for children with developmental disabilities, consumer support grant funds under section 256.476, and resources and services for a disabled household member under one of the home and community-based waiver services programs under chapter 256B;
- (24) interest payments and dividends from property that is not excluded from and that does not exceed the asset limit;
- (25) rent rebates;
- (26) income earned by a minor caregiver, minor child through age 6, or a minor child who is at least a half-time student in an approved elementary or secondary education program;
- (27) income earned by a caregiver under age 20 who is at least a half-time student in an approved elementary or secondary education program;
- (28) MFIP child care payments under section 119B.05;
- (29) all other payments made through MFIP to support a caregiver's pursuit of greater economic stability;
- (30) income a participant receives related to shared living expenses;
- (31) reverse mortgages;
- (32) benefits provided by the Child Nutrition Act of 1966, United States Code, title 42, chapter 13A, sections 1771 to 1790;

(33) benefits provided by the women, infants, and children (WIC) nutrition program, United States Code, title 42, chapter 13A, section 1786;

(34) benefits from the National School Lunch Act, United States Code, title 42, chapter 13, sections 1751 to 1769e;

(35) relocation assistance for displaced persons under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, United States Code, title 42, chapter 61, subchapter II, section 4636, or the National Housing Act, United States Code, title 12, chapter 13, sections 1701 to 1750jj;

(36) benefits from the Trade Act of 1974, United States Code, title 19, chapter 12, part 2, sections 2271 to 2322;

(37) war reparations payments to Japanese Americans and Aleuts under United States Code, title 50, sections 1989 to 1989d;

(38) payments to veterans or their dependents as a result of legal settlements regarding Agent Orange or other chemical exposure under Public Law 101-239, section 10405, paragraph (a)(2)(E);

(39) income that is otherwise specifically excluded from MFIP consideration in federal law, state law, or federal regulation;

(40) security and utility deposit refunds;

(41) American Indian tribal land settlements excluded under Public Laws 98-123, 98-124, and 99-377 to the Mississippi Band Chippewa Indians of White Earth, Leech Lake, and Mille Lacs reservations and payments to members of the White Earth Band, under United States Code, title 25, chapter 9, section 331, and chapter 16, section 1407;

(42) all income of the minor parent's parents and stepparents when determining the grant for the minor parent in households that include a minor parent living with parents or stepparents on MFIP with other children;

(43) income of the minor parent's parents and stepparents equal to 200 percent of the federal poverty guideline for a family size not including the minor parent and the minor parent's child in households that include a minor parent living with parents or stepparents not on MFIP when determining the grant for the minor parent. The remainder of income is deemed as specified in section 256J.37, subdivision 1b;

(44) payments made to children eligible for relative custody assistance under section 257.85;

(45) vendor payments for goods and services made on behalf of a client unless the client has the option of receiving the payment in cash; ~~and~~

(46) the principal portion of a contract for deed payment; and

(47) cash payments to individuals enrolled for full-time service as a volunteer under AmeriCorps programs including AmeriCorps VISTA, AmeriCorps State, AmeriCorps National, and AmeriCorps NCCC.

Sec. 32. Minnesota Statutes 2006, section 256J.24, subdivision 10, is amended to read:

Subd. 10. **MFIP exit level.** The commissioner shall adjust the MFIP earned income disregard to ensure that most participants do not lose eligibility for MFIP until their income reaches at least ~~445~~ 140 percent of the federal poverty guidelines in effect in October of each fiscal year. The adjustment to the disregard shall be based on a

household size of three, and the resulting earned income disregard percentage must be applied to all household sizes. The adjustment under this subdivision must be implemented at the same time as the October food stamp or food support cost-of-living adjustment is reflected in the food portion of MFIP transitional standard as required under subdivision 5a.

Sec. 33. Minnesota Statutes 2006, section 256J.42, subdivision 1, is amended to read:

Subdivision 1. **Time limit.** (a) Except as otherwise provided for in this section, an assistance unit in which any adult caregiver has received 60 months of cash assistance funded in whole or in part by the TANF block grant in this or any other state or United States territory, or from a tribal TANF program, MFIP, the AFDC program formerly codified in sections 256.72 to 256.87, or the family general assistance program formerly codified in sections 256D.01 to 256D.23, funded in whole or in part by state appropriations, is ineligible to receive MFIP. Any cash assistance funded with TANF dollars in this or any other state or United States territory, or from a tribal TANF program, or MFIP assistance funded in whole or in part by state appropriations, that was received by the unit on or after the date TANF was implemented, including any assistance received in states or United States territories of prior residence, counts toward the 60-month limitation. Months during which any cash assistance is received by an assistance unit with a mandatory member who is disqualified for wrongfully obtaining public assistance under section 256.98, subdivision 8, counts toward the time limit for the disqualified member. The 60-month limit applies to a minor caregiver except under subdivision 5. The 60-month time period does not need to be consecutive months for this provision to apply.

(b) The months before July 1998 in which individuals received assistance as part of the field trials as an MFIP, MFIP-R, or MFIP or MFIP-R comparison group family are not included in the 60-month time limit.

EFFECTIVE DATE. This section is effective October 1, 2007.

Sec. 34. Minnesota Statutes 2006, section 256J.425, subdivision 3, is amended to read:

Subd. 3. **Hard-to-employ participants.** An assistance unit subject to the time limit in section 256J.42, subdivision 1, is eligible to receive months of assistance under a hardship extension if the participant who reached the time limit belongs to any of the following groups:

(1) a person who is diagnosed by a licensed physician, psychological practitioner, or other qualified professional, as developmentally disabled or mentally ill, and that condition prevents the person from obtaining or retaining unsubsidized employment;

(2) a person who:

(i) has been assessed by a vocational specialist or the county agency to be unemployable for purposes of this subdivision; or

(ii) has an IQ below 80 who has been assessed by a vocational specialist or a county agency to be employable, but not at a level that makes the participant eligible for an extension under subdivision 4. The determination of IQ level must be made by a qualified professional. In the case of a non-English-speaking person: (A) the determination must be made by a qualified professional with experience conducting culturally appropriate assessments, whenever possible; (B) the county may accept reports that identify an IQ range as opposed to a specific score; (C) these reports must include a statement of confidence in the results;

(3) a person who is determined by a qualified professional to be learning disabled, and the disability severely limits the person's ability to obtain, perform, or maintain suitable employment. For purposes of the initial approval of a learning disability extension, the determination must have been made or confirmed within the previous 12

months. In the case of a non-English-speaking person: (i) the determination must be made by a qualified professional with experience conducting culturally appropriate assessments, whenever possible; and (ii) these reports must include a statement of confidence in the results. If a rehabilitation plan for a participant extended as learning disabled is developed or approved by the county agency, the plan must be incorporated into the employment plan. However, a rehabilitation plan does not replace the requirement to develop and comply with an employment plan under section 256J.521; ~~or~~

(4) a person who has been granted a family violence waiver, and who is complying with an employment plan under section 256J.521, subdivision 3; or

(5) a participant under section 256J.561, subdivision 2, paragraph (d), who is complying with an employment plan tailored to recognize the special circumstances of the caregivers and family, including limitations due to illness or disability, and caregiving needs.

Sec. 35. Minnesota Statutes 2006, section 256J.425, subdivision 4, is amended to read:

Subd. 4. **Employed participants.** (a) An assistance unit subject to the time limit under section 256J.42, subdivision 1, is eligible to receive assistance under a hardship extension if the participant who reached the time limit belongs to:

(1) a one-parent assistance unit in which the participant is participating in work activities for at least 30 hours per week, ~~of which an average of at least 25 hours per week every month are spent participating in employment;~~

(2) a two-parent assistance unit in which the participants are participating in work activities for at least 55 hours per week, ~~of which an average of at least 45 hours per week every month are spent participating in employment;~~ or

(3) an assistance unit in which a participant is participating in employment for fewer hours than those specified in clause (1) or (2), and the participant submits verification from a qualified professional, in a form acceptable to the commissioner, stating that the number of hours the participant may work is limited due to illness or disability, as long as the participant is participating in employment for at least the number of hours specified by the qualified professional. The participant must be following the treatment recommendations of the qualified professional providing the verification. The commissioner shall develop a form to be completed and signed by the qualified professional, documenting the diagnosis and any additional information necessary to document the functional limitations of the participant that limit work hours. If the participant is part of a two-parent assistance unit, the other parent must be treated as a one-parent assistance unit for purposes of meeting the work requirements under this subdivision.

(b) ~~For purposes of this section, employment means:~~

~~(1) unsubsidized employment under section 256J.49, subdivision 13, clause (1);~~

~~(2) subsidized employment under section 256J.49, subdivision 13, clause (2);~~

~~(3) on the job training under section 256J.49, subdivision 13, clause (2);~~

~~(4) an apprenticeship under section 256J.49, subdivision 13, clause (1);~~

~~(5) supported work under section 256J.49, subdivision 13, clause (2);~~

~~(6) a combination of clauses (1) to (5); or~~

~~(7) child care under section 256J.49, subdivision 13, clause (7), if it is in combination with paid employment.~~

~~(e)~~ If a participant is complying with a child protection plan under chapter 260C, the number of hours required under the child protection plan count toward the number of hours required under this subdivision.

~~(d)~~ (c) The county shall provide the opportunity for subsidized employment to participants needing that type of employment within available appropriations.

~~(e)~~ (d) To be eligible for a hardship extension for employed participants under this subdivision, a participant must be in compliance for at least ten out of the 12 months the participant received MFIP immediately preceding the participant's 61st month on assistance. If ten or fewer months of eligibility for TANF assistance remain at the time the participant from another state applies for assistance, the participant must be in compliance every month.

~~(f)~~ (e) The employment plan developed under section 256J.521, subdivision 2, for participants under this subdivision must contain at least the minimum number of hours specified in paragraph (a) for the purpose of meeting the requirements for an extension under this subdivision. The job counselor and the participant must sign the employment plan to indicate agreement between the job counselor and the participant on the contents of the plan.

~~(g)~~ (f) Participants who fail to meet the requirements in paragraph (a), without good cause under section 256J.57, shall be sanctioned or permanently disqualified under subdivision 6. Good cause may only be granted for that portion of the month for which the good cause reason applies. Participants must meet all remaining requirements in the approved employment plan or be subject to sanction or permanent disqualification.

~~(h)~~ (g) If the noncompliance with an employment plan is due to the involuntary loss of employment, the participant is exempt from the hourly employment requirement under this subdivision for one month. Participants must meet all remaining requirements in the approved employment plan or be subject to sanction or permanent disqualification. This exemption is available to each participant two times in a 12-month period.

Sec. 36. Minnesota Statutes 2006, section 256J.46, is amended by adding a subdivision to read:

Subd. 3. **Restrictions on sanctions.** A participant shall not be sanctioned for failure to meet the agreed upon hours in a participant's employment plan under section 256J.521, subdivision 2, when the participant:

(1) fails to meet the agreed upon hours of participation in paid employment because the participant is not eligible for holiday pay and the participant's place of employment is closed for a holiday; or

(2) is otherwise meeting or exceeding the federal TANF work participation rate hourly requirements.

Sec. 37. Minnesota Statutes 2006, section 256J.49, subdivision 13, is amended to read:

Subd. 13. **Work activity.** "Work activity" means any activity in a participant's approved employment plan that leads to employment. For purposes of the MFIP program, this includes activities that meet the definition of work activity under the participation requirements of TANF. Work activity includes:

(1) unsubsidized employment, including work study and paid apprenticeships or internships;

(2) subsidized private sector or public sector employment, including grant diversion as specified in section 256J.69, on-the-job training as specified in section 256J.66, the self-employment investment demonstration program (SEID) as specified in section 256J.65, paid work experience, and supported work when a wage subsidy is provided;

(3) unpaid work experience, including community service, volunteer work, the community work experience program as specified in section 256J.67, unpaid apprenticeships or internships, and supported work when a wage subsidy is not provided. Unpaid work performed in return for cash assistance is prohibited and does not count as a work activity, unless the participant voluntarily agrees, in writing, to engage in unpaid work in return for cash assistance. The participant may terminate the unpaid work arrangement, in writing, at any time;

(4) job search including job readiness assistance, job clubs, job placement, job-related counseling, and job retention services;

(5) job readiness education, including English as a second language (ESL) or functional work literacy classes as limited by the provisions of section 256J.531, subdivision 2, general educational development (GED) course work, high school completion, and adult basic education as limited by the provisions of section 256J.531, subdivision 1;

(6) job skills training directly related to employment, including education and training that can reasonably be expected to lead to employment, as limited by the provisions of section 256J.53;

(7) providing child care services to a participant who is working in a community service program;

(8) activities included in the employment plan that is developed under section 256J.521, subdivision 3; and

(9) preemployment activities including chemical and mental health assessments, treatment, and services; learning disabilities services; child protective services; family stabilization services; or other programs designed to enhance employability.

Sec. 38. Minnesota Statutes 2006, section 256J.521, subdivision 1, is amended to read:

Subdivision 1. **Assessments.** (a) For purposes of MFIP employment services, assessment is a continuing process of gathering information related to employability for the purpose of identifying both participant's strengths and strategies for coping with issues that interfere with employment. The job counselor must use information from the assessment process to develop and update the employment plan under subdivision 2 or 3, as appropriate, ~~and~~ to determine whether the participant qualifies for a family violence waiver including an employment plan under subdivision 3, and to determine whether the participant should be referred to the family stabilization services program under section 256J.575.

(b) The scope of assessment must cover at least the following areas:

(1) basic information about the participant's ability to obtain and retain employment, including: a review of the participant's education level; interests, skills, and abilities; prior employment or work experience; transferable work skills; child care and transportation needs;

(2) identification of personal and family circumstances that impact the participant's ability to obtain and retain employment, including: any special needs of the children, the level of English proficiency, family violence issues, and any involvement with social services or the legal system;

(3) the results of a mental and chemical health screening tool designed by the commissioner and results of the brief screening tool for special learning needs. Screening tools for mental and chemical health and special learning needs must be approved by the commissioner and may only be administered by job counselors or county staff trained in using such screening tools. The commissioner shall work with county agencies to develop protocols for referrals and follow-up actions after screens are administered to participants, including guidance on how employment plans may be modified based upon outcomes of certain screens. Participants must be told of the purpose of the screens and how the information will be used to assist the participant in identifying and overcoming

barriers to employment. Screening for mental and chemical health and special learning needs must be completed by participants who are unable to find suitable employment after six weeks of job search under subdivision 2, paragraph (b), and participants who are determined to have barriers to employment under subdivision 2, paragraph (d). Failure to complete the screens will result in sanction under section 256J.46; and

(4) a comprehensive review of participation and progress for participants who have received MFIP assistance and have not worked in unsubsidized employment during the past 12 months. The purpose of the review is to determine the need for additional services and supports, including placement in subsidized employment or unpaid work experience under section 256J.49, subdivision 13, or referral to the family stabilization services program under section 256J.575.

(c) Information gathered during a caregiver's participation in the diversionary work program under section 256J.95 must be incorporated into the assessment process.

(d) The job counselor may require the participant to complete a professional chemical use assessment to be performed according to the rules adopted under section 254A.03, subdivision 3, including provisions in the administrative rules which recognize the cultural background of the participant, or a professional psychological assessment as a component of the assessment process, when the job counselor has a reasonable belief, based on objective evidence, that a participant's ability to obtain and retain suitable employment is impaired by a medical condition. The job counselor may assist the participant with arranging services, including child care assistance and transportation, necessary to meet needs identified by the assessment. Data gathered as part of a professional assessment must be classified and disclosed according to the provisions in section 13.46.

Sec. 39. Minnesota Statutes 2006, section 256J.521, subdivision 2, is amended to read:

Subd. 2. **Employment plan; contents.** (a) Based on the assessment under subdivision 1, the job counselor and the participant must develop an employment plan that includes participation in activities and hours that meet the requirements of section 256J.55, subdivision 1. The purpose of the employment plan is to identify for each participant the most direct path to unsubsidized employment and any subsequent steps that support long-term economic stability. The employment plan should be developed using the highest level of activity appropriate for the participant. Activities must be chosen from clauses (1) to (6), which are listed in order of preference. Notwithstanding this order of preference for activities, priority must be given for activities related to a family violence waiver when developing the employment plan. The employment plan must also list the specific steps the participant will take to obtain employment, including steps necessary for the participant to progress from one level of activity to another, and a timetable for completion of each step. Levels of activity include:

(1) unsubsidized employment;

(2) job search;

(3) subsidized employment or unpaid work experience;

(4) unsubsidized employment and job readiness education or job skills training;

(5) unsubsidized employment or unpaid work experience and activities related to a family violence waiver or preemployment needs; and

(6) activities related to a family violence waiver or preemployment needs.

(b) Participants who are determined to possess sufficient skills such that the participant is likely to succeed in obtaining unsubsidized employment must job search at least 30 hours per week for up to six weeks and accept any offer of suitable employment. The remaining hours necessary to meet the requirements of section 256J.55, subdivision 1, may be met through participation in other work activities under section 256J.49, subdivision 13. The participant's employment plan must specify, at a minimum: (1) whether the job search is supervised or unsupervised; (2) support services that will be provided; and (3) how frequently the participant must report to the job counselor. Participants who are unable to find suitable employment after six weeks must meet with the job counselor to determine whether other activities in paragraph (a) should be incorporated into the employment plan. Job search activities which are continued after six weeks must be structured and supervised.

(c) Beginning July 1, 2004, activities and hourly requirements in the employment plan may be adjusted as necessary to accommodate the personal and family circumstances of participants identified under section 256J.561, subdivision 2, paragraph (d). Participants who no longer meet the provisions of section 256J.561, subdivision 2, paragraph (d), must meet with the job counselor within ten days of the determination to revise the employment plan.

(d) Participants who are determined to have barriers to obtaining or retaining employment that will not be overcome during six weeks of job search under paragraph (b) must work with the job counselor to develop an employment plan that addresses those barriers by incorporating appropriate activities from paragraph (a), clauses (1) to (6). The employment plan must include enough hours to meet the participation requirements in section 256J.55, subdivision 1, unless a compelling reason to require fewer hours is noted in the participant's file.

(e) The job counselor and the participant must sign the employment plan to indicate agreement on the contents.

(f) Except as provided under paragraphs (g) and (h), failure to develop or comply with activities in the plan, or voluntarily quitting suitable employment without good cause, will result in the imposition of a sanction under section 256J.46. The job counselor is encouraged to allow participants who are participating in at least 20 hours of work activities to also participate in employment and training activities in order to meet the federal hourly participation rates.

(g) When a participant fails to meet the agreed upon hours of participation in paid employment because the participant is not eligible for holiday pay and the participant's place of employment is closed for a holiday, the job counselor shall not impose a sanction or increase the hours of participation in any other activity, including paid employment, to offset the hours that were missed due to the holiday.

(h) The job counselor shall not impose a sanction for failure to meet the agreed upon hours in a participant's employment plan under this subdivision when the participant is otherwise meeting or exceeding the federal TANF work participation rate hourly requirements.

~~(i)~~ (i) Employment plans must be reviewed at least every three months to determine whether activities and hourly requirements should be revised.

Sec. 40. Minnesota Statutes 2006, section 256J.521, is amended by adding a subdivision to read:

Subd. 7. Employment plan; nonmaintenance of effort; single caregivers. (a) When a single caregiver is moved to the nonmaintenance of effort state-funded program under section 256J.021, paragraphs (a) and (b), the single caregiver shall develop or revise the employment plan as specified in this subdivision with a job counselor or county. The plan must address issues interfering with employment, including physical and mental health, substance use, and social service issues of the caregiver and the caregiver's family. Job search and employment must also be included in the plan to the extent possible.

(b) Counties must coordinate services by ensuring that all workers involved with the family communicate on a regular basis, and that expectations for the family across service areas lead to common goals.

(c) Activities and hourly requirements in the employment plan may be adjusted as necessary to accommodate the personal and family circumstances of the participant. Participants who no longer meet the criteria for the nonmaintenance of effort state-funded program shall meet with the job counselor or county within ten days of the determination to revise the employment plan.

Sec. 41. Minnesota Statutes 2006, section 256J.53, subdivision 2, is amended to read:

Subd. 2. **Approval of postsecondary education or training.** ~~(a) In order for a postsecondary education or training program to be an approved activity in an employment plan, the participant must be working in unsubsidized employment at least 20 hours per week.~~

~~(b)~~ Participants seeking approval of a postsecondary education or training plan must provide documentation that:

(1) the employment goal can only be met with the additional education or training;

(2) there are suitable employment opportunities that require the specific education or training in the area in which the participant resides or is willing to reside;

(3) the education or training will result in significantly higher wages for the participant than the participant could earn without the education or training;

(4) the participant can meet the requirements for admission into the program; and

(5) there is a reasonable expectation that the participant will complete the training program based on such factors as the participant's MFIP assessment, previous education, training, and work history; current motivation; and changes in previous circumstances.

~~(c) The hourly unsubsidized employment requirement does not apply for intensive education or training programs lasting 12 weeks or less when full-time attendance is required.~~

~~(d)~~ (b) Participants with an approved employment plan in place on July 1, 2003, which includes more than 12 months of postsecondary education or training shall be allowed to complete that plan provided that hourly requirements in section 256J.55, subdivision 1, and conditions specified in paragraph ~~(b)~~ (a), and subdivisions 3 and 5 are met. A participant whose case is subsequently closed for three months or less for reasons other than noncompliance with program requirements and who returns to MFIP shall be allowed to complete that plan provided that hourly requirements in section 256J.55, subdivision 1, and conditions specified in paragraph ~~(b)~~ (a) and subdivisions 3 and 5 are met.

Sec. 42. Minnesota Statutes 2006, section 256J.55, subdivision 1, is amended to read:

Subdivision 1. **Participation requirements.** (a) All caregivers must participate in employment services under sections 256J.515 to 256J.57 concurrent with receipt of MFIP assistance.

(b) Until July 1, 2004, participants who meet the requirements of section 256J.56 are exempt from participation requirements.

(c) Participants under paragraph (a) must develop and comply with an employment plan under section 256J.521 or section 256J.54 in the case of a participant under the age of 20 who has not obtained a high school diploma or its equivalent.

(d) With the exception of participants under the age of 20 who must meet the education requirements of section 256J.54, all participants must meet the hourly participation requirements of TANF or the hourly requirements listed in clauses (1) to (3), whichever is higher.

(1) In single-parent families with no children under six years of age, the job counselor and the caregiver must develop an employment plan that includes ~~30 to 35 hours per week of work activities~~ 130 hours per month of work activities.

(2) In single-parent families with a child under six years of age, the job counselor and the caregiver must develop an employment plan that includes ~~20 to 35 hours per week of work activities~~ 87 hours per month of work activities.

(3) In two-parent families, the job counselor and the caregivers must develop employment plans which result in a combined total of at least 55 hours per week of work activities.

(e) Failure to participate in employment services, including the requirement to develop and comply with an employment plan, including hourly requirements, without good cause under section 256J.57, shall result in the imposition of a sanction under section 256J.46.

Sec. 43. **[256J.575] FAMILY STABILIZATION SERVICES.**

Subdivision 1. **Purpose.** (a) The family stabilization services serve families who are not making significant progress within the Minnesota family investment program (MFIP) due to a variety of barriers to employment.

(b) The goal of the services is to stabilize and improve the lives of families at risk of long-term welfare dependency or family instability due to employment barriers such as physical disability, mental disability, age, or providing care for a disabled household member. These services promote and support families to achieve the greatest possible degree of self-sufficiency.

Subd. 2. **Definitions.** The terms used in this section have the meanings given them in paragraphs (a) to (e).

(a) "Family stabilization services" means the services established under this section.

(b) "Case management" means the services provided by or through the county agency or through the employment services agency to participating families, including assessment, information, referrals, and assistance in the preparation and implementation of a family stabilization plan under subdivision 5.

(c) "Family stabilization plan" means a plan developed by a case manager and the participant, which identifies the participant's most appropriate path to unsubsidized employment, family stability, and barrier reduction, taking into account the family's circumstances.

(d) "Family stabilization services" means programs, activities, and services in this section that provide participants and their family members with assistance regarding, but not limited to:

(1) obtaining and retaining unsubsidized employment;

(2) family stability;

(3) economic stability; and

(4) barrier reduction.

The goal of the services is to achieve the greatest degree of economic self-sufficiency and family well-being possible for the family under the circumstances.

(e) "Case manager" means the county-designated staff person or employment services counselor.

Subd. 3. **Eligibility.** (a) The following MFIP or diversionary work program (DWP) participants are eligible for the services under this section:

(1) a participant identified under section 256J.561, subdivision 2, paragraph (d), who has or is eligible for an employment plan developed under section 256J.521, subdivision 2, paragraph (c);

(2) a participant identified under section 256J.95, subdivision 12, paragraph (b), as unlikely to benefit from the DWP;

(3) a participant who meets the requirements for or has been granted a hardship extension under section 256J.425, subdivision 2 or 3;

(4) a participant who is applying for supplemental security income or Social Security disability insurance;

(5) a participant who is a noncitizen who has been in the United States for 12 or fewer months; and

(6) a new MFIP participant, for the first 30 days the participant receives assistance or when the participant's employment plan is completed, whichever is sooner.

(b) Families must meet all other eligibility requirements for MFIP established in this chapter. Families are eligible for financial assistance to the same extent as if they were participating in MFIP.

(c) A participant under paragraph (a), clause (5), must be provided with English as a second language opportunities and skills training for up to 12 months. After 12 months, the case manager and participant must determine whether the participant should continue with English as a second language classes or skills training, or both, or if the participant should become an MFIP participant.

Subd. 4. **Universal participation.** All caregivers must participate in family stabilization services as defined in subdivision 2.

Subd. 5. **Case management; family stabilization plans; coordinated services.** (a) The county agency shall provide family stabilization services to families through a case management model. A case manager shall be assigned to each participating family within 30 days after the family begins to receive financial assistance as a participant of the family stabilization services. The case manager, with the full involvement of the participant, shall recommend, and the county agency shall establish and modify as necessary, a family stabilization plan for each participating family. If a participant is already assigned to a county case manager or a county-designated case manager in social services, disability services, or housing services that case manager already assigned may be the case manager for purposes of these services.

(b) The family stabilization plan must include:

(1) each participant's plan for long-term self-sufficiency, including an employment goal where applicable;

(2) an assessment of each participant's strengths and barriers, and any special circumstances of the participant's family that impact, or are likely to impact, the participant's progress towards the goals in the plan; and

(3) an identification of the services, supports, education, training, and accommodations needed to reduce or overcome any barriers to enable the family to achieve self-sufficiency and to fulfill each caregiver's personal and family responsibilities.

(c) The case manager and the participant shall meet within 30 days of the family's referral to the case manager. The initial family stabilization plan must be completed within 30 days of the first meeting with the case manager. The case manager shall establish a schedule for periodic review of the family stabilization plan that includes personal contact with the participant at least once per month. In addition, the case manager shall review and, if necessary, modify the plan under the following circumstances:

(1) there is a lack of satisfactory progress in achieving the goals of the plan;

(2) the participant has lost unsubsidized or subsidized employment;

(3) a family member has failed or is unable to comply with a family stabilization plan requirement;

(4) services, supports, or other activities required by the plan are unavailable;

(5) changes to the plan are needed to promote the well-being of the children; or

(6) the participant and case manager determine that the plan is no longer appropriate for any other reason.

Subd. 6. **Cooperation with services requirements.** (a) To be eligible, a participant shall comply with paragraphs (b) to (e).

(b) Participants shall engage in family stabilization plan services for the appropriate number of hours per week that the activities are scheduled and available, unless good cause exists for not doing so, as defined in section 256J.57, subdivision 1. The appropriate number of hours must be based on the participant's plan.

(c) The case manager shall review the participant's progress toward the goals in the family stabilization plan every six months to determine whether conditions have changed, including whether revisions to the plan are needed.

(d) When the participant has increased participation in work-related activities sufficient to meet the federal participation requirements of TANF, the county agency shall refer the participant to the MFIP program and assign the participant to a job counselor. The participant and the job counselor shall meet within 15 days of referral to the MFIP program to develop an employment plan under section 256J.521. No reapplication is necessary and financial assistance continues without interruption.

(e) A participant's requirement to comply with any or all family stabilization plan requirements under this subdivision is excused when the case management services, training and educational services, and family support services identified in the participant's family stabilization plan are unavailable for reasons beyond the control of the participant, including when money appropriated is not sufficient to provide the services.

Subd. 7. **Sanctions.** (a) The financial assistance grant of a participating family is reduced according to section 256J.46, if a participating adult fails without good cause to comply or continue to comply with the family stabilization plan requirements in this subdivision, unless compliance has been excused under subdivision 6, paragraph (e).

(b) Given the purpose of the family stabilization services in this section and the nature of the underlying family circumstances that act as barriers to both employment and full compliance with program requirements, sanctions are appropriate only when it is clear that there is both the ability to comply and willful noncompliance by the participant, as confirmed by a behavioral health or medical professional.

(c) Prior to the imposition of a sanction, the county agency shall review the participant's case to determine if the family stabilization plan is still appropriate and meet with the participant face-to-face. The participant may bring an advocate to the face-to-face meeting.

During the face-to-face meeting, the county agency must:

(1) determine whether the continued noncompliance can be explained and mitigated by providing a needed family stabilization service, as defined in subdivision 2, paragraph (d);

(2) determine whether the participant qualifies for a good cause exemption under section 256J.57, or if the sanction is for noncooperation with child support requirements, determine if the participant qualifies for a good cause exemption under section 256.741, subdivision 10;

(3) determine whether activities in the family stabilization plan are appropriate based on the family's circumstances;

(4) explain the consequences of continuing noncompliance;

(5) identify other resources that may be available to the participant to meet the needs of the family; and

(6) inform the participant of the right to appeal under section 256J.40.

If the lack of an identified activity or service can explain the noncompliance, the county shall work with the participant to provide the identified activity.

(d) If the participant fails to come to the face-to-face meeting, the case manager or a designee shall attempt at least one home visit. If a face-to-face meeting is not conducted, the county agency shall send the participant a written notice that includes the information under paragraph (c).

(e) After the requirements of paragraphs (c) and (d) are met and prior to imposition of a sanction, the county agency shall provide a notice of intent to sanction under section 256J.57, subdivision 2, and, when applicable, a notice of adverse action under section 256J.31.

(f) Section 256J.57 applies to this section except to the extent that it is modified by this subdivision.

Subd. 8. Funding. (a) The commissioner of human services must treat MFIP expenditures made to or on behalf of any minor child under this section, who is part of a household that meets criteria in subdivision 3, as expenditures under a separately funded state program. These expenditures shall not count toward the state's maintenance of effort requirements under the federal TANF program.

(b) A family is no longer part of a separately funded program under this section, if the caregiver no longer meets the criteria for family stabilization services in subdivision 3 or if it is determined at recertification that the caregiver is meeting the federal work participation rate, whichever occurs sooner.

Sec. 44. Minnesota Statutes 2006, section 256J.626, subdivision 1, is amended to read:

Subdivision 1. **Consolidated fund.** The consolidated fund is established to support counties and tribes in meeting their duties under this chapter. Counties and tribes must use funds from the consolidated fund to develop programs and services that are designed to improve participant outcomes as measured in section 256J.751, subdivision 2. Counties may use the funds for any allowable expenditures under subdivision 2, and to provide case management services to participants of the family stabilization services program. Tribes may use the funds for any allowable expenditures under subdivision 2, except those in subdivision 2, paragraph (a), clauses (1) and (6).

Sec. 45. Minnesota Statutes 2006, section 256J.626, subdivision 2, is amended to read:

Subd. 2. **Allowable expenditures.** (a) The commissioner must restrict expenditures under the consolidated fund to benefits and services allowed under title IV-A of the federal Social Security Act. Allowable expenditures under the consolidated fund may include, but are not limited to:

(1) short-term, nonrecurring shelter and utility needs that are excluded from the definition of assistance under Code of Federal Regulations, title 45, section 260.31, for families who meet the residency requirement in section 256J.12, subdivisions 1 and 1a. Payments under this subdivision are not considered TANF cash assistance and are not counted towards the 60-month time limit;

(2) transportation needed to obtain or retain employment or to participate in other approved work activities or activities under a family stabilization plan;

(3) direct and administrative costs of staff to deliver employment services for MFIP ~~or~~ the diversionary work program, or the family stabilization services program; to administer financial assistance; ~~and to provide specialized services intended to assist hard-to-employ participants to transition to work~~ or transition from the family stabilization services program to MFIP;

(4) costs of education and training including functional work literacy and English as a second language;

(5) cost of work supports including tools, clothing, boots, telephone service, and other work-related expenses;

(6) county administrative expenses as defined in Code of Federal Regulations, title 45, section 260(b);

(7) services to parenting and pregnant teens;

(8) supported work;

(9) wage subsidies;

(10) child care needed for MFIP ~~or~~ the diversionary work program, or the family stabilization services program participants to participate in social services;

(11) child care to ensure that families leaving MFIP or diversionary work program will continue to receive child care assistance from the time the family no longer qualifies for transition year child care until an opening occurs under the basic sliding fee child care program; ~~and~~

(12) services to help noncustodial parents who live in Minnesota and have minor children receiving MFIP or DWP assistance, but do not live in the same household as the child, obtain or retain employment; and

(13) services to help families participating in the family stabilization services program achieve the greatest possible degree of self-sufficiency.

(b) Administrative costs that are not matched with county funds as provided in subdivision 8 may not exceed 7.5 percent of a county's or 15 percent of a tribe's allocation under this section. The commissioner shall define administrative costs for purposes of this subdivision.

(c) The commissioner may waive the cap on administrative costs for a county or tribe that elects to provide an approved supported employment, unpaid work, or community work experience program for a major segment of the county's or tribe's MFIP population. The county or tribe must apply for the waiver on forms provided by the commissioner. In no case shall total administrative costs exceed the TANF limits.

Sec. 46. Minnesota Statutes 2006, section 256J.626, subdivision 3, is amended to read:

Subd. 3. **Eligibility for services.** Families with a minor child, a pregnant woman, or a noncustodial parent of a minor child receiving assistance, with incomes below 200 percent of the federal poverty guideline for a family of the applicable size, are eligible for services funded under the consolidated fund. Counties and tribes must give priority to families currently receiving MFIP ~~or, the diversionary work program, or the family stabilization services program,~~ and families at risk of receiving MFIP or diversionary work program.

Sec. 47. Minnesota Statutes 2006, section 256J.626, subdivision 4, is amended to read:

Subd. 4. **County and tribal biennial service agreements.** (a) Effective January 1, 2004, and each two-year period thereafter, each county and tribe must have in place an approved biennial service agreement related to the services and programs in this chapter. In counties with a city of the first class with a population over 300,000, the county must consider a service agreement that includes a jointly developed plan for the delivery of employment services with the city. Counties may collaborate to develop multicounty, multitribal, or regional service agreements.

(b) The service agreements will be completed in a form prescribed by the commissioner. The agreement must include:

(1) a statement of the needs of the service population and strengths and resources in the community;

(2) numerical goals for participant outcomes measures to be accomplished during the biennial period. The commissioner may identify outcomes from section 256J.751, subdivision 2, as core outcomes for all counties and tribes;

(3) strategies the county or tribe will pursue to achieve the outcome targets. Strategies must include specification of how funds under this section will be used and may include community partnerships that will be established or strengthened; ~~and~~

(4) strategies the county or tribe will pursue under the family stabilization services program; and

(5) other items prescribed by the commissioner in consultation with counties and tribes.

(c) The commissioner shall provide each county and tribe with information needed to complete an agreement, including: (1) information on MFIP cases in the county or tribe; (2) comparisons with the rest of the state; (3) baseline performance on outcome measures; and (4) promising program practices.

(d) The service agreement must be submitted to the commissioner by October 15, 2003, and October 15 of each second year thereafter. The county or tribe must allow a period of not less than 30 days prior to the submission of the agreement to solicit comments from the public on the contents of the agreement.

(e) The commissioner must, within 60 days of receiving each county or tribal service agreement, inform the county or tribe if the service agreement is approved. If the service agreement is not approved, the commissioner must inform the county or tribe of any revisions needed prior to approval.

(f) The service agreement in this subdivision supersedes the plan requirements of section 116L.88.

Sec. 48. Minnesota Statutes 2006, section 256J.626, subdivision 5, is amended to read:

Subd. 5. **Innovation projects.** Beginning January 1, 2005, no more than \$3,000,000 of the funds annually appropriated to the commissioner for use in the consolidated fund shall be available to the commissioner for projects testing innovative approaches to improving outcomes for MFIP participants, family stabilization services program participants, and persons at risk of receiving MFIP as detailed in subdivision 3, and for providing incentives to counties and tribes that exceed performance. Projects shall be targeted to geographic areas with poor outcomes as specified in section 256J.751, subdivision 5, or to subgroups within the MFIP case load who are experiencing poor outcomes. For purposes of an incentive, a county or tribe exceeds performance if the county or tribe is above the top of the county's or tribe's annualized range of expected performance on the three-year self-support index under section 256J.751, subdivision 2, clause (7), and achieves a 50 percent TANF participation rate under section 256J.751, subdivision 2, clause (7), as averaged across the four quarterly measurements for the most recent year for which the measurements are available.

Sec. 49. Minnesota Statutes 2006, section 256J.626, subdivision 6, is amended to read:

Subd. 6. **Base allocation to counties and tribes; definitions.** (a) For purposes of this section, the following terms have the meanings given.

(1) "2002 historic spending base" means the commissioner's determination of the sum of the reimbursement related to fiscal year 2002 of county or tribal agency expenditures for the base programs listed in clause (6), items (i) through (iv), and earnings related to calendar year 2002 in the base program listed in clause (6), item (v), and the amount of spending in fiscal year 2002 in the base program listed in clause (6), item (vi), issued to or on behalf of persons residing in the county or tribal service delivery area.

(2) "Adjusted caseload factor" means a factor weighted:

(i) 47 percent on the MFIP cases in each county at four points in time in the most recent 12-month period for which data is available multiplied by the county's caseload difficulty factor; and

(ii) 53 percent on the count of adults on MFIP in each county and tribe at four points in time in the most recent 12-month period for which data is available multiplied by the county or tribe's caseload difficulty factor.

(3) "Caseload difficulty factor" means a factor determined by the commissioner for each county and tribe based upon the self-support index described in section 256J.751, subdivision 2, clause (7).

(4) "Initial allocation" means the amount potentially available to each county or tribe based on the formula in paragraphs (b) through (h).

(5) "Final allocation" means the amount available to each county or tribe based on the formula in paragraphs (b) through (h), ~~after adjustment by subdivision 7.~~

(6) "Base programs" means the:

(i) MFIP employment and training services under Minnesota Statutes 2002, section 256J.62, subdivision 1, in effect June 30, 2002;

(ii) bilingual employment and training services to refugees under Minnesota Statutes 2002, section 256J.62, subdivision 6, in effect June 30, 2002;

(iii) work literacy language programs under Minnesota Statutes 2002, section 256J.62, subdivision 7, in effect June 30, 2002;

(iv) supported work program authorized in Laws 2001, First Special Session chapter 9, article 17, section 2, in effect June 30, 2002;

(v) administrative aid program under section 256J.76 in effect December 31, 2002; and

(vi) emergency assistance program under Minnesota Statutes 2002, section 256J.48, in effect June 30, 2002.

(b) The commissioner shall:

(1) beginning July 1, 2003, determine the initial allocation of funds available under this section according to clause (2);

(2) allocate all of the funds available for the period beginning July 1, 2003, and ending December 31, 2004, to each county or tribe in proportion to the county's or tribe's share of the statewide 2002 historic spending base;

(3) determine for calendar year 2005 the initial allocation of funds to be made available under this section in proportion to the county or tribe's initial allocation for the period of July 1, 2003, to December 31, 2004;

(4) determine for calendar year 2006 the initial allocation of funds to be made available under this section based 90 percent on the proportion of the county or tribe's share of the statewide 2002 historic spending base and ten percent on the proportion of the county or tribe's share of the adjusted caseload factor;

(5) determine for calendar year 2007 the initial allocation of funds to be made available under this section based 70 percent on the proportion of the county or tribe's share of the statewide 2002 historic spending base and 30 percent on the proportion of the county or tribe's share of the adjusted caseload factor; and

(6) determine for calendar year 2008 and subsequent years the initial allocation of funds to be made available under this section based 50 percent on the proportion of the county or tribe's share of the statewide 2002 historic spending base and 50 percent on the proportion of the county or tribe's share of the adjusted caseload factor.

(c) With the commencement of a new or expanded tribal TANF program or an agreement under section 256.01, subdivision 2, paragraph (g), in which some or all of the responsibilities of particular counties under this section are transferred to a tribe, the commissioner shall:

(1) in the case where all responsibilities under this section are transferred to a tribal program, determine the percentage of the county's current caseload that is transferring to a tribal program and adjust the affected county's allocation accordingly; and

(2) in the case where a portion of the responsibilities under this section are transferred to a tribal program, the commissioner shall consult with the affected county or counties to determine an appropriate adjustment to the allocation.

~~(d) Effective January 1, 2005, counties and tribes will have their final allocations adjusted based on the performance provisions of subdivision 7.~~

Sec. 50. Minnesota Statutes 2006, section 256J.751, subdivision 2, is amended to read:

Subd. 2. **Quarterly comparison report.** The commissioner shall report quarterly to all counties on each county's performance on the following measures:

- (1) percent of MFIP caseload working in paid employment;
- (2) percent of MFIP caseload receiving only the food portion of assistance;
- (3) number of MFIP cases that have left assistance;
- (4) median placement wage rate;
- (5) caseload by months of TANF assistance;

(6) percent of MFIP and diversionary work program (DWP) cases off cash assistance or working 30 or more hours per week at one-year, two-year, and three-year follow-up points from a baseline quarter. This measure is called the self-support index. The commissioner shall report quarterly an expected range of performance for each county, county grouping, and tribe on the self-support index. The expected range shall be derived by a statistical methodology developed by the commissioner in consultation with the counties and tribes. The statistical methodology shall control differences across counties in economic conditions and demographics of the MFIP and DWP case load; and

(7) the MFIP TANF work participation rate, defined as the participation requirements specified ~~in title 1 of Public Law 104-193 applied to all MFIP cases except child only cases under Public Law 109-171, the Deficit Reduction Act of 2005.~~

Sec. 51. Minnesota Statutes 2006, section 256J.751, subdivision 5, is amended to read:

Subd. 5. **Failure to meet federal performance standards.** (a) If sanctions occur for failure to meet the performance standards specified in title 1 of Public Law 104-193 of the Personal Responsibility and Work Opportunity Act of 1996, and under Public Law 109-171, the Deficit Reduction Act of 2005, the state shall pay 88 percent of the sanction. The remaining 12 percent of the sanction will be paid by the counties. The county portion of the sanction will be distributed across all counties in proportion to each county's percentage of the MFIP average monthly caseload during the period for which the sanction was applied.

(b) If a county fails to meet the performance standards specified in title 1 of Public Law 104-193 of the Personal Responsibility and Work Opportunity Act of 1996, and Public Law 109-171, the Deficit Reduction Act of 2005, for any year, the commissioner shall work with counties to organize a joint state-county technical assistance team to work with the county. The commissioner shall coordinate any technical assistance with other departments and agencies including the Departments of Employment and Economic Development and Education as necessary to achieve the purpose of this paragraph.

(c) For state performance measures, a low-performing county is one that:

(1) performs below the bottom of their expected range for the measure in subdivision 2, clause ~~(7)~~ (6), in an annualized measurement reported in October of each year; or

(2) performs below 40 percent for the measure in subdivision 2, clause ~~(8)~~ (7), as averaged across the four quarterly measurements for the year, or the ten counties with the lowest rates if more than ten are below 40 percent.

(d) Low-performing counties under paragraph (c) must engage in corrective action planning as defined by the commissioner. The commissioner may coordinate technical assistance as specified in paragraph (b) for low-performing counties under paragraph (c).

Sec. 52. Minnesota Statutes 2006, section 256J.95, subdivision 3, is amended to read:

Subd. 3. **Eligibility for diversionary work program.** (a) Except for the categories of family units listed below, all family units who apply for cash benefits and who meet MFIP eligibility as required in sections 256J.11 to 256J.15 are eligible and must participate in the diversionary work program. Family units that are not eligible for the diversionary work program include:

- (1) child only cases;
 - (2) a single-parent family unit that includes a child under 12 weeks of age. A parent is eligible for this exception once in a parent's lifetime and is not eligible if the parent has already used the previously allowed child under age one exemption from MFIP employment services;
 - (3) a minor parent without a high school diploma or its equivalent;
 - (4) an 18- or 19-year-old caregiver without a high school diploma or its equivalent who chooses to have an employment plan with an education option;
 - (5) a caregiver age 60 or over;
 - (6) family units with a caregiver who received DWP benefits in the 12 months prior to the month the family applied for DWP, except as provided in paragraph (c);
 - (7) family units with a caregiver who received MFIP within the 12 months prior to the month the family unit applied for DWP;
 - (8) a family unit with a caregiver who received 60 or more months of TANF assistance; ~~and~~
 - (9) a family unit with a caregiver who is disqualified from DWP or MFIP due to fraud; and
 - (10) refugees as defined in Code of Federal Regulations, title 45, chapter IV, section 444.43, who arrived in the United States in the 12 months prior to the date of application for family cash assistance.
- (b) A two-parent family must participate in DWP unless both caregivers meet the criteria for an exception under paragraph (a), clauses (1) through (5), or the family unit includes a parent who meets the criteria in paragraph (a), clause (6), (7), (8), or (9).

(c) Once DWP eligibility is determined, the four months run consecutively. If a participant leaves the program for any reason and reapplies during the four-month period, the county must redetermine eligibility for DWP.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 53. Minnesota Statutes 2006, section 256J.95, subdivision 13, is amended to read:

Subd. 13. **Immediate referral to employment services.** Within one working day of determination that the applicant is eligible for the diversionary work program, but before benefits are issued to or on behalf of the family unit, the county shall refer all caregivers to employment services. The referral to the DWP employment services must be in writing and must contain the following information:

(1) notification that, as part of the application process, applicants are required to develop an employment plan or the DWP application will be denied;

(2) the employment services provider name and phone number;

~~(3) the date, time, and location of the scheduled employment services interview;~~

~~(4)~~ (3) the immediate availability of supportive services, including, but not limited to, child care, transportation, and other work-related aid; and

~~(5)~~ (4) the rights, responsibilities, and obligations of participants in the program, including, but not limited to, the grounds for good cause, the consequences of refusing or failing to participate fully with program requirements, and the appeal process.

Sec. 54. Minnesota Statutes 2006, section 256K.45, is amended by adding a subdivision to read:

Subd. 6. **Funding.** Any funds appropriated for this section may be expended on programs described under subdivisions 3 to 5, technical assistance, and capacity building. In addition, up to five percent of funds appropriated may be used for program administration and up to eight percent of funds appropriated may be used for the purpose of monitoring and evaluating runaway and homeless youth programs receiving funding under this section. Funding shall be directed to meet the greatest need, with a significant share of the funding focused on homeless youth providers in greater Minnesota.

Sec. 55. Minnesota Statutes 2006, section 259.24, subdivision 3, is amended to read:

Subd. 3. **Child.** When the child to be adopted is over 14 years of age, the child's written consent to adoption by a particular person is also ~~shall be~~ necessary. A child of any age who is under the guardianship of the commissioner and is legally available for adoption may not refuse or waive the commissioner's agent's exhaustive efforts to recruit, identify, and place the child in an adoptive home required under section 260C.317, subdivision 3, paragraph (b), or sign a document relieving county social services agencies of all recruitment efforts on the child's behalf.

Sec. 56. Minnesota Statutes 2006, section 259.53, subdivision 1, is amended to read:

Subdivision 1. **Notice to commissioner; referral for postplacement assessment.** (a) Upon the filing of a petition for adoption of a child who is:

(1) under the guardianship of the commissioner or a licensed child-placing agency according to section 260C.201, subdivision 11, or 260C.317;

(2) placed by the commissioner, commissioner's agent, or licensed child-placing agency after a consent to adopt according to section 259.24 or under an agreement conferring authority to place for adoption according to section 259.25; or

(3) placed by preadoptive custody order for a direct adoptive placement ordered by the district court under section 259.47,

the court administrator shall immediately transmit a copy of the petition to the commissioner of human services.

(b) The court shall immediately refer the petition to the agency specified below for completion of a postplacement assessment and report as required by subdivision 2.

(1) If the child to be adopted has been committed to the guardianship of the commissioner or an agency under section 260C.317 or an agency has been given authority to place the child under section 259.25, the court shall refer the petition to that agency, unless another agency is supervising the placement, in which case the court shall refer the petition to the supervising agency.

(2) If the child to be adopted has been placed in the petitioner's home by a direct adoptive placement, the court shall refer the petition to the agency supervising the placement under section 259.47, subdivision 3, paragraph (a), clause (6).

(3) If the child is to be adopted by an individual who is related to the child as defined by section 245A.02, subdivision 13, and in all other instances not described in clause (1) or (2), the court shall refer the petition to the local social services agency of the county in which the prospective adoptive parent lives.

Sec. 57. Minnesota Statutes 2006, section 259.57, subdivision 1, is amended to read:

Subdivision 1. **Findings; orders.** Upon the hearing,

(a) if the court finds that it is in the best interests of the child that the petition be granted, a decree of adoption shall be made and recorded in the office of the court administrator, ordering that henceforth the child shall be the child of the petitioner. In the decree the court may change the name of the child if desired. After the decree is granted for a child who is:

(1) under the guardianship of the commissioner or a licensed child-placing agency according to section 260C.201, subdivision 11, or 260C.317;

(2) placed by the commissioner, commissioner's agent, or licensed child-placing agency after a consent to adopt according to section 259.24 or under an agreement conferring authority to place for adoption according to section 259.25; or

(3) adopted after a direct adoptive placement ordered by the district court under section 259.47,

the court administrator shall immediately mail a copy of the recorded decree to the commissioner of human services;

(b) if the court is not satisfied that the proposed adoption is in the best interests of the child, the court shall deny the petition, and shall order the child returned to the custody of the person or agency legally vested with permanent custody or certify the case for appropriate action and disposition to the court having jurisdiction to determine the custody and guardianship of the child.

Sec. 58. Minnesota Statutes 2006, section 259.67, subdivision 4, is amended to read:

Subd. 4. **Eligibility conditions.** (a) The placing agency shall use the AFDC requirements as specified in federal law as of July 16, 1996, when determining the child's eligibility for adoption assistance under title IV-E of the Social Security Act. If the child does not qualify, the placing agency shall certify a child as eligible for state funded adoption assistance only if the following criteria are met:

(1) Due to the child's characteristics or circumstances it would be difficult to provide the child an adoptive home without adoption assistance.

(2)(i) A placement agency has made reasonable efforts to place the child for adoption without adoption assistance, but has been unsuccessful; or

(ii) the child's licensed foster parents desire to adopt the child and it is determined by the placing agency that the adoption is in the best interest of the child.

(3)(i) The child has been a ward of the commissioner, a Minnesota-licensed child-placing agency, or a tribal social service agency of Minnesota recognized by the Secretary of the Interior; or (ii) the child will be adopted according to tribal law without a termination of parental rights or relinquishment, provided that the tribe has documented the valid reason why the child cannot or should not be returned to the home of the child's parent. The placing agency shall not certify a child who remains under the jurisdiction of the sending agency pursuant to section 260.851, article 5, for state-funded adoption assistance when Minnesota is the receiving state.

(b) For purposes of this subdivision, the characteristics or circumstances that may be considered in determining whether a child is a child with special needs under United States Code, title 42, chapter 7, subchapter IV, part E, or meets the requirements of paragraph (a), clause (1), are the following:

(1) The child is a member of a sibling group to be placed as one unit in which at least one sibling is older than 15 months of age or is described in clause (2) or (3).

(2) The child has documented physical, mental, emotional, or behavioral disabilities.

(3) The child has a high risk of developing physical, mental, emotional, or behavioral disabilities.

~~(4) The child is adopted according to tribal law without a termination of parental rights or relinquishment, provided that the tribe has documented the valid reason why the child cannot or should not be returned to the home of the child's parent.~~

(4) The child is five years of age or older.

(c) When a child's eligibility for adoption assistance is based upon the high risk of developing physical, mental, emotional, or behavioral disabilities, payments shall not be made under the adoption assistance agreement unless and until the potential disability manifests itself as documented by an appropriate health care professional.

Sec. 59. Minnesota Statutes 2006, section 259.67, subdivision 7, is amended to read:

Subd. 7. **Reimbursement of costs.** (a) Subject to rules of the commissioner, and the provisions of this subdivision a child-placing agency licensed in Minnesota or any other state, or local or tribal social services agency shall receive a reimbursement from the commissioner equal to 100 percent of the reasonable and appropriate cost of providing adoption services ~~for a child certified as eligible for adoption assistance under subdivision 4. Such assistance.~~ Adoption services under this subdivision may include adoptive family recruitment, counseling, and special training when needed.

(b) An eligible child must have a goal of adoption, which may include an adoption in accordance with tribal law, and meet one of the following criteria:

(1) is a ward of the commissioner of human services or a ward of tribal court pursuant to section 260.755, subdivision 20, who meets one of the criteria in subdivision 4, paragraph (b), clause (1), (2), or (3); or

(2) is under the guardianship of a Minnesota-licensed child-placing agency who meets one of the criteria in subdivision 4, paragraph (b), clause (1) or (2).

(c) A child-placing agency licensed in Minnesota or any other state shall receive reimbursement for adoption services it purchases for or directly provides to an eligible child. Tribal social services shall receive reimbursement for adoption services it purchases for or directly provides to an eligible child. A local or tribal social services agency shall receive such reimbursement only for adoption services it purchases for an eligible child.

~~(b) A child-placing agency licensed in Minnesota or any other state or local or tribal social services agency seeking reimbursement under this subdivision shall enter into~~ Before providing adoption services for which reimbursement will be sought under this subdivision, a reimbursement agreement, on the designated format, must be entered into with the commissioner ~~before providing adoption services for which reimbursement is sought.~~ No reimbursement under this subdivision shall be made to an agency for services provided prior to entering a reimbursement agreement. Separate reimbursement agreements shall be made for each child and separate records shall be kept on each child for whom a reimbursement agreement is made. The commissioner of human services shall agree that the reimbursement costs are reasonable and appropriate. The commissioner may spend up to \$16,000 for each purchase of service agreement. Only one agreement per child is allowed, unless an exception is granted by the commissioner. Funds encumbered and obligated under such an agreement for the child remain available until the terms of the agreement are fulfilled or the agreement is terminated.

~~(c) When a local or tribal social services agency uses a purchase of service agreement to provide services reimbursable under a reimbursement agreement, The commissioner may~~ shall make reimbursement payments directly to the agency providing the service if direct reimbursement is specified by the purchase of service agreement, and if the request for reimbursement is submitted by the local or tribal social services agency along with a verification that the service was provided.

Sec. 60. Minnesota Statutes 2006, section 259.75, subdivision 8, is amended to read:

Subd. 8. **Reasons for deferral.** Deferral of the listing of a child with the state adoption exchange shall be only for one or more of the following reasons:

- (a) the child is in an adoptive placement but is not legally adopted;
- (b) the child's foster parents or other individuals are now considering adoption;
- (c) diagnostic study or testing is required to clarify the child's problem and provide an adequate description; or
- (d) the child is currently in a hospital and continuing need for daily professional care will not permit placement in a family setting; ~~or,~~
- ~~(e) the child is 14 years of age or older and will not consent to an adoption plan.~~

Approval of a request to defer listing for any of the reasons specified in paragraph (b) or (c) shall be valid for a period not to exceed 90 days, with no subsequent deferrals for those reasons.

Sec. 61. Minnesota Statutes 2006, section 260.012, is amended to read:

260.012 DUTY TO ENSURE PLACEMENT PREVENTION AND FAMILY REUNIFICATION; REASONABLE EFFORTS.

(a) Once a child alleged to be in need of protection or services is under the court's jurisdiction, the court shall ensure that reasonable efforts, including culturally appropriate services, by the social services agency are made to prevent placement or to eliminate the need for removal and to reunite the child with the child's family at the earliest possible time, and ~~when a child cannot be reunified with the parent or guardian from whom the child was removed,~~ the court must ensure that the responsible social services agency makes reasonable efforts to finalize an alternative permanent plan for the child as provided in paragraph (e). In determining reasonable efforts to be made with respect to a child and in making those reasonable efforts, the child's best interests, health, and safety must be of paramount concern. Reasonable efforts to prevent placement and for rehabilitation and reunification are always required except upon a determination by the court that a petition has been filed stating a prima facie case that:

- (1) the parent has subjected a child to egregious harm as defined in section 260C.007, subdivision 14;
- (2) the parental rights of the parent to another child have been terminated involuntarily;
- (3) the child is an abandoned infant under section 260C.301, subdivision 2, paragraph (a), clause (2);
- (4) the parent's custodial rights to another child have been involuntarily transferred to a relative under section 260C.201, subdivision 11, paragraph (e), clause (1), or a similar law of another jurisdiction; or
- (5) the provision of services or further services for the purpose of reunification is futile and therefore unreasonable under the circumstances.

(b) When the court makes one of the prima facie determinations under paragraph (a), either permanency pleadings under section 260C.201, subdivision 11, or a termination of parental rights petition under sections 260C.141 and 260C.301 must be filed. A permanency hearing under section 260C.201, subdivision 11, must be held within 30 days of this determination.

(c) In the case of an Indian child, in proceedings under sections 260B.178 or 260C.178, 260C.201, and 260C.301 the juvenile court must make findings and conclusions consistent with the Indian Child Welfare Act of 1978, United States Code, title 25, section 1901 et seq., as to the provision of active efforts. In cases governed by the Indian Child Welfare Act of 1978, United States Code, title 25, section 1901, the responsible social services agency must provide active efforts as required under United States Code, title 25, section 1911(d).

(d) "Reasonable efforts to prevent placement" means:

- (1) the agency has made reasonable efforts to prevent the placement of the child in foster care; or
- (2) given the particular circumstances of the child and family at the time of the child's removal, there are no services or efforts available which could allow the child to safely remain in the home.

(e) "Reasonable efforts to finalize a permanent plan for the child" means due diligence by the responsible social services agency to:

- (1) reunify the child with the parent or guardian from whom the child was removed;

(2) assess a noncustodial parent's ability to provide day-to-day care for the child and, where appropriate, provide services necessary to enable the noncustodial parent to safely provide the care, as required by section 260C.212, subdivision 4;

(3) conduct a relative search as required under section 260C.212, subdivision 5; and

(4) when the child cannot return to the parent or guardian from whom the child was removed, to plan for and finalize a safe and legally permanent alternative home for the child, and considers permanent alternative homes for the child inside or outside of the state, preferably through adoption or transfer of permanent legal and physical custody of the child.

(f) Reasonable efforts are made upon the exercise of due diligence by the responsible social services agency to use culturally appropriate and available services to meet the needs of the child and the child's family. Services may include those provided by the responsible social services agency and other culturally appropriate services available in the community. At each stage of the proceedings where the court is required to review the appropriateness of the responsible social services agency's reasonable efforts as described in paragraphs (a), (d), and (e), the social services agency has the burden of demonstrating that:

(1) it has made reasonable efforts to prevent placement of the child in foster care;

(2) it has made reasonable efforts to eliminate the need for removal of the child from the child's home and to reunify the child with the child's family at the earliest possible time;

(3) it has made reasonable efforts to finalize an alternative permanent home for the child, and considers permanent alternative homes for the child inside or outside of the state; or

(4) reasonable efforts to prevent placement and to reunify the child with the parent or guardian are not required. The agency may meet this burden by stating facts in a sworn petition filed under section 260C.141, by filing an affidavit summarizing the agency's reasonable efforts or facts the agency believes demonstrate there is no need for reasonable efforts to reunify the parent and child, or through testimony or a certified report required under juvenile court rules.

(g) Once the court determines that reasonable efforts for reunification are not required because the court has made one of the prima facie determinations under paragraph (a), the court may only require reasonable efforts for reunification after a hearing according to section 260C.163, where the court finds there is not clear and convincing evidence of the facts upon which the court based its prima facie determination. In this case when there is clear and convincing evidence that the child is in need of protection or services, the court may find the child in need of protection or services and order any of the dispositions available under section 260C.201, subdivision 1. Reunification of a surviving child with a parent is not required if the parent has been convicted of:

(1) a violation of, or an attempt or conspiracy to commit a violation of, sections 609.185 to 609.20; 609.222, subdivision 2; or 609.223 in regard to another child of the parent;

(2) a violation of section 609.222, subdivision 2; or 609.223, in regard to the surviving child; or

(3) a violation of, or an attempt or conspiracy to commit a violation of, United States Code, title 18, section 1111(a) or 1112(a), in regard to another child of the parent.

(h) The juvenile court, in proceedings under sections 260B.178 or 260C.178, 260C.201, and 260C.301 shall make findings and conclusions as to the provision of reasonable efforts. When determining whether reasonable efforts have been made, the court shall consider whether services to the child and family were:

(1) relevant to the safety and protection of the child;

- (2) adequate to meet the needs of the child and family;
- (3) culturally appropriate;
- (4) available and accessible;
- (5) consistent and timely; and
- (6) realistic under the circumstances.

In the alternative, the court may determine that provision of services or further services for the purpose of rehabilitation is futile and therefore unreasonable under the circumstances or that reasonable efforts are not required as provided in paragraph (a).

(i) This section does not prevent out-of-home placement for treatment of a child with a mental disability when the child's diagnostic assessment or individual treatment plan indicates that appropriate and necessary treatment cannot be effectively provided outside of a residential or inpatient treatment program.

(j) If continuation of reasonable efforts to prevent placement or reunify the child with the parent or guardian from whom the child was removed is determined by the court to be inconsistent with the permanent plan for the child or upon the court making one of the prima facie determinations under paragraph (a), reasonable efforts must be made to place the child in a timely manner in a safe and permanent home and to complete whatever steps are necessary to legally finalize the permanent placement of the child.

(k) Reasonable efforts to place a child for adoption or in another permanent placement may be made concurrently with reasonable efforts to prevent placement or to reunify the child with the parent or guardian from whom the child was removed. When the responsible social services agency decides to concurrently make reasonable efforts for both reunification and permanent placement away from the parent under paragraph (a), the agency shall disclose its decision and both plans for concurrent reasonable efforts to all parties and the court. When the agency discloses its decision to proceed on both plans for reunification and permanent placement away from the parent, the court's review of the agency's reasonable efforts shall include the agency's efforts under both plans.

Sec. 62. Minnesota Statutes 2006, section 260.755, subdivision 12, is amended to read:

Subd. 12. **Indian tribe.** "Indian tribe" means an Indian tribe, band, nation, or other organized group or community of Indians recognized as eligible for the services provided to Indians by the secretary because of their status as Indians, including any ~~band~~ Native group under the Alaska Native Claims Settlement Act, United States Code, title 43, section 1602, ~~and exercising tribal governmental powers.~~

Sec. 63. Minnesota Statutes 2006, section 260.755, subdivision 20, is amended to read:

Subd. 20. **Tribal court.** "Tribal court" means a court with ~~federally recognized~~ jurisdiction over child custody proceedings and which is either a court of Indian offenses, or a court established and operated under the code or custom of an Indian tribe, or ~~the~~ any other administrative body of a tribe which is vested with authority over child custody proceedings. Except as provided in section 260.771, subdivision 5, nothing in this chapter shall be construed as conferring jurisdiction on an Indian tribe.

Sec. 64. Minnesota Statutes 2006, section 260.761, subdivision 7, is amended to read:

Subd. 7. **Identification of extended family members.** Any agency considering placement of an Indian child shall make ~~reasonable~~ active efforts to identify and locate extended family members.

Sec. 65. Minnesota Statutes 2006, section 260.765, subdivision 5, is amended to read:

Subd. 5. **Identification of extended family members.** Any agency considering placement of an Indian child shall make ~~reasonable~~ active efforts to identify and locate extended family members.

Sec. 66. Minnesota Statutes 2006, section 260.771, subdivision 1, is amended to read:

Subdivision 1. **Indian tribe jurisdiction.** An Indian tribe ~~with a tribal court~~ has exclusive jurisdiction over a child placement proceeding involving an Indian child who resides or is domiciled within the reservation of ~~such the~~ the tribe ~~at the commencement of the proceedings, except where jurisdiction is otherwise vested in the state by existing federal law.~~ When an Indian child is ~~in the legal custody of a person or agency pursuant to an order of a ward of the~~ tribal court, the Indian tribe retains exclusive jurisdiction, notwithstanding the residence or domicile of the child.

Sec. 67. Minnesota Statutes 2006, section 260.771, subdivision 2, is amended to read:

Subd. 2. **Court determination of tribal affiliation of child.** In any child placement proceeding, the court shall establish whether an Indian child is involved and the identity of the Indian child's tribe. This chapter and the federal Indian Child Welfare Act are applicable without exception in any child custody proceeding, as defined in the federal act, involving an Indian child. This chapter applies to child custody proceedings involving an Indian child whether the child is in the physical or legal custody of an Indian parent, Indian custodian, Indian extended family member, or other person at the commencement of the proceedings. A court shall not determine the applicability of this chapter or the federal Indian Child Welfare Act to a child custody proceeding based upon whether an Indian child is part of an existing Indian family or based upon the level of contact a child has with the child's Indian tribe, reservation, society, or off-reservation community.

Sec. 68. **[260.852] PLACEMENT PROCEDURES.**

Subdivision 1. **Home study.** The state must have procedures for the orderly and timely interstate placement of children that are implemented in accordance with an interstate compact and that, within 60 days after the state receives from another state a request to conduct a study of a home environment for purposes of assessing the safety and suitability of placing a child in the home, the state shall, directly or by contract, conduct and complete a home study and return to the other state a report on the results of the study, which shall address the extent to which placement in the home would meet the needs of the child; except in the case of a home study begun before October 1, 2008, if the state fails to comply with conducting and completing the home study within the 60-day period and this is as a result of circumstances beyond the control of the state, the state has 75 days to comply if the state documents the circumstances involved and certifies that completing the home study is in the best interests of the child.

This subdivision does not require the completion within the applicable period of the parts of the home study involving the education and training of the prospective foster or adoptive parents.

Subd. 2. **Effect of received report.** The state shall treat any report described in subdivision 1 that is received from another state, an Indian tribe, or a private agency under contract with another state or Indian tribe as meeting any requirements imposed by the state for the completion of a home study before placing a child in the home, unless, within 14 days after receipt of the report, the state determines, based on grounds that are specific to the content of the report, that making a decision in reliance on the report would be contrary to the welfare of the child.

Subd. 3. **Resources.** The state shall make effective use of cross-jurisdictional resources, including through contract for the purchase of services, and shall eliminate legal barriers to facilitate timely adoptive or permanent placements for waiting children. The state shall not impose any restriction on the use of private agencies for the purpose of conducting a home study to meet the 60-day requirement.

Subd. 4. **Incentive eligibility.** Minnesota is an incentive-eligible state and must:

- (1) have an approved plan as required by the United States Secretary of Health and Human Services;
- (2) be in compliance with the data requirements of the United States Department of Health and Human Services;
- and
- (3) have data that verify that a home study is completed within 30 days.

Subd. 5. **Data requirements.** The state shall provide to the United States Secretary of Health and Human Services a written report, covering the preceding fiscal year, that specifies:

- (1) the total number of interstate home studies requested by the state with respect to children in foster care under the responsibility of the state, and with respect to each study, the identity of the other state involved;
- (2) the total number of timely interstate home studies completed by the state with respect to children in foster care under the responsibility of other states and, with respect to each study, the identity of the other state involved;
- and
- (3) other information the United States Secretary of Health and Human Services requires in order to determine whether Minnesota is a home study incentive-eligible state.

Subd. 6. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Home study" means an evaluation of a home environment conducted in accordance with applicable requirements of the state in which the home is located, to determine whether a proposed placement of a child would meet the individual needs of the child, including the child's safety; permanency; health; well-being; and mental, emotional, and physical development.

(c) "Interstate home study" means a home study conducted by a state at the request of another state to facilitate an adoptive or foster placement in the state of a child in foster care under the responsibility of the state.

(d) "Timely interstate home study" means an interstate home study completed by a state if the state provides to the state that requested the study, within 30 days after receipt of the request, a report on the results of the study, except that there is no requirement for completion within the 30-day period of the parts of the home study involving the education and training of the prospective foster or adoptive parents.

Subd. 7. **Background study requirements for adoption and foster care.** (a) Background study requirements for an adoption home study must be completed consistent with section 259.41, subdivisions 1, 2, and 3.

(b) Background study requirements for a foster care license must be completed consistent with section 245C.08.

Subd. 8. **Home visits.** If a child has been placed in foster care outside the state in which the home of the parents of the child is located, periodically, but at least every six months, a caseworker on the staff of the agency of the state in which the home of the parents of the child is located or the state in which the child has been placed, or a private agency under contract with either state, must visit the child in the home or institution and submit a report on each visit to the agency of the state in which the home of the parents of the child is located.

Sec. 69. Minnesota Statutes 2006, section 260B.157, subdivision 1, is amended to read:

Subdivision 1. **Investigation.** Upon request of the court the local social services agency or probation officer shall investigate the personal and family history and environment of any minor coming within the jurisdiction of the court under section 260B.101 and shall report its findings to the court. The court may order any minor coming within its jurisdiction to be examined by a duly qualified physician, psychiatrist, or psychologist appointed by the court.

The court shall ~~have order~~ a chemical use assessment conducted when a child is (1) found to be delinquent for violating a provision of chapter 152, or for committing a felony-level violation of a provision of chapter 609 if the probation officer determines that alcohol or drug use was a contributing factor in the commission of the offense, or (2) alleged to be delinquent for violating a provision of chapter 152, if the child is being held in custody under a detention order. The assessor's qualifications and the assessment criteria shall comply with Minnesota Rules, parts 9530.6600 to 9530.6655. If funds under chapter 254B are to be used to pay for the recommended treatment, the assessment and placement must comply with all provisions of Minnesota Rules, parts 9530.6600 to 9530.6655 and 9530.7000 to 9530.7030. The commissioner of human services shall reimburse the court for the cost of the chemical use assessment, up to a maximum of \$100.

The court shall ~~have order~~ a children's mental health screening conducted when a child is found to be delinquent. The screening shall be conducted with a screening instrument approved by the commissioner of human services and shall be conducted by a mental health practitioner as defined in section 245.4871, subdivision 26, or a probation officer who is trained in the use of the screening instrument. If the screening indicates a need for assessment, the local social services agency, in consultation with the child's family, shall have a diagnostic assessment conducted, including a functional assessment, as defined in section 245.4871.

With the consent of the commissioner of corrections and agreement of the county to pay the costs thereof, the court may, by order, place a minor coming within its jurisdiction in an institution maintained by the commissioner for the detention, diagnosis, custody and treatment of persons adjudicated to be delinquent, in order that the condition of the minor be given due consideration in the disposition of the case. Any funds received under the provisions of this subdivision shall not cancel until the end of the fiscal year immediately following the fiscal year in which the funds were received. The funds are available for use by the commissioner of corrections during that period and are hereby appropriated annually to the commissioner of corrections as reimbursement of the costs of providing these services to the juvenile courts.

Sec. 70. Minnesota Statutes 2006, section 260C.152, subdivision 5, is amended to read:

Subd. 5. **Notice to foster parents and preadoptive parents and relatives.** The foster parents, if any, of a child and any preadoptive parent or relative providing care for the child must be provided notice of and ~~an opportunity a right~~ to be heard in any review or hearing to be held with respect to the child. Any other relative may also request, and must be granted, a notice and the opportunity to be heard under this section. This subdivision does not require that a foster parent, preadoptive parent, or relative providing care for the child be made a party to a review or hearing solely on the basis of the notice and ~~opportunity right~~ to be heard.

Sec. 71. Minnesota Statutes 2006, section 260C.163, subdivision 1, is amended to read:

Subdivision 1. **General.** (a) Except for hearings arising under section 260C.425, hearings on any matter shall be without a jury and may be conducted in an informal manner. In all adjudicatory proceedings involving a child alleged to be in need of protection or services, the court shall admit only evidence that would be admissible in a civil trial. To be proved at trial, allegations of a petition alleging a child to be in need of protection or services must be proved by clear and convincing evidence.

(b) Except for proceedings involving a child alleged to be in need of protection or services and petitions for the termination of parental rights, hearings may be continued or adjourned from time to time. In proceedings involving a child alleged to be in need of protection or services and petitions for the termination of parental rights, hearings may not be continued or adjourned for more than one week unless the court makes specific findings that the continuance or adjournment is in the best interests of the child. If a hearing is held on a petition involving physical or sexual abuse of a child who is alleged to be in need of protection or services or neglected and in foster care, the court shall file the decision with the court administrator as soon as possible but no later than 15 days after the matter is submitted to the court. When a continuance or adjournment is ordered in any proceeding, the court may make any interim orders as it deems in the best interests of the minor in accordance with the provisions of sections 260C.001 to 260C.421.

(c) Except as otherwise provided in this paragraph, the court shall exclude the general public from hearings under this chapter and shall admit only those persons who, in the discretion of the court, have a direct interest in the case or in the work of the court.

(d) Adoption hearings shall be conducted in accordance with the provisions of laws relating to adoptions.

(e) In any permanency hearing, including the transition of a child from foster care to independent living, the court shall ensure that any consult with the child is in an age-appropriate manner.

Sec. 72. Minnesota Statutes 2006, section 260C.201, subdivision 11, is amended to read:

Subd. 11. Review of court-ordered placements; permanent placement determination. (a) This subdivision and subdivision 11a do not apply in cases where the child is in placement due solely to the child's developmental disability or emotional disturbance, where legal custody has not been transferred to the responsible social services agency, and where the court finds compelling reasons under section 260C.007, subdivision 8, to continue the child in foster care past the time periods specified in this subdivision. Foster care placements of children due solely to their disability are governed by section 260C.141, subdivision 2a. In all other cases where the child is in foster care or in the care of a noncustodial parent under subdivision 1, the court shall commence proceedings to determine the permanent status of a child not later than 12 months after the child is placed in foster care or in the care of a noncustodial parent. At the admit-deny hearing commencing such proceedings, the court shall determine whether there is a prima facie basis for finding that the agency made reasonable efforts, or in the case of an Indian child active efforts, required under section 260.012 and proceed according to the rules of juvenile court.

For purposes of this subdivision, the date of the child's placement in foster care is the earlier of the first court-ordered placement or 60 days after the date on which the child has been voluntarily placed in foster care by the child's parent or guardian. For purposes of this subdivision, time spent by a child under the protective supervision of the responsible social services agency in the home of a noncustodial parent pursuant to an order under subdivision 1 counts towards the requirement of a permanency hearing under this subdivision or subdivision 11a. Time spent on a trial home visit ~~does not count~~ counts towards the requirement of a permanency hearing under this subdivision ~~or~~ and a permanency review for a child under eight years of age under subdivision 11a.

For purposes of this subdivision, 12 months is calculated as follows:

(1) during the pendency of a petition alleging that a child is in need of protection or services, all time periods when a child is placed in foster care or in the home of a noncustodial parent are cumulated;

(2) if a child has been placed in foster care within the previous five years under one or more previous petitions, the lengths of all prior time periods when the child was placed in foster care within the previous five years are cumulated. If a child under this clause has been in foster care for 12 months or more, the court, if it is in the best interests of the child and for compelling reasons, may extend the total time the child may continue out of the home under the current petition up to an additional six months before making a permanency determination.

(b) Unless the responsible social services agency recommends return of the child to the custodial parent or parents, not later than 30 days prior to the admit-deny hearing required under paragraph (a) and the rules of juvenile court, the responsible social services agency shall file pleadings in juvenile court to establish the basis for the juvenile court to order permanent placement of the child, including a termination of parental rights petition, according to paragraph (d). Notice of the hearing and copies of the pleadings must be provided pursuant to section 260C.152.

(c) The permanency proceedings shall be conducted in a timely fashion including that any trial required under section 260C.163 shall be commenced within 60 days of the admit-deny hearing required under paragraph (a). At the conclusion of the permanency proceedings, the court shall:

(1) order the child returned to the care of the parent or guardian from whom the child was removed; or

(2) order a permanent placement or termination of parental rights if permanent placement or termination of parental rights is in the child's best interests. The "best interests of the child" means all relevant factors to be considered and evaluated. Transfer of permanent legal and physical custody, termination of parental rights, or guardianship and legal custody to the commissioner through a consent to adopt are preferred permanency options for a child who cannot return home.

(d) If the child is not returned to the home, the court must order one of the following dispositions:

(1) permanent legal and physical custody to a relative in the best interests of the child according to the following conditions:

(i) an order for transfer of permanent legal and physical custody to a relative shall only be made after the court has reviewed the suitability of the prospective legal and physical custodian;

(ii) in transferring permanent legal and physical custody to a relative, the juvenile court shall follow the standards applicable under this chapter and chapter 260, and the procedures set out in the juvenile court rules;

(iii) an order establishing permanent legal and physical custody under this subdivision must be filed with the family court;

(iv) a transfer of legal and physical custody includes responsibility for the protection, education, care, and control of the child and decision making on behalf of the child;

(v) the social services agency may bring a petition or motion naming a fit and willing relative as a proposed permanent legal and physical custodian. The commissioner of human services shall annually prepare for counties information that must be given to proposed custodians about their legal rights and obligations as custodians together with information on financial and medical benefits for which the child is eligible; and

(vi) the juvenile court may maintain jurisdiction over the responsible social services agency, the parents or guardian of the child, the child, and the permanent legal and physical custodian for purposes of ensuring appropriate services are delivered to the child and permanent legal custodian or for the purpose of ensuring conditions ordered by the court related to the care and custody of the child are met;

(2) termination of parental rights when the requirements of sections 260C.301 to 260C.328 are met or according to the following conditions:

(i) order the social services agency to file a petition for termination of parental rights in which case all the requirements of sections 260C.301 to 260C.328 remain applicable; and

(ii) an adoption completed subsequent to a determination under this subdivision may include an agreement for communication or contact under section 259.58;

(3) long-term foster care according to the following conditions:

(i) the court may order a child into long-term foster care only if it approves the responsible social service agency's compelling reasons that neither an award of permanent legal and physical custody to a relative, nor termination of parental rights is in the child's best interests;

(ii) further, the court may only order long-term foster care for the child under this section if it finds the following:

(A) the child has reached age 12 and the responsible social services agency has made reasonable efforts to locate and place the child with an adoptive family or with a fit and willing relative who will agree to a transfer of permanent legal and physical custody of the child, but such efforts have not proven successful; or

(B) the child is a sibling of a child described in subitem (A) and the siblings have a significant positive relationship and are ordered into the same long-term foster care home; and

(iii) at least annually, the responsible social services agency reconsiders its provision of services to the child and the child's placement in long-term foster care to ensure that:

(A) long-term foster care continues to be the most appropriate legal arrangement for meeting the child's need for permanency and stability, including whether there is another permanent placement option under this chapter that would better serve the child's needs and best interests;

(B) whenever possible, there is an identified long-term foster care family that is committed to being the foster family for the child as long as the child is a minor or under the jurisdiction of the court;

(C) the child is receiving appropriate services or assistance to maintain or build connections with the child's family and community;

(D) the child's physical and mental health needs are being appropriately provided for; and

(E) the child's educational needs are being met;

(4) foster care for a specified period of time according to the following conditions:

(i) foster care for a specified period of time may be ordered only if:

(A) the sole basis for an adjudication that the child is in need of protection or services is the child's behavior;

(B) the court finds that foster care for a specified period of time is in the best interests of the child; and

(C) the court approves the responsible social services agency's compelling reasons that neither an award of permanent legal and physical custody to a relative, nor termination of parental rights is in the child's best interests;

(ii) the order does not specify that the child continue in foster care for any period exceeding one year; or

(5) guardianship and legal custody to the commissioner of human services under the following procedures and conditions:

(i) there is an identified prospective adoptive home agreed to by the responsible social services agency having legal custody of the child pursuant to court order under this section that has agreed to adopt the child and the court accepts the parent's voluntary consent to adopt under section 259.24, except that such consent executed by a parent under this item, following proper notice that consent given under this provision is irrevocable upon acceptance by the court, shall be irrevocable unless fraud is established and an order issues permitting revocation as stated in item (vii);

(ii) if the court accepts a consent to adopt in lieu of ordering one of the other enumerated permanency dispositions, the court must review the matter at least every 90 days. The review will address the reasonable efforts of the agency to achieve a finalized adoption;

(iii) a consent to adopt under this clause vests all legal authority regarding the child, including guardianship and legal custody of the child, with the commissioner of human services as if the child were a state ward after termination of parental rights;

(iv) the court must forward a copy of the consent to adopt, together with a certified copy of the order transferring guardianship and legal custody to the commissioner, to the commissioner;

(v) if an adoption is not finalized by the identified prospective adoptive parent within 12 months of the execution of the consent to adopt under this clause, the commissioner of human services or the commissioner's delegate shall pursue adoptive placement in another home unless the commissioner certifies that the failure to finalize is not due to either an action or a failure to act by the prospective adoptive parent;

(vi) notwithstanding item (v), the commissioner of human services or the commissioner's designee must pursue adoptive placement in another home as soon as the commissioner or commissioner's designee determines that finalization of the adoption with the identified prospective adoptive parent is not possible, that the identified prospective adoptive parent is not willing to adopt the child, that the identified prospective adoptive parent is not cooperative in completing the steps necessary to finalize the adoption, or upon the commissioner's determination to withhold consent to the adoption.

(vii) unless otherwise required by the Indian Child Welfare Act, United States Code, title 25, section 1913, a consent to adopt executed under this section, following proper notice that consent given under this provision is irrevocable upon acceptance by the court, shall be irrevocable upon acceptance by the court except upon order permitting revocation issued by the same court after written findings that consent was obtained by fraud.

(e) In ordering a permanent placement of a child, the court must be governed by the best interests of the child, including a review of the relationship between the child and relatives and the child and other important persons with whom the child has resided or had significant contact. When the court has determined that permanent placement of the child away from the parent is necessary, the court shall consider permanent alternative homes that are available both inside and outside the state.

(f) Once a permanent placement determination has been made and permanent placement has been established, further court reviews are necessary if:

(1) the placement is long-term foster care or foster care for a specified period of time;

(2) the court orders further hearings because it has retained jurisdiction of a transfer of permanent legal and physical custody matter;

(3) an adoption has not yet been finalized; or

(4) there is a disruption of the permanent or long-term placement.

(g) Court reviews of an order for long-term foster care, whether under this section or section 260C.317, subdivision 3, paragraph (d), must be conducted at least yearly and must review the child's out-of-home placement plan and the reasonable efforts of the agency to finalize the permanent plan for the child including the agency's efforts to:

(1) ensure that long-term foster care continues to be the most appropriate legal arrangement for meeting the child's need for permanency and stability or, if not, to identify and attempt to finalize another permanent placement option under this chapter that would better serve the child's needs and best interests;

(2) identify a specific long-term foster home for the child, if one has not already been identified;

(3) support continued placement of the child in the identified home, if one has been identified;

(4) ensure appropriate services are provided to address the physical health, mental health, and educational needs of the child during the period of long-term foster care and also ensure appropriate services or assistance to maintain relationships with appropriate family members and the child's community; and

(5) plan for the child's independence upon the child's leaving long-term foster care living as required under section 260C.212, subdivision 1.

(h) In the event it is necessary for a child that has been ordered into foster care for a specified period of time to be in foster care longer than one year after the permanency hearing held under this section, not later than 12 months after the time the child was ordered into foster care for a specified period of time, the matter must be returned to court for a review of the appropriateness of continuing the child in foster care and of the responsible social services agency's reasonable efforts to finalize a permanent plan for the child; if it is in the child's best interests to continue the order for foster care for a specified period of time past a total of 12 months, the court shall set objectives for the child's continuation in foster care, specify any further amount of time the child may be in foster care, and review the plan for the safe return of the child to the parent.

(i) An order permanently placing a child out of the home of the parent or guardian must include the following detailed findings:

(1) how the child's best interests are served by the order;

(2) the nature and extent of the responsible social service agency's reasonable efforts, or, in the case of an Indian child, active efforts to reunify the child with the parent or guardian where reasonable efforts are required;

(3) the parent's or parents' efforts and ability to use services to correct the conditions which led to the out-of-home placement; and

(4) that the conditions which led to the out-of-home placement have not been corrected so that the child can safely return home.

(j) An order for permanent legal and physical custody of a child may be modified under sections 518.18 and 518.185. The social services agency is a party to the proceeding and must receive notice. A parent may only seek modification of an order for long-term foster care upon motion and a showing by the parent of a substantial change in the parent's circumstances such that the parent could provide appropriate care for the child and that removal of the child from the child's permanent placement and the return to the parent's care would be in the best interest of the child. The responsible social services agency may ask the court to vacate an order for long-term foster care upon a

prima facie showing that there is a factual basis for the court to order another permanency option under this chapter and that such an option is in the child's best interests. Upon a hearing where the court determines that there is a factual basis for vacating the order for long-term foster care and that another permanent order regarding the placement of the child is in the child's best interests, the court may vacate the order for long-term foster care and enter a different order for permanent placement that is in the child's best interests. The court shall not require further reasonable efforts to reunify the child with the parent or guardian as a basis for vacating the order for long-term foster care and ordering a different permanent placement in the child's best interests. The county attorney must file pleadings and give notice as required under the rules of juvenile court in order to modify an order for long-term foster care under this paragraph.

(k) The court shall issue an order required under this section within 15 days of the close of the proceedings. The court may extend issuing the order an additional 15 days when necessary in the interests of justice and the best interests of the child.

(l) This paragraph applies to proceedings required under this subdivision when the child is on a trial home visit:

(1) if the child is on a trial home visit 12 months after the child was placed in foster care or in the care of a noncustodial parent as calculated in this subdivision, the responsible social services agency may file a report with the court regarding the child's and parent's progress on the trial home visit and its reasonable efforts to finalize the child's safe and permanent return to the care of the parent in lieu of filing the pleadings required under paragraph (b). The court shall make findings regarding reasonableness of the responsible social services efforts to finalize the child's return home as the permanent order in the best interests of the child. The court may continue the trial home visit to a total time not to exceed six months as provided in subdivision 1. If the court finds the responsible social services agency has not made reasonable efforts to finalize the child's return home as the permanent order in the best interests of the child, the court may order other or additional efforts to support the child remaining in the care of the parent; and

(2) if a trial home visit ordered or continued at proceedings under this subdivision terminates, the court shall re-commence proceedings under this subdivision to determine the permanent status of the child not later than 30 days after the child is returned to foster care.

Sec. 73. Minnesota Statutes 2006, section 260C.212, subdivision 1, is amended to read:

Subdivision 1. **Out-of-home placement; plan.** (a) An out-of-home placement plan shall be prepared within 30 days after any child is placed in a residential facility by court order or by the voluntary release of the child by the parent or parents.

For purposes of this section, a residential facility means any group home, family foster home or other publicly supported out-of-home residential facility, including any out-of-home residential facility under contract with the state, county or other political subdivision, or any agency thereof, to provide those services or foster care as defined in section 260C.007, subdivision 18.

(b) An out-of-home placement plan means a written document which is prepared by the responsible social services agency jointly with the parent or parents or guardian of the child and in consultation with the child's guardian ad litem, the child's tribe, if the child is an Indian child, the child's foster parent or representative of the residential facility, and, where appropriate, the child. For a child in placement due solely or in part to the child's emotional disturbance, preparation of the out-of-home placement plan shall additionally include the child's mental health treatment provider. As appropriate, the plan shall be:

(1) submitted to the court for approval under section 260C.178, subdivision 7;

(2) ordered by the court, either as presented or modified after hearing, under section 260C.178, subdivision 7, or 260C.201, subdivision 6; and

(3) signed by the parent or parents or guardian of the child, the child's guardian ad litem, a representative of the child's tribe, the responsible social services agency, and, if possible, the child.

(c) The out-of-home placement plan shall be explained to all persons involved in its implementation, including the child who has signed the plan, and shall set forth:

(1) a description of the residential facility including how the out-of-home placement plan is designed to achieve a safe placement for the child in the least restrictive, most family-like, setting available which is in close proximity to the home of the parent or parents or guardian of the child when the case plan goal is reunification, and how the placement is consistent with the best interests and special needs of the child according to the factors under subdivision 2, paragraph (b);

(2) the specific reasons for the placement of the child in a residential facility, and when reunification is the plan, a description of the problems or conditions in the home of the parent or parents which necessitated removal of the child from home and the changes the parent or parents must make in order for the child to safely return home;

(3) a description of the services offered and provided to prevent removal of the child from the home and to reunify the family including:

(i) the specific actions to be taken by the parent or parents of the child to eliminate or correct the problems or conditions identified in clause (2), and the time period during which the actions are to be taken; and

(ii) the reasonable efforts, or in the case of an Indian child, active efforts to be made to achieve a safe and stable home for the child including social and other supportive services to be provided or offered to the parent or parents or guardian of the child, the child, and the residential facility during the period the child is in the residential facility;

(4) a description of any services or resources that were requested by the child or the child's parent, guardian, foster parent, or custodian since the date of the child's placement in the residential facility, and whether those services or resources were provided and if not, the basis for the denial of the services or resources;

(5) the visitation plan for the parent or parents or guardian, other relatives as defined in section 260C.007, subdivision 27, and siblings of the child if the siblings are not placed together in the residential facility, and whether visitation is consistent with the best interest of the child, during the period the child is in the residential facility;

(6) documentation of steps to finalize the adoption or legal guardianship of the child if the court has issued an order terminating the rights of both parents of the child or of the only known, living parent of the child, ~~and~~. At a minimum, the documentation must include child-specific recruitment efforts such as relative search and the use of state, regional, and national adoption exchanges to facilitate orderly and timely placements in and outside of the state. A copy of this documentation shall be provided to the court in the review required under section 260C.317, subdivision 3, paragraph (b);

(7) ~~to the extent available and accessible,~~ the health and educational records of the child including the most recent information available regarding:

(i) the names and addresses of the child's health and educational providers;

(ii) the child's grade level performance;

(iii) the child's school record;

(iv) assurances that the child's placement in foster care takes into account proximity to the school in which the child is enrolled at the time of placement;

(v) a record of the child's immunizations;

(vi) the child's known medical problems, including any known communicable diseases, as defined in section 144.4172, subdivision 2;

(vii) the child's medications; and

(viii) any other relevant health and education information;

(8) an independent living plan for a child age 16 or older who is in placement as a result of a permanency disposition. The plan should include, but not be limited to, the following objectives:

(i) educational, vocational, or employment planning;

(ii) health care planning and medical coverage;

(iii) transportation including, where appropriate, assisting the child in obtaining a driver's license;

(iv) money management;

(v) planning for housing;

(vi) social and recreational skills; and

(vii) establishing and maintaining connections with the child's family and community; and

(9) for a child in placement due solely or in part to the child's emotional disturbance, diagnostic and assessment information, specific services relating to meeting the mental health care needs of the child, and treatment outcomes.

(d) The parent or parents or guardian and the child each shall have the right to legal counsel in the preparation of the case plan and shall be informed of the right at the time of placement of the child. The child shall also have the right to a guardian ad litem. If unable to employ counsel from their own resources, the court shall appoint counsel upon the request of the parent or parents or the child or the child's legal guardian. The parent or parents may also receive assistance from any person or social services agency in preparation of the case plan.

After the plan has been agreed upon by the parties involved or approved or ordered by the court, the foster parents shall be fully informed of the provisions of the case plan and shall be provided a copy of the plan.

Upon discharge from foster care, the parent, adoptive parent, or permanent legal and physical custodian, as appropriate, and the child, if appropriate, must be provided with a current copy of the child's health and education record.

Sec. 74. Minnesota Statutes 2006, section 260C.212, subdivision 4, is amended to read:

Subd. 4. **Responsible social service agency's duties for children in placement.** (a) When a child is in placement, the responsible social services agency shall make diligent efforts to identify, locate, and, where appropriate, offer services to both parents of the child.

(1) The responsible social services agency shall assess whether a noncustodial or nonadjudicated parent is willing and capable of providing for the day-to-day care of the child temporarily or permanently. An assessment under this clause may include, but is not limited to, obtaining information under section 260C.209. If after assessment, the responsible social services agency determines that a noncustodial or nonadjudicated parent is willing and capable of providing day-to-day care of the child, the responsible social services agency may seek authority from the custodial parent or the court to have that parent assume day-to-day care of the child. If a parent is not an adjudicated parent, the responsible social services agency shall require the nonadjudicated parent to cooperate with paternity establishment procedures as part of the case plan.

(2) If, after assessment, the responsible social services agency determines that the child cannot be in the day-to-day care of either parent, the agency shall:

(i) prepare an out-of-home placement plan addressing the conditions that each parent must meet before the child can be in that parent's day-to-day care; and

(ii) provide a parent who is the subject of a background study under section 260C.209 15 days' notice that it intends to use the study to recommend against putting the child with that parent, as well as the notice provided in section 260C.209, subdivision 4, and the court shall afford the parent an opportunity to be heard concerning the study.

The results of a background study of a noncustodial parent shall not be used by the agency to determine that the parent is incapable of providing day-to-day care of the child unless the agency reasonably believes that placement of the child into the home of that parent would endanger the child's health, safety, or welfare.

(3) If, after the provision of services following an out-of-home placement plan under this section, the child cannot return to the care of the parent from whom the child was removed or who had legal custody at the time the child was placed in foster care, the agency may petition on behalf of a noncustodial parent to establish legal custody with that parent under section 260C.201, subdivision 11. If paternity has not already been established, it may be established in the same proceeding in the manner provided for under chapter 257.

(4) The responsible social services agency may be relieved of the requirement to locate and offer services to both parents by the juvenile court upon a finding of good cause after the filing of a petition under section 260C.141.

(b) The responsible social services agency shall give notice to the parent or parents or guardian of each child in a residential facility, other than a child in placement due solely to that child's developmental disability or emotional disturbance, of the following information:

(1) that residential care of the child may result in termination of parental rights or an order permanently placing the child out of the custody of the parent, but only after notice and a hearing as required under chapter 260C and the juvenile court rules;

(2) time limits on the length of placement and of reunification services, including the date on which the child is expected to be returned to and safely maintained in the home of the parent or parents or placed for adoption or otherwise permanently removed from the care of the parent by court order;

(3) the nature of the services available to the parent;

(4) the consequences to the parent and the child if the parent fails or is unable to use services to correct the circumstances that led to the child's placement;

(5) the first consideration for placement with relatives;

(6) the benefit to the child in getting the child out of residential care as soon as possible, preferably by returning the child home, but if that is not possible, through a permanent legal placement of the child away from the parent;

(7) when safe for the child, the benefits to the child and the parent of maintaining visitation with the child as soon as possible in the course of the case and, in any event, according to the visitation plan under this section; and

(8) the financial responsibilities and obligations, if any, of the parent or parents for the support of the child during the period the child is in the residential facility.

(c) The responsible social services agency shall inform a parent considering voluntary placement of a child who is not developmentally disabled or emotionally disturbed of the following information:

(1) the parent and the child each has a right to separate legal counsel before signing a voluntary placement agreement, but not to counsel appointed at public expense;

(2) the parent is not required to agree to the voluntary placement, and a parent who enters a voluntary placement agreement may at any time request that the agency return the child. If the parent so requests, the child must be returned within 24 hours of the receipt of the request;

(3) evidence gathered during the time the child is voluntarily placed may be used at a later time as the basis for a petition alleging that the child is in need of protection or services or as the basis for a petition seeking termination of parental rights or other permanent placement of the child away from the parent;

(4) if the responsible social services agency files a petition alleging that the child is in need of protection or services or a petition seeking the termination of parental rights or other permanent placement of the child away from the parent, the parent would have the right to appointment of separate legal counsel and the child would have a right to the appointment of counsel and a guardian ad litem as provided by law, and that counsel will be appointed at public expense if they are unable to afford counsel; and

(5) the timelines and procedures for review of voluntary placements under subdivision 3, and the effect the time spent in voluntary placement on the scheduling of a permanent placement determination hearing under section 260C.201, subdivision 11.

(d) When an agency accepts a child for placement, the agency shall determine whether the child has had a physical examination by or under the direction of a licensed physician within the 12 months immediately preceding the date when the child came into the agency's care. If there is documentation that the child has had an examination within the last 12 months, the agency is responsible for seeing that the child has another physical examination within one year of the documented examination and annually in subsequent years. If the agency determines that the child has not had a physical examination within the 12 months immediately preceding placement, the agency shall ensure that the child has an examination within 30 days of coming into the agency's care and once a year in subsequent years.

(e) If a child leaves foster care by reason of having attained the age of majority under state law, the child must be given at no cost a copy of the child's health and education report.

Sec. 75. Minnesota Statutes 2006, section 260C.212, subdivision 9, is amended to read:

Subd. 9. **Review of certain child placements.** (a) When a developmentally disabled child or emotionally disturbed child needs placement in a residential facility for the sole reason of accessing services or a level of skilled care that cannot be provided in the parent's home, the child must be placed pursuant to a voluntary placement agreement between the responsible social services agency and the child's parent. The voluntary placement agreement must give the responsible social services agency legal responsibility for the child's physical care, custody, and control, but must not transfer legal custody of the child to the agency. The voluntary placement agreement must be executed in a form developed and promulgated by the commissioner of human services. The responsible social services agency shall report to the commissioner the number of children who are the subject of a voluntary placement agreement under this subdivision and other information regarding these children as the commissioner may require.

(b) If a developmentally disabled child or a child diagnosed as emotionally disturbed has been placed in a residential facility pursuant to a voluntary release by the child's parent or parents because of the child's disabling conditions or need for long-term residential treatment or supervision, the social services agency responsible for the placement shall report to the court and bring a petition for review of the child's foster care status as required in section 260C.141, subdivision 2a.

~~(b)~~ (c) If a child is in placement due solely to the child's developmental disability or emotional disturbance, ~~and~~ the court finds compelling reasons not to proceed under section 260C.201, subdivision 11, and custody of the child is not transferred to the responsible social services agency under section 260C.201, subdivision 1, paragraph (a), clause (2), ~~and~~ no petition is required by section 260C.201, subdivision 11.

~~(e)~~ (d) Whenever a petition for review is brought pursuant to this subdivision, a guardian ad litem shall be appointed for the child.

Sec. 76. Minnesota Statutes 2006, section 260C.317, subdivision 3, is amended to read:

Subd. 3. **Order; retention of jurisdiction.** (a) A certified copy of the findings and the order terminating parental rights, and a summary of the court's information concerning the child shall be furnished by the court to the commissioner or the agency to which guardianship is transferred. The orders shall be on a document separate from the findings. The court shall furnish the individual to whom guardianship is transferred a copy of the order terminating parental rights.

(b) The court shall retain jurisdiction in a case where adoption is the intended permanent placement disposition until the child's adoption is finalized, the child is 18 years of age, or the child is otherwise ordered discharged from the jurisdiction of the court. The guardian ad litem and counsel for the child shall continue on the case until an adoption decree is entered. A hearing must be held every 90 days following termination of parental rights for the court to review progress toward an adoptive placement and the specific recruitment efforts the agency has taken to find an adoptive family or other placement living arrangement for the child and to finalize the adoption or other permanency plan.

(c) The responsible social services agency may make a determination of compelling reasons for a child to be in long-term foster care when the agency has made exhaustive efforts to recruit, identify, and place the child in an adoptive home, and the child continues in foster care for at least 24 months after the court has issued the order terminating parental rights. A child of any age who is under the guardianship of the commissioner of the Department of Human Services and is legally available for adoption may not refuse or waive the commissioner's agent's exhaustive efforts to recruit, identify, and place the child in an adoptive home required under paragraph (b) or sign a document relieving county social services agencies of all recruitment efforts on the child's behalf. Upon approving the agency's determination of compelling reasons, the court may order the child placed in long-term foster

care. At least every 12 months thereafter as long as the child continues in out-of-home placement, the court shall conduct a permanency review hearing to determine the future status of the child using the review requirements of section 260C.201, subdivision 11, paragraph (g).

(d) The court shall retain jurisdiction through the child's minority in a case where long-term foster care is the permanent disposition whether under paragraph (c) or section 260C.201, subdivision 11.

Sec. 77. Minnesota Statutes 2006, section 260C.331, subdivision 1, is amended to read:

Subdivision 1. **Care, examination, or treatment.** (a) Except where parental rights are terminated,

(1) whenever legal custody of a child is transferred by the court to a responsible social services agency,

(2) whenever legal custody is transferred to a person other than the responsible social services agency, but under the supervision of the responsible social services agency, or

(3) whenever a child is given physical or mental examinations or treatment under order of the court, and no provision is otherwise made by law for payment for the care, examination, or treatment of the child, these costs are a charge upon the welfare funds of the county in which proceedings are held upon certification of the judge of juvenile court.

(b) The court shall order, and the responsible social services agency shall require, the parents or custodian of a child, while the child is under the age of 18, to use the total income and resources attributable to the child for the period of care, examination, or treatment, except for clothing and personal needs allowance as provided in section 256B.35, to reimburse the county for the cost of care, examination, or treatment. Income and resources attributable to the child include, but are not limited to, Social Security benefits, supplemental security income (SSI), veterans benefits, railroad retirement benefits and child support. When the child is over the age of 18, and continues to receive care, examination, or treatment, the court shall order, and the responsible social services agency shall require, reimbursement from the child for the cost of care, examination, or treatment from the income and resources attributable to the child less the clothing and personal needs allowance. Income does not include earnings from a child over the age of 18 who is working as part of a plan under section 260C.212, subdivision 1, paragraph (c), clause (8), to transition from foster care.

(c) If the income and resources attributable to the child are not enough to reimburse the county for the full cost of the care, examination, or treatment, the court shall inquire into the ability of the parents to support the child and, after giving the parents a reasonable opportunity to be heard, the court shall order, and the responsible social services agency shall require, the parents to contribute to the cost of care, examination, or treatment of the child. When determining the amount to be contributed by the parents, the court shall use a fee schedule based upon ability to pay that is established by the responsible social services agency and approved by the commissioner of human services. The income of a stepparent who has not adopted a child shall be excluded in calculating the parental contribution under this section.

(d) The court shall order the amount of reimbursement attributable to the parents or custodian, or attributable to the child, or attributable to both sources, withheld under chapter 518A from the income of the parents or the custodian of the child. A parent or custodian who fails to pay without good reason may be proceeded against for contempt, or the court may inform the county attorney, who shall proceed to collect the unpaid sums, or both procedures may be used.

(e) If the court orders a physical or mental examination for a child, the examination is a medically necessary service for purposes of determining whether the service is covered by a health insurance policy, health maintenance contract, or other health coverage plan. Court-ordered treatment shall be subject to policy, contract, or plan

requirements for medical necessity. Nothing in this paragraph changes or eliminates benefit limits, conditions of coverage, co-payments or deductibles, provider restrictions, or other requirements in the policy, contract, or plan that relate to coverage of other medically necessary services.

Sec. 78. Minnesota Statutes 2006, section 270B.14, subdivision 1, is amended to read:

Subdivision 1. **Disclosure to commissioner of human services.** (a) On the request of the commissioner of human services, the commissioner shall disclose return information regarding taxes imposed by chapter 290, and claims for refunds under chapter 290A, to the extent provided in paragraph (b) and for the purposes set forth in paragraph (c).

(b) Data that may be disclosed are limited to data relating to the identity, whereabouts, employment, income, and property of a person owing or alleged to be owing an obligation of child support.

(c) The commissioner of human services may request data only for the purposes of carrying out the child support enforcement program and to assist in the location of parents who have, or appear to have, deserted their children. Data received may be used only as set forth in section 256.978.

(d) The commissioner shall provide the records and information necessary to administer the supplemental housing allowance to the commissioner of human services.

(e) At the request of the commissioner of human services, the commissioner of revenue shall electronically match the Social Security numbers and names of participants in the telephone assistance plan operated under sections 237.69 to 237.711, with those of property tax refund filers, and determine whether each participant's household income is within the eligibility standards for the telephone assistance plan.

(f) The commissioner may provide records and information collected under sections 295.50 to 295.59 to the commissioner of human services for purposes of the Medicaid Voluntary Contribution and Provider-Specific Tax Amendments of 1991, Public Law 102-234. Upon the written agreement by the United States Department of Health and Human Services to maintain the confidentiality of the data, the commissioner may provide records and information collected under sections 295.50 to 295.59 to the Centers for Medicare and Medicaid Services section of the United States Department of Health and Human Services for purposes of meeting federal reporting requirements.

(g) The commissioner may provide records and information to the commissioner of human services as necessary to administer the early refund of refundable tax credits.

(h) The commissioner may disclose information to the commissioner of human services necessary to verify income for eligibility and premium payment under the MinnesotaCare program, under section 256L.05, subdivision 2.

(i) The commissioner may disclose information to the commissioner of human services necessary to verify whether applicants or recipients for the Minnesota family investment program, general assistance, food support, ~~and~~ Minnesota supplemental aid program, and child care assistance have claimed refundable tax credits under chapter 290 and the property tax refund under chapter 290A, and the amounts of the credits.

Sec. 79. Minnesota Statutes 2006, section 626.556, subdivision 2, is amended to read:

Subd. 2. **Definitions.** As used in this section, the following terms have the meanings given them unless the specific content indicates otherwise:

(a) "Family assessment" means a comprehensive assessment of child safety, risk of subsequent child maltreatment, and family strengths and needs that is applied to a child maltreatment report that does not allege substantial child endangerment. Family assessment does not include a determination as to whether child maltreatment occurred but does determine the need for services to address the safety of family members and the risk of subsequent maltreatment.

(b) "Investigation" means fact gathering related to the current safety of a child and the risk of subsequent maltreatment that determines whether child maltreatment occurred and whether child protective services are needed. An investigation must be used when reports involve substantial child endangerment, and for reports of maltreatment in facilities required to be licensed under chapter 245A or 245B; under sections 144.50 to 144.58 and 241.021; in a school as defined in sections 120A.05, subdivisions 9, 11, and 13, and 124D.10; or in a nonlicensed personal care provider association as defined in sections 256B.04, subdivision 16, and 256B.0625, subdivision 19a.

(c) "Substantial child endangerment" means a person responsible for a child's care, and in the case of sexual abuse includes a person who has a significant relationship to the child as defined in section 609.341, or a person in a position of authority as defined in section 609.341, who by act or omission commits or attempts to commit an act against a child under their care that constitutes any of the following:

- (1) egregious harm as defined in section 260C.007, subdivision 14;
 - (2) sexual abuse as defined in paragraph (d);
 - (3) abandonment under section 260C.301, subdivision 2;
 - (4) neglect as defined in paragraph (f), clause (2), that substantially endangers the child's physical or mental health, including a growth delay, which may be referred to as failure to thrive, that has been diagnosed by a physician and is due to parental neglect;
 - (5) murder in the first, second, or third degree under section 609.185, 609.19, or 609.195;
 - (6) manslaughter in the first or second degree under section 609.20 or 609.205;
 - (7) assault in the first, second, or third degree under section 609.221, 609.222, or 609.223;
 - (8) solicitation, inducement, and promotion of prostitution under section 609.322;
 - (9) criminal sexual conduct under sections 609.342 to 609.3451;
 - (10) solicitation of children to engage in sexual conduct under section 609.352;
 - (11) malicious punishment or neglect or endangerment of a child under section 609.377 or 609.378;
 - (12) use of a minor in sexual performance under section 617.246; or
 - (13) parental behavior, status, or condition which mandates that the county attorney file a termination of parental rights petition under section 260C.301, subdivision 3, paragraph (a).
- (d) "Sexual abuse" means the subjection of a child by a person responsible for the child's care, by a person who has a significant relationship to the child, as defined in section 609.341, or by a person in a position of authority, as defined in section 609.341, subdivision 10, to any act which constitutes a violation of section 609.342 (criminal sexual conduct in the first degree), 609.343 (criminal sexual conduct in the second degree), 609.344 (criminal sexual

conduct in the third degree), 609.345 (criminal sexual conduct in the fourth degree), or 609.3451 (criminal sexual conduct in the fifth degree). Sexual abuse also includes any act which involves a minor which constitutes a violation of prostitution offenses under sections 609.321 to 609.324 or 617.246. Sexual abuse includes threatened sexual abuse.

(e) "Person responsible for the child's care" means (1) an individual functioning within the family unit and having responsibilities for the care of the child such as a parent, guardian, or other person having similar care responsibilities, or (2) an individual functioning outside the family unit and having responsibilities for the care of the child such as a teacher, school administrator, other school employees or agents, or other lawful custodian of a child having either full-time or short-term care responsibilities including, but not limited to, day care, babysitting whether paid or unpaid, counseling, teaching, and coaching.

(f) "Neglect" means:

(1) failure by a person responsible for a child's care to supply a child with necessary food, clothing, shelter, health, medical, or other care required for the child's physical or mental health when reasonably able to do so;

(2) failure to protect a child from conditions or actions that seriously endanger the child's physical or mental health when reasonably able to do so, including a growth delay, which may be referred to as a failure to thrive, that has been diagnosed by a physician and is due to parental neglect;

(3) failure to provide for necessary supervision or child care arrangements appropriate for a child after considering factors as the child's age, mental ability, physical condition, length of absence, or environment, when the child is unable to care for the child's own basic needs or safety, or the basic needs or safety of another child in their care;

(4) failure to ensure that the child is educated as defined in sections 120A.22 and 260C.163, subdivision 11, which does not include a parent's refusal to provide the parent's child with sympathomimetic medications, consistent with section 125A.091, subdivision 5;

(5) nothing in this section shall be construed to mean that a child is neglected solely because the child's parent, guardian, or other person responsible for the child's care in good faith selects and depends upon spiritual means or prayer for treatment or care of disease or remedial care of the child in lieu of medical care; except that a parent, guardian, or caretaker, or a person mandated to report pursuant to subdivision 3, has a duty to report if a lack of medical care may cause serious danger to the child's health. This section does not impose upon persons, not otherwise legally responsible for providing a child with necessary food, clothing, shelter, education, or medical care, a duty to provide that care;

(6) prenatal exposure to a controlled substance, as defined in section 253B.02, subdivision 2, used by the mother for a nonmedical purpose, as evidenced by withdrawal symptoms in the child at birth, results of a toxicology test performed on the mother at delivery or the child at birth, or medical effects or developmental delays during the child's first year of life that medically indicate prenatal exposure to a controlled substance;

(7) "medical neglect" as defined in section 260C.007, subdivision 6, clause (5);

(8) chronic and severe use of alcohol or a controlled substance by a parent or person responsible for the care of the child that adversely affects the child's basic needs and safety; or

(9) emotional harm from a pattern of behavior which contributes to impaired emotional functioning of the child which may be demonstrated by a substantial and observable effect in the child's behavior, emotional response, or cognition that is not within the normal range for the child's age and stage of development, with due regard to the child's culture.

(g) "Physical abuse" means any physical injury, mental injury, or threatened injury, inflicted by a person responsible for the child's care on a child other than by accidental means, or any physical or mental injury that cannot reasonably be explained by the child's history of injuries, or any aversive or deprivation procedures, or regulated interventions, that have not been authorized under section 121A.67 or 245.825. Abuse does not include reasonable and moderate physical discipline of a child administered by a parent or legal guardian which does not result in an injury. Abuse does not include the use of reasonable force by a teacher, principal, or school employee as allowed by section 121A.582. Actions which are not reasonable and moderate include, but are not limited to, any of the following that are done in anger or without regard to the safety of the child:

- (1) throwing, kicking, burning, biting, or cutting a child;
- (2) striking a child with a closed fist;
- (3) shaking a child under age three;
- (4) striking or other actions which result in any nonaccidental injury to a child under 18 months of age;
- (5) unreasonable interference with a child's breathing;
- (6) threatening a child with a weapon, as defined in section 609.02, subdivision 6;
- (7) striking a child under age one on the face or head;

(8) purposely giving a child poison, alcohol, or dangerous, harmful, or controlled substances which were not prescribed for the child by a practitioner, in order to control or punish the child; or other substances that substantially affect the child's behavior, motor coordination, or judgment or that results in sickness or internal injury, or subjects the child to medical procedures that would be unnecessary if the child were not exposed to the substances;

(9) unreasonable physical confinement or restraint not permitted under section 609.379, including but not limited to tying, caging, or chaining; or

(10) in a school facility or school zone, an act by a person responsible for the child's care that is a violation under section 121A.58.

(h) "Report" means any report received by the local welfare agency, police department, county sheriff, or agency responsible for assessing or investigating maltreatment pursuant to this section.

(i) "Facility" means:

(1) a licensed or unlicensed day care facility, residential facility, agency, hospital, sanitarium, or other facility or institution required to be licensed under sections 144.50 to 144.58, 241.021, or 245A.01 to 245A.16, or chapter 245B;

(2) a school as defined in sections 120A.05, subdivisions 9, 11, and 13; and 124D.10; or

(3) a nonlicensed personal care provider organization as defined in sections 256B.04, subdivision 16, and 256B.0625, subdivision 19a.

(j) "Operator" means an operator or agency as defined in section 245A.02.

(k) "Commissioner" means the commissioner of human services.

(l) "Practice of social services," for the purposes of subdivision 3, includes but is not limited to employee assistance counseling and the provision of guardian ad litem and parenting time expeditor services.

(m) "Mental injury" means an injury to the psychological capacity or emotional stability of a child as evidenced by an observable or substantial impairment in the child's ability to function within a normal range of performance and behavior with due regard to the child's culture.

(n) "Threatened injury" means a statement, overt act, condition, or status that represents a substantial risk of physical or sexual abuse or mental injury. Threatened injury includes, but is not limited to, exposing a child to a person responsible for the child's care, as defined in paragraph (e), clause (1), who has:

(1) subjected a child to, or failed to protect a child from, an overt act or condition that constitutes egregious harm, as defined in section 260C.007, subdivision 14, or a similar law of another jurisdiction;

(2) been found to be palpably unfit under section 260C.301, paragraph (b), clause (4), or a similar law of another jurisdiction;

(3) committed an act that has resulted in an involuntary termination of parental rights under section 260C.301, or a similar law of another jurisdiction; or

(4) committed an act that has resulted in the involuntary transfer of permanent legal and physical custody of a child to a relative under section 260C.201, subdivision 11, paragraph (d), clause (1), or a similar law of another jurisdiction.

(o) Persons who conduct assessments or investigations under this section shall take into account accepted child-rearing practices of the culture in which a child participates and accepted teacher discipline practices, which are not injurious to the child's health, welfare, and safety.

Sec. 80. Minnesota Statutes 2006, section 626.556, subdivision 3, is amended to read:

Subd. 3. **Persons mandated to report.** (a) A person who knows or has reason to believe a child is being neglected or physically or sexually abused, as defined in subdivision 2, or has been neglected or physically or sexually abused within the preceding three years, shall immediately report the information to the local welfare agency, agency responsible for assessing or investigating the report, police department, or the county sheriff if the person is:

(1) a professional or professional's delegate who is engaged in the practice of the healing arts, social services, hospital administration, psychological or psychiatric treatment, child care, education, correctional supervision, probation and correctional services, or law enforcement; or

(2) employed as a member of the clergy and received the information while engaged in ministerial duties, provided that a member of the clergy is not required by this subdivision to report information that is otherwise privileged under section 595.02, subdivision 1, paragraph (c).

The police department or the county sheriff, upon receiving a report, shall immediately notify the local welfare agency or agency responsible for assessing or investigating the report, orally and in writing. The local welfare agency, or agency responsible for assessing or investigating the report, upon receiving a report, shall immediately notify the local police department or the county sheriff orally and in writing. The county sheriff and the head of every local welfare agency, agency responsible for assessing or investigating reports, and police department shall

each designate a person within their agency, department, or office who is responsible for ensuring that the notification duties of this paragraph and paragraph (b) are carried out. Nothing in this subdivision shall be construed to require more than one report from any institution, facility, school, or agency.

(b) Any person may voluntarily report to the local welfare agency, agency responsible for assessing or investigating the report, police department, or the county sheriff if the person knows, has reason to believe, or suspects a child is being or has been neglected or subjected to physical or sexual abuse. The police department or the county sheriff, upon receiving a report, shall immediately notify the local welfare agency or agency responsible for assessing or investigating the report, orally and in writing. The local welfare agency or agency responsible for assessing or investigating the report, upon receiving a report, shall immediately notify the local police department or the county sheriff orally and in writing.

(c) A person mandated to report physical or sexual child abuse or neglect occurring within a licensed facility shall report the information to the agency responsible for licensing the facility under sections 144.50 to 144.58; 241.021; 245A.01 to 245A.16; or chapter 245B; or a nonlicensed personal care provider organization as defined in sections 256B.04, subdivision 16; and 256B.0625, subdivision 19. A health or corrections agency receiving a report may request the local welfare agency to provide assistance pursuant to subdivisions 10, 10a, and 10b. A board or other entity whose licensees perform work within a school facility, upon receiving a complaint of alleged maltreatment, shall provide information about the circumstances of the alleged maltreatment to the commissioner of education. Section 13.03, subdivision 4, applies to data received by the commissioner of education from a licensing entity.

(d) Any person mandated to report shall receive a summary of the disposition of any report made by that reporter, including whether the case has been opened for child protection or other services, or if a referral has been made to a community organization, unless release would be detrimental to the best interests of the child. Any person who is not mandated to report shall, upon request to the local welfare agency, receive a concise summary of the disposition of any report made by that reporter, unless release would be detrimental to the best interests of the child.

(e) For purposes of this ~~subdivision~~ section, "immediately" means as soon as possible but in no event longer than 24 hours.

Sec. 81. Minnesota Statutes 2006, section 626.556, is amended by adding a subdivision to read:

Subd. 3e. **Agency responsibility for assessing or investigating reports of sexual abuse.** The local welfare agency is the agency responsible for investigating allegations of sexual abuse if the alleged offender is the parent, guardian, sibling, or an individual functioning within the family unit as a person responsible for the child's care, or a person with a significant relationship to the child if that person resides in the child's household.

Sec. 82. Minnesota Statutes 2006, section 626.556, is amended by adding a subdivision to read:

Subd. 3f. **Law enforcement agency responsibility for investigating maltreatment.** The local law enforcement agency has responsibility for investigating any report of child maltreatment if a violation of a criminal statute is alleged. Law enforcement and the responsible agency must coordinate their investigations or assessments as required under subdivision 10.

Sec. 83. Minnesota Statutes 2006, section 626.556, subdivision 10, is amended to read:

Subd. 10. **Duties of local welfare agency and local law enforcement agency upon receipt of a report.** (a) Upon receipt of a report, the local welfare agency shall determine whether to conduct a family assessment or an investigation as appropriate to prevent or provide a remedy for child maltreatment. The local welfare agency:

(1) shall conduct an investigation on reports involving substantial child endangerment;

(2) shall begin an immediate investigation if, at any time when it is using a family assessment response, it determines that there is reason to believe that substantial child endangerment or a serious threat to the child's safety exists;

(3) may conduct a family assessment for reports that do not allege substantial child endangerment. In determining that a family assessment is appropriate, the local welfare agency may consider issues of child safety, parental cooperation, and the need for an immediate response; and

(4) may conduct a family assessment on a report that was initially screened and assigned for an investigation. In determining that a complete investigation is not required, the local welfare agency must document the reason for terminating the investigation and notify the local law enforcement agency if the local law enforcement agency is conducting a joint investigation.

If the report alleges neglect, physical abuse, or sexual abuse by a parent, guardian, or individual functioning within the family unit as a person responsible for the child's care, or sexual abuse by a person with a significant relationship to the child when that person resides in the child's household or by a sibling, the local welfare agency shall immediately conduct a family assessment or investigation as identified in clauses (1) to (4). In conducting a family assessment or investigation, the local welfare agency shall gather information on the existence of substance abuse and domestic violence and offer services for purposes of preventing future child maltreatment, safeguarding and enhancing the welfare of the abused or neglected minor, and supporting and preserving family life whenever possible. If the report alleges a violation of a criminal statute involving sexual abuse, physical abuse, or neglect or endangerment, under section 609.378, the local law enforcement agency and local welfare agency shall coordinate the planning and execution of their respective investigation and assessment efforts to avoid a duplication of fact-finding efforts and multiple interviews. Each agency shall prepare a separate report of the results of its investigation. In cases of alleged child maltreatment resulting in death, the local agency may rely on the fact-finding efforts of a law enforcement investigation to make a determination of whether or not maltreatment occurred. When necessary the local welfare agency shall seek authority to remove the child from the custody of a parent, guardian, or adult with whom the child is living. In performing any of these duties, the local welfare agency shall maintain appropriate records.

If the family assessment or investigation indicates there is a potential for abuse of alcohol or other drugs by the parent, guardian, or person responsible for the child's care, the local welfare agency shall conduct a chemical use assessment pursuant to Minnesota Rules, part 9530.6615. The local welfare agency shall report the determination of the chemical use assessment, and the recommendations and referrals for alcohol and other drug treatment services to the state authority on alcohol and drug abuse.

(b) When a local agency receives a report or otherwise has information indicating that a child who is a client, as defined in section 245.91, has been the subject of physical abuse, sexual abuse, or neglect at an agency, facility, or program as defined in section 245.91, it shall, in addition to its other duties under this section, immediately inform the ombudsman established under sections 245.91 to 245.97. The commissioner of education shall inform the ombudsman established under sections 245.91 to 245.97 of reports regarding a child defined as a client in section 245.91 that maltreatment occurred at a school as defined in sections 120A.05, subdivisions 9, 11, and 13, and 124D.10.

(c) Authority of the local welfare agency responsible for assessing or investigating the child abuse or neglect report, the agency responsible for assessing or investigating the report, and of the local law enforcement agency for investigating the alleged abuse or neglect includes, but is not limited to, authority to interview, without parental consent, the alleged victim and any other minors who currently reside with or who have resided with the alleged offender. The interview may take place at school or at any facility or other place where the alleged victim or other

minors might be found or the child may be transported to, and the interview conducted at, a place appropriate for the interview of a child designated by the local welfare agency or law enforcement agency. The interview may take place outside the presence of the alleged offender or parent, legal custodian, guardian, or school official. For family assessments, it is the preferred practice to request a parent or guardian's permission to interview the child prior to conducting the child interview, unless doing so would compromise the safety assessment. Except as provided in this paragraph, the parent, legal custodian, or guardian shall be notified by the responsible local welfare or law enforcement agency no later than the conclusion of the investigation or assessment that this interview has occurred. Notwithstanding rule ~~49.02~~ 32 of the Minnesota Rules of Procedure for Juvenile Courts, the juvenile court may, after hearing on an ex parte motion by the local welfare agency, order that, where reasonable cause exists, the agency withhold notification of this interview from the parent, legal custodian, or guardian. If the interview took place or is to take place on school property, the order shall specify that school officials may not disclose to the parent, legal custodian, or guardian the contents of the notification of intent to interview the child on school property, as provided under this paragraph, and any other related information regarding the interview that may be a part of the child's school record. A copy of the order shall be sent by the local welfare or law enforcement agency to the appropriate school official.

(d) When the local welfare, local law enforcement agency, or the agency responsible for assessing or investigating a report of maltreatment determines that an interview should take place on school property, written notification of intent to interview the child on school property must be received by school officials prior to the interview. The notification shall include the name of the child to be interviewed, the purpose of the interview, and a reference to the statutory authority to conduct an interview on school property. For interviews conducted by the local welfare agency, the notification shall be signed by the chair of the local social services agency or the chair's designee. The notification shall be private data on individuals subject to the provisions of this paragraph. School officials may not disclose to the parent, legal custodian, or guardian the contents of the notification or any other related information regarding the interview until notified in writing by the local welfare or law enforcement agency that the investigation or assessment has been concluded, unless a school employee or agent is alleged to have maltreated the child. Until that time, the local welfare or law enforcement agency or the agency responsible for assessing or investigating a report of maltreatment shall be solely responsible for any disclosures regarding the nature of the assessment or investigation.

Except where the alleged offender is believed to be a school official or employee, the time and place, and manner of the interview on school premises shall be within the discretion of school officials, but the local welfare or law enforcement agency shall have the exclusive authority to determine who may attend the interview. The conditions as to time, place, and manner of the interview set by the school officials shall be reasonable and the interview shall be conducted not more than 24 hours after the receipt of the notification unless another time is considered necessary by agreement between the school officials and the local welfare or law enforcement agency. Where the school fails to comply with the provisions of this paragraph, the juvenile court may order the school to comply. Every effort must be made to reduce the disruption of the educational program of the child, other students, or school staff when an interview is conducted on school premises.

(e) Where the alleged offender or a person responsible for the care of the alleged victim or other minor prevents access to the victim or other minor by the local welfare agency, the juvenile court may order the parents, legal custodian, or guardian to produce the alleged victim or other minor for questioning by the local welfare agency or the local law enforcement agency outside the presence of the alleged offender or any person responsible for the child's care at reasonable places and times as specified by court order.

(f) Before making an order under paragraph (e), the court shall issue an order to show cause, either upon its own motion or upon a verified petition, specifying the basis for the requested interviews and fixing the time and place of the hearing. The order to show cause shall be served personally and shall be heard in the same manner as provided in other cases in the juvenile court. The court shall consider the need for appointment of a guardian ad litem to protect the best interests of the child. If appointed, the guardian ad litem shall be present at the hearing on the order to show cause.

(g) The commissioner of human services, the ombudsman for mental health and developmental disabilities, the local welfare agencies responsible for investigating reports, the commissioner of education, and the local law enforcement agencies have the right to enter facilities as defined in subdivision 2 and to inspect and copy the facility's records, including medical records, as part of the investigation. Notwithstanding the provisions of chapter 13, they also have the right to inform the facility under investigation that they are conducting an investigation, to disclose to the facility the names of the individuals under investigation for abusing or neglecting a child, and to provide the facility with a copy of the report and the investigative findings.

(h) The local welfare agency responsible for conducting a family assessment or investigation shall collect available and relevant information to determine child safety, risk of subsequent child maltreatment, and family strengths and needs and share not public information with an Indian's tribal social services agency without violating any law of the state that may otherwise impose duties of confidentiality on the local welfare agency in order to implement the tribal state agreement. The local welfare agency or the agency responsible for investigating the report shall collect available and relevant information to ascertain whether maltreatment occurred and whether protective services are needed. Information collected includes, when relevant, information with regard to the person reporting the alleged maltreatment, including the nature of the reporter's relationship to the child and to the alleged offender, and the basis of the reporter's knowledge for the report; the child allegedly being maltreated; the alleged offender; the child's caretaker; and other collateral sources having relevant information related to the alleged maltreatment. The local welfare agency or the agency responsible for assessing or investigating the report may make a determination of no maltreatment early in an assessment, and close the case and retain immunity, if the collected information shows no basis for a full assessment or investigation.

Information relevant to the assessment or investigation must be asked for, and may include:

(1) the child's sex and age, prior reports of maltreatment, information relating to developmental functioning, credibility of the child's statement, and whether the information provided under this clause is consistent with other information collected during the course of the assessment or investigation;

(2) the alleged offender's age, a record check for prior reports of maltreatment, and criminal charges and convictions. The local welfare agency or the agency responsible for assessing or investigating the report must provide the alleged offender with an opportunity to make a statement. The alleged offender may submit supporting documentation relevant to the assessment or investigation;

(3) collateral source information regarding the alleged maltreatment and care of the child. Collateral information includes, when relevant: (i) a medical examination of the child; (ii) prior medical records relating to the alleged maltreatment or the care of the child maintained by any facility, clinic, or health care professional and an interview with the treating professionals; and (iii) interviews with the child's caretakers, including the child's parent, guardian, foster parent, child care provider, teachers, counselors, family members, relatives, and other persons who may have knowledge regarding the alleged maltreatment and the care of the child; and

(4) information on the existence of domestic abuse and violence in the home of the child, and substance abuse.

Nothing in this paragraph precludes the local welfare agency, the local law enforcement agency, or the agency responsible for assessing or investigating the report from collecting other relevant information necessary to conduct the assessment or investigation. Notwithstanding section 13.384 or 144.335, the local welfare agency has access to medical data and records for purposes of clause (3). Notwithstanding the data's classification in the possession of any other agency, data acquired by the local welfare agency or the agency responsible for assessing or investigating the report during the course of the assessment or investigation are private data on individuals and must be maintained in accordance with subdivision 11. Data of the commissioner of education collected or maintained during and for the purpose of an investigation of alleged maltreatment in a school are governed by this section, notwithstanding the data's classification as educational, licensing, or personnel data under chapter 13.

In conducting an assessment or investigation involving a school facility as defined in subdivision 2, paragraph (i), the commissioner of education shall collect investigative reports and data that are relevant to a report of maltreatment and are from local law enforcement and the school facility.

(i) Upon receipt of a report, the local welfare agency shall conduct a face-to-face contact with the child reported to be maltreated and with the child's primary caregiver sufficient to complete a safety assessment and ensure the immediate safety of the child. The face-to-face contact with the child and primary caregiver shall occur immediately if substantial child endangerment is alleged and within five calendar days for all other reports. If the alleged offender was not already interviewed as the primary caregiver, the local welfare agency shall also conduct a face-to-face interview with the alleged offender in the early stages of the assessment or investigation. At the initial contact, the local child welfare agency or the agency responsible for assessing or investigating the report must inform the alleged offender of the complaints or allegations made against the individual in a manner consistent with laws protecting the rights of the person who made the report. The interview with the alleged offender may be postponed if it would jeopardize an active law enforcement investigation.

(j) When conducting an investigation, the local welfare agency shall use a question and answer interviewing format with questioning as nondirective as possible to elicit spontaneous responses. For investigations only, the following interviewing methods and procedures must be used whenever possible when collecting information:

(1) audio recordings of all interviews with witnesses and collateral sources; and

(2) in cases of alleged sexual abuse, audio-video recordings of each interview with the alleged victim and child witnesses.

(k) In conducting an assessment or investigation involving a school facility as defined in subdivision 2, paragraph (i), the commissioner of education shall collect available and relevant information and use the procedures in paragraphs (i), (k), and subdivision 3d, except that the requirement for face-to-face observation of the child and face-to-face interview of the alleged offender is to occur in the initial stages of the assessment or investigation provided that the commissioner may also base the assessment or investigation on investigative reports and data received from the school facility and local law enforcement, to the extent those investigations satisfy the requirements of paragraphs (i) and (k), and subdivision 3d.

Sec. 84. Minnesota Statutes 2006, section 626.556, subdivision 10a, is amended to read:

Subd. 10a. ~~Abuse outside family unit~~ **Law enforcement agency responsibility for investigation; welfare agency reliance on law enforcement fact-finding; welfare agency offer of services.** (a) If the report alleges neglect, physical abuse, or sexual abuse by a person who is not a parent, guardian, sibling, person responsible for the child's care functioning outside within the family unit, or a person who lives in the child's household and who has a significant relationship to the child, in a setting other than a facility as defined in subdivision 2, the local welfare agency shall immediately notify the appropriate law enforcement agency, which shall conduct an investigation of the alleged abuse or neglect if a violation of a criminal statute is alleged.

(b) The local agency may rely on the fact-finding efforts of the law enforcement investigation conducted under this subdivision to make a determination whether or not threatened harm or other maltreatment has occurred under subdivision 2 if an alleged offender has minor children or lives with minors.

(c) The local welfare agency shall offer appropriate social services for the purpose of safeguarding and enhancing the welfare of the abused or neglected minor.

Sec. 85. Minnesota Statutes 2006, section 626.556, subdivision 10c, is amended to read:

Subd. 10c. **Duties of local social service agency upon receipt of a report of medical neglect.** If the report alleges medical neglect as defined in section 260C.007, subdivision 4⁶, clause (5), the local welfare agency shall, in addition to its other duties under this section, immediately consult with designated hospital staff and with the parents of the infant to verify that appropriate nutrition, hydration, and medication are being provided; and shall immediately secure an independent medical review of the infant's medical charts and records and, if necessary, seek a court order for an independent medical examination of the infant. If the review or examination leads to a conclusion of medical neglect, the agency shall intervene on behalf of the infant by initiating legal proceedings under section 260C.141 and by filing an expedited motion to prevent the withholding of medically indicated treatment.

Sec. 86. Minnesota Statutes 2006, section 626.556, subdivision 10f, is amended to read:

Subd. 10f. **Notice of determinations.** Within ten working days of the conclusion of a family assessment, the local welfare agency shall notify the parent or guardian of the child of the need for services to address child safety concerns or significant risk of subsequent child maltreatment. The local welfare agency and the family may also jointly agree that family support and family preservation services are needed. Within ten working days of the conclusion of an investigation, the local welfare agency or agency responsible for assessing or investigating the report shall notify the parent or guardian of the child, the person determined to be maltreating the child, and if applicable, the director of the facility, of the determination and a summary of the specific reasons for the determination. The notice must also include a certification that the information collection procedures under subdivision 10, paragraphs (h), (i), and (j), were followed and a notice of the right of a data subject to obtain access to other private data on the subject collected, created, or maintained under this section. In addition, the notice shall include the length of time that the records will be kept under subdivision 11c. The investigating agency shall notify the parent or guardian of the child who is the subject of the report, and any person or facility determined to have maltreated a child, of their appeal or review rights under this section or section 256.022. The notice must also state that a finding of maltreatment may result in denial of a license application or background study disqualification under chapter 245C related to employment or services that are licensed by the Department of Human Services under chapter 245A, the Department of Health under chapter 144 or 144A, the Department of Corrections under section 241.021, and from providing services related to an unlicensed personal care provider organization under chapter 256B.

Sec. 87. **KINSHIP NAVIGATOR PROGRAM; DEMONSTRATION GRANT.**

(a) The commissioner of human services shall fund a two-year demonstration grant to be transferred to a nonprofit organization experienced in kinship advocacy and policy that has:

- (1) experience working with grandparents and relatives who are raising kinship children;
- (2) an established statewide outreach network;
- (3) established kinship support groups;
- (4) an intergenerational approach to programming; and
- (5) a board of directors consisting of 50 percent grandparents and relatives raising kinship children.

(b) The purpose of the grant is to provide support to grandparents or relatives raising kinship children. One site must be in the metropolitan area, and the other in the Bemidji region. One-stop services may include, but are not limited to, legal services, education, information, family activities, support groups, mental health access, advocacy, mentors, and information related to foster care licensing. Funds may also be used for a media campaign to inform kinship families about available information and services, support sites, and other program development.

Sec. 88. **MFIP PILOT PROGRAM; WORKFORCE U.**

Subdivision 1. **Establishment.** A pilot program is established in Stearns and Benton Counties to expand the Workforce U program administered by the Stearns-Benton Employment and Training Council.

Subd. 2. **Evaluation.** The Workforce U pilot program must be evaluated by a research and evaluation organization with experience evaluating welfare programs. The evaluation must include information on the total number of persons served, percentage of participants exiting the program, percentage of former participants reentering the program, average wages of program participants, and recommendations to the legislature for possible statewide implementation of the program. The evaluation must be presented to the legislature by February 15, 2011.

Subd. 3. **Expiration.** The Workforce U pilot program expires on June 30, 2011.

Sec. 89. **LEECH LAKE YOUTH TREATMENT CENTER PROPOSAL.**

(a) The commissioner of human services shall provide a planning grant to address the unmet need for local, effective, culturally relevant alcohol and drug treatment for American Indian youth, and develop a plan for a family-based youth treatment center in the Leech Lake area. The planning grant must be provided to a volunteer board consisting of at least four members appointed by the commissioner, to include at least the following:

- (1) two members of the Leech Lake Tribal Council or their designees;
- (2) one member appointed by the Cass County Social Services administrator; and
- (3) one member appointed by the Cass Lake-Bena Public School superintendent.
- (b) The plan must include:
 - (1) an interest, feasibility, and suitability of location study;
 - (2) defining scope of programs and services to be offered;
 - (3) defining site use limitations and restrictions, including physical and capacity;
 - (4) defining facilities required for programs and services offered;
 - (5) identifying partners, partnership roles, and partner resources;
 - (6) developing proposed operating and maintenance budgets;
 - (7) identifying funding sources;
 - (8) developing a long-term funding plan; and
 - (9) developing a formal steering committee, structure, and bylaws.

(c) The plan is due to the legislative committees having jurisdiction over chemical health issues no later than September 2008 in order to provide the 12 months necessary to complete the plan.

Sec. 90. **MINNESOTA FOOD SUPPORT PROGRAM SIMPLIFIED APPLICATION.**

The Department of Human Services shall create a simplified application for the Minnesota food support program for persons over the age of 60 and persons with disabilities. The application must be no longer than three pages in length.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 91. **INSPECTION OF LEGAL UNLICENSED CHILD CARE PROVIDERS.**

The commissioner of human services, in consultation with the commissioners of health and education and the counties, shall develop and present recommendations to the legislature in January 2008 in order for each legally unlicensed child care provider receiving child care assistance funds to receive a onetime home visit to receive information on health and safety, and school readiness.

Sec. 92. **COMMISSIONER OF HUMAN SERVICES DUTIES; EARLY CHILDHOOD AND SCHOOL-AGE PROFESSIONAL DEVELOPMENT TRAINING.**

Subdivision 1. **Development and implementation of an early childhood and school-age professional development system.** (a) The commissioner of human services, in cooperation with the commissioners of education and health, shall develop and phase-in the implementation of a professional development system for practitioners serving children in early childhood and school-age programs. The system shall provide training options and supports for practitioners to voluntarily choose, as they complete or exceed existing licensing requirements.

The system must, at a minimum, include the following features:

(1) a continuum of training content based on the early childhood and school-age care practitioner core competencies that translates knowledge into improved practice to support children's school success;

(2) training strategies that provide direct feedback about practice to practitioners through ongoing consultation, mentoring, or coaching with special emphasis on early literacy and early mathematics;

(3) an approval process for trainers;

(4) a professional development registry for early childhood and school-age care practitioners that will provide tracking and recognition of practitioner training/career development progress;

(5) a career lattice that includes a range of professional development and educational opportunities that provide appropriate coursework and degree pathways;

(6) development of a plan with public higher education institutions for an articulated system of education, training, and professional development that includes credit for prior learning and development of equivalences to two- and four-year degrees;

(7) incentives and supports for early childhood and school-age care practitioners to seek additional training and education, including TEACH, other scholarships, and career guidance; and

(8) coordinated and accessible delivery of training to early childhood and school-age care practitioners.

(b) By January 1, 2008, the commissioner, in consultation with the organizations named in subdivision 2 shall develop additional opportunities in order to qualify more licensed family child care providers under section 119B.13, subdivision 3a.

(c) The commissioner of human services must evaluate the professional development system and make continuous improvements.

(d) Beginning July 1, 2007, as appropriations permit, the commissioner shall phase-in the professional development system.

Subd. 2. **Two-hour early childhood training.** By January 15, 2008, the commissioner of human services, with input from the Minnesota Licensed Family Child Care Association and the Minnesota Professional Development Council, shall identify trainings that qualify for the two-hour early childhood development training requirement for new child care practitioners under Minnesota Statutes, section 245A.14, subdivision 9a, paragraphs (a) and (b). For licensed family child care, the commissioner shall also seek the input of labor unions that serve licensed family child care providers, if the union has been recognized by a county to serve licensed family child care providers.

Sec. 93. SCHOOL READINESS SERVICE AGREEMENTS.

Subdivision 1. **Overview.** (a) Effective July 1, 2007, funds must be made available to allow the commissioner to pay higher rates to up to 50 child care providers who are deemed by the commissioner to meet the requirements of a school readiness service agreement (SRSA) provider and perform services that support school readiness for children and economic stability for parents.

(b) A provider may be paid a rate above that currently allowed under Minnesota Statutes, section 119B.13, if:

(1) the provider has entered into an SRSA with the commissioner;

(2) a family using that provider receives child care assistance under any provision in Minnesota Statutes, chapter 119B, except Minnesota Statutes, section 119B.035;

(3) the family using that provider meets the criteria in this section; and

(4) funding is available under this section.

Subd. 2. **Provider eligibility.** (a) To be considered for an SRSA, a provider shall apply to the commissioner. To be eligible to apply for an SRSA, a provider shall:

(1) be eligible for child care assistance payments under Minnesota Statutes, chapter 119B;

(2) have at least 25 percent of the children enrolled with the provider subsidized through the child care assistance program;

(3) provide full-time, full-year child care services; and

(4) serve at least one child who is subsidized through the child care assistance program and who is expected to enter kindergarten within the following 30 months.

(b) The commissioner may waive the 25 percent requirement in paragraph (a), clause (2), if necessary to achieve geographic distribution of SRSA providers and diversity of types of care provided by SRSA providers.

(c) An eligible provider who would like to enter into an SRSA with the commissioner shall submit an SRSA application. To determine whether to enter into an SRSA with a provider, the commissioner shall evaluate the following factors:

- (1) the qualifications of the provider and the provider's staff;
- (2) the provider's staff-child ratios;
- (3) the provider's curriculum;
- (4) the provider's current or planned parent education activities;
- (5) the provider's current or planned social service and employment linkages;
- (6) the provider's child development assessment plan;
- (7) the geographic distribution needed for SRSA providers;
- (8) the inclusion of a variety of child care delivery models; and
- (9) other related factors determined by the commissioner.

Subd. 3. **Family and child eligibility.** (a) A family eligible to choose an SRSA provider for their children shall:

(1) be eligible to receive child care assistance under any provision in Minnesota Statutes, chapter 119B, except Minnesota Statutes, section 119B.035;

(2) be in an authorized activity for an average of at least 35 hours per week when initial eligibility is determined; and

(3) include a child who has not yet entered kindergarten.

(b) A family who is determined to be eligible to choose an SRSA provider remains eligible to be paid at a higher rate through the SRSA provider when the following conditions exist:

(1) the child attends child care with the SRSA provider a minimum of 25 hours per week, on average;

(2) the family has a child who has not yet entered kindergarten; and

(3) the family maintains eligibility under Minnesota Statutes, chapter 119B, except Minnesota Statutes, section 119B.035.

(c) For the 12 months after initial eligibility has been determined, a decrease in the family's authorized activities to an average of less than 35 hours per week does not result in ineligibility for the SRSA rate.

(d) A family that moves between counties but continues to use the same SRSA provider shall continue to receive SRSA funding for the increased payments.

Subd. 4. **Requirements of providers.** An SRSA must include assessment, evaluation, and reporting requirements that promote the goals of improved school readiness and movement toward appropriate child development milestones. A provider who enters into an SRSA shall comply with the assessment, evaluation, and reporting requirements in the SRSA.

Subd. 5. **Relationship to current law.** (a) The following provisions in Minnesota Statutes, chapter 119B, must be waived or modified for families receiving services under this section.

(b) Notwithstanding Minnesota Statutes, section 119B.13, subdivisions 1 and 1a, maximum weekly rates under this section are 125 percent of the existing maximum weekly rate for like-care. Providers eligible for a differential rate under Minnesota Statutes, section 119B.13, subdivision 3a, remain eligible for the differential above the rate identified in this section. Only care for children who have not yet entered kindergarten may be paid at the maximum rate under this section. The provider's charge for service provided through an SRSA may not exceed the rate that the provider charges a private-pay family for like-care arrangements.

(c) A family or child care provider may not be assessed an overpayment for care provided through an SRSA unless:

(1) there was an error in the amount of care authorized for the family; or

(2) the family or provider did not timely report a change as required under the law.

(d) Care provided through an SRSA is authorized on a weekly basis.

(e) Funds appropriated under this section to serve families eligible under Minnesota Statutes, section 119B.03, are not allocated through the basic sliding fee formula under Minnesota Statutes, section 119B.03. Funds appropriated under this section are used to offset increased costs when payments are made under SRSA's.

(f) Notwithstanding Minnesota Statutes, section 119B.09, subdivision 6, the maximum amount of child care assistance that may be authorized for a child receiving care through an SRSA in a two-week period is 160 hours per child.

Subd. 6. **Establishment of service agreements.** (a) The commissioner shall approve SRSA's for up to 50 providers that represent diverse parts of the state and a variety of child care delivery models. Entering into a service agreement does not guarantee that a provider will receive payment at a higher rate for families receiving child care assistance. A family eligible under this section shall choose a provider participating in an SRSA in order for a higher rate to be paid. Payments through SRSA's are also limited by the availability of SRSA funds.

(b) Nothing in this section shall be construed to limit parent choice as defined in Minnesota Statutes, section 119B.09, subdivision 5.

(c) The commissioner may allow for startup time for some providers if failing to do so would limit geographic diversity of SRSA providers or a variety of child care delivery models.

Sec. 94. FAMILY, FRIEND, AND NEIGHBOR GRANT PROGRAM.

Subdivision 1. **Establishment.** A family, friend, and neighbor (FFN) grant program is established to promote children's early literacy, healthy development, and school readiness, and to foster community partnerships to promote children's school readiness. The commissioner shall attempt to ensure that grants are made in all areas of the state. The commissioner of human services shall make grants available to fund: community-based organizations, nonprofit organizations, and Indian tribes working with FFN caregivers under subdivision 2, paragraph (a); and community-based partnerships to implement early literacy programs under subdivision 2, paragraph (b).

Subd. 2. **Program components.** (a)(1) Grants that the commissioner awards under this section must be used by community-based organizations, nonprofit organizations, and Indian tribes working with FFN caregivers in local communities, cultural communities, and Indian tribes to:

(i) provide training, support, and resources to FFN caregivers in order to improve and promote children's health, safety, nutrition, and school readiness;

(ii) connect FFN caregivers and children's families with appropriate community resources that support the families' health, mental health, economic, and developmental needs;

(iii) connect FFN caregivers and children's families to early childhood screening programs and facilitate referrals where appropriate;

(iv) provide FFN caregivers and children's families with information about early learning guidelines from the Departments of Human Services and Education;

(v) provide FFN caregivers and children's families with information about becoming a licensed family child care provider; and

(vi) provide FFN caregivers and children's families with information about early learning allowances and enrollment opportunities in high quality community-based child-care and preschool programs.

(2) Grants that the commissioner awards under this paragraph also may be used for:

(i) health and safety and early learning kits for FFN caregivers;

(ii) play-and-learn groups with FFN caregivers;

(iii) culturally appropriate early childhood training for FFN caregivers;

(iv) transportation for FFN caregivers and children's families to school readiness and other early childhood training activities;

(v) other activities that promote school readiness;

(vi) data collection and evaluation;

(vii) staff outreach and outreach activities;

(viii) translation needs; or

(ix) administrative costs that equal up to 12 percent of the recipient's grant award.

(b) Grants that the commissioner awards under this section also must be used to fund partnerships among Minnesota public and regional library systems, community-based organizations, nonprofit organizations, and Indian tribes to implement early literacy programs in low-income communities, including tribal communities, to:

(1) purchase and equip early childhood read-mobiles that provide FFN caregivers and children's families with books, training, and early literacy activities;

(2) provide FFN caregivers and children's families with translations of early childhood books, training, and early literacy activities in native languages; or

(3) provide FFN caregivers and children's families with early literacy activities in local libraries.

Subd. 3. **Grant awards.** Interested entities eligible to receive a grant under this section may apply to the commissioner in the form and manner the commissioner determines. The commissioner shall awards grants to eligible entities consistent with the requirements of this section.

Subd. 4. **Evaluation.** The commissioner, in consultation with early childhood care and education experts at the University of Minnesota, must evaluate the impact of the grants under subdivision 2 on children's school readiness and submit a written report to the human services and education finance and policy committees of the legislature by February 15, 2010.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 95. **CHILD CARE PROVIDER STUDY.**

The commissioner of human services is directed to study the implications of restricting the use of state subsidies in center-based child care to centers meeting state quality standards under Minnesota Statutes, section 124D.175, paragraph (c), and to publish the results no later than January 1, 2010. The study must include:

- (1) the likelihood of there being sufficient child care providers meeting the standards;
- (2) the cost to bring providers up to the standards and how this cost would be funded;
- (3) how the standards and the ratings would be communicated to both parents and the general public; and
- (4) a determination whether a similar system could be implemented for non-center-based care.

Sec. 96. **DIRECTION TO COMMISSIONER.**

(a) The commissioner of human services shall offer a request for proposals to identify a research and evaluation firm with experience working with:

- (1) homeless youth providers;
- (2) data; and
- (3) the topics of housing, homelessness, and a continuum of care for youth.

(b) The research and evaluation firm identified under paragraph (a) shall monitor and evaluate the programs receiving funding under Minnesota Statutes, section 256K.45.

Sec. 97. **REVISOR'S INSTRUCTION.**

(a) The revisor shall renumber Minnesota Statutes, section 626.556, subdivision 3d, as Minnesota Statutes, section 626.556, subdivision 3g.

(b) The revisor shall change references to Minnesota Statutes, section 260.851, to section 260.853 and references to Minnesota Statutes, section 260.851, article 5, to section 260.853, article 4, wherever those references appear in Minnesota Statutes and Minnesota Rules.

Sec. 98. **REPEALER.**

(a) Minnesota Statutes 2006, sections 119B.08, subdivision 4; 256J.29; 256J.37, subdivisions 3a and 3b; and 256J.626, subdivisions 7 and 9, are repealed.

(b) Laws 1997, chapter 8, section 1, is repealed.

(c) Minnesota Rules, part 9560.0102, subpart 2, item C, is repealed.

ARTICLE 2

LICENSING

Section 1. Minnesota Statutes 2006, section 245A.035, is amended to read:

245A.035 ~~RELATIVE FOSTER CARE;~~ UNLICENSED EMERGENCY LICENSE RELATIVE PLACEMENT.

Subdivision 1. **Grant of Emergency license placement.** Notwithstanding section 245A.03, subdivision 2a, or 245C.13, subdivision 2, a county agency may place a child ~~for foster care~~ with a relative who is not licensed to provide foster care, provided the requirements of ~~subdivision 2~~ this section are met. As used in this section, the term "relative" has the meaning given it under section 260C.007, subdivision 27.

Subd. 2. **Cooperation with emergency licensing placement process.** (a) A county agency that places a child with a relative who is not licensed to provide foster care must ~~begin the process of securing an emergency license for the relative as soon as possible and must~~ conduct the initial inspection required by subdivision 3, clause (1), whenever possible, prior to placing the child in the relative's home, but no later than three working days after placing the child in the home. A child placed in the home of a relative who is not licensed to provide foster care must be removed from that home if the relative fails to cooperate with the county agency ~~in securing an emergency foster care license. The commissioner may issue an emergency foster care license to a relative with whom the county agency wishes to place or has placed a child for foster care, or to a relative with whom a child has been placed by court order.~~

(b) If a child is to be placed in the home of a relative not licensed to provide foster care, either the placing agency or the county agency in the county in which the relative lives shall conduct the emergency ~~licensing~~ placement process as required in this section.

Subd. 3. **Requirements for emergency license placement.** Before an emergency ~~license~~ placement may be ~~issued~~ made, the following requirements must be met:

(1) the county agency must conduct an initial inspection of the premises where the ~~foster care placement~~ placement is to be ~~provided~~ made to ensure the health and safety of any child placed in the home. The county agency shall conduct the inspection using a form developed by the commissioner;

(2) at the time of the inspection or placement, whichever is earlier, the county agency must provide the relative being considered for an emergency ~~license~~ placement an application form for a child foster care license;

(3) whenever possible, prior to placing the child in the relative's home, the relative being considered for an emergency license placement shall provide the information required by section 245C.05; and

(4) if the county determines, prior to the ~~issuance of an~~ emergency license placement, that anyone requiring a background study ~~may be prior to licensure of the home is~~ disqualified under ~~section 245C.14 and~~ chapter 245C, and the disqualification is one which the commissioner cannot set aside, an emergency ~~license shall~~ placement must not be ~~issued~~ made.

Subd. 4. **Applicant study.** When the county agency has received the information required by section 245C.05, the county agency shall ~~begin an applicant study according to the procedures in chapter 245C. The commissioner may issue an emergency license upon recommendation of the county agency once the initial inspection has been successfully completed and the information necessary to begin the applicant background study has been provided. If the county agency does not recommend that the emergency license be granted, the agency shall notify the relative in writing that the agency is recommending denial to the commissioner; shall remove any child who has been placed in the home prior to licensure; and shall inform the relative in writing of the procedure to request review pursuant to subdivision 6. An emergency license shall be effective until a child foster care license is granted or denied, but shall in no case remain in effect more than 120 days from the date of placement submit the information to the commissioner according to section 245C.05.~~

Subd. 5. **Child foster care license application.** (a) ~~The relatives with whom the emergency license holder placement has been made shall complete the child foster care license application and necessary paperwork within ten days of the placement. The county agency shall assist the emergency license holder applicant to complete the application. The granting of a child foster care license to a relative shall be under the procedures in this chapter and according to the standards set forth by foster care rule in Minnesota Rules, chapter 2960. In licensing a relative, the commissioner shall consider the importance of maintaining the child's relationship with relatives as an additional significant factor in determining whether to a background study disqualification should be set aside a licensing disqualifier under section 245C.22, or to grant a variance of licensing requirements should be granted under sections 245C.21 to 245C.27 section 245C.30.~~

(b) When the county or private child-placing agency is processing an application for child foster care licensure of a relative as defined in section 260B.007, subdivision 12, or 260C.007, subdivision 27, the county agency or child-placing agency must explain the licensing process to the prospective licensee, including the background study process and the procedure for reconsideration of an initial disqualification for licensure. The county or private child-placing agency must also provide the prospective relative licensee with information regarding appropriate options for legal representation in the pertinent geographic area. If a relative is initially disqualified under section 245C.14, the ~~county or child-placing agency commissioner~~ must provide written notice of the reasons for the disqualification and the right to request a reconsideration by the commissioner as required under section 245C.17.

(c) The commissioner shall maintain licensing data so that activities related to applications and licensing actions for relative foster care providers may be distinguished from other child foster care settings.

Subd. 6. **Denial of emergency license.** ~~If the commissioner denies an application for an emergency foster care license under this section, that denial must be in writing and must include reasons for the denial. Denial of an emergency license is not subject to appeal under chapter 14. The relative may request a review of the denial by submitting to the commissioner a written statement of the reasons an emergency license should be granted. The commissioner shall evaluate the request for review and determine whether to grant the emergency license. The commissioner's review shall be based on a review of the records submitted by the county agency and the relative. Within 15 working days of the receipt of the request for review, the commissioner shall notify the relative requesting review in written form whether the emergency license will be granted. The commissioner's review shall be based on a review of the records submitted by the county agency and the relative. A child shall not be placed or remain placed in the relative's home while the request for review is pending. Denial of an emergency license shall not preclude an individual from reapplying for an emergency license or from applying for a child foster care license. The decision of the commissioner is the final administrative agency action.~~

Sec. 2. Minnesota Statutes 2006, section 245A.10, subdivision 2, is amended to read:

Subd. 2. **County fees for background studies and licensing inspections.** (a) For purposes of family and group family child care licensing under this chapter, a county agency may charge a ~~fee to an applicant or license holder to recover the actual cost of background studies, but in any case not to exceed \$100 annually. A county agency may also charge a~~ license fee to an applicant or license holder to recover the actual cost of licensing inspections, but in any case not to exceed \$150 annually \$50 for a one-year license or \$100 for a two-year license.

(b) A county agency may charge a fee to a legal nonlicensed child care provider or applicant for authorization to recover the actual cost of background studies completed under section 119B.125, but in any case not to exceed \$100 annually.

(c) Counties may elect to reduce or waive the fees in paragraph (a) or (b):

(1) in cases of financial hardship;

(2) if the county has a shortage of providers in the county's area;

(3) for new providers; or

(4) for providers who have attained at least 16 hours of training before seeking initial licensure.

(d) Counties may allow providers to pay the applicant fees in paragraph (a) or (b) on an installment basis for up to one year. If the provider is receiving child care assistance payments from the state, the provider may have the fees under paragraph (a) or (b) deducted from the child care assistance payments for up to one year and the state shall reimburse the county for the county fees collected in this manner.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 3. Minnesota Statutes 2006, section 245A.16, subdivision 1, is amended to read:

Subdivision 1. **Delegation of authority to agencies.** (a) County agencies and private agencies that have been designated or licensed by the commissioner to perform licensing functions and activities under section 245A.04 ~~and background studies for adult foster care, family adult day services, family child care, and child foster care under chapter 245C;~~ to recommend denial of applicants under section 245A.05; to issue correction orders, to issue variances, and recommend a conditional license under section 245A.06, or to recommend suspending or revoking a license or issuing a fine under section 245A.07, shall comply with rules and directives of the commissioner governing those functions and with this section. The following variances are excluded from the delegation of variance authority and may be issued only by the commissioner:

(1) dual licensure of family child care and child foster care, dual licensure of child and adult foster care, and adult foster care and family child care;

(2) adult foster care maximum capacity;

(3) adult foster care minimum age requirement;

(4) child foster care maximum age requirement;

(5) variances regarding disqualified individuals except that county agencies may issue variances under section 245C.30 regarding disqualified individuals when the county is responsible for conducting a consolidated reconsideration according to sections 245C.25 and 245C.27, subdivision 2, clauses (a) and (b), of a county maltreatment determination and a disqualification based on serious or recurring maltreatment; and

(6) the required presence of a caregiver in the adult foster care residence during normal sleeping hours.

(b) County agencies must report:

~~(4) information about disqualification reconsiderations under sections 245C.25 and 245C.27, subdivision 2, clauses paragraphs (a) and (b), and variances granted under paragraph (a), clause (5), to the commissioner at least monthly in a format prescribed by the commissioner; and,~~

~~(2) for relative child foster care applicants and license holders, the number of relatives, as defined in section 260C.007, subdivision 27, and household members of relatives who are disqualified under section 245C.14; the disqualifying characteristics under section 245C.15; the number of these individuals who requested reconsideration under section 245C.21; the number of set-asides under section 245C.22; and variances under section 245C.30 issued. This information shall be reported to the commissioner annually by January 15 of each year in a format prescribed by the commissioner.~~

(c) For family day care programs, the commissioner may authorize licensing reviews every two years after a licensee has had at least one annual review.

(d) For family adult day services programs, the commissioner may authorize licensing reviews every two years after a licensee has had at least one annual review.

(e) A license issued under this section may be issued for up to two years.

(f) The commissioner shall work with counties to determine the cost and propose an ongoing funding allocation from the general fund to cover the cost to counties to implement an annual license review for licensed family child care providers. The commissioner shall solicit input from counties to determine the outcome. The commissioner shall report to the committees of the house of representatives and senate having jurisdiction over early childhood programs by January 15, 2008, as to the costs and the funding allocation recommended for future use.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 4. Minnesota Statutes 2006, section 245A.16, subdivision 3, is amended to read:

Subd. 3. **Recommendations to the commissioner.** The county or private agency shall not make recommendations to the commissioner regarding licensure without first conducting an inspection, ~~and for adult foster care, family adult day services, family child care, and child foster care, a background study of the applicant; and evaluation pursuant to~~ under chapter 245C. The county or private agency must forward its recommendation to the commissioner regarding the appropriate licensing action within 20 working days of receipt of a completed application.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 5. Minnesota Statutes 2006, section 245C.02, is amended by adding a subdivision to read:

Subd. 14a. **Private agency.** "Private agency" has the meaning given in section 245A.02, subdivision 12.

Sec. 6. Minnesota Statutes 2006, section 245C.04, subdivision 1, is amended to read:

Subdivision 1. **Licensed programs.** (a) The commissioner shall conduct a background study of an individual required to be studied under section 245C.03, subdivision 1, at least upon application for initial license for all license types.

(b) The commissioner shall conduct a background study of an individual required to be studied under section 245C.03, subdivision 1, at reapplication for a license for family child care, ~~child foster care, and adult foster care,~~ and family adult day services.

(c) The commissioner is not required to conduct a study of an individual at the time of reapplication for a license if the individual's background study was completed by the commissioner of human services for an adult foster care license holder that is also:

(1) registered under chapter 144D; or

(2) licensed to provide home and community-based services to people with disabilities at the foster care location and the license holder does not reside in the foster care residence; and

(3) the following conditions are met:

(i) a study of the individual was conducted either at the time of initial licensure or when the individual became affiliated with the license holder;

(ii) the individual has been continuously affiliated with the license holder since the last study was conducted; and

(iii) the last study of the individual was conducted on or after October 1, 1995.

(d) From July 1, 2007, to June 30, 2009, the commissioner of human services shall conduct a study of an individual required to be studied under section 245C.03, at the time of reapplication for a child foster care license. The county or private agency shall collect and forward to the commissioner the information required under section 245C.05, subdivisions 1, paragraphs (a) and (b), and 5, paragraphs (a) and (b). The background study conducted by the commissioner of human services under this paragraph must include a review of the information required under section 245C.08, subdivisions 1, paragraph (a), clauses (1) to (4), and 3.

(e) The commissioner of human services shall conduct a background study of an individual specified under section 245C.03, subdivision 1, paragraph (a), clauses (2) to (6), who is newly affiliated with a child foster care license holder. The county or private agency shall collect and forward to the commissioner the information required under section 245C.05, subdivisions 1 and 5. The background study conducted by the commissioner of human services under this paragraph must include a review of the information required under section 245C.08, subdivisions 1, paragraph (a), and 3.

(f) Applicants for licensure, license holders, and other entities as provided in this chapter must submit completed background study forms to the commissioner before individuals specified in section 245C.03, subdivision 1, begin positions allowing direct contact in any licensed program.

~~(e)~~ (g) For purposes of this section, a physician licensed under chapter 147 is considered to be continuously affiliated upon the license holder's receipt from the commissioner of health or human services of the physician's background study results.

Sec. 7. Minnesota Statutes 2006, section 245C.04, subdivision 1, is amended to read:

Subdivision 1. **Licensed programs.** (a) The commissioner shall conduct a background study of an individual required to be studied under section 245C.03, subdivision 1, at least upon application for initial license for all license types.

(b) The commissioner shall conduct a background study of an individual required to be studied under section 245C.03, subdivision 1, at reapplication for a license for ~~family child care~~, child foster care; and adult foster care.

(c) The commissioner is not required to conduct a study of an individual at the time of reapplication for a license if the individual's background study was completed by the commissioner of human services for an adult foster care license holder that is also:

(1) registered under chapter 144D; or

(2) licensed to provide home and community-based services to people with disabilities at the foster care location and the license holder does not reside in the foster care residence; and

(3) the following conditions are met:

(i) a study of the individual was conducted either at the time of initial licensure or when the individual became affiliated with the license holder;

(ii) the individual has been continuously affiliated with the license holder since the last study was conducted; and

(iii) the last study of the individual was conducted on or after October 1, 1995.

(d) From January 1, 2008, to December 31, 2009, the commissioner shall conduct a study of an individual required to be studied under section 245C.03, at the time of reapplication for a family child care license. The county shall collect and forward to the commissioner the information required under section 245C.05, subdivisions 1 and 5. The background study conducted by the commissioner under this paragraph must include a review of the information required under section 245C.08, subdivisions 1, paragraph (a), and 3.

(e) The commissioner shall conduct a background study of an individual specified under section 245C.03, subdivision 1, paragraph (a), clauses (2) to (6), who is newly affiliated with a family child care license holder. The county shall collect and forward to the commissioner the information required under section 245C.05, subdivisions 1 and 5. The background study conducted by the commissioner under this paragraph must include a review of the information required under section 245C.08, subdivisions 1, paragraph (a), and 3.

(f) Applicants for licensure, license holders, and other entities as provided in this chapter must submit completed background study forms to the commissioner before individuals specified in section 245C.03, subdivision 1, begin positions allowing direct contact in any licensed program.

~~(e)~~ (g) For purposes of this section, a physician licensed under chapter 147 is considered to be continuously affiliated upon the license holder's receipt from the commissioner of health or human services of the physician's background study results.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 8. Minnesota Statutes 2006, section 245C.05, subdivision 1, is amended to read:

Subdivision 1. **Individual studied.** (a) The individual who is the subject of the background study must provide the applicant, license holder, or other entity under section 245C.04 with sufficient information to ensure an accurate study, including:

- (1) the individual's first, middle, and last name and all other names by which the individual has been known;
- (2) home address, city, and state of residence;
- (3) zip code;
- (4) sex;
- (5) date of birth; and
- (6) Minnesota driver's license number or state identification number.

(b) Every subject of a background study conducted or initiated by counties or private agencies under this chapter must also provide the home address, city, county, and state of residence for the past five years.

(c) Every subject of a background study related to child foster care licensed through a private agency shall also provide the commissioner a signed consent for the release of any information received from national crime information databases to the private agency that initiated the background study.

(d) The subject of a background study shall provide fingerprints as required in subdivision 5, paragraph (c).

Sec. 9. Minnesota Statutes 2006, section 245C.05, is amended by adding a subdivision to read:

Subd. 2a. **County or private agency.** For background studies related to child foster care, county and private agencies must collect the information under subdivision 1 and forward it to the commissioner.

Sec. 10. Minnesota Statutes 2006, section 245C.05, is amended by adding a subdivision to read:

Subd. 2b. **County agency.** For background studies related to family child care, county agencies must collect the information under subdivision 1 and forward it to the commissioner.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 11. Minnesota Statutes 2006, section 245C.05, subdivision 4, is amended to read:

Subd. 4. **Electronic transmission.** For background studies conducted by the Department of Human Services, the commissioner shall implement a system for the electronic transmission of:

- (1) background study information to the commissioner; ~~and~~
- (2) background study results to the license holder; and
- (3) background study results to county and private agencies for background studies conducted by the commissioner for family child care and child foster care.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 12. Minnesota Statutes 2006, section 245C.05, subdivision 5, is amended to read:

Subd. 5. **Fingerprints.** (a) Except as provided in paragraph (c), for any background study completed under this chapter, when the commissioner has reasonable cause to believe that further pertinent information may exist on the subject of the background study, the subject shall provide the commissioner with a set of classifiable fingerprints obtained from an authorized ~~law enforcement~~ agency.

(b) For purposes of requiring fingerprints, the commissioner has reasonable cause when, but not limited to, the:

(1) information from the Bureau of Criminal Apprehension indicates that the subject is a multistate offender;

(2) information from the Bureau of Criminal Apprehension indicates that multistate offender status is undetermined; or

(3) commissioner has received a report from the subject or a third party indicating that the subject has a criminal history in a jurisdiction other than Minnesota.

(c) Except as specified under section 245C.04, subdivision 1, paragraph (d), for background studies conducted by the commissioner for child foster care, the subject of the background study shall provide the commissioner with a set of classifiable fingerprints obtained from an authorized agency.

Sec. 13. Minnesota Statutes 2006, section 245C.05, subdivision 7, is amended to read:

Subd. 7. **Probation officer and corrections agent.** (a) A probation officer or corrections agent shall notify the commissioner of an individual's conviction if the individual is:

(1) affiliated with a program or facility regulated by the Department of Human Services or Department of Health, a facility serving children or youth licensed by the Department of Corrections, or any type of home care agency or provider of personal care assistance services; and

(2) convicted of a crime constituting a disqualification under section 245C.14.

(b) For the purpose of this subdivision, "conviction" has the meaning given it in section 609.02, subdivision 5.

(c) The commissioner, in consultation with the commissioner of corrections, shall develop forms and information necessary to implement this subdivision and shall provide the forms and information to the commissioner of corrections for distribution to local probation officers and corrections agents.

(d) The commissioner shall inform individuals subject to a background study that criminal convictions for disqualifying crimes will be reported to the commissioner by the corrections system.

(e) A probation officer, corrections agent, or corrections agency is not civilly or criminally liable for disclosing or failing to disclose the information required by this subdivision.

(f) Upon receipt of disqualifying information, the commissioner shall provide the notice required under section 245C.17, as appropriate, to agencies on record as having initiated a background study or making a request for documentation of the background study status of the individual.

(g) This subdivision does not apply to family child care ~~and child foster care~~ programs.

Sec. 14. Minnesota Statutes 2006, section 245C.05, subdivision 7, is amended to read:

Subd. 7. **Probation officer and corrections agent.** (a) A probation officer or corrections agent shall notify the commissioner of an individual's conviction if the individual is:

(1) affiliated with a program or facility regulated by the Department of Human Services or Department of Health, a facility serving children or youth licensed by the Department of Corrections, or any type of home care agency or provider of personal care assistance services; and

(2) convicted of a crime constituting a disqualification under section 245C.14.

(b) For the purpose of this subdivision, "conviction" has the meaning given it in section 609.02, subdivision 5.

(c) The commissioner, in consultation with the commissioner of corrections, shall develop forms and information necessary to implement this subdivision and shall provide the forms and information to the commissioner of corrections for distribution to local probation officers and corrections agents.

(d) The commissioner shall inform individuals subject to a background study that criminal convictions for disqualifying crimes will be reported to the commissioner by the corrections system.

(e) A probation officer, corrections agent, or corrections agency is not civilly or criminally liable for disclosing or failing to disclose the information required by this subdivision.

(f) Upon receipt of disqualifying information, the commissioner shall provide the notice required under section 245C.17, as appropriate, to agencies on record as having initiated a background study or making a request for documentation of the background study status of the individual.

(g) This subdivision does not apply to ~~family child care and~~ child foster care programs.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 15. Minnesota Statutes 2006, section 245C.08, subdivision 1, is amended to read:

Subdivision 1. **Background studies conducted by commissioner of human services.** (a) For a background study conducted by the commissioner, the commissioner shall review:

(1) information related to names of substantiated perpetrators of maltreatment of vulnerable adults that has been received by the commissioner as required under section 626.557, subdivision 9c, paragraph (i);

(2) the commissioner's records relating to the maltreatment of minors in licensed programs, and from ~~county agency~~ findings of maltreatment of minors as indicated through the social service information system;

(3) information from juvenile courts as required in subdivision 4 for individuals listed in section 245C.03, subdivision 1, clauses (2), (5), and (6); ~~and~~

(4) information from the Bureau of Criminal Apprehension;

(5) except as provided in clause (6), information from the national crime information system when the commissioner has reasonable cause as defined under section 245C.05, subdivision 5; and

(6) for a background study related to a child foster care application for licensure, the commissioner shall also review:

(i) information from the child abuse and neglect registry for any state in which the background study subject has resided in for the past five years; and

(ii) information from national crime information databases.

(b) Notwithstanding expungement by a court, the commissioner may consider information obtained under paragraph (a), clauses (3) and (4), unless the commissioner received notice of the petition for expungement and the court order for expungement is directed specifically to the commissioner.

Sec. 16. Minnesota Statutes 2006, section 245C.08, subdivision 2, is amended to read:

Subd. 2. **Background studies conducted by a county or private agency.** (a) For a background study conducted by a county ~~or private~~ agency for ~~child foster care~~, adult foster care, family adult day services, and family child care homes, the commissioner shall review:

(1) information from the county agency's record of substantiated maltreatment of adults and the maltreatment of minors;

(2) information from juvenile courts as required in subdivision 4 for individuals listed in section 245C.03, subdivision 1, clauses (2), (5), and (6);

(3) information from the Bureau of Criminal Apprehension; and

(4) arrest and investigative records maintained by the Bureau of Criminal Apprehension, county attorneys, county sheriffs, courts, county agencies, local police, the National Criminal Records Repository, and criminal records from other states.

(b) If the individual has resided in the county for less than five years, the study shall include the records specified under paragraph (a) for the previous county or counties of residence for the past five years.

(c) Notwithstanding expungement by a court, the county ~~or private~~ agency may consider information obtained under paragraph (a), clauses (3) and (4), unless the commissioner received notice of the petition for expungement and the court order for expungement is directed specifically to the commissioner.

Sec. 17. Minnesota Statutes 2006, section 245C.08, subdivision 2, is amended to read:

Subd. 2. **Background studies conducted by a county or private agency.** (a) For a background study conducted by a county or private agency for child foster care, and adult foster care, ~~and family child care homes~~, the commissioner shall review:

(1) information from the county agency's record of substantiated maltreatment of adults and the maltreatment of minors;

(2) information from juvenile courts as required in subdivision 4 for individuals listed in section 245C.03, subdivision 1, clauses (2), (5), and (6);

(3) information from the Bureau of Criminal Apprehension; and

(4) arrest and investigative records maintained by the Bureau of Criminal Apprehension, county attorneys, county sheriffs, courts, county agencies, local police, the National Criminal Records Repository, and criminal records from other states.

(b) If the individual has resided in the county for less than five years, the study shall include the records specified under paragraph (a) for the previous county or counties of residence for the past five years.

(c) Notwithstanding expungement by a court, the county or private agency may consider information obtained under paragraph (a), clauses (3) and (4), unless the commissioner received notice of the petition for expungement and the court order for expungement is directed specifically to the commissioner.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 18. Minnesota Statutes 2006, section 245C.10, is amended by adding a subdivision to read:

Subd. 4. **Temporary personnel agencies, educational programs, and professional services agencies.** The commissioner shall recover the cost of the background studies initiated by temporary personnel agencies, educational programs, and professional services agencies that initiate background studies under section 245C.03, subdivision 4, through a fee of no more than \$20 per study charged to the agency. In fiscal years 2008 and 2009, the fees collected under this subdivision are appropriated to the commissioner for the purpose of conducting background studies.

Sec. 19. Minnesota Statutes 2006, section 245C.11, subdivision 1, is amended to read:

Subdivision 1. **Adult foster care; criminal conviction data.** For individuals who are required to have background studies under section 245C.03, subdivisions 1 and 2, and who have been continuously affiliated with ~~a~~ an adult foster care provider that is licensed in more than one county, criminal conviction data may be shared among those counties in which the adult foster care programs are licensed. A county agency's receipt of criminal conviction data from another county agency shall meet the criminal data background study requirements of this chapter.

Sec. 20. Minnesota Statutes 2006, section 245C.11, subdivision 2, is amended to read:

Subd. 2. **Jointly licensed programs.** A county agency may accept a background study completed by the commissioner under this chapter in place of the background study required under section 245A.16, subdivision 3, in programs with joint licensure as home and community-based services and adult foster care for people with developmental disabilities when the license holder does not reside in the adult foster care residence and the subject of the study has been continuously affiliated with the license holder since the date of the commissioner's study.

Sec. 21. Minnesota Statutes 2006, section 245C.12, is amended to read:

245C.12 BACKGROUND STUDY; TRIBAL ORGANIZATIONS.

(a) For the purposes of background studies completed by tribal organizations performing licensing activities otherwise required of the commissioner under this chapter, after obtaining consent from the background study subject, tribal licensing agencies shall have access to criminal history data in the same manner as county licensing agencies and private licensing agencies under this chapter.

(b) Tribal organizations may contract with the commissioner to obtain background study data on individuals under tribal jurisdiction related to adoptions according to section 245C.34. Tribal organizations may also contract with the commissioner to obtain background study data on individuals under tribal jurisdiction related to child foster care according to section 245C.34.

Sec. 22. Minnesota Statutes 2006, section 245C.16, subdivision 1, is amended to read:

Subdivision 1. **Determining immediate risk of harm.** (a) If the commissioner determines that the individual studied has a disqualifying characteristic, the commissioner shall review the information immediately available and make a determination as to the subject's immediate risk of harm to persons served by the program where the individual studied will have direct contact.

(b) The commissioner shall consider all relevant information available, including the following factors in determining the immediate risk of harm:

- (1) the recency of the disqualifying characteristic;
- (2) the recency of discharge from probation for the crimes;
- (3) the number of disqualifying characteristics;
- (4) the intrusiveness or violence of the disqualifying characteristic;
- (5) the vulnerability of the victim involved in the disqualifying characteristic;
- (6) the similarity of the victim to the persons served by the program where the individual studied will have direct contact; and
- (7) whether the individual has a disqualification from a previous background study that has not been set aside.

(c) This section does not apply when the subject of a background study is regulated by a health-related licensing board as defined in chapter 214, and the subject is determined to be responsible for substantiated maltreatment under section 626.556 or 626.557.

(d) This section does not apply to a background study related to an initial application for a child foster care license.

(e) If the commissioner has reason to believe, based on arrest information or an active maltreatment investigation, that an individual poses an imminent risk of harm to persons receiving services, the commissioner may order that the person be continuously supervised or immediately removed pending the conclusion of the maltreatment investigation or criminal proceedings.

Sec. 23. Minnesota Statutes 2006, section 245C.17, is amended by adding a subdivision to read:

Subd. 5. **Notice to county or private agency.** For studies on individuals related to a license to provide child foster care, the commissioner shall also provide a notice of the background study results to the county or private agency that initiated the background study.

Sec. 24. Minnesota Statutes 2006, section 245C.17, is amended by adding a subdivision to read:

Subd. 5a. **Notice to county agency.** For studies on individuals related to a license to provide family child care, the commissioner shall also provide a notice of the background study results to the county or private agency that initiated the background study.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 25. Minnesota Statutes 2006, section 245C.21, is amended by adding a subdivision to read:

Subd. 1a. **Submission of reconsideration request to county or private agency.** (a) For disqualifications related to studies conducted by county agencies, and for disqualifications related to studies conducted by the commissioner for child foster care, the individual shall submit the request for reconsideration to the county or private agency that initiated the background study.

(b) A reconsideration request shall be submitted within the time frames specified in subdivision 2.

(c) The county or private agency shall forward the individual's request for reconsideration and provide the commissioner with a recommendation whether to set aside the individual's disqualification.

Sec. 26. Minnesota Statutes 2006, section 245C.21, is amended by adding a subdivision to read:

Subd. 1a. **Submission of reconsideration request to county agency.** (a) For disqualifications related to studies conducted by county agencies, and for disqualifications related to studies conducted by the commissioner for family child care, the individual shall submit the request for reconsideration to the county that initiated the background study.

(b) A reconsideration request shall be submitted within the time frames specified in subdivision 2.

(c) The county agency shall forward the individual's request for reconsideration and provide the commissioner with a recommendation whether to set aside the individual's disqualification.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 27. Minnesota Statutes 2006, section 245C.23, subdivision 2, is amended to read:

Subd. 2. Commissioner's notice of disqualification that is not set aside. (a) The commissioner shall notify the license holder of the disqualification and order the license holder to immediately remove the individual from any position allowing direct contact with persons receiving services from the license holder if:

(1) the individual studied does not submit a timely request for reconsideration under section 245C.21;

(2) the individual submits a timely request for reconsideration, but the commissioner does not set aside the disqualification for that license holder under section 245C.22;

(3) an individual who has a right to request a hearing under sections 245C.27 and 256.045, or 245C.28 and chapter 14 for a disqualification that has not been set aside, does not request a hearing within the specified time; or

(4) an individual submitted a timely request for a hearing under sections 245C.27 and 256.045, or 245C.28 and chapter 14, but the commissioner does not set aside the disqualification under section 245A.08, subdivision 5, or 256.045.

(b) If the commissioner does not set aside the disqualification under section 245C.22, and the license holder was previously ordered under section 245C.17 to immediately remove the disqualified individual from direct contact with persons receiving services or to ensure that the individual is under continuous, direct supervision when providing direct contact services, the order remains in effect pending the outcome of a hearing under sections 245C.27 and 256.045, or 245C.28 and chapter 14.

(c) For background studies related to child foster care, the commissioner shall also notify the county or private agency that initiated the study of the results of the reconsideration.

Sec. 28. Minnesota Statutes 2006, section 245C.23, subdivision 2, is amended to read:

Subd. 2. **Commissioner's notice of disqualification that is not set aside.** (a) The commissioner shall notify the license holder of the disqualification and order the license holder to immediately remove the individual from any position allowing direct contact with persons receiving services from the license holder if:

(1) the individual studied does not submit a timely request for reconsideration under section 245C.21;

(2) the individual submits a timely request for reconsideration, but the commissioner does not set aside the disqualification for that license holder under section 245C.22;

(3) an individual who has a right to request a hearing under sections 245C.27 and 256.045, or 245C.28 and chapter 14 for a disqualification that has not been set aside, does not request a hearing within the specified time; or

(4) an individual submitted a timely request for a hearing under sections 245C.27 and 256.045, or 245C.28 and chapter 14, but the commissioner does not set aside the disqualification under section 245A.08, subdivision 5, or 256.045.

(b) If the commissioner does not set aside the disqualification under section 245C.22, and the license holder was previously ordered under section 245C.17 to immediately remove the disqualified individual from direct contact with persons receiving services or to ensure that the individual is under continuous, direct supervision when providing direct contact services, the order remains in effect pending the outcome of a hearing under sections 245C.27 and 256.045, or 245C.28 and chapter 14.

(c) For background studies related to family child care, the commissioner shall also notify the county that initiated the study of the results of the reconsideration.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 29. Minnesota Statutes 2006, section 245C.24, subdivision 2, is amended to read:

Subd. 2. **Permanent bar to set aside a disqualification.** (a) Except as provided in paragraph (b), the commissioner may not set aside the disqualification of any individual disqualified pursuant to this chapter, in connection with a license to provide family child care for children, foster care for children in the provider's home, or foster care or day care services for adults in the provider's home regardless of how much time has passed, if the individual was disqualified for a crime or conduct listed in section 245C.15, subdivision 1.

(b) For an individual in the chemical dependency field who was disqualified for a crime or conduct listed under section 245C.15, subdivision 1, and whose disqualification was set aside prior to July 1, 2005, the commissioner must consider granting a variance pursuant to section 245C.30 for the license holder for a program dealing primarily with adults. A request for reconsideration evaluated under this paragraph must include a letter of recommendation from the license holder that was subject to the prior set-aside decision addressing the individual's quality of care to children or vulnerable adults and the circumstances of the individual's departure from that service.

Sec. 30. **[245C.33] ADOPTION BACKGROUND STUDY REQUIREMENTS.**

Subdivision 1. **Background studies conducted by commissioner.** Before placement of a child for purposes of adoption, the commissioner shall conduct a background study on individuals listed in section 259.41, subdivision 3, for county agencies and private agencies licensed to place children for adoption.

Subd. 2. **Information and data provided to county or private agency.** The subject of the background study shall provide the following information to the county or private agency:

(1) the information specified in section 245C.05;

(2) a set of classifiable fingerprints obtained from an authorized agency; and

(3) for studies initiated by a private agency, a signed consent for the release of information received from national crime information databases to the private agency.

Subd. 3. **Information and data provided to commissioner.** The county or private agency shall forward the data collected under subdivision 2 to the commissioner.

Subd. 4. **Information commissioner reviews.** (a) The commissioner shall review the following information regarding the background study subject:

(1) the information under section 245C.08, subdivisions 1, 3, and 4;

(2) information from the child abuse and neglect registry for any state in which the subject has resided for the past five years; and

(3) information from national crime information databases.

(b) The commissioner shall provide any information collected under this subdivision to the county or private agency that initiated the background study. The commissioner shall indicate if the information collected shows that the subject of the background study has a conviction listed in United States Code, title 42, section 671(a)(20)(A).

Sec. 31. **[245C.34] ADOPTION AND CHILD FOSTER CARE BACKGROUND STUDIES; TRIBAL ORGANIZATIONS.**

Subdivision 1. **Background studies may be conducted by commissioner.** (a) Tribal organizations may contract with the commissioner under section 245C.12 to obtain background study data on individuals under tribal jurisdiction related to adoptions.

(b) Tribal organizations may contract with the commissioner under section 245C.12 to obtain background study data on individuals under tribal jurisdiction related to child foster care.

(c) Background studies initiated by tribal organizations under paragraphs (a) and (b) must be conducted as provided in subdivisions 2 and 3.

Subd. 2. **Information and data provided to tribal organization.** The background study subject must provide the following information to the tribal organization:

(1) for background studies related to adoptions, the information under section 245C.05;

(2) for background studies related to child foster care, the information under section 245C.05;

(3) a set of classifiable fingerprints obtained from an authorized agency; and

(4) a signed consent for the release of information received from national crime information databases to the tribal organization.

Subd. 3. Information and data provided to commissioner. The tribal organization shall forward the data collected under subdivision 2 to the commissioner.

Subd. 4. Information commissioner reviews. (a) The commissioner shall review the following information regarding the background study subject:

(1) the information under section 245C.08, subdivisions 1, 3, and 4;

(2) information from the child abuse and neglect registry for any state in which the subject has resided for the past five years; and

(3) information from national crime information databases.

(b) The commissioner shall provide any information collected under this subdivision to the tribal organization that initiated the background study. The commissioner shall indicate if the information collected shows that the subject of the background study has a conviction listed in United States Code, title 42, section 671(a)(20)(A).

Sec. 32. Minnesota Statutes 2006, section 259.20, subdivision 2, is amended to read:

Subd. 2. Other applicable law. (a) Portions of chapters 245A, 245C, 257, 260, and 317A may also affect the adoption of a particular child.

(b) Provisions of the Indian Child Welfare Act, United States Code, title 25, chapter 21, sections 1901-1923, may also apply in the adoption of an Indian child, and may preempt specific provisions of this chapter.

(c) Consistent with section 245C.33 and Public Law 109-248, a completed background study is required before the approval of any foster or adoptive placement in a related or an unrelated home.

Sec. 33. Minnesota Statutes 2006, section 259.29, subdivision 1, is amended to read:

Subdivision 1. Best interests of the child. (a) The policy of the state of Minnesota is to ensure that the best interests of the child are met by requiring individualized determination of the needs of the child and of how the adoptive placement will serve the needs of the child.

(b) Among the factors the agency shall consider in determining the needs of the child are those specified under section 260C.193, subdivision 3, paragraph (b).

(c) Except for emergency placements provided for in section 245A.035, a completed background study is required under section 245C.33 before the approval of an adoptive placement in a home.

Sec. 34. Minnesota Statutes 2006, section 259.41, is amended to read:

259.41 ADOPTION STUDY.

Subdivision 1. **Study required before placement; certain relatives excepted.** (a) An approved adoption study; completed background study, as required under section 245C.33; and written report must be completed before the child is placed in a prospective adoptive home under this chapter, except as allowed by section 259.47, subdivision 6. In an agency placement, the report must be filed with the court at the time the adoption petition is filed. In a direct adoptive placement, the report must be filed with the court in support of a motion for temporary preadoptive custody under section 259.47, subdivision 3, or, if the study and report are complete, in support of an emergency order under section 259.47, subdivision 6. The study and report shall be completed by a licensed child-placing agency and must be thorough and comprehensive. The study and report shall be paid for by the prospective adoptive parent, except as otherwise required under section 259.67 or 259.73.

(b) A placement for adoption with an individual who is related to the child, as defined by section 245A.02, subdivision 13, is not subject to this section except as required by ~~section~~ sections 245C.33 and 259.53, subdivision 2, paragraph (c).

(c) In the case of a licensed foster parent seeking to adopt a child who is in the foster parent's care, any portions of the foster care licensing process that duplicate requirements of the home study may be submitted in satisfaction of the relevant requirements of this section.

Subd. 2. **Form of study.** (a) The adoption study must include at least one in-home visit with the prospective adoptive parent. At a minimum, the study must ~~include document~~ the following information about the prospective adoptive parent:

(1) a background ~~check~~ study as required by subdivision 3 and section 245C.33, ~~and~~ including:

(i) an ~~evaluation~~ assessment of the data and information provided by section 245C.33, subdivision 4, to determine if the prospective adoptive parent and any other person over the age of 13 living in the home has a felony conviction consistent with subdivision 3 and section 471(a)(2) of the Social Security Act; and

(ii) an assessment of the effect of a any conviction or finding of substantiated maltreatment on the ability to capacity of the prospective adoptive parent to safely care for and parent a child;

(2) a medical and social history and assessment of current health;

(3) an assessment of potential parenting skills;

(4) an assessment of ability to provide adequate financial support for a child; and

(5) an assessment of the level of knowledge and awareness of adoption issues including, where appropriate, matters relating to interracial, cross-cultural, and special needs adoptions.

(b) The adoption study is the basis for completion of a written report. The report must be in a format specified by the commissioner and must contain recommendations regarding the suitability of the subject of the study to be an adoptive parent.

Subd. 3. **Background ~~check~~; affidavit of history study.** (a) At the time an adoption study is commenced, each prospective adoptive parent must:

- (1) authorize access by the agency to any private data needed to complete the study;
- (2) provide all addresses at which the prospective adoptive parent and anyone in the household over the age of 13 has resided in the previous five years; and
- (3) disclose any names used previously other than the name used at the time of the study.

(b) When the requirements of paragraph (a) have been met, the agency shall immediately ~~begin~~ initiate a background ~~check, study under section 245C.33 to be completed by the commissioner~~ on each person over the age of 13 living in the home, ~~consisting, at a minimum, of the following: As required under section 245C.33 and Public Law 109-248, a completed background study is required before the approval of any foster or adoptive placement in a related or an unrelated home. The required background study must be completed as part of the home study.~~

~~(1) a check of criminal conviction data with the Bureau of Criminal Apprehension and local law enforcement authorities;~~

~~(2) a check for data on substantiated maltreatment of a child or vulnerable adult and domestic violence data with local law enforcement and social services agencies and district courts; and~~

~~(3) for those persons under the age of 25, a check of juvenile court records.~~

~~Notwithstanding the provisions of section 260B.171 or 260C.171, the Bureau of Criminal Apprehension, local law enforcement and social services agencies, district courts, and juvenile courts shall release the requested information to the agency completing the adoption study.~~

~~(c) When paragraph (b) requires checking the data or records of local law enforcement and social services agencies and district and juvenile courts, the agency shall check with the law enforcement and social services agencies and courts whose jurisdictions cover the addresses under paragraph (a), clause (2). In the event that the agency is unable to complete any of the record checks required by paragraph (b), the agency shall document the fact and the agency's efforts to obtain the information.~~

~~(d) For a study completed under this section, when the agency has reasonable cause to believe that further information may exist on the prospective adoptive parent or household member over the age of 13 that may relate to the health, safety, or welfare of the child, the prospective adoptive parent or household member over the age of 13 shall provide the agency with a set of classifiable fingerprints obtained from an authorized law enforcement agency and the agency may obtain criminal history data from the National Criminal Records Repository by submitting fingerprints to the Bureau of Criminal Apprehension. The agency has reasonable cause when, but not limited to, the:~~

~~(1) information from the Bureau of Criminal Apprehension indicates that the prospective adoptive parent or household member over the age of 13 is a multistate offender;~~

~~(2) information from the Bureau of Criminal Apprehension indicates that multistate offender status is undetermined;~~

~~(3) the agency has received a report from the prospective adoptive parent or household member over the age of 13 or a third party indicating that the prospective adoptive parent or household member over the age of 13 has a criminal history in a jurisdiction other than Minnesota; or~~

~~(4) the prospective adoptive parent or household member over the age of 13 is or has been a resident of a state other than Minnesota in the prior five years.~~

~~(e) At any time prior to completion of the background check required under paragraph (b), a prospective adoptive parent may submit to the agency conducting the study a sworn affidavit stating whether they or any person residing in the household have been convicted of a crime. The affidavit shall also state whether the adoptive parent or any other person residing in the household is the subject of an open investigation of, or have been the subject of a substantiated allegation of, child or vulnerable adult maltreatment within the past ten years. A complete description of the crime, open investigation, or substantiated abuse, and a complete description of any sentence, treatment, or disposition must be included. The affidavit must contain an acknowledgment that if, at any time before the adoption is final, a court receives evidence leading to a conclusion that a prospective adoptive parent knowingly gave false information in the affidavit, it shall be determined that the adoption of the child by the prospective adoptive parent is not in the best interests of the child.~~

~~(f) For the purposes of subdivision 1 and section 259.47, subdivisions 3 and 6, an adoption study is complete for placement, even though the background checks required by paragraph (b) have not been completed, if each prospective adoptive parent has completed the affidavit allowed by paragraph (e) and the other requirements of this section have been met. The background checks required by paragraph (b) must be completed before an adoption petition is filed. If an adoption study has been submitted to the court under section 259.47, subdivision 3 or 6, before the background checks required by paragraph (b) were complete, an updated adoption study report which includes the results of the background check must be filed with the adoption petition. In the event that an agency is unable to complete any of the records checks required by paragraph (b), the agency shall submit with the petition to adopt an affidavit documenting the agency's efforts to complete the checks.~~

(c) A home study under paragraph (b) used to consider placement of any child on whose behalf Title IV-E adoption assistance payments are to be made must not be approved if a background study reveals a felony conviction at any time for:

(1) child abuse or neglect;

(2) spousal abuse;

(3) a crime against children, including child pornography; or

(4) a crime involving violence, including rape, sexual assault, or homicide, but not including other physical assault or battery.

(d) A home study under paragraph (b) used to consider placement of any child on whose behalf Title IV-E adoption assistance payments are to be made must not be approved if a background study reveals a felony conviction within the past five years for:

(1) physical assault or battery; or

(2) a drug-related offense.

Subd. 4. Updates to adoption study; period of validity. An agency may update an adoption study and report as needed, regardless of when the original study and report or most recent update was completed. An update must be in a format specified by the commissioner and must verify the continuing accuracy of the elements of the original report and document any changes to elements of the original report. An update to a study and report not originally completed under this section must ensure that the study and report, as updated, meet the requirements of this section. An adoption study is valid if the report has been completed or updated within the previous 12 months.

Sec. 35. Minnesota Statutes 2006, section 259.53, subdivision 2, is amended to read:

Subd. 2. **Adoption agencies; postplacement assessment and report.** (a) The agency to which the petition has been referred under subdivision 1 shall conduct a postplacement assessment and file a report with the court within 90 days of receipt of a copy of the adoption petition. The agency shall send a copy of the report to the commissioner at the time it files the report with the court. The assessment and report must evaluate the environment and antecedents of the child to be adopted, the home of the petitioners, whether placement with the petitioners meets the needs of the child as described in section 259.57, subdivision 2. The report must include a recommendation to the court as to whether the petition should or should not be granted.

In making evaluations and recommendations, the postplacement assessment and report must, at a minimum, address the following:

- (1) the level of adaptation by the prospective adoptive parents to parenting the child;
- (2) the health and well-being of the child in the prospective adoptive parents' home;
- (3) the level of incorporation by the child into the prospective adoptive parents' home, extended family, and community; and
- (4) the level of inclusion of the child's previous history into the prospective adoptive home, such as cultural or ethnic practices, or contact with former foster parents or biological relatives.

(b) A postplacement adoption report is valid for 12 months following its date of completion.

~~(c) If the petitioner is an individual who is related to the child, as defined by section 245A.02, subdivision 13, the agency, as part of its postplacement assessment and report under paragraph (a), shall conduct a background check meeting the requirements of section 259.41, subdivision 3, paragraph (b). The prospective adoptive parent shall cooperate in the completion of the background check by supplying the information and authorizations described in section 259.41, subdivision 3, paragraph (a).~~

~~(d)~~ (c) If the report recommends that the court not grant the petition to adopt the child, the provisions of this paragraph apply. Unless the assessment and report were completed by the local social services agency, the agency completing the report, at the time it files the report with the court under paragraph (a), must provide a copy of the report to the local social services agency in the county where the prospective adoptive parent lives. The agency or local social services agency may recommend that the court dismiss the petition. If the local social services agency determines that continued placement in the home endangers the child's physical or emotional health, the agency shall seek a court order to remove the child from the home.

~~(e)~~ (d) If, through no fault of the petitioner, the agency to whom the petition was referred under subdivision 1, paragraph (b), fails to complete the assessment and file the report within 90 days of the date it received a copy of the adoption petition, the court may hear the petition upon giving the agency and the local social services agency, if different, five days' notice by mail of the time and place of the hearing.

Sec. 36. Minnesota Statutes 2006, section 259.57, subdivision 2, is amended to read:

Subd. 2. **Protection of child's best interests.** (a) The policy of the state of Minnesota is to ensure that the best interests of children are met by requiring an individualized determination of the needs of the child and how the adoptive placement will serve the needs of the child.

(b) Among the factors the court shall consider in determining the needs of the child are those specified under section 260C.193, subdivision 3, paragraph (b). Consistent with section 245C.33 and Public Law 109-248, a complete background study is required before the approval of an adoptive placement in a home.

(c) In reviewing adoptive placement and in determining appropriate adoption, the court shall consider placement, consistent with the child's best interests and in the following order, with (1) a relative or relatives of the child, or (2) an important friend with whom the child has resided or had significant contact. Placement of a child cannot be delayed or denied based on race, color, or national origin of the adoptive parent or the child. Whenever possible, siblings should be placed together unless it is determined not to be in the best interests of a sibling.

(d) If the child's birth parent or parents explicitly request that relatives and important friends not be considered, the court shall honor that request consistent with the best interests of the child.

If the child's birth parent or parents express a preference for placing the child in an adoptive home of the same or a similar religious background to that of the birth parent or parents, the court shall place the child with a family that also meets the birth parent's religious preference. Only if no family is available as described in clause (a) or (b) may the court give preference to a family described in clause (c) that meets the parent's religious preference.

(e) This subdivision does not affect the Indian Child Welfare Act, United States Code, title 25, sections 1901 to 1923, and the Minnesota Indian Family Preservation Act, sections 260.751 to 260.835.

Sec. 37. Minnesota Statutes 2006, section 260C.209, is amended to read:

260C.209 BACKGROUND CHECKS.

Subdivision 1. **Subjects.** The responsible social services agency must ~~conduct~~ initiate a background ~~check~~ study to be completed by the commissioner under ~~this section of chapter 245C on~~ the following individuals:

(1) a noncustodial parent or nonadjudicated parent who is being assessed for purposes of providing day-to-day care of a child temporarily or permanently under section 260C.212, subdivision 4, and any member of the parent's household who is over the age of 13 when there is a reasonable cause to believe that the parent or household member over age 13 has a criminal history or a history of maltreatment of a child or vulnerable adult which would endanger the child's health, safety, or welfare;

(2) an individual whose suitability for relative placement under section 260C.212, subdivision 5, is being determined and any member of the relative's household who is over the age of 13 when:

(i) the relative must be licensed for foster care; or

(ii) the ~~agency must conduct a~~ background study is required under section 259.53, subdivision 2; or

(iii) the agency or the commissioner has reasonable cause to believe the relative or household member over the age of 13 has a criminal history which would not make transfer of permanent legal and physical custody to the relative under section 260C.201, subdivision 11, in the child's best interest; and

(3) a parent, following an out-of-home placement, when the responsible social services agency has reasonable cause to believe that the parent has been convicted of a crime directly related to the parent's capacity to maintain the child's health, safety, or welfare or the parent is the subject of an open investigation of, or has been the subject of a substantiated allegation of, child or vulnerable-adult maltreatment within the past ten years.

"Reasonable cause" means that the agency has received information or a report from the subject or a third person that creates an articulable suspicion that the individual has a history that may pose a risk to the health, safety, or welfare of the child. The information or report must be specific to the potential subject of the background check and shall not be based on the race, religion, ethnic background, age, class, or lifestyle of the potential subject.

Subd. 2. **General procedures.** (a) When ~~conducting~~ initiating a background check under subdivision 1, the agency ~~may~~ shall require the individual being assessed to provide sufficient information to ensure an accurate assessment under this section, including:

- (1) the individual's first, middle, and last name and all other names by which the individual has been known;
- (2) home address, zip code, city, county, and state of residence for the past ~~ten~~ five years;
- (3) sex;
- (4) date of birth; and
- (5) driver's license number or state identification number.

(b) When notified by the commissioner or the responsible social services agency that it is conducting an assessment under this section, the Bureau of Criminal Apprehension, commissioners of health and human services, law enforcement, and county agencies must provide the commissioner or the responsible social services agency or county attorney with the following information on the individual being assessed: criminal history data, reports about the maltreatment of adults substantiated under section 626.557, and reports of maltreatment of minors substantiated under section 626.556.

Subd. 3. **Multistate information.** (a) For ~~any assessment~~ every background study completed under this section, ~~if the responsible social services agency has reasonable cause to believe that the individual is a multistate offender, the individual must~~ the subject of the background study shall provide the responsible social services agency ~~or the county attorney~~ with a set of classifiable fingerprints obtained from an authorized ~~law enforcement~~ agency. The responsible social services agency ~~or county attorney may~~ shall provide the fingerprints to the commissioner, and the commissioner shall obtain criminal history data from the National Criminal Records Repository by submitting the fingerprints to the Bureau of Criminal Apprehension.

(b) ~~For purposes of this subdivision, the responsible social services agency has reasonable cause when, but not limited to:~~

- ~~(1) information from the Bureau of Criminal Apprehension indicates that the individual is a multistate offender;~~
- ~~(2) information from the Bureau of Criminal Apprehension indicates that multistate offender status is undetermined;~~
- ~~(3) the social services agency has received a report from the individual or a third party indicating that the individual has a criminal history in a jurisdiction other than Minnesota; or~~
- ~~(4) the individual is or has been a resident of a state other than Minnesota at any time during the prior ten years.~~

Subd. 4. **Notice upon receipt.** The responsible social services agency commissioner must provide the subject of the background study with the results of the study as required ~~under this section within 15 business days of receipt or at least 15 days prior to the hearing at which the results will be presented, whichever comes first.~~ The subject may provide written information to the agency that the results are incorrect and may provide additional or clarifying information to the agency and to the court through a party to the proceeding. ~~This provision does not apply to any background study conducted under chapters 245A and chapter 245C.~~

Sec. 38. Minnesota Statutes 2006, section 260C.212, subdivision 2, is amended to read:

Subd. 2. **Placement decisions based on best interest of the child.** (a) The policy of the state of Minnesota is to ensure that the child's best interests are met by requiring an individualized determination of the needs of the child and of how the selected placement will serve the needs of the child being placed. The authorized child-placing agency shall place a child, released by court order or by voluntary release by the parent or parents, in a family foster home selected by considering placement with relatives and important friends in the following order:

- (1) with an individual who is related to the child by blood, marriage, or adoption; or
- (2) with an individual who is an important friend with whom the child has resided or had significant contact.
- (b) Among the factors the agency shall consider in determining the needs of the child are the following:

- (1) the child's current functioning and behaviors;
- (2) the medical, educational, and developmental needs of the child;
- (3) the child's history and past experience;
- (4) the child's religious and cultural needs;
- (5) the child's connection with a community, school, and church;
- (6) the child's interests and talents;
- (7) the child's relationship to current caretakers, parents, siblings, and relatives; and

(8) the reasonable preference of the child, if the court, or the child-placing agency in the case of a voluntary placement, deems the child to be of sufficient age to express preferences.

(c) Placement of a child cannot be delayed or denied based on race, color, or national origin of the foster parent or the child.

(d) Siblings should be placed together for foster care and adoption at the earliest possible time unless it is determined not to be in the best interests of a sibling or unless it is not possible after appropriate efforts by the responsible social services agency.

(e) Except for emergency placement as provided for in section 245A.035, a completed background study is required under section 245C.08 before the approval of a foster placement in a related or unrelated home.

ARTICLE 3

HEALTH CARE

Section 1. Minnesota Statutes 2006, section 16A.724, subdivision 2, is amended to read:

Subd. 2. **Transfers.** (a) Notwithstanding section 295.581, to the extent available resources in the health care access fund exceed expenditures in that fund, effective with the biennium beginning July 1, 2007, the commissioner shall transfer funds from the health care access fund to the general fund to offset the costs of MinnesotaCare enrollees shifting to medical assistance due to the implementation of an automated eligibility determination system. The medical assistance costs shall be identified and updated in the November and February forecasts.

(b) In addition to the amounts in paragraph (a), the commissioner of finance shall transfer the excess funds from the health care access fund to the general fund on June 30 of each year, provided that the amount transferred in any fiscal biennium shall not exceed \$96,000,000. For the biennium ending June 30, 2011, the transfer shall not exceed \$48,000,000.

~~(b)~~ (c) For fiscal years 2006 to 2009, MinnesotaCare shall be a forecasted program, and, if necessary, the commissioner shall reduce these transfers from the health care access fund to the general fund to meet annual MinnesotaCare expenditures or, if necessary, transfer sufficient funds from the general fund to the health care access fund to meet annual MinnesotaCare expenditures.

Sec. 2. Minnesota Statutes 2006, section 256.969, subdivision 3a, is amended to read:

Subd. 3a. **Payments.** (a) Acute care hospital billings under the medical assistance program must not be submitted until the recipient is discharged. However, the commissioner shall establish monthly interim payments for inpatient hospitals that have individual patient lengths of stay over 30 days regardless of diagnostic category. Except as provided in section 256.9693, medical assistance reimbursement for treatment of mental illness shall be reimbursed based on diagnostic classifications. Individual hospital payments established under this section and sections 256.9685, 256.9686, and 256.9695, in addition to third party and recipient liability, for discharges occurring during the rate year shall not exceed, in aggregate, the charges for the medical assistance covered inpatient services paid for the same period of time to the hospital. This payment limitation shall be calculated separately for medical assistance and general assistance medical care services. The limitation on general assistance medical care shall be effective for admissions occurring on or after July 1, 1991. Services that have rates established under subdivision 11 or 12, must be limited separately from other services. After consulting with the affected hospitals, the commissioner may consider related hospitals one entity and may merge the payment rates while maintaining separate provider numbers. The operating and property base rates per admission or per day shall be derived from the best Medicare and claims data available when rates are established. The commissioner shall determine the best Medicare and claims data, taking into consideration variables of recency of the data, audit disposition, settlement status, and the ability to set rates in a timely manner. The commissioner shall notify hospitals of payment rates by December 1 of the year preceding the rate year. The rate setting data must reflect the admissions data used to establish relative values. Base year changes from 1981 to the base year established for the rate year beginning January 1, 1991, and for subsequent rate years, shall not be limited to the limits ending June 30, 1987, on the maximum rate of increase under subdivision 1. The commissioner may adjust base year cost, relative value, and case mix index data to exclude the costs of services that have been discontinued by the October 1 of the year preceding the rate year or that are paid separately from inpatient services. Inpatient stays that encompass portions of two or more rate years shall have payments established based on payment rates in effect at the time of admission unless the date of admission preceded the rate year in effect by six months or more. In this case, operating payment rates for services rendered during the rate year in effect and established based on the date of admission shall be adjusted to the rate year in effect by the hospital cost index.

(b) For fee-for-service admissions occurring on or after July 1, 2002, the total payment, before third-party liability and spenddown, made to hospitals for inpatient services is reduced by .5 percent from the current statutory rates.

(c) In addition to the reduction in paragraph (b), the total payment for fee-for-service admissions occurring on or after July 1, 2003, made to hospitals for inpatient services before third-party liability and spenddown, is reduced five percent from the current statutory rates. Mental health services within diagnosis related groups 424 to 432, ~~and~~ facilities defined under subdivision 16, and, effective for admissions occurring on or after July 1, 2007, a long-term hospital as designated by the Medicare program that is located in a city of the first class as defined in section 410.01, are excluded from this paragraph.

(d) In addition to the reduction in paragraphs (b) and (c), the total payment for fee-for-service admissions occurring on or after July 1, 2005, made to hospitals for inpatient services before third-party liability and spenddown, is reduced 6.0 percent from the current statutory rates. Mental health services within diagnosis related groups 424 to 432 ~~and~~ facilities defined under subdivision 16, and, effective for admissions occurring on or after July 1, 2007, a long-term hospital as designated by the Medicare program that is located in a city of the first class as defined in section 410.01, are excluded from this paragraph. Notwithstanding section 256.9686, subdivision 7, for purposes of this paragraph, medical assistance does not include general assistance medical care. Payments made to managed care plans shall be reduced for services provided on or after January 1, 2006, to reflect this reduction.

Sec. 3. Minnesota Statutes 2006, section 256.969, subdivision 9, is amended to read:

Subd. 9. **Disproportionate numbers of low-income patients served.** (a) For admissions occurring on or after October 1, 1992, through December 31, 1992, the medical assistance disproportionate population adjustment shall comply with federal law and shall be paid to a hospital, excluding regional treatment centers and facilities of the federal Indian Health Service, with a medical assistance inpatient utilization rate in excess of the arithmetic mean. The adjustment must be determined as follows:

(1) for a hospital with a medical assistance inpatient utilization rate above the arithmetic mean for all hospitals excluding regional treatment centers and facilities of the federal Indian Health Service but less than or equal to one standard deviation above the mean, the adjustment must be determined by multiplying the total of the operating and property payment rates by the difference between the hospital's actual medical assistance inpatient utilization rate and the arithmetic mean for all hospitals excluding regional treatment centers and facilities of the federal Indian Health Service; and

(2) for a hospital with a medical assistance inpatient utilization rate above one standard deviation above the mean, the adjustment must be determined by multiplying the adjustment that would be determined under clause (1) for that hospital by 1.1. If federal matching funds are not available for all adjustments under this subdivision, the commissioner shall reduce payments on a pro rata basis so that all adjustments qualify for federal match. The commissioner may establish a separate disproportionate population operating payment rate adjustment under the general assistance medical care program. For purposes of this subdivision medical assistance does not include general assistance medical care. The commissioner shall report annually on the number of hospitals likely to receive the adjustment authorized by this paragraph. The commissioner shall specifically report on the adjustments received by public hospitals and public hospital corporations located in cities of the first class.

(b) For admissions occurring on or after July 1, 1993, the medical assistance disproportionate population adjustment shall comply with federal law and shall be paid to a hospital, excluding regional treatment centers and facilities of the federal Indian Health Service, with a medical assistance inpatient utilization rate in excess of the arithmetic mean. The adjustment must be determined as follows:

(1) for a hospital with a medical assistance inpatient utilization rate above the arithmetic mean for all hospitals excluding regional treatment centers and facilities of the federal Indian Health Service but less than or equal to one standard deviation above the mean, the adjustment must be determined by multiplying the total of the operating and property payment rates by the difference between the hospital's actual medical assistance inpatient utilization rate and the arithmetic mean for all hospitals excluding regional treatment centers and facilities of the federal Indian Health Service;

(2) for a hospital with a medical assistance inpatient utilization rate above one standard deviation above the mean, the adjustment must be determined by multiplying the adjustment that would be determined under clause (1) for that hospital by 1.1. The commissioner may establish a separate disproportionate population operating payment rate adjustment under the general assistance medical care program. For purposes of this subdivision, medical assistance does not include general assistance medical care. The commissioner shall report annually on the number of hospitals likely to receive the adjustment authorized by this paragraph. The commissioner shall specifically report on the adjustments received by public hospitals and public hospital corporations located in cities of the first class;

(3) for a hospital that had medical assistance fee-for-service payment volume during calendar year 1991 in excess of 13 percent of total medical assistance fee-for-service payment volume, a medical assistance disproportionate population adjustment shall be paid in addition to any other disproportionate payment due under this subdivision as follows: \$1,515,000 due on the 15th of each month after noon, beginning July 15, 1995. For a hospital that had medical assistance fee-for-service payment volume during calendar year 1991 in excess of eight percent of total medical assistance fee-for-service payment volume and was the primary hospital affiliated with the University of Minnesota, a medical assistance disproportionate population adjustment shall be paid in addition to any other disproportionate payment due under this subdivision as follows: \$505,000 due on the 15th of each month after noon, beginning July 15, 1995; and

(4) effective August 1, 2005, the payments in paragraph (b), clause (3), shall be reduced to zero.

(c) The commissioner shall adjust rates paid to a health maintenance organization under contract with the commissioner to reflect rate increases provided in paragraph (b), clauses (1) and (2), on a nondiscounted hospital-specific basis but shall not adjust those rates to reflect payments provided in clause (3).

(d) If federal matching funds are not available for all adjustments under paragraph (b), the commissioner shall reduce payments under paragraph (b), clauses (1) and (2), on a pro rata basis so that all adjustments under paragraph (b) qualify for federal match.

(e) For purposes of this subdivision, medical assistance does not include general assistance medical care.

(f) For hospital services occurring on or after July 1, 2005, ~~to June 30, 2007,~~ general assistance medical care expenditures ~~for fee-for-service inpatient and outpatient hospital services made by the department and by prepaid health plans participating in general assistance medical care effective July 1, 2007, payments under section 256B.199 shall be considered Medicaid disproportionate share hospital payments, except as limited below by clauses (1) to (5);~~

(1) only the portion of Minnesota's disproportionate share hospital allotment under section 1923(f) of the Social Security Act that is not spent on the disproportionate population adjustments in paragraph (b), clauses (1) and (2), may be used ~~for general assistance medical care expenditures;~~

(2) only those ~~general assistance medical care~~ expenditures made to hospitals that qualify for disproportionate share payments under section 1923 of the Social Security Act and the Medicaid state plan may be considered disproportionate share hospital payments;

(3) only those ~~general assistance medical care~~ expenditures made to an individual hospital that would not cause the hospital to exceed its individual hospital limits under section 1923 of the Social Security Act may be considered; ~~and~~

(4) ~~general assistance medical care~~ expenditures may be considered only to the extent of Minnesota's aggregate allotment under section 1923 of the Social Security Act.

All hospitals and prepaid health plans participating in general assistance medical care must provide any necessary expenditure, cost, and revenue information required by the commissioner as necessary for purposes of obtaining federal Medicaid matching funds for ~~general assistance medical care expenditures.~~ Medicaid disproportionate share payments; and

(5) expenditures under general assistance medical care shall be used to the fullest extent before payments under section 256B.199.

(g) Upon federal approval of the related state plan amendment, paragraph (f) is effective retroactively from July 1, 2005, or the earliest effective date approved by the Centers for Medicare and Medicaid Services.

Sec. 4. Minnesota Statutes 2006, section 256.969, is amended by adding a subdivision to read:

Subd. 28. **Long-term hospital payment adjustment.** For admissions occurring on or after July 1, 2009, the commissioner shall increase the medical assistance payments to a long-term hospital with a medical assistance inpatient utilization rate of 17.95 percent of total patient days as of the base year in effect on July 1, 2005, by an amount equal to 13 percent of the total of the operating and property payment rates. Payments made to managed care plans shall not reflect this payment increase. For purposes of this subdivision, medical assistance does not include general assistance medical care. Payments to a hospital under this subdivision shall be reduced by the amount of any payments made under subdivision 27.

Sec. 5. Minnesota Statutes 2006, section 256B.04, subdivision 14, is amended to read:

Subd. 14. **Competitive bidding.** (a) When determined to be effective, economical, and feasible, the commissioner may utilize volume purchase through competitive bidding and negotiation under the provisions of chapter 16C, to provide items under the medical assistance program including but not limited to the following:

- (1) eyeglasses;
 - (2) oxygen. The commissioner shall provide for oxygen needed in an emergency situation on a short-term basis, until the vendor can obtain the necessary supply from the contract dealer;
 - (3) hearing aids and supplies; and
 - (4) durable medical equipment, including but not limited to:
 - (i) hospital beds;
 - (ii) commodes;
 - (iii) glide-about chairs;
 - (iv) patient lift apparatus;
 - (v) wheelchairs and accessories;
 - (vi) oxygen administration equipment;
 - (vii) respiratory therapy equipment;
 - (viii) electronic diagnostic, therapeutic and life support systems;
 - (5) special nonemergency transportation services level of need determinations, disbursement of public transportation passes and tokens, and volunteer and recipient mileage and parking reimbursements; and
 - (6) drugs.
- (b) Rate changes under this chapter and chapters 256D and 256L do not affect contract payments under this subdivision unless specifically identified.

Sec. 6. Minnesota Statutes 2006, section 256B.04, is amended by adding a subdivision to read:

Subd. 14a. **Level of need determination.** Nonemergency medical transportation level of need determinations must be performed by a physician, a registered nurse working under direct supervision of a physician, a physician's assistant, a nurse practitioner, a licensed practical nurse, or a discharge planner. Nonemergency medical transportation level of need determinations must not be performed more than semiannually on any individual, unless the individual's circumstances have sufficiently changed so as to require a new level of need determination. Individuals residing in licensed nursing facilities and individuals requiring stretcher transportation are exempt from a level of need determination and are eligible for special transportation services until the individual no longer resides in a licensed nursing facility or no longer requires stretcher transportation.

Sec. 7. Minnesota Statutes 2006, section 256B.056, is amended by adding a subdivision to read:

Subd. 1d. **Treatment of certain monetary gifts.** The commissioner shall disregard as income any portion of a monetary gift received by an applicant or enrollee that is designated to purchase a prosthetic device not covered by insurance, other third-party payers, or medical assistance.

Sec. 8. Minnesota Statutes 2006, section 256B.0625, subdivision 3f, is amended to read:

Subd. 3f. **Circumcision for newborns.** ~~Newborn~~ Circumcision is not covered, unless the procedure is medically necessary ~~or required because of a well-established religious practice.~~

Sec. 9. Minnesota Statutes 2006, section 256B.0625, is amended by adding a subdivision to read:

Subd. 8d. **Chiropractic services.** Medical assistance covers the following medically necessary chiropractic services: one initial or progress exam per year, manual manipulation of the spine, and x-rays.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 10. Minnesota Statutes 2006, section 256B.0625, subdivision 13c, is amended to read:

Subd. 13c. **Formulary committee.** The commissioner, after receiving recommendations from professional medical associations and professional pharmacy associations, and consumer groups shall designate a Formulary Committee to carry out duties as described in subdivisions 13 to 13g. The Formulary Committee shall be comprised of four licensed physicians actively engaged in the practice of medicine in Minnesota one of whom must be actively engaged in the treatment of persons with mental illness; at least three licensed pharmacists actively engaged in the practice of pharmacy in Minnesota; and one consumer representative; the remainder to be made up of health care professionals who are licensed in their field and have recognized knowledge in the clinically appropriate prescribing, dispensing, and monitoring of covered outpatient drugs. Members of the Formulary Committee shall not be employed by the Department of Human Services, but the committee shall be staffed by an employee of the department who shall serve as an ex officio, nonvoting member of the ~~board~~ committee. The department's medical director shall also serve as an ex officio, nonvoting member for the committee. Committee members shall serve three-year terms and may be reappointed by the commissioner. The Formulary Committee shall meet at least quarterly. The commissioner may require more frequent Formulary Committee meetings as needed. An honorarium of \$100 per meeting and reimbursement for mileage shall be paid to each committee member in attendance.

Sec. 11. Minnesota Statutes 2006, section 256B.0625, subdivision 13d, is amended to read:

Subd. 13d. **Drug formulary.** (a) The commissioner shall establish a drug formulary. Its establishment and publication shall not be subject to the requirements of the Administrative Procedure Act, but the Formulary Committee shall review and comment on the formulary contents.

(b) The formulary shall not include:

- (1) drugs or products for which there is no federal funding;
- (2) over-the-counter drugs, except as provided in subdivision 13;
- (3) drugs used for weight loss, except that medically necessary lipase inhibitors may be covered for a recipient with type II diabetes;
- (4) drugs when used for the treatment of impotence or erectile dysfunction;
- (5) drugs for which medical value has not been established; and
- (6) drugs from manufacturers who have not signed a rebate agreement with the Department of Health and Human Services pursuant to section 1927 of title XIX of the Social Security Act.

(c) If a single-source drug used by at least two percent of the fee-for-service medical assistance recipients is removed from the formulary due to the failure of the manufacturer to sign a rebate agreement with the Department of Health and Human Services, the commissioner shall notify prescribing practitioners within 30 days of receiving notification from the Centers for Medicare and Medicaid Services (CMS) that a rebate agreement was not signed.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 12. Minnesota Statutes 2006, section 256B.0625, is amended by adding a subdivision to read:

Subd. 13i. **Medicare Part D.** Notwithstanding subdivision 13, paragraph (d), for recipients who are enrolled in a Medicare Part D prescription drug plan or Medicare Advantage special needs plan, medical assistance covers co-payments which the recipient is responsible for under a Medicare Part D prescription drug plan or Medicare Advantage special needs plan, once the recipient has paid \$12 per month in prescription drug co-payments, and according to the requirements of the plan.

Sec. 13. Minnesota Statutes 2006, section 256B.0625, subdivision 17, is amended to read:

Subd. 17. **Transportation costs.** (a) Medical assistance covers transportation costs incurred solely for obtaining emergency medical care or transportation costs incurred by eligible persons in obtaining emergency or nonemergency medical care when paid directly to an ambulance company, common carrier, or other recognized providers of transportation services.

(b) Medical assistance covers special transportation, as defined in Minnesota Rules, part 9505.0315, subpart 1, item F, if the recipient has a physical or mental impairment that would prohibit the recipient from safely accessing and using a bus, taxi, other commercial transportation, or private automobile.

The commissioner may use an order by the recipient's attending physician to certify that the recipient requires special transportation services. Special transportation includes driver-assisted service to eligible individuals. Driver-assisted service includes passenger pickup at and return to the individual's residence or place of business, assistance with admittance of the individual to the medical facility, and assistance in passenger securement or in securing of wheelchairs or stretchers in the vehicle. Special transportation providers must obtain written documentation from the health care service provider who is serving the recipient being transported, identifying the time that the recipient arrived. Special transportation providers may not bill for separate base rates for the continuation of a trip beyond the original destination. Special transportation providers must take recipients to the nearest appropriate health care provider, using the ~~most-direct~~ quickest route available as determined by a commercially available mileage software program approved by the commissioner. The maximum medical assistance reimbursement rates for special transportation services are:

(1) \$17 for the base rate and ~~\$1.35~~ \$1.43 per mile for services to eligible persons who need a wheelchair-accessible van;

(2) \$11.50 for the base rate and \$1.30 per mile for services to eligible persons who do not need a wheelchair-accessible van; and

(3) \$60 for the base rate and \$2.40 per mile, and an attendant rate of \$9 per trip, for services to eligible persons who need a stretcher-accessible vehicle.

Sec. 14. Minnesota Statutes 2006, section 256B.0625, subdivision 18a, is amended to read:

Subd. 18a. **Access to medical services.** (a) Medical assistance reimbursement for meals for persons traveling to receive medical care may not exceed \$5.50 for breakfast, \$6.50 for lunch, or \$8 for dinner.

(b) Medical assistance reimbursement for lodging for persons traveling to receive medical care may not exceed \$50 per day unless prior authorized by the local agency.

(c) Medical assistance direct mileage reimbursement to ~~the an~~ eligible person or ~~the an~~ eligible person's ~~driver~~ may not exceed 20 cents per mile friend, neighbor, or relative that is providing direct transportation to a covered service shall be at 15 cents below the current Internal Revenue Service mileage reimbursement for business purposes.

(d) Medical assistance covers oral language interpreter services when provided by an enrolled health care provider during the course of providing a direct, person-to-person covered health care service to an enrolled recipient with limited English proficiency.

Sec. 15. Minnesota Statutes 2006, section 256B.0625, is amended by adding a subdivision to read:

Subd. 49. **Community health worker.** (a) Medical assistance covers the care coordination and patient education services provided by a community health worker if the community health worker has:

(1) received a certificate from the Minnesota State Colleges and Universities System approved community health worker curriculum; or

(2) at least five years of supervised experience with an enrolled physician or advanced practice registered nurse.

Community health workers eligible for payment under clause (2) must complete the certification program by January 1, 2010, to continue to be eligible for payment.

(b) Community health workers must work under the supervision of a medical assistance enrolled physician or advanced practice registered nurse.

Sec. 16. Minnesota Statutes 2006, section 256B.0644, is amended to read:

256B.0644 REIMBURSEMENT UNDER OTHER STATE HEALTH CARE PROGRAMS.

(a) A vendor of medical care, as defined in section 256B.02, subdivision 7, and a health maintenance organization, as defined in chapter 62D, must participate as a provider or contractor in the medical assistance program, general assistance medical care program, and MinnesotaCare as a condition of participating as a provider in health insurance plans and programs or contractor for state employees established under section 43A.18, the public employees insurance program under section 43A.316, for health insurance plans offered to local statutory or

home rule charter city, county, and school district employees, the workers' compensation system under section 176.135, and insurance plans provided through the Minnesota Comprehensive Health Association under sections 62E.01 to 62E.19. The limitations on insurance plans offered to local government employees shall not be applicable in geographic areas where provider participation is limited by managed care contracts with the Department of Human Services.

(b) For providers other than health maintenance organizations, participation in the medical assistance program means that:

(1) the provider accepts new medical assistance, general assistance medical care, and MinnesotaCare patients ~~or~~;

(2) for providers other than dental service providers, at least 20 percent of the provider's patients are covered by medical assistance, general assistance medical care, and MinnesotaCare as their primary source of coverage, ~~or~~ or

(3) for dental service providers, at least ten percent of the provider's patients are covered by medical assistance, general assistance medical care, and MinnesotaCare as their primary source of coverage, or the provider accepts new medical assistance and MinnesotaCare patients who are children with special health care needs. For purposes of this section, "children with special health care needs" means children up to age 18 who: (i) require health and related services beyond that required by children generally; and (ii) have or are at risk for a chronic physical, developmental, behavioral, or emotional condition, including: bleeding and coagulation disorders; immunodeficiency disorders; cancer; endocrinopathy; developmental disabilities; epilepsy, cerebral palsy, and other neurological diseases; visual impairment or deafness; Down syndrome and other genetic disorders; autism; fetal alcohol syndrome; and other conditions designated by the commissioner after consultation with representatives of pediatric dental providers and consumers.

(c) Patients seen on a volunteer basis by the provider at a location other than the provider's usual place of practice may be considered in meeting ~~this~~ the participation requirement in this section. The commissioner shall establish participation requirements for health maintenance organizations. The commissioner shall provide lists of participating medical assistance providers on a quarterly basis to the commissioner of employee relations, the commissioner of labor and industry, and the commissioner of commerce. Each of the commissioners shall develop and implement procedures to exclude as participating providers in the program or programs under their jurisdiction those providers who do not participate in the medical assistance program. The commissioner of employee relations shall implement this section through contracts with participating health and dental carriers.

Sec. 17. [256B.0751] CARE COORDINATION FOR CHILDREN WITH HIGH-COST MEDICAL CONDITIONS.

Subdivision 1. Care coordination required. (a) The commissioner of human services shall contract with the U special kids program to provide care coordination, beginning October 1, 2007, for medical assistance enrollees who are children with high-cost medical conditions, and to perform the other duties specified in this section.

(b) For purposes of this section, "care coordination" means collaboration with primary care physicians and specialists to manage care, development of medical management plans for recurrent acute illnesses, oversight and coordination of all aspects of care in partnership with families, organization of medical information into a summary of critical information, coordination and appropriate sequencing of tests and multiple appointments, information and assistance with accessing resources, and telephone triage for acute illnesses or problems.

Subd. 2. Referrals. The commissioner shall develop a mechanism to refer children to the U special kids program for care coordination. Beginning October 1, 2007, and subject to the limits on total program enrollment specified in subdivision 3, the commissioner shall refer to the U special kids program children who:

(1) incur medical expenses that exceed the qualifying level specified in subdivision 3;

(2) have medical conditions that involve four or more major systems; require multiple specialists; require use of technology such as G-tube, trach, central line, or oxygen; and require multiple medications;

(3) do not have a medical case manager for cancer, organ transplantation, epilepsy, or bone marrow replacement; and

(4) voluntarily agree to participate in the program.

Subd. 3. **Qualifying level of medical expenses.** (a) For the period October 1, 2007, through September 30, 2008, the commissioner shall refer children for care coordination under this section if they incurred medical expenses of \$500,000 or more during the fiscal year ending June 30, 2007.

(b) For the period October 1, 2008, through September 30, 2009, the commissioner shall refer children for care coordination under this section if they incurred medical expenses of \$400,000 or more during the fiscal year ending June 30, 2008.

(c) For the period October 1, 2009, through September 30, 2010, the commissioner shall refer children for care coordination under this section if they incurred medical expenses of \$300,000 or more during the fiscal year ending June 30, 2009.

(d) Beginning October 1, 2010, the commissioner shall refer children for care coordination under this section if they incurred medical expenses of \$250,000 or more during the previous fiscal year.

(e) The commissioner shall limit referrals to the extent necessary to ensure that total enrollment in the U special kids program does not exceed 100 children for the period October 1, 2007, through September 30, 2008, and does not exceed 150 children beginning October 1, 2008.

Subd. 4. **Case management.** Beginning October 1, 2007, the U special kids program shall coordinate all nonmedical case management services provided to children who are required to receive care coordination under this section. The program may require all nonmedical case managers, including, but not limited to, county case managers and case managers for children served under a home and community-based waiver, to submit care plans for approval, and to document client compliance with the care plans. The U special kids program, beginning October 1, 2008, may employ or contract with nonmedical case managers to provide all nonmedical case management services to children required to receive care coordination under this section. The commissioner shall reimburse the U special kids program for case management services through the medical assistance program.

Subd. 5. **Statewide availability of care coordination.** The U special kids program may contract with other entities to provide care coordination services as defined in subdivision 1, in order to ensure the availability of these services in all regions of the state.

Subd. 6. **Advance practice nurse telephone triage system.** The U special kids program shall establish and operate an advance practice nurse telephone triage system that is available statewide, 24 hours a day, seven days per week. The system must provide advance practice nurses with access to a Web-based information system to appropriately triage medical problems, manage care, and reduce unnecessary hospitalizations.

Subd. 7. **Monitoring and evaluation.** The commissioner shall monitor program outcomes and evaluate the extent to which referrals to the U special kids program have improved the quality and coordination of care and provided financial savings to the medical assistance program. The U special kids program shall submit to the commissioner, in the form and manner specified by the commissioner, all data and information necessary to monitor program outcomes and evaluate the program. The commissioner shall present a preliminary evaluation to the legislature by January 15, 2008, and a final evaluation to the legislature by January 15, 2010.

EFFECTIVE DATE. This section is effective October 1, 2007, or upon federal approval, whichever is later.

Sec. 18. **[256B.0752] CARE COORDINATION FOR CHILDREN WITH HIGH-COST MENTAL HEALTH CONDITIONS.**

Subdivision 1. Care coordination required. (a) The commissioner of human services shall contract with the U special kids program to provide care coordination, beginning October 1, 2007, for medical assistance enrollees who are children with high-cost mental health conditions and behavioral problems, and to perform the other duties specified in this section.

(b) For purposes of this section, "care coordination" means: collaboration with primary care physicians and specialists to manage care; development of mental health management plans for recurrent mental health issues; oversight and coordination of all aspects of care in partnership with families; organization of medical, treatment, and therapy information into a summary of critical information; coordination and appropriate sequencing of evaluations and multiple appointments; information and assistance with accessing resources; and telephone triage for behavior or other problems.

Subd. 2. Referrals. The commissioner shall develop a mechanism to refer children to the program for care coordination. Beginning October 1, 2007, and subject to the limits on total program enrollment specified in subdivision 3, the commissioner shall refer to the U special kids program children who:

- (1) incur mental health expenses that exceed the qualifying level specified in subdivision 3;
- (2) are currently receiving or at risk of needing inpatient mental health treatment, foster home care, or both; and
- (3) voluntarily agree to participate in the program.

Subd. 3. Qualifying level of medical expenses. (a) Beginning October 1, 2007, the commissioner shall refer children for care coordination under this section if they incurred medical and mental health expenses of \$250,000 or more in the previous fiscal year.

(b) The commissioner shall limit referrals to the extent necessary to ensure that total enrollment in the U special kids program does not exceed 25 children for the period October 1, 2007, through September 30, 2008; does not exceed 75 children for the period October 1, 2008, through September 30, 2009; and does not exceed 125 children beginning October 1, 2009.

Subd. 4. Case management. The U special kids program, beginning October 1, 2007, shall coordinate all nonmedical case management services provided to children who are required to receive care coordination under this section. The program may require all nonmedical case managers, including but not limited to county case managers and case managers for children served under a home and community-based waiver, to submit care plans for approval, and to document client compliance with the care plans. The U special kids program, beginning October 1, 2008, may employ or contract with nonmedical case managers to provide all nonmedical case management services to children required to receive care coordination under this section. The commissioner shall reimburse the U special kids program for case management services through the medical assistance program.

Subd. 5. Statewide availability of care coordination. The program may contract with other entities to provide care coordination services as defined in subdivision 1, in order to ensure the availability of these services in all regions of the state.

Subd. 6. Monitoring and evaluation. The commissioner shall monitor program outcomes and shall evaluate the extent to which referrals to the U special kids program have improved the quality and coordination of care and provided financial savings to the medical assistance program. The U special kids program shall submit to the commissioner, in the form and manner specified by the commissioner, all data and information necessary to monitor program outcomes and evaluate the program. The commissioner shall present a preliminary evaluation to the legislature by January 15, 2008, and a final evaluation to the legislature by January 15, 2010.

EFFECTIVE DATE. This section is effective October 1, 2007, or upon federal approval, whichever is later. The commissioner shall notify the Office of the Revisor of Statutes when federal approval is obtained.

Sec. 19. **[256B.194] FEDERAL PAYMENTS.**

Subdivision 1. Payments at actual cost. If the Centers for Medicare & Medicaid Services (CMS) promulgates a final rule consistent with its stated intent in the proposed rule published at 72 Federal Register, No. 11, January 18, 2007, regarding limiting payments to units of government, and notwithstanding Minnesota Statutes or Minnesota Rules to the contrary, for providers that are units of government, the commissioner may limit medical assistance and MinnesotaCare payments to a provider's actual cost of providing services, in accordance with the CMS final rule. If a final rule is promulgated, the commissioner may also require medical assistance and MinnesotaCare providers to provide any information necessary to determine Medicaid-related costs, and require the cooperation of providers in any audit or review necessary to ensure payments are limited to cost. This section does not apply to providers who are exempt from the provisions of the CMS final rule.

Subd. 2. Loss of federal financial participation. For all transfers, certified expenditures, and medical assistance payments listed below, if the commissioner determines that federal financial participation is no longer available for the medical assistance payments listed, then related obligations for the nonfederal share of payments and the medical assistance payments shall terminate. The commissioner shall notify all affected parties of the loss of federal financial participation, and the resulting payments and obligations that are terminated. If the commissioner determines that federal financial participation is no longer available for any medical assistance payments or contributions to the nonfederal share of medical assistance payments that have already been made, the commissioner may collect the medical assistance payments from providers and return contributions of the nonfederal share to its source. The transfers, certified expenditures, and medical assistance payments subject to this section are those specified in: sections 62J.692, subdivision 7, paragraphs (b) and (c); 256B.19, subdivisions 1c and 1d; 256B.195; 256B.431, subdivision 23; and 256B.69, subdivision 5c, paragraph (a), clauses (2), (3), and (4); Laws 2002, chapter 220, article 17, section 2, subdivision 3; and Laws 2005, First Special Session chapter 4, article 9, section 2, subdivision 1.

Sec. 20. Minnesota Statutes 2006, section 256B.199, is amended to read:

256B.199 PAYMENTS REPORTED BY GOVERNMENTAL ENTITIES.

(a) Hennepin County; ~~and Hennepin County Medical Center, Ramsey County, Regions Hospital, the University of Minnesota, and Fairview University Medical Center~~ shall report quarterly to the commissioner beginning June 1, 2007, payments made during the second previous quarter that may qualify for reimbursement under federal law.

(b) Based on these reports, the commissioner shall apply for federal matching funds. These funds are appropriated to the commissioner for ~~the payments under section 256.969, subdivision 27~~ to Hennepin County Medical Center.

(c) By May 1 of each year, beginning May 1, 2007, the commissioner shall inform the nonstate entities listed in paragraph (a) of the amount of federal disproportionate share hospital payment money expected to be available in the current federal fiscal year.

~~(d) This section sunsets on June 30, 2009. The commissioner shall report to the legislature by December 15, 2008, with recommendations for maximizing federal disproportionate share hospital payments after June 30, 2009.~~

Sec. 21. Minnesota Statutes 2006, section 256B.75, is amended to read:

256B.75 HOSPITAL OUTPATIENT REIMBURSEMENT.

(a) For outpatient hospital facility fee payments for services rendered on or after October 1, 1992, the commissioner of human services shall pay the lower of (1) submitted charge, or (2) 32 percent above the rate in effect on June 30, 1992, except for those services for which there is a federal maximum allowable payment. Effective for services rendered on or after January 1, 2000, payment rates for nonsurgical outpatient hospital facility fees and emergency room facility fees shall be increased by eight percent over the rates in effect on December 31, 1999, except for those services for which there is a federal maximum allowable payment. Services for which there is a federal maximum allowable payment shall be paid at the lower of (1) submitted charge, or (2) the federal maximum allowable payment. Total aggregate payment for outpatient hospital facility fee services shall not exceed the Medicare upper limit. If it is determined that a provision of this section conflicts with existing or future requirements of the United States government with respect to federal financial participation in medical assistance, the federal requirements prevail. The commissioner may, in the aggregate, prospectively reduce payment rates to avoid reduced federal financial participation resulting from rates that are in excess of the Medicare upper limitations.

(b) Notwithstanding paragraph (a), payment for outpatient, emergency, and ambulatory surgery hospital facility fee services for critical access hospitals designated under section 144.1483, clause (10), shall be paid on a cost-based payment system that is based on the cost-finding methods and allowable costs of the Medicare program. All hospital outpatient services provided by any hospital exclusively devoted to the care of pediatric patients under age 21 that is located in a Minnesota metropolitan statistical area must be paid for using the methodology established for critical access hospitals at a rate equal to fee-for-service rates plus 46 percent, as limited by allowable costs.

(c) Effective for services provided on or after July 1, 2003, rates that are based on the Medicare outpatient prospective payment system shall be replaced by a budget neutral prospective payment system that is derived using medical assistance data. The commissioner shall provide a proposal to the 2003 legislature to define and implement this provision.

(d) For fee-for-service services provided on or after July 1, 2002, the total payment, before third-party liability and spenddown, made to hospitals for outpatient hospital facility services is reduced by .5 percent from the current statutory rate.

(e) In addition to the reduction in paragraph (d), the total payment for fee-for-service services provided on or after July 1, 2003, made to hospitals for outpatient hospital facility services before third-party liability and spenddown, is reduced five percent from the current statutory rates. Facilities defined under section 256.969, subdivision 16, are excluded from this paragraph.

EFFECTIVE DATE. This section is effective July 1, 2007, and applies to services provided on or after that date.

Sec. 22. Minnesota Statutes 2006, section 256B.76, is amended to read:

256B.76 PHYSICIAN AND DENTAL REIMBURSEMENT.

(a) Effective for services rendered on or after October 1, 1992, the commissioner shall make payments for physician services as follows:

(1) payment for level one Centers for Medicare and Medicaid Services' common procedural coding system codes titled "office and other outpatient services," "preventive medicine new and established patient," "delivery, antepartum, and postpartum care," "critical care," cesarean delivery and pharmacologic management provided to

psychiatric patients, and level three codes for enhanced services for prenatal high risk, shall be paid at the lower of (i) submitted charges, or (ii) 25 percent above the rate in effect on June 30, 1992. If the rate on any procedure code within these categories is different than the rate that would have been paid under the methodology in section 256B.74, subdivision 2, then the larger rate shall be paid;

(2) payments for all other services shall be paid at the lower of (i) submitted charges, or (ii) 15.4 percent above the rate in effect on June 30, 1992;

(3) all physician rates shall be converted from the 50th percentile of 1982 to the 50th percentile of 1989, less the percent in aggregate necessary to equal the above increases except that payment rates for home health agency services shall be the rates in effect on September 30, 1992;

(4) effective for services rendered on or after January 1, 2000, payment rates for physician and professional services shall be increased by three percent over the rates in effect on December 31, 1999, except for home health agency and family planning agency services; and

(5) the increases in clause (4) shall be implemented January 1, 2000, for managed care.

(b) Effective for services rendered on or after October 1, 1992, the commissioner shall make payments for dental services as follows:

(1) dental services shall be paid at the lower of (i) submitted charges, or (ii) 25 percent above the rate in effect on June 30, 1992;

(2) dental rates shall be converted from the 50th percentile of 1982 to the 50th percentile of 1989, less the percent in aggregate necessary to equal the above increases;

(3) effective for services rendered on or after January 1, 2000, payment rates for dental services shall be increased by three percent over the rates in effect on December 31, 1999;

(4) the commissioner shall award grants to community clinics or other nonprofit community organizations, political subdivisions, professional associations, or other organizations that demonstrate the ability to provide dental services effectively to public program recipients. Grants may be used to fund the costs related to coordinating access for recipients, developing and implementing patient care criteria, upgrading or establishing new facilities, acquiring furnishings or equipment, recruiting new providers, or other development costs that will improve access to dental care in a region. In awarding grants, the commissioner shall give priority to applicants that plan to serve areas of the state in which the number of dental providers is not currently sufficient to meet the needs of recipients of public programs or uninsured individuals. The commissioner shall consider the following in awarding the grants:

(i) potential to successfully increase access to an underserved population;

(ii) the ability to raise matching funds;

(iii) the long-term viability of the project to improve access beyond the period of initial funding;

(iv) the efficiency in the use of the funding; and

(v) the experience of the proposers in providing services to the target population.

The commissioner shall monitor the grants and may terminate a grant if the grantee does not increase dental access for public program recipients. The commissioner shall consider grants for the following:

(i) implementation of new programs or continued expansion of current access programs that have demonstrated success in providing dental services in underserved areas;

(ii) a pilot program for utilizing hygienists outside of a traditional dental office to provide dental hygiene services; and

(iii) a program that organizes a network of volunteer dentists, establishes a system to refer eligible individuals to volunteer dentists, and through that network provides donated dental care services to public program recipients or uninsured individuals;

(5) beginning October 1, 1999, the payment for tooth sealants and fluoride treatments shall be the lower of (i) submitted charge, or (ii) 80 percent of median 1997 charges;

(6) the increases listed in clauses (3) and (5) shall be implemented January 1, 2000, for managed care; and

(7) effective for services provided on or after January 1, 2002, payment for diagnostic examinations and dental x-rays provided to children under age 21 shall be the lower of (i) the submitted charge, or (ii) 85 percent of median 1999 charges.

(c) Effective for dental services rendered on or after January 1, 2002, the commissioner may, ~~within the limits of available appropriation,~~ increase reimbursements to dentists and dental clinics deemed by the commissioner to be critical access dental providers. ~~Reimbursement to a critical access dental provider may be increased by not more than 50 percent above the reimbursement rate that would otherwise be paid to the provider. Payments to~~ For dental services rendered after June 30, 2007, the commissioner shall increase reimbursement by 33 percent above the reimbursement rate that would otherwise be paid to the provider. The commissioner shall pay the health plan companies shall be adjusted in amounts sufficient to reflect increased reimbursements to critical access dental providers as approved by the commissioner. In determining which dentists and dental clinics shall be deemed critical access dental providers, the commissioner shall review:

(1) the utilization rate in the service area in which the dentist or dental clinic operates for dental services to patients covered by medical assistance, general assistance medical care, or MinnesotaCare as their primary source of coverage;

(2) the level of services provided by the dentist or dental clinic to patients covered by medical assistance, general assistance medical care, or MinnesotaCare as their primary source of coverage; and

(3) whether the level of services provided by the dentist or dental clinic is critical to maintaining adequate levels of patient access within the service area.

In the absence of a critical access dental provider in a service area, the commissioner may designate a dentist or dental clinic as a critical access dental provider if the dentist or dental clinic is willing to provide care to patients covered by medical assistance, general assistance medical care, or MinnesotaCare at a level which significantly increases access to dental care in the service area.

~~The commissioner shall annually establish a reimbursement schedule for critical access dental providers and provider specific limits on total reimbursement received under the reimbursement schedule, and shall notify each critical access dental provider of the schedule and limit.~~

(d) An entity that operates both a Medicare certified comprehensive outpatient rehabilitation facility and a facility which was certified prior to January 1, 1993, that is licensed under Minnesota Rules, parts 9570.2000 to 9570.3600, and for whom at least 33 percent of the clients receiving rehabilitation services in the most recent

calendar year are medical assistance recipients, shall be reimbursed by the commissioner for rehabilitation services at rates that are 38 percent greater than the maximum reimbursement rate allowed under paragraph (a), clause (2), when those services are (1) provided within the comprehensive outpatient rehabilitation facility and (2) provided to residents of nursing facilities owned by the entity.

(e) Effective for services rendered on or after January 1, 2007, the commissioner shall make payments for physician and professional services based on the Medicare relative value units (RVU's). This change shall be budget neutral and the cost of implementing RVU's will be incorporated in the established conversion factor.

Sec. 23. Minnesota Statutes 2006, section 256D.03, subdivision 4, is amended to read:

Subd. 4. **General assistance medical care; services.** (a)(i) For a person who is eligible under subdivision 3, paragraph (a), clause (2), item (i), general assistance medical care covers, except as provided in paragraph (c):

- (1) inpatient hospital services;
- (2) outpatient hospital services;
- (3) services provided by Medicare certified rehabilitation agencies;
- (4) prescription drugs and other products recommended through the process established in section 256B.0625, subdivision 13;
- (5) equipment necessary to administer insulin and diagnostic supplies and equipment for diabetics to monitor blood sugar level;
- (6) eyeglasses and eye examinations provided by a physician or optometrist;
- (7) hearing aids;
- (8) prosthetic devices;
- (9) laboratory and X-ray services;
- (10) physician's services;
- (11) medical transportation except special transportation;
- (12) chiropractic services as covered under the medical assistance program;
- (13) podiatric services;
- (14) dental services as covered under the medical assistance program;
- (15) outpatient services provided by a mental health center or clinic that is under contract with the county board and is established under section 245.62;
- (16) day treatment services for mental illness provided under contract with the county board;
- (17) prescribed medications for persons who have been diagnosed as mentally ill as necessary to prevent more restrictive institutionalization;

(18) psychological services, medical supplies and equipment, and Medicare premiums, coinsurance and deductible payments;

(19) medical equipment not specifically listed in this paragraph when the use of the equipment will prevent the need for costlier services that are reimbursable under this subdivision;

(20) services performed by a certified pediatric nurse practitioner, a certified family nurse practitioner, a certified adult nurse practitioner, a certified obstetric/gynecological nurse practitioner, a certified neonatal nurse practitioner, or a certified geriatric nurse practitioner in independent practice, if (1) the service is otherwise covered under this chapter as a physician service, (2) the service provided on an inpatient basis is not included as part of the cost for inpatient services included in the operating payment rate, and (3) the service is within the scope of practice of the nurse practitioner's license as a registered nurse, as defined in section 148.171;

(21) services of a certified public health nurse or a registered nurse practicing in a public health nursing clinic that is a department of, or that operates under the direct authority of, a unit of government, if the service is within the scope of practice of the public health nurse's license as a registered nurse, as defined in section 148.171;

(22) telemedicine consultations, to the extent they are covered under section 256B.0625, subdivision 3b; ~~and~~

(23) mental health telemedicine and psychiatric consultation as covered under section 256B.0625, subdivisions 46 and 48;

(24) care coordination and patient education services provided by a community health worker according to section 256B.0625, subdivision 49; and

(25) regardless of the number of employees that an enrolled health care provider may have, sign language interpreter services when provided by an enrolled health care provider during the course of providing a direct, person-to-person covered health care service to an enrolled recipient who has a hearing loss and uses interpreting services.

(ii) Effective October 1, 2003, for a person who is eligible under subdivision 3, paragraph (a), clause (2), item (ii), general assistance medical care coverage is limited to inpatient hospital services, including physician services provided during the inpatient hospital stay. A \$1,000 deductible is required for each inpatient hospitalization.

(b) Effective August 1, 2005, sex reassignment surgery is not covered under this subdivision.

(c) In order to contain costs, the commissioner of human services shall select vendors of medical care who can provide the most economical care consistent with high medical standards and shall where possible contract with organizations on a prepaid capitation basis to provide these services. The commissioner shall consider proposals by counties and vendors for prepaid health plans, competitive bidding programs, block grants, or other vendor payment mechanisms designed to provide services in an economical manner or to control utilization, with safeguards to ensure that necessary services are provided. Before implementing prepaid programs in counties with a county operated or affiliated public teaching hospital or a hospital or clinic operated by the University of Minnesota, the commissioner shall consider the risks the prepaid program creates for the hospital and allow the county or hospital the opportunity to participate in the program in a manner that reflects the risk of adverse selection and the nature of the patients served by the hospital, provided the terms of participation in the program are competitive with the terms of other participants considering the nature of the population served. Payment for services provided pursuant to this subdivision shall be as provided to medical assistance vendors of these services under sections 256B.02, subdivision 8, and 256B.0625. For payments made during fiscal year 1990 and later years, the commissioner shall consult with an independent actuary in establishing prepayment rates, but shall retain final control over the rate methodology.

(d) Effective January 1, 2008, drug coverage under general assistance medical care is limited to prescription drugs that:

(i) are covered under the medical assistance program as described in section 256B.0625, subdivisions 13 and 13d; and

(ii) are provided by manufacturers that have fully executed general assistance medical care rebate agreements with the commissioner and comply with the agreements. Prescription drug coverage under general assistance medical care must conform to coverage under the medical assistance program according to section 256B.0625, subdivisions 13 to 13g.

~~(d)~~ (e) Recipients eligible under subdivision 3, paragraph (a), shall pay the following co-payments for services provided on or after October 1, 2003:

(1) \$25 for eyeglasses;

(2) \$25 for nonemergency visits to a hospital-based emergency room;

(3) \$3 per brand-name drug prescription and \$1 per generic drug prescription, subject to a \$12 per month maximum for prescription drug co-payments. No co-payments shall apply to antipsychotic drugs when used for the treatment of mental illness; and

(4) 50 percent coinsurance on restorative dental services.

~~(e)~~ (f) Co-payments shall be limited to one per day per provider for nonpreventive visits, eyeglasses, and nonemergency visits to a hospital-based emergency room. Recipients of general assistance medical care are responsible for all co-payments in this subdivision. The general assistance medical care reimbursement to the provider shall be reduced by the amount of the co-payment, except that reimbursement for prescription drugs shall not be reduced once a recipient has reached the \$12 per month maximum for prescription drug co-payments. The provider collects the co-payment from the recipient. Providers may not deny services to recipients who are unable to pay the co-payment, except as provided in paragraph (f).

~~(f)~~ (g) If it is the routine business practice of a provider to refuse service to an individual with uncollected debt, the provider may include uncollected co-payments under this section. A provider must give advance notice to a recipient with uncollected debt before services can be denied.

~~(g)~~ (h) Any county may, from its own resources, provide medical payments for which state payments are not made.

~~(h)~~ (i) Chemical dependency services that are reimbursed under chapter 254B must not be reimbursed under general assistance medical care.

~~(i)~~ (j) The maximum payment for new vendors enrolled in the general assistance medical care program after the base year shall be determined from the average usual and customary charge of the same vendor type enrolled in the base year.

~~(j)~~ (k) The conditions of payment for services under this subdivision are the same as the conditions specified in rules adopted under chapter 256B governing the medical assistance program, unless otherwise provided by statute or rule.

~~(k)~~ (l) Inpatient and outpatient payments shall be reduced by five percent, effective July 1, 2003. This reduction is in addition to the five percent reduction effective July 1, 2003, and incorporated by reference in paragraph (i).

~~(h)~~ (m) Payments for all other health services except inpatient, outpatient, and pharmacy services shall be reduced by five percent, effective July 1, 2003.

~~(m)~~ (n) Payments to managed care plans shall be reduced by five percent for services provided on or after October 1, 2003.

~~(n)~~ (o) A hospital receiving a reduced payment as a result of this section may apply the unpaid balance toward satisfaction of the hospital's bad debts.

~~(o)~~ (p) Fee-for-service payments for nonpreventive visits shall be reduced by \$3 for services provided on or after January 1, 2006. For purposes of this subdivision, a visit means an episode of service which is required because of a recipient's symptoms, diagnosis, or established illness, and which is delivered in an ambulatory setting by a physician or physician ancillary, chiropractor, podiatrist, advance practice nurse, audiologist, optician, or optometrist.

~~(p)~~ (q) Payments to managed care plans shall not be increased as a result of the removal of the \$3 nonpreventive visit co-payment effective January 1, 2006.

Sec. 24. Minnesota Statutes 2006, section 256L.03, subdivision 5, is amended to read:

Subd. 5. **Co-payments and coinsurance.** (a) Except as provided in paragraphs (b) and (c), the MinnesotaCare benefit plan shall include the following co-payments and coinsurance requirements for all enrollees:

(1) ten percent of the paid charges for inpatient hospital services for adult enrollees, subject to an annual inpatient out-of-pocket maximum of \$1,000 per individual and \$3,000 per family;

(2) \$3 per prescription for adult enrollees;

(3) \$25 for eyeglasses for adult enrollees;

(4) \$3 per nonpreventive visit. For purposes of this subdivision, a "visit" means an episode of service which is required because of a recipient's symptoms, diagnosis, or established illness, and which is delivered in an ambulatory setting by a physician or physician ancillary, chiropractor, podiatrist, nurse midwife, advanced practice nurse, audiologist, optician, or optometrist; and

(5) \$6 for nonemergency visits to a hospital-based emergency room.

(b) Paragraph (a), clause (1), does not apply to parents and relative caretakers of children under the age of 21 in households with family income equal to or less than 175 percent of the federal poverty guidelines. Paragraph (a), clause (1), does not apply to parents and relative caretakers of children under the age of 21 in households with family income greater than 175 percent of the federal poverty guidelines for inpatient hospital admissions occurring on or after January 1, 2001.

(c) Paragraph (a), ~~clauses (1) to (4), do~~ does not apply to pregnant women and children under the age of 21.

(d) Adult enrollees with family gross income that exceeds 175 percent of the federal poverty guidelines and who are not pregnant shall be financially responsible for the coinsurance amount, if applicable, and amounts which exceed the \$10,000 inpatient hospital benefit limit.

(e) When a MinnesotaCare enrollee becomes a member of a prepaid health plan, or changes from one prepaid health plan to another during a calendar year, any charges submitted towards the \$10,000 annual inpatient benefit limit, and any out-of-pocket expenses incurred by the enrollee for inpatient services, that were submitted or incurred prior to enrollment, or prior to the change in health plans, shall be disregarded.

Sec. 25. Minnesota Statutes 2006, section 256L.04, subdivision 1, is amended to read:

Subdivision 1. **Families with children.** (a) Families with children with family income equal to or less than 275 percent of the federal poverty guidelines for the applicable family size shall be eligible for MinnesotaCare according to this section. All other provisions of sections 256L.01 to 256L.18, including the insurance-related barriers to enrollment under section 256L.07, shall apply unless otherwise specified.

(b) Parents who enroll in the MinnesotaCare program must also enroll their children, if the children are eligible. Children may be enrolled separately without enrollment by parents. However, if one parent in the household enrolls, both parents must enroll, unless other insurance is available. If one child from a family is enrolled, all children must be enrolled, unless other insurance is available. If one spouse in a household enrolls, the other spouse in the household must also enroll, unless other insurance is available. Families cannot choose to enroll only certain uninsured members.

(c) Beginning October 1, 2003, the dependent sibling definition no longer applies to the MinnesotaCare program. These persons are no longer counted in the parental household and may apply as a separate household.

(d) Beginning July 1, 2003, or upon federal approval, whichever is later, parents are not eligible for MinnesotaCare if their gross income exceeds ~~\$50,000~~ \$25,000 for the six-month period of eligibility.

Sec. 26. Minnesota Statutes 2006, section 256L.04, subdivision 12, is amended to read:

Subd. 12. **Persons in detention.** Beginning January 1, 1999, an applicant residing in a correctional or detention facility is not eligible for MinnesotaCare. An enrollee residing in a correctional or detention facility is not eligible at renewal of eligibility under section 256L.05, subdivision ~~3b~~ 3a.

Sec. 27. Minnesota Statutes 2006, section 256L.11, subdivision 7, is amended to read:

Subd. 7. **Critical access dental providers.** Effective for dental services provided to MinnesotaCare enrollees ~~on or after between January 1, 2007, and June 30, 2007,~~ the commissioner shall increase payment rates to dentists and dental clinics deemed by the commissioner to be critical access providers under section 256B.76, paragraph (c), by 50 percent above the payment rate that would otherwise be paid to the provider. Effective for dental services provided to MinnesotaCare enrollees on or after July 1, 2007, the commissioner shall increase payment rates to dentists and dental clinics deemed by the commissioner to be critical access providers under section 256B.76, paragraph (c), by 33 percent above the payment rate that would otherwise be paid to the provider. The commissioner shall ~~adjust the rates paid on or after January 1, 2007, to pay the~~ prepaid health plans under contract with the commissioner amounts sufficient to reflect this rate increase. The prepaid health plan must pass this rate increase to providers who have been identified by the commissioner as critical access dental providers under section 256B.76, paragraph (c).

Sec. 28. **HENNEPIN COUNTY PILOT PROJECT.**

The commissioner of human services shall support a pilot project in Hennepin County to demonstrate the effectiveness of alternative strategies to redetermine eligibility for certain recipient populations in the medical assistance program. The target populations for the demonstration are persons who are eligible based upon disability or age, who have chronic medical conditions, and who are expected to experience minimal change in income or

assets from month to month. The commissioner and the county shall analyze the issues and strategies employed and the outcomes to determine reasonable efforts to streamline eligibility statewide. The duration of the pilot project shall be no more than two years. The commissioner shall apply for any federal waivers needed to implement this section.

Sec. 29. **COUNTY-BASED PURCHASING STUDY.**

The commissioner of health shall study county-based purchasing initiatives established under Minnesota Statutes, section 256B.692, and compare these initiatives to managed care plans serving medical assistance, general assistance medical care, and MinnesotaCare enrollees. The study must:

(1) provide a history and description of county-based purchasing initiatives, including state and federal requirements and any federal waivers Minnesota counties have applied for or received;

(2) provide a history and description of managed care plan participation in the prepaid medical assistance, prepaid general assistance medical care, and prepaid Minnesota programs, and the provision by managed care plans of third-party administrator services for county-based purchasing initiatives;

(3) provide relevant data, including limitations on data, data that was requested but not received, and explanations for why requested data was not received;

(4) provide recommendations for further data collection and research;

(5) summarize successes and challenges of the two service delivery methods;

(6) provide recommendations for possible expansion of county-based purchasing in rural and urban settings; and

(7) identify and describe features of county-based purchasing and managed care plans serving medical assistance, general assistance medical care, and MinnesotaCare enrollees, to provide a comparison of cost, quality, access, and community health improvement that includes, but is not limited to:

(i) descriptions of how health care and social services are integrated and coordinated for persons with complex care needs, including persons with high-risk pregnancies, adolescents, persons who are disabled, persons who are elderly, and persons with chronic health care and social needs;

(ii) use of monetary grants and surpluses to:

(A) increase provider reimbursement, including dental care reimbursement, in order to improve health care access; and

(B) improve community health beyond the requirements of the public health care programs, such as the funding of public education, research, and community initiatives to enhance utilization of preventive services, social services, or mental health care;

(iii) administrative costs, including billing and collection of unpaid fees, co-pays or other charges, and top five management salaries;

(iv) reporting requirements of contracts with the Department of Human Services;

(v) public access to all information about management and administration, including but not limited to provider contracts and reimbursement, models of care management and coordination, utilization review, contracts with consultants and other vendors, handling of monetary grants and surpluses, and health outcomes data;

(vi) provider reimbursement by clinical practice area;

(vii) populations served, described by age, disability, income, race, language, occupation, and other demographic characteristics;

(viii) utilization of community-based prevention interventions, including but not limited to public health nursing visits to new parents, use of nurse-managed interventions to reduce cardiac hospitalizations, and the use of medical homes for chronic disease management;

(ix) utilization of cancer screening;

(x) utilization of interpreter services;

(xi) immunization rates for children age five and under;

(xii) hospitalization rates for conditions related to diabetes, asthma, or cardiac illnesses;

(xiii) rates of rehospitalization within a month of hospital discharge;

(xiv) coordination with county agencies to increase enrollment;

(xv) number of new program enrollees and the rate of enrollment, including the percentage of eligible persons who become enrollees;

(xvi) enrollee satisfaction with their care; and

(xvii) number of enrollees who do not receive care.

Managed care plans, county-based purchasing initiatives, health care providers, counties, and the commissioner of human services shall, upon request, provide data to the commissioner of health that is necessary to complete the study. The commissioner of health shall submit the study to the legislature by December 31, 2007.

Sec. 30. **GRANT FOR TOLL-FREE HEALTH CARE ACCESS NUMBER.**

The commissioner of human services shall award a grant to the Neighborhood Health Care Network to pay the costs of maintaining and staffing a toll-free telephone number to provide callers with information on health coverage options, eligibility for MinnesotaCare and other health care programs, and health care providers that offer free or reduced-cost health care services.

Sec. 31. **IMPLEMENTATION OF PHARMACY DISPENSING FEE INCREASE.**

The commissioner, after consulting with the Pharmacy Payment Reform Advisory Committee established under Laws 2006, chapter 282, article 16, section 15, may proportionally increase or decrease the dispensing fee for multiple-source generic drugs under Minnesota Statutes, section 256B.0625, subdivision 13e, paragraph (a), to reflect the actual amount of reductions in program cost for ingredient reimbursement savings obtained.

EFFECTIVE DATE. This section is effective upon implementation of changes to the federal upper reimbursement limit under title VI, chapter IV of the federal Deficit Reduction Act of 2005, United States Code, title 42, section 1396r-8(e)(5).

Sec. 32. **REPEALER.**

Minnesota Statutes 2006, section 256.969, subdivision 27, is repealed effective July 1, 2007.

ARTICLE 4

CONTINUING CARE

Section 1. Minnesota Statutes 2006, section 144A.071, subdivision 4c, is amended to read:

Subd. 4c. **Exceptions for replacement beds after June 30, 2003.** (a) The commissioner of health, in coordination with the commissioner of human services, may approve the renovation, replacement, upgrading, or relocation of a nursing home or boarding care home, under the following conditions:

(1) to license and certify an 80-bed city-owned facility in Nicollet County to be constructed on the site of a new city-owned hospital to replace an existing 85-bed facility attached to a hospital that is also being replaced. The threshold allowed for this project under section 144A.073 shall be the maximum amount available to pay the additional medical assistance costs of the new facility;

(2) to license and certify 29 beds to be added to an existing 69-bed facility in St. Louis County, provided that the 29 beds must be transferred from active or layaway status at an existing facility in St. Louis County that had 235 beds on April 1, 2003.

The licensed capacity at the 235-bed facility must be reduced to 206 beds, but the payment rate at that facility shall not be adjusted as a result of this transfer. The operating payment rate of the facility adding beds after completion of this project shall be the same as it was on the day prior to the day the beds are licensed and certified. This project shall not proceed unless it is approved and financed under the provisions of section 144A.073;

(3) to license and certify a new 60-bed facility in Austin, provided that: (i) 45 of the new beds are transferred from a 45-bed facility in Austin under common ownership that is closed and 15 of the new beds are transferred from a 182-bed facility in Albert Lea under common ownership; (ii) the commissioner of human services is authorized by the 2004 legislature to negotiate budget-neutral planned nursing facility closures; and (iii) money is available from planned closures of facilities under common ownership to make implementation of this clause budget-neutral to the state. The bed capacity of the Albert Lea facility shall be reduced to 167 beds following the transfer. Of the 60 beds at the new facility, 20 beds shall be used for a special care unit for persons with Alzheimer's disease or related dementias; ~~and~~

(4) to license and certify up to 80 beds transferred from an existing state-owned nursing facility in Cass County to a new facility located on the grounds of the Ah-Gwah-Ching campus. The operating cost payment rates for the new facility shall be determined based on the interim and settle-up payment provisions of Minnesota Rules, part 9549.0057, and the reimbursement provisions of section 256B.431. The property payment rate for the first three years of operation shall be \$35 per day. For subsequent years, the property payment rate of \$35 per day shall be adjusted for inflation as provided in section 256B.434, subdivision 4, paragraph (c), as long as the facility has a contract under section 256B.434; and

(5) to license and certify 180 beds transferred from an existing facility in Minneapolis to a new facility in Robbinsdale; provided that the beds are transferred from a 219-bed facility under common ownership that shall be closed following the transfer. The operating payment rate of the new facility after completion of this project shall be adjusted upward by \$35 per day and the property payment rate shall be \$34.049 per day.

(b) Projects approved under this subdivision shall be treated in a manner equivalent to projects approved under subdivision 4a.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 2. Minnesota Statutes 2006, section 252.27, subdivision 2a, is amended to read:

Subd. 2a. **Contribution amount.** (a) The natural or adoptive parents of a minor child, including a child determined eligible for medical assistance without consideration of parental income, must contribute to the cost of services used by making monthly payments on a sliding scale based on income, unless the child is married or has been married, parental rights have been terminated, or the child's adoption is subsidized according to section 259.67 or through title IV-E of the Social Security Act. The parental contribution is a partial or full payment for medical services provided for diagnostic, therapeutic, curing, treating, mitigating, rehabilitation, and maintenance and personal care services as defined in United States Code, title 26, section 213, needed by the child with a chronic illness or disability.

(b) For households with adjusted gross income equal to or greater than 100 percent of federal poverty guidelines, the parental contribution shall be computed by applying the following schedule of rates to the adjusted gross income of the natural or adoptive parents:

(1) if the adjusted gross income is equal to or greater than 100 percent of federal poverty guidelines and less than 175 percent of federal poverty guidelines, the parental contribution is \$4 per month;

(2) if the adjusted gross income is equal to or greater than 175 percent of federal poverty guidelines and less than or equal to 545 percent of federal poverty guidelines, the parental contribution shall be determined using a sliding fee scale established by the commissioner of human services which begins at one percent of adjusted gross income at 175 percent of federal poverty guidelines and increases to 7.5 percent of adjusted gross income for those with adjusted gross income up to 545 percent of federal poverty guidelines;

(3) if the adjusted gross income is greater than 545 percent of federal poverty guidelines and less than 675 percent of federal poverty guidelines, the parental contribution shall be 7.5 percent of adjusted gross income;

(4) if the adjusted gross income is equal to or greater than 675 percent of federal poverty guidelines and less than 975 percent of federal poverty guidelines, the parental contribution shall be determined using a sliding fee scale established by the commissioner of human services which begins at 7.5 percent of adjusted gross income at 675 percent of federal poverty guidelines and increases to ten percent of adjusted gross income for those with adjusted gross income up to 975 percent of federal poverty guidelines; and

(5) if the adjusted gross income is equal to or greater than 975 percent of federal poverty guidelines, the parental contribution shall be 12.5 percent of adjusted gross income.

If the child lives with the parent, the annual ~~adjusted gross income~~ parental contribution is reduced by ~~\$2,400~~ prior to calculating the parental contribution \$100 per month. If the child resides in an institution specified in section 256B.35, the parent is responsible for the personal needs allowance specified under that section in addition to the parental contribution determined under this section. The parental contribution is reduced by any amount required to be paid directly to the child pursuant to a court order, but only if actually paid.

(c) The household size to be used in determining the amount of contribution under paragraph (b) includes natural and adoptive parents and their dependents, including the child receiving services. Adjustments in the contribution amount due to annual changes in the federal poverty guidelines shall be implemented on the first day of July following publication of the changes.

(d) For purposes of paragraph (b), "income" means the adjusted gross income of the natural or adoptive parents determined according to the previous year's federal tax form, except, effective retroactive to July 1, 2003, taxable capital gains to the extent the funds have been used to purchase a home shall not be counted as income.

(e) The contribution shall be explained in writing to the parents at the time eligibility for services is being determined. The contribution shall be made on a monthly basis effective with the first month in which the child receives services. Annually upon redetermination or at termination of eligibility, if the contribution exceeded the cost of services provided, the local agency or the state shall reimburse that excess amount to the parents, either by direct reimbursement if the parent is no longer required to pay a contribution, or by a reduction in or waiver of parental fees until the excess amount is exhausted.

(f) The monthly contribution amount must be reviewed at least every 12 months; when there is a change in household size; and when there is a loss of or gain in income from one month to another in excess of ten percent. The local agency shall mail a written notice 30 days in advance of the effective date of a change in the contribution amount. A decrease in the contribution amount is effective in the month that the parent verifies a reduction in income or change in household size.

(g) Parents of a minor child who do not live with each other shall each pay the contribution required under paragraph (a). An amount equal to the annual court-ordered child support payment actually paid on behalf of the child receiving services shall be deducted from the adjusted gross income of the parent making the payment prior to calculating the parental contribution under paragraph (b).

(h) The contribution under paragraph (b) shall be increased by an additional five percent if the local agency determines that insurance coverage is available but not obtained for the child. For purposes of this section, "available" means the insurance is a benefit of employment for a family member at an annual cost of no more than five percent of the family's annual income. For purposes of this section, "insurance" means health and accident insurance coverage, enrollment in a nonprofit health service plan, health maintenance organization, self-insured plan, or preferred provider organization.

Parents who have more than one child receiving services shall not be required to pay more than the amount for the child with the highest expenditures. There shall be no resource contribution from the parents. The parent shall not be required to pay a contribution in excess of the cost of the services provided to the child, not counting payments made to school districts for education-related services. Notice of an increase in fee payment must be given at least 30 days before the increased fee is due.

(i) The contribution under paragraph (b) shall be reduced by \$300 per fiscal year if, in the 12 months prior to July 1:

- (1) the parent applied for insurance for the child;
- (2) the insurer denied insurance;
- (3) the parents submitted a complaint or appeal, in writing to the insurer, submitted a complaint or appeal, in writing, to the commissioner of health or the commissioner of commerce, or litigated the complaint or appeal; and
- (4) as a result of the dispute, the insurer reversed its decision and granted insurance.

For purposes of this section, "insurance" has the meaning given in paragraph (h).

A parent who has requested a reduction in the contribution amount under this paragraph shall submit proof in the form and manner prescribed by the commissioner or county agency, including, but not limited to, the insurer's denial of insurance, the written letter or complaint of the parents, court documents, and the written response of the insurer approving insurance. The determinations of the commissioner or county agency under this paragraph are not rules subject to chapter 14.

Sec. 3. Minnesota Statutes 2006, section 252.32, subdivision 3, is amended to read:

Subd. 3. **Amount of support grant; use.** Support grant amounts shall be determined by the county social service agency. Services and items purchased with a support grant must:

- (1) be over and above the normal costs of caring for the dependent if the dependent did not have a disability;
- (2) be directly attributable to the dependent's disabling condition; and
- (3) enable the family to delay or prevent the out-of-home placement of the dependent.

The design and delivery of services and items purchased under this section must ~~suit the dependent's chronological age and~~ be provided in the least restrictive environment possible, consistent with the needs identified in the individual service plan.

Items and services purchased with support grants must be those for which there are no other public or private funds available to the family. Fees assessed to parents for health or human services that are funded by federal, state, or county dollars are not reimbursable through this program.

In approving or denying applications, the county shall consider the following factors:

- (1) the extent and areas of the functional limitations of the disabled child;
- (2) the degree of need in the home environment for additional support; and
- (3) the potential effectiveness of the grant to maintain and support the person in the family environment.

The maximum monthly grant amount shall be \$250 per eligible dependent, or \$3,000 per eligible dependent per state fiscal year, within the limits of available funds and as adjusted by any legislatively authorized cost of living adjustment. The county social service agency may consider the dependent's supplemental security income in determining the amount of the support grant.

Any adjustments to their monthly grant amount must be based on the needs of the family and funding availability.

Sec. 4. Minnesota Statutes 2006, section 252.46, is amended by adding a subdivision to read:

Subd. 22. **Provider rate increase; St. Louis County.** A day training and habilitation provider in St. Louis County licensed to provide services to up to 80 individuals shall receive a per diem rate increase that does not exceed 95 percent of the greater of 125 percent of the current statewide median or 125 percent of the regional average per diem rate, whichever is higher.

Sec. 5. Minnesota Statutes 2006, section 256.01, is amended by adding a subdivision to read:

Subd. 24. **Disability linkage line.** The commissioner shall establish the disability linkage line, a statewide consumer information, referral, and assistance system for people with disabilities and chronic illnesses that:

- (1) provides information about state and federal eligibility requirements, benefits, and service options;
- (2) makes referrals to appropriate support entities;

(3) delivers information and assistance based on national and state standards;

(4) assists people to make well-informed decisions; and

(5) supports the timely resolution of service access and benefit issues.

Sec. 6. Minnesota Statutes 2006, section 256.476, subdivision 1, is amended to read:

Subdivision 1. **Purpose and goals.** The commissioner of human services shall establish a consumer support grant program for individuals with functional limitations and their families who wish to purchase and secure their own supports. ~~The commissioner and local agencies shall jointly develop an implementation plan which must include a way to resolve the issues related to county liability.~~ The program shall:

(1) make support grants available to individuals or families as an effective alternative to the ~~developmental disability~~ family support program, personal care attendant services, home health aide services, and private duty nursing services;

(2) provide consumers more control, flexibility, and responsibility over their services and supports;

(3) promote local program management and decision making; and

(4) encourage the use of informal and typical community supports.

Sec. 7. Minnesota Statutes 2006, section 256.476, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For purposes of this section, the following terms have the meanings given them:

(a) "County board" means the county board of commissioners for the county of financial responsibility as defined in section 256G.02, subdivision 4, or its designated representative. When a human services board has been established under sections 402.01 to 402.10, it shall be considered the county board for the purposes of this section.

(b) "Family" means the person's birth parents, adoptive parents or stepparents, siblings or stepsiblings, children or stepchildren, grandparents, grandchildren, niece, nephew, aunt, uncle, or spouse. For the purposes of this section, a family member is at least 18 years of age.

(c) "Functional limitations" means the long-term inability to perform an activity or task in one or more areas of major life activity, including self-care, understanding and use of language, learning, mobility, self-direction, and capacity for independent living. For the purpose of this section, the inability to perform an activity or task results from a mental, emotional, psychological, sensory, or physical disability, condition, or illness.

(d) "Informed choice" means a voluntary decision made by the person ~~or~~ the person's legal representative, or other authorized representative after becoming familiarized with the alternatives to:

(1) select a preferred alternative from a number of feasible alternatives;

(2) select an alternative which may be developed in the future; and

(3) refuse any or all alternatives.

(e) "Local agency" means the local agency authorized by the county board or, for counties not participating in the consumer grant program by July 1, 2002, the commissioner, to carry out the provisions of this section.

(f) "Person" or "persons" means a person or persons meeting the eligibility criteria in subdivision 3.

(g) "Authorized representative" means an individual designated by the person or their legal representative to act on their behalf. This individual may be a family member, guardian, representative payee, or other individual designated by the person or their legal representative, if any, to assist in purchasing and arranging for supports. For the purposes of this section, an authorized representative is at least 18 years of age.

(h) "Screening" means the screening of a person's service needs under sections 256B.0911 and 256B.092.

(i) "Supports" means services, care, aids, environmental modifications, or assistance purchased by the person ~~or the person's family, the person's legal representative, or other authorized representative~~. Examples of supports include respite care, assistance with daily living, and assistive technology. For the purpose of this section, notwithstanding the provisions of section 144A.43, supports purchased under the consumer support program are not considered home care services.

(j) "Program of origination" means the program the individual transferred from when approved for the consumer support grant program.

Sec. 8. Minnesota Statutes 2006, section 256.476, subdivision 3, is amended to read:

Subd. 3. **Eligibility to apply for grants.** (a) A person is eligible to apply for a consumer support grant if the person meets all of the following criteria:

(1) the person is eligible for and has been approved to receive services under medical assistance as determined under sections 256B.055 and 256B.056 or the person has been approved to receive a grant under the ~~developmental disability~~ family support program under section 252.32;

(2) the person is able to direct and purchase the person's own care and supports, or the person has a family member, legal representative, or other authorized representative who can purchase and arrange supports on the person's behalf;

(3) the person has functional limitations, requires ongoing supports to live in the community, and is at risk of or would continue institutionalization without such supports; and

(4) the person will live in a home. For the purpose of this section, "home" means the person's own home or home of a person's family member. These homes are natural home settings and are not licensed by the Department of Health or Human Services.

(b) Persons may not concurrently receive a consumer support grant if they are:

(1) receiving personal care attendant and home health aide services, or private duty nursing under section 256B.0625; a ~~developmental disability~~ family support grant; or alternative care services under section 256B.0913; or

(2) residing in an institutional or congregate care setting.

(c) A person or person's family receiving a consumer support grant shall not be charged a fee or premium by a local agency for participating in the program.

(d) Individuals receiving home and community-based waivers under United States Code, title 42, section 1396h(c), are not eligible for the consumer support grant, except for individuals receiving consumer support grants before July 1, 2003, as long as other eligibility criteria are met.

(e) The commissioner shall establish a budgeted appropriation each fiscal year for the consumer support grant program. The number of individuals participating in the program will be adjusted so the total amount allocated to counties does not exceed the amount of the budgeted appropriation. The budgeted appropriation will be adjusted annually to accommodate changes in demand for the consumer support grants.

Sec. 9. Minnesota Statutes 2006, section 256.476, subdivision 4, is amended to read:

Subd. 4. **Support grants; criteria and limitations.** (a) A county board may choose to participate in the consumer support grant program. If a county has not chosen to participate by July 1, 2002, the commissioner shall contract with another county or other entity to provide access to residents of the nonparticipating county who choose the consumer support grant option. The commissioner shall notify the county board in a county that has declined to participate of the commissioner's intent to enter into a contract with another county or other entity at least 30 days in advance of entering into the contract. The local agency shall establish written procedures and criteria to determine the amount and use of support grants. These procedures must include, at least, the availability of respite care, assistance with daily living, and adaptive aids. The local agency may establish monthly or annual maximum amounts for grants and procedures where exceptional resources may be required to meet the health and safety needs of the person on a time-limited basis, however, the total amount awarded to each individual may not exceed the limits established in subdivision 11.

(b) Support grants to a person ~~or a person's family~~, a person's legal representative, or other authorized representative will be provided through a monthly subsidy payment and be in the form of cash, voucher, or direct county payment to vendor. Support grant amounts must be determined by the local agency. Each service and item purchased with a support grant must meet all of the following criteria:

(1) it must be over and above the normal cost of caring for the person if the person did not have functional limitations;

(2) it must be directly attributable to the person's functional limitations;

(3) it must enable the person ~~or the person's family~~, a person's legal representative, or other authorized representative to delay or prevent out-of-home placement of the person; and

(4) it must be consistent with the needs identified in the service agreement, when applicable.

(c) Items and services purchased with support grants must be those for which there are no other public or private funds available to the person ~~or the person's family~~, a person's legal representative, or other authorized representative. Fees assessed to the person or the person's family for health and human services are not reimbursable through the grant.

(d) In approving or denying applications, the local agency shall consider the following factors:

(1) the extent and areas of the person's functional limitations;

(2) the degree of need in the home environment for additional support; and

(3) the potential effectiveness of the grant to maintain and support the person in the family environment or the person's own home.

(e) At the time of application to the program or screening for other services, the person ~~or the person's family~~, a person's legal representative, or other authorized representative shall be provided sufficient information to ensure an informed choice of alternatives by the person, the person's legal representative, or other authorized representative, if

any, ~~or the person's family~~. The application shall be made to the local agency and shall specify the needs of the person and family, the form and amount of grant requested, the items and services to be reimbursed, and evidence of eligibility for medical assistance.

(f) Upon approval of an application by the local agency and agreement on a support plan for the person or person's family, the local agency shall make grants to the person or the person's family. The grant shall be in an amount for the direct costs of the services or supports outlined in the service agreement.

(g) Reimbursable costs shall not include costs for resources already available, such as special education classes, day training and habilitation, case management, other services to which the person is entitled, medical costs covered by insurance or other health programs, or other resources usually available at no cost to the person or the person's family.

(h) The state of Minnesota, the county boards participating in the consumer support grant program, or the agencies acting on behalf of the county boards in the implementation and administration of the consumer support grant program shall not be liable for damages, injuries, or liabilities sustained through the purchase of support by the individual, the individual's family, or the authorized representative under this section with funds received through the consumer support grant program. Liabilities include but are not limited to: workers' compensation liability, the Federal Insurance Contributions Act (FICA), or the Federal Unemployment Tax Act (FUTA). For purposes of this section, participating county boards and agencies acting on behalf of county boards are exempt from the provisions of section 268.04.

Sec. 10. Minnesota Statutes 2006, section 256.476, subdivision 5, is amended to read:

Subd. 5. **Reimbursement, allocations, and reporting.** (a) For the purpose of transferring persons to the consumer support grant program from the ~~developmental-disability~~ family support program and personal care assistant services, home health aide services, or private duty nursing services, the amount of funds transferred by the commissioner between the ~~developmental-disability~~ family support program account, the medical assistance account, or the consumer support grant account shall be based on each county's participation in transferring persons to the consumer support grant program from those programs and services.

(b) At the beginning of each fiscal year, county allocations for consumer support grants shall be based on:

(1) the number of persons to whom the county board expects to provide consumer supports grants;

(2) their eligibility for current program and services;

(3) the amount of nonfederal dollars allowed under subdivision 11; and

(4) projected dates when persons will start receiving grants. County allocations shall be adjusted periodically by the commissioner based on the actual transfer of persons or service openings, and the nonfederal dollars associated with those persons or service openings, to the consumer support grant program.

(c) The amount of funds transferred by the commissioner from the medical assistance account for an individual may be changed if it is determined by the county or its agent that the individual's need for support has changed.

(d) The authority to utilize funds transferred to the consumer support grant account for the purposes of implementing and administering the consumer support grant program will not be limited or constrained by the spending authority provided to the program of origination.

(e) The commissioner may use up to five percent of each county's allocation, as adjusted, for payments for administrative expenses, to be paid as a proportionate addition to reported direct service expenditures.

(f) The county allocation for each individual or individual's family cannot exceed the amount allowed under subdivision 11.

(g) The commissioner may recover, suspend, or withhold payments if the county board, local agency, or grantee does not comply with the requirements of this section.

(h) Grant funds unexpended by consumers shall return to the state once a year. The annual return of unexpended grant funds shall occur in the quarter following the end of the state fiscal year.

Sec. 11. Minnesota Statutes 2006, section 256.476, subdivision 10, is amended to read:

Subd. 10. **Consumer responsibilities.** Persons receiving grants under this section shall:

(1) spend the grant money in a manner consistent with their agreement with the local agency;

(2) notify the local agency of any necessary changes in the grant or the items on which it is spent;

(3) notify the local agency of any decision made by the person, ~~the~~ a person's legal representative, or the person's family or other authorized representative that would change their eligibility for consumer support grants;

(4) arrange and pay for supports; and

(5) inform the local agency of areas where they have experienced difficulty securing or maintaining supports.

Sec. 12. Minnesota Statutes 2006, section 256.974, is amended to read:

256.974 OFFICE OF OMBUDSMAN FOR ~~OLDER MINNESOTANS~~ LONG-TERM CARE; LOCAL PROGRAMS.

The ombudsman for ~~older Minnesotans long-term care~~ serves in the classified service under section 256.01, subdivision 7, in an office within the Minnesota Board on Aging that incorporates the long-term care ombudsman program required by the Older Americans Act, ~~Public Law 100-75 as amended~~, United States Code, title 42, section 3027(a)(42) ~~(9)~~ and 3058g (a), and established within the Minnesota Board on Aging. The Minnesota Board on Aging may make grants to and designate local programs for the provision of ombudsman services to clients in county or multicounty areas. The local program may not be an agency engaged in the provision of nursing home care, hospital care, or home care services either directly or by contract, or have the responsibility for planning, coordinating, funding, or administering nursing home care, hospital care, or home care services.

Sec. 13. Minnesota Statutes 2006, section 256.9741, subdivision 1, is amended to read:

Subdivision 1. **Long-term care facility.** "Long-term care facility" means a nursing home licensed under sections 144A.02 to 144A.10 ~~or~~; a boarding care home licensed under sections 144.50 to 144.56; or a licensed or registered residential setting which provides or arranges for the provision of home care services.

Sec. 14. Minnesota Statutes 2006, section 256.9741, subdivision 3, is amended to read:

Subd. 3. **Client.** "Client" means an individual who requests, or on whose behalf a request is made for, ombudsman services and is (a) a resident of a long-term care facility or (b) a Medicare beneficiary who requests assistance relating to access, discharge, or denial of inpatient or outpatient services, or (c) an individual reserving, receiving, or requesting a home care service.

Sec. 15. Minnesota Statutes 2006, section 256.9742, subdivision 3, is amended to read:

Subd. 3. **Posting.** Every long-term care facility and acute care facility shall post in a conspicuous place the address and telephone number of the office. A home care service provider shall provide all recipients, including those in ~~elderly~~ housing with services under chapter 144D, with the address and telephone number of the office. Counties shall provide clients receiving ~~a consumer support grant or a service allowance~~ long-term care consultation services under section 256B.0911 or home and community-based services through a state or federally funded program with the name, address, and telephone number of the office. The posting or notice is subject to approval by the ombudsman.

Sec. 16. Minnesota Statutes 2006, section 256.9742, subdivision 4, is amended to read:

Subd. 4. **Access to long-term care and acute care facilities and clients.** The ombudsman or designee may:

(1) enter any long-term care facility without notice at any time;

(2) enter any acute care facility without notice during normal business hours;

(3) enter any acute care facility without notice at any time to interview a patient or observe services being provided to the patient as part of an investigation of a matter that is within the scope of the ombudsman's authority, but only if the ombudsman's or designee's presence does not intrude upon the privacy of another patient or interfere with routine hospital services provided to any patient in the facility;

(4) communicate privately and without restriction with any client ~~in accordance with section 144.651~~, as long as the ombudsman has the client's consent for such communication;

(5) inspect records of a long-term care facility, home care service provider, or acute care facility that pertain to the care of the client according to ~~sections~~ section 144.335 and 144.651; and

(6) with the consent of a client or client's legal guardian, the ombudsman or designated staff shall have access to review records pertaining to the care of the client according to ~~sections~~ section 144.335 and 144.651. If a client cannot consent and has no legal guardian, access to the records is authorized by this section.

A person who denies access to the ombudsman or designee in violation of this subdivision or aids, abets, invites, compels, or coerces another to do so is guilty of a misdemeanor.

Sec. 17. Minnesota Statutes 2006, section 256.9742, subdivision 6, is amended to read:

Subd. 6. **Prohibition against discrimination or retaliation.** (a) No entity shall take discriminatory, disciplinary, or retaliatory action against an employee or volunteer, or a patient, resident, or guardian or family member of a patient, resident, or guardian for filing in good faith a complaint with or providing information to the ombudsman or designee including volunteers. A person who violates this subdivision or who aids, abets, invites, compels, or coerces another to do so is guilty of a misdemeanor.

(b) There shall be a rebuttable presumption that any adverse action, as defined below, within 90 days of report, is discriminatory, disciplinary, or retaliatory. For the purpose of this clause, the term "adverse action" refers to action taken by the entity involved in a report against the person making the report or the person with respect to whom the report was made because of the report, and includes, but is not limited to:

(1) discharge or transfer from a facility;

- (2) termination of service;
- (3) restriction or prohibition of access to the facility or its residents;
- (4) discharge from or termination of employment;
- (5) demotion or reduction in remuneration for services; and
- (6) any restriction of rights set forth in section 144.651 ~~or~~ 144A.44, or 144A.751.

Sec. 18. Minnesota Statutes 2006, section 256.9744, subdivision 1, is amended to read:

Subdivision 1. **Classification.** Except as provided in this section, data maintained by the office under sections 256.974 to 256.9744 are private data on individuals or nonpublic data as defined in section 13.02, subdivision 9 or 12, and must be maintained in accordance with the requirements of ~~Public Law 100-75 the Older Americans Act, as amended,~~ United States Code, title 42, section ~~3027(a)(12)(D)~~ 3058g(d).

Sec. 19. Minnesota Statutes 2006, section 256.975, subdivision 7, is amended to read:

Subd. 7. **Consumer information and assistance; senior linkage.** (a) The Minnesota Board on Aging shall operate a statewide information and assistance service to aid older Minnesotans and their families in making informed choices about long-term care options and health care benefits. Language services to persons with limited English language skills may be made available. The service, known as Senior LinkAge Line, must be available during business hours through a statewide toll-free number and must also be available through the Internet.

(b) The service must assist older adults, caregivers, and providers in accessing information about choices in long-term care services that are purchased through private providers or available through public options. The service must:

- (1) develop a comprehensive database that includes detailed listings in both consumer- and provider-oriented formats;
- (2) make the database accessible on the Internet and through other telecommunication and media-related tools;
- (3) link callers to interactive long-term care screening tools and make these tools available through the Internet by integrating the tools with the database;
- (4) develop community education materials with a focus on planning for long-term care and evaluating independent living, housing, and service options;
- (5) conduct an outreach campaign to assist older adults and their caregivers in finding information on the Internet and through other means of communication;
- (6) implement a messaging system for overflow callers and respond to these callers by the next business day;
- (7) link callers with county human services and other providers to receive more in-depth assistance and consultation related to long-term care options; ~~and~~
- (8) link callers with quality profiles for nursing facilities and other providers developed by the commissioner of health; and

(9) incorporate information about housing with services and consumer rights within the MinnesotaHelp.info network long-term care database to facilitate consumer comparison of services and costs among housing with services establishments and with other in-home services and to support financial self-sufficiency as long as possible. Housing with services establishments and their arranged home care providers shall provide information to the commissioner of human services that is consistent with information required by the commissioner of health under section 144G.06, the Uniform Consumer Information Guide. The commissioner of human services shall provide the data to the Minnesota Board on Aging for inclusion in the MinnesotaHelp.info network long-term care database.

(c) The Minnesota Board on Aging shall conduct an evaluation of the effectiveness of the statewide information and assistance, and submit this evaluation to the legislature by December 1, 2002. The evaluation must include an analysis of funding adequacy, gaps in service delivery, continuity in information between the service and identified linkages, and potential use of private funding to enhance the service.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 20. Minnesota Statutes 2006, section 256B.056, subdivision 1a, is amended to read:

Subd. 1a. **Income and assets generally.** Unless specifically required by state law or rule or federal law or regulation, the methodologies used in counting income and assets to determine eligibility for medical assistance for persons whose eligibility category is based on blindness, disability, or age of 65 or more years, the methodologies for the supplemental security income program shall be used, except as provided under subdivision 3, paragraph (f). Increases in benefits under title II of the Social Security Act shall not be counted as income for purposes of this subdivision until July 1 of each year. Effective upon federal approval, for children eligible under section 256B.055, subdivision 12, or for home and community-based waiver services whose eligibility for medical assistance is determined without regard to parental income, child support payments, including any payments made by an obligor in satisfaction of or in addition to a temporary or permanent order for child support, and Social Security payments are not counted as income. For families and children, which includes all other eligibility categories, the methodologies under the state's AFDC plan in effect as of July 16, 1996, as required by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), Public Law 104-193, shall be used, except that effective October 1, 2003, the earned income disregards and deductions are limited to those in subdivision 1c. For these purposes, a "methodology" does not include an asset or income standard, or accounting method, or method of determining effective dates.

Sec. 21. Minnesota Statutes 2006, section 256B.056, subdivision 3, is amended to read:

Subd. 3. **Asset limitations for aged, blind, or disabled individuals and families.** To be eligible for medical assistance, a person whose eligibility is based on blindness, disability, or age of 65 or more years must not individually own more than ~~\$3,000~~ \$6,000 in assets, or if a member of a household with two family members, husband and wife, or parent and child, the household must not own more than ~~\$6,000~~ \$12,000 in assets, plus ~~\$200~~ \$400 for each additional legal dependent. In addition to these maximum amounts, an eligible individual or family may accrue interest on these amounts, but they must be reduced to the maximum at the time of an eligibility redetermination. The accumulation of the clothing and personal needs allowance according to section 256B.35 must also be reduced to the maximum at the time of the eligibility redetermination. The value of assets that are not considered in determining eligibility for medical assistance is the value of those assets excluded under the supplemental security income program for aged, blind, and disabled persons, with the following exceptions:

(a) Household goods and personal effects are not considered.

(b) Capital and operating assets of a trade or business that the local agency determines are necessary to the person's ability to earn an income are not considered.

(c) Motor vehicles are excluded to the same extent excluded by the supplemental security income program.

(d) Assets designated as burial expenses are excluded to the same extent excluded by the supplemental security income program. Burial expenses funded by annuity contracts or life insurance policies must irrevocably designate the individual's estate as contingent beneficiary to the extent proceeds are not used for payment of selected burial expenses.

(e) Effective upon federal approval, for a person who no longer qualifies as an employed person with a disability due to loss of earnings, assets allowed while eligible for medical assistance under section 256B.057, subdivision 9, are not considered for 12 months, beginning with the first month of ineligibility as an employed person with a disability, to the extent that the person's total assets remain within the allowed limits of section 256B.057, subdivision 9, paragraph (b).

(f) When a person enrolled in medical assistance under section 256B.057, subdivision 9, reaches age 65 and has been enrolled during each of the 24 consecutive months before the person's 65th birthday, the assets owned by the person and the person's spouse must be disregarded, up to the limits of section 256B.057, subdivision 9, paragraph (b), when determining eligibility for medical assistance under section 256B.055, subdivision 7. The income of a spouse of a person enrolled in medical assistance under section 256B.057, subdivision 9, during each of the 24 consecutive months before the person's 65th birthday must be disregarded when determining eligibility for medical assistance under section 256B.055, subdivision 7, when the person reaches age 65. This paragraph does not apply at the time the person or the person's spouse requests medical assistance payment for long-term care services.

EFFECTIVE DATE. This section is effective July 1, 2007, except that the increase in the asset standard for persons whose eligibility for medical assistance is based on blindness, disability, or age of 65 or more years is effective July 1, 2008.

Sec. 22. Minnesota Statutes 2006, section 256B.056, subdivision 5c, is amended to read:

Subd. 5c. **Excess income standard.** (a) The excess income standard for families with children is the standard specified in subdivision 4.

(b) The excess income standard for a person whose eligibility is based on blindness, disability, or age of 65 or more years is 70 percent of the federal poverty guidelines for the family size. Effective July 1, 2002, the excess income standard for this paragraph shall equal 75 percent of the federal poverty guidelines. Effective July 1, 2007, the excess income standard for this paragraph shall equal 85 percent of the federal poverty guidelines. The excess income standard for this paragraph shall be increased by five percentage points on July 1 of each of the next three years, so that the excess income standard shall equal 100 percent of the federal poverty guidelines effective July 1, 2010.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 23. Minnesota Statutes 2006, section 256B.0621, subdivision 11, is amended to read:

Subd. 11. ~~**Data use agreement; Notice of relocation assistance.** The commissioner shall execute a data use agreement with the Centers for Medicare and Medicaid Services to obtain the long-term care minimum data set data to assist residents of nursing facilities who have~~ **establish a process with the Centers for Independent Living that allows a person residing in a Minnesota nursing facility to receive needed information, consultation, and assistance from one of the centers about the available community support options that may enable the person to relocate to the community, if the person: (1) is under the age of 65, (2) has indicated a desire to live in the community.** ~~The commissioner shall in turn enter into agreements with the Centers for Independent Living to provide information about assistance for persons who want to move to the community. The commissioner shall work with the Centers~~

~~for Independent Living on both the content of the information to be provided and privacy protections for the individual residents, and (3) has signed a release of information authorized by the person or the person's appointed legal representative. The process established under this subdivision shall be coordinated with the long-term care consultation service activities established in section 256B.0911.~~

Sec. 24. Minnesota Statutes 2006, section 256B.0625, subdivision 18a, is amended to read:

Subd. 18a. **Access to medical services.** (a) Medical assistance reimbursement for meals for persons traveling to receive medical care may not exceed \$5.50 for breakfast, \$6.50 for lunch, or \$8 for dinner.

(b) Medical assistance reimbursement for lodging for persons traveling to receive medical care may not exceed \$50 per day unless prior authorized by the local agency.

(c) Medical assistance direct mileage reimbursement to the eligible person or the eligible person's driver may not exceed 20 cents per mile.

(d) ~~Regardless of the number of employees that an enrolled health care provider may have, medical assistance covers sign and oral language interpreter services when provided by an enrolled health care provider during the course of providing a direct, person-to-person covered health care service to an enrolled recipient with limited English proficiency or who has a hearing loss and uses interpreting services.~~

Sec. 25. Minnesota Statutes 2006, section 256B.0625, is amended by adding a subdivision to read:

Subd. 49. **Self-directed supports option.** Upon federal approval, medical assistance covers the self-directed supports option as defined under section 256B.0657 and section 6087 of the Federal Deficit Reduction Act of 2005, Public Law 109-171.

EFFECTIVE DATE. This section is effective upon federal approval of the state Medicaid plan amendment. The commissioner of human services shall inform the Office of the Revisor of Statutes when approval is obtained.

Sec. 26. **[256B.0657] SELF-DIRECTED SUPPORTS OPTION.**

Subdivision 1. **Definition.** "Self-directed supports option" means personal assistance, supports, items, and related services purchased under an approved budget plan and budget by a recipient.

Subd. 2. **Eligibility.** (a) The self-directed supports option is available to a person who:

(1) is a recipient of medical assistance as determined under sections 256B.055, 256B.056, and 256B.057, subdivision 9;

(2) is eligible for personal care assistant services under section 256B.0655;

(3) lives in the person's own apartment or home, which is not owned, operated, or controlled by a provider of services not related by blood or marriage;

(4) has the ability to hire, fire, supervise, establish staff compensation for, and manage the individuals providing services, and to choose and obtain items, related services, and supports as described in the participant's plan. If the recipient is not able to carry out these functions but has a legal guardian or parent to carry them out, the guardian or parent may fulfill these functions on behalf of the recipient; and

(5) has not been excluded or disenrolled by the commissioner.

(b) The commissioner may disenroll or exclude recipients, including guardians and parents, under the following circumstances:

(1) recipients who have been restricted by the Primary Care Utilization Review Committee may be excluded for a specified time period; and

(2) recipients who exit the self-directed supports option during the recipient's service plan year shall not access the self-directed supports option for the remainder of that service plan year.

Subd. 3. **Eligibility for other services.** Selection of the self-directed supports option by a recipient shall not restrict access to other medically necessary care and services furnished under the state plan medical assistance benefit, including home care targeted case management, except that a person receiving home and community-based waiver services, a family support grant or a consumer support grant is not eligible for funding under the self-directed supports option.

Subd. 4. **Assessment requirements.** (a) The self-directed supports option assessment must meet the following requirements:

(1) it shall be conducted by the county public health nurse or a certified public health nurse under contract with the county;

(2) it shall be conducted face-to-face in the recipient's home initially, and at least annually thereafter; when there is a significant change in the recipient's condition; and when there is a change in the need for personal care assistant services. A recipient who is residing in a facility may be assessed for the self-directed support option for the purpose of returning to the community using this option; and

(3) it shall be completed using the format established by the commissioner.

(b) The results of the assessment and recommendations shall be communicated to the commissioner and the recipient by the county public health nurse or certified public health nurse under contract with the county.

Subd. 5. **Self-directed supports option plan requirements.** (a) The plan for the self-directed supports option must meet the following requirements:

(1) the plan must be completed using a person-centered process that:

(i) builds upon the recipient's capacity to engage in activities that promote community life;

(ii) respects the recipient's preferences, choices, and abilities;

(iii) involves families, friends, and professionals in the planning or delivery of services or supports as desired or required by the recipient; and

(iv) addresses the need for personal care assistant services identified in the recipient's self-directed supports option assessment;

(2) the plan shall be developed by the recipient or by the guardian of an adult recipient or by a parent or guardian of a minor child, with the assistance of an enrolled medical assistance home care targeted case manager provider who meets the requirements established for using a person-centered planning process and shall be reviewed at least annually upon reassessment or when there is a significant change in the recipient's condition; and

(3) the plan must include the total budget amount available divided into monthly amounts that cover the number of months of personal care assistant services authorization included in the budget. The amount used each month may vary, but additional funds shall not be provided above the annual personal care assistant services authorized amount unless a change in condition is documented.

(b) The commissioner shall:

(1) establish the format and criteria for the plan as well as the requirements for providers who assist with plan development;

(2) review the assessment and plan and, within 30 days after receiving the assessment and plan, make a decision on approval of the plan;

(3) notify the recipient, parent, or guardian of approval or denial of the plan and provide notice of the right to appeal under section 256.045; and

(4) provide a copy of the plan to the fiscal support entity selected by the recipient.

Subd. 6. **Services covered.** (a) Services covered under the self-directed supports option include:

(1) personal care assistant services under section 256B.0655; and

(2) items, related services, and supports, including assistive technology, that increase independence or substitute for human assistance to the extent expenditures would otherwise be used for human assistance.

(b) Items, supports, and related services purchased under this option shall not be considered home care services for the purposes of section 144A.43.

Subd. 7. **Noncovered services.** Services or supports that are not eligible for payment under the self-directed supports option include:

(1) services, goods, or supports that do not benefit the recipient;

(2) any fees incurred by the recipient, such as Minnesota health care program fees and co-pays, legal fees, or costs related to advocate agencies;

(3) insurance, except for insurance costs related to employee coverage or fiscal support entity payments;

(4) room and board and personal items that are not related to the disability, except that medically prescribed specialized diet items may be covered if they reduce the need for human assistance;

(5) home modifications that add square footage;

(6) home modifications for a residence other than the primary residence of the recipient, or in the event of a minor with parents not living together, the primary residences of the parents;

(7) expenses for travel, lodging, or meals related to training the recipient, the parent or guardian of an adult recipient, or the parent or guardian of a minor child, or paid or unpaid caregivers that exceed \$500 in a 12-month period;

(8) experimental treatment;

(9) any service or item covered by other medical assistance state plan services, including prescription and over-the-counter medications, compounds, and solutions and related fees, including premiums and co-payments;

(10) membership dues or costs, except when the service is necessary and appropriate to treat a physical condition or to improve or maintain the recipient's physical condition. The condition must be identified in the recipient's plan of care and monitored by a Minnesota health care program enrolled physician;

(11) vacation expenses other than the cost of direct services;

(12) vehicle maintenance or modifications not related to the disability;

(13) tickets and related costs to attend sporting or other recreational events; and

(14) costs related to Internet access, except when necessary for operation of assistive technology, to increase independence, or to substitute for human assistance.

Subd. 8. **Self-directed budget requirements.** The budget for the provision of the self-directed service option shall be equal to the greater of either:

(1) the annual amount of personal care assistant services under section 256B.0655 that the recipient has used in the most recent 12-month period; or

(2) the amount determined using the consumer support grant methodology under section 256.476, subdivision 11, except that the budget amount shall include the federal and nonfederal share of the average service costs.

Subd. 9. **Quality assurance and risk management.** (a) The commissioner shall establish quality assurance and risk management measures for use in developing and implementing self-directed plans and budgets that (1) recognize the roles and responsibilities involved in obtaining services in a self-directed manner, and (2) assure the appropriateness of such plans and budgets based upon a recipient's resources and capabilities. These measures must include (i) background studies, and (ii) backup and emergency plans, including disaster planning.

(b) The commissioner shall provide ongoing technical assistance and resource and educational materials for families and recipients selecting the self-directed option.

(c) Performance assessments measures, such as of a recipient's satisfaction with the services and supports, and ongoing monitoring of health and well-being shall be identified in consultation with the stakeholder group.

Subd. 10. **Fiscal support entity.** (a) Each recipient shall choose a fiscal support entity provider certified by the commissioner to make payments for services, items, supports, and administrative costs related to managing a self-directed service plan authorized for payment in the approved plan and budget. Recipients shall also choose the payroll, agency with choice, or the fiscal conduit model of financial and service management.

(b) The fiscal support entity:

(1) may not limit or restrict the recipient's choice of service or support providers, including use of the payroll, agency with choice, or fiscal conduit model of financial and service management;

(2) must have a written agreement with the recipient or the recipient's representative that identifies the duties and responsibilities to be performed and the specific related charges;

(3) must provide the recipient and the home care targeted case manager with a monthly written summary of the self-directed supports option services that were billed, including charges from the fiscal support entity;

(4) must be knowledgeable of and comply with Internal Revenue Service requirements necessary to process employer and employee deductions, provide appropriate and timely submission of employer tax liabilities, and maintain documentation to support medical assistance claims;

(5) must have current and adequate liability insurance and bonding and sufficient cash flow and have on staff or under contract a certified public accountant or an individual with a baccalaureate degree in accounting; and

(6) must maintain records to track all self-directed supports option services expenditures, including time records of persons paid to provide supports and receipts for any goods purchased. The records must be maintained for a minimum of five years from the claim date and be available for audit or review upon request. Claims submitted by the fiscal support entity must correspond with services, amounts, and time periods as authorized in the recipient's self-directed supports option plan.

(c) The commissioner shall have authority to:

(1) set or negotiate rates with fiscal support entities;

(2) limit the number of fiscal support entities;

(3) identify a process to certify and recertify fiscal support entities and assure fiscal support entities are available to recipients throughout the state; and

(4) establish a uniform format and protocol to be used by eligible fiscal support entities.

Subd. 11. **Stakeholder consultation.** The commissioner shall consult with a statewide consumer-directed services stakeholder group, including representatives of all types of consumer-directed service users, advocacy organizations, counties, and consumer-directed service providers. The commissioner shall seek recommendations from this stakeholder group in developing:

(1) the self-directed plan format;

(2) requirements and guidelines for the person-centered plan assessment and planning process;

(3) implementation of the option and the quality assurance and risk management techniques; and

(4) standards and requirements, including rates for the personal support plan development provider and the fiscal support entity; policies; training; and implementation. The stakeholder group shall provide recommendations on the repeal of the personal care assistant choice option, transition issues, and whether the consumer support grant program under section 256.476 should be modified. The stakeholder group shall meet at least three times each year to provide advice on policy, implementation, and other aspects of consumer and self-directed services.

EFFECTIVE DATE. Subdivisions 1 to 10 are effective upon federal approval of the state Medicaid plan amendment. The commissioner of human services shall inform the Office of the Revisor of Statutes when federal approval is obtained. Subdivision 11 is effective July 1, 2007.

Sec. 27. Minnesota Statutes 2006, section 256B.0911, subdivision 3a, is amended to read:

Subd. 3a. **Assessment and support planning.** (a) Persons requesting assessment, services planning, or other assistance intended to support community-based living, including persons who need assessment in order to determine waiver or alternative care program eligibility, must be visited by a long-term care consultation team within ten working days after the date on which an assessment was requested or recommended. Assessments must be conducted according to paragraphs (b) to ~~(g)~~ (i).

(b) The county may utilize a team of either the social worker or public health nurse, or both, to conduct the assessment in a face-to-face interview. The consultation team members must confer regarding the most appropriate care for each individual screened or assessed.

(c) The long-term care consultation team must assess the health and social needs of the person, using an assessment form provided by the commissioner.

(d) The team must conduct the assessment in a face-to-face interview with the person being assessed and the person's legal representative, if applicable.

(e) The team must provide the person, or the person's legal representative, with written recommendations for facility- or community-based services. The team must document that the most cost-effective alternatives available were offered to the individual. For purposes of this requirement, "cost-effective alternatives" means community services and living arrangements that cost the same as or less than nursing facility care.

(f) If the person chooses to use community-based services, the team must provide the person or the person's legal representative with a written community support plan, regardless of whether the individual is eligible for Minnesota health care programs. The person may request assistance in developing a community support plan without participating in a complete assessment.

(g) The person has the right to make the final decision between nursing facility placement and community placement after the screening team's recommendation, except as provided in subdivision 4a, paragraph (c).

(h) The team must give the person receiving assessment or support planning, or the person's legal representative, materials, and forms supplied by the commissioner containing the following information:

(1) the need for and purpose of preadmission screening and assessment if the person selects nursing facility placement;

(2) the role of the long-term care consultation assessment and support planning in waiver and alternative care program eligibility determination;

~~(2)~~ (3) information about Minnesota health care programs;

~~(3)~~ (4) the person's freedom to accept or reject the recommendations of the team;

~~(4)~~ (5) the person's right to confidentiality under the Minnesota Government Data Practices Act, chapter 13; and

(6) the long-term care consultant's decision regarding the person's need for nursing facility level of care;

~~(5)~~ (7) the person's right to appeal the decision regarding the need for nursing facility level of care or the county's final decisions regarding public programs eligibility according to section 256.045, subdivision 3.

(i) Face-to-face assessment completed as part of eligibility determination for the alternative care, elderly waiver, community alternatives for disabled individuals, community alternative care, and traumatic brain injury waiver programs under sections 256B.0915, 256B.0917, and 256B.49 is valid to establish service eligibility for no more than 60 calendar days after the date of assessment. The effective eligibility start date for these programs can never be prior to the date of assessment. If an assessment was completed more than 60 days before the effective waiver or alternative care program eligibility start date, assessment and support plan information must be updated in a face-to-face visit and documented in the department's Medicaid Management Information System (MMIS). The effective date of program eligibility in this case cannot be prior to the date the updated assessment is completed.

Sec. 28. Minnesota Statutes 2006, section 256B.0911, subdivision 3b, is amended to read:

Subd. 3b. **Transition assistance.** (a) A long-term care consultation team shall provide assistance to persons residing in a nursing facility, hospital, regional treatment center, or intermediate care facility for persons with developmental disabilities who request or are referred for assistance. Transition assistance must include assessment, community support plan development, referrals to Minnesota health care programs, and referrals to programs that provide assistance with housing. Transition assistance must also include information about the Centers for Independent Living and about other organizations that can provide assistance with relocation efforts, and information about contacting these organizations to obtain their assistance and support.

(b) The county shall develop transition processes with institutional social workers and discharge planners to ensure that:

(1) persons admitted to facilities receive information about transition assistance that is available;

(2) the assessment is completed for persons within ten working days of the date of request or recommendation for assessment; and

(3) there is a plan for transition and follow-up for the individual's return to the community. The plan must require notification of other local agencies when a person who may require assistance is screened by one county for admission to a facility located in another county.

(c) If a person who is eligible for a Minnesota health care program is admitted to a nursing facility, the nursing facility must include a consultation team member or the case manager in the discharge planning process.

Sec. 29. Minnesota Statutes 2006, section 256B.0911, is amended by adding a subdivision to read:

Subd. 3c. **Transition to housing with services.** (a) Transitional consultation shall be offered to all prospective residents 65 years of age or older regardless of income, assets, or funding sources before housing with services establishments offering or providing assisted living execute a lease or contract with the prospective resident. The purpose of transitional long-term care consultation is to support persons with current or anticipated long-term care needs in making informed choices among options that include the most cost-effective and least restrictive settings, and to delay spenddown to eligibility for publicly funded programs by connecting people to alternative services in their homes before transition to housing with services.

(b) Transitional consultation services are provided as determined by the commissioner of human services in partnership with county long-term care consultation units, and the Area Agencies on Aging, and are a combination of telephone-based and in-person assistance provided under models developed by the commissioner. The consultation is to be performed in a manner which provides objective and complete information. Transitional consultation must be provided within five working days of the request of the prospective resident as follows:

(1) the consultation must be provided by a qualified professional as determined by the commissioner;

(2) the consultation must include a review of the prospective resident's reasons for considering assisted living, the prospective resident's personal goals, a discussion of the prospective resident's immediate and projected long-term care needs, and alternative community services or assisted living settings that may meet the prospective resident's needs; and

(3) the prospective resident will be informed of the availability of long-term care consultation services described in subdivision 3a that are available at no charge to the prospective resident to assist the prospective resident in assessment and planning to meet the prospective resident's long-term care needs. Regardless of the consultation, prospective residents maintain the right to choose housing with services or assisted living, if that is their choice.

EFFECTIVE DATE. This section is effective October 1, 2008.

Sec. 30. Minnesota Statutes 2006, section 256B.0911, subdivision 4b, is amended to read:

Subd. 4b. **Exemptions and emergency admissions.** (a) Exemptions from the federal screening requirements outlined in subdivision 4a, paragraphs (b) and (c), are limited to:

(1) a person who, having entered an acute care facility from a certified nursing facility, is returning to a certified nursing facility;

(2) a person transferring from one certified nursing facility in Minnesota to another certified nursing facility in Minnesota; and

(3) a person, 21 years of age or older, who satisfies the following criteria, as specified in Code of Federal Regulations, title 42, section 483.106(b)(2):

(i) the person is admitted to a nursing facility directly from a hospital after receiving acute inpatient care at the hospital;

(ii) the person requires nursing facility services for the same condition for which care was provided in the hospital; and

(iii) the attending physician has certified before the nursing facility admission that the person is likely to receive less than 30 days of nursing facility services.

(b) Persons who are exempt from preadmission screening for purposes of level of care determination include:

(1) persons described in paragraph (a);

(2) an individual who has a contractual right to have nursing facility care paid for indefinitely by the veterans' administration;

(3) an individual enrolled in a demonstration project under section 256B.69, subdivision 8, at the time of application to a nursing facility; and

(4) an individual currently being served under the alternative care program or under a home and community-based services waiver authorized under section 1915(c) of the federal Social Security Act; and

~~(5) individuals admitted to a certified nursing facility for a short term stay, which is expected to be 14 days or less in duration based upon a physician's certification, and who have been assessed and approved for nursing facility admission within the previous six months. This exemption applies only if the consultation team member determines at the time of the initial assessment of the six month period that it is appropriate to use the nursing facility for short-~~

~~term stays and that there is an adequate plan of care for return to the home or community based setting. If a stay exceeds 14 days, the individual must be referred no later than the first county working day following the 14th resident day for a screening, which must be completed within five working days of the referral. The payment limitations in subdivision 7 apply to an individual found at screening to not meet the level of care criteria for admission to a certified nursing facility.~~

(c) Persons admitted to a Medicaid-certified nursing facility from the community on an emergency basis as described in paragraph (d) or from an acute care facility on a nonworking day must be screened the first working day after admission.

(d) Emergency admission to a nursing facility prior to screening is permitted when all of the following conditions are met:

(1) a person is admitted from the community to a certified nursing or certified boarding care facility during county nonworking hours;

(2) a physician has determined that delaying admission until preadmission screening is completed would adversely affect the person's health and safety;

(3) there is a recent precipitating event that precludes the client from living safely in the community, such as sustaining an injury, sudden onset of acute illness, or a caregiver's inability to continue to provide care;

(4) the attending physician has authorized the emergency placement and has documented the reason that the emergency placement is recommended; and

(5) the county is contacted on the first working day following the emergency admission.

Transfer of a patient from an acute care hospital to a nursing facility is not considered an emergency except for a person who has received hospital services in the following situations: hospital admission for observation, care in an emergency room without hospital admission, or following hospital 24-hour bed care.

(e) A nursing facility must provide a written ~~notice to persons who satisfy the criteria in paragraph (a), clause (3),~~ information to all persons admitted regarding the person's right to request and receive long-term care consultation services as defined in subdivision 1a. The ~~notice~~ information must be provided prior to the person's discharge from the facility and in a format specified by the commissioner.

Sec. 31. Minnesota Statutes 2006, section 256B.0911, subdivision 4c, is amended to read:

Subd. 4c. **Screening requirements.** (a) A person may be screened for nursing facility admission by telephone or in a face-to-face screening interview. Consultation team members shall identify each individual's needs using the following categories:

(1) the person needs no face-to-face screening interview to determine the need for nursing facility level of care based on information obtained from other health care professionals;

(2) the person needs an immediate face-to-face screening interview to determine the need for nursing facility level of care and complete activities required under subdivision 4a; or

(3) the person may be exempt from screening requirements as outlined in subdivision 4b, but will need transitional assistance after admission or in-person follow-along after a return home.

(b) Persons admitted on a nonemergency basis to a Medicaid-certified nursing facility must be screened prior to admission.

~~(c) The long-term care consultation team shall recommend a case mix classification for persons admitted to a certified nursing facility when sufficient information is received to make that classification. The nursing facility is authorized to conduct all case mix assessments for persons who have been screened prior to admission for whom the county did not recommend a case mix classification. The nursing facility is authorized to conduct all case mix assessments for persons admitted to the facility prior to a preadmission screening. The county retains the responsibility of distributing appropriate case mix forms to the nursing facility.~~

~~(d)~~ (c) The county screening or intake activity must include processes to identify persons who may require transition assistance as described in subdivision 3b.

Sec. 32. Minnesota Statutes 2006, section 256B.0911, subdivision 6, is amended to read:

Subd. 6. **Payment for long-term care consultation services.** (a) The total payment for each county must be paid monthly by certified nursing facilities in the county. The monthly amount to be paid by each nursing facility for each fiscal year must be determined by dividing the county's annual allocation for long-term care consultation services by 12 to determine the monthly payment and allocating the monthly payment to each nursing facility based on the number of licensed beds in the nursing facility. Payments to counties in which there is no certified nursing facility must be made by increasing the payment rate of the two facilities located nearest to the county seat.

(b) The commissioner shall include the total annual payment determined under paragraph (a) for each nursing facility reimbursed under section 256B.431 or 256B.434 according to section 256B.431, subdivision 2b, paragraph (g), ~~or 256B.435.~~

(c) In the event of the layaway, delicensure and decertification, or removal from layaway of 25 percent or more of the beds in a facility, the commissioner may adjust the per diem payment amount in paragraph (b) and may adjust the monthly payment amount in paragraph (a). The effective date of an adjustment made under this paragraph shall be on or after the first day of the month following the effective date of the layaway, delicensure and decertification, or removal from layaway.

(d) Payments for long-term care consultation services are available to the county or counties to cover staff salaries and expenses to provide the services described in subdivision 1a. The county shall employ, or contract with other agencies to employ, within the limits of available funding, sufficient personnel to provide long-term care consultation services while meeting the state's long-term care outcomes and objectives as defined in section 256B.0917, subdivision 1. The county shall be accountable for meeting local objectives as approved by the commissioner in the biennial home and community-based services quality assurance plan on a form provided by the commissioner.

(e) Notwithstanding section 256B.0641, overpayments attributable to payment of the screening costs under the medical assistance program may not be recovered from a facility.

(f) The commissioner of human services shall amend the Minnesota medical assistance plan to include reimbursement for the local consultation teams.

(g) The county may bill, as case management services, assessments, support planning, and follow-along provided to persons determined to be eligible for case management under Minnesota health care programs. No individual or family member shall be charged for an initial assessment or initial support plan development provided under subdivision 3a or 3b.

Sec. 33. Minnesota Statutes 2006, section 256B.0911, is amended by adding a subdivision to read:

Subd. 6a. **Withholding.** If any provider obligated to pay the long-term care consultation amount as described in subdivision 6 is more than two months delinquent in the timely payment of the monthly installment, the commissioner may withhold payments, penalties, and interest in accordance with the methods outlined in section 256.9657, subdivision 7a. Any amount withheld under this provision must be returned to the county to whom the delinquent payments were due.

Sec. 34. Minnesota Statutes 2006, section 256B.0911, subdivision 7, is amended to read:

Subd. 7. **Reimbursement for certified nursing facilities.** (a) Medical assistance reimbursement for nursing facilities shall be authorized for a medical assistance recipient only if a preadmission screening has been conducted prior to admission or the county has authorized an exemption. Medical assistance reimbursement for nursing facilities shall not be provided for any recipient who the local screener has determined does not meet the level of care criteria for nursing facility placement or, if indicated, has not had a level II OBRA evaluation as required under the federal Omnibus Budget Reconciliation Act of 1987 completed unless an admission for a recipient with mental illness is approved by the local mental health authority or an admission for a recipient with developmental disability is approved by the state developmental disability authority.

(b) The nursing facility must not bill a person who is not a medical assistance recipient for resident days that preceded the date of completion of screening activities as required under subdivisions 4a, 4b, and 4c. The nursing facility must include unreimbursed resident days in the nursing facility resident day totals reported to the commissioner.

~~(c) The commissioner shall make a request to the Centers for Medicare and Medicaid Services for a waiver allowing team approval of Medicaid payments for certified nursing facility care. An individual has a choice and makes the final decision between nursing facility placement and community placement after the screening team's recommendation, except as provided in subdivision 4a, paragraph (c).~~

Sec. 35. Minnesota Statutes 2006, section 256B.0913, subdivision 4, is amended to read:

Subd. 4. **Eligibility for funding for services for nonmedical assistance recipients.** (a) Funding for services under the alternative care program is available to persons who meet the following criteria:

(1) the person has been determined by a community assessment under section 256B.0911 to be a person who would require the level of care provided in a nursing facility, but for the provision of services under the alternative care program;

(2) the person is age 65 or older;

(3) the person would be eligible for medical assistance within 135 days of admission to a nursing facility;

(4) the person is not ineligible for the payment of long-term care services by the medical assistance program due to an asset transfer penalty under section 256B.0595 or equity interest in the home exceeding \$500,000 as stated in section 256B.056;

(5) the person needs long-term care services that are not funded through other state or federal funding;

(6) the monthly cost of the alternative care services funded by the program for this person does not exceed 75 percent of the monthly limit described under section 256B.0915, subdivision 3a. This monthly limit does not prohibit the alternative care client from payment for additional services, but in no case may the cost of additional

services purchased under this section exceed the difference between the client's monthly service limit defined under section 256B.0915, subdivision 3, and the alternative care program monthly service limit defined in this paragraph. If ~~medical~~ care-related supplies and equipment or environmental modifications and adaptations are or will be purchased for an alternative care services recipient, the costs may be prorated on a monthly basis for up to 12 consecutive months beginning with the month of purchase. If the monthly cost of a recipient's other alternative care services exceeds the monthly limit established in this paragraph, the annual cost of the alternative care services shall be determined. In this event, the annual cost of alternative care services shall not exceed 12 times the monthly limit described in this paragraph; and

(7) the person is making timely payments of the assessed monthly fee.

A person is ineligible if payment of the fee is over 60 days past due, unless the person agrees to:

- (i) the appointment of a representative payee;
- (ii) automatic payment from a financial account;
- (iii) the establishment of greater family involvement in the financial management of payments; or
- (iv) another method acceptable to the ~~county~~ lead agency to ensure prompt fee payments.

The ~~county shall~~ lead agency may extend the client's eligibility as necessary while making arrangements to facilitate payment of past-due amounts and future premium payments. Following disenrollment due to nonpayment of a monthly fee, eligibility shall not be reinstated for a period of 30 days.

(b) Alternative care funding under this subdivision is not available for a person who is a medical assistance recipient or who would be eligible for medical assistance without a spenddown or waiver obligation. A person whose initial application for medical assistance and the elderly waiver program is being processed may be served under the alternative care program for a period up to 60 days. If the individual is found to be eligible for medical assistance, medical assistance must be billed for services payable under the federally approved elderly waiver plan and delivered from the date the individual was found eligible for the federally approved elderly waiver plan. Notwithstanding this provision, alternative care funds may not be used to pay for any service the cost of which: (i) is payable by medical assistance; (ii) is used by a recipient to meet a waiver obligation; or (iii) is used to pay a medical assistance income spenddown for a person who is eligible to participate in the federally approved elderly waiver program under the special income standard provision.

(c) Alternative care funding is not available for a person who resides in a licensed nursing home, certified boarding care home, hospital, or intermediate care facility, except for case management services which are provided in support of the discharge planning process for a nursing home resident or certified boarding care home resident to assist with a relocation process to a community-based setting.

(d) Alternative care funding is not available for a person whose income is greater than the maintenance needs allowance under section 256B.0915, subdivision 1d, but equal to or less than 120 percent of the federal poverty guideline effective July 1 in the fiscal year for which alternative care eligibility is determined, who would be eligible for the elderly waiver with a waiver obligation.

Sec. 36. Minnesota Statutes 2006, section 256B.0913, subdivision 5, is amended to read:

Subd. 5. **Services covered under alternative care.** Alternative care funding may be used for payment of costs of:

- (1) adult day care;
- (2) home health aide;
- (3) homemaker services;
- (4) personal care;
- (5) case management;
- (6) respite care;
- (7) care-related supplies and equipment;
- (8) meals delivered to the home;
- (9) nonmedical transportation;
- (10) nursing services;
- (11) chore services;
- (12) companion services;
- (13) nutrition services;
- (14) training for direct informal caregivers;
- (15) telehome care to provide services in their own homes in conjunction with in-home visits;
- (16) ~~discretionary services, for which counties may make payment from their alternative care program allocation or services not otherwise defined in this section or section 256B.0625, following approval by the commissioner~~ consumer-directed community services under the alternative care programs which are available statewide and limited to the average monthly expenditures representative of all alternative care program participants for the same case mix resident class assigned in the most recent fiscal year for which complete expenditure data is available;
- (17) environmental modifications and adaptations; and
- (18) ~~direct cash payments for which counties may make payment from their alternative care program allocation to clients for the purpose of purchasing services, following approval by the commissioner, and subject to the provisions of subdivision 5h, until approval and implementation of consumer directed services through the federally approved elderly waiver plan. Upon implementation, consumer directed services under the alternative care program are available statewide and limited to the average monthly expenditures representative of all alternative care program participants for the same case mix resident class assigned in the most recent fiscal year for which complete expenditure data is available~~ discretionary services, for which lead agencies may make payment from their alternative care program allocation for services not otherwise defined in this section or section 256B.0625, following approval by the commissioner.

Total annual payments for discretionary services ~~and direct cash payments, until the federally approved consumer directed service option is implemented statewide,~~ for all clients ~~within a county may~~ served by a lead agency must not exceed 25 percent of that county's lead agency's annual alternative care program base allocation. ~~Thereafter, discretionary services are limited to 25 percent of the county's annual alternative care program base allocation.~~

Sec. 37. Minnesota Statutes 2006, section 256B.0913, subdivision 5a, is amended to read:

Subd. 5a. **Services; service definitions; service standards.** (a) Unless specified in statute, the services, service definitions, and standards for alternative care services shall be the same as the services, service definitions, and standards specified in the federally approved elderly waiver plan, except ~~for alternative care does not cover~~ transitional support services, assisted living services, adult foster care services, and residential care ~~services and~~ benefits defined under section 256B.0625 that meet primary and acute health care needs.

(b) The ~~county lead~~ agency must ensure that the funds are not used to supplant or supplement services available through other public assistance or services programs, including supplementation of client co-pays, deductibles, premiums, or other cost-sharing arrangements for health-related benefits and services or entitlement programs and services that are available to the person, but in which they have elected not to enroll. For a provider of supplies and equipment when the monthly cost of the supplies and equipment is less than \$250, persons or agencies must be employed by or under a contract with the ~~county lead~~ agency or the public health nursing agency of the local board of health in order to receive funding under the alternative care program. Supplies and equipment may be purchased from a vendor not certified to participate in the Medicaid program if the cost for the item is less than that of a Medicaid vendor.

(c) Personal care services must meet the service standards defined in the federally approved elderly waiver plan, except that a ~~county lead~~ agency may contract with a client's relative who meets the relative hardship waiver requirements or a relative who meets the criteria and is also the responsible party under an individual service plan that ensures the client's health and safety and supervision of the personal care services by a qualified professional as defined in section 256B.0625, subdivision 19c. Relative hardship is established by the ~~county lead~~ agency when the client's care causes a relative caregiver to do any of the following: resign from a paying job, reduce work hours resulting in lost wages, obtain a leave of absence resulting in lost wages, incur substantial client-related expenses, provide services to address authorized, unstaffed direct care time, or meet special needs of the client unmet in the formal service plan.

Sec. 38. Minnesota Statutes 2006, section 256B.0913, subdivision 8, is amended to read:

Subd. 8. **Requirements for individual care plan.** (a) The case manager shall implement the plan of care for each alternative care client and ensure that a client's service needs and eligibility are reassessed at least every 12 months. The plan shall include any services prescribed by the individual's attending physician as necessary to allow the individual to remain in a community setting. In developing the individual's care plan, the case manager should include the use of volunteers from families and neighbors, religious organizations, social clubs, and civic and service organizations to support the formal home care services. The ~~county lead~~ agency shall be held harmless for damages or injuries sustained through the use of volunteers under this subdivision including workers' compensation liability. ~~The county of service case manager~~ shall provide documentation in each individual's plan of care and, if requested, to the commissioner that the most cost-effective alternatives available have been offered to the individual and that the individual was free to choose among available qualified providers, both public and private, including qualified case management or service coordination providers other than those employed by any county; however, the county or tribe maintains responsibility for prior authorizing services in accordance with statutory and administrative requirements. The case manager must give the individual a ten-day written notice of any denial, termination, or reduction of alternative care services.

(b) The county of service or tribe must provide access to and arrange for case management services, including assuring implementation of the plan. "County of service" has the meaning given it in Minnesota Rules, part 9505.0015, subpart 11. The county of service must notify the county of financial responsibility of the approved care plan and the amount of encumbered funds.

Sec. 39. Minnesota Statutes 2006, section 256B.0913, subdivision 9, is amended to read:

Subd. 9. **Contracting provisions for providers.** Alternative care funds paid to service providers are subject to audit by the commissioner for fiscal and utilization control.

The lead agency must select providers for contracts or agreements using the following criteria and other criteria established by the county lead agency:

- (1) the need for the particular services offered by the provider;
- (2) the population to be served, including the number of clients, the length of time services will be provided, and the medical condition of clients;
- (3) the geographic area to be served;
- (4) quality assurance methods, including appropriate licensure, certification, or standards, and supervision of employees when needed;
- (5) rates for each service and unit of service exclusive of county lead agency administrative costs;
- (6) evaluation of services previously delivered by the provider; and
- (7) contract or agreement conditions, including billing requirements, cancellation, and indemnification.

The county lead agency must evaluate its own agency services under the criteria established for other providers.

Sec. 40. Minnesota Statutes 2006, section 256B.0913, subdivision 10, is amended to read:

Subd. 10. **Allocation formula.** ~~(a) The alternative care appropriation for fiscal years 1992 and beyond shall cover only alternative care eligible clients. By July 1 15 of each year, the commissioner shall allocate to county agencies the state funds available for alternative care for persons eligible under subdivision 2.~~

(b) The adjusted base for each county lead agency is the county's lead agency's current fiscal year base allocation plus any targeted funds approved during the current fiscal year. Calculations for paragraphs (c) and (d) are to be made as follows: for each county lead agency, the determination of alternative care program expenditures shall be based on payments for services rendered from April 1 through March 31 in the base year, to the extent that claims have been submitted and paid by June 1 of that year.

(c) If the alternative care program expenditures as defined in paragraph (b) are 95 percent or more of the county's lead agency's adjusted base allocation, the allocation for the next fiscal year is 100 percent of the adjusted base, plus inflation to the extent that inflation is included in the state budget.

(d) If the alternative care program expenditures as defined in paragraph (b) are less than 95 percent of the county's lead agency's adjusted base allocation, the allocation for the next fiscal year is the adjusted base allocation less the amount of unspent funds below the 95 percent level.

(e) If the annual legislative appropriation for the alternative care program is inadequate to fund the combined county lead agency allocations for a biennium, the commissioner shall distribute to each county lead agency the entire annual appropriation as that county's lead agency's percentage of the computed base as calculated in paragraphs (c) and (d).

(f) On agreement between the commissioner and the lead agency, the commissioner may have discretion to reallocate alternative care base allocations distributed to lead agencies in which the base amount exceeds program expenditures.

Sec. 41. Minnesota Statutes 2006, section 256B.0913, subdivision 11, is amended to read:

Subd. 11. **Targeted funding.** (a) The purpose of targeted funding is to make additional money available to counties lead agencies with the greatest need. Targeted funds are not intended to be distributed equitably among all counties lead agencies, but rather, allocated to those with long-term care strategies that meet state goals.

(b) The funds available for targeted funding shall be the total appropriation for each fiscal year minus county lead agency allocations determined under subdivision 10 as adjusted for any inflation increases provided in appropriations for the biennium.

(c) The commissioner shall allocate targeted funds to counties lead agencies that demonstrate to the satisfaction of the commissioner that they have developed feasible plans to increase alternative care spending. In making targeted funding allocations, the commissioner shall use the following priorities:

(1) counties lead agencies that received a lower allocation in fiscal year 1991 than in fiscal year 1990. Counties remain in this priority until they have been restored to their fiscal year 1990 level plus inflation;

(2) counties lead agencies that sustain a base allocation reduction for failure to spend 95 percent of the allocation if they demonstrate that the base reduction should be restored;

(3) counties lead agencies that propose projects to divert community residents from nursing home placement or convert nursing home residents to community living; and

(4) counties lead agencies that can otherwise justify program growth by demonstrating the existence of waiting lists, demographically justified needs, or other unmet needs.

(d) Counties Lead agencies that would receive targeted funds according to paragraph (c) must demonstrate to the commissioner's satisfaction that the funds would be appropriately spent by showing how the funds would be used to further the state's alternative care goals as described in subdivision 1, and that the county has the administrative and service delivery capability to use them.

(e) The commissioner shall ~~request applications~~ make applications available for targeted funds by November 1 of each year. The counties lead agencies selected for targeted funds shall be notified of the amount of their additional funding. Targeted funds allocated to a county lead agency in one year shall be treated as part of the county's lead agency's base allocation for that year in determining allocations for subsequent years. No reallocations between counties lead agencies shall be made.

Sec. 42. Minnesota Statutes 2006, section 256B.0913, subdivision 12, is amended to read:

Subd. 12. **Client fees.** (a) A fee is required for all alternative care eligible clients to help pay for the cost of participating in the program. The amount of the fee for the alternative care client shall be determined as follows:

(1) when the alternative care client's income less recurring and predictable medical expenses is less than 100 percent of the federal poverty guideline effective on July 1 of the state fiscal year in which the fee is being computed, and total assets are less than \$10,000, the fee is zero;

(2) when the alternative care client's income less recurring and predictable medical expenses is equal to or greater than 100 percent but less than 150 percent of the federal poverty guideline effective on July 1 of the state fiscal year in which the fee is being computed, and total assets are less than \$10,000, the fee is five percent of the cost of alternative care services;

(3) when the alternative care client's income less recurring and predictable medical expenses is equal to or greater than 150 percent but less than 200 percent of the federal poverty guidelines effective on July 1 of the state fiscal year in which the fee is being computed and assets are less than \$10,000, the fee is 15 percent of the cost of alternative care services;

(4) when the alternative care client's income less recurring and predictable medical expenses is equal to or greater than 200 percent of the federal poverty guidelines effective on July 1 of the state fiscal year in which the fee is being computed and assets are less than \$10,000, the fee is 30 percent of the cost of alternative care services; and

(5) when the alternative care client's assets are equal to or greater than \$10,000, the fee is 30 percent of the cost of alternative care services.

For married persons, total assets are defined as the total marital assets less the estimated community spouse asset allowance, under section 256B.059, if applicable. For married persons, total income is defined as the client's income less the monthly spousal allotment, under section 256B.058.

All alternative care services shall be included in the estimated costs for the purpose of determining the fee.

Fees are due and payable each month alternative care services are received unless the actual cost of the services is less than the fee, in which case the fee is the lesser amount.

(b) The fee shall be waived by the commissioner when:

(1) a person ~~who is residing in a nursing facility is receiving case management only;~~

(2) a married couple is requesting an asset assessment under the spousal impoverishment provisions;

(3) a person is found eligible for alternative care, but is not yet receiving alternative care services including case management services; or

(4) a person has chosen to participate in a consumer-directed service plan for which the cost is no greater than the total cost of the person's alternative care service plan less the monthly fee amount that would otherwise be assessed.

(c) ~~The county agency must record in the state's receivable system the client's assessed fee amount or the reason the fee has been waived. The commissioner will bill and collect the fee from the client. Money collected must be deposited in the general fund and is appropriated to the commissioner for the alternative care program. The client must supply the county lead agency with the client's Social Security number at the time of application. The county lead agency shall supply the commissioner with the client's Social Security number and other information the commissioner requires to collect the fee from the client. The commissioner shall collect unpaid fees using the Revenue Recapture Act in chapter 270A and other methods available to the commissioner. The commissioner may require counties lead agencies to inform clients of the collection procedures that may be used by the state if a fee is not paid. This paragraph does not apply to alternative care pilot projects authorized in Laws 1993, First Special Session chapter 1, article 5, section 133, if a county operating under the pilot project reports the following dollar amounts to the commissioner quarterly:~~

- (1) total fees billed to clients;
- (2) total collections of fees billed; and
- (3) balance of fees owed by clients.

If a county lead agency does not adhere to these reporting requirements, the commissioner may terminate the billing, collecting, and remitting portions of the pilot project and require the county lead agency involved to operate under the procedures set forth in this paragraph.

Sec. 43. Minnesota Statutes 2006, section 256B.0913, subdivision 13, is amended to read:

Subd. 13. **County Lead agency biennial plan.** The county lead agency biennial plan for long-term care consultation services under section 256B.0911, the alternative care program under this section, and waivers for the elderly under section 256B.0915, shall be submitted by the lead agency as the home and community-based services quality assurance plan on a form provided by the commissioner.

Sec. 44. Minnesota Statutes 2006, section 256B.0913, subdivision 14, is amended to read:

Subd. 14. **Provider requirements, payment, and rate adjustments.** (a) Unless otherwise specified in statute, providers must be enrolled as Minnesota health care program providers and abide by the requirements for provider participation according to Minnesota Rules, part 9505.0195.

(b) Payment for provided alternative care services as approved by the client's case manager shall occur through the invoice processing procedures of the department's Medicaid Management Information System (MMIS). To receive payment, the county lead agency or vendor must submit invoices within 12 months following the date of service. The county lead agency and its vendors under contract shall not be reimbursed for services which exceed the county allocation.

(c) The county lead agency shall negotiate individual rates with vendors and may authorize service payment for actual costs up to the county's current approved rate. Notwithstanding any other rule or statutory provision to the contrary, the commissioner shall not be authorized to increase rates by an annual inflation factor, unless so authorized by the legislature. To improve access to community services and eliminate payment disparities between the alternative care program and the elderly waiver program, the commissioner shall establish statewide maximum service rate limits and eliminate county-specific service rate limits.

(1) Effective July 1, 2001, for service rate limits, except those in subdivision 5, paragraphs (d) and (i), the rate limit for each service shall be the greater of the alternative care statewide maximum rate or the elderly waiver statewide maximum rate.

(2) Counties Lead agencies may negotiate individual service rates with vendors for actual costs up to the statewide maximum service rate limit.

Sec. 45. Minnesota Statutes 2006, section 256B.0915, is amended to read:

256B.0915 MEDICAID WAIVER FOR ELDERLY SERVICES.

Subdivision 1. **Authority.** The commissioner is authorized to apply for a home and community-based services waiver for the elderly, authorized under section 1915(c) of the Social Security Act, in order to obtain federal financial participation to expand the availability of services for persons who are eligible for medical assistance. The commissioner may apply for additional waivers or pursue other federal financial participation which is advantageous

to the state for funding home care services for the frail elderly who are eligible for medical assistance. The provision of waived services to elderly and disabled medical assistance recipients must comply with the criteria for service definitions and provider standards approved in the waiver.

Subd. 1a. **Elderly waiver case management services.** (a) Elderly case management services under the home and community-based services waiver for elderly individuals are available from providers meeting qualification requirements and the standards specified in subdivision 1b. Eligible recipients may choose any qualified provider of elderly case management services.

Case management services assist individuals who receive waiver services in gaining access to needed waiver and other state plan services, as well as needed medical, social, educational, and other services regardless of the funding source for the services to which access is gained.

A case aide shall provide assistance to the case manager in carrying out administrative activities of the case management function. The case aide may not assume responsibilities that require professional judgment including assessments, reassessments, and care plan development. The case manager is responsible for providing oversight of the case aide.

Case managers shall be responsible for ongoing monitoring of the provision of services included in the individual's plan of care. Case managers shall initiate and oversee the process of assessment and reassessment of the individual's care and review plan of care at intervals specified in the federally approved waiver plan.

(b) The county of service or tribe must provide access to and arrange for case management services. County of service has the meaning given it in Minnesota Rules, part 9505.0015, subpart 11.

Subd. 1b. **Provider qualifications and standards.** The commissioner must enroll qualified providers of elderly case management services under the home and community-based waiver for the elderly under section 1915(c) of the Social Security Act. The enrollment process shall ensure the provider's ability to meet the qualification requirements and standards in this subdivision and other federal and state requirements of this service. An elderly case management provider is an enrolled medical assistance provider who is determined by the commissioner to have all of the following characteristics:

(1) the demonstrated capacity and experience to provide the components of case management to coordinate and link community resources needed by the eligible population;

(2) administrative capacity and experience in serving the target population for whom it will provide services and in ensuring quality of services under state and federal requirements;

(3) a financial management system that provides accurate documentation of services and costs under state and federal requirements;

(4) the capacity to document and maintain individual case records under state and federal requirements; and

(5) the county lead agency may allow a case manager employed by the county lead agency to delegate certain aspects of the case management activity to another individual employed by the county lead agency provided there is oversight of the individual by the case manager. The case manager may not delegate those aspects which require professional judgment including assessments, reassessments, and care plan development. Lead agencies include counties, health plans, and federally recognized tribes who authorize services under this section.

~~Subd. 1c. **Case management activities under the state plan.** The commissioner shall seek an amendment to the home and community-based services waiver for the elderly to implement the provisions of subdivisions 1a and 1b. If the commissioner is unable to secure the approval of the secretary of health and human services for the requested waiver amendment by December 31, 1993, the commissioner shall amend the medical assistance state~~

~~plan to provide that case management provided under the home and community based services waiver for the elderly is performed by counties as an administrative function for the proper and effective administration of the state medical assistance plan. The state shall reimburse counties for the nonfederal share of costs for case management performed as an administrative function under the home and community based services waiver for the elderly.~~

Subd. 1d. **Posteligibility treatment of income and resources for elderly waiver.** Notwithstanding the provisions of section 256B.056, the commissioner shall make the following amendment to the medical assistance elderly waiver program effective July 1, 1999, or upon federal approval, whichever is later.

A recipient's maintenance needs will be an amount equal to the Minnesota supplemental aid equivalent rate as defined in section 256I.03, subdivision 5, plus the medical assistance personal needs allowance as defined in section 256B.35, subdivision 1, paragraph (a), when applying posteligibility treatment of income rules to the gross income of elderly waiver recipients, except for individuals whose income is in excess of the special income standard according to Code of Federal Regulations, title 42, section 435.236. Recipient maintenance needs shall be adjusted under this provision each July 1.

Subd. 2. **Spousal impoverishment policies.** The commissioner shall ~~seek to amend the federal waiver and the medical assistance state plan to allow~~ apply:

(1) the spousal impoverishment criteria as authorized under United States Code, title 42, section 1396r-5, and as implemented in sections 256B.0575, 256B.058, and 256B.059; ~~except that the amendment shall seek to add to;~~

(2) the personal needs allowance permitted in section 256B.0575; and

(3) an amount equivalent to the group residential housing rate as set by section 256I.03, subdivision 5, and according to the approved federal waiver and medical assistance state plan.

Subd. 3. **Limits of cases.** The number of medical assistance waiver recipients that a ~~county~~ lead agency may serve must be allocated according to the number of medical assistance waiver cases open on July 1 of each fiscal year. Additional recipients may be served with the approval of the commissioner.

Subd. 3a. **Elderly waiver cost limits.** (a) The monthly limit for the cost of waived services to an individual elderly waiver client shall be the weighted average monthly nursing facility rate of the case mix resident class to which the elderly waiver client would be assigned under Minnesota Rules, parts 9549.0050 to 9549.0059, less the recipient's maintenance needs allowance as described in subdivision 1d, paragraph (a), until the first day of the state fiscal year in which the resident assessment system as described in section 256B.437 for nursing home rate determination is implemented. Effective on the first day of the state fiscal year in which the resident assessment system as described in section 256B.437 for nursing home rate determination is implemented and the first day of each subsequent state fiscal year, the monthly limit for the cost of waived services to an individual elderly waiver client shall be the rate of the case mix resident class to which the waiver client would be assigned under Minnesota Rules, parts 9549.0050 to 9549.0059, in effect on the last day of the previous state fiscal year, adjusted by the greater of any legislatively adopted home and community-based services percentage rate increase or the average statewide percentage increase in nursing facility payment rates.

(b) If extended medical supplies and equipment or environmental modifications are or will be purchased for an elderly waiver client, the costs may be prorated for up to 12 consecutive months beginning with the month of purchase. If the monthly cost of a recipient's waived services exceeds the monthly limit established in paragraph (a), the annual cost of all waived services shall be determined. In this event, the annual cost of all waived services shall not exceed 12 times the monthly limit of waived services as described in paragraph (a).

Subd. 3b. **Cost limits for elderly waiver applicants who reside in a nursing facility.** (a) For a person who is a nursing facility resident at the time of requesting a determination of eligibility for elderly waived services, a monthly conversion limit for the cost of elderly waived services may be requested. The monthly conversion limit for the cost of elderly waiver services shall be the resident class assigned under Minnesota Rules, parts 9549.0050 to 9549.0059, for that resident in the nursing facility where the resident currently resides until July 1 of the state fiscal year in which the resident assessment system as described in section 256B.437 for nursing home rate determination is implemented. Effective on July 1 of the state fiscal year in which the resident assessment system as described in section 256B.437 for nursing home rate determination is implemented, the monthly conversion limit for the cost of elderly waiver services shall be the per diem nursing facility rate as determined by the resident assessment system as described in section 256B.437 for that resident in the nursing facility where the resident currently resides multiplied by 365 and divided by 12, less the recipient's maintenance needs allowance as described in subdivision 1d. The initially approved conversion rate may be adjusted by the greater of any subsequent legislatively adopted home and community-based services percentage rate increase or the average statewide percentage increase in nursing facility payment rates. The limit under this subdivision only applies to persons discharged from a nursing facility after a minimum 30-day stay and found eligible for waived services on or after July 1, 1997. For conversions from the nursing home to the elderly waiver with consumer directed community support services, the conversion rate limit is equal to the nursing facility rate reduced by a percentage equal to the percentage difference between the consumer directed services budget limit that would be assigned according to the federally approved waiver plan and the corresponding community case mix cap, but not to exceed 50 percent.

(b) The following costs must be included in determining the total monthly costs for the waiver client:

(1) cost of all waived services, including extended medical supplies and equipment and environmental modifications and adaptations; and

(2) cost of skilled nursing, home health aide, and personal care services reimbursable by medical assistance.

Subd. 3c. **Service approval and contracting provisions.** (a) Medical assistance funding for skilled nursing services, private duty nursing, home health aide, and personal care services for waiver recipients must be approved by the case manager and included in the individual care plan.

(b) A ~~county~~ lead agency is not required to contract with a provider of supplies and equipment if the monthly cost of the supplies and equipment is less than \$250.

Subd. 3d. **Adult foster care rate.** The adult foster care rate shall be considered a difficulty of care payment and shall not include room and board. The adult foster care service rate shall be negotiated between the ~~county~~ lead agency and the foster care provider. The elderly waiver payment for the foster care service in combination with the payment for all other elderly waiver services, including case management, must not exceed the limit specified in subdivision 3a, paragraph (a).

Subd. 3e. ~~Assisted living~~ **Customized living service rate.** (a) ~~Payment for assisted living service customize living services shall be a monthly rate negotiated and authorized by the county agency based on an individualized service plan for each resident and may not cover direct rent or food costs. lead agency within the parameters established by the commissioner. The payment agreement must delineate the services that have been customized for each recipient and specify the amount of each service to be provided. The lead agency shall ensure that there is a documented need for all services authorized. Customized living services must not include rent or raw food costs. The negotiated payment rate must be based on services to be provided. Negotiated rates must not exceed payment rates for comparable elderly waiver or medical assistance services and must reflect economies of scale.~~

(b) ~~The individualized monthly negotiated payment for assisted living customized living services as described in section 256B.0913, subdivisions 5d to 5f, and residential care services as described in section 256B.0913, subdivision 5e, shall not exceed the nonfederal share, in effect on July 1 of the state fiscal year for which the rate~~

limit is being calculated, of the greater of either the statewide or any of the geographic groups' weighted average monthly nursing facility rate of the case mix resident class to which the elderly waiver eligible client would be assigned under Minnesota Rules, parts 9549.0050 to 9549.0059, less the maintenance needs allowance as described in subdivision 1d, paragraph (a), until the July 1 of the state fiscal year in which the resident assessment system as described in section 256B.437 for nursing home rate determination is implemented. Effective on July 1 of the state fiscal year in which the resident assessment system as described in section 256B.437 for nursing home rate determination is implemented and July 1 of each subsequent state fiscal year, the individualized monthly negotiated payment for the services described in this clause shall not exceed the limit described in this clause which was in effect on June 30 of the previous state fiscal year and which has been adjusted by the greater of any legislatively adopted home and community-based services cost-of-living percentage increase or any legislatively adopted statewide percent rate increase for nursing facilities.

(c) ~~The individualized monthly negotiated payment for assisted Customized living services described in section 144A.4605 and are delivered by a provider licensed by the Department of Health as a class A or class F home care provider or an assisted living home care provider and provided in a building that is registered as a housing with services establishment under chapter 144D and that provides 24-hour supervision in combination with the payment for other elderly waiver services, including case management, must not exceed the limit specified in subdivision 3a.~~

Subd. 3f. **Individual service rates; expenditure forecasts.** (a) The ~~county~~ lead agency shall negotiate individual service rates with vendors and may authorize payment for actual costs up to the ~~county's lead agency's~~ current approved rate. Persons or agencies must be employed by or under a contract with the ~~county~~ lead agency or the public health nursing agency of the local board of health in order to receive funding under the elderly waiver program, except as a provider of supplies and equipment when the monthly cost of the supplies and equipment is less than \$250.

(b) Reimbursement for the medical assistance recipients under the approved waiver shall be made from the medical assistance account through the invoice processing procedures of the department's Medicaid Management Information System (MMIS), only with the approval of the client's case manager. The budget for the state share of the Medicaid expenditures shall be forecasted with the medical assistance budget, and shall be consistent with the approved waiver.

Subd. 3g. **Service rate limits; state assumption of costs.** (a) To improve access to community services and eliminate payment disparities between the alternative care program and the elderly waiver, the commissioner shall establish statewide maximum service rate limits and eliminate ~~county-specific~~ lead agency-specific service rate limits.

(b) Effective July 1, 2001, for service rate limits, except those described or defined in subdivisions 3d and 3e, the rate limit for each service shall be the greater of the alternative care statewide maximum rate or the elderly waiver statewide maximum rate.

(c) ~~Counties~~ Lead agencies may negotiate individual service rates with vendors for actual costs up to the statewide maximum service rate limit.

Subd. 3h. **Service rate limits; 24-hour customized living services.** The payment rates for 24-hour customized living services is a monthly rate negotiated and authorized by the lead agency within the parameters established by the commissioner of human services. The payment agreement must delineate the services that have been customized for each recipient and specify the amount of each service to be provided. The lead agency shall ensure that there is a documented need for all services authorized. The lead agency shall not authorize 24-hour customized living services unless there is a documented need for 24-hour supervision. For purposes of this section, "24-hour supervision" means that the recipient requires assistance due to needs related to one or more of the following:

(1) intermittent assistance with toileting or transferring;

(2) cognitive or behavioral issues;

(3) a medical condition that requires clinical monitoring; or

(4) other conditions or needs as defined by the commissioner of human services. The lead agency shall ensure that the frequency and mode of supervision of the recipient and the qualifications of staff providing supervision are described and meet the needs of the recipient. Customized living services must not include rent or raw food costs. The negotiated payment rate for 24-hour customized living services must be based on services to be provided. Negotiated rates must not exceed payment rates for comparable elderly waiver or medical assistance services and must reflect economies of scale. The individually negotiated 24-hour customized living payments, in combination with the payment for other elderly waiver services, including case management, must not exceed the recipient's community budget cap specified in subdivision 3a.

Subd. 4. **Termination notice.** The case manager must give the individual a ten-day written notice of any denial, reduction, or termination of waived services.

Subd. 5. **Assessments and reassessments for waiver clients.** Each client shall receive an initial assessment of strengths, informal supports, and need for services in accordance with section 256B.0911, subdivisions 3, 3a, and 3b. A reassessment of a client served under the elderly waiver must be conducted at least every 12 months and at other times when the case manager determines that there has been significant change in the client's functioning. This may include instances where the client is discharged from the hospital.

Subd. 6. **Implementation of care plan.** Each elderly waiver client shall be provided a copy of a written care plan that meets the requirements outlined in section 256B.0913, subdivision 8. The care plan must be implemented by the county ~~administering waived services~~ of service when it is different than the county of financial responsibility. The county of service administering waived services must notify the county of financial responsibility of the approved care plan.

Subd. 7. **Prepaid elderly waiver services.** An individual for whom a prepaid health plan is liable for nursing home services or elderly waiver services according to section 256B.69, subdivision 6a, is not eligible to also receive county-administered elderly waiver services ~~under this section~~.

Subd. 8. **Services and supports.** (a) Services and supports shall meet the requirements set out in United States Code, title 42, section 1396n.

(b) Services and supports shall promote consumer choice and be arranged and provided consistent with individualized, written care plans.

(c) The state of Minnesota, county, managed care organization, or tribal government under contract to administer the elderly waiver shall not be liable for damages, injuries, or liabilities sustained through the purchase of direct supports or goods by the person, the person's family, or the authorized representatives with funds received through consumer-directed community support services under the federally approved waiver plan. Liabilities include, but are not limited to, workers' compensation liability, the Federal Insurance Contributions Act (FICA), or the Federal Unemployment Tax Act (FUTA).

Subd. 9. **Tribal management of elderly waiver.** Notwithstanding contrary provisions of this section, or those in other state laws or rules, the commissioner may develop a model for tribal management of the elderly waiver program and implement this model through a contract between the state and any of the state's federally recognized

tribal governments. The model shall include the provision of tribal waiver case management, assessment for personal care assistance, and administrative requirements otherwise carried out by ~~counties~~ lead agencies but shall not include tribal financial eligibility determination for medical assistance.

EFFECTIVE DATE. Subdivision 3h is effective the day following final enactment.

Sec. 46. Minnesota Statutes 2006, section 256B.0917, subdivision 8, is amended to read:

Subd. 8. **Living-at-home/block nurse program grant.** (a) The organization awarded the contract under subdivision 7, shall develop and administer a grant program to establish or expand up to ~~33~~ 51 community-based organizations that will implement living-at-home/block nurse programs that are designed to enable senior citizens to live as independently as possible in their homes and in their communities. At least one-half of the programs must be in counties outside the seven-county metropolitan area. Nonprofit organizations and units of local government are eligible to apply for grants to establish the community organizations that will implement living-at-home/block nurse programs. In awarding grants, the organization awarded the contract under subdivision 7 shall give preference to nonprofit organizations and units of local government from communities that:

- (1) have high nursing home occupancy rates;
 - (2) have a shortage of health care professionals;
 - (3) are located in counties adjacent to, or are located in, counties with existing living-at-home/block nurse programs; and
 - (4) meet other criteria established by LAH/BN, Inc., in consultation with the commissioner.
- (b) Grant applicants must also meet the following criteria:
- (1) the local community demonstrates a readiness to establish a community model of care, including the formation of a board of directors, advisory committee, or similar group, of which at least two-thirds is comprised of community citizens interested in community-based care for older persons;
 - (2) the program has sponsorship by a credible, representative organization within the community;
 - (3) the program has defined specific geographic boundaries and defined its organization, staffing and coordination/delivery of services;
 - (4) the program demonstrates a team approach to coordination and care, ensuring that the older adult participants, their families, the formal and informal providers are all part of the effort to plan and provide services; and
 - (5) the program provides assurances that all community resources and funding will be coordinated and that other funding sources will be maximized, including a person's own resources.
- (c) Grant applicants must provide a minimum of five percent of total estimated development costs from local community funding. Grants shall be awarded for four-year periods, and the base amount shall not exceed ~~\$80,000~~ \$100,000 per applicant for the grant period. The organization under contract may increase the grant amount for applicants from communities that have socioeconomic characteristics that indicate a higher level of need for

assistance. Subject to the availability of funding, grants and grant renewals awarded or entered into on or after July 1, 1997, shall be renewed by LAH/BN, Inc. every four years, unless LAH/BN, Inc. determines that the grant recipient has not satisfactorily operated the living-at-home/block nurse program in compliance with the requirements of paragraphs (b) and (d). Grants provided to living-at-home/block nurse programs under this paragraph may be used for both program development and the delivery of services.

(d) Each living-at-home/block nurse program shall be designed by representatives of the communities being served to ensure that the program addresses the specific needs of the community residents. The programs must be designed to:

(1) incorporate the basic community, organizational, and service delivery principles of the living-at-home/block nurse program model;

(2) provide senior citizens with registered nurse directed assessment, provision and coordination of health and personal care services on a sliding fee basis as an alternative to expensive nursing home care;

(3) provide information, support services, homemaking services, counseling, and training for the client and family caregivers;

(4) encourage the development and use of respite care, caregiver support, and in-home support programs, such as adult foster care and in-home adult day care;

(5) encourage neighborhood residents and local organizations to collaborate in meeting the needs of senior citizens in their communities;

(6) recruit, train, and direct the use of volunteers to provide informal services and other appropriate support to senior citizens and their caregivers; and

(7) provide coordination and management of formal and informal services to senior citizens and their families using less expensive alternatives.

Sec. 47. Minnesota Statutes 2006, section 256B.0919, subdivision 3, is amended to read:

Subd. 3. **County certification of persons providing adult foster care to related persons.** A person exempt from licensure under section 245A.03, subdivision 2, who provides adult foster care to a related individual age 65 and older, and who meets the requirements in Minnesota Rules, parts 9555.5105 to 9555.6265, may be certified by the county to provide adult foster care. A person certified by the county to provide adult foster care may be reimbursed for services provided and eligible for funding under ~~sections 256B.0913 and~~ section 256B.0915, if the relative would suffer a financial hardship as a result of providing care. For purposes of this subdivision, financial hardship refers to a situation in which a relative incurs a substantial reduction in income as a result of resigning from a full-time job or taking a leave of absence without pay from a full-time job to care for the client.

Sec. 48. Minnesota Statutes 2006, section 256B.095, is amended to read:

256B.095 QUALITY ASSURANCE SYSTEM ESTABLISHED.

(a) Effective July 1, 1998, a quality assurance system for persons with developmental disabilities, which includes an alternative quality assurance licensing system for programs, is established in Dodge, Fillmore, Freeborn, Goodhue, Houston, Mower, Olmsted, Rice, Steele, Wabasha, and Winona Counties for the purpose of improving the quality of services provided to persons with developmental disabilities. A county, at its option, may choose to have all programs for persons with developmental disabilities located within the county licensed under chapter 245A using standards determined under the alternative quality assurance licensing system or may continue regulation of these programs under the licensing system operated by the commissioner. The project expires on June 30, ~~2009~~ 2014.

(b) Effective July 1, 2003, a county not listed in paragraph (a) may apply to participate in the quality assurance system established under paragraph (a). The commission established under section 256B.0951 may, at its option, allow additional counties to participate in the system.

(c) Effective July 1, 2003, any county or group of counties not listed in paragraph (a) may establish a quality assurance system under this section. A new system established under this section shall have the same rights and duties as the system established under paragraph (a). A new system shall be governed by a commission under section 256B.0951. The commissioner shall appoint the initial commission members based on recommendations from advocates, families, service providers, and counties in the geographic area included in the new system. Counties that choose to participate in a new system shall have the duties assigned under section 256B.0952. The new system shall establish a quality assurance process under section 256B.0953. The provisions of section 256B.0954 shall apply to a new system established under this paragraph. The commissioner shall delegate authority to a new system established under this paragraph according to section 256B.0955.

(d) Effective July 1, 2007, the quality assurance system may be expanded to include programs for persons with disabilities and older adults.

Sec. 49. Minnesota Statutes 2006, section 256B.0951, subdivision 1, is amended to read:

Subdivision 1. **Membership.** The Quality Assurance Commission is established. The commission consists of at least 14 but not more than 21 members as follows: at least three but not more than five members representing advocacy organizations; at least three but not more than five members representing consumers, families, and their legal representatives; at least three but not more than five members representing service providers; at least three but not more than five members representing counties; and the commissioner of human services or the commissioner's designee. The first commission shall establish membership guidelines for the transition and recruitment of membership for the commission's ongoing existence. Members of the commission who do not receive a salary or wages from an employer for time spent on commission duties may receive a per diem payment when performing commission duties and functions. All members may be reimbursed for expenses related to commission activities. Notwithstanding the provisions of section 15.059, subdivision 5, the commission expires on June 30, ~~2009~~ 2014.

Sec. 50. **[256B.096] QUALITY MANAGEMENT; ASSURANCE; AND IMPROVEMENT SYSTEM FOR MINNESOTANS RECEIVING DISABILITY SERVICES.**

Subdivision 1. **Scope.** In order to improve the quality of services provided to Minnesotans with disabilities and to meet the requirements of the federally approved home and community-based waivers under section 1915c of the Social Security Act, a statewide quality assurance and improvement system for Minnesotans receiving disability services shall be developed. The disability services included are the home and community-based services waiver programs for persons with developmental disabilities under section 256B.092, subdivision 4, and persons with disabilities under section 256B.49.

Subd. 2. **Stakeholder advisory group.** The commissioner shall consult with a stakeholder advisory group on the development and implementation of the state quality management, assurance, and improvement system, including representatives from: disability service recipients, disability service providers, disability advocacy groups, county human service agencies, and state agency staff from the Departments of Human Services and Health and ombudsman for mental health and developmental disabilities on the development of a statewide quality assurance and improvement system.

Subd. 3. **Annual survey of service recipients.** The commissioner, in consultation with the stakeholder advisory group, shall develop and conduct an annual independent random statewide survey of between five and ten percent of service recipients to determine the effectiveness and quality of disability services. The survey shall be consistent with the system performance expectations of the Centers for Medicare and Medicaid Services quality

management requirements and framework. The survey shall analyze whether desired outcomes have been achieved for persons with different demographic, diagnostic, health, and functional needs and receiving different types of services, in different settings, with different costs. The survey shall be field tested during 2008 and implemented by February 1, 2009. Annual statewide and regional reports of the results shall be published for use by regions, counties, and providers to plan and measure the impact of quality improvement activities.

Subd. 4. **Improvements for incident reporting, investigation, analysis, and follow-up.** In consultation with the stakeholder advisory group, the commissioner shall identify the information, data sources, and technology needed to improve the system of incident reporting, including:

(1) reports made under the Maltreatment of Minors and Vulnerable Adults Acts; and

(2) investigation, analysis, and follow-up for disability services.

The commissioner must ensure that the federal home and community-based waiver requirements are met and that incidents that may have jeopardized safety; health; or violated service-related assurances, civil and human rights, and other protections designed to prevent abuse, neglect, and exploitation are reviewed, investigated, and acted upon in a timely manner.

Subd. 5. **Biennial report.** The commissioner shall provide a biennial report to the chairs of the legislative committees with jurisdiction over health and human services policy and funding beginning January 15, 2009, on the development and activities of the quality management, assurance, and improvement system designed to meet the federal requirements under the home and community-based services waiver programs for persons with disabilities. By January 15, 2008, the commissioner shall provide a preliminary report on the priorities for meeting the federal requirements, progress on the annual survey, recommendations for improvements in the incident reporting system, and a plan for incorporating the quality assurance efforts under section 256B.095 and other regional efforts into the statewide system.

Sec. 51. Minnesota Statutes 2006, section 256B.431, subdivision 1, is amended to read:

Subdivision 1. **In general.** The commissioner shall determine prospective payment rates for resident care costs. For rates established on or after July 1, 1985, the commissioner shall develop procedures for determining operating cost payment rates that take into account the mix of resident needs, geographic location, and other factors as determined by the commissioner. The commissioner shall consider whether the fact that a facility is attached to a hospital or has an average length of stay of 180 days or less should be taken into account in determining rates. The commissioner shall consider the use of the standard metropolitan statistical areas when developing groups by geographic location. The commissioner shall provide notice to each nursing facility on or before ~~May 1~~ August 15 of the rates effective for the following rate year except that if legislation is pending on ~~May 1~~ August 15 that may affect rates for nursing facilities, the commissioner shall set the rates after the legislation is enacted and provide notice to each facility as soon as possible.

Compensation for top management personnel shall continue to be categorized as a general and administrative cost and is subject to any limits imposed on that cost category.

Sec. 52. Minnesota Statutes 2006, section 256B.431, subdivision 2e, is amended to read:

Subd. 2e. **Contracts for services for ventilator-dependent persons.** (a) The commissioner may negotiate with a nursing facility eligible to receive medical assistance payments to provide services to a ventilator-dependent person identified by the commissioner according to criteria developed by the commissioner, including:

(1) nursing facility care has been recommended for the person by a preadmission screening team;

(2) the person has been hospitalized and no longer requires inpatient acute care hospital services; and

(3) the commissioner has determined that necessary services for the person cannot be provided under existing nursing facility rates.

The commissioner may negotiate an adjustment to the operating cost payment rate for a nursing facility with a resident who is ventilator-dependent, for that resident. The negotiated adjustment must reflect only the actual additional cost of meeting the specialized care needs of a ventilator-dependent person identified by the commissioner for whom necessary services cannot be provided under existing nursing facility rates and which are not otherwise covered under Minnesota Rules, parts 9549.0010 to 9549.0080 or 9505.0170 to 9505.0475. For persons who are initially admitted to a nursing facility before July 1, 2001, and have their payment rate under this subdivision negotiated after July 1, 2001, the negotiated payment rate must not exceed 200 percent of the highest multiple bedroom payment rate for the facility, as initially established by the commissioner for the rate year for case mix classification K; or, upon implementation of the RUG's-based case mix system, 200 percent of the highest RUG's rate. For persons initially admitted to a nursing facility on or after July 1, 2001, the negotiated payment rate must not exceed 300 percent of the facility's multiple bedroom payment rate for case mix classification K; or, upon implementation of the RUG's-based case mix system, 300 percent of the highest RUG's rate. The negotiated adjustment shall not affect the payment rate charged to private paying residents under the provisions of section 256B.48, subdivision 1.

(b) Effective July 1, 2007, or upon opening a unit of at least ten beds dedicated to care of ventilator-dependent persons in partnership with Mayo Health Systems, whichever is later, the operating payment rates for residents determined eligible under paragraph (a) of a nursing facility in Waseca County that on February 1, 2007, was licensed for 70 beds and reimbursed under this section, section 256B.434, or section 256B.441, shall be 300 percent of the facility's highest RUG rate.

Sec. 53. Minnesota Statutes 2006, section 256B.431, subdivision 3f, is amended to read:

Subd. 3f. **Property costs after July 1, 1988.** (a) **Investment per bed limit.** For the rate year beginning July 1, 1988, the replacement-cost-new per bed limit must be \$32,571 per licensed bed in multiple bedrooms and \$48,857 per licensed bed in a single bedroom. For the rate year beginning July 1, 1989, the replacement-cost-new per bed limit for a single bedroom must be \$49,907 adjusted according to Minnesota Rules, part 9549.0060, subpart 4, item A, subitem (1). Beginning January 1, 1990, the replacement-cost-new per bed limits must be adjusted annually as specified in Minnesota Rules, part 9549.0060, subpart 4, item A, subitem (1). Beginning January 1, 1991, the replacement-cost-new per bed limits will be adjusted annually as specified in Minnesota Rules, part 9549.0060, subpart 4, item A, subitem (1), except that the index utilized will be the Bureau of the Census ~~Composite fixed-weighted price index as published in the C30 Report, Value of New Construction Put in Place~~ Economic Analysis: Price Indexes for Private Fixed Investments in Structures; Special Care.

(b) **Rental factor.** For the rate year beginning July 1, 1988, the commissioner shall increase the rental factor as established in Minnesota Rules, part 9549.0060, subpart 8, item A, by 6.2 percent rounded to the nearest 100th percent for the purpose of reimbursing nursing facilities for soft costs and entrepreneurial profits not included in the cost valuation services used by the state's contracted appraisers. For rate years beginning on or after July 1, 1989, the rental factor is the amount determined under this paragraph for the rate year beginning July 1, 1988.

(c) **Occupancy factor.** For rate years beginning on or after July 1, 1988, in order to determine property-related payment rates under Minnesota Rules, part 9549.0060, for all nursing facilities except those whose average length of stay in a skilled level of care within a nursing facility is 180 days or less, the commissioner shall use 95 percent of capacity days. For a nursing facility whose average length of stay in a skilled level of care within a nursing facility is 180 days or less, the commissioner shall use the greater of resident days or 80 percent of capacity days but in no event shall the divisor exceed 95 percent of capacity days.

(d) **Equipment allowance.** For rate years beginning on July 1, 1988, and July 1, 1989, the commissioner shall add ten cents per resident per day to each nursing facility's property-related payment rate. The ten-cent property-related payment rate increase is not cumulative from rate year to rate year. For the rate year beginning July 1, 1990, the commissioner shall increase each nursing facility's equipment allowance as established in Minnesota Rules, part 9549.0060, subpart 10, by ten cents per resident per day. For rate years beginning on or after July 1, 1991, the adjusted equipment allowance must be adjusted annually for inflation as in Minnesota Rules, part 9549.0060, subpart 10, item E. For the rate period beginning October 1, 1992, the equipment allowance for each nursing facility shall be increased by 28 percent. For rate years beginning after June 30, 1993, the allowance must be adjusted annually for inflation.

(e) **Post chapter 199 related-organization debts and interest expense.** For rate years beginning on or after July 1, 1990, Minnesota Rules, part 9549.0060, subpart 5, item E, shall not apply to outstanding related organization debt incurred prior to May 23, 1983, provided that the debt was an allowable debt under Minnesota Rules, parts 9510.0010 to 9510.0480, the debt is subject to repayment through annual principal payments, and the nursing facility demonstrates to the commissioner's satisfaction that the interest rate on the debt was less than market interest rates for similar arm's-length transactions at the time the debt was incurred. If the debt was incurred due to a sale between family members, the nursing facility must also demonstrate that the seller no longer participates in the management or operation of the nursing facility. Debts meeting the conditions of this paragraph are subject to all other provisions of Minnesota Rules, parts 9549.0010 to 9549.0080.

(f) **Building capital allowance for nursing facilities with operating leases.** For rate years beginning on or after July 1, 1990, a nursing facility with operating lease costs incurred for the nursing facility's buildings shall receive its building capital allowance computed in accordance with Minnesota Rules, part 9549.0060, subpart 8. If an operating lease provides that the lessee's rent is adjusted to recognize improvements made by the lessor and related debt, the costs for capital improvements and related debt shall be allowed in the computation of the lessee's building capital allowance, provided that reimbursement for these costs under an operating lease shall not exceed the rate otherwise paid.

Sec. 54. Minnesota Statutes 2006, section 256B.431, subdivision 17e, is amended to read:

Subd. 17e. **Replacement-costs-new per bed limit effective July 1, 2001.** Notwithstanding Minnesota Rules, part 9549.0060, subpart 11, item C, subitem (2), for a total replacement, as defined in ~~paragraph (f) subdivision 17d,~~ authorized under section 144A.071 or 144A.073 after July 1, 1999, or any building project that is a relocation, renovation, upgrading, or conversion completed on or after July 1, 2001, the replacement-costs-new per bed limit shall be \$74,280 per licensed bed in multiple-bed rooms, \$92,850 per licensed bed in semiprivate rooms with a fixed partition separating the resident beds, and \$111,420 per licensed bed in single rooms. Minnesota Rules, part 9549.0060, subpart 11, item C, subitem (2), does not apply. These amounts must be adjusted annually as specified in subdivision 3f, paragraph (a), beginning January 1, 2000.

Sec. 55. Minnesota Statutes 2006, section 256B.434, subdivision 4, is amended to read:

Subd. 4. **Alternate rates for nursing facilities.** (a) For nursing facilities which have their payment rates determined under this section rather than section 256B.431, the commissioner shall establish a rate under this subdivision. The nursing facility must enter into a written contract with the commissioner.

(b) A nursing facility's case mix payment rate for the first rate year of a facility's contract under this section is the payment rate the facility would have received under section 256B.431.

(c) A nursing facility's case mix payment rates for the second and subsequent years of a facility's contract under this section are the previous rate year's contract payment rates plus an inflation adjustment and, for facilities reimbursed under this section or section 256B.431, an adjustment to include the cost of any increase in Health

Department licensing fees for the facility taking effect on or after July 1, 2001. The index for the inflation adjustment must be based on the change in the Consumer Price Index-all items (United States City average) (CPI-U) forecasted by the commissioner of finance's national economic consultant, as forecasted in the fourth quarter of the calendar year preceding the rate year. The inflation adjustment must be based on the 12-month period from the midpoint of the previous rate year to the midpoint of the rate year for which the rate is being determined. For the rate years beginning on July 1, 1999, July 1, 2000, July 1, 2001, July 1, 2002, July 1, 2003, July 1, 2004, July 1, 2005, July 1, 2006, July 1, 2007, ~~and July 1, 2008, July 1, 2009, and July 1, 2010,~~ this paragraph shall apply only to the property-related payment rate, except that adjustments to include the cost of any increase in Health Department licensing fees taking effect on or after July 1, 2001, shall be provided. Beginning in 2005, adjustment to the property payment rate under this section and section 256B.431 shall be effective on October 1. In determining the amount of the property-related payment rate adjustment under this paragraph, the commissioner shall determine the proportion of the facility's rates that are property-related based on the facility's most recent cost report.

(d) The commissioner shall develop additional incentive-based payments of up to five percent above a facility's operating payment rate for achieving outcomes specified in a contract. The commissioner may solicit contract amendments and implement those which, on a competitive basis, best meet the state's policy objectives. The commissioner shall limit the amount of any incentive payment and the number of contract amendments under this paragraph to operate the incentive payments within funds appropriated for this purpose. The contract amendments may specify various levels of payment for various levels of performance. Incentive payments to facilities under this paragraph may be in the form of time-limited rate adjustments or onetime supplemental payments. In establishing the specified outcomes and related criteria, the commissioner shall consider the following state policy objectives:

- (1) successful diversion or discharge of residents to the residents' prior home or other community-based alternatives;
- (2) adoption of new technology to improve quality or efficiency;
- (3) improved quality as measured in the Nursing Home Report Card;
- (4) reduced acute care costs; and
- (5) any additional outcomes proposed by a nursing facility that the commissioner finds desirable.

(e) Notwithstanding the threshold in section 256B.431, subdivision 16, facilities that take action to come into compliance with existing or pending requirements of the life safety code provisions or other federal regulations governing sprinkler systems shall receive reimbursement for the costs associated with compliance if all of the following conditions are met:

- (1) the expenses associated with compliance occurred on or after January 1, 2005, and before December 31, 2008;
- (2) the costs were not otherwise reimbursed under section 144A.071, 144A.073, or 256B.434, subdivision 4f; and
- (3) the total allowable costs reported under this paragraph are less than the minimum threshold established under section 256B.431, subdivisions 15, paragraph (e), and 16.

The commissioner shall use funds appropriated for this purpose to provide to qualifying nursing facilities a rate adjustment beginning October 1, 2007, and ending September 30, 2008. Nursing facilities that have expended funds or anticipate the need to expend funds to satisfy the most recent life safety code requirements by (1) installing a sprinkler system or (2) replacing all or portions of an existing sprinkler system may submit to the commissioner by

June 30, 2007, on a form provided by the commissioner the actual costs of a completed project or the estimated costs, based on a project bid, of a planned project. The commissioner shall calculate a rate adjustment equal to the allowable costs of the project divided by the resident days reported for the report year ending September 30, 2006. If the costs from all projects exceed the appropriation for this purpose, the commissioner shall allocate the funds appropriated on a pro rata basis to the qualifying facilities by reducing the rate adjustment determined for each facility by an equal percentage. If the rate adjustments under this subdivision are reduced to fit the appropriation, facilities may include the portion of the costs that are not reimbursed by the rate adjustment as part of a project that meets the requirements of subdivision 4f. If the commissioner determines that there are any unexpended funds for the purposes of this paragraph, the commissioner may allocate the remainder of the funds to the qualifying facilities on a pro rata basis for other physical plant changes required by the nursing facility in order to meet the most recent life safety code compliance standards. Facilities that used estimated costs when requesting the rate adjustment shall report to the commissioner by January 31, 2009, on the use of these funds on a form provided by the commissioner. If the nursing facility fails to provide the report, the commissioner shall recoup the funds appropriated to the facility for this purpose. If the facility reports expenditures allowable under this subdivision that are less than the amount received in the facility's annualized rate adjustment, the commissioner shall recoup the difference.

Sec. 56. Minnesota Statutes 2006, section 256B.434, is amended by adding a subdivision to read:

Subd. 4i. **Nursing facility rate increase effective October 1, 2007; Hennepin County.** For the rate year beginning October 1, 2007, the commissioner shall provide to a nursing facility in Hennepin County licensed for 268 beds as of February 1, 2007, an increase in the property payment rate of \$6.52 per resident per day. The increase under this subdivision must be added following the determination under this chapter of the payment rate for the rate year beginning October 1, 2007, and must be included in the facility's total payment rate for purposes of determining future rates under this section or any other section.

Sec. 57. Minnesota Statutes 2006, section 256B.434, is amended by adding a subdivision to read:

Subd. 4j. **Rate increase for facilities in Chisago County.** Effective October 1, 2007, operating payment rates of all nursing facilities in Chisago County that are reimbursed under this section or section 256B.441 shall be increased to be equal, for a RUG's rate with a weight of 1.00, to the geographic group III median rate for the same RUG's weight. The percentage of the operating payment rate for each facility to be case-mix adjusted shall be equal to the percentage that is case-mix adjusted in that facility's September 30, 2007, operating payment rate. This subdivision applies only if it results in a rate increase. Increases provided by this subdivision shall be added to the rate determined under any new reimbursement system established under section 256B.441.

Sec. 58. Minnesota Statutes 2006, section 256B.434, is amended by adding a subdivision to read:

Subd. 4k. **Nursing facility rate increase effective January 1, 2008; Hennepin County.** Effective January 1, 2008, a nursing facility in Hennepin County licensed for 137 beds as of February 1, 2007, shall receive an increase of \$2.81 in each case mix payment rate to offset property tax payments due as a result of the facility's conversion from nonprofit to for-profit status. The increase under this subdivision must be added following the determination under this chapter of the payment rate for the rate year beginning October 1, 2007, and must be included in the facility's total payment rate for the purposes of determining future rates under this section or any other section.

Sec. 59. Minnesota Statutes 2006, section 256B.434, is amended by adding a subdivision to read:

Subd. 4l. **Property rate adjustment; Kanabec County.** The commissioner shall allow a property rate adjustment for a facility located in Kanabec County that was approved for a moratorium exception project in 2001, but experienced a delay and additional costs associated with the project, and completed the project in 2005. The

property payment rate for the rate years beginning October 1, 2007, and ending September 30, 2009, must be \$22.73 per resident day. For subsequent years, the property rate of \$22.73 per resident day shall be adjusted as provided in subdivision 4, paragraph (c), as long as the facility has a contract under this section.

Sec. 60. Minnesota Statutes 2006, section 256B.434, is amended by adding a subdivision to read:

Subd. 4m. **Rate increase for facilities in Rice County.** Effective July 1, 2007, operating payment rates of nursing facilities in Rice County located within two miles of Scott County or Dakota County that are reimbursed under this section or section 256B.441 must be increased to be equal, for a RUG's rate with a weight of 1.00, to the geographic group III median rate for the same RUG's weight. The percentage of the operating payment rate for each facility to be case-mix adjusted must be equal to the percentage that is case-mix adjusted in that facility's June 30, 2006, operating payment rate. This subdivision applies only if it results in a rate increase.

Sec. 61. Minnesota Statutes 2006, section 256B.434, is amended by adding a subdivision to read:

Subd. 4n. **Facility rate increase.** For the rate year beginning October 1, 2007, a nursing facility in Faribault County licensed for 50 beds as of April 19, 2006, shall receive a rate increase of \$2.64 in each case mix payment rate to offset property tax payments due as a result of the facility's conversion from nonprofit to for-profit status. The increase under this subdivision shall be added to the payment rates in effect for the facility on September 30, 2007, and shall be included in the facility's total payment rates for the purposes of determining future rates under this section or any other section.

Sec. 62. Minnesota Statutes 2006, section 256B.434, is amended by adding a subdivision to read:

Subd. 19. **Nursing facility rate increases beginning October 1, 2007, and October 1, 2008.** (a) For the rate year beginning October 1, 2007, the commissioner shall make available to each nursing facility reimbursed under this section operating payment rate adjustments equal to three percent of the operating payment rates in effect on September 30, 2007. For the rate year beginning October 1, 2008, the commissioner shall make available to each nursing facility reimbursed under this section operating payment rate adjustments equal to three percent of the operating payment rates in effect on September 30, 2008.

(b) Seventy-five percent of the money resulting from the rate adjustments under paragraph (a) must be used for increases in compensation-related costs of eligible employees.

(c) For purposes of this subdivision, eligible employees includes all persons directly employed by the nursing facility on or after the effective date of the rate adjustments, except:

(1) persons employed in the central office of a corporation that has an ownership interest in the nursing facility or exercises control over the nursing facility; and

(2) persons paid by the nursing facility under a management contract.

(d) The commissioner shall allow as compensation-related costs all costs for:

(1) wages and salaries;

(2) FICA taxes, Medicare taxes, state and federal unemployment taxes, and workers' compensation;

(3) the employer's share of health and dental insurance, life insurance, disability insurance, long-term care insurance, uniform allowance, and pensions; and

(4) other benefits provided, subject to the approval of the commissioner.

(e) The portion of the rate adjustments under paragraph (a) that is not subject to the requirements in paragraph (b) shall be provided to nursing facilities effective October 1 of each year.

(f) Nursing facilities may apply for the portion of the rate adjustments under paragraph (a) that is subject to the requirements in paragraph (b). The application must be submitted to the commissioner within six months of the effective date of the rate adjustments, and the nursing facility must provide additional information required by the commissioner within nine months of the effective date of the rate adjustments. The commissioner must respond to all applications within three weeks of receipt. The commissioner may waive the deadlines in this paragraph under extraordinary circumstances, to be determined at the sole discretion of the commissioner. The application must contain:

(1) an estimate of the amounts of money that must be used as specified in paragraph (b);

(2) a detailed distribution plan specifying the allowable compensation-related increases the nursing facility will implement to use the funds available in clause (1);

(3) a description of how the nursing facility will notify eligible employees of the contents of the approved application, which must provide for giving each eligible employee a copy of the approved application, excluding the information required in clause (1), or posting a copy of the approved application, excluding the information required in clause (1), for a period of at least six weeks in an area of the nursing facility to which all eligible employees have access; and

(4) instructions for employees who believe they have not received the compensation-related increases specified in clause (2), as approved by the commissioner, and which must include a mailing address, e-mail address, and the telephone number that may be used by the employee to contact the commissioner or the commissioner's representative.

(g) The commissioner shall ensure that cost increases in distribution plans under paragraph (f), clause (2), that may be included in approved applications, comply with requirements in clauses (1) to (4):

(1) costs to be incurred during the applicable rate year resulting from wage and salary increases implemented prior to the first day of the nursing facility's payroll period that includes October 1 of each year shall be allowed if they were not used in a prior year's application;

(2) a portion of the costs resulting from tenure-related wage or salary increases may be considered to be allowable compensation-related increases, in accordance with existing formulas that the commissioner shall provide;

(3) the annualized amount of increases in costs for the employer's share of health and dental insurance, life insurance, disability insurance, and workers' compensation shall be allowable compensation-related increases if they are effective on or after April 1 of the year in which the rate adjustments are effective and prior to April 1 of the following year; and

(4) for nursing facilities in which employees are represented by an exclusive bargaining representative, an agreement negotiated and agreed to by the employer and the exclusive bargaining representative constitutes the plan. The commissioner shall not review and shall not require changes to the portions of the plan covered by collective bargaining agreements. A negotiated agreement may constitute the plan only if the agreement is finalized after the date of enactment of all increases for the rate year and signed by both parties prior to submission to the commissioner.

(h) The commissioner shall review applications received under paragraph (f) and shall provide the portion of the rate adjustments under paragraph (b) if the requirements of this subdivision have been met. The rate adjustments shall be effective October 1 of each year. Notwithstanding paragraph (a), if the approved application distributes less money than is available, the amount of the rate adjustment shall be reduced so that the amount of money made available is equal to the amount to be distributed.

Sec. 63. Minnesota Statutes 2006, section 256B.434, is amended by adding a subdivision to read:

Subd. 20. **Payment of Public Employees Retirement Association costs.** Nursing facilities that participate in the Public Employees Retirement Association (PERA) shall have the component of their payment rate associated with the costs of PERA determined for each rate year. Effective for rate years beginning on and after October 1, 2007, the commissioner shall determine the portion of the payment rate in effect on September 30 each year and shall subtract that amount from the payment rate to be effective on the following October 1. The portion that shall be deemed to be included in the September 30, 2007, rate that is associated with PERA costs shall be the allowed costs in the facility's base for determining rates under this section, divided by the resident days reported for that year. The commissioner shall add to the payment rate to be effective on October 1 each year an amount equal to the reported costs associated with PERA, for the year ended on the most recent September 30 for which data is available, divided by total resident days for that year, as reported by the facility and audited under section 256B.441.

Sec. 64. Minnesota Statutes 2006, section 256B.437, is amended by adding a subdivision to read:

Subd. 11. **Big Stone County rate adjustment.** Notwithstanding the time period specified in subdivision 3, the commissioner shall approve a planned closure rate adjustment in Big Stone County for an eight-bed facility in Clinton for reassignment to a 50-bed facility in Graceville. The adjustment shall be calculated according to subdivisions 3 and 6.

Sec. 65. Minnesota Statutes 2006, section 256B.438, subdivision 3, is amended to read:

Subd. 3. **Case mix indices.** (a) The commissioner of human services shall assign a case mix index to each resident class based on the Centers for Medicare and Medicaid Services staff time measurement study and adjusted for Minnesota-specific wage indices. The case mix indices assigned to each resident class shall be published in the Minnesota State Register at least 120 days prior to the implementation of the 34 group, RUG-III resident classification system.

(b) An index maximization approach shall be used to classify residents.

~~(c) After implementation of the revised case mix system, the commissioner of human services may annually rebase case mix indices and base rates using more current data on average wage rates and staff time measurement studies. This rebasing shall be calculated under subdivision 7, paragraph (b). The commissioner shall publish in the Minnesota State Register adjusted case mix indices at least 45 days prior to the effective date of the adjusted case mix indices.~~

Sec. 66. Minnesota Statutes 2006, section 256B.439, subdivision 1, is amended to read:

Subdivision 1. **Development and implementation of quality profiles.** (a) The commissioner of human services, in cooperation with the commissioner of health, shall develop and implement a quality profile system for nursing facilities and, beginning not later than July 1, 2004, other providers of long-term care services, except when the quality profile system would duplicate requirements under section 256B.5011, 256B.5012, or 256B.5013. Beginning July 1, 2008, the commissioners shall include quality profiles of nursing homes that are not medical assistance certified in the Minnesota Nursing Home Report Card. The nonmedical assistance certified nursing homes may provide to the commissioners information necessary to conduct consumer satisfaction surveys and to determine other quality measures. The system must be developed and implemented to the extent possible without the collection of significant amounts of new data. To the extent possible, the system must incorporate or be coordinated with information on quality maintained by area agencies on aging, long-term care trade associations, and other entities. The system must be designed to provide information on quality to:

(1) consumers and their families to facilitate informed choices of service providers;

(2) providers to enable them to measure the results of their quality improvement efforts and compare quality achievements with other service providers; and

(3) public and private purchasers of long-term care services to enable them to purchase high-quality care.

(b) The system must be developed in consultation with the long-term care task force, area agencies on aging, and representatives of consumers, providers, and labor unions. Within the limits of available appropriations, the commissioners may employ consultants to assist with this project.

Sec. 67. Minnesota Statutes 2006, section 256B.441, subdivision 1, is amended to read:

Subdivision 1. **Rate determination Rebasing of nursing facility operating cost payment rates.** (a) ~~The commissioner shall establish a value-based nursing facility reimbursement system which will provide facility-specific, prospective rates for nursing facilities participating in the medical assistance program. The rates shall be determined using an annual statistical and cost report filed by each nursing facility. The total payment rate shall be composed of four rate components: direct care services, support services, external fixed, and property related rate components. The payment rate shall be derived from statistical measures of actual costs incurred in facility operation of nursing facilities. From this cost basis, the components of the total payment rate shall be adjusted for quality of services provided, recognition of staffing levels, geographic variation in labor costs, and resident acuity. The commissioner shall rebase nursing facility operating cost payment rates to align payments to facilities with the cost of providing care. The rebased operating cost payment rates shall be calculated using the statistical and cost report filed by each nursing facility for the report period ending one year prior to the rate year.~~

(b) ~~Rates shall be rebased annually. The new operating cost payment rates based on this section shall take effect beginning with the rate year beginning October 1, 2009, and shall be phased in over three rate years through October 1, 2011.~~

(c) Operating cost payment rates shall be rebased on October 1, 2012, and every two years after that date.

(d) Operating cost payment rates for rate years in which rebasing does not occur shall be increased by the Global Insight SNF Market Basket inflation factor from the midpoint of the previous rate year to the midpoint of the next rate year.

(e) Each cost reporting year shall begin on October 1 and end on the following September 30. Beginning in 2006, a statistical and cost report shall be filed by each nursing facility by January 15. Notice of rates shall be distributed by August 15 and the rates shall go into effect on October 1 for one year.

(c) ~~The commissioner shall begin to phase in the new reimbursement system beginning October 1, 2007. Full phase in shall be completed by October 1, 2011.~~

Sec. 68. Minnesota Statutes 2006, section 256B.441, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For purposes of this section, the terms in subdivisions 3 to ~~42~~ 42a have the meanings given unless otherwise provided for in this section.

Sec. 69. Minnesota Statutes 2006, section 256B.441, subdivision 5, is amended to read:

Subd. 5. **Administrative costs.** "Administrative costs" means the direct costs for administering the overall activities of the nursing home. These costs include salaries and wages of the administrator, assistant administrator, business office employees, security guards, and associated fringe benefits and payroll taxes, fees, contracts, or purchases related to business office functions, licenses, and permits except as provided in the external fixed costs

category, employee recognition, travel including meals and lodging, training, voice and data communication or transmission, office supplies, liability insurance and other forms of insurance not designated to other areas, personnel recruitment, legal services, accounting services, management or business consultants, data processing, information technology, Web site, central or home office costs, business meetings and seminars, postage, fees for professional organizations, subscriptions, security services, advertising, board of director's fees, working capital interest expense, and bad debts and bad debt collection fees.

Sec. 70. Minnesota Statutes 2006, section 256B.441, subdivision 6, is amended to read:

Subd. 6. **Allowed costs.** "Allowed costs" means the amounts reported by the facility which are necessary for the operation of the facility and the care of residents and which are reviewed by the department for accuracy, ~~reasonableness~~, and compliance with this section and generally accepted accounting principles. All references to costs in this section shall be assumed to refer to allowed costs.

Sec. 71. Minnesota Statutes 2006, section 256B.441, subdivision 10, is amended to read:

Subd. 10. **Dietary costs.** "Dietary costs" means the costs for the salaries and wages of the dietary supervisor, dietitians, chefs, cooks, dishwashers, and other employees assigned to the kitchen and dining room, and associated fringe benefits and payroll taxes. Dietary costs also includes the salaries or fees of dietary consultants, ~~direct costs of raw food (both normal and special diet food),~~ dietary supplies, and food preparation and serving. ~~Also included are special dietary supplements used for tube feeding or oral feeding, such as elemental high nitrogen diet, even if written as a prescription item by a physician.~~

Sec. 72. Minnesota Statutes 2006, section 256B.441, subdivision 11, is amended to read:

Subd. 11. **Direct care costs category.** ~~"Direct care costs category"~~ "Direct care costs" means costs for ~~nursing services, activities, and social services~~ the wages of nursing administration, staff education, direct care registered nurses, licensed practical nurses, certified nursing assistants, trained medication aides, and associated fringe benefits and payroll taxes; services from a supplemental nursing services agency; supplies that are stocked at nursing stations or on the floor and distributed or used individually, including, but not limited to: alcohol, applicators, cotton balls, incontinence pads, disposable ice bags, dressings, bandages, water pitchers, tongue depressors, disposable gloves, enemas, enema equipment, soap, medication cups, diapers, plastic waste bags, sanitary products, thermometers, hypodermic needles and syringes, clinical reagents or similar diagnostic agents, drugs that are not paid for on a separate fee schedule by the medical assistance program or any other payer, and technology related to the provision of nursing care to residents, such as electronic charting systems.

Sec. 73. Minnesota Statutes 2006, section 256B.441, subdivision 13, is amended to read:

Subd. 13. **External fixed costs category.** ~~"External fixed costs category"~~ "External fixed costs" means costs related to the nursing home surcharge under section 256.9657, subdivision 1; licensure fees under section 144.122; long-term care consultation fees under section 256B.0911, subdivision 6; family advisory council fee under section 144A.33; scholarships under section 256B.431, subdivision 36; planned closure rate adjustments under section 256B.436 or 256B.437; or single bed room incentives under section 256B.431, subdivision 42; property taxes and property insurance; and PERA.

Sec. 74. Minnesota Statutes 2006, section 256B.441, subdivision 14, is amended to read:

Subd. 14. **Facility average case mix index.** "Facility average case mix index" or "CMI" means a numerical value score that describes the relative resource use for all residents within the groups under the resource utilization group (RUG-III) classification system prescribed by the commissioner based on an assessment of each resident. The facility average CMI shall be computed as the standardized days divided by total days for all residents in the facility.

The RUG's weights used in this section shall be as follows for each RUG's class: SE3 1.605; SE2 1.247; SE1 1.081; RAD 1.509; RAC 1.259; RAB 1.109; RAA 0.957; SSC 1.453; SSB 1.254; SSA 1.047; CC2 1.292; CC1 1.200; CB2 1.086; CB1 1.017; CA2 0.908; CA1 0.834; IB2 0.877; IB1 0.817; IA2 0.720; IA1 0.676; BB2 0.956; BB1 0.885; BA2 0.716; BA1 0.673; PE2 1.199; PE1 1.104; PD2 1.023; PD1 0.948; PC2 0.926; PC1 0.860; PB2 0.786; PB1 0.734; PA2 0.691; PA1 0.651; BC1 0.651; and DDF 1.000

Sec. 75. Minnesota Statutes 2006, section 256B.441, is amended by adding a subdivision to read:

Subd. 14a. **Facility type groups.** Facilities shall be classified into two groups, called "facility type groups," which shall consist of:

(1) C&NC/R80: facilities that are hospital-attached, or are licensed under Minnesota Rules, parts 9570.2000 to 9570.3400; and

(2) freestanding: all other facilities.

Sec. 76. Minnesota Statutes 2006, section 256B.441, subdivision 17, is amended to read:

Subd. 17. **Fringe benefit costs.** "Fringe benefit costs" means the costs for group life, health, dental, workers' compensation, and other employee insurances and pension, profit-sharing, and retirement plans for which the employer pays all or a portion of the costs ~~and that are available to at least all employees who work at least 20 hours per week.~~

Sec. 77. Minnesota Statutes 2006, section 256B.441, subdivision 20, is amended to read:

Subd. 20. **Housekeeping costs.** "Housekeeping costs" means the costs for the salaries and wages of the housekeeping supervisor, housekeepers, and other cleaning employees and associated fringe benefits and payroll taxes. It also includes the cost of housekeeping supplies, including, but not limited to, cleaning and lavatory supplies and contract services.

Sec. 78. Minnesota Statutes 2006, section 256B.441, subdivision 24, is amended to read:

Subd. 24. **Maintenance and plant operations costs.** "Maintenance and plant operations costs" means the costs for the salaries and wages of the maintenance supervisor, engineers, heating-plant employees, and other maintenance employees and associated fringe benefits and payroll taxes. It also includes direct costs for maintenance and operation of the building and grounds, including, but not limited to, fuel, electricity, medical waste and garbage removal, water, sewer, supplies, tools, and repairs.

Sec. 79. Minnesota Statutes 2006, section 256B.441, is amended by adding a subdivision to read:

Subd. 28a. **Other direct care costs.** "Other direct care costs" means the costs for the salaries and wages and associated fringe benefits and payroll taxes of mental health workers, religious personnel, and other direct care employees not specified in the definition of direct care costs.

Sec. 80. Minnesota Statutes 2006, section 256B.441, subdivision 30, is amended to read:

Subd. 30. **Peer groups.** Facilities shall be classified into three groups, ~~called "peer groups," which by county.~~ The groups shall consist of:

(1) C&NC/Short Stay/R80—facilities that have three or more admissions per bed per year, are hospital attached, or are licensed under Minnesota Rules, parts 9570.2000 to 9570.3600 group one: facilities in Anoka, Benton, Carlton, Carver, Chisago, Dakota, Dodge, Goodhue, Hennepin, Isanti, Mille Lacs, Morrison, Olmsted, Ramsey, Rice, Scott, Sherburne, St. Louis, Stearns, Steele, Wabasha, Washington, Winona, or Wright County;

(2) ~~boarding care homes — facilities that have more than 50 percent of their beds licensed as boarding care homes~~ group two: facilities in Aitkin, Beltrami, Blue Earth, Brown, Cass, Clay, Cook, Crow Wing, Faribault, Fillmore, Freeborn, Houston, Hubbard, Itasca, Kanabec, Koochiching, Lake, Lake of the Woods, Le Sueur, Martin, McLeod, Meeker, Mower, Nicollet, Norman, Pine, Roseau, Sibley, Todd, Wadena, Waseca, Watonwan, or Wilkin County; and

(3) ~~standard — all other facilities~~ group three: facilities in all other counties.

Sec. 81. Minnesota Statutes 2006, section 256B.441, subdivision 31, is amended to read:

Subd. 31. ~~Prior rate-setting method~~ **system operating cost payment rate.** ~~"Prior rate-setting method" "Prior system operating cost payment rate" means the operating cost payment rate determination process in effect prior to October 1, 2006 on September 30, 2009, under Minnesota Rules and Minnesota Statutes, not including planned closure rate adjustments under section 256B.436 or 256B.437, or single bed room incentives under section 256B.431, subdivision 42.~~

Sec. 82. Minnesota Statutes 2006, section 256B.441, is amended by adding a subdivision to read:

Subd. 33a. **Raw food costs.** "Raw food costs" means the cost of food provided to nursing facility residents. Also included are special dietary supplements used for tube feeding or oral feeding, such as elemental high nitrogen diet.

Sec. 83. Minnesota Statutes 2006, section 256B.441, subdivision 34, is amended to read:

Subd. 34. **Related organization.** "Related organization" means a person that furnishes goods or services to a nursing facility and that is a close relative of a nursing facility, an affiliate of a nursing facility, a close relative of an affiliate of a nursing facility, or an affiliate of a close relative of an affiliate of a nursing facility. As used in this subdivision, paragraphs (a) to (d) apply:

(a) "Affiliate" means a person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with another person.

(b) "Person" means an individual, a corporation, a partnership, an association, a trust, an unincorporated organization, or a government or political subdivision.

(c) "Close relative of an affiliate of a nursing facility" means an individual whose relationship by blood, marriage, or adoption to an individual who is an affiliate of a nursing facility is no more remote than first cousin.

(d) "Control" including the terms "controlling," "controlled by," and "under common control with" means the possession, direct or indirect, of the power to direct or cause the direction of the management, operations, or policies of a person, whether through the ownership of voting securities, by contract, or otherwise, ~~or to influence in any manner other than through an arms-length, legal transaction.~~

Sec. 84. Minnesota Statutes 2006, section 256B.441, subdivision 38, is amended to read:

Subd. 38. **Social services costs.** "Social services costs" means the costs for the salaries and wages of the supervisor and other social work employees, associated fringe benefits and payroll taxes, supplies, services, and consultants. This category includes the cost of those employees who manage and process admission to the nursing facility.

Sec. 85. Minnesota Statutes 2006, section 256B.441, is amended by adding a subdivision to read:

Subd. 42a. **Therapy costs.** "Therapy costs" means any costs related to medical assistance therapy services provided to residents that are not billed separately from the daily operating rate.

Sec. 86. Minnesota Statutes 2006, section 256B.441, is amended by adding a subdivision to read:

Subd. 48. **Calculation of operating per diems.** The direct care per diem for each facility shall be the facility's direct care costs divided by its standardized days. The other care-related per diem shall be the sum of the facility's activities costs, other direct care costs, raw food costs, therapy costs, and social services costs, divided by the facility's resident days. The other operating per diem shall be the sum of the facility's administrative costs, dietary costs, housekeeping costs, laundry costs, and maintenance and plant operations costs divided by the facility's resident days.

Sec. 87. Minnesota Statutes 2006, section 256B.441, is amended by adding a subdivision to read:

Subd. 49. **Determination of total care-related per diem.** The total care-related per diem for each facility shall be the sum of the direct care per diem and the other care-related per diem.

Sec. 88. Minnesota Statutes 2006, section 256B.441, is amended by adding a subdivision to read:

Subd. 50. **Determination of total care-related limit.** The limit on the total care-related per diem shall be determined for each peer group and facility type group combination. A facility's total care-related per diems shall be limited to 120 percent of the median for the facility's peer and facility type group. The facility-specific direct care costs used in making this comparison and in the calculation of the median shall be based on a RUG's weight of 1.00. A facility that is above that limit shall have its total care-related per diem reduced to the limit. If a reduction of the total care-related per diem is necessary because of this limit, the reduction shall be made proportionally to both the direct care per diem and the other care-related per diem.

Sec. 89. Minnesota Statutes 2006, section 256B.441, is amended by adding a subdivision to read:

Subd. 51. **Determination of other operating limit.** The limit on the other operating per diem shall be determined for each peer group. A facility's other operating per diem shall be limited to 105 percent of the median for its peer group. A facility that is above that limit shall have its other operating per diem reduced to the limit.

Sec. 90. Minnesota Statutes 2006, section 256B.441, is amended by adding a subdivision to read:

Subd. 52. **Determination of efficiency incentive.** Each facility shall be eligible for an efficiency incentive based on its other operating per diem. A facility with an other operating per diem that exceeds the limit in subdivision 51 shall receive no efficiency incentive. All other facilities shall receive an incentive calculated as 50 percent times the difference between the facility's other operating per diem and its other operating per diem limit, up to a maximum incentive of \$3.

Sec. 91. Minnesota Statutes 2006, section 256B.441, is amended by adding a subdivision to read:

Subd. 53. **Calculation of payment rate for external fixed costs.** The commissioner shall calculate a payment rate for external fixed costs.

(a) For a facility licensed as a nursing home, the portion related to section 256.9657 shall be equal to \$8.86. For a facility licensed as both a nursing home and a boarding care home, the portion related to section 256.9657 shall be equal to \$8.86 multiplied by the result of its number of nursing home beds divided by its total number of licensed beds.

(b) The portion related to the licensure fee under section 144.122, paragraph (d), shall be the amount of the fee divided by actual resident days.

(c) The portion related to scholarships shall be determined under section 256B.431, subdivision 36.

(d) The portion related to long-term care consultation shall be determined according to section 256B.0911, subdivision 6.

(e) The portion related to development and education of resident and family advisory councils under section 144A.33 shall be \$5 divided by 365.

(f) The portion related to planned closure rate adjustments shall be as determined under sections 256B.436 and 256B.437, subdivision 6.

(g) The portions related to property insurance, real estate taxes, special assessments, and payments made in lieu of real estate taxes directly identified or allocated to the nursing facility shall be the actual amounts divided by actual resident days.

(h) The portion related to the Public Employees Retirement Association shall be actual costs divided by resident days.

(i) The single bed room incentives shall be as determined under section 256B.431, subdivision 42.

(j) The payment rate for external fixed costs shall be the sum of the amounts in paragraphs (a) to (i).

Sec. 92. Minnesota Statutes 2006, section 256B.441, is amended by adding a subdivision to read:

Subd. 54. **Adjustment of per diem for inflation.** The total care-related per diem and other operating per diem calculated under this section shall be adjusted for inflation to adjust for the delay between the reporting year and the rate year. The total care-related payment rate and other operating payment rate shall be calculated as the per diem increased by the Global Insight Consumer Price Index urban inflation factor for the period from the midpoint of the reporting year to the midpoint of the rate year.

Sec. 93. Minnesota Statutes 2006, section 256B.441, is amended by adding a subdivision to read:

Subd. 55. **Determination of total payment rates.** In rate years when rates are rebased, the total payment rate for a RUG's weight of 1.00 shall be the sum of the total care-related payment rate, other operating payment rate, efficiency incentive, external fixed cost rate, and the property rate determined under section 256B.434. To determine a total payment rate for each RUG's level, the total care-related payment rate shall be divided into the direct care payment rate and the other care-related payment rate, and the direct care payment rate multiplied by the RUG's weight for each RUG's level using the weights in subdivision 14.

Sec. 94. Minnesota Statutes 2006, section 256B.441, is amended by adding a subdivision to read:

Subd. 56. **Phase-in of rebased operating cost payment rates.** For the rate years beginning October 1, 2009, October 1, 2010, and October 1, 2011, the operating cost payment rate calculated under this section shall be phased in by blending it with the operating cost payment rate determined under section 256B.434. For the rate year beginning October 1, 2009, the operating cost payment rate for each facility shall be 25 percent of the operating cost

payment rate from this section, and 75 percent of the operating cost payment rate from section 256B.434. For the rate year beginning October 1, 2010, the operating cost payment rate for each facility shall be 35 percent of the operating cost payment rate from this section, and 65 percent of the operating cost payment rate from section 256B.434. For the rate year beginning October 1, 2011, the operating cost payment rate for each facility shall be the operating cost payment rate determined under this section. The blending of operating cost payment rates under this section shall be performed separately for each RUG's class.

Sec. 95. Minnesota Statutes 2006, section 256B.441, is amended by adding a subdivision to read:

Subd. 57. **Adjustment for inflation during phase-in of rebased operating cost payment rates.** During the phase-in of operating cost payment rates under subdivision 56, both the operating costs per diem under this section and the operating cost payment rate under section 256B.434 shall be adjusted for inflation. The adjustment for each year for the operating cost per diems shall be the Global Insight Consumer Price Index urban inflation factor from the midpoint of the reporting year to the midpoint of the current rate year. The adjustment for each year for the operating cost payment rate under section 256B.434 shall be the Global Insight Consumer Price Index urban inflation factor from the midpoint of the October 1, 2007, rate year to the midpoint of the current rate year.

Sec. 96. Minnesota Statutes 2006, section 256B.441, is amended by adding a subdivision to read:

Subd. 58. **Hold harmless.** For the rate years beginning October 1, 2009, October 1, 2010, and October 1, 2011, no nursing facility shall receive an operating cost payment rate less than its operating cost payment rate under section 256B.434. The comparison of operating cost payment rates under this section shall be made for each of the RUG's classes separately, and the operating cost payment rates under section 256B.434 used under this section shall not include the inflation increases described in subdivision 57.

Sec. 97. Minnesota Statutes 2006, section 256B.441, is amended by adding a subdivision to read:

Subd. 59. **Appeals.** Nursing facilities may appeal, as defined under section 256B.50, the determination of a payment rate established under this chapter.

Sec. 98. Minnesota Statutes 2006, section 256B.49, subdivision 11, is amended to read:

Subd. 11. **Authority.** (a) The commissioner is authorized to apply for home and community-based service waivers, as authorized under section 1915(c) of the Social Security Act to serve persons under the age of 65 who are determined to require the level of care provided in a nursing home and persons who require the level of care provided in a hospital. The commissioner shall apply for the home and community-based waivers in order to:

- (i) promote the support of persons with disabilities in the most integrated settings;
- (ii) expand the availability of services for persons who are eligible for medical assistance;
- (iii) promote cost-effective options to institutional care; and
- (iv) obtain federal financial participation.

(b) The provision of waived services to medical assistance recipients with disabilities shall comply with the requirements outlined in the federally approved applications for home and community-based services and subsequent amendments, including provision of services according to a service plan designed to meet the needs of the individual. For purposes of this section, the approved home and community-based application is considered the necessary federal requirement.

(c) The commissioner shall provide interested persons serving on agency advisory committees ~~and~~ task forces, the Centers for Independent Living, and others upon who request, with to be on a list to receive, notice of, and an opportunity to comment on, at least 30 days before any effective dates, (1) any substantive changes to the state's disability services program manual, or (2) changes or amendments to the federally approved applications for home and community-based waivers, prior to their submission to the federal Centers for Medicare and Medicaid Services.

(d) The commissioner shall seek approval, as authorized under section 1915(c) of the Social Security Act, to allow medical assistance eligibility under this section for children under age 21 without deeming of parental income or assets.

(e) The commissioner shall seek approval, as authorized under section 1915(c) of the Social Act, to allow medical assistance eligibility under this section for individuals under age 65 without deeming the spouse's income or assets.

Sec. 99. Minnesota Statutes 2006, section 256B.49, is amended by adding a subdivision to read:

Subd. 16a. **Medical assistance reimbursement.** (a) The commissioner shall seek federal approval for medical assistance reimbursement of independent living skills services, foster care waiver service, supported employment, prevocational service, structured day service, and adult day care under the home and community-based waiver for persons with a traumatic brain injury, the community alternatives for disabled individuals waivers, and the community alternative care waivers.

(b) Medical reimbursement shall be made only when the provider demonstrates evidence of its capacity to meet basic health, safety, and protection standards through one of the methods in paragraphs (c) to (e).

(c) The provider is licensed to provide services under chapter 245B and agrees to apply these standards to services funded through the traumatic brain injury, community alternatives for disabled, or community alternative care home and community-based waivers.

(d) The local agency contracting for the services certifies on a form provided by the commissioner that the provider has the capacity to meet the individual needs as identified in each person's individual service plan. When certifying that the service provider meets the necessary provider qualifications, the local agency shall verify that the provider has policies and procedures governing the following:

(1) protection of the consumer's rights and privacy;

(2) risk assessment and planning;

(3) record keeping and reporting of incidents and emergencies with documentation of corrective action if needed;

(4) service outcomes, regular reviews of progress, and periodic reports;

(5) complaint and grievance procedures;

(6) service termination or suspension;

(7) necessary training and supervision of direct care staff that includes:

(i) documentation in personnel files of 20 hours of orientation training in providing training related to service provision;

(ii) training in recognizing the symptoms and effects of certain disabilities, health conditions, and positive behavioral supports and interventions; and

(iii) a minimum of five hours of related training annually; and

(8) when applicable, the local agency shall verify that the provider has policies and procedures in place governing the following:

(i) safe medication administration;

(ii) proper handling of consumer funds; and

(iii) behavioral interventions that are in compliance with prohibitions and standards developed by the commissioner to meet federal requirements regarding the use of restraints and restrictive interventions.

(e) For foster care waiver services or independent living skills services, the local agency contracting for the services certifies on a form provided by the commissioner that the provider meets the following:

(1) the provider of foster care waiver services is licensed to provide adult foster care under Minnesota Rules, parts 9555.5105 to 9555.6265, or child foster care under Minnesota Rules, parts 2960.3000 to 2960.3230;

(2) the provider of independent living skills services also provides licensed foster care services and agrees to apply the foster care standards under Minnesota Rules, parts 9555.5105; 9555.5705, subpart 2; 9555.6167; 9555.6185; 9555.6195; 9555.6225, subpart 8; 9555.6245; 9555.6255; and 9555.6265, or parts 2960.3010; 2960.3080, subparts 10 and 11; 2960.3210; 2960.3220, subparts 5 to 7; and 2960.3230, for the provision of those services; and

(3) the provider has policies and procedures applying to the provision of foster care waiver services or independent living skills services that govern (i) behavioral interventions that are in compliance with prohibitions and standards developed by the commissioner to meet federal requirements regarding the use of restraints and restrictive interventions and (ii) documentation of service needs and outcomes, regular reviews of progress, and periodic reports.

(f) The local agency shall review each provider's continued compliance with the basic health, safety, and protection standards on a regular basis. For the review of paragraph (e), the local agency shall coordinate the review with the county review of foster care licensure.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 100. Minnesota Statutes 2006, section 256B.5012, is amended by adding a subdivision to read:

Subd. 7. ICF/MR rate increases October 1, 2007, and October 1, 2008. (a) For the rate periods beginning October 1, 2007, and October 1, 2008, the commissioner shall make available to each facility reimbursed under this section an adjustment to the total operating payment rate of three percent.

(b) Seventy-five percent of the money resulting from the rate adjustment under paragraph (a) must be used to increase wages and benefits and pay associated costs for employees, except for administrative and central office employees. Seventy-five percent of the money received by a facility as a result of the rate adjustment provided in paragraph (a) must be used only for wage, benefit, and staff increases implemented on or after the effective date of the rate increase each year, and must not be used for increases implemented prior to that date. The wage adjustment eligible employees may receive may vary based on merit, seniority, or other factors determined by the provider.

(c) For each facility, the commissioner shall make available an adjustment, based on occupied beds, using the percentage specified in paragraph (a) multiplied by the total payment rate, including variable rate but excluding the property-related payment rate, in effect on the preceding day. The total payment rate must include the adjustment provided in section 256B.501, subdivision 12.

(d) A facility whose payment rates are governed by closure agreements, receivership agreements, or Minnesota Rules, part 9553.0075, is not eligible for an adjustment otherwise granted under this subdivision.

(e) A facility may apply for the portion of the payment rate adjustment provided under paragraph (a) for employee wages and benefits and associated costs. The application must be made to the commissioner and contain a plan by which the facility will distribute the funds according to paragraph (b). For facilities in which the employees are represented by an exclusive bargaining representative, an agreement negotiated and agreed to by the employer and the exclusive bargaining representative constitutes the plan. The commissioner shall not review, and shall not require changes, to the portion or portions of the plan covered by collective bargaining agreements. A negotiated agreement may constitute the plan only if the agreement is finalized after the date of enactment of all rate increases for the rate year. The commissioner shall review the plan to ensure that the payment rate adjustment per diem is used as provided in this subdivision. To be eligible, a facility must submit its plan by March 31, 2008, and December 31, 2008, respectively. If a facility's plan is effective for its employees after the first day of the applicable rate period that the funds are available, the payment rate adjustment per diem is effective the same date as its plan.

(f) A copy of the approved distribution plan must be made available to all employees by giving each employee a copy or by posting it in an area of the facility to which all employees have access. If an employee does not receive the wage and benefit adjustment described in the facility's approved plan and is unable to resolve the problem with the facility's management or through the employee's union representative, the employee may contact the commissioner at an address or telephone number provided by the commissioner and included in the approved plan.

Sec. 101. Minnesota Statutes 2006, section 256B.69, subdivision 23, is amended to read:

Subd. 23. **Alternative services; elderly and disabled persons.** (a) The commissioner may implement demonstration projects to create alternative integrated delivery systems for acute and long-term care services to elderly persons and persons with disabilities as defined in section 256B.77, subdivision 7a, that provide increased coordination, improve access to quality services, and mitigate future cost increases. The commissioner may seek federal authority to combine Medicare and Medicaid capitation payments for the purpose of such demonstrations and may contract with Medicare-approved special needs plans to provide Medicaid services. Medicare funds and services shall be administered according to the terms and conditions of the federal contract and demonstration provisions. For the purpose of administering medical assistance funds, demonstrations under this subdivision are subject to subdivisions 1 to 22. The provisions of Minnesota Rules, parts 9500.1450 to 9500.1464, apply to these demonstrations, with the exceptions of parts 9500.1452, subpart 2, item B; and 9500.1457, subpart 1, items B and C, which do not apply to persons enrolling in demonstrations under this section. An initial open enrollment period may be provided. Persons who disenroll from demonstrations under this subdivision remain subject to Minnesota Rules, parts 9500.1450 to 9500.1464. When a person is enrolled in a health plan under these demonstrations and the health plan's participation is subsequently terminated for any reason, the person shall be provided an opportunity to select a new health plan and shall have the right to change health plans within the first 60 days of enrollment in the second health plan. Persons required to participate in health plans under this section who fail to make a choice of health plan shall not be randomly assigned to health plans under these demonstrations. Notwithstanding section 256L.12, subdivision 5, and Minnesota Rules, part 9505.5220, subpart 1, item A, if adopted, for the purpose of demonstrations under this subdivision, the commissioner may contract with managed care organizations, including counties, to serve only elderly persons eligible for medical assistance, elderly and disabled persons, or disabled persons only. For persons with a primary diagnosis of developmental disability, serious and persistent mental illness, or serious emotional disturbance, the commissioner must ensure that the county authority has approved the demonstration and contracting design. Enrollment in these projects for persons with disabilities shall be voluntary.

The commissioner shall not implement any demonstration project under this subdivision for persons with a primary diagnosis of developmental disabilities, serious and persistent mental illness, or serious emotional disturbance, without approval of the county board of the county in which the demonstration is being implemented.

(b) Notwithstanding chapter 245B, sections 252.40 to 252.46, 256B.092, 256B.501 to 256B.5015, and Minnesota Rules, parts 9525.0004 to 9525.0036, 9525.1200 to 9525.1330, 9525.1580, and 9525.1800 to 9525.1930, the commissioner may implement under this section projects for persons with developmental disabilities. The commissioner may capitate payments for ICF/MR services, waived services for developmental disabilities, including case management services, day training and habilitation and alternative active treatment services, and other services as approved by the state and by the federal government. Case management and active treatment must be individualized and developed in accordance with a person-centered plan. Costs under these projects may not exceed costs that would have been incurred under fee-for-service. Beginning July 1, 2003, and until ~~two~~ four years after the pilot project implementation date, subcontractor participation in the long-term care developmental disability pilot is limited to a nonprofit long-term care system providing ICF/MR services, home and community-based waiver services, and in-home services to no more than 120 consumers with developmental disabilities in Carver, Hennepin, and Scott Counties. The commissioner shall report to the legislature prior to expansion of the developmental disability pilot project. This paragraph expires ~~two~~ four years after the implementation date of the pilot project.

(c) Before implementation of a demonstration project for disabled persons, the commissioner must provide information to appropriate committees of the house of representatives and senate and must involve representatives of affected disability groups in the design of the demonstration projects.

(d) A nursing facility reimbursed under the alternative reimbursement methodology in section 256B.434 may, in collaboration with a hospital, clinic, or other health care entity provide services under paragraph (a). The commissioner shall amend the state plan and seek any federal waivers necessary to implement this paragraph.

(e) The commissioner, in consultation with the commissioners of commerce and health, may approve and implement programs for all-inclusive care for the elderly (PACE) according to federal laws and regulations governing that program and state laws or rules applicable to participating providers. The process for approval of these programs shall begin only after the commissioner receives grant money in an amount sufficient to cover the state share of the administrative and actuarial costs to implement the programs during state fiscal years 2006 and 2007. Grant amounts for this purpose shall be deposited in an account in the special revenue fund and are appropriated to the commissioner to be used solely for the purpose of PACE administrative and actuarial costs. A PACE provider is not required to be licensed or certified as a health plan company as defined in section 62Q.01, subdivision 4. Persons age 55 and older who have been screened by the county and found to be eligible for services under the elderly waiver or community alternatives for disabled individuals or who are already eligible for Medicaid but meet level of care criteria for receipt of waiver services may choose to enroll in the PACE program. Medicare and Medicaid services will be provided according to this subdivision and federal Medicare and Medicaid requirements governing PACE providers and programs. PACE enrollees will receive Medicaid home and community-based services through the PACE provider as an alternative to services for which they would otherwise be eligible through home and community-based waiver programs and Medicaid State Plan Services. The commissioner shall establish Medicaid rates for PACE providers that do not exceed costs that would have been incurred under fee-for-service or other relevant managed care programs operated by the state.

(f) The commissioner shall seek federal approval to expand the Minnesota disability health options (MnDHO) program established under this subdivision in stages, first to regional population centers outside the seven-county metro area and then to all areas of the state. Until ~~January 1, 2008~~ July 1, 2009, expansion for MnDHO projects that include home and community-based services is limited to the two projects and service areas in effect on March 1, 2006. Enrollment in integrated MnDHO programs that include home and community-based services shall remain voluntary. Costs for home and community-based services included under MnDHO must not exceed costs that would

have been incurred under the fee-for-service program. In developing program specifications for expansion of integrated programs, the commissioner shall involve and consult the state-level stakeholder group established in subdivision 28, paragraph (d), including consultation on whether and how to include home and community-based waiver programs. Plans for further expansion of MnDHO projects shall be presented to the chairs of the house and senate committees with jurisdiction over health and human services policy and finance by February 1, 2007.

(g) Notwithstanding section 256B.0261, health plans providing services under this section are responsible for home care targeted case management and relocation targeted case management. Services must be provided according to the terms of the waivers and contracts approved by the federal government.

Sec. 102. Minnesota Statutes 2006, section 256B.69, subdivision 28, is amended to read:

Subd. 28. **Medicare special needs plans; medical assistance basic health care.** (a) The commissioner may contract with qualified Medicare-approved special needs plans to provide medical assistance basic health care services to persons with disabilities, including those with developmental disabilities. Basic health care services include:

(1) those services covered by the medical assistance state plan except for ICF/MR services, home and community-based waiver services, case management for persons with developmental disabilities under section 256B.0625, subdivision 20a, and personal care and certain home care services defined by the commissioner in consultation with the stakeholder group established under paragraph (d); and

(2) basic health care services may also include risk for up to 100 days of nursing facility services for persons who reside in a noninstitutional setting and home health services related to rehabilitation as defined by the commissioner after consultation with the stakeholder group.

The commissioner may exclude other medical assistance services from the basic health care benefit set. Enrollees in these plans can access any excluded services on the same basis as other medical assistance recipients who have not enrolled.

Unless a person is otherwise required to enroll in managed care, enrollment in these plans for Medicaid services must be voluntary. For purposes of this subdivision, automatic enrollment with an option to opt out is not voluntary enrollment.

(b) Beginning January 1, 2007, the commissioner may contract with qualified Medicare special needs plans to provide basic health care services under medical assistance to persons who are dually eligible for both Medicare and Medicaid and those Social Security beneficiaries eligible for Medicaid but in the waiting period for Medicare. The commissioner shall consult with the stakeholder group under paragraph ~~(d)~~ (e) in developing program specifications for these services. The commissioner shall report to the chairs of the house and senate committees with jurisdiction over health and human services policy and finance by February 1, 2007, on implementation of these programs and the need for increased funding for the ombudsman for managed care and other consumer assistance and protections needed due to enrollment in managed care of persons with disabilities. Payment for Medicaid services provided under this subdivision for the months of May and June will be made no earlier than July 1 of the same calendar year.

(c) Beginning January 1, 2008, the commissioner may expand contracting under this subdivision to all persons with disabilities not otherwise required to enroll in managed care.

(d) By February 1, 2009, the commissioner shall report to the chairs of the house and senate committees with jurisdiction over health and human services policy and finance on the initial results of implementation of contracts with qualified Medicare special needs plans to provide basic health care services under medical assistance to persons who are dually eligible for both Medicare and Medicaid. This report shall include an overall assessment of the impact on quality of care including actual costs and benefits.

(e) The commissioner shall establish a state-level stakeholder group to provide advice on managed care programs for persons with disabilities, including both MnDHO and contracts with special needs plans that provide basic health care services as described in paragraphs (a) and (b). The stakeholder group shall include representatives of the counties and labor organizations representing county social service workers, members, consumer advocates, and providers, and provide advice on program expansions under this subdivision and subdivision 23, including:

(1) implementation efforts;

(2) consumer protections; ~~and~~

(3) program specifications such as quality assurance measures, data collection and reporting, and evaluation of costs, quality, and results; and

(4) county safety net protections for persons with disabilities.

~~(e)~~ (f) Each plan under contract to provide medical assistance basic health care services shall establish a local or regional stakeholder group, including representatives of the counties covered by the plan and labor organizations representing county social service workers, members, consumer advocates, and current providers, for advice on issues that arise in the local or regional area.

Sec. 103. **[256C.261] SERVICES FOR DEAF-BLIND PERSONS.**

(a) The commissioner of human services shall combine the existing biennial base level funding for deaf-blind services into a single grant program. At least 35 percent of the total funding is awarded for services and other supports to deaf-blind children and their families and at least 25 percent is awarded for services and other supports to deaf-blind adults.

The commissioner shall award grants for the purposes of:

(1) providing services and supports to individuals who are deaf-blind; and

(2) developing and providing training to counties and the network of senior citizen service providers. The purpose of the training grants is to teach counties how to use existing programs that capture federal financial participation to meet the needs of eligible deaf-blind persons and to build capacity of senior service programs to meet the needs of seniors with a dual sensory hearing and vision loss.

(b) The commissioner may make grants:

(1) for services and training provided by organizations; and

(2) to develop and administer consumer-directed services.

(c) Any entity that is able to satisfy the grant criteria is eligible to receive a grant under paragraph (a).

(d) Deaf-blind service providers are not required to, but may, provide intervenor services as part of the service package provided with grant funds under this section.

Sec. 104. Minnesota Statutes 2006, section 256D.44, subdivision 2, is amended to read:

Subd. 2. **Standard of assistance for persons eligible for medical assistance waivers or at risk of placement in a group residential housing facility.** The state standard of assistance for a person (1) who is eligible for a medical assistance home and community-based services waiver or a person, (2) who has been determined by the local agency to meet the plan requirements for placement in a group residential housing facility under section 256I.04, subdivision 1a, or (3) who is eligible for a shelter needy payment under subdivision 5, paragraph (f), is the standard established in subdivision 3, paragraph (a) or (b).

Sec. 105. Minnesota Statutes 2006, section 256D.44, subdivision 5, is amended to read:

Subd. 5. **Special needs.** In addition to the state standards of assistance established in subdivisions 1 to 4, payments are allowed for the following special needs of recipients of Minnesota supplemental aid who are not residents of a nursing home, a regional treatment center, or a group residential housing facility.

(a) The county agency shall pay a monthly allowance for medically prescribed diets if the cost of those additional dietary needs cannot be met through some other maintenance benefit. The need for special diets or dietary items must be prescribed by a licensed physician. Costs for special diets shall be determined as percentages of the allotment for a one-person household under the thrifty food plan as defined by the United States Department of Agriculture. The types of diets and the percentages of the thrifty food plan that are covered are as follows:

- (1) high protein diet, at least 80 grams daily, 25 percent of thrifty food plan;
- (2) controlled protein diet, 40 to 60 grams and requires special products, 100 percent of thrifty food plan;
- (3) controlled protein diet, less than 40 grams and requires special products, 125 percent of thrifty food plan;
- (4) low cholesterol diet, 25 percent of thrifty food plan;
- (5) high residue diet, 20 percent of thrifty food plan;
- (6) pregnancy and lactation diet, 35 percent of thrifty food plan;
- (7) gluten-free diet, 25 percent of thrifty food plan;
- (8) lactose-free diet, 25 percent of thrifty food plan;
- (9) antidumping diet, 15 percent of thrifty food plan;
- (10) hypoglycemic diet, 15 percent of thrifty food plan; or
- (11) ketogenic diet, 25 percent of thrifty food plan.

(b) Payment for nonrecurring special needs must be allowed for necessary home repairs or necessary repairs or replacement of household furniture and appliances using the payment standard of the AFDC program in effect on July 16, 1996, for these expenses, as long as other funding sources are not available.

(c) A fee for guardian or conservator service is allowed at a reasonable rate negotiated by the county or approved by the court. This rate shall not exceed five percent of the assistance unit's gross monthly income up to a maximum of \$100 per month. If the guardian or conservator is a member of the county agency staff, no fee is allowed.

(d) The county agency shall continue to pay a monthly allowance of \$68 for restaurant meals for a person who was receiving a restaurant meal allowance on June 1, 1990, and who eats two or more meals in a restaurant daily. The allowance must continue until the person has not received Minnesota supplemental aid for one full calendar month or until the person's living arrangement changes and the person no longer meets the criteria for the restaurant meal allowance, whichever occurs first.

(e) A fee of ten percent of the recipient's gross income or \$25, whichever is less, is allowed for representative payee services provided by an agency that meets the requirements under SSI regulations to charge a fee for representative payee services. This special need is available to all recipients of Minnesota supplemental aid regardless of their living arrangement.

(f) Notwithstanding the language in this subdivision, an amount equal to the maximum allotment authorized by the federal Food Stamp Program for a single individual which is in effect on the first day of ~~January~~ July of the ~~previous~~ each year will be added to the standards of assistance established in subdivisions 1 to 4 for ~~individuals~~ adults under the age of 65 who qualify as shelter needy and are: (1) relocating from an institution, or an adult mental health residential treatment program under section 256B.0622, and who are shelter needy; (2) self-directed supports option participants defined under section 256B.0657 if enacted in the 2007 legislative session; or (3) home and community-based waiver recipients living in their own rented, leased, or owned apartment or home not owned, operated, or controlled by a provider of service not related by blood or marriage. Notwithstanding subdivision 3, paragraph (c), an individual eligible for the shelter needy benefit under subdivision 5, paragraph (f), is considered a household of one. An eligible individual who receives this benefit prior to age 65 may continue to receive the benefit after the age of 65.

(g)(1) Persons eligible for shelter needy funding under paragraph (f), who are not receiving medial assistance home and community-based waiver services, are eligible for a state-funded transitional supports allowance under section 256B.49, subdivision 16, paragraph (e), to establish their own residence not owned, operated, or controlled by a provider of service not related by blood or marriage.

(2) "Shelter needy" means that the assistance unit incurs monthly shelter costs that exceed 40 percent of the assistance unit's gross income before the application of this special needs standard. "Gross income" for the purposes of this section is the applicant's or recipient's income as defined in section 256D.35, subdivision 10, or the standard specified in subdivision 3, paragraph (a) or (b), whichever is greater. A recipient of a federal or state housing subsidy, that limits shelter costs to a percentage of gross income, shall not be considered shelter needy for purposes of this paragraph.

Sec. 106. Minnesota Statutes 2006, section 256I.04, subdivision 3, is amended to read:

Subd. 3. **Moratorium on the development of group residential housing beds.** (a) County agencies shall not enter into agreements for new group residential housing beds with total rates in excess of the MSA equivalent rate except: (1) for group residential housing establishments licensed under Minnesota Rules, parts 9525.0215 to 9525.0355, provided the facility is needed to meet the census reduction targets for persons with developmental disabilities at regional treatment centers; (2) to ensure compliance with the federal Omnibus Budget Reconciliation Act alternative disposition plan requirements for inappropriately placed persons with developmental disabilities or mental illness; (3) up to 80 beds in a single, specialized facility located in Hennepin County that will provide housing for chronic inebriates who are repetitive users of detoxification centers and are refused placement in emergency shelters because of their state of intoxication, and planning for the specialized facility must have been initiated before July 1, 1991, in anticipation of receiving a grant from the Housing Finance Agency under section 462A.05, subdivision 20a, paragraph (b); (4) notwithstanding the provisions of subdivision 2a, for up to 190 supportive housing units in Anoka, Dakota, Hennepin, or Ramsey County for homeless adults with a mental illness, a history of substance abuse, or human immunodeficiency virus or acquired immunodeficiency syndrome. For purposes of this section, "homeless adult" means a person who is living on the street or in a shelter or discharged from a regional treatment center, community hospital, or residential treatment program and has no appropriate housing available and lacks the resources and support necessary to access appropriate housing. At least 70 percent of the supportive housing units must serve homeless adults with mental illness, substance abuse problems, or human immunodeficiency virus or acquired immunodeficiency syndrome who are about to be or, within the previous six months, has been discharged from a regional treatment center, or a state-contracted psychiatric bed in a community hospital, or a residential mental health or chemical dependency treatment program. If a person meets the requirements of subdivision 1, paragraph (a), and receives a federal or state housing subsidy, the group residential housing rate for that person is limited to the supplementary rate under section 256I.05, subdivision 1a, and is determined by subtracting the amount of the person's countable income that exceeds the MSA equivalent rate from the group residential housing supplementary rate. A resident in a demonstration project site who no longer participates in the demonstration program shall retain eligibility for a group residential housing payment in an amount determined under section 256I.06, subdivision 8, using the MSA equivalent rate. Service funding under section 256I.05, subdivision 1a, will end June 30, 1997, if federal matching funds are available and the services can

be provided through a managed care entity. If federal matching funds are not available, then service funding will continue under section 256I.05, subdivision 1a; ~~or (6)~~ (5) for group residential housing beds in settings meeting the requirements of subdivision 2a, clauses (1) and (3), which are used exclusively for recipients receiving home and community-based waiver services under sections 256B.0915, 256B.092, subdivision 5, 256B.093, and 256B.49, and who resided in a nursing facility for the six months immediately prior to the month of entry into the group residential housing setting. The group residential housing rate for these beds must be set so that the monthly group residential housing payment for an individual occupying the bed when combined with the nonfederal share of services delivered under the waiver for that person does not exceed the nonfederal share of the monthly medical assistance payment made for the person to the nursing facility in which the person resided prior to entry into the group residential housing establishment. The rate may not exceed the MSA equivalent rate plus \$426.37 for any case; ~~or (6) for an additional two beds, resulting in a total of 32 beds, for a facility located in Hennepin County providing services for recovering and chemically dependent men that has had a group residential housing contract with the county and has been licensed as a board and lodge facility with special services since 1980; (7) for a group residential housing provider located in Stearns County that operates a 40-bed facility, that received financing through the Minnesota Housing Finance Agency Ending Long-Term Homelessness Initiative and serves chemically dependent clientele, providing 24-hour-a-day supervision; (8) for a group residential housing provider located in Crow Wing County that serves a chemically dependent clientele, providing 24-hour-a-day supervision and limiting a resident's maximum length of stay to 13 months out of a consecutive 24-month period; (9) for a 60-bed facility in St. Louis County which opened in January 2006 that will serve chemically dependent persons operated by a group residential housing provider that currently operates a 304-bed facility in Minneapolis; and (10) for a group residential housing provider that operates two ten-bed facilities, one located in Hennepin County and one located in Ramsey County, which provide community support and serve the mental health needs of individuals who have chronically lived unsheltered, providing 24-hour-a-day supervision.~~

(b) A county agency may enter into a group residential housing agreement for beds with rates in excess of the MSA equivalent rate in addition to those currently covered under a group residential housing agreement if the additional beds are only a replacement of beds with rates in excess of the MSA equivalent rate which have been made available due to closure of a setting, a change of licensure or certification which removes the beds from group residential housing payment, or as a result of the downsizing of a group residential housing setting. The transfer of available beds from one county to another can only occur by the agreement of both counties.

Sec. 107. Minnesota Statutes 2006, section 256I.05, is amended by adding a subdivision to read:

Subd. 1h. Supplementary rate for certain facilities serving chemically dependent males. Notwithstanding subdivisions 1a and 1c, beginning July 1, 2007, a county agency shall negotiate a supplementary rate in addition to the rate specified in subdivision 1, not to exceed \$737.87 per month, including any legislatively authorized inflationary adjustments, for a group residential housing provider that:

(1) is located in Ramsey County and has had a group residential housing contract with the county since 1982 and has been licensed as a board and lodge facility with special services since 1979; and

(2) serves recovering and chemically dependent males, providing 24-hour-a-day supervision.

Sec. 108. Minnesota Statutes 2006, section 256I.05, is amended by adding a subdivision to read:

Subd. 1i. Supplementary rate for certain facilities; Hennepin County. Notwithstanding the provisions of subdivisions 1a and 1c, a county agency shall negotiate a supplementary rate in addition to the rate specified in subdivision 1, not to exceed \$700 per month, including any legislatively authorized inflationary adjustments, for a facility located in Hennepin County with a capacity of up to 48 beds that has been licensed since 1978 as a board and lodging facility and that until August 1, 2007, operated as a licensed chemical dependency treatment program.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 109. Minnesota Statutes 2006, section 256I.05, is amended by adding a subdivision to read:

Subd. 1j. **Supplementary rate for certain facilities; St. Louis County.** (a) Notwithstanding the provisions of subdivisions 1a and 1c, beginning July 1, 2007, a county agency shall negotiate a supplementary rate in addition to the rate specified in subdivision 1, not to exceed \$700 per month, including any legislatively authorized inflationary adjustments, for a 60-bed facility in St. Louis County which opened in January 2006 that will serve chemically dependent persons operated by a group residential housing provider that currently operates a 304-bed facility in Minneapolis.

(b) The supplementary rate in paragraph (a) applies to the 48 beds which do not already receive a supplementary rate.

Sec. 110. Minnesota Statutes 2006, section 256I.05, is amended by adding a subdivision to read:

Subd. 1k. **Supplementary rate for certain facilities; Crow Wing County.** Notwithstanding the provisions of subdivisions 1a and 1c, beginning July 1, 2007, a county agency shall negotiate a supplementary rate in addition to the rate specified in subdivision 1, not to exceed \$700 per month, including any legislatively authorized inflationary adjustments, for a new 65-bed facility in Crow Wing County that will serve chemically dependent persons operated by a group residential housing provider that currently operates a 304-bed facility in Minneapolis and a 44-bed facility in Duluth which opened in January of 2006.

Sec. 111. Minnesota Statutes 2006, section 256I.05, is amended by adding a subdivision to read:

Subd. 1l. **Supplementary rate for certain facilities; Stearns County.** Notwithstanding the provisions of this section, beginning July 1, 2007, a county agency shall negotiate a supplementary service rate in addition to the rate specified in subdivision 1, not to exceed \$700 per month, including any legislatively authorized inflationary adjustments, for a group residential housing provider located in Stearns County that operates a 40-bed facility, that received financing through the Minnesota Housing Finance Agency Ending Long-Term Homelessness Initiative and serves chemically dependent clientele, providing 24-hour-a-day supervision.

Sec. 112. Minnesota Statutes 2006, section 256I.05, is amended by adding a subdivision to read:

Subd. 1m. **Supplementary rate for certain facilities; St. Louis County.** Notwithstanding the provisions of this section, beginning July 1, 2007, a county agency shall negotiate a supplementary service rate in addition to the rate specified in subdivision 1, not to exceed \$700 per month, including any legislatively authorized inflationary adjustments, for a group residential housing provider located in St. Louis County that operates a 30-bed facility, that received financing through the Minnesota Housing Finance Agency Ending Long-Term Homelessness Initiative and serves chemically dependent clientele, providing 24-hour-a-day supervision.

Sec. 113. Minnesota Statutes 2006, section 256I.05, is amended by adding a subdivision to read:

Subd. 1n. **Supplemental rate for certain facilities; Hennepin and Ramsey Counties.** Notwithstanding the provisions of this section, beginning July 1, 2007, a county agency shall negotiate a supplemental service rate in addition to the rate specified in subdivision 1, not to exceed \$715.78 per month, including any legislatively authorized inflationary adjustments, for a group residential housing provider that operates two ten-bed facilities, one located in Hennepin County and one located in Ramsey County, which provide community support and serve the mental health needs of individuals who have chronically lived unsheltered, providing 24-hour-a-day supervision.

Sec. 114. Laws 2000, chapter 340, section 19, is amended to read:

Sec. 19. **ALTERNATIVE CARE PILOT PROJECTS.**

(a) Expenditures for housing with services and adult foster care shall be excluded when determining average monthly expenditures per client for alternative care pilot projects authorized in Laws 1993, First Special Session chapter 1, article 5, section 133.

(b) Alternative care pilot projects shall not expire on June 30, 2001, but shall continue until June 30, ~~2005~~ 2007.

EFFECTIVE DATE. This section is effective retroactively from June 29, 2005, for activities related to discontinuing pilot projects under this section.

Sec. 115. Laws 2006, chapter 282, article 20, section 37, is amended to read:

Sec. 37. **REPAYMENT DELAY.**

A county that overspent its allowed amounts in calendar year 2004 or 2005 under the waived services program for persons with developmental disabilities shall not be required to pay back the amount of overspending ~~until May 31, 2007.~~

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 116. **LICENSURE; SERVICES FOR YOUTH WITH DISABILITIES.**

(a) Notwithstanding the requirements of Minnesota Statutes, chapter 245A, upon the recommendation of a county agency, the commissioner of human services shall grant a license with any necessary variances to a nonresidential program for youth which provides services to youth with disabilities under age 21 during nonschool hours established to ensure health and safety, prevent out-of-home placement, and increase community inclusion of youth with disabilities. The nonresidential youth program is subject to the conditions of any variances granted and with consumer rights under Minnesota Statutes, section 245B.04, consumer protection standards under Minnesota Statutes, section 245B.05, service standards under Minnesota Statutes, section 245B.06, management standards under Minnesota Statutes, section 245B.07, and fire marshal inspections under Minnesota Statutes, section 245A.151, until the commissioner develops other licensure requirements for this type of program.

(b) By February 1, 2008, the commissioner shall recommend amendments to licensure requirements in Minnesota Statutes, chapter 245A, to allow licensure of appropriate services for school-age youth with disabilities under age 21 who need supervision and services to develop skills necessary to maintain personal safety and increase their independence, productivity, and participation in their communities during nonschool hours. As part of developing the recommendations, the commissioner shall survey county agencies to determine how the needs of youth with disabilities under age 21 who require supervision and support services are being met and the funding sources used. The recommendations must be provided to the house and senate chairs of the committees with jurisdiction over licensing of programs for youth with disabilities.

Sec. 117. **INDEPENDENT LIVING.**

An individual who has lived in one of the facilities under Minnesota Statutes, section 256I.05, subdivision 1n, who is being transitioned to independent living as part of the program plan continues to be eligible for group residential housing and the supplemental service rate negotiated with the county under Minnesota Statutes, section 256I.05, subdivision 1n.

Sec. 118. **ASSISTIVE TECHNOLOGY STUDY AND REPORT.**

Subdivision 1. **Study.** (a) During the biennium ending June 30, 2009, the Council on Disability shall facilitate a statewide study of the assistive technology needs of people with disabling conditions, and seniors. As part of the study, the council shall identify community-based service providers, state agencies, and other entities involved in providing assistive technology supports. The study shall also examine the creation of an assistive technology pretax savings account to allow disabled persons to set aside pretax and unearned income to purchase assistive technology devices, equipment, and services.

(b) The council shall provide oversight and direction to the Minnesota Regions Assistive Technology Collaborative during the biennium ending June 30, 2009.

Subd. 2. **Report.** The council shall present to the chairs of the house and senate committees having jurisdiction over human services, by January 1, 2009, a report of the findings of the study, including proposed legislation creating a statewide comprehensive plan to meet the assistive technology needs of people with disabling conditions and seniors. The statewide plan must include steps to coordinate and streamline assistive technology services and the creation of an assistive technology pretax savings account.

Sec. 119. **COMMUNITY SERVICES PROVIDER RATE INCREASES.**

(a) The commissioner of human services shall increase allocations, reimbursement rates, or rate limits, as applicable, by three percent for the rate period beginning October 1, 2007, and the rate period beginning October 1, 2008, effective for services rendered on or after those dates.

(b) The three percent annual rate increase described in this section must be provided to:

(1) home and community-based waived services for persons with developmental disabilities or related conditions under Minnesota Statutes, section 256B.501;

(2) home and community-based waived services for the elderly under Minnesota Statutes, section 256B.0915;

(3) waived services under community alternatives for disabled individuals under Minnesota Statutes, section 256B.49;

(4) community alternative care waived services under Minnesota Statutes, section 256B.49;

(5) traumatic brain injury waived services under Minnesota Statutes, section 256B.49;

(6) nursing services and home health services under Minnesota Statutes, section 256B.0625, subdivision 6a;

(7) personal care services and nursing supervision of personal care services under Minnesota Statutes, section 256B.0625, subdivision 19a;

(8) private duty nursing services under Minnesota Statutes, section 256B.0625, subdivision 7;

(9) day training and habilitation services for adults with developmental disabilities or related conditions under Minnesota Statutes, sections 252.40 to 252.46, including the additional cost of rate adjustments on day training and habilitation service, provided as a social service under Minnesota Statutes, section 256M.60;

(10) alternative care services under Minnesota Statutes, section 256B.0913;

- (11) adult residential program grants under Minnesota Statutes, section 245.73;
 - (12) adult and children's mental health grants under Minnesota Rules, parts 9535.1700 to 9535.1760;
 - (13) the group residential housing supplementary service rate under Minnesota Statutes, section 256I.05, subdivision 1a;
 - (14) adult mental health integrated fund grants under Minnesota Statutes, section 245.4661;
 - (15) semi-independent living services (SILS) under Minnesota Statutes, section 252.275, including SILS funding under county social services grants formerly funded under Minnesota Statutes, chapter 256I;
 - (16) community support services for deaf and hard-of-hearing adults with mental illness who use or wish to use sign language as their primary means of communication under Minnesota Statutes, section 256.01, subdivision 2;
 - (17) living skills training programs for persons with intractable epilepsy who need assistance in the transition to independent living under Laws 1988, chapter 689;
 - (18) physical therapy services under Minnesota Statutes, sections 256B.0625, subdivision 8, and 256D.03, subdivision 4;
 - (19) occupational therapy services under Minnesota Statutes, sections 256B.0625, subdivision 8a, and 256D.03, subdivision 4;
 - (20) speech-language therapy services under Minnesota Statutes, section 256D.03, subdivision 4, and Minnesota Rules, part 9505.0390;
 - (21) respiratory therapy services under Minnesota Statutes, section 256D.03, subdivision 4, and Minnesota Rules, part 9505.0295;
 - (22) aging grants under Minnesota Statutes, sections 256.975 to 256.977, 256B.0917, and 256B.0928;
 - (23) deaf and hard-of-hearing grants under Minnesota Statutes, sections 256C.233; 256C.25; Laws 1985, chapter 9, article 1; and Laws 1997, First Special Session chapter 5, section 20;
 - (24) children's therapeutic services and supports under Minnesota Statutes, section 256B.0943;
 - (25) tier I chemical health services under Minnesota Statutes, chapter 254B;
 - (26) consumer support grants under Minnesota Statutes, section 256.476;
 - (27) family support grants under Minnesota Statutes, section 252.32;
 - (28) case management services to persons with HIV or AIDS under Minnesota Statutes, section 256.01, subdivision 19; and
 - (29) adult rehabilitative mental health services under Minnesota Statutes, section 256B.0623.
- (c) Providers that receive a rate increase under this section shall use 75 percent of the additional revenue to increase wages and benefits and pay associated costs for all employees, except for management fees, the administrator, and central office staff.

(d) For public employees, the increase for wages and benefits for certain staff is available and pay rates must be increased only to the extent that they comply with laws governing public employees' collective bargaining. Money received by a provider for pay increases under this section may be used only for increases implemented on or after the first day of the rate period in which the increase is available and must not be used for increases implemented prior to that date.

(e) A copy of the provider's plan for complying with paragraph (c) must be made available to all employees by giving each employee a copy or by posting a copy in an area of the provider's operation to which all employees have access. If an employee does not receive the adjustment, if any, described in the plan and is unable to resolve the problem with the provider, the employee may contact the employee's union representative. If the employee is not covered by a collective bargaining agreement, the employee may contact the commissioner at a telephone number provided by the commissioner and included in the provider's plan.

(f) The commissioner and each county agency shall take steps necessary to implement the increases required by this section on the dates specified, and the increases must be effective on the dates specified, regardless of the client's service authorization date and notwithstanding the terms of any provider contract, service agreement, or schedule that limits when a county may increase payment rates.

Sec. 120. DENTAL ACCESS FOR PERSONS WITH DISABILITIES.

The commissioner of human services shall study access to dental services for persons with disabilities, and shall present recommendations for improving access to dental services to the legislature by January 15, 2008. The study must examine physical and geographic access, the willingness of dentists to serve persons with disabilities enrolled in state health care programs, reimbursement rates for dental service providers, and other factors identified by the commissioner.

Sec. 121. COMMISSIONER REQUIRED TO SEEK FEDERAL APPROVAL.

By October 1, 2007, the commissioner shall seek federal approval to allow persons who have been eligible for medical assistance for employed persons with disabilities (MA-EPD) under Minnesota Statutes, section 256B.057, subdivision 9, for each of the 24 consecutive months prior to becoming age 65 to continue using the MA-EPD eligibility rules as long as they qualify.

Sec. 122. MINNESOTA RULES.

The Department of Administration shall publish adopted rules in the State Register making the terminology changes specified in section 92 in Minnesota Rules. Upon publication in the State Register, the terminology changes for Minnesota Rules are adopted without further administrative action.

Sec. 123. REVISOR'S INSTRUCTION.

The revisor of statutes shall change the terms in column A to the terms in column B wherever they appear in Minnesota Statutes:

<u>Column A</u>	<u>Column B</u>
<u>"Office of Ombudsman for Older Minnesotans" and "Office of the Ombudsman for Older Minnesotans"</u>	<u>"Office of Ombudsman for Long- Term Care"</u>
<u>"ombudsman for older Minnesotans"</u>	<u>"ombudsman for long-term care"</u>

Sec. 124. **REPEALER.**

Minnesota Statutes 2006, sections 252.21; 252.22; 252.23; 252.24; 252.25; 252.261; 252.275, subdivision 5; 256.9743; 256B.0913, subdivisions 5b, 5c, 5d, 5e, 5f, 5g, and 5h; and 256B.441, subdivisions 12, 16, 21, 26, 28, 42, and 45, are repealed.

ARTICLE 5

MENTAL HEALTH

Section 1. Minnesota Statutes 2006, section 245.462, subdivision 20, is amended to read:

Subd. 20. **Mental illness.** (a) "Mental illness" means an organic disorder of the brain or a clinically significant disorder of thought, mood, perception, orientation, memory, or behavior that is listed in the clinical manual of the International Classification of Diseases (ICD-9-CM), current edition, code range 290.0 to 302.99 or 306.0 to 316.0 or the corresponding code in the American Psychiatric Association's Diagnostic and Statistical Manual of Mental Disorders (DSM-MD), current edition, Axes I, II, or III, and that seriously limits a person's capacity to function in primary aspects of daily living such as personal relations, living arrangements, work, and recreation.

(b) An "adult with acute mental illness" means an adult who has a mental illness that is serious enough to require prompt intervention.

(c) For purposes of case management and community support services, a "person with serious and persistent mental illness" means an adult who has a mental illness and meets at least one of the following criteria:

(1) the adult has undergone two or more episodes of inpatient care for a mental illness within the preceding 24 months;

(2) the adult has experienced a continuous psychiatric hospitalization or residential treatment exceeding six months' duration within the preceding 12 months;

(3) the adult has been treated by a crisis team two or more times within the preceding 24 months;

(4) the adult:

(i) has a diagnosis of schizophrenia, bipolar disorder, major depression, or borderline personality disorder;

(ii) indicates a significant impairment in functioning; and

(iii) has a written opinion from a mental health professional, in the last three years, stating that the adult is reasonably likely to have future episodes requiring inpatient or residential treatment, of a frequency described in clause (1) or (2), unless ongoing case management or community support services are provided;

~~(4)~~ (5) the adult has, in the last three years, been committed by a court as a person who is mentally ill under chapter 253B, or the adult's commitment has been stayed or continued; or

~~(5)~~ (6) the adult (i) was eligible under clauses (1) to ~~(4)~~ (5), but the specified time period has expired or the adult was eligible as a child under section 245.4871, subdivision 6; and (ii) has a written opinion from a mental health professional, in the last three years, stating that the adult is reasonably likely to have future episodes requiring inpatient or residential treatment, of a frequency described in clause (1) or (2), unless ongoing case management or community support services are provided.

Sec. 2. Minnesota Statutes 2006, section 245.465, is amended by adding a subdivision to read:

Subd. 3. **Responsibility not duplicated.** For individuals who have health care coverage, the county board is not responsible for providing mental health services which are within the limits of the individual's health care coverage.

Sec. 3. Minnesota Statutes 2006, section 245.4874, is amended to read:

245.4874 DUTIES OF COUNTY BOARD.

Subdivision 1. **Duties of the county board.** (a) The county board must:

(1) develop a system of affordable and locally available children's mental health services according to sections 245.487 to 245.4887;

(2) establish a mechanism providing for interagency coordination as specified in section 245.4875, subdivision 6;

(3) consider the assessment of unmet needs in the county as reported by the local children's mental health advisory council under section 245.4875, subdivision 5, paragraph (b), clause (3). The county shall provide, upon request of the local children's mental health advisory council, readily available data to assist in the determination of unmet needs;

(4) assure that parents and providers in the county receive information about how to gain access to services provided according to sections 245.487 to 245.4887;

(5) coordinate the delivery of children's mental health services with services provided by social services, education, corrections, health, and vocational agencies to improve the availability of mental health services to children and the cost-effectiveness of their delivery;

(6) assure that mental health services delivered according to sections 245.487 to 245.4887 are delivered expeditiously and are appropriate to the child's diagnostic assessment and individual treatment plan;

(7) provide the community with information about predictors and symptoms of emotional disturbances and how to access children's mental health services according to sections 245.4877 and 245.4878;

(8) provide for case management services to each child with severe emotional disturbance according to sections 245.486; 245.4871, subdivisions 3 and 4; and 245.4881, subdivisions 1, 3, and 5;

(9) provide for screening of each child under section 245.4885 upon admission to a residential treatment facility, acute care hospital inpatient treatment, or informal admission to a regional treatment center;

(10) prudently administer grants and purchase-of-service contracts that the county board determines are necessary to fulfill its responsibilities under sections 245.487 to 245.4887;

(11) assure that mental health professionals, mental health practitioners, and case managers employed by or under contract to the county to provide mental health services are qualified under section 245.4871;

(12) assure that children's mental health services are coordinated with adult mental health services specified in sections 245.461 to 245.486 so that a continuum of mental health services is available to serve persons with mental illness, regardless of the person's age;

(13) assure that culturally informed mental health consultants are used as necessary to assist the county board in assessing and providing appropriate treatment for children of cultural or racial minority heritage; and

(14) consistent with section 245.486, arrange for or provide a children's mental health screening to a child receiving child protective services or a child in out-of-home placement, a child for whom parental rights have been terminated, a child found to be delinquent, and a child found to have committed a juvenile petty offense for the third or subsequent time, unless a screening has been performed within the previous 180 days, or the child is currently under the care of a mental health professional. The court or county agency must notify a parent or guardian whose parental rights have not been terminated of the potential mental health screening and the option to prevent the screening by notifying the court or county agency in writing. The screening shall be conducted with a screening instrument approved by the commissioner of human services according to criteria that are updated and issued annually to ensure that approved screening instruments are valid and useful for child welfare and juvenile justice populations, and shall be conducted by a mental health practitioner as defined in section 245.4871, subdivision 26, or a probation officer or local social services agency staff person who is trained in the use of the screening instrument. Training in the use of the instrument shall include training in the administration of the instrument, the interpretation of its validity given the child's current circumstances, the state and federal data practices laws and confidentiality standards, the parental consent requirement, and providing respect for families and cultural values. If the screen indicates a need for assessment, the child's family, or if the family lacks mental health insurance, the local social services agency, in consultation with the child's family, shall have conducted a diagnostic assessment, including a functional assessment, as defined in section 245.4871. The administration of the screening shall safeguard the privacy of children receiving the screening and their families and shall comply with the Minnesota Government Data Practices Act, chapter 13, and the federal Health Insurance Portability and Accountability Act of 1996, Public Law 104-191. Screening results shall be considered private data and the commissioner shall not collect individual screening results.

(b) When the county board refers clients to providers of children's therapeutic services and supports under section 256B.0943, the county board must clearly identify the desired services components not covered under section 256B.0943 and identify the reimbursement source for those requested services, the method of payment, and the payment rate to the provider.

Subd. 2. **Responsibility not duplicated.** For individuals who have health care coverage, the county board is not responsible for providing mental health services which are within the limits of the individual's health care coverage.

Sec. 4. Minnesota Statutes 2006, section 245.50, subdivision 5, is amended to read:

Subd. 5. **Special contracts; bordering states.** (a) An individual who is detained, committed, or placed on an involuntary basis under chapter 253B may be confined or treated in a bordering state pursuant to a contract under this section. An individual who is detained, committed, or placed on an involuntary basis under the civil law of a bordering state may be confined or treated in Minnesota pursuant to a contract under this section. A peace or health officer who is acting under the authority of the sending state may transport an individual to a receiving agency that provides services pursuant to a contract under this section and may transport the individual back to the sending state under the laws of the sending state. Court orders valid under the law of the sending state are granted recognition and reciprocity in the receiving state for individuals covered by a contract under this section to the extent that the court orders relate to confinement for treatment or care of mental illness or chemical dependency. Such treatment or care may address other conditions that may be co-occurring with the mental illness or chemical dependency. These court orders are not subject to legal challenge in the courts of the receiving state. Individuals who are detained, committed, or placed under the law of a sending state and who are transferred to a receiving state under this section continue to be in the legal custody of the authority responsible for them under the law of the sending state. Except in emergencies, those individuals may not be transferred, removed, or furloughed from a receiving agency without the specific approval of the authority responsible for them under the law of the sending state.

(b) While in the receiving state pursuant to a contract under this section, an individual shall be subject to the sending state's laws and rules relating to length of confinement, reexaminations, and extensions of confinement. No individual may be sent to another state pursuant to a contract under this section until the receiving state has enacted a law recognizing the validity and applicability of this section.

(c) If an individual receiving services pursuant to a contract under this section leaves the receiving agency without permission and the individual is subject to involuntary confinement under the law of the sending state, the receiving agency shall use all reasonable means to return the individual to the receiving agency. The receiving agency shall immediately report the absence to the sending agency. The receiving state has the primary responsibility for, and the authority to direct, the return of these individuals within its borders and is liable for the cost of the action to the extent that it would be liable for costs of its own resident.

(d) Responsibility for payment for the cost of care remains with the sending agency.

(e) This subdivision also applies to county contracts under subdivision 2 which include emergency care and treatment provided to a county resident in a bordering state.

(f) If a Minnesota resident is admitted to a facility in a bordering state under this chapter, a physician, licensed psychologist who has a doctoral degree in psychology, or an advance practice registered nurse certified in mental health, who is licensed in the bordering state, may act as an examiner under sections 253B.07, 253B.08, 253B.092, 253B.12, and 253B.17 subject to the same requirements and limitations in section 253B.02, subdivision 7.

Sec. 5. Minnesota Statutes 2006, section 245.98, subdivision 2, is amended to read:

Subd. 2. **Program.** The commissioner of human services shall establish a program for the treatment of compulsive gamblers. The commissioner may contract with an entity with expertise regarding the treatment of compulsive gambling to operate the program. The program may include the establishment of a statewide toll-free number, resource library, public education programs; regional in-service training programs and conferences for health care professionals, educators, treatment providers, employee assistance programs, and criminal justice representatives; and the establishment of certification standards for programs and service providers. The commissioner may enter into agreements with other entities and may employ or contract with consultants to facilitate the provision of these services or the training of individuals to qualify them to provide these services. The program may also include inpatient and outpatient treatment and rehabilitation services ~~and for residents in a temporary or permanent residential setting for mental health or chemical dependency, and individuals in jails or correctional facilities.~~ The program may also include research studies. The research studies must include baseline and prevalence studies for adolescents and adults to identify those at the highest risk. The program must be approved by the commissioner before it is established.

Sec. 6. Minnesota Statutes 2006, section 245.98, subdivision 5, is amended to read:

Subd. 5. **Standards.** The commissioner shall create standards for treatment and provider qualifications for the treatment component of the compulsive gambling program. The commissioner, in coordination with the commissioner of corrections, shall create standards for the assessment and treatment of compulsive gamblers in programs operated by the commissioner of corrections.

Sec. 7. **[245A.175] MENTAL HEALTH TRAINING REQUIREMENT.**

Prior to placement of a child in a foster care home, the child foster care provider, if required to be licensed, must complete two hours of training that addresses the causes, symptoms, and key warning signs of mental health disorders; cultural considerations; and effective approaches for dealing with a child's behaviors. At least one hour of the annual 12-hour training requirement for foster parents must be on children's mental health issues and treatment. Training curriculum shall be approved by the commissioner of human services.

Sec. 8. Minnesota Statutes 2006, section 246.54, subdivision 1, is amended to read:

Subdivision 1. **County portion for cost of care.** Except for chemical dependency services provided under sections 254B.01 to 254B.09, the client's county shall pay to the state of Minnesota a portion of the cost of care provided in a regional treatment center or a state nursing facility to a client legally settled in that county. A county's payment shall be made from the county's own sources of revenue and payments shall be ~~paid as follows: payments to the state from the county shall equal 20 percent~~ a percentage of the cost of care, as determined by the commissioner, for each day, or the portion thereof, that the client spends at a regional treatment center or a state nursing facility; according to the following schedule for each admission:

(1) for the first 30 days: 20 percent until January 1, 2008, ten percent from January 1, 2008, to June 30, 2009, and zero percent thereafter;

(2) 20 percent for days 31 to 60; and

(3) for any days over 60: 20 percent until January 1, 2008, 30 percent from January 1, 2008, to June 30, 2009, 40 percent from July 1, 2009, to June 30, 2010, and 50 percent thereafter.

If payments received by the state under sections 246.50 to 246.53 exceed ~~80 percent~~ the noncounty portion of the cost of care, the county shall be responsible for paying the state only the remaining amount. The county shall not be entitled to reimbursement from the client, the client's estate, or from the client's relatives, except as provided in section 246.53. ~~No such payments shall be made for any client who was last committed prior to July 1, 1947.~~

Sec. 9. Minnesota Statutes 2006, section 256B.0625, subdivision 20, is amended to read:

Subd. 20. **Mental health case management.** (a) To the extent authorized by rule of the state agency, medical assistance covers case management services to persons with serious and persistent mental illness and children with severe emotional disturbance. Services provided under this section must meet the relevant standards in sections 245.461 to 245.4887, the Comprehensive Adult and Children's Mental Health Acts, Minnesota Rules, parts 9520.0900 to 9520.0926, and 9505.0322, excluding subpart 10.

(b) Entities meeting program standards set out in rules governing family community support services as defined in section 245.4871, subdivision 17, are eligible for medical assistance reimbursement for case management services for children with severe emotional disturbance when these services meet the program standards in Minnesota Rules, parts 9520.0900 to 9520.0926 and 9505.0322, excluding subparts 6 and 10.

(c) Medical assistance and MinnesotaCare payment for mental health case management shall be made on a monthly basis. In order to receive payment for an eligible child, the provider must document at least a face-to-face contact with the child, the child's parents, or the child's legal representative. To receive payment for an eligible adult, the provider must document:

(1) at least a face-to-face contact with the adult or the adult's legal representative; or

(2) at least a telephone contact with the adult or the adult's legal representative and document a face-to-face contact with the adult or the adult's legal representative within the preceding two months.

(d) Payment for mental health case management provided by county or state staff shall be based on the monthly rate methodology under section 256B.094, subdivision 6, paragraph (b), with separate rates calculated for child welfare and mental health, and within mental health, separate rates for children and adults.

(e) Payment for mental health case management provided by Indian health services or by agencies operated by Indian tribes may be made according to this section or other relevant federally approved rate setting methodology.

(f) Payment for mental health case management provided by vendors who contract with a county or Indian tribe shall be based on a monthly rate negotiated by the host county or tribe. The negotiated rate must not exceed the rate charged by the vendor for the same service to other payers. If the service is provided by a team of contracted vendors, the county or tribe may negotiate a team rate with a vendor who is a member of the team. The team shall determine how to distribute the rate among its members. No reimbursement received by contracted vendors shall be returned to the county or tribe, except to reimburse the county or tribe for advance funding provided by the county or tribe to the vendor.

(g) If the service is provided by a team which includes contracted vendors, tribal staff, and county or state staff, the costs for county or state staff participation in the team shall be included in the rate for county-provided services. In this case, the contracted vendor, the tribal agency, and the county may each receive separate payment for services provided by each entity in the same month. In order to prevent duplication of services, each entity must document, in the recipient's file, the need for team case management and a description of the roles of the team members.

(h) The commissioner shall calculate the nonfederal share of actual medical assistance and general assistance medical care payments for each county, based on the higher of calendar year 1995 or 1996, by service date, project that amount forward to 1999, and transfer one-half of the result from medical assistance and general assistance medical care to each county's mental health grants under section 256E.12 for calendar year 1999. The annualized minimum amount added to each county's mental health grant shall be \$3,000 per year for children and \$5,000 per year for adults. The commissioner may reduce the statewide growth factor in order to fund these minimums. The annualized total amount transferred shall become part of the base for future mental health grants for each county.

(i) Notwithstanding section 256B.19, subdivision 1, the nonfederal share of costs for mental health case management shall be provided by the recipient's county of responsibility, as defined in sections 256G.01 to 256G.12, from sources other than federal funds or funds used to match other federal funds. If the service is provided by a tribal agency, the nonfederal share, if any, shall be provided by the recipient's tribe. When this service is paid by the state without a federal share through fee-for-service, 50 percent of the cost shall be provided by the recipient's county of responsibility.

(j) Notwithstanding any administrative rule to the contrary, prepaid medical assistance, general assistance medical care, and MinnesotaCare include mental health case management. When the service is provided through prepaid capitation, the nonfederal share is paid by the state and the county pays no share.

~~(k)~~ (k) The commissioner may suspend, reduce, or terminate the reimbursement to a provider that does not meet the reporting or other requirements of this section. The county of responsibility, as defined in sections 256G.01 to 256G.12, or, if applicable, the tribal agency, is responsible for any federal disallowances. The county or tribe may share this responsibility with its contracted vendors.

~~(l)~~ (l) The commissioner shall set aside a portion of the federal funds earned for county expenditures under this section to repay the special revenue maximization account under section 256.01, subdivision 2, clause (15). The repayment is limited to:

- (1) the costs of developing and implementing this section; and
- (2) programming the information systems.

(4) ~~(m)~~ (m) Payments to counties and tribal agencies for case management expenditures under this section shall only be made from federal earnings from services provided under this section. When this service is paid by the state without a federal share through fee-for-service, 50 percent of the cost shall be provided by the state. Payments to county-contracted vendors shall include ~~both~~ the federal earnings, the state share, and the county share.

~~(m)~~ (n) Notwithstanding section 256B.041, county payments for the cost of mental health case management services provided by county or state staff shall not be made to the commissioner of finance. For the purposes of mental health case management services provided by county or state staff under this section, the centralized disbursement of payments to counties under section 256B.041 consists only of federal earnings from services provided under this section.

~~(n)~~ (o) Case management services under this subdivision do not include therapy, treatment, legal, or outreach services.

~~(o)~~ (p) If the recipient is a resident of a nursing facility, intermediate care facility, or hospital, and the recipient's institutional care is paid by medical assistance, payment for case management services under this subdivision is limited to the last 180 days of the recipient's residency in that facility and may not exceed more than six months in a calendar year.

~~(p)~~ (q) Payment for case management services under this subdivision shall not duplicate payments made under other program authorities for the same purpose.

~~(q)~~ (r) By July 1, 2000, the commissioner shall evaluate the effectiveness of the changes required by this section, including changes in number of persons receiving mental health case management, changes in hours of service per person, and changes in caseload size.

~~(r)~~ (s) For each calendar year beginning with the calendar year 2001, the annualized amount of state funds for each county determined under paragraph (h) shall be adjusted by the county's percentage change in the average number of clients per month who received case management under this section during the fiscal year that ended six months prior to the calendar year in question, in comparison to the prior fiscal year.

~~(s)~~ (t) For counties receiving the minimum allocation of \$3,000 or \$5,000 described in paragraph (h), the adjustment in paragraph (s) shall be determined so that the county receives the higher of the following amounts:

(1) a continuation of the minimum allocation in paragraph (h); or

(2) an amount based on that county's average number of clients per month who received case management under this section during the fiscal year that ended six months prior to the calendar year in question, times the average statewide grant per person per month for counties not receiving the minimum allocation.

~~(t)~~ (u) The adjustments in paragraphs (s) and (t) shall be calculated separately for children and adults.

EFFECTIVE DATE. This section is effective January 1, 2009, except the amendment to paragraph (i) is effective January 1, 2008.

Sec. 10. Minnesota Statutes 2006, section 256B.0625, subdivision 47, is amended to read:

Subd. 47. **Treatment foster care services.** Effective July 1, ~~2006~~ 2009, and subject to federal approval, medical assistance covers treatment foster care services according to section 256B.0946.

Sec. 11. Minnesota Statutes 2006, section 256B.0945, subdivision 4, is amended to read:

Subd. 4. **Payment rates.** (a) Notwithstanding sections 256B.19 and 256B.041, payments to counties for residential services provided by a residential facility shall only be made of federal earnings for services provided under this section, and the nonfederal share of costs for services provided under this section shall be paid by the county from sources other than federal funds or funds used to match other federal funds. Payment to counties for services provided according to this section shall be a proportion of the per day contract rate that relates to rehabilitative mental health services and shall not include payment for costs or services that are billed to the IV-E program as room and board.

(b) Per diem rates paid to providers under this section by prepaid plans shall be the proportion of the per-day contract rate that relates to rehabilitative mental health services and shall not include payment for group foster care costs or services that are billed to the county of financial responsibility.

(c) The commissioner shall set aside a portion not to exceed five percent of the federal funds earned for county expenditures under this section to cover the state costs of administering this section. Any unexpended funds from the set-aside shall be distributed to the counties in proportion to their earnings under this section.

EFFECTIVE DATE. This section is effective January 1, 2009.

Sec. 12. Minnesota Statutes 2006, section 256B.69, subdivision 5g, is amended to read:

Subd. 5g. **Payment for covered services.** For services rendered on or after January 1, 2003, the total payment made to managed care plans for providing covered services under the medical assistance and general assistance medical care programs is reduced by .5 percent from their current statutory rates. This provision excludes payments for nursing home services, home and community-based waivers, ~~and~~ payments to demonstration projects for persons with disabilities, and mental health services added as covered benefits after December 31, 2007.

Sec. 13. Minnesota Statutes 2006, section 256B.69, subdivision 5h, is amended to read:

Subd. 5h. **Payment reduction.** In addition to the reduction in subdivision 5g, the total payment made to managed care plans under the medical assistance program is reduced 1.0 percent for services provided on or after October 1, 2003, and an additional 1.0 percent for services provided on or after January 1, 2004. This provision excludes payments for nursing home services, home and community-based waivers, ~~and~~ payments to demonstration projects for persons with disabilities, and mental health services added as covered benefits after December 1, 2007.

Sec. 14. Minnesota Statutes 2006, section 256B.763, is amended to read:

256B.763 CRITICAL ACCESS MENTAL HEALTH RATE INCREASE.

(a) For services defined in paragraph (b) and rendered on or after July 1, 2007, payment rates shall be increased by 23.7 percent over the rates in effect on January 1, 2006, for:

(1) psychiatrists and advanced practice registered nurses with a psychiatric specialty;

(2) community mental health centers under section 256B.0625, subdivision 5; and

(3) mental health clinics and centers certified under Minnesota Rules, parts 9520.0750 to 9520.0870, or hospital outpatient psychiatric departments that are designated as essential community providers under section 62Q.19.

(b) This increase applies to group skills training when provided as a component of children's therapeutic services and support, psychotherapy, medication management, evaluation and management, diagnostic assessment, explanation of findings, psychological testing, neuropsychological services, direction of behavioral aides, and inpatient consultation.

(c) This increase does not apply to rates that are governed by section 256B.0625, subdivision 30, or 256B.761, paragraph (b), other cost-based rates, rates that are negotiated with the county, rates that are established by the federal government, or rates that increased between January 1, 2004, and January 1, 2005.

(d) The commissioner shall adjust rates paid to prepaid health plans under contract with the commissioner to reflect the rate increases provided in paragraph (a). The prepaid health plan must pass this rate increase to the providers identified in ~~paragraph (a)~~ paragraphs (a), (e), and (f). The prepaid plan must pass this rate increase to the providers identified in paragraphs (a), (e), and (f).

(e) For MinnesotaCare only, payment rates shall be increased by 23.7 percent over the rates in effect on December 31, 2007, for:

(1) medication education services provided on or after January 1, 2008, by adult rehabilitative mental health services providers certified under section 256B.0623; and

(2) mental health behavioral aide services provided on or after January 1, 2008, by children's therapeutic services and support providers certified under section 256B.0943.

(f) For services defined in paragraph (b) and rendered on or after January 1, 2008, by children's therapeutic services and support providers certified under section 256B.0943 and not already included in paragraph (a), payment rates for MinnesotaCare shall be increased by 23.7 percent over the rates in effect on December 31, 2007.

Sec. 15. Minnesota Statutes 2006, section 256L.03, subdivision 1, is amended to read:

Subdivision 1. **Covered health services.** For individuals under section 256L.04, subdivision 7, with income no greater than 75 percent of the federal poverty guidelines or for families with children under section 256L.04, subdivision 1, all subdivisions of this section apply. "Covered health services" means the health services reimbursed under chapter 256B, with the exception of inpatient hospital services, special education services, private duty nursing services, adult dental care services other than services covered under section 256B.0625, subdivision 9, orthodontic services, nonemergency medical transportation services, personal care assistant and case management services, nursing home or intermediate care facilities services, inpatient mental health services, and chemical dependency services. ~~Outpatient mental health services covered under the MinnesotaCare program are limited to diagnostic assessments, psychological testing, explanation of findings, mental health telemedicine, psychiatric consultation, medication management by a physician, day treatment, partial hospitalization, and individual, family, and group psychotherapy.~~

"Covered health services" also includes intensive mental health outpatient treatment for dialectical behavioral therapy for adults.

No public funds shall be used for coverage of abortion under MinnesotaCare except where the life of the female would be endangered or substantial and irreversible impairment of a major bodily function would result if the fetus were carried to term; or where the pregnancy is the result of rape or incest.

Covered health services shall be expanded as provided in this section.

EFFECTIVE DATE. This section is effective January 1, 2008, except coverage for mental health case management is effective January 1, 2009.

Sec. 16. Minnesota Statutes 2006, section 256L.03, subdivision 5, is amended to read:

Subd. 5. **Co-payments and coinsurance.** (a) Except as provided in paragraphs (b) and (c), the MinnesotaCare benefit plan shall include the following co-payments and coinsurance requirements for all enrollees:

(1) ten percent of the paid charges for inpatient hospital services for adult enrollees, subject to an annual inpatient out-of-pocket maximum of \$1,000 per individual and \$3,000 per family;

(2) \$3 per prescription for adult enrollees;

(3) \$25 for eyeglasses for adult enrollees;

(4) \$3 per nonpreventive visit. For purposes of this subdivision, a "visit" means an episode of service which is required because of a recipient's symptoms, diagnosis, or established illness, and which is delivered in an ambulatory setting by a physician or physician ancillary, chiropractor, podiatrist, nurse midwife, advanced practice nurse, audiologist, optician, or optometrist; and

(5) \$6 for nonemergency visits to a hospital-based emergency room.

(b) Paragraph (a), clause (1), does not apply to parents and relative caretakers of children under the age of 21 in households with family income equal to or less than 175 percent of the federal poverty guidelines. Paragraph (a), clause (1), does not apply to parents and relative caretakers of children under the age of 21 in households with family income greater than 175 percent of the federal poverty guidelines for inpatient hospital admissions occurring on or after January 1, 2001.

(c) Paragraph (a), clauses (1) to (4), do not apply to pregnant women and children under the age of 21.

(d) Paragraph (a), clause (4), does not apply to mental health services.

(e) Adult enrollees with family gross income that exceeds 175 percent of the federal poverty guidelines and who are not pregnant shall be financially responsible for the coinsurance amount, if applicable, and amounts which exceed the \$10,000 inpatient hospital benefit limit.

~~(e)~~ (f) When a MinnesotaCare enrollee becomes a member of a prepaid health plan, or changes from one prepaid health plan to another during a calendar year, any charges submitted towards the \$10,000 annual inpatient benefit limit, and any out-of-pocket expenses incurred by the enrollee for inpatient services, that were submitted or incurred prior to enrollment, or prior to the change in health plans, shall be disregarded.

Sec. 17. Minnesota Statutes 2006, section 256L.035, is amended to read:

256L.035 LIMITED BENEFITS COVERAGE FOR CERTAIN SINGLE ADULTS AND HOUSEHOLDS WITHOUT CHILDREN.

(a) "Covered health services" for individuals under section 256L.04, subdivision 7, with income above 75 percent, but not exceeding 175 percent, of the federal poverty guideline means:

(1) inpatient hospitalization benefits with a ten percent co-payment up to \$1,000 and subject to an annual limitation of \$10,000;

(2) physician services provided during an inpatient stay; and

(3) physician services not provided during an inpatient stay; outpatient hospital services; freestanding ambulatory surgical center services; chiropractic services; lab and diagnostic services; diabetic supplies and equipment; mental health services as covered under chapter 256B; and prescription drugs; subject to the following co-payments:

(i) \$50 co-pay per emergency room visit;

(ii) \$3 co-pay per prescription drug; and

(iii) \$5 co-pay per nonpreventive visit; except this co-pay does not apply to mental health services or community mental health services.

The services covered under this section may be provided by a physician, physician ancillary, chiropractor, psychologist, ~~or~~ licensed independent clinical social worker, or other mental health providers covered under chapter 256B if the services are within the scope of practice of that health care professional.

For purposes of this section, "a visit" means an episode of service which is required because of a recipient's symptoms, diagnosis, or established illness, and which is delivered in an ambulatory setting by any health care provider identified in this paragraph.

Enrollees are responsible for all co-payments in this section.

(b) Reimbursement to the providers shall be reduced by the amount of the co-payment, except that reimbursement for prescription drugs shall not be reduced once a recipient has reached the \$20 per month maximum for prescription drug co-payments. The provider collects the co-payment from the recipient. Providers may not deny services to recipients who are unable to pay the co-payment, except as provided in paragraph (c).

(c) If it is the routine business practice of a provider to refuse service to an individual with uncollected debt, the provider may include uncollected co-payments under this section. A provider must give advance notice to a recipient with uncollected debt before services can be denied.

EFFECTIVE DATE. This section is effective January 1, 2008, except coverage for mental health case management under paragraph (a), clause (3), is effective January 1, 2009.

Sec. 18. Minnesota Statutes 2006, section 256L.12, subdivision 9a, is amended to read:

Subd. 9a. **Rate setting; ratable reduction.** For services rendered on or after October 1, 2003, the total payment made to managed care plans under the MinnesotaCare program is reduced 1.0 percent. This provision excludes payments for mental health services added as covered benefits after December 31, 2007.

Sec. 19. Minnesota Statutes 2006, section 609.115, subdivision 9, is amended to read:

Subd. 9. **Compulsive gambling assessment required.** (a) If a person is convicted of theft under section 609.52, embezzlement of public funds under section 609.54, or forgery under section 609.625, 609.63, or 609.631, the probation officer shall determine in the report prepared under subdivision 1 whether or not compulsive gambling contributed to the commission of the offense. If so, the report shall contain the results of a compulsive gambling assessment conducted in accordance with this subdivision. The probation officer shall make an appointment for the offender to undergo the assessment if so indicated.

(b) The compulsive gambling assessment report must include a recommended level of treatment for the offender if the assessor concludes that the offender is in need of compulsive gambling treatment. The assessment must be conducted by an assessor qualified under section 245.98, subdivision 2a, to perform these assessments or to provide compulsive gambling treatment. An assessor providing a compulsive gambling assessment may not have any direct or shared financial interest or referral relationship resulting in shared financial gain with a treatment provider. If an independent assessor is not available, the probation officer may use the services of an assessor with a financial interest or referral relationship as authorized under rules adopted by the commissioner of human services under section 245.98, subdivision 2a.

(c) The commissioner of human services shall reimburse the assessor for the costs associated with a compulsive gambling assessment at a rate established by the commissioner up to a maximum of \$100 for each assessment. To the extent practicable, the commissioner shall standardize reimbursement rates for assessments. The commissioner shall reimburse these costs after receiving written verification from the probation officer that the assessment was performed and found acceptable.

(d) The commissioner shall make a report to the legislature by January 15, 2008, regarding the transfer of funds to counties for state registered nurses employed in community mental health pilot projects as part of the assertive community treatment teams under section 245.4661. The report shall address the impact of the nursing shortage on replacing these positions, continuity of patient care if these positions cannot be filled, and ways to maintain state registered nurses in these positions until the nurse retires or leaves employment. No funds for state registered nurse positions may be transferred before the report date.

Sec. 20. **CASE MANAGEMENT; BEST PRACTICES.**

The commissioner of human services, in consultation with consumers, families, counties, and other interested stakeholders, will develop recommendations for changes in the adult mental health act related to case management, consistent with evidence-based and best practices.

Sec. 21. **REGIONAL CHILDREN'S MENTAL HEALTH INITIATIVE.**

Subdivision 1. **Pilot project authorized; purpose.** A two-year Regional Children's Mental Health Initiative pilot project is established to improve children's mental health service coordination, communication, and processes in Blue Earth, Brown, Faribault, Freeborn, Le Sueur, Martin, Nicollet, Rice, Sibley, Waseca, and Watonwan Counties. The purpose of the Regional Children's Mental Health Initiative will be to plan and develop new programs and services related to children's mental health in south central Minnesota.

Subd. 2. **Goals.** To accomplish its purpose, the Regional Children's Mental Health Initiative shall have the following goals:

- (1) work to streamline delivery and regional access to services;
- (2) share strategies and resources for the management of out-of-home placements;
- (3) establish standard protocols and operating procedures for functions that are performed across all counties;
- (4) share information to improve resource allocation and service delivery across counties;
- (5) evaluate outcomes of various treatment alternatives;
- (6) create a network for and provide support to service delivery groups;

(7) establish a regional process to match children in need of out-of-home placement with foster homes that can meet their needs; and

(8) recruit and retain foster homes.

Subd. 3. **Director's Council.** The Director's Council shall govern the operations of the Regional Children's Mental Health Initiative. Members of the Director's Council shall represent each of the 11 counties participating in the pilot project.

Subd. 4. **Regional Children's Mental Health Initiative Team.** The members of the Regional Children's Mental Health Initiative Team shall conduct planning and development of new and modified children's mental health programs and services in the region. Members of the team shall reflect the cultural, demographic, and geographic diversity of the region and shall be composed of representatives from each of the following:

(1) the medical community;

(2) human services;

(3) corrections;

(4) education;

(5) mental health providers and vendors;

(6) advocacy organizations;

(7) parents; and

(8) children and youth.

Subd. 5. **Authority.** The regional children's mental health initiative shall have the authority to develop and implement the following programs:

(1) Flexible funding payments. This program will make funds available to respond to the unique and unpredictable needs of children with mental health issues such as the need for prescription drugs, transportation, clothing, and assessments not otherwise available.

(2) Transition to self-sufficiency. This program will help youths between the ages of 14 and 21 establish professional relationships, find jobs, build financial foundations, and learn to fulfill their roles as productive citizens.

(3) Crisis response. This program will establish public and private partnerships to offer a range of options to meet the needs of children in crisis. Methods to meet these needs may include accessible local services, holistic assessments, urgent care and stabilization services, and telehealth for specialized diagnosis and therapeutic sessions.

(4) Integrated services for complex conditions. This program will design, develop, and implement packages of integrated services to meet the needs of children with specific, complex conditions.

Subd. 6. **Evaluation and report.** The regional children's mental health initiative shall develop a method for evaluating the effectiveness of this pilot project focusing on identifiable goals and outcomes. An interim report on the pilot project's effectiveness shall be submitted to the house and senate finance committees having jurisdiction over mental health, the commissioner of human services, and the Minnesota Association of County Social Service Administrators no later than December 31, 2008. A final report is due no later than December 31, 2009.

Sec. 22. **TRAUMA-FOCUSED EVIDENCE-BASED PRACTICES TO CHILDREN.**

Organizations that are certified to provide children's therapeutic services and supports under Minnesota Statutes, section 256B.0943, are eligible to apply for a grant. Grants are to be used to provide trauma-focused evidence-based practices to children who are living in a battered women's shelter, homeless shelter, transitional housing, or supported housing. Children served must have been exposed to or witnessed domestic violence, have been exposed to or witnessed community violence, or be a refugee. Priority shall be given to organizations that demonstrate collaboration with battered women's shelters, homeless shelters, or providers of transitional housing or supported housing. The commissioner shall specify which constitutes evidence-based practice. Organizations shall use all available funding streams.

Sec. 23. **DUAL DIAGNOSIS; DEMONSTRATION PROJECT.**

(a) The commissioner of human services shall fund demonstration projects for high risk adults with serious mental illness and co-occurring substance abuse problems. The projects must include, but not be limited to, the following:

(1) housing services, including rent or housing subsidies, housing with clinical staff, or housing support;

(2) assertive outreach services; and

(3) intensive direct therapeutic, rehabilitative, and care management services oriented to harm reduction.

(b) The commissioner shall work with providers to ensure proper licensure or certification to meet medical assistance or third-party payor reimbursement requirements.

Sec. 24. **MINNESOTA FAMILY INVESTMENT PROGRAM AND CHILDREN'S MENTAL HEALTH PILOT PROJECT.**

Subdivision 1. **Pilot project authorized.** The commissioner of human services shall fund a three-year pilot project to measure the effect of children's identified mental health needs, including social and emotional needs, on Minnesota family investment program (MFIP) participants' ability to obtain and retain employment. The project shall also measure the effect on work activity of MFIP participants' needs to address their children's identified mental health needs.

Subd. 2. **Provider and agency proposals.** (a) Interested MFIP providers and agencies shall:

(1) submit proposals defining how they will identify participants whose children have mental health needs that hinder the employment process;

(2) connect families with appropriate developmental, social, and emotional screenings and services; and

(3) incorporate those services into the participant's employment plan.

Each proposal under this paragraph must include an evaluation component.

(b) Interested MFIP providers and agencies shall develop a protocol to inform MFIP participants of the following:

(1) the availability of developmental, social, and emotional screening tools for children and youth;

(2) the purpose of the screenings;

(3) how the information will be used to assist the participants in identifying and addressing potential barriers to employment; and

(4) that their employment plan may be modified based on the screening results.

Subd. 3. **Program components.** (a) MFIP providers shall obtain the participant's written consent for participation in the pilot project, including consent for developmental, social, and emotional screening.

(b) MFIP providers shall coordinate with county social service agencies and health plans to assist recipients in arranging referrals indicated by the screening results.

(c) Tools used for developmental, social, and emotional screenings shall be approved by the commissioner of human services.

Subd. 4. **Program evaluation.** The commissioner of human services shall conduct an evaluation of the pilot project to determine:

(1) the number of participants who took part in the screening;

(2) the number of children who were screened and what screening tools were used;

(3) the number of children who were identified in the screening who needed referral or follow-up services;

(4) the number of children who received services, what agency provided the services, and what type of services were provided;

(5) the number of employment plans that were adjusted to include the activities recommended in the screenings;

(6) the changes in work participation rates;

(7) the changes in earned income;

(8) the changes in sanction rates; and

(9) the participants' report of program effectiveness.

Subd. 5. **Work activity.** Participant involvement in screenings and subsequent referral and follow-up services shall count as work activity under Minnesota Statutes, section 256J.49, subdivision 13.

Sec. 25. **SOCIAL AND ECONOMIC COSTS OF GAMBLING.**

Subdivision 1. **Report.** The commissioner of human services, in consultation with the state affiliate of the National Council on Problem Gambling, stakeholders, and licensed vendors, shall prepare a report that provides a process and funding mechanism to study the issues in subdivisions 2 and 3. The commissioner, in consultation with the state affiliate of the National Council on Problem Gambling, stakeholders, and licensed vendors, shall include in the report potential financial commitments made by stakeholders and others in order to fund the study. The report is due to the legislative committees having jurisdiction over compulsive gambling issues by December 1, 2007.

Subd. 2. **Issues to be addressed.** The study must address:

(1) state, local, and tribal government policies and practices in Minnesota to legalize or prohibit gambling;

(2) the relationship between gambling and crime in Minnesota, including: (i) the relationship between gambling and overall crime rates; (ii) the relationship between gambling and crimes rates for specific crimes, such as forgery, domestic abuse, child neglect and abuse, alcohol and drug offenses, and youth crime; and (iii) enforcement and regulation practices that are intended to address the relationship between gambling and levels of crime;

(3) the relationship between expanded gambling and increased rates of problem gambling in Minnesota, including the impact of pathological or problem gambling on individuals, families, businesses, social institutions, and the economy;

(4) the social impact of gambling on individuals, families, businesses, and social institutions in Minnesota, including an analysis of the relationship between gambling and depression, abuse, divorce, homelessness, suicide, and bankruptcy;

(5) the economic impact of gambling on state, local, and tribal economies in Minnesota; and

(6) any other issues deemed necessary in assessing the social and economic impact of gambling in Minnesota.

Subd. 3. **Quantification of social and economic impact.** The study shall quantify the social and economic impact on both (1) state, local, and tribal governments in Minnesota, and (2) Minnesota's communities and social institutions, including individuals, families, and businesses within those communities and institutions.

Sec. 26. **REPEALER.**

Minnesota Rules, part 9585.0030, is repealed.

ARTICLE 6

DEPARTMENT OF HEALTH

Section 1. Minnesota Statutes 2006, section 62J.17, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For purposes of this section, the terms defined in this subdivision have the meanings given.

~~(a) "Access" means the financial, temporal, and geographic availability of health care to individuals who need it.~~

~~(b)~~ (a) "Capital expenditure" means an expenditure which, under generally accepted accounting principles, is not properly chargeable as an expense of operation and maintenance.

~~(c) "Cost" means the amount paid by consumers or third party payers for health care services or products.~~

~~(d) "Date of the major spending commitment" means the date the provider formally obligated itself to the major spending commitment. The obligation may be incurred by entering into a contract, making a down payment, issuing bonds or entering a loan agreement to provide financing for the major spending commitment, or taking some other formal, tangible action evidencing the provider's intention to make the major spending commitment.~~

~~(e)~~ (b) "Health care service" means:

(1) a service or item that would be covered by the medical assistance program under chapter 256B if provided in accordance with medical assistance requirements to an eligible medical assistance recipient; and

(2) a service or item that would be covered by medical assistance except that it is characterized as experimental, cosmetic, or voluntary.

"Health care service" does not include retail, over-the-counter sales of nonprescription drugs and other retail sales of health-related products that are not generally paid for by medical assistance and other third-party coverage.

~~(f)~~ (c) "Major spending commitment" means an expenditure in excess of \$1,000,000 for:

(1) acquisition of a unit of medical equipment;

(2) a capital expenditure for a single project for the purposes of providing health care services, other than for the acquisition of medical equipment;

(3) offering a new specialized service not offered before;

(4) planning for an activity that would qualify as a major spending commitment under this paragraph; or

(5) a project involving a combination of two or more of the activities in clauses (1) to (4).

The cost of acquisition of medical equipment, and the amount of a capital expenditure, is the total cost to the provider regardless of whether the cost is distributed over time through a lease arrangement or other financing or payment mechanism.

~~(g)~~ (d) "Medical equipment" means fixed and movable equipment that is used by a provider in the provision of a health care service. "Medical equipment" includes, but is not limited to, the following:

(1) an extracorporeal shock wave lithotripter;

(2) a computerized axial tomography (CAT) scanner;

(3) a magnetic resonance imaging (MRI) unit;

(4) a positron emission tomography (PET) scanner; and

(5) emergency and nonemergency medical transportation equipment and vehicles.

~~(h)~~ (e) "New specialized service" means a specialized health care procedure or treatment regimen offered by a provider that was not previously offered by the provider, including, but not limited to:

(1) cardiac catheterization services involving high-risk patients as defined in the Guidelines for Coronary Angiography established by the American Heart Association and the American College of Cardiology;

(2) heart, heart-lung, liver, kidney, bowel, or pancreas transplantation service, or any other service for transplantation of any other organ;

(3) megavoltage radiation therapy;

(4) open heart surgery;

(5) neonatal intensive care services; and

(6) any new medical technology for which premarket approval has been granted by the United States Food and Drug Administration, excluding implantable and wearable devices.

(f) "Specialty care" includes but is not limited to cardiac, neurology, orthopedic, obstetrics, mental health, chemical dependency, and emergency services.

Sec. 2. Minnesota Statutes 2006, section 62J.17, subdivision 4a, is amended to read:

Subd. 4a. **Expenditure reporting.** ~~(a) A provider making a major spending commitment after April 1, 1992, shall submit notification of the expenditure to the commissioner and provide the commissioner with any relevant background information.~~

~~(b) Notification must include a report, submitted within 60 days after the date of the major spending commitment, using terms conforming to the definitions in section 62J.03 and this section. Each report is subject to retrospective review and must contain:~~

~~(1) a detailed description of the major spending commitment, including the specific dollar amount of each expenditure, and its purpose;~~

~~(2) the date of the major spending commitment;~~

~~(3) a statement of the expected impact that the major spending commitment will have on charges by the provider to patients and third-party payers;~~

~~(4) a statement of the expected impact on the clinical effectiveness or quality of care received by the patients that the provider expects to serve;~~

~~(5) a statement of the extent to which equivalent services or technology are already available to the provider's actual and potential patient population;~~

~~(6) a statement of the distance from which the nearest equivalent services or technology are already available to the provider's actual and potential population;~~

~~(7) a statement describing the pursuit of any lawful collaborative arrangements; and~~

~~(8) a statement of assurance that the provider will not use, purchase, or perform health care technologies and procedures that are not clinically effective and cost effective, unless the technology is used for experimental or research purposes to determine whether a technology or procedure is clinically effective and cost effective.~~

~~The provider may submit any additional information that it deems relevant.~~

~~(c) The commissioner may request additional information from a provider for the purpose of review of a report submitted by that provider, and may consider relevant information from other sources. A provider shall provide any information requested by the commissioner within the time period stated in the request, or within 30 days after the date of the request if the request does not state a time.~~

~~(d) If the provider fails to submit a complete and timely expenditure report, including any additional information requested by the commissioner, the commissioner may make the provider's subsequent major spending commitments subject to the procedures of prospective review and approval under subdivision 6a.~~

Each hospital, outpatient surgical center, diagnostic imaging center, and physician clinic shall report annually to the commissioner on all major spending commitments, in the form and manner specified by the commissioner. The report shall include the following information:

(a) a description of major spending commitments made during the previous year, including the total dollar amount of major spending commitments and purpose of the expenditures;

(b) the cost of land acquisition, construction of new facilities, and renovation of existing facilities;

(c) the cost of purchased or leased medical equipment, by type of equipment;

(d) expenditures by type for specialty care and new specialized services;

(e) information on the amount and types of added capacity for diagnostic imaging services, outpatient surgical services, and new specialized services; and

(f) information on investments in electronic medical records systems.

For hospitals and outpatient surgical centers, this information shall be included in reports to the commissioner that are required under section 144.698. For diagnostic imaging centers, this information shall be included in reports to the commissioner that are required under section 144.565. For physician clinics, this information shall be included in reports to the commissioner that are required under section 62J.41. For all other health care providers that are subject to this reporting requirement, reports must be submitted to the commissioner by March 1 each year for the preceding calendar year.

Sec. 3. Minnesota Statutes 2006, section 62J.17, subdivision 7, is amended to read:

Subd. 7. **Exceptions.** (a) ~~The retrospective review process as described in subdivision 5a and the prospective review and approval process as described in subdivision 6a~~ reporting requirement in subdivision 4a ~~do~~ does not apply to:

~~(1) a major spending commitment to replace existing equipment with comparable equipment used for direct patient care, upgrades of equipment beyond the current model, or comparable model must be reported;~~

~~(2)~~ (1) a major spending commitment made by a research and teaching institution for purposes of conducting medical education, medical research supported or sponsored by a medical school, or by a federal or foundation grant or clinical trials;

~~(3) a major spending commitment to repair, remodel, or replace existing buildings or fixtures if, in the judgment of the commissioner, the project does not involve a substantial expansion of service capacity or a substantial change in the nature of health care services provided;~~

~~(4)~~ (2) a major spending commitment for building maintenance including heating, water, electricity, and other maintenance-related expenditures; and

~~(5)~~ (3) a major spending commitment for activities, not directly related to the delivery of patient care services, including food service, laundry, housekeeping, and other service-related activities; and

~~(6) a major spending commitment for computer equipment or data systems not directly related to the delivery of patient care services, including computer equipment or data systems related to medical record automation.~~

(b) In addition to the exceptions listed in paragraph (a), the ~~prospective review and approval process described in subdivision 6a~~ reporting requirement in subdivision 4a does not apply to mergers, acquisitions, and other changes in ownership or control that, in the judgment of the commissioner, do not involve a substantial expansion of service capacity or a substantial change in the nature of health care services provided.

Sec. 4. Minnesota Statutes 2006, section 62J.41, subdivision 1, is amended to read:

Subdivision 1. **Cost containment data to be collected from providers.** The commissioner shall require health care providers to collect and provide both patient specific information and descriptive and financial aggregate data on:

- (1) the total number of patients served;
- (2) the total number of patients served by state of residence and Minnesota county;
- (3) the site or sites where the health care provider provides services;
- (4) the number of individuals employed, by type of employee, by the health care provider;
- (5) the services and their costs for which no payment was received;
- (6) total revenue by type of payer or by groups of payers, including but not limited to, revenue from Medicare, medical assistance, MinnesotaCare, nonprofit health service plan corporations, commercial insurers, health maintenance organizations, and individual patients;
- (7) revenue from research activities;
- (8) revenue from educational activities;
- (9) revenue from out-of-pocket payments by patients;
- (10) revenue from donations; ~~and~~
- (11) a report on health care capital expenditures during the previous year, as required by section 62J.17; and
- ~~(11)~~ (12) any other data required by the commissioner, including data in unaggregated form, for the purposes of developing spending estimates, setting spending limits, monitoring actual spending, and monitoring costs.

The commissioner may, by rule, modify the data submission categories listed above if the commissioner determines that this will reduce the reporting burden on providers without having a significant negative effect on necessary data collection efforts.

Sec. 5. Minnesota Statutes 2006, section 62J.52, subdivision 1, is amended to read:

Subdivision 1. **Uniform billing form CMS 1450.** (a) On and after January 1, 1996, all institutional inpatient hospital services, ancillary services, institutionally owned or operated outpatient services rendered by providers in Minnesota, and institutional or noninstitutional home health services that are not being billed using an equivalent electronic billing format, must be billed using the uniform billing form CMS 1450, except as provided in subdivision 5.

(b) The instructions and definitions for the use of the uniform billing form CMS 1450 shall be in accordance with the uniform billing form manual specified by the commissioner. In promulgating these instructions, the commissioner may utilize the manual developed by the National Uniform Billing Committee, as adopted and finalized by the Minnesota Uniform Billing Committee.

(c) Services to be billed using the uniform billing form CMS 1450 include: institutional inpatient hospital services and distinct units in the hospital such as psychiatric unit services, physical therapy unit services, swing bed (SNF) services, inpatient state psychiatric hospital services, inpatient skilled nursing facility services, home health services (Medicare part A), and hospice services; ancillary services, where benefits are exhausted or patient has no Medicare part A, from hospitals, state psychiatric hospitals, skilled nursing facilities, and home health (Medicare part B); institutional owned or operated outpatient services such as waived services, hospital outpatient services, including ambulatory surgical center services, hospital referred laboratory services, hospital-based ambulance services, and other hospital outpatient services, skilled nursing facilities, home health, freestanding renal dialysis centers, comprehensive outpatient rehabilitation facilities (CORF), outpatient rehabilitation facilities (ORF), rural health clinics, and community mental health centers; home health services such as home health intravenous therapy providers, waived services, personal care attendants, and hospice; and any other health care provider certified by the Medicare program to use this form.

(d) On and after January 1, 1996, a mother and newborn child must be billed separately, and must not be combined on one claim form.

(e) Services provided by Medicare Critical Access Hospitals electing Method II billing will be allowed an exception to this provision to allow the inclusion of the professional fees on the CMS 1450.

Sec. 6. Minnesota Statutes 2006, section 62J.52, subdivision 2, is amended to read:

Subd. 2. **Uniform billing form CMS 1500.** (a) On and after January 1, 1996, all noninstitutional health care services rendered by providers in Minnesota except dental or pharmacy providers, that are not currently being billed using an equivalent electronic billing format, must be billed using the health insurance claim form CMS 1500, except as provided in subdivision 5.

(b) The instructions and definitions for the use of the uniform billing form CMS 1500 shall be in accordance with the manual developed by the Administrative Uniformity Committee entitled standards for the use of the CMS 1500 form, dated February 1994, as further defined by the commissioner.

(c) Services to be billed using the uniform billing form CMS 1500 include physician services and supplies, durable medical equipment, noninstitutional ambulance services, independent ancillary services including occupational therapy, physical therapy, speech therapy and audiology, home infusion therapy, podiatry services, optometry services, mental health licensed professional services, substance abuse licensed professional services, nursing practitioner professional services, certified registered nurse anesthetists, chiropractors, physician assistants, laboratories, medical suppliers, and other health care providers such as day activity centers and freestanding ambulatory surgical centers.

(d) Services provided by Medicare Critical Access Hospitals electing Method II billing will be allowed an exception to this provision to allow the inclusion of the professional fees on the CMS 1450.

Sec. 7. Minnesota Statutes 2006, section 62J.60, subdivision 2, is amended to read:

Subd. 2. **General characteristics.** (a) The Minnesota uniform health care identification card must be a preprinted card constructed of plastic, paper, or any other medium that conforms with ANSI and ISO 7810 physical characteristics standards. The card dimensions must also conform to ANSI and ISO 7810 physical characteristics

standard. The use of a signature panel is optional. The uniform prescription drug information contained on the card must conform with the format adopted by the NCPDP and, except as provided in subdivision 3, paragraph (a), clause (2), must include all of the fields required to submit a claim in conformance with the most recent pharmacy identification card implementation guide produced by the NCPDP. All information required to submit a prescription drug claim, exclusive of information provided on a prescription that is required by law, must be included on the card in a clear, readable, and understandable manner. If a health benefit plan requires a conditional or situational field, as defined by the NCPDP, the conditional or situational field must conform to the most recent pharmacy information card implementation guide produced by the NCPDP.

(b) The Minnesota uniform health care identification card must have an essential information window on the front side with the following data elements: card issuer name, electronic transaction routing information, card issuer identification number, cardholder (insured) identification number, and cardholder (insured) identification name. No optional data may be interspersed between these data elements.

(c) Standardized labels are required next to human readable data elements and must come before the human data elements.

Sec. 8. Minnesota Statutes 2006, section 62J.60, subdivision 3, is amended to read:

Subd. 3. **Human readable data elements.** (a) The following are the minimum human readable data elements that must be present on the front side of the Minnesota uniform health care identification card:

(1) card issuer name or logo, which is the name or logo that identifies the card issuer. The card issuer name or logo may be located at the top of the card. No standard label is required for this data element;

(2) complete electronic transaction routing information including, at a minimum, the international identification number. The standardized label of this data element is "RxBIN." Processor control numbers and group numbers are required if needed to electronically process a prescription drug claim. The standardized label for the processor control numbers data element is "RxPCN" and the standardized label for the group numbers data element is "RxGrp," except that if the group number data element is a universal element to be used by all health care providers, the standardized label may be "Grp." To conserve vertical space on the card, the international identification number and the processor control number may be printed on the same line;

(3) cardholder (insured) identification number, which is the unique identification number of the individual card holder established and defined under this section. The standardized label for the data element is "ID";

(4) cardholder (insured) identification name, which is the name of the individual card holder. The identification name must be formatted as follows: first name, space, optional middle initial, space, last name, optional space and name suffix. The standardized label for this data element is "Name";

(5) care type, which is the description of the group purchaser's plan product under which the beneficiary is covered. The description shall include the health plan company name and the plan or product name. The standardized label for this data element is "Care Type";

(6) service type, which is the description of coverage provided such as hospital, dental, vision, prescription, or mental health. The standard label for this data element is "Svc Type"; and

(7) provider/clinic name, which is the name of the primary care clinic the card holder is assigned to by the health plan company. The standard label for this field is "PCP." This information is mandatory only if the health plan company assigns a specific primary care provider to the card holder.

(b) The following human readable data elements shall be present on the back side of the Minnesota uniform health care identification card. These elements must be left justified, and no optional data elements may be interspersed between them:

(1) claims submission names and addresses, which are the names and addresses of the entity or entities to which claims should be submitted. If different destinations are required for different types of claims, this must be labeled;

(2) telephone numbers and names that pharmacies and other health care providers may call for assistance. These telephone numbers and names are required on the back side of the card only if one of the contacts listed in clause (3) cannot provide pharmacies or other providers with assistance or with the telephone numbers and names of contacts for assistance; and

(3) telephone numbers and names; which are the telephone numbers and names of the following contacts with a standardized label describing the service function as applicable:

(i) eligibility and benefit information;

(ii) utilization review;

(iii) precertification; or

(iv) customer services.

(c) The following human readable data elements are mandatory on the back side of the Minnesota uniform health care identification card for health maintenance organizations:

(1) emergency care authorization telephone number or instruction on how to receive authorization for emergency care. There is no standard label required for this information; and

(2) one of the following:

(i) telephone number to call to appeal to or file a complaint with the commissioner of health; or

(ii) for persons enrolled under section 256B.69, 256D.03, or 256L.12, the telephone number to call to file a complaint with the ombudsperson designated by the commissioner of human services under section 256B.69 and the address to appeal to the commissioner of human services. There is no standard label required for this information.

(d) All human readable data elements not required under paragraphs (a) to (c) are optional and may be used at the issuer's discretion.

Sec. 9. Minnesota Statutes 2006, section 62Q.80, is amended by adding a subdivision to read:

Subd. 1a. **Demonstration project.** The commissioner of health shall award a demonstration project grant to a community-based health care initiative to develop and operate a community-based health care coverage program to operate within Carlton, Cook, Lake, and St. Louis Counties. The demonstration project shall extend for five years and must comply with all the requirements of this section.

Sec. 10. Minnesota Statutes 2006, section 62Q.80, subdivision 3, is amended to read:

Subd. 3. **Approval.** (a) Prior to the operation of a community-based health care coverage program, a community-based health initiative shall submit to the commissioner of health for approval the community-based health care coverage program developed by the initiative. ~~The commissioner shall only approve a program that has been awarded a community access program grant from the United States Department of Health and Human Services.~~ The commissioner shall ensure that the program meets the federal grant requirements and any requirements described in this section and is actuarially sound based on a review of appropriate records and methods utilized by the community-based health initiative in establishing premium rates for the community-based health care coverage program.

(b) Prior to approval, the commissioner shall also ensure that:

(1) the benefits offered comply with subdivision 8 and that there are adequate numbers of health care providers participating in the community-based health network to deliver the benefits offered under the program;

(2) the activities of the program are limited to activities that are exempt under this section or otherwise from regulation by the commissioner of commerce;

(3) the complaint resolution process meets the requirements of subdivision 10; and

(4) the data privacy policies and procedures comply with state and federal law.

Sec. 11. Minnesota Statutes 2006, section 62Q.80, subdivision 4, is amended to read:

Subd. 4. **Establishment.** ~~(a)~~ The initiative shall establish and operate upon approval by the commissioner of health a community-based health care coverage program. The operational structure established by the initiative shall include, but is not limited to:

(1) establishing a process for enrolling eligible individuals and their dependents;

(2) collecting and coordinating premiums from enrollees and employers of enrollees;

(3) providing payment to participating providers;

(4) establishing a benefit set according to subdivision 8 and establishing premium rates and cost-sharing requirements;

(5) creating incentives to encourage primary care and wellness services; and

(6) initiating disease management services, as appropriate.

~~(b) The payments collected under paragraph (a), clause (2), may be used to capture available federal funds.~~

Sec. 12. Minnesota Statutes 2006, section 62Q.80, subdivision 13, is amended to read:

Subd. 13. **Report.** (a) The initiative shall submit quarterly status reports to the commissioner of health on January 15, April 15, July 15, and October 15 of each year, with the first report due January 15, ~~2007~~ 2008. The status report shall include:

(1) the financial status of the program, including the premium rates, cost per member per month, claims paid out, premiums received, and administrative expenses;

(2) a description of the health care benefits offered and the services utilized;

(3) the number of employers participating, the number of employees and dependents covered under the program, and the number of health care providers participating;

(4) a description of the health outcomes to be achieved by the program and a status report on the performance measurements to be used and collected; and

(5) any other information requested by the commissioner of health or commerce or the legislature.

(b) The initiative shall contract with an independent entity to conduct an evaluation of the program to be submitted to the commissioners of health and commerce and the legislature by January 15, ~~2009~~ 2010. The evaluation shall include:

(1) an analysis of the health outcomes established by the initiative and the performance measurements to determine whether the outcomes are being achieved;

(2) an analysis of the financial status of the program, including the claims to premiums loss ratio and utilization and cost experience;

(3) the demographics of the enrollees, including their age, gender, family income, and the number of dependents;

(4) the number of employers and employees who have been denied access to the program and the basis for the denial;

(5) specific analysis on enrollees who have aggregate medical claims totaling over \$5,000 per year, including data on the enrollee's main diagnosis and whether all the medical claims were covered by the program;

(6) number of enrollees referred to state public assistance programs;

(7) a comparison of employer-subsidized health coverage provided in a comparable geographic area to the designated community-based geographic area served by the program, including, to the extent available:

(i) the difference in the number of employers with 50 or fewer employees offering employer-subsidized health coverage;

(ii) the difference in uncompensated care being provided in each area; and

(iii) a comparison of health care outcomes and measurements established by the initiative; and

(8) any other information requested by the commissioner of health or commerce.

Sec. 13. Minnesota Statutes 2006, section 62Q.80, subdivision 14, is amended to read:

Subd. 14. **Sunset.** This section expires December 31, ~~2011~~ 2012.

Sec. 14. **[144.291] MINNESOTA HEALTH RECORDS ACT.**

Subdivision 1. **Short title.** Sections 144.291 to 144.298 may be cited as the Minnesota Health Records Act.

Subd. 2. **Definitions.** For the purposes of sections 144.291 to 144.298, the following terms have the meanings given.

(a) **Affiliate.** "Affiliate" has the meaning given in section 144.6521, subdivision 3, paragraph (b).

(b) **Group purchaser.** "Group purchaser" has the meaning given in section 62J.03, subdivision 6.

(c) **Health record.** "Health record" means any information, whether oral or recorded in any form or medium, that relates to the past, present, or future physical or mental health or condition of a patient; the provision of health care to a patient; or the past, present, or future payment for the provision of health care to a patient.

(d) **Identifying information.** "Identifying information" means the patient's name, address, date of birth, gender, parent's or guardian's name regardless of the age of the patient, and other nonclinical data which can be used to uniquely identify a patient.

(e) **Individually identifiable form.** "Individually identifiable form" means a form in which the patient is or can be identified as the subject of the health records.

(f) **Medical emergency.** "Medical emergency" means medically necessary care which is immediately needed to preserve life, prevent serious impairment to bodily functions, organs, or parts, or prevent placing the physical or mental health of the patient in serious jeopardy.

(g) **Patient.** "Patient" means a natural person who has received health care services from a provider for treatment or examination of a medical, psychiatric, or mental condition, the surviving spouse and parents of a deceased patient, or a person the patient appoints in writing as a representative, including a health care agent acting according to chapter 145C, unless the authority of the agent has been limited by the principal in the principal's health care directive. Except for minors who have received health care services under sections 144.341 to 144.347, in the case of a minor, patient includes a parent or guardian, or a person acting as a parent or guardian in the absence of a parent or guardian.

(h) **Provider.** "Provider" means:

(1) any person who furnishes health care services and is regulated to furnish the services under chapter 147, 147A, 147B, 147C, 147D, 148, 148B, 148C, 148D, 150A, 151, 153, or 153A;

(2) a home care provider licensed under section 144A.46;

(3) a health care facility licensed under this chapter or chapter 144A;

(4) a physician assistant registered under chapter 147A; and

(5) an unlicensed mental health practitioner regulated under sections 148B.60 to 148B.71.

(i) **Record locator service.** "Record locator service" means an electronic index of patient identifying information that directs providers in a health information exchange to the location of patient health records held by providers and group purchasers.

(j) **Related health care entity.** "Related health care entity" means an affiliate of the provider releasing the health records.

Sec. 15. **[144.292] PATIENT RIGHTS.**

Subdivision 1. **Scope.** Patients have the rights specified in this section regarding the treatment the patient receives and the patient's health record.

Subd. 2. **Patient access.** Upon request, a provider shall supply to a patient complete and current information possessed by that provider concerning any diagnosis, treatment, and prognosis of the patient in terms and language the patient can reasonably be expected to understand.

Subd. 3. **Additional patient rights.** A patient's right specified in this section and sections 144.293 to 144.298 are in addition to the rights specified in sections 144.651 and 144.652 and any other provision of law relating to the access of a patient to the patient's health records.

Subd. 4. **Notice of rights; information on release.** A provider shall provide to patients, in a clear and conspicuous manner, a written notice concerning practices and rights with respect to access to health records. The notice must include an explanation of:

(1) disclosures of health records that may be made without the written consent of the patient, including the type of records and to whom the records may be disclosed; and

(2) the right of the patient to have access to and obtain copies of the patient's health records and other information about the patient that is maintained by the provider.

The notice requirements of this subdivision are satisfied if the notice is included with the notice and copy of the patient and resident bill of rights under section 144.652 or if it is displayed prominently in the provider's place of business. The commissioner of health shall develop the notice required in this subdivision and publish it in the State Register.

Subd. 5. **Copies of health records to patients.** Except as provided in section 144.296, upon a patient's written request, a provider, at a reasonable cost to the patient, shall promptly furnish to the patient:

(1) copies of the patient's health record, including but not limited to laboratory reports, x-rays, prescriptions, and other technical information used in assessing the patient's health conditions; or

(2) the pertinent portion of the record relating to a condition specified by the patient.

With the consent of the patient, the provider may instead furnish only a summary of the record. The provider may exclude from the health record written speculations about the patient's health condition, except that all information necessary for the patient's informed consent must be provided.

Subd. 6. **Cost.** (a) When a patient requests a copy of the patient's record for purposes of reviewing current medical care, the provider must not charge a fee.

(b) When a provider or its representative makes copies of patient records upon a patient's request under this section, the provider or its representative may charge the patient or the patient's representative no more than 75 cents per page, plus \$10 for time spent retrieving and copying the records, unless other law or a rule or contract provide for a lower maximum charge. This limitation does not apply to x-rays. The provider may charge a patient no more than the actual cost of reproducing x-rays, plus no more than \$10 for the time spent retrieving and copying the x-rays.

(c) The respective maximum charges of 75 cents per page and \$10 for time provided in this subdivision are in effect for calendar year 1992 and may be adjusted annually each calendar year as provided in this subdivision. The permissible maximum charges shall change each year by an amount that reflects the change, as compared to the previous year, in the Consumer Price Index for all Urban Consumers, Minneapolis-St. Paul (CPI-U), published by the Department of Labor.

(d) A provider or its representative must not charge a fee to provide copies of records requested by a patient or the patient's authorized representative if the request for copies of records is for purposes of appealing a denial of Social Security disability income or Social Security disability benefits under title II or title XVI of the Social Security Act. For the purpose of further appeals, a patient may receive no more than two medical record updates without charge, but only for medical record information previously not provided. For purposes of this paragraph, a patient's authorized representative does not include units of state government engaged in the adjudication of Social Security disability claims.

Subd. 7. **Withholding health records from patient.** (a) If a provider reasonably determines that the information is detrimental to the physical or mental health of the patient, or is likely to cause the patient to inflict self harm, or to harm another, the provider may withhold the information from the patient and may supply the information to an appropriate third party or to another provider. The other provider or third party may release the information to the patient.

(b) A provider shall release information upon written request unless, prior to the request, a provider has designated and described a specific basis for withholding the information as authorized by paragraph (a).

Sec. 16. **[144.293] RELEASE OR DISCLOSURE OF HEALTH RECORDS.**

Subdivision 1. **Release or disclosure of health records.** Health records can be released or disclosed as specified in subdivisions 2 to 9 and sections 144.294 and 144.295.

Subd. 2. **Patient consent to release of records.** A provider, or a person who receives health records from a provider, may not release a patient's health records to a person without:

(1) a signed and dated consent from the patient or the patient's legally authorized representative authorizing the release;

(2) specific authorization in law; or

(3) a representation from a provider that the provider holds a consent from the patient.

Subd. 3. **Release from one provider to another.** A patient's health record, including, but not limited to, laboratory reports, x-rays, prescriptions, and other technical information used in assessing the patient's condition, or the pertinent portion of the record relating to a specific condition, or a summary of the record, shall promptly be furnished to another provider upon the written request of the patient. The written request shall specify the name of the provider to whom the health record is to be furnished. The provider who furnishes the health record or summary may retain a copy of the materials furnished. The patient shall be responsible for the reasonable costs of furnishing the information.

Subd. 4. **Duration of consent.** Except as provided in this section, a consent is valid for one year or for a lesser period specified in the consent or for a different period provided by law.

Subd. 5. Exceptions to consent requirement. This section does not prohibit the release of health records:

(1) for a medical emergency when the provider is unable to obtain the patient's consent due to the patient's condition or the nature of the medical emergency;

(2) to other providers within related health care entities when necessary for the current treatment of the patient;
or

(3) to a health care facility licensed by this chapter, chapter 144A, or to the same types of health care facilities licensed by this chapter and chapter 144A that are licensed in another state when a patient:

(i) is returning to the health care facility and unable to provide consent; or

(ii) who resides in the health care facility, has services provided by an outside resource under Code of Federal Regulations, title 42, section 483.75(h), and is unable to provide consent.

Subd. 6. Consent does not expire. Notwithstanding subdivision 4, if a patient explicitly gives informed consent to the release of health records for the purposes and restrictions in clauses (1) and (2), the consent does not expire after one year for:

(1) the release of health records to a provider who is being advised or consulted with in connection with the releasing provider's current treatment of the patient;

(2) the release of health records to an accident and health insurer, health service plan corporation, health maintenance organization, or third-party administrator for purposes of payment of claims, fraud investigation, or quality of care review and studies, provided that:

(i) the use or release of the records complies with sections 72A.49 to 72A.505;

(ii) further use or release of the records in individually identifiable form to a person other than the patient without the patient's consent is prohibited; and

(iii) the recipient establishes adequate safeguards to protect the records from unauthorized disclosure, including a procedure for removal or destruction of information that identifies the patient.

Subd. 7. Exception to consent. Subdivision 2 does not apply to the release of health records to the commissioner of health or the Health Data Institute under chapter 62J, provided that the commissioner encrypts the patient identifier upon receipt of the data.

Subd. 8. Record locator service. (a) A provider or group purchaser may send patient identifying information and information about the location of the patient's health records to a record locator service without consent from the patient. Except in the case of a medical emergency, a provider participating in a health information exchange using a record locator service cannot access patient identifying information and information about the location of the patient's health records until the patient has provided consent. The Minnesota Department of Health may not access the record locator service or receive data from the record locator service. Only a provider may access patient identifying information in a record locator service. The consent does not expire and may be revoked by the patient at any time by providing written notice of the revocation to the provider.

(b) A health information exchange maintaining a record locator service or an entity maintaining a record locator service for a health information exchange must maintain an audit log of providers accessing information in a record locator service that minimally contains information on:

(1) the identity of the provider accessing the information;

(2) the identity of the patient whose information was accessed by the provider; and

(3) the date the information was accessed.

(c) No group purchaser may in any way require a provider to participate in any record locator service as a condition of payment or participation.

(d) A record locator service must provide a mechanism for patients to opt out of including their identifying information and information about the location of their health records in a record locator service. At a minimum, any consent form that permits a provider to access a record locator service must include a check-box option that allows a patient to completely opt out of the record locator service which shall be clearly displayed to the patient. A provider participating in a health information exchange with a record locator service who receives a patient's request to completely opt out of the record locator service or to not have a specific provider contact in the record locator service shall be responsible for removing the patient's information from the record locator service.

Subd. 9. **Documentation of release.** (a) In cases where a provider releases health records without patient consent as authorized by law, the release must be documented in the patient's health record. In the case of a release under section 144.294, subdivision 2, the documentation must include the date and circumstances under which the release was made, the person or agency to whom the release was made, and the records that were released.

(b) When a health record is released using a representation from a provider that holds a consent from the patient, the releasing provider shall document:

(1) the provider requesting the health records;

(2) the identity of the patient;

(3) the health records requested; and

(4) the date the health records were requested.

Sec. 17. **[144.294] RECORDS RELATING TO MENTAL HEALTH.**

Subdivision 1. **Provider inquiry.** Upon the written request of a spouse, parent, child, or sibling of a patient being evaluated for or diagnosed with mental illness, a provider shall inquire of a patient whether the patient wishes to authorize a specific individual to receive information regarding the patient's current and proposed course of treatment. If the patient so authorizes, the provider shall communicate to the designated individual the patient's current and proposed course of treatment. Section 144.293, subdivisions 2 and 4, apply to consents given under this subdivision.

Subd. 2. **Disclosure to law enforcement agency.** Notwithstanding section 144.293, subdivisions 2 and 4, a provider must disclose health records relating to a patient's mental health to a law enforcement agency if the law enforcement agency provides the name of the patient and communicates that the:

(1) patient is currently involved in an emergency interaction with the law enforcement agency; and

(2) disclosure of the records is necessary to protect the health or safety of the patient or of another person.

The scope of disclosure under this subdivision is limited to the minimum necessary for law enforcement to respond to the emergency. A law enforcement agency that obtains health records under this subdivision shall maintain a record of the requestor, the provider of the information, and the patient's name. Health records obtained by a law enforcement agency under this subdivision are private data on individuals as defined in section 13.02, subdivision 12, and must not be used by law enforcement for any other purpose.

Subd. 3. Records release for family and caretaker; mental health care. (a) Notwithstanding section 144.293, a provider providing mental health care and treatment may disclose health record information described in paragraph (b) about a patient to a family member of the patient or other person who requests the information if:

(1) the request for information is in writing;

(2) the family member or other person lives with, provides care for, or is directly involved in monitoring the treatment of the patient;

(3) the involvement under clause (2) is verified by the patient's mental health care provider, the patient's attending physician, or a person other than the person requesting the information, and is documented in the patient's medical record;

(4) before the disclosure, the patient is informed in writing of the request, the name of the person requesting the information, the reason for the request, and the specific information being requested;

(5) the patient agrees to the disclosure, does not object to the disclosure, or is unable to consent or object, and the patient's decision or inability to make a decision is documented in the patient's medical record; and

(6) the disclosure is necessary to assist in the provision of care or monitoring of the patient's treatment.

(b) The information disclosed under this paragraph is limited to diagnosis, admission to or discharge from treatment, the name and dosage of the medications prescribed, side effects of the medication, consequences of failure of the patient to take the prescribed medication, and a summary of the discharge plan.

(c) If a provider reasonably determines that providing information under this subdivision would be detrimental to the physical or mental health of the patient or is likely to cause the patient to inflict self harm or to harm another, the provider must not disclose the information.

(d) This subdivision does not apply to disclosures for a medical emergency or to family members as authorized or required under subdivision 1 or section 144.293, subdivision 5, clause (1).

Sec. 18. [144.295] DISCLOSURE OF HEALTH RECORDS FOR EXTERNAL RESEARCH.

Subdivision 1. Methods of release. (a) Notwithstanding section 144.293, subdivisions 2 and 4, health records may be released to an external researcher solely for purposes of medical or scientific research only as follows:

(1) health records generated before January 1, 1997, may be released if the patient has not objected or does not elect to object after that date;

(2) for health records generated on or after January 1, 1997, the provider must:

(i) disclose in writing to patients currently being treated by the provider that health records, regardless of when generated, may be released and that the patient may object, in which case the records will not be released; and

(ii) use reasonable efforts to obtain the patient's written general authorization that describes the release of records in item (i), which does not expire but may be revoked or limited in writing at any time by the patient or the patient's authorized representative;

(3) the provider must advise the patient of the rights specified in clause (4); and

(4) the provider must, at the request of the patient, provide information on how the patient may contact an external researcher to whom the health record was released and the date it was released.

(b) Authorization may be established if an authorization is mailed at least two times to the patient's last known address with a postage prepaid return envelope and a conspicuous notice that the patient's medical records may be released if the patient does not object, and at least 60 days have expired since the second notice was sent.

Subd. 2. **Duties of researcher.** In making a release for research purposes, the provider shall make a reasonable effort to determine that:

(1) the use or disclosure does not violate any limitations under which the record was collected;

(2) the use or disclosure in individually identifiable form is necessary to accomplish the research or statistical purpose for which the use or disclosure is to be made;

(3) the recipient has established and maintains adequate safeguards to protect the records from unauthorized disclosure, including a procedure for removal or destruction of information that identifies the patient; and

(4) further use or release of the records in individually identifiable form to a person other than the patient without the patient's consent is prohibited.

Sec. 19. **[144.296] COPIES OF VIDEOTAPES.**

A provider may not release a copy of a videotape of a child victim or alleged victim of physical or sexual abuse without a court order under section 13.03, subdivision 6, or as provided in section 611A.90. This section does not limit the right of a patient to view the videotape.

Sec. 20. **[144.297] INDEPENDENT MEDICAL EXAMINATION.**

This section applies to the subject and provider of an independent medical examination requested by or paid for by a third party. Notwithstanding section 144.293, a provider may release health records created as part of an independent medical examination to the third party who requested or paid for the examination.

Sec. 21. **[144.298] PENALTIES.**

Subdivision 1. **Licensing action.** A violation of sections 144.291 to 144.298 may be grounds for disciplinary action against a provider by the appropriate licensing board or agency.

Subd. 2. **Allocation of liability.** In adjudicating a dispute involving the disclosure of patient health records, a court shall use the criteria in this subdivision in determining how liability will be allocated.

(a) When requesting health records using consent, a person warrants that the consent:

(1) contains no information known to the person to be false; and

(2) accurately states the patient's desire to have health records disclosed or that there is specific authorization in law.

(b) When requesting health records using consent or the representation authorized in section 144.293, subdivision 2, a provider warrants that the request:

(1) contains no information known to the provider to be false;

(2) accurately states the patient's desire to have health records disclosed or that there is specific authorization in law; and

(3) does not exceed any limits imposed by the patient in the consent.

(c) When disclosing health records, a person releasing health records warrants that the person:

(1) has complied with the requirements of this section regarding disclosure of health records;

(2) knows of no information related to the request that is false; and

(3) has complied with the limits set by the patient in the consent or as described in the representation of consent.

(d) A court of this state presumes that:

(1) a request made by a person that complies with the provisions of this section is valid and represents the wishes of the patient;

(2) the information listed in a consent or representation of consent is accurate;

(3) the recipient of a consent or representation of consent has no knowledge or notice that the person making the request breached a duty to the patient or does not rightfully have a consent;

(4) the signature on the consent or representation of consent is not forged;

(5) the consent or representation of consent was not obtained under false pretenses; and

(6) the consent or representation of consent was not altered without the patient's permission.

(e) No person or provider may disclaim or contractually limit the application of this section, or obtain indemnity for its effects, if the disclaimer, limitation, or indemnity restricts liability for misrepresentation against persons reasonably relying on the consent, representation of consent, or disclosure.

(f) A court of this state shall give effect to liability allocations between the parties provided by contract that does not allocate liability to the detriment of the patient and the allocation is consistent with the requirements of sections 144.291 to 144.298.

(g) A patient is eligible to receive compensatory damages plus costs and reasonable attorney fees if there is a negligent or intentional violation of sections 144.293 to 144.295.

Subd. 3. **Liability for a record locator service.** A patient is eligible to receive compensatory damages plus costs and reasonable attorney fees if a health information exchange maintaining a record locator service, or an entity maintaining a record locator service for a health information exchange, negligently or intentionally violates the provisions of section 144.293, subdivision 8.

Sec. 22. Minnesota Statutes 2006, section 144.3345, is amended to read:

144.3345 INTERCONNECTED ELECTRONIC HEALTH RECORD GRANTS.

Subdivision 1. **Definitions.** The following definitions are used for the purposes of this section.

(a) "Eligible community e-health collaborative" means an existing or newly established collaborative to support the adoption and use of interoperable electronic health records. A collaborative must consist of at least ~~three~~ two or more eligible health care entities in at least two of the categories listed in paragraph (b) and have a focus on interconnecting the members of the collaborative for secure and interoperable exchange of health care information.

(b) "Eligible health care entity" means one of the following:

- (1) community clinics, as defined under section 145.9268;
- (2) hospitals eligible for rural hospital capital improvement grants, as defined in section 144.148;
- (3) physician clinics located in a community with a population of less than 50,000 according to United States Census Bureau statistics and outside the seven-county metropolitan area;
- (4) nursing facilities licensed under sections 144A.01 to 144A.27;
- (5) community health boards or boards of health as established under chapter 145A;
- (6) nonprofit entities with a purpose to provide health information exchange coordination governed by a representative, multi-stakeholder board of directors; and
- (7) other providers of health or health care services approved by the commissioner for which interoperable electronic health record capability would improve quality of care, patient safety, or community health.

Subd. 2. **Grants authorized.** The commissioner of health shall award grants to:

(a) eligible community e-health collaborative projects to improve the implementation and use of interoperable electronic health records including but not limited to the following projects:

- (1) collaborative efforts to host and support fully functional interoperable electronic health records in multiple care settings;
- (2) electronic medication history and electronic patient ~~registration~~ medical history information;
- (3) electronic personal health records for persons with chronic diseases and for prevention services;
- (4) rural and underserved community models for electronic prescribing; ~~and~~
- (5) ~~enabling~~ modernize local public health information systems to rapidly and electronically exchange information needed to participate in community e-health collaboratives or for public health emergency preparedness and response; and
- (6) implement regional or community-based health information exchange organizations;

(b) community clinics, as defined under section 145.9268, to implement and use interoperable electronic health records, including but not limited to the following projects:

(1) efforts to plan for and implement fully functional, standards-based interoperable electronic health records; and

(2) purchases and implementation of computer hardware, software, and technology to fully implement interoperable electronic health records;

(c) regional or community-based health information exchange organizations to connect and facilitate the exchange of health information between eligible health care entities, including but not limited to the development, testing, and implementation of:

(1) data exchange standards, including data, vocabulary, and messaging standards, for the exchange of health information, provided that such standards are consistent with state and national standards;

(2) security standards necessary to ensure the confidentiality and integrity of health records;

(3) computer interfaces and mechanisms for standardizing health information exchanged between eligible health care entities;

(4) a record locator service for identifying the location of patient health records; or

(5) interfaces and mechanisms for implementing patient consent requirements; and

(d) community health boards and boards of health as established under chapter 145A to modernize local public health information systems to be standards-based and interoperable with other electronic health records and information systems, or for enhanced public health emergency preparedness and response.

Grant funds may not be used for construction of health care or other buildings or facilities.

Subd. 3. **Allocation of grants.** (a) To receive a grant under this section, an eligible community e-health collaborative, community clinic, regional or community-based health information exchange, or community health boards and boards of health must submit an application to the commissioner of health by the deadline established by the commissioner. A grant may be awarded upon the signing of a grant contract. In awarding grants, the commissioner shall give preference to projects benefiting providers located in rural and underserved areas of Minnesota which the commissioner has determined have an unmet need for the development and funding of electronic health records. Applicants may apply for and the commissioner may award grants for one-year, two-year, or three-year periods.

(b) An application must be on a form and contain information as specified by the commissioner but at a minimum must contain:

(1) a description of the purpose or project for which grant funds will be used;

(2) a description of the problem or problems the grant funds will be used to address, including an assessment of the likelihood of the project occurring absent grant funding;

(3) a description of achievable objectives, a workplan, budget, budget narrative, a project communications plan, a timeline for implementation and completion of processes or projects enabled by the grant, and an assessment of privacy and security issues and a proposed approach to address these issues;

(4) a description of the health care entities and other groups participating in the project, including identification of the lead entity responsible for applying for and receiving grant funds;

(5) a plan for how patients and consumers will be involved in development of policies and procedures related to the access to and interchange of information;

(6) evidence of consensus and commitment among the health care entities and others who developed the proposal and are responsible for its implementation; ~~and~~

(7) a plan for documenting and evaluating results of the grant; and

(8) a plan for use of data exchange standards, including data and vocabulary.

(c) The commissioner shall review each application to determine whether the application is complete and whether the applicant and the project are eligible for a grant. In evaluating applications, the commissioner shall take into consideration factors, including but not limited to, the following:

(1) the degree to which the proposal interconnects ~~the various providers of care~~ with other health care entities in the applicant's geographic community;

(2) the degree to which the project provides for the interoperability of electronic health records or related health information technology ~~between the members of the collaborative, and presence and scope of a description of how the project intends to interconnect with other providers not part of the project into the future;~~

(3) the degree to which the project addresses current unmet needs pertaining to interoperable electronic health records in a geographic area of Minnesota and the likelihood that the needs would not be met absent grant funds;

(4) the applicant's thoroughness and clarity in describing the project, how the project will improve patient safety, quality of care, and consumer empowerment, and the role of the various collaborative members;

(5) the recommendations of the Health Information and Technology Infrastructure Advisory Committee; and

(6) other factors that the commissioner deems relevant.

(d) Grant funds shall be awarded on a three-to-one match basis. Applicants shall be required to provide \$1 in the form of cash or in-kind staff or services for each \$3 provided under the grant program.

(e) Grants shall not exceed \$900,000 per grant. The commissioner has discretion over the size and number of grants awarded.

Subd. 4. **Evaluation and report.** The commissioner of health shall evaluate the overall effectiveness of the grant program. The commissioner shall collect progress and expenditure reports to evaluate the grant program from the eligible community collaboratives receiving grants.

Sec. 23. Minnesota Statutes 2006, section 144.565, is amended to read:

144.565 DIAGNOSTIC IMAGING FACILITIES.

Subdivision 1. **Utilization and services data; economic and financial interests.** The commissioner shall require diagnostic imaging facilities and providers of diagnostic imaging services in Minnesota to annually report by March 1 each year for the preceding fiscal year to the commissioner, in the form and manner specified by the commissioner:

(1) utilization data for each health plan company and each public program, including workers' compensation, as follows: of diagnostic imaging services as defined in subdivision 4, paragraph (b);

(i) the number of computerized tomography (CT) procedures performed;

(ii) the number of magnetic resonance imaging (MRI) procedures performed; and

(iii) the number of positron emission tomography (PET) procedures performed; and

(2) the names of all physicians with any financial or economic interest and all other individuals with a ten percent or greater financial or economic interest in the facility;

(3) the location where procedures were performed;

(4) the number of units of each type of fixed, portable, and mobile scanner used at each location;

(5) the average number of hours per month each mobile scanner was operated at each location;

(6) the number of hours per month each scanner was leased, if applicable;

(7) the total number of diagnostic imaging procedures billed for by the provider at each location, by type of diagnostic imaging service as defined in subdivision 4, paragraph (b); and

(8) a report on major health care capital expenditures during the previous year, as required by section 62J.17.

Subd. 2. **Commissioner's right to inspect records.** If the report is not filed or the commissioner of health has reason to believe the report is incomplete or false, the commissioner shall have the right to inspect diagnostic imaging facility books, audits, and records.

Subd. 3. **Separate reports.** ~~For a diagnostic imaging facility that is not attached or not contiguous to a hospital or a hospital affiliate, the commissioner shall require the information in subdivision 1 be reported separately for each detached diagnostic imaging facility as part of the report required under section 144.702.~~ If any entity owns more than one diagnostic imaging facility, that entity must report by individual facility. Reports must include only services that were billed by the provider of diagnostic imaging services submitting the report. If a diagnostic imaging facility leases capacity, technical services, or professional services to one or more other providers of diagnostic imaging services, each provider must submit a separate annual report to the commissioner for all diagnostic imaging services that it provided and billed. The owner of the leased capacity must provide a report listing the names and addresses of providers to whom the diagnostic imaging services and equipment were leased.

Subd. 4. **Definitions.** For purposes of this section, the following terms have the meanings given:

(a) "Diagnostic imaging facility" means a health care facility that ~~provides~~ is not a hospital or location licensed as a hospital which offers diagnostic imaging services through the use of ionizing radiation or other imaging technique including, but not limited to magnetic resonance imaging (MRI) or computerized tomography (CT) scan on a freestanding or mobile basis in Minnesota, regardless of whether the equipment used to provide the service is owned or leased. For the purposes of this section, diagnostic imaging facility includes, but is not limited to, facilities such as a physician's office, clinic, mobile transport vehicle, outpatient imaging center, or surgical center.

(b) "Diagnostic imaging service" means the use of ionizing radiation or other imaging technique on a human patient including, but not limited to, magnetic resonance imaging (MRI) or computerized tomography (CT), positron emission tomography (PET), or single photon emission computerized tomography (SPECT) scans using fixed, portable, or mobile equipment.

~~(b)~~ (c) "Financial or economic interest" means a direct or indirect:

(1) equity or debt security issued by an entity, including, but not limited to, shares of stock in a corporation, membership in a limited liability company, beneficial interest in a trust, units or other interests in a partnership, bonds, debentures, notes or other equity interests or debt instruments, or any contractual arrangements;

(2) membership, proprietary interest, or co-ownership with an individual, group, or organization to which patients, clients, or customers are referred to; or

(3) employer-employee or independent contractor relationship, including, but not limited to, those that may occur in a limited partnership, profit-sharing arrangement, or other similar arrangement with any facility to which patients are referred, including any compensation between a facility and a health care provider, the group practice of which the provider is a member or employee or a related party with respect to any of them.

~~(e)~~ (d) "Freestanding Fixed equipment" means a stationary diagnostic imaging facility that is not located within a machine installed in a permanent location.

~~(1) hospital;~~

~~(2) location licensed as a hospital; or~~

~~(3) physician's office or clinic where the professional practice of medicine by licensed physicians is the primary purpose and not the provision of ancillary services such as diagnostic imaging.~~

~~(d)~~ (e) "Mobile equipment" means a diagnostic imaging facility that is transported to various sites not including movement within a hospital or a physician's office or clinic machine in a self-contained transport vehicle designed to be brought to a temporary offsite location to perform diagnostic imaging services.

(f) "Portable equipment" means a diagnostic imaging machine designed to be temporarily transported within a permanent location to perform diagnostic imaging services.

(g) "Provider of diagnostic imaging services" means a diagnostic imaging facility or an entity that offers and bills for diagnostic imaging services at a facility owned or leased by the entity.

Subd. 5. **Reports open to public inspection.** All reports filed pursuant to this section shall be open to public inspection.

Sec. 24. **[144.585] METHICILLIN-RESISTANT STAPHYLOCOCCUS AUREUS CONTROL PROGRAMS.**

In order to improve the prevention of hospital-associated bloodstream infections due to methicillin-resistant Staphylococcus aureus ("MRSA"), every hospital shall establish an MRSA control program that meets Minnesota Department of Health best practices standards as published January 15, 2008, including considerations of:

(1) identification of all MRSA-colonized patients in all intensive care units, and other at-risk patients identified by the hospital, through active surveillance testing;

(2) isolation of identified MRSA-colonized or MRSA-infected patients in an appropriate manner;

(3) monitoring and strict enforcement of hand hygiene requirements; and

(4) maintenance of records.

Sec. 25. Minnesota Statutes 2006, section 144.651, subdivision 26, is amended to read:

Subd. 26. **Right to associate.** (a) Residents may meet with and receive visitors and participate in activities of commercial, religious, political, as defined in section 203B.11 and community groups without interference at their discretion if the activities do not infringe on the right to privacy of other residents or are not programmatically contraindicated. This includes:

(1) the right to join with other individuals within and outside the facility to work for improvements in long-term care;

(2) the right to visitation by an individual the patient has appointed as the patient's health care agent under chapter 145C;

(3) the right to visitation and health care decision making by an individual designated by the patient under paragraph (c).

(b) Upon admission to a facility where federal law prohibits unauthorized disclosure of patient or resident identifying information to callers and visitors, the patient or resident, or the legal guardian or conservator of the patient or resident, shall be given the opportunity to authorize disclosure of the patient's or resident's presence in the facility to callers and visitors who may seek to communicate with the patient or resident. To the extent possible, the legal guardian or conservator of a patient or resident shall consider the opinions of the patient or resident regarding the disclosure of the patient's or resident's presence in the facility.

(c) Upon admission to a facility, the patient or resident, or the legal guardian or conservator of the patient or resident, must be given the opportunity to designate a person who is not related who will have the status of the patient's next of kin with respect to visitation and making a health care decision. A designation must be included in the patient's health record. With respect to making a health care decision, a health care directive or appointment of a health care agent under chapter 145C prevails over a designation made under this paragraph. The unrelated person may also be identified as such by the patient or by the patient's family.

Sec. 26. **[145.9269] FEDERALLY QUALIFIED HEALTH CENTERS.**

Subdivision 1. **Definitions.** For purposes of this section, "federally qualified health center" means an entity that is receiving a grant under United States Code, title 42, section 254b, or, based on the recommendation of the Health Resources and Services Administration within the Public Health Service, is determined by the secretary to meet the requirements for receiving such a grant.

Subd. 2. **Allocation of subsidies.** The commissioner of health shall distribute subsidies to federally qualified health centers operating in Minnesota to continue, expand, and improve federally qualified health center services to low-income populations. The commissioner shall distribute the funds appropriated under this section to federally qualified health centers operating in Minnesota as of January 1, 2007. The amount of each subsidy shall be in proportion to each federally qualified health center's amount of discounts granted to patients during calendar year 2006 as reported on the federal Uniform Data System report in conformance with the Bureau of Primary Health Care Program Expectations Policy Information Notice 98-23, except that each eligible federally qualified health center shall receive at least two percent but no more than 30 percent of the total amount of money available under this section.

Sec. 27. Minnesota Statutes 2006, section 145C.05, is amended to read:

145C.05 SUGGESTED FORM; PROVISIONS THAT MAY BE INCLUDED.

Subdivision 1. **Content.** A health care directive executed pursuant to this chapter may, but need not, be in the form contained in section 145C.16.

Subd. 2. **Provisions that may be included.** (a) A health care directive may include provisions consistent with this chapter, including, but not limited to:

(1) the designation of one or more alternate health care agents to act if the named health care agent is not reasonably available to serve;

(2) directions to joint health care agents regarding the process or standards by which the health care agents are to reach a health care decision for the principal, and a statement whether joint health care agents may act independently of one another;

(3) limitations, if any, on the right of the health care agent or any alternate health care agents to receive, review, obtain copies of, and consent to the disclosure of the principal's medical records or to visit the principal when the principal is a patient in a health care facility;

(4) limitations, if any, on the nomination of the health care agent as guardian for purposes of sections 524.5-202, 524.5-211, 524.5-302, and 524.5-303;

(5) a document of gift for the purpose of making an anatomical gift, as set forth in sections 525.921 to 525.9224, or an amendment to, revocation of, or refusal to make an anatomical gift;

(6) a declaration regarding intrusive mental health treatment under section 253B.03, subdivision 6d, or a statement that the health care agent is authorized to give consent for the principal under section 253B.04, subdivision 1a;

(7) a funeral directive as provided in section 149A.80, subdivision 2;

(8) limitations, if any, to the effect of dissolution or annulment of marriage or termination of domestic partnership on the appointment of a health care agent under section 145C.09, subdivision 2;

(9) specific reasons why a principal wants a health care provider or an employee of a health care provider attending the principal to be eligible to act as the principal's health care agent;

(10) health care instructions by a woman of child bearing age regarding how she would like her pregnancy, if any, to affect health care decisions made on her behalf; and

(11) health care instructions regarding artificially administered nutrition or hydration.

(b) A health care directive may include a statement of the circumstances under which the directive becomes effective other than upon the judgment of the principal's attending physician in the following situations:

(1) a principal who in good faith generally selects and depends upon spiritual means or prayer for the treatment or care of disease or remedial care and does not have an attending physician, may include a statement appointing an individual who may determine the principal's decision-making capacity; and

(2) a principal who in good faith does not generally select a physician or a health care facility for the principal's health care needs may include a statement appointing an individual who may determine the principal's decision-making capacity, provided that if the need to determine the principal's capacity arises when the principal is receiving care under the direction of an attending physician in a health care facility, the determination must be made by an attending physician after consultation with the appointed individual.

If a person appointed under clause (1) or (2) is not reasonably available and the principal is receiving care under the direction of an attending physician in a health care facility, an attending physician shall determine the principal's decision-making capacity.

(c) A health care directive may authorize a health care agent to make health care decisions for a principal even though the principal retains decision-making capacity.

Sec. 28. Minnesota Statutes 2006, section 145C.07, is amended by adding a subdivision to read:

Subd. 5. **Visitation.** A health care agent may visit the principal when the principal is a patient in a health care facility regardless of whether the principal retains decision-making capacity, unless:

(1) the principal has otherwise specified in the health care directive;

(2) a principal who retains decision-making capacity indicates otherwise; or

(3) a health care provider reasonably determines that the principal must be isolated from all visitors or that the presence of the health care agent would endanger the health or safety of the principal, other patients, or the facility in which the care is being provided.

Sec. 29. Minnesota Statutes 2006, section 157.16, subdivision 1, is amended to read:

Subdivision 1. **License required annually.** A license is required annually for every person, firm, or corporation engaged in the business of conducting a food and beverage service establishment, hotel, motel, lodging establishment, or resort. Any person wishing to operate a place of business licensed in this section shall first make application, pay the required fee specified in this section, and receive approval for operation, including plan review approval. Seasonal and temporary food stands and special event food stands are not required to submit plans. Nonprofit organizations operating a special event food stand with multiple locations at an annual one-day event shall be issued only one license. Application shall be made on forms provided by the commissioner and shall require the applicant to state the full name and address of the owner of the building, structure, or enclosure, the lessee and manager of the food and beverage service establishment, hotel, motel, lodging establishment, or resort; the name under which the business is to be conducted; and any other information as may be required by the commissioner to complete the application for license.

Sec. 30. **HEALTH PROMOTION PROGRAM.**

The State Community Health Services Advisory Committee established in Minnesota Statutes, section 145A.10, subdivision 10, shall develop a plan to fund and implement an ongoing comprehensive health promotion program that can effect change more effectively and at lower cost at a community level rather than through individual counseling and change promotion. The program shall use proven public health strategies to promote healthy lifestyles and behaviors in order to establish a sustainable, long-term approach to reducing preventable disability, chronic health conditions, and disease. The focus shall be on community based initiatives that address childhood and adult obesity, tobacco and substance abuse, improved activity levels among senior citizens, and other lifestyle issues that impact health and healthcare costs. Because of its population health focus, funding shall be related to the size of the population to be served. The plan shall be completed by September 15, 2007, and shared with the Legislative Health Care Access Commission.

Sec. 31. **INJUNCTIVE RELIEF REPORT.**

The commissioner of health shall present to the 2008 legislature, by December 15, 2007, recommendations to fund the cost of bringing actions for injunctive relief under Minnesota Statutes, section 144G.02, subdivision 2, paragraph (b).

Sec. 32. **DIAGNOSTIC IMAGING SERVICES ADVISORY COMMITTEE; ESTABLISHMENT.**

(a) The commissioner of health shall establish a Diagnostic Imaging Services Advisory Committee to perform the following duties:

(1) gather and analyze data to understand the factors driving utilization of diagnostic imaging services, including computed tomography (CT), magnetic resonance imaging (MRI), positron emission tomography (PET), magnetic resonance angiography (MRA), and nuclear cardiology, in the state relative to evidence-based guidelines; and

(2) develop recommendations, based on the data collected, on how to improve the delivery of evidence-based diagnostic imaging services. In developing these recommendations, the advisory committee shall consider the impacts on patient care, premium costs, and administrative simplicity.

(b) The members of the Diagnostic Imaging Services Advisory Committee shall include the commissioners of health and human services or the commissioners' designees and the following:

(1) three physicians representing speciality and geographic diversity, appointed by the Minnesota Medical Association;

(2) two hospital representatives, one from a metropolitan hospital and one from a rural hospital, appointed by the Minnesota Hospital Association;

(3) three health plan company representatives appointed by the Minnesota Council of Health Plans;

(4) two representatives appointed by the Institute for Clinical System Improvement; and

(5) one clinic manager appointed by the Minnesota Medical Group Management Association.

(c) The Diagnostic Imaging Services Advisory Committee shall convene no later than September 1, 2007. The commissioner shall report back to the legislature no later than January 15, 2008. The advisory committee is governed under Minnesota Statutes, section 15.059, except that members shall not receive a per diem and may only be reimbursed for expenses.

(d) A strategy to improve the delivery of evidence-based diagnostic imaging services may be developed by health plans. The commissioner of health shall report the agreement to the chairs of the senate and house health care committees immediately.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 33. **HEARING AID DISPENSER FEES.**

Fees relating to hearing aid dispensers, as provided in Minnesota Statutes, section 153A.17, may not be increased until after the Department of Health provides a report to the legislature regarding the need and reasons for fee increases.

Sec. 34. **REVISOR'S INSTRUCTION.**

In Minnesota Statutes and Minnesota Rules, the revisor shall change the references in column A with the references in column B.

Column A

section 144.335
section 144.335, subdivision 1
section 144.335, subdivision 1, paragraph (b)
section 144.335, subdivision 2, paragraphs (a) and (b)
section 144.335, subdivision 2
section 144.335, subdivision 3a
section 144.335, subdivision 3a, paragraph (d)
section 144.335, subdivision 3a, paragraph (f)
section 144.335, subdivision 3b

Column B

sections 144.291 to 144.298
section 144.291, subdivision 2
section 144.291, subdivision 2, paragraph (h)
section 144.292, subdivisions 2 and 5
section 144.292
section 144.294, subdivision 2
section 144.295
section 144.294
section 144.293, subdivision 7

Sec. 35. **REPEALER.**

(a) Minnesota Statutes 2006, section 144.335, is repealed.

(b) Minnesota Statutes 2006, section 62J.17, subdivisions 1, 5a, 6a, and 8, are repealed, effective the day following final enactment.

ARTICLE 7

MISCELLANEOUS

Section 1. Minnesota Statutes 2006, section 16A.10, is amended by adding a subdivision to read:

Subd. 2a. **Base budget detail.** Within one week of the release of the budget forecasts required in section 16A.102 in November of an even-numbered year and February of an odd-numbered year, the commissioner, after consulting with the commissioners of human services and health, must provide to the legislature information at the program, budget activity and management activity level for the base level budget of the Department of Human Services and the Department of Health for the next biennium. The information must be organized in a manner that explains how base level budget appropriations are projected to be spent. Within one week of the release of the budget forecasts required in section 16A.102 in November of an even-numbered year, the commissioner must also provide the legislature with the information submitted by the commissioners of human services and health under subdivision 2, clauses (3) and (4).

Sec. 2. Minnesota Statutes 2006, section 43A.316, is amended to read:

43A.316 PUBLIC EMPLOYEES INSURANCE PROGRAM.

Subdivision 1. **Intent.** The legislature finds that the creation of a statewide program to provide public employees and other eligible persons with life insurance and hospital, medical, and dental benefit coverage ~~through provider organizations~~ would result in a greater utilization more efficient use of government resources and would advance the health and welfare of the citizens of the state.

Subd. 2. **Definitions.** For the purpose of this section, the terms defined in this subdivision have the meaning given them.

(a) **Commissioner.** "Commissioner" means the commissioner of employee relations.

(b) **Employee.** "Employee" means:

(1) a person who is a public employee within the definition of section 179A.03, subdivision 14, who is insurance eligible and is employed by an eligible employer;

(2) an elected public official of an eligible employer who is insurance eligible;

(3) a person employed by a labor organization or employee association certified as an exclusive representative of employees of an eligible employer or by another public employer approved by the commissioner, so long as the plan meets the requirements of a governmental plan under United States Code, title 29, section 1002(32); or

(4) a person employed by a county or municipal hospital.

(c) **Eligible employer.** "Eligible employer" means:

(1) a public employer within the definition of section 179A.03, subdivision 15, that is a town, county, city, school district as defined in section 120A.05, service cooperative as defined in section 123A.21, intermediate district as defined in section 136D.01, Cooperative Center for Vocational Education as defined in section 123A.22, regional management information center as defined in section 123A.23, or an education unit organized under the joint powers action, section 471.59; or

(2) an exclusive representative of employees, as defined in paragraph (b);

(3) a county or municipal hospital; ~~or~~

(4) another public employer approved by the commissioner; or

(5) a nursing home as defined in section 144A.01, subdivision 5, located in this state.

(d) **Exclusive representative.** "Exclusive representative" means an exclusive representative as defined in section 179A.03, subdivision 8.

(e) **Labor-Management Committee.** "Labor-Management Committee" means the committee established by subdivision 4.

(f) **Program.** "Program" means the statewide public employees insurance program created by subdivision 3.

Subd. 3. **Public employee insurance program.** The commissioner shall be the administrator of the public employee insurance program and may determine its funding arrangements. The commissioner may contract with a qualified entity to perform the administrative functions. The commissioner shall model the program after the plan established in section 43A.18, subdivision 2, but may ~~modify~~ adopt variations from that plan, in consultation with the Labor-Management Committee. The variations may include different deductibles, coinsurance, co-pays, or other enrollee cost-sharing provisions.

Subd. 4. **Labor-Management Committee.** (a) The Labor-Management Committee consists of ten members appointed by the commissioner. The Labor-Management Committee must comprise five members who represent employees, including at least one retired employee, and five members who represent eligible employers. Committee members are eligible for expense reimbursement in the same manner and amount as authorized by the

commissioner's plan adopted under section 43A.18, subdivision 2. The commissioner shall consult with the labor-management committee in major decisions that affect the program. The committee shall study issues and make recommendations relating to the insurance program including, but not limited to, flexible benefits, utilization review, quality assessment, and cost efficiency. The committee continues to exist while the program remains in operation.

(b) The five members of the Labor-Management Committee who represent employees must be chosen by the commissioner from among persons nominated as provided in this paragraph. Exclusive representatives of employees of counties, cities, school districts, and nursing homes are entitled to nominate two candidates for the Labor-Management Committee from each of those four categories, and the commissioner shall appoint one of those two nominees from each category. The commissioner shall choose the fifth employee to represent retired employees.

(c) The five members of the Labor-Management Committee who represent employers must be chosen by the commissioner from among persons nominated as provided in this paragraph. The Association of Minnesota Counties, Minnesota League of Cities, Minnesota School Boards Association, and the Minnesota Association of Nursing Homes are each entitled to nominate two candidates for the committee, and the commissioner shall appoint one of those from each group. The commissioner shall select the fifth employer member from an employer participating in the program and not represented by the other four employer members, if any, or if that is not reasonably possible, the commissioner may appoint any other person as the fifth employer representative.

Subd. 5. **Public employee participation.** (a) Participation in the program is subject to the conditions in this subdivision.

(b) Each exclusive representative for an eligible employer determines whether the employees it represents will participate in the program. The exclusive representative shall give the employer notice of intent to participate at least ~~30~~ 60 days before the expiration date of the collective bargaining agreement preceding the collective bargaining agreement that covers the date of entry into the program. Either all or none of the employees represented by an exclusive representative must participate. The exclusive representative and the eligible employer shall give notice to the commissioner of the determination to participate in the program at least ~~30~~ 60 days before entry into the program. Entry into the program is governed by a schedule established by the commissioner.

(c) Employees not represented by exclusive representatives may become members of the program upon a determination of an eligible employer to include these employees in the program. Either all or none of the employer's unrepresented employees must participate. The eligible employer shall give at least ~~30~~ 60 days' notice to the commissioner before entering the program. Entry into the program is governed by a schedule established by the commissioner.

(d) Participation in the program is for a ~~two-year~~ three-year term. Participation is automatically renewed for an additional ~~two-year~~ three-year term unless the exclusive representative, or the employer for unrepresented employees, gives the commissioner notice of withdrawal at least ~~30~~ 60 days before expiration of the participation period. A group that withdraws must wait two years before rejoining, except with the approval of the commissioner. An exclusive representative, or employer for unrepresented employees, may also withdraw if premiums increase ~~50 percent~~ by more than 20 percent in excess of the Consumer Price Index for all urban consumers or more from one insurance year to the next.

(e) The exclusive representative shall give the employer notice of intent to withdraw ~~to the commissioner~~ at least ~~30~~ 60 days before the expiration date of a collective bargaining agreement that includes the date on which the term of participation expires.

(f) Each participating eligible employer shall notify the commissioner of the names of individuals who will be participating within two weeks ~~of~~ after the commissioner ~~receiving~~ receives notice of the parties' intent to participate. The employer shall also submit other information as required by the commissioner for administration of the program.

(g) An employer that withdraws from the program under circumstances that do not permit withdrawal under this subdivision is liable to the board for premiums payable by the employer until the time that the employer is eligible to withdraw, and the employer shall pay those premiums voluntarily and no later than their due date. If the premiums are not paid voluntarily, the board has authority to and shall collect these premiums under any method permitted by law for a governmental or nongovernmental creditor of the employer.

Subd. 6. **Coverage.** (a) ~~By January 1, 1989,~~ The commissioner shall announce the benefits of the program. The program shall include employee hospital, medical, dental, and life insurance for employees and hospital and medical benefits for dependents. Health maintenance organization options and other delivery system options may be provided if they are available, cost-effective, and capable of servicing the number of people covered in the program. Participation in optional coverages may be provided by collective bargaining agreements. For employees not represented by an exclusive representative, the employer may offer the optional coverages to eligible employees and their dependents provided in the program. Health coverage must include at least the benefits required of a health plan company regulated under chapter 62A, 62C, or 62D.

(b) The commissioner, with the assistance of the Labor-Management Committee, shall periodically assess whether it is financially feasible for the program to offer or to continue an individual retiree program that has competitive premium rates and benefits. If the commissioner determines it to be feasible to offer an individual retiree program, the commissioner shall announce the applicable benefits, premium rates, and terms of participation. Eligibility to participate in the individual retiree program is governed by subdivision 8, but applies to retirees of eligible employers that do not participate in the program and to those retirees' dependents and surviving spouses.

Subd. 6a. **Chiropractic services** Choice of type of provider. All benefits provided by the program ~~or a successor program~~ relating to expenses incurred for medical treatment or services of a physician health care provider must also include chiropractic treatment and services of a chiropractor any other type of licensed, certified, or registered health care provider to the extent that the chiropractic services and treatment are within the scope of chiropractic licensure the provider's licensure, certification, or registration.

~~This subdivision is intended to provide equal access to benefits for program members who choose to obtain treatment for illness or injury from a doctor of chiropractic, as long as the treatment falls within the chiropractor's scope of practice. This subdivision is not intended to change or add to the benefits provided for in the program.~~

Subd. 7. **Premiums.** (a) The proportion of premium paid by the employer and employee is subject to collective bargaining or personnel policies. If, at the beginning of the coverage period, no collective bargaining agreement has been finalized, the increased dollar costs, if any, from the previous year is the sole responsibility of the individual participant until a collective bargaining agreement states otherwise. Premiums, including an administration fee, shall be established by the commissioner. The commissioner may decide to rate specific employers separately for premium purposes, if the commissioner determines that doing so is in the best interests of the program. Each employer shall pay monthly the amounts due for employee benefits including the amounts under subdivision 8 to the commissioner no later than the dates established by the commissioner. If an employer fails to make the payments as required, the commissioner ~~may~~ shall cancel program benefits and pursue other civil remedies, as provided in subdivision 5, paragraph (d).

(b) The premium charged for an employer's first month in the program must be three times the regular monthly premium charged to that employer, to help establish and maintain the program's financial resources. The extra two months premium must be refunded to the employer if the employer leaves the program, if the refund would not reduce the program's reserves below the level determined to be appropriate by the commissioner.

Subd. 8. **Continuation of coverage.** (a) A former employee of an employer participating in the program who is receiving a public pension disability benefit or an annuity or has met the age and service requirements necessary to receive an annuity under chapter 353, 353C, 354, 354A, 356, 422A, 423, 423A, or 424, and the former employee's dependents, are eligible to participate in the program. This participation is at the person's expense unless a collective bargaining agreement or personnel policy provides otherwise. Premiums for these participants must be established by the commissioner.

The commissioner may provide policy exclusions for preexisting conditions only when there is a break in coverage between a participant's coverage under the employment-based group insurance program and the participant's coverage under this section. An employer shall notify an employee of the option to participate under this paragraph no later than the effective date of retirement. The retired employee or the employer of a participating group on behalf of a current or retired employee shall notify the commissioner within 30 days of the effective date of retirement of intent to participate in the program according to the rules established by the commissioner.

(b) The spouse of a deceased employee or former employee may purchase the benefits provided at premiums established by the commissioner if the spouse was a dependent under the employee's or former employee's coverage under this section at the time of the death. The spouse remains eligible to participate in the program as long as the group that included the deceased employee or former employee participates in the program. Coverage under this clause must be coordinated with relevant insurance benefits provided through the federally sponsored Medicare program.

(c) The program benefits must continue in the event of strike permitted by section 179A.18, if the exclusive representative chooses to have coverage continue and the employee pays the total monthly premiums when due.

~~(d) A participant who discontinues coverage may not reenroll.~~

(d) Persons participating under these paragraphs this subdivision shall make appropriate premium payments in the time and manner established by the commissioner. They are not subject to the payment of the extra payments required under subdivision 7, paragraph (b).

Subd. 9. **Insurance trust fund.** The insurance trust fund in the state treasury consists of deposits of the premiums received from employers participating in the program and transfers before July 1, 1994, from the excess contributions holding account established by section 353.65, subdivision 7. All money in the fund is appropriated to the commissioner to pay insurance premiums, approved claims, refunds, administrative costs, and other related service costs. Premiums paid by employers to the fund are exempt from the taxes imposed by chapter 297I. The commissioner shall reserve an amount of money to cover the estimated costs of claims incurred but unpaid. The State Board of Investment shall invest the money according to section 11A.24. Investment income and losses attributable to the fund must be credited to the fund.

Subd. 10. **Exemption.** The public employee insurance program and, where applicable, the employers participating in it are exempt from chapters 60A, 62A, 62C, 62D, 62E, and 62H, section 471.617, subdivisions 2 and 3, and the bidding requirements of section 471.6161, except as otherwise provided in subdivision 6, paragraph (a).

Subd. 11. **Reinsurance.** The commissioner may, on behalf of the program, participate in an insured or self-insured reinsurance pool.

Sec. 3. Minnesota Statutes 2006, section 62H.02, is amended to read:

62H.02 REQUIRED PROVISIONS.

(a) A joint self-insurance plan must include aggregate excess stop-loss coverage and individual excess stop-loss coverage provided by an insurance company licensed by the state of Minnesota.

(b) Aggregate excess stop-loss coverage must include provisions to cover incurred, unpaid claim liability in the event of plan termination. ~~In addition,~~

(c) The plan of self-insurance must have participating employers fund an amount at least equal to the point at which the excess or stop-loss insurer has contracted to assume 100 percent of additional liability.

(d) A joint self-insurance plan must submit its proposed excess or stop-loss insurance contract to the commissioner of commerce at least 30 days prior to the proposed plan's effective date and at least 30 days subsequent to any renewal date. The commissioner shall review the contract to determine if they meet the standards established by sections 62H.01 to 62H.08 and respond within a 30-day period.

(e) Any excess or stop-loss insurance plan must contain a provision that the excess or stop-loss insurer will give the plan and the commissioner of commerce a minimum of 180 days' notice of termination or nonrenewal. If the plan fails to secure replacement coverage within 60 days after receipt of the notice of cancellation or nonrenewal, the commissioner shall issue an order providing for the orderly termination of the plan.

(f) The commissioner may waive the requirements of this section and of any rule relating to the requirements of this section, if the commissioner determines that a joint self-insurance plan has established alternative arrangements that fully fund the plan's liability or incurred but unpaid claims. The commissioner may not waive the requirement that a joint self-insurance plan have excess stop-loss coverage.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 4. **[62Q.40] LANGUAGE INTERPRETER SERVICES.**

(a) A health plan must cover sign language interpreter services provided to deaf and hard-of-hearing enrollees and language interpreter services provided to enrollees with limited English proficiency in order to facilitate the provision of health care services by a provider. For purposes of this section, "provider" has the meaning given in section 62J.03, subdivision 8, and includes a health care provider facility; and "health plan" includes coverage excluded under section 62A.011, subdivision 3, clauses (6), (7), (9), and (10). Interpreter services may be provided in person, by telephone, facsimile, video or audio streaming, or by video conference. In accordance with paragraphs (b) and (c), a health plan company shall reimburse either the party providing interpreter services directly for the costs of language interpreter services provided to the enrollee or the provider arranging for the provision of interpreter services. Providers that employ or contract with interpreters may bill and shall be reimbursed directly by health plan companies for such services in accordance with paragraph (b). A health plan company shall provide to enrollees, upon request, the policies and procedures for addressing the needs of deaf and hard-of-hearing enrollees and enrollees with limited English proficiency. All parties providing interpreter services must disclose their methods for ensuring competency upon request of any health plan company, provider, or consumer.

(b) A health plan company shall pay for interpreter services as required in paragraph (a) by establishing a network of interpreter service providers and requiring use of its own network of interpreter services providers. The health plan company shall consider, as part of its interpreter service provider network, entering into an agreement with a provider for use of an interpreter service provider employed by or under contract with the provider if:

(1) the provider accepts as reimbursement for services rendered by the provider's employed or contracted interpreter service provider the lesser of either the health plan company's reimbursement rate for its in-network interpreter service providers or the provider's fee for services rendered by the provider's interpreter service provider; and

(2) the interpreter service provider meets the published quality standards of the health plan company.

(c) If a health plan company's or a provider's employed or contracted interpreter service provider is unavailable to provide interpreter services, the health plan company shall reimburse the interpreter service provider at the lesser of the health plan company's median reimbursement rate for its in-network interpreter service providers or the interpreter service provider's fee. An interpreter service provider not employed or under contract with a health plan company or provider who fails to meet the quality standards of a health plan company or as required by law, shall be ineligible for reimbursement under this section.

(d) If the health plan company pays the interpreter service provider directly, it has no obligation to pay the provider under this section.

(e) Nothing in this section requires a health plan company to establish a network of interpreter service providers.

EFFECTIVE DATE. This section is effective July 1, 2008, and applies to plans issued or renewed to provide coverage to Minnesota residents on or after that date unless the legislature enacts alternative funding sources based on the recommendations of the commissioner.

Sec. 5. Minnesota Statutes 2006, section 144.05, is amended by adding a subdivision to read:

Subd. 5. Base budget detail. The commissioner shall provide the commissioner of finance with the information necessary to provide base budget detail to the legislature under section 16A.10, subdivision 2a.

Sec. 6. Minnesota Statutes 2006, section 148.235, is amended by adding a subdivision to read:

Subd. 11. Dispensing by protocol. A registered nurse in a family planning agency as defined in Minnesota Rules, part 9505.0280, subpart 3, may dispense oral contraceptives prescribed by a licensed practitioner as defined in section 151.01, subdivision 23, pursuant to a dispensing protocol established by the agency's medical director or under the direction of a physician. The dispensing protocol must address the requirements of sections 151.01, subdivision 30, and 151.212, subdivision 1.

Sec. 7. Minnesota Statutes 2006, section 151.37, subdivision 2, is amended to read:

Subd. 2. Prescribing and filing. (a) A licensed practitioner in the course of professional practice only, may prescribe, administer, and dispense a legend drug, and may cause the same to be administered by a nurse, a physician assistant, or medical student or resident under the practitioner's direction and supervision, and may cause a person who is an appropriately certified, registered, or licensed health care professional to prescribe, dispense, and administer the same within the expressed legal scope of the person's practice as defined in Minnesota Statutes. A licensed practitioner may prescribe a legend drug, without reference to a specific patient, by directing a nurse, pursuant to section 148.235, subdivisions 8 and 9, physician assistant, or medical student or resident to adhere to a particular practice guideline or protocol when treating patients whose condition falls within such guideline or protocol, and when such guideline or protocol specifies the circumstances under which the legend drug is to be prescribed and administered. An individual who verbally, electronically, or otherwise transmits a written, oral, or electronic order, as an agent of a prescriber, shall not be deemed to have prescribed the legend drug. This paragraph applies to a physician assistant only if the physician assistant meets the requirements of section 147A.18.

(b) A licensed practitioner that dispenses for profit a legend drug that is to be administered orally, is ordinarily dispensed by a pharmacist, and is not a vaccine, must file with the practitioner's licensing board a statement indicating that the practitioner dispenses legend drugs for profit, the general circumstances under which the practitioner dispenses for profit, and the types of legend drugs generally dispensed. It is unlawful to dispense legend drugs for profit after July 31, 1990, unless the statement has been filed with the appropriate licensing board. For purposes of this paragraph, "profit" means (1) any amount received by the practitioner in excess of the acquisition cost of a legend drug for legend drugs that are purchased in prepackaged form, or (2) any amount received by the practitioner in excess of the acquisition cost of a legend drug plus the cost of making the drug available if the legend drug requires compounding, packaging, or other treatment. The statement filed under this paragraph is public data under section 13.03. This paragraph does not apply to a licensed doctor of veterinary medicine or a registered pharmacist. Any person other than a licensed practitioner with the authority to prescribe, dispense, and administer a legend drug under paragraph (a) shall not dispense for profit. To dispense for profit does not include dispensing by a community health clinic when the profit from dispensing is used to meet operating expenses.

(c) A prescription or drug order for a legend drug is not valid unless it is issued for a legitimate medical purpose arising from a prescriber-patient relationship that includes a documented patient evaluation adequate to establish diagnoses and identify underlying conditions and contraindications to the treatment. Treatment, including issuing a prescription or drug order, based solely on an online questionnaire does not constitute a legitimate medical purpose.

Sec. 8. Minnesota Statutes 2006, section 152.11, is amended by adding a subdivision to read:

Subd. 2d. **Identification requirement for schedule II or III controlled substance.** No person may dispense a controlled substance included in schedule II or III without requiring the person purchasing the controlled substance, who need not be the person for whom the controlled substance prescription is written, to present valid photographic identification, unless the person purchasing the controlled substance, or if applicable the person for whom the controlled substance prescription is written, is known to the dispenser.

Sec. 9. **[152.126] SCHEDULE II AND III CONTROLLED SUBSTANCES PRESCRIPTION ELECTRONIC REPORTING SYSTEM.**

Subdivision 1. **Definitions.** For purposes of this section, the terms defined in this subdivision have the meanings given.

(a) "Board" means the Minnesota State Board of Pharmacy established under chapter 151.

(b) "Controlled substances" means those substances listed in section 152.02, subdivisions 3 and 4, and those substances defined by the board pursuant to section 152.02, subdivisions 8 and 12.

(c) "Dispense" or "dispensing" has the meaning given in section 151.01, subdivision 30. Dispensing does not include the direct administering of a controlled substance to a patient by a licensed health care professional.

(d) "Dispenser" means a person authorized by law to dispense a controlled substance, pursuant to a valid prescription. A dispenser does not include a licensed hospital pharmacy that distributes controlled substances for inpatient hospital care.

(e) "Prescriber" means a licensed health care professional who is authorized to prescribe a controlled substance under section 152.12, subdivision 1.

(f) "Prescription" has the meaning given in section 151.01, subdivision 16.

Subd. 2. Prescription electronic reporting system. (a) By January 1, 2009, or upon enactment of legislation that implements the recommendations of the Board of Pharmacy under subdivision 3, paragraph (c), whichever is later, the board shall establish an electronic system for reporting the information required under subdivision 4 for all controlled substances dispensed within the state. Data for controlled substance prescriptions that are dispensed in a quantity small enough to provide treatment to a patient for a period of 48 hours or less need not be reported.

(b) The board may contract with a vendor for the purpose of obtaining technical assistance in the design, implementation, and maintenance of the electronic reporting system. The vendor's role shall be limited to providing technical support to the board concerning the software, databases, and computer systems required to interface with the existing systems currently used by pharmacies to dispense prescriptions and transmit prescription data to other third parties.

(c) The board may issue a waiver to a dispenser that is unable to submit dispensing information by electronic means. The waiver may permit the dispenser to submit dispensing information by paper form or other means, provided all information required by subdivision 4 is submitted in this alternative format.

Subd. 3. Prescription Electronic Reporting Advisory Committee. (a) The board shall convene an advisory committee. The committee must include at least one representative of:

(1) the Department of Health;

(2) the Department of Human Services;

(3) each health-related licensing board that licenses prescribers;

(4) a professional medical association, which may include an association of pain management and chemical dependency specialists;

(5) a professional pharmacy association;

(6) a consumer privacy or security advocate; and

(7) a consumer or patient rights organization.

(b) The advisory committee shall advise the board on the development and operation of the electronic reporting system, including, but not limited to:

(1) technical standards for electronic prescription drug reporting;

(2) proper analysis and interpretation of prescription monitoring data; and

(3) an evaluation process for the program.

(c) The Board of Pharmacy, after consultation with the advisory committee, shall present recommendations and draft legislation on the issues addressed by the advisory committee under paragraph (b), to the legislature by December 15, 2007.

Subd. 4. Reporting requirements and notice. (a) Each dispenser must submit the following data to the board or its designated vendor, subject to the notice required under paragraph (d):

(1) prescriber DEA number;

(2) dispenser DEA number;

(3) name of the patient for whom the prescription was written;

(4) date of birth of the patient for whom the prescription was written;

(5) date the prescription was written;

(6) date the prescription was filled;

(7) NDC code for drug dispensed; and

(8) quantity of controlled substance dispensed.

(b) The dispenser must submit the required information according to the format and protocols specified in the "ASAP Telecommunications Format for Controlled Substances," May 1995 edition, published by the American Society for Automation in Pharmacy, which is hereby adopted by reference, by a procedure established by the board.

(c) A dispenser is not required to submit this data for those controlled substance prescriptions dispensed for:

(1) individuals residing in licensed skilled nursing or intermediate care facilities;

(2) individuals receiving assisted living services under chapter 144G or through a medical assistance home and community-based waiver;

(3) individuals receiving medication intravenously;

(4) individuals receiving hospice and other palliative or end-of-life care; and

(5) individuals receiving services from a home care provider regulated under chapter 144A.

(d) A dispenser must not submit data under this subdivision unless a conspicuous notice of the reporting requirements of this section is given to the patient for whom the prescription was written.

Subd. 5. Use of data by board. (a) The board shall develop and maintain a database of the data reported under subdivision 4. The board shall maintain data that could identify an individual prescriber or dispenser in encrypted form. The database may be used by permissible users identified under subdivision 6 for the identification of:

(1) individuals receiving prescriptions for controlled substances from prescribers who subsequently obtain controlled substances from dispensers in quantities or with a frequency inconsistent with generally recognized standards of dosage for those controlled substances; and

(2) individuals presenting forged or otherwise false or altered prescriptions for controlled substances to dispensers.

(b) No permissible user identified under subdivision 6 may access the database for the sole purpose of identifying prescribers of controlled substances for unusual or excessive prescribing patterns without a valid search warrant or court order.

(c) No personnel of a state or federal occupational licensing board or agency may access the database for the purpose of obtaining information to be used to initiate or substantiate a disciplinary action against a prescriber.

(d) Data reported under subdivision 4 shall be retained by the board in the database for a six-month period, and shall be removed from the database six months from the date the data was received.

Subd. 6. **Access to reporting system data.** (a) Except as indicated in this subdivision, the data submitted to the board under subdivision 4 is private data on individuals as defined in section 13.02, subdivision 12, and not subject to public disclosure.

(b) Except as specified in subdivision 5, the following persons shall be considered permissible users and may access the data submitted under subdivision 4 in the same or similar manner, and for the same or similar purposes, as those persons who are authorized to access similar private data on individuals under federal and state law:

(1) a prescriber, to the extent the information relates specifically to a current patient of the prescriber, to whom the practitioner is prescribing or considering prescribing any controlled substance;

(2) a dispenser to the extent the information relates specifically to a current patient to whom that dispenser is dispensing or considering dispensing any controlled substance;

(3) an individual who is the recipient of a controlled substance prescription for which data was submitted under subdivision 4;

(4) personnel of the board specifically assigned to conduct a bona fide investigation of a specific board licensee;

(5) personnel of the board engaged in the collection of controlled substance prescription information as part of the assigned duties and responsibilities under this section;

(6) authorized personnel of a vendor under contract with the board who are engaged in the design, implementation, and maintenance of the electronic reporting system as part of the assigned duties and responsibilities of their employment, provided that access to data is limited to the minimum amount necessary to test and maintain the system databases;

(7) federal, state, and local law enforcement authorities engaged in a bona fide investigation of a specific person; and

(8) personnel of the medical assistance program assigned to use the data collected under this section to identify recipients whose usage of controlled substances may warrant restriction to a single primary care physician, a single outpatient pharmacy, or a single hospital.

(c) Any permissible user identified in paragraph (b), who directly accesses the data electronically, shall implement and maintain a comprehensive information security program that contains administrative, technical, and physical safeguards that are appropriate to the user's size and complexity, and the sensitivity of the personal information obtained. The permissible user shall identify reasonably foreseeable internal and external risks to the security, confidentiality, and integrity of personal information that could result in the unauthorized disclosure, misuse, or other compromise of the information and assess the sufficiency of any safeguards in place to control the risks.

(d) The board shall not release data submitted under this section unless it is provided with evidence, satisfactory to the board, that the person requesting the information is entitled to receive the data. Access to the data by law enforcement authorities must be accompanied by a valid search warrant.

(e) The board shall not release the name of a prescriber without the written consent of the prescriber or a valid search warrant or court order. The board shall provide a mechanism for a prescriber to submit to the board a signed consent authorizing the release of the prescriber's name when data containing the prescriber's name is requested.

(f) The board shall maintain a log of all persons who access the data and shall ensure that any permissible user complies with paragraph (c) prior to attaining direct access to the data.

Subd. 7. **Disciplinary action.** (a) A dispenser who knowingly fails to submit data to the board as required under this section is subject to disciplinary action by the appropriate health-related licensing board.

(b) A prescriber or dispenser authorized to access the data who knowingly discloses the data in violation of state or federal laws relating to the privacy of health care data shall be subject to disciplinary action by the appropriate health-related licensing board, and appropriate civil penalties.

Subd. 8. **Evaluation and reporting.** (a) The board shall evaluate the prescription electronic reporting system to determine if the system is cost-effective and whether it is negatively impacting appropriate prescribing practices of controlled substances. The board may contract with a vendor to design and conduct the evaluation.

(b) The board shall submit the evaluation of the system to the legislature by January 15, 2010.

Subd. 9. **Immunity from liability; no requirement to obtain information.** (a) A pharmacist, prescriber, or other dispenser making a report to the program in good faith under this section is immune from any civil, criminal, or administrative liability, which might otherwise be incurred or imposed as a result of the report, or on the basis that the pharmacist or prescriber did or did not seek or obtain or use information from the program.

(b) Nothing in this section shall require a pharmacist, prescriber, or other dispenser to obtain information about a patient from the program, and the pharmacist, prescriber, or other dispenser, if acting in good faith, is immune from any civil, criminal, or administrative liability that might otherwise be incurred or imposed for requesting, receiving, or using information from the program.

EFFECTIVE DATE. This section is effective July 1, 2007, or upon receiving sufficient nonstate funds to implement the prescription electronic reporting program, whichever is later. In the event that nonstate funds are not secured by the Board of Pharmacy to adequately fund the implementation of the prescription electronic reporting program, the board is not required to implement this section without a subsequent appropriation from the legislature.

Sec. 10. Minnesota Statutes 2006, section 179A.03, subdivision 7, is amended to read:

Subd. 7. **Essential employee.** "Essential employee" means firefighters, peace officers subject to licensure under sections 626.84 to 626.863, 911 system and police and fire department public safety dispatchers, guards at correctional facilities, confidential employees, supervisory employees, assistant county attorneys, assistant city attorneys, principals, and assistant principals. However, for state employees, "essential employee" means all employees, except for nonprofessional employees employed by the Department of Human Services in mental health facilities for the treatment of psychopathic personalities, sexual predators, and the criminally insane, in law enforcement, public safety radio communications operators, health care professionals, correctional guards, professional engineering, and supervisory collective bargaining units, irrespective of severance, and no other employees. For University of Minnesota employees, "essential employee" means all employees in law enforcement, nursing professional and supervisory units, irrespective of severance, and no other employees. "Firefighters" means salaried employees of a fire department whose duties include, directly or indirectly, controlling, extinguishing, preventing, detecting, or investigating fires. Employees for whom the state court administrator is the negotiating employer are not essential employees. For Hennepin Healthcare System, Inc. employees, "essential employees" means all employees.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 11. Minnesota Statutes 2006, section 245.4874, is amended to read:

245.4874 DUTIES OF COUNTY BOARD.

(a) The county board must:

(1) develop a system of affordable and locally available children's mental health services according to sections 245.487 to 245.4887;

(2) establish a mechanism providing for interagency coordination as specified in section 245.4875, subdivision 6;

(3) consider the assessment of unmet needs in the county as reported by the local children's mental health advisory council under section 245.4875, subdivision 5, paragraph (b), clause (3). The county shall provide, upon request of the local children's mental health advisory council, readily available data to assist in the determination of unmet needs;

(4) assure that parents and providers in the county receive information about how to gain access to services provided according to sections 245.487 to 245.4887;

(5) coordinate the delivery of children's mental health services with services provided by social services, education, corrections, health, and vocational agencies to improve the availability of mental health services to children and the cost-effectiveness of their delivery;

(6) assure that mental health services delivered according to sections 245.487 to 245.4887 are delivered expeditiously and are appropriate to the child's diagnostic assessment and individual treatment plan;

(7) provide the community with information about predictors and symptoms of emotional disturbances and how to access children's mental health services according to sections 245.4877 and 245.4878;

(8) provide for case management services to each child with severe emotional disturbance according to sections 245.486; 245.4871, subdivisions 3 and 4; and 245.4881, subdivisions 1, 3, and 5;

(9) provide for screening of each child under section 245.4885 upon admission to a residential treatment facility, acute care hospital inpatient treatment, or informal admission to a regional treatment center;

(10) prudently administer grants and purchase-of-service contracts that the county board determines are necessary to fulfill its responsibilities under sections 245.487 to 245.4887;

(11) assure that mental health professionals, mental health practitioners, and case managers employed by or under contract to the county to provide mental health services are qualified under section 245.4871;

(12) assure that children's mental health services are coordinated with adult mental health services specified in sections 245.461 to 245.486 so that a continuum of mental health services is available to serve persons with mental illness, regardless of the person's age;

(13) assure that culturally informed mental health consultants are used as necessary to assist the county board in assessing and providing appropriate treatment for children of cultural or racial minority heritage; and

(14) consistent with section 245.486, arrange for or provide a children's mental health screening to a child receiving child protective services or a child in out-of-home placement, a child for whom parental rights have been terminated, a child found to be delinquent, and a child found to have committed a juvenile petty offense for the third or subsequent time, unless a screening or diagnostic assessment has been performed within the previous 180 days, or

the child is currently under the care of a mental health professional. The court or county agency must notify a parent or guardian whose parental rights have not been terminated of the potential mental health screening and the option to prevent the screening by notifying the court or county agency in writing. The screening shall be conducted with a screening instrument approved by the commissioner of human services according to criteria that are updated and issued annually to ensure that approved screening instruments are valid and useful for child welfare and juvenile justice populations, and shall be conducted by a mental health practitioner as defined in section 245.4871, subdivision 26, or a probation officer or local social services agency staff person who is trained in the use of the screening instrument. Training in the use of the instrument shall include training in the administration of the instrument, the interpretation of its validity given the child's current circumstances, the state and federal data practices laws and confidentiality standards, the parental consent requirement, and providing respect for families and cultural values. If the screen indicates a need for assessment, the child's family, or if the family lacks mental health insurance, the local social services agency, in consultation with the child's family, shall have conducted a diagnostic assessment, including a functional assessment, as defined in section 245.4871. The administration of the screening shall safeguard the privacy of children receiving the screening and their families and shall comply with the Minnesota Government Data Practices Act, chapter 13, and the federal Health Insurance Portability and Accountability Act of 1996, Public Law 104-191. Screening results shall be considered private data and the commissioner shall not collect individual screening results.

(b) When the county board refers clients to providers of children's therapeutic services and supports under section 256B.0943, the county board must clearly identify the desired services components not covered under section 256B.0943 and identify the reimbursement source for those requested services, the method of payment, and the payment rate to the provider.

Sec. 12. Minnesota Statutes 2006, section 253B.185, subdivision 2, is amended to read:

Subd. 2. **Transfer to correctional facility.** (a) If a person has been committed under this section and later is committed to the custody of the commissioner of corrections for any reason, including but not limited to, being sentenced for a crime or revocation of the person's supervised release or conditional release under section 244.05; ~~609.108, subdivision 6;~~ or 609.109, subdivision 7, the person shall be transferred to a facility designated by the commissioner of corrections without regard to the procedures provided in section 253B.18.

(b) If a person is committed under this section after a commitment to the commissioner of corrections, the person shall first serve the sentence in a facility designated by the commissioner of corrections. After the person has served the sentence, the person shall be transferred to a treatment program designated by the commissioner of human services.

Sec. 13. Minnesota Statutes 2006, section 254A.03, subdivision 3, is amended to read:

Subd. 3. **Rules for chemical dependency care.** The commissioner of human services shall establish by rule criteria to be used in determining the appropriate level of chemical dependency care, ~~whether outpatient, inpatient or short-term treatment programs,~~ for each recipient of public assistance seeking treatment for alcohol or other drug dependency and abuse problems. ~~The criteria shall address, at least, the family relationship, past treatment history, medical or physical problems, arrest record, and employment situation.~~

Sec. 14. Minnesota Statutes 2006, section 254A.16, subdivision 2, is amended to read:

Subd. 2. **Program and service guidelines.** (a) The commissioner shall provide program and service guidelines and technical assistance to the county boards in carrying out services authorized under ~~sections~~ section 254A.08; 254A.12, 254A.14, and their responsibilities under ~~chapter~~ chapter 256E.

(b) The commissioner shall recommend to the governor means of improving the efficiency and effectiveness of comprehensive program services in the state and maximizing the use of nongovernmental funds for providing comprehensive programs.

Sec. 15. **[254A.20] CHEMICAL USE ASSESSMENTS; FINANCIAL CONFLICT OF INTEREST.**

(a) Except as provided in paragraph (b), an assessor conducting a chemical use assessment under Minnesota Rules, parts 9530.6600 to 9530.6655, may not have any direct or shared financial interest or referral relationship resulting in shared financial interest or referral relationship resulting in shared financial gain with a treatment provider.

(b) A county may contract with an assessor having a conflict described in paragraph (a) if the county documents that:

(1) the assessor is employed by a culturally specific service provider or a service provider with a program designed to treat individuals of a specific age, sex, or sexual preference;

(2) the county does not employ a sufficient number of qualified assessors and the only qualified assessors available in the county have a direct or shared financial interest or a referral relationship resulting in shared financial gain with a treatment provider; or

(3) the county social service agency has an existing relationship with an assessor or service provider and elects to enter into a contract with that assessor to provide both assessment and treatment under circumstances specified in the county's contract, provided the county retains responsibility for making placement decisions.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 16. Minnesota Statutes 2006, section 254B.02, subdivision 1, is amended to read:

Subdivision 1. **Chemical dependency treatment allocation.** The chemical dependency funds appropriated for allocation shall be placed in a special revenue account. The commissioner shall annually transfer funds from the chemical dependency fund to pay for operation of the drug and alcohol abuse normative evaluation system and to pay for all costs incurred by adding two positions for licensing of chemical dependency treatment and rehabilitation programs located in hospitals for which funds are not otherwise appropriated. ~~For each year of the biennium ending June 30, 1999, the commissioner shall allocate funds to the American Indian chemical dependency tribal account for treatment of American Indians by eligible vendors under section 254B.05, equal to the amount allocated in fiscal year 1997. Six percent of the remaining money must be reserved for tribal allocation under section 254B.09, subdivisions 4 and 5.~~ The commissioner shall annually divide the money available in the chemical dependency fund that is not held in reserve by counties from a previous allocation, or allocated to the American Indian chemical dependency tribal account. Six percent of the remaining money must be reserved for the nonreservation American Indian chemical dependency allocation for treatment of American Indians by eligible vendors under section 254B.05, subdivision 1. The remainder of the money must be allocated among the counties according to the following formula, using state demographer data and other data sources determined by the commissioner:

(a) For purposes of this formula, American Indians and children under age 14 are subtracted from the population of each county to determine the restricted population.

(b) The amount of chemical dependency fund expenditures for entitled persons for services not covered by prepaid plans governed by section 256B.69 in the previous year is divided by the amount of chemical dependency fund expenditures for entitled persons for all services to determine the proportion of exempt service expenditures for each county.

(c) The prepaid plan months of eligibility is multiplied by the proportion of exempt service expenditures to determine the adjusted prepaid plan months of eligibility for each county.

(d) The adjusted prepaid plan months of eligibility is added to the number of restricted population fee for service months of eligibility for the Minnesota family investment program, general assistance, and medical assistance and divided by the county restricted population to determine county per capita months of covered service eligibility.

(e) The number of adjusted prepaid plan months of eligibility for the state is added to the number of fee for service months of eligibility for the Minnesota family investment program, general assistance, and medical assistance for the state restricted population and divided by the state restricted population to determine state per capita months of covered service eligibility.

(f) The county per capita months of covered service eligibility is divided by the state per capita months of covered service eligibility to determine the county welfare caseload factor.

(g) The median married couple income for the most recent three-year period available for the state is divided by the median married couple income for the same period for each county to determine the income factor for each county.

(h) The county restricted population is multiplied by the sum of the county welfare caseload factor and the county income factor to determine the adjusted population.

(i) \$15,000 shall be allocated to each county.

(j) The remaining funds shall be allocated proportional to the county adjusted population.

Sec. 17. Minnesota Statutes 2006, section 254B.02, subdivision 5, is amended to read:

Subd. 5. **Administrative adjustment.** The commissioner may make payments to local agencies from money allocated under this section to support administrative activities under sections 254B.03 and 254B.04. The administrative payment must not exceed five percent of the first \$50,000, four percent of the next \$50,000, and three percent of the remaining payments for services from the allocation. ~~Twenty-five percent of the administrative allowance shall be advanced at the beginning of each quarter, based on the payments for services made in the most recent quarter for which data is available. Adjustment of any overestimate or underestimate based on actual expenditures shall be made by the state agency by adjusting the administrative allowance for any succeeding quarter.~~

Sec. 18. Minnesota Statutes 2006, section 254B.03, subdivision 1, is amended to read:

Subdivision 1. **Local agency duties.** (a) Every local agency shall provide chemical dependency services to persons residing within its jurisdiction who meet criteria established by the commissioner for placement in a chemical dependency residential or nonresidential treatment service. Chemical dependency money must be administered by the local agencies according to law and rules adopted by the commissioner under sections 14.001 to 14.69.

(b) In order to contain costs, the county board shall, with the approval of the commissioner of human services, select eligible vendors of chemical dependency services who can provide economical and appropriate treatment. Unless the local agency is a social services department directly administered by a county or human services board, the local agency shall not be an eligible vendor under section 254B.05. The commissioner may approve proposals from county boards to provide services in an economical manner or to control utilization, with safeguards to ensure that necessary services are provided. If a county implements a demonstration or experimental medical services funding plan, the commissioner shall transfer the money as appropriate. If a county selects a vendor located in another state, the county shall ensure that the vendor is in compliance with the rules governing licensure of programs located in the state.

~~(e) The calendar year 2002 rate for vendors may not increase more than three percent above the rate approved in effect on January 1, 2001. The calendar year 2003 rate for vendors may not increase more than three percent above the rate in effect on January 1, 2002. The calendar years 2004 and 2005 rates may not exceed the rate in effect on January 1, 2003.~~

~~(d)~~ (c) A culturally specific vendor that provides assessments under a variance under Minnesota Rules, part 9530.6610, shall be allowed to provide assessment services to persons not covered by the variance.

Sec. 19. Minnesota Statutes 2006, section 254B.03, subdivision 3, is amended to read:

Subd. 3. **Local agencies to pay state for county share.** ~~Local agencies shall submit invoices to the state on forms supplied by the commissioner and according to procedures established by the commissioner. Local agencies shall pay the state for the county share of the invoiced services authorized by the local agency. Payments shall be made at the beginning of each month for services provided in the previous month. The commissioner shall bill the county monthly for services, based on the most recent month for which expenditure information is available. Adjustment of any overestimate or underestimate based on actual expenditures shall be made by the state agency by adjusting the estimate for any succeeding month.~~

Sec. 20. Minnesota Statutes 2006, section 254B.06, subdivision 3, is amended to read:

Subd. 3. **Payment; denial.** The commissioner shall pay eligible vendors for placements made by local agencies under section 254B.03, subdivision 1, and placements by tribal designated agencies according to section 254B.09. The commissioner may reduce or deny payment of the state share when services are not provided according to the placement criteria established by the commissioner. The commissioner may pay for all or a portion of improper county chemical dependency placements and bill the county for the entire payment made when the placement did not comply with criteria established by the commissioner. The commissioner may make payments to vendors and charge the county 100 percent of the payments if documentation of a county approved placement is received more than 30 working days, exclusive of weekends and holidays, after the date services began; ~~or if the county approved invoice is received by the commissioner more than 120 days after the last date of service provided.~~ The commissioner shall not pay vendors until private insurance company claims have been settled.

Sec. 21. Minnesota Statutes 2006, section 256.01, is amended by adding a subdivision to read:

Subd. 25. **Base budget detail.** The commissioner shall provide the commissioner of finance with the information necessary to provide base budget detail to the legislature under section 16A.10, subdivision 2a.

Sec. 22. Minnesota Statutes 2006, section 256B.0625, subdivision 23, is amended to read:

Subd. 23. **Day treatment services.** Medical assistance covers day treatment services as specified in sections 245.462, subdivision 8, and 245.4871, subdivision 10, that are provided under contract with the county board. Notwithstanding Minnesota Rules, part 9505.0323, subpart 15, the commissioner may set authorization thresholds for day treatment for adults according to section 256B.0625, subdivision 25. Notwithstanding Minnesota Rules, part 9505.0323, subpart 15, effective July 1, 2004, medical assistance covers day treatment services for children as specified under section 256B.0943.

Sec. 23. **[256B.0636] PRESCRIBING OF CONTROLLED SUBSTANCES; ABUSE PREVENTION.**

The commissioner shall develop and implement a plan to:

(1) monitor the prescribing of controlled substances listed in section 152.02, subdivisions 3 and 4, and those substances defined by the Board of Pharmacy under section 152.02, subdivisions 8 and 12, by enrolled providers and providers under contract with participating managed care plans;

(2) require enrolled providers and providers under contract with participating managed care plans to report information related to potential patient abuse of the controlled substances to the commissioner, and the Board of Pharmacy; and

(3) provide education to Minnesota health care program enrollees on the proper use of controlled substances.

Sec. 24. Minnesota Statutes 2006, section 256B.0943, subdivision 6, is amended to read:

Subd. 6. **Provider entity clinical infrastructure requirements.** (a) To be an eligible provider entity under this section, a provider entity must have a clinical infrastructure that utilizes diagnostic assessment, an individualized treatment plan, service delivery, and individual treatment plan review that are culturally competent, child-centered, and family-driven to achieve maximum benefit for the client. The provider entity must review and update the clinical policies and procedures every three years and must distribute the policies and procedures to staff initially and upon each subsequent update.

(b) The clinical infrastructure written policies and procedures must include policies and procedures for:

(1) providing or obtaining a client's diagnostic assessment that identifies acute and chronic clinical disorders, co-occurring medical conditions, sources of psychological and environmental problems, and a functional assessment. The functional assessment must clearly summarize the client's individual strengths and needs;

(2) developing an individual treatment plan that is:

(i) based on the information in the client's diagnostic assessment;

(ii) developed no later than the end of the first psychotherapy session after the completion of the client's diagnostic assessment by the mental health professional who provides the client's psychotherapy;

(iii) developed through a child-centered, family-driven planning process that identifies service needs and individualized, planned, and culturally appropriate interventions that contain specific treatment goals and objectives for the client and the client's family or foster family;

(iv) reviewed at least once every 90 days and revised, if necessary; and

(v) signed by the client or, if appropriate, by the client's parent or other person authorized by statute to consent to mental health services for the client;

(3) developing an individual behavior plan that documents services to be provided by the mental health behavioral aide. The individual behavior plan must include:

(i) detailed instructions on the service to be provided;

(ii) time allocated to each service;

(iii) methods of documenting the child's behavior;

(iv) methods of monitoring the child's progress in reaching objectives; and

(v) goals to increase or decrease targeted behavior as identified in the individual treatment plan;

(4) clinical supervision of the mental health practitioner and mental health behavioral aide. A mental health professional must document the clinical supervision the professional provides by cosigning individual treatment plans and making entries in the client's record on supervisory activities. Clinical supervision does not include the authority to make or terminate court-ordered placements of the child. A clinical supervisor must be available for urgent consultation as required by the individual client's needs or the situation. Clinical supervision may occur individually or in a small group to discuss treatment and review progress toward goals. The focus of clinical supervision must be the client's treatment needs and progress and the mental health practitioner's or behavioral aide's ability to provide services;

(4a) CTSS certified provider entities providing day treatment programs must meet the conditions in items (i) to (iii):

(i) the ~~provider supervisor~~ must be present and available on the premises more than 50 percent of the time in a five-working-day period during which the supervisee is providing a mental health service;

(ii) the diagnosis and the client's individual treatment plan or a change in the diagnosis or individual treatment plan must be made by or reviewed, approved, and signed by the ~~provider supervisor~~; and

(iii) every 30 days, the supervisor must review and sign the record of the client's care for all activities in the preceding 30-day period;

(4b) for all other services provided under CTSS, clinical supervision standards provided in items (i) to (iii) must be used:

(i) medical assistance shall reimburse a mental health practitioner who maintains a consulting relationship with a mental health professional who accepts full professional responsibility and is present on site for at least one observation during the first 12 hours in which the mental health practitioner provides the individual, family, or group skills training to the child or the child's family;

(ii) thereafter, the mental health professional is required to be present on site for observation as clinically appropriate when the mental health practitioner is providing individual, family, or group skills training to the child or the child's family; and

(iii) the observation must be a minimum of one clinical unit. The on-site presence of the mental health professional must be documented in the child's record and signed by the mental health professional who accepts full professional responsibility;

(5) providing direction to a mental health behavioral aide. For entities that employ mental health behavioral aides, the clinical supervisor must be employed by the provider entity or other certified children's therapeutic supports and services provider entity to ensure necessary and appropriate oversight for the client's treatment and continuity of care. The mental health professional or mental health practitioner giving direction must begin with the goals on the individualized treatment plan, and instruct the mental health behavioral aide on how to construct therapeutic activities and interventions that will lead to goal attainment. The professional or practitioner giving direction must also instruct the mental health behavioral aide about the client's diagnosis, functional status, and other characteristics that are likely to affect service delivery. Direction must also include determining that the mental health behavioral aide has the skills to interact with the client and the client's family in ways that convey personal and cultural respect and that the aide actively solicits information relevant to treatment from the family. The aide must be able to clearly explain the activities the aide is doing with the client and the activities' relationship to

treatment goals. Direction is more didactic than is supervision and requires the professional or practitioner providing it to continuously evaluate the mental health behavioral aide's ability to carry out the activities of the individualized treatment plan and the individualized behavior plan. When providing direction, the professional or practitioner must:

(i) review progress notes prepared by the mental health behavioral aide for accuracy and consistency with diagnostic assessment, treatment plan, and behavior goals and the professional or practitioner must approve and sign the progress notes;

(ii) identify changes in treatment strategies, revise the individual behavior plan, and communicate treatment instructions and methodologies as appropriate to ensure that treatment is implemented correctly;

(iii) demonstrate family-friendly behaviors that support healthy collaboration among the child, the child's family, and providers as treatment is planned and implemented;

(iv) ensure that the mental health behavioral aide is able to effectively communicate with the child, the child's family, and the provider; and

(v) record the results of any evaluation and corrective actions taken to modify the work of the mental health behavioral aide;

(6) providing service delivery that implements the individual treatment plan and meets the requirements under subdivision 9; and

(7) individual treatment plan review. The review must determine the extent to which the services have met the goals and objectives in the previous treatment plan. The review must assess the client's progress and ensure that services and treatment goals continue to be necessary and appropriate to the client and the client's family or foster family. Revision of the individual treatment plan does not require a new diagnostic assessment unless the client's mental health status has changed markedly. The updated treatment plan must be signed by the client, if appropriate, and by the client's parent or other person authorized by statute to give consent to the mental health services for the child.

Sec. 25. Minnesota Statutes 2006, section 256B.0943, subdivision 9, is amended to read:

Subd. 9. **Service delivery criteria.** (a) In delivering services under this section, a certified provider entity must ensure that:

(1) each individual provider's caseload size permits the provider to deliver services to both clients with severe, complex needs and clients with less intensive needs. The provider's caseload size should reasonably enable the provider to play an active role in service planning, monitoring, and delivering services to meet the client's and client's family's needs, as specified in each client's individual treatment plan;

(2) site-based programs, including day treatment and preschool programs, provide staffing and facilities to ensure the client's health, safety, and protection of rights, and that the programs are able to implement each client's individual treatment plan;

(3) a day treatment program is provided to a group of clients by a multidisciplinary team under the clinical supervision of a mental health professional. The day treatment program must be provided in and by: (i) an outpatient hospital accredited by the Joint Commission on Accreditation of Health Organizations and licensed under sections 144.50 to 144.55; (ii) a community mental health center under section 245.62; and (iii) an entity that is under contract with the county board to operate a program that meets the requirements of sections 245.4712,

subdivision 2, and 245.4884, subdivision 2, and Minnesota Rules, parts 9505.0170 to 9505.0475. The day treatment program must stabilize the client's mental health status while developing and improving the client's independent living and socialization skills. The goal of the day treatment program must be to reduce or relieve the effects of mental illness and provide training to enable the client to live in the community. The program must be available at least one day a week for a ~~minimum~~ three-hour time block. The three-hour time block must include at least one hour, but no more than two hours, of individual or group psychotherapy. The remainder of the three-hour time block may include recreation therapy, socialization therapy, or independent living skills therapy, but only if the therapies are included in the client's individual treatment plan. Day treatment programs are not part of inpatient or residential treatment services; and

(4) a preschool program is a structured treatment program offered to a child who is at least 33 months old, but who has not yet reached the first day of kindergarten, by a preschool multidisciplinary team in a day program licensed under Minnesota Rules, parts 9503.0005 to 9503.0175. The program must be available at least one day a week for a minimum two-hour time block. The structured treatment program may include individual or group psychotherapy and recreation therapy, socialization therapy, or independent living skills therapy, if included in the client's individual treatment plan.

(b) A provider entity must deliver the service components of children's therapeutic services and supports in compliance with the following requirements:

(1) individual, family, and group psychotherapy must be delivered as specified in Minnesota Rules, part 9505.0323;

(2) individual, family, or group skills training must be provided by a mental health professional or a mental health practitioner who has a consulting relationship with a mental health professional who accepts full professional responsibility for the training;

(3) crisis assistance must be time-limited and designed to resolve or stabilize crisis through arrangements for direct intervention and support services to the child and the child's family. Crisis assistance must utilize resources designed to address abrupt or substantial changes in the functioning of the child or the child's family as evidenced by a sudden change in behavior with negative consequences for well being, a loss of usual coping mechanisms, or the presentation of danger to self or others;

(4) medically necessary services that are provided by a mental health behavioral aide must be designed to improve the functioning of the child and support the family in activities of daily and community living. A mental health behavioral aide must document the delivery of services in written progress notes. The mental health behavioral aide must implement goals in the treatment plan for the child's emotional disturbance that allow the child to acquire developmentally and therapeutically appropriate daily living skills, social skills, and leisure and recreational skills through targeted activities. These activities may include:

(i) assisting a child as needed with skills development in dressing, eating, and toileting;

(ii) assisting, monitoring, and guiding the child to complete tasks, including facilitating the child's participation in medical appointments;

(iii) observing the child and intervening to redirect the child's inappropriate behavior;

(iv) assisting the child in using age-appropriate self-management skills as related to the child's emotional disorder or mental illness, including problem solving, decision making, communication, conflict resolution, anger management, social skills, and recreational skills;

- (v) implementing deescalation techniques as recommended by the mental health professional;
- (vi) implementing any other mental health service that the mental health professional has approved as being within the scope of the behavioral aide's duties; or
- (vii) assisting the parents to develop and use parenting skills that help the child achieve the goals outlined in the child's individual treatment plan or individual behavioral plan. Parenting skills must be directed exclusively to the child's treatment; and

(5) direction of a mental health behavioral aide must include the following:

- (i) a total of one hour of on-site observation by a mental health professional during the first 12 hours of service provided to a child;
- (ii) ongoing on-site observation by a mental health professional or mental health practitioner for at least a total of one hour during every 40 hours of service provided to a child; and
- (iii) immediate accessibility of the mental health professional or mental health practitioner to the mental health behavioral aide during service provision.

Sec. 26. Minnesota Statutes 2006, section 256B.0943, subdivision 11, is amended to read:

Subd. 11. **Documentation and billing.** (a) A provider entity must document the services it provides under this section. The provider entity must ensure that the entity's documentation standards meet the requirements of federal and state laws. Services billed under this section that are not documented according to this subdivision shall be subject to monetary recovery by the commissioner. The provider entity may not bill for anything other than direct service time.

(b) An individual mental health provider must promptly document the following in a client's record after providing services to the client:

- (1) each occurrence of the client's mental health service, including the date, type, length, and scope of the service;
- (2) the name of the person who gave the service;
- (3) contact made with other persons interested in the client, including representatives of the courts, corrections systems, or schools. The provider must document the name and date of each contact;
- (4) any contact made with the client's other mental health providers, case manager, family members, primary caregiver, legal representative, or the reason the provider did not contact the client's family members, primary caregiver, or legal representative, if applicable; and
- (5) required clinical supervision, as appropriate.

Sec. 27. Minnesota Statutes 2006, section 256B.0943, subdivision 12, is amended to read:

Subd. 12. **Excluded services.** The following services are not eligible for medical assistance payment as children's therapeutic services and supports:

- (1) service components of children's therapeutic services and supports simultaneously provided by more than one provider entity unless prior authorization is obtained;

(2) children's therapeutic services and supports provided in violation of medical assistance policy in Minnesota Rules, part 9505.0220;

(3) mental health behavioral aide services provided by a personal care assistant who is not qualified as a mental health behavioral aide and employed by a certified children's therapeutic services and supports provider entity;

(4) service components of CTSS that are the responsibility of a residential or program license holder, including foster care providers under the terms of a service agreement or administrative rules governing licensure; ~~and~~

(5) adjunctive activities that may be offered by a provider entity but are not otherwise covered by medical assistance, including:

(i) a service that is primarily recreation oriented or that is provided in a setting that is not medically supervised. This includes sports activities, exercise groups, activities such as craft hours, leisure time, social hours, meal or snack time, trips to community activities, and tours;

(ii) a social or educational service that does not have or cannot reasonably be expected to have a therapeutic outcome related to the client's emotional disturbance;

(iii) consultation with other providers or service agency staff about the care or progress of a client;

(iv) prevention or education programs provided to the community; and

(v) treatment for clients with primary diagnoses of alcohol or other drug abuse; and

(6) activities that are not direct service time.

Sec. 28. **[256B.764] REIMBURSEMENT FOR FAMILY PLANNING SERVICES.**

Effective for services rendered on or after July 1, 2007, payment rates for family planning services shall be increased by 25 percent over the rates in effect July 30, 2007, when these services are provided by a community clinic as defined in section 145.9268, subdivision 1.

Sec. 29. Minnesota Statutes 2006, section 256E.35, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Family asset account" means a savings account opened by a household participating in the Minnesota family assets for independence initiative.

(c) "Fiduciary organization" means:

(1) a community action agency that has obtained recognition under section ~~268.53~~ 256E.31;

(2) a federal community development credit union serving the seven-county metropolitan area; or

(3) a women-oriented economic development agency serving the seven-county metropolitan area.

(d) "Financial institution" means a bank, bank and trust, savings bank, savings association, or credit union, the deposits of which are insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration.

(e) "Permissible use" means:

(1) postsecondary educational expenses at an accredited public postsecondary institution including books, supplies, and equipment required for courses of instruction;

(2) acquisition costs of acquiring, constructing, or reconstructing a residence, including any usual or reasonable settlement, financing, or other closing costs;

(3) business capitalization expenses for expenditures on capital, plant, equipment, working capital, and inventory expenses of a legitimate business pursuant to a business plan approved by the fiduciary organization; and

(4) acquisition costs of a principal residence within the meaning of section 1034 of the Internal Revenue Code of 1986 which do not exceed 100 percent of the average area purchase price applicable to the residence determined according to section 143(e)(2) and (3) of the Internal Revenue Code of 1986.

(f) "Household" means all individuals who share use of a dwelling unit as primary quarters for living and eating separate from other individuals.

Sec. 30. **[525A.01] SHORT TITLE.**

This chapter may be cited as the "Darlene Luther Revised Uniform Anatomical Gift Act."

Sec. 31. **[525A.02] DEFINITIONS.**

Subdivision 1. **Scope.** The definitions in this section apply to this chapter.

Subd. 2. **Adult.** "Adult" means an individual who is at least 18 years of age.

Subd. 3. **Agent.** "Agent" means an individual who is:

(1) authorized to make health care decisions on the principal's behalf by a power of attorney for health care; or

(2) expressly authorized to make an anatomical gift on the principal's behalf by any other record signed by the principal.

Subd. 4. **Anatomical gift.** "Anatomical gift" means a donation of all or part of a human body to take effect after the donor's death for the purpose of transplantation, therapy, research, or education.

Subd. 5. **Decedent.** "Decedent" means a deceased individual and includes a stillborn infant or an embryo or fetus that has died of natural causes in utero.

Subd. 6. **Disinterested witness.** "Disinterested witness" means a witness other than the spouse, child, parent, sibling, grandchild, grandparent, or guardian of the individual who makes, amends, revokes, or refuses to make an anatomical gift, or another adult who exhibited special care and concern for the individual. The term does not include a person to which an anatomical gift could pass under section 525A.11.

Subd. 7. **Document of gift.** "Document of gift" means a donor card or other record used to make an anatomical gift. The term includes a statement or symbol on a driver's license, identification card, or donor registry.

Subd. 8. **Donor.** "Donor" means an individual whose body or part is the subject of an anatomical gift.

Subd. 9. **Donor registry.** "Donor registry" means a database that contains records of anatomical gifts and amendments to or revocations of anatomical gifts.

Subd. 10. **Driver's license.** "Driver's license" means a license or permit issued under chapter 171 to operate a vehicle, whether or not conditions are attached to the license or permit.

Subd. 11. **Eye bank.** "Eye bank" means a person that is licensed, accredited, or regulated under federal or state law to engage in the recovery, screening, testing, processing, storage, or distribution of human eyes or portions of human eyes.

Subd. 12. **Guardian.** "Guardian" means a person appointed by a court to make decisions regarding the support, care, education, health, or welfare of an individual. The term does not include a guardian ad litem.

Subd. 13. **Hospital.** "Hospital" means a facility licensed as a hospital under the law of any state or a facility operated as a hospital by the United States, a state, or a subdivision of a state.

Subd. 14. **Identification card.** "Identification card" means a Minnesota identification card issued under chapter 171.

Subd. 15. **Know.** "Know" means to have actual knowledge.

Subd. 16. **Medical examiner.** "Medical examiner" includes coroner.

Subd. 17. **Minor.** "Minor" means an individual who is under 18 years of age.

Subd. 18. **Organ procurement organization.** "Organ procurement organization" means a person designated by the secretary of the United States Department of Health and Human Services as an organ procurement organization.

Subd. 19. **Parent.** "Parent" means a parent whose parental rights have not been terminated.

Subd. 20. **Part.** "Part" means an organ, an eye, or tissue of a human being. The term does not include the whole body.

Subd. 21. **Person.** "Person" means an individual, corporation, business trust, estate, trust, partnership, limited liability company, association, joint venture, public corporation, government or governmental subdivision, agency, or instrumentality, or any other legal or commercial entity.

Subd. 22. **Physician.** "Physician" means an individual authorized to practice medicine or osteopathy under the law of any state.

Subd. 23. **Procurement organization.** "Procurement organization" means an eye bank, organ procurement organization, or tissue bank.

Subd. 24. **Prospective donor.** "Prospective donor" means an individual who is dead or near death and has been determined by a procurement organization to have a part that could be medically suitable for transplantation, therapy, research, or education. The term does not include an individual who has made a refusal.

Subd. 25. **Reasonably available.** "Reasonably available" means able to be contacted by a procurement organization without undue effort and willing and able to act in a timely manner consistent with existing medical criteria necessary for the making of an anatomical gift.

Subd. 26. **Recipient.** "Recipient" means an individual into whose body a decedent's part has been or is intended to be transplanted.

Subd. 27. **Record.** "Record" means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

Subd. 28. **Refusal.** "Refusal" means a record created under section 525A.07 that expressly states an intent to bar other persons from making an anatomical gift of an individual's body or part.

Subd. 29. **Sign.** "Sign" means, with the present intent to authenticate or adopt a record:

(1) to execute or adopt a tangible symbol; or

(2) to attach to or logically associate with the record an electronic symbol, sound, or process.

Subd. 30. **State.** "State" means a state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States.

Subd. 31. **Technician.** "Technician" means an individual determined to be qualified to remove or process parts by an appropriate organization that is licensed, accredited, or regulated under federal or state law. The term includes an enucleator.

Subd. 32. **Tissue.** "Tissue" means a portion of the human body other than an organ or an eye. The term does not include blood unless the blood is donated for the purpose of research or education.

Subd. 33. **Tissue bank.** "Tissue bank" means a person that is licensed, accredited, or regulated under federal or state law to engage in the recovery, screening, testing, processing, storage, or distribution of tissue.

Subd. 34. **Transplant hospital.** "Transplant hospital" means a hospital that furnishes organ transplants and other medical and surgical specialty services required for the care of transplant patients.

Sec. 32. **[525A.03] APPLICABILITY.**

This chapter applies to an anatomical gift or amendment to, revocation of, or refusal to make an anatomical gift, whenever made.

Sec. 33. **[525A.04] WHO MAY MAKE ANATOMICAL GIFT BEFORE DONOR'S DEATH.**

Subject to section 525A.08, an anatomical gift of a donor's body or part may be made during the life of the donor for the purpose of transplantation, therapy, research, or education in the manner provided in section 525A.05 by:

(1) the donor, if the donor is an adult or if the donor is a minor and is:

(i) emancipated; or

(ii) authorized under state law to apply for a driver's license because the donor is at least 16 years of age;

(2) an agent of the donor, unless the power of attorney for health care or other record prohibits the agent from making an anatomical gift;

(3) a parent of the donor, if the donor is an unemancipated minor; or

(4) the donor's guardian.

Sec. 34. **[525A.05] MANNER OF MAKING ANATOMICAL GIFT BEFORE DONOR'S DEATH.**

(a) A donor may make an anatomical gift:

(1) by authorizing a statement or symbol indicating that the donor has made an anatomical gift to be imprinted on the donor's driver's license or identification card;

(2) in a will;

(3) during a terminal illness or injury of the donor, by any form of communication addressed to at least two adults, at least one of whom is a disinterested witness; or

(4) as provided in paragraph (b).

(b) A donor or other person authorized to make an anatomical gift under section 525A.04 may make a gift by a donor card or other record signed by the donor or other person making the gift or by authorizing that a statement or symbol indicating that the donor has made an anatomical gift be included on a donor registry. If the donor or other person is physically unable to sign a record, the record may be signed by another individual at the direction of the donor or other person and must:

(1) be witnessed by at least two adults, at least one of whom is a disinterested witness, who have signed at the request of the donor or the other person; and

(2) state that it has been signed and witnessed as provided in clause (1).

(c) Revocation, suspension, expiration, or cancellation of a driver's license or identification card upon which an anatomical gift is indicated does not invalidate the gift.

(d) An anatomical gift made by will takes effect upon the donor's death whether or not the will is probated. Invalidation of the will after the donor's death does not invalidate the gift.

(e) The making of an anatomical gift shall not itself authorize or direct the denial of health care.

Sec. 35. **[525A.06] AMENDING OR REVOKING ANATOMICAL GIFT BEFORE DONOR'S DEATH.**

(a) Subject to section 525A.08, a donor or other person authorized to make an anatomical gift under section 525A.04 may amend or revoke an anatomical gift by:

(1) a record signed by:

(i) the donor;

(ii) the other person; or

(iii) subject to paragraph (b), another individual acting at the direction of the donor or the other person if the donor or other person is physically unable to sign; or

(2) a later-executed document of gift that amends or revokes a previous anatomical gift or portion of an anatomical gift, either expressly or by inconsistency.

(b) A record signed pursuant to paragraph (a), clause (1), item (iii), must:

(1) be witnessed by at least two adults, at least one of whom is a disinterested witness, who have signed at the request of the donor or the other person; and

(2) state that it has been signed and witnessed as provided in clause (1).

(c) Subject to section 525A.08, a donor or other person authorized to make an anatomical gift under section 525A.04 may revoke an anatomical gift by the destruction or cancellation of the document of gift, or the portion of the document of gift used to make the gift, with the intent to revoke the gift.

(d) A donor may amend or revoke an anatomical gift that was not made in a will by any form of communication during a terminal illness or injury addressed to at least two adults, at least one of whom is a disinterested witness.

(e) A donor who makes an anatomical gift in a will may amend or revoke the gift in the manner provided for amendment or revocation of wills or as provided in paragraph (a).

Sec. 36. **[525A.07] REFUSAL TO MAKE ANATOMICAL GIFT; EFFECT OF REFUSAL.**

(a) An individual may refuse to make an anatomical gift of the individual's body or part by:

(1) a record signed by:

(i) the individual; or

(ii) subject to paragraph (b), another individual acting at the direction of the individual if the individual is physically unable to sign;

(2) the individual's will, whether or not the will is admitted to probate or invalidated after the individual's death;
or

(3) any form of communication made by the individual during the individual's terminal illness or injury addressed to at least two adults, at least one of whom is a disinterested witness.

(b) A record signed pursuant to paragraph (a), clause (1), item (ii), must:

(1) be witnessed by at least two adults, at least one of whom is a disinterested witness, who have signed at the request of the individual; and

(2) state that it has been signed and witnessed as provided in clause (1).

(c) An individual who has made a refusal may amend or revoke the refusal:

(1) in the manner provided in paragraph (a) for making a refusal;

(2) by subsequently making an anatomical gift pursuant to section 525A.05 that is inconsistent with the refusal;
or

(3) by destroying or canceling the record evidencing the refusal, or the portion of the record used to make the refusal, with the intent to revoke the refusal.

(d) Except as otherwise provided in section 525A.08, paragraph (h), in the absence of an express, contrary indication by the individual set forth in the refusal, an individual's unrevoked refusal to make an anatomical gift of the individual's body or part bars all other persons from making an anatomical gift of the individual's body or part.

Sec. 37. [525A.08] PRECLUSIVE EFFECT OF ANATOMICAL GIFT, AMENDMENT, OR REVOCATION.

(a) Except as otherwise provided in paragraph (g) and subject to paragraph (f), in the absence of an express, contrary indication by the donor, a person other than the donor is barred from making, amending, or revoking an anatomical gift of a donor's body or part if the donor made an anatomical gift of the donor's body or part under section 525A.05 or an amendment to an anatomical gift of the donor's body or part under section 525A.06. An anatomical gift made in a will, a designation on a driver's license or identification card, or a health care directive under chapter 145C, and not revoked, establishes the intent of the person making the designation and may not be overridden by any other person.

(b) A donor's revocation of an anatomical gift of the donor's body or part under section 525A.06 is not a refusal and does not bar another person specified in section 525A.04 or 525A.09 from making an anatomical gift of the donor's body or part under section 525A.05 or 525A.10.

(c) If a person other than the donor makes an unrevoked anatomical gift of the donor's body or part under section 525A.05 or an amendment to an anatomical gift of the donor's body or part under section 525A.06, another person may not make, amend, or revoke the gift of the donor's body or part under section 525A.10.

(d) A revocation of an anatomical gift of a donor's body or part under section 525A.06 by a person other than the donor does not bar another person from making an anatomical gift of the body or part under section 525A.05 or 525A.10.

(e) In the absence of an express, contrary indication by the donor or other person authorized to make an anatomical gift under section 525A.04, an anatomical gift of a part is neither a refusal to give another part nor a limitation on the making of an anatomical gift of another part at a later time by the donor or another person.

(f) In the absence of an express, contrary indication by the donor or other person authorized to make an anatomical gift under section 525A.04, an anatomical gift of a part for one or more of the purposes set forth in section 525A.04 is not a limitation on the making of an anatomical gift of the part for any of the other purposes by the donor or any other person under section 525A.05 or 525A.10.

(g) If a donor who is an unemancipated minor dies, a parent of the donor who is reasonably available may revoke or amend an anatomical gift of the donor's body or part.

(h) If an unemancipated minor who signed a refusal dies, a parent of the minor who is reasonably available may revoke the minor's refusal.

Sec. 38. [525A.09] WHO MAY MAKE ANATOMICAL GIFT OF DECEDENT'S BODY OR PART.

(a) Subject to paragraphs (b) and (c) and unless barred by section 525A.07 or 525A.08, an anatomical gift of a decedent's body or part for the purpose of transplantation, therapy, research, or education may be made by any member of the following classes of persons who is reasonably available, in the order of priority listed:

(1) an agent of the decedent at the time of death who could have made an anatomical gift under section 525A.04, clause (2), immediately before the decedent's death;

- (2) the spouse of the decedent;
- (3) adult children of the decedent;
- (4) parents of the decedent;
- (5) adult siblings of the decedent;
- (6) adult grandchildren of the decedent;
- (7) grandparents of the decedent;
- (8) an adult who exhibited special care and concern for the decedent;
- (9) the persons who were acting as the guardians of the person of the decedent at the time of death; and
- (10) any other person having the authority to dispose of the decedent's body.

(b) If there is more than one member of a class listed in paragraph (a), clause (1), (3), (4), (5), (6), (7), or (9), entitled to make an anatomical gift, an anatomical gift may be made by a member of the class unless that member or a person to which the gift may pass under section 525A.11 knows of an objection by another member of the class. If an objection is known, the gift may be made only by a majority of the members of the class who are reasonably available.

(c) A person may not make an anatomical gift if, at the time of the decedent's death, a person in a prior class under paragraph (a) is reasonably available to make or to object to the making of an anatomical gift.

Sec. 39. [525A.10] MANNER OF MAKING, AMENDING, OR REVOKING ANATOMICAL GIFT OF DECEDENT'S BODY OR PART.

(a) A person authorized to make an anatomical gift under section 525A.09 may make an anatomical gift by a document of gift signed by the person making the gift or by that person's oral communication that is electronically recorded or is contemporaneously reduced to a record and signed by the individual receiving the oral communication.

(b) Subject to paragraph (c), an anatomical gift by a person authorized under section 525A.09 may be amended or revoked orally or in a record by any member of a prior class who is reasonably available. If more than one member of the prior class is reasonably available, the gift made by a person authorized under section 525A.09 may be:

- (1) amended only if a majority of the reasonably available members agree to the amending of the gift; or
 - (2) revoked only if a majority of the reasonably available members agree to the revoking of the gift or if they are equally divided as to whether to revoke the gift.
- (c) A revocation under paragraph (b) is effective only if, before an incision has been made to remove a part from the donor's body or before invasive procedures have begun to prepare the recipient, the procurement organization, transplant hospital, or physician or technician knows of the revocation.

Sec. 40. **[525A.11] PERSONS THAT MAY RECEIVE ANATOMICAL GIFT; PURPOSE OF ANATOMICAL GIFT.**

(a) An anatomical gift may be made to the following persons named in the document of gift:

(1) a hospital; accredited medical school, dental school, college, or university; organ procurement organization; or nonprofit organization in medical education or research, for research or education;

(2) subject to paragraph (b), an individual designated by the person making the anatomical gift if the individual is the recipient of the part; and

(3) an eye bank or tissue bank.

(b) If an anatomical gift to an individual under paragraph (a), clause (2), cannot be transplanted into the individual, the part passes in accordance with paragraph (g) in the absence of an express, contrary indication by the person making the anatomical gift.

(c) If an anatomical gift of one or more specific parts or of all parts is made in a document of gift that does not name a person described in paragraph (a) but identifies the purpose for which an anatomical gift may be used, the following rules apply:

(1) if the part is an eye and the gift is for the purpose of transplantation or therapy, the gift passes to the appropriate eye bank;

(2) if the part is tissue and the gift is for the purpose of transplantation or therapy, the gift passes to the appropriate tissue bank;

(3) if the part is an organ and the gift is for the purpose of transplantation or therapy, the gift passes to the appropriate organ procurement organization as custodian of the organ; and

(4) if the part is an organ, an eye, or tissue and the gift is for the purpose of research or education, the gift passes to the appropriate procurement organization.

(d) For the purpose of paragraph (c), if there is more than one purpose of an anatomical gift set forth in the document of gift but the purposes are not set forth in any priority, the gift must be used for transplantation or therapy, if suitable. If the gift cannot be used for transplantation or therapy, the gift may be used for research or education.

(e) If an anatomical gift of one or more specific parts is made in a document of gift that does not name a person described in paragraph (a) and does not identify the purpose of the gift, the gift may be used only for transplantation or therapy, and the gift passes in accordance with paragraph (g).

(f) If a document of gift specifies only a general intent to make an anatomical gift by words such as "donor," "organ donor," or "body donor," or by a symbol or statement of similar import, the gift may be used only for transplantation or therapy, and the gift passes in accordance with paragraph (g).

(g) For purposes of paragraphs (b), (e), and (f), the following rules apply:

(1) if the part is an eye, the gift passes to the appropriate eye bank;

(2) if the part is tissue, the gift passes to the appropriate tissue bank; and

(3) if the part is an organ, the gift passes to the appropriate organ procurement organization as custodian of the organ.

(h) An anatomical gift of an organ for transplantation or therapy, other than an anatomical gift under paragraph (a), clause (2), passes to the organ procurement organization as custodian of the organ.

(i) If an anatomical gift does not pass pursuant to paragraphs (a) to (h) or the decedent's body or part is not used for transplantation, therapy, research, or education, custody of the body or part passes to the person under obligation to dispose of the body or part.

(j) A person may not accept an anatomical gift if the person knows that the gift was not effectively made under section 525A.05 or 525A.10 or if the person knows that the decedent made a refusal under section 525A.07 that was not revoked. For purposes of this paragraph, if a person knows that an anatomical gift was made on a document of gift, the person is deemed to know of any amendment or revocation of the gift or any refusal to make an anatomical gift on the same document of gift.

(k) Except as otherwise provided in paragraph (a), clause (2), nothing in this chapter affects the allocation of organs for transplantation or therapy.

Sec. 41. **[525A.12] SEARCH AND NOTIFICATION.**

(a) The following persons shall make a reasonable search of an individual who the person reasonably believes is dead or near death for a document of gift or other information identifying the individual as a donor or as an individual who made a refusal:

(1) a law enforcement officer, firefighter, paramedic, or other emergency rescuer finding the individual; and

(2) if no other source of the information is immediately available, a hospital, as soon as practical after the individual's arrival at the hospital.

(b) If a document of gift or a refusal to make an anatomical gift is located by the search required by paragraph (a), clause (1), and the individual or deceased individual to whom it relates is taken to a hospital, the person responsible for conducting the search shall send the document of gift or refusal to the hospital. If a body is transferred to the custody of the medical examiner, the person who discovered the body must notify the person's dispatcher. A dispatcher notified under this section must notify the state's federally designated organ procurement organization and inform the organization of the deceased's name, donor status, and location.

(c) A person is not subject to criminal or civil liability for failing to discharge the duties imposed by this section but may be subject to administrative sanctions.

Sec. 42. **[525A.13] DELIVERY OF DOCUMENT OF GIFT NOT REQUIRED; RIGHT TO EXAMINE.**

(a) A document of gift need not be delivered during the donor's lifetime to be effective.

(b) Upon or after an individual's death, a person in possession of a document of gift or a refusal to make an anatomical gift with respect to the individual shall allow examination and copying of the document of gift or refusal by a person authorized to make or object to the making of an anatomical gift with respect to the individual or by a person to which the gift could pass under section 525A.11.

Sec. 43. **[525A.14] RIGHTS AND DUTIES OF PROCUREMENT ORGANIZATION AND OTHERS.**

(a) When a hospital refers an individual at or near death to a procurement organization, the organization shall make a reasonable search of the records of the Department of Public Safety and any donor registry that it knows exists for the geographical area in which the individual resides to ascertain whether the individual has made an anatomical gift.

(b) A procurement organization must be allowed reasonable access to information in the records of the Department of Public Safety to ascertain whether an individual at or near death is a donor.

(c) When a hospital refers an individual at or near death to a procurement organization, the organization may conduct any reasonable examination necessary to ensure the medical suitability of a part that is or could be the subject of an anatomical gift for transplantation, therapy, research, or education from a donor or a prospective donor. During the examination period, measures necessary to ensure the medical suitability of the part may not be withdrawn unless the hospital or procurement organization knows that the individual expressed a contrary intent.

(d) Unless prohibited by law other than this chapter, at any time after a donor's death, the person to which a part passes under section 525A.11 may conduct any reasonable examination necessary to ensure the medical suitability of the body or part for its intended purpose.

(e) Unless prohibited by law other than this chapter, an examination under paragraph (c) or (d) may include an examination of all medical and dental records of the donor or prospective donor.

(f) Upon the death of a minor who was a donor or had signed a refusal, unless a procurement organization knows the minor is emancipated, the procurement organization shall conduct a reasonable search for the parents of the minor and provide the parents with an opportunity to revoke or amend the anatomical gift or revoke the refusal.

(g) Upon referral by a hospital under paragraph (a), a procurement organization shall make a reasonable search for any person listed in section 525A.09 having priority to make an anatomical gift on behalf of a prospective donor. If a procurement organization receives information that an anatomical gift to any other person was made, amended, or revoked, it shall promptly advise the other person of all relevant information.

(h) Subject to sections 525A.11, paragraph (i), and 525A.23, the rights of the person to which a part passes under section 525A.11 are superior to the rights of all others with respect to the part. The person may accept or reject an anatomical gift in whole or in part. Subject to the terms of the document of gift and this chapter, a person that accepts an anatomical gift of an entire body may allow embalming, burial, or cremation, and use of remains in a funeral service. If the gift is of a part, the person to which the part passes under section 525A.11, upon the death of the donor and before embalming, burial, or cremation, shall cause the part to be removed without unnecessary mutilation.

(i) Neither the physician who attends the decedent at death nor the physician who determines the time of the decedent's death may participate in the procedures for removing or transplanting a part from the decedent.

(j) A physician or technician may remove a donated part from the body of a donor that the physician or technician is qualified to remove.

Sec. 44. **[525A.15] COORDINATION OF PROCUREMENT AND USE.**

Each hospital in this state shall enter into agreements or affiliations with procurement organizations for coordination of procurement and use of anatomical gifts.

Sec. 45. **[525A.16] SALE OR PURCHASE OF PARTS PROHIBITED; FELONY.**

(a) Except as otherwise provided in paragraph (b), a person that, for valuable consideration, knowingly purchases or sells a part for transplantation or therapy if removal of a part from an individual is intended to occur after the individual's death, commits a felony and upon conviction is subject to a fine not exceeding \$10,000 or imprisonment not exceeding five years, or both.

(b) A person may charge a reasonable amount for the removal, processing, preservation, quality control, storage, transportation, implantation, or disposal of a part.

Sec. 46. **[525A.17] PROHIBITED ACTS; FELONY.**

A person that, in order to obtain a financial gain, intentionally falsifies, forges, conceals, defaces, or obliterates a document of gift, an amendment or revocation of a document of gift, or a refusal commits a felony and upon conviction is subject to a fine not exceeding \$10,000 or imprisonment not exceeding five years, or both.

Sec. 47. **[525A.18] IMMUNITY.**

(a) A person that acts in accordance with this chapter or with the applicable anatomical gift law of another state, or attempts in good faith to do so, is not liable for the act in a civil action, criminal prosecution, or administrative proceeding.

(b) Neither the person making an anatomical gift nor the donor's estate is liable for any injury or damage that results from the making or use of the gift.

(c) In determining whether an anatomical gift has been made, amended, or revoked under this chapter, a person may rely upon representations of an individual listed in section 525A.09, paragraph (a), clause (2), (3), (4), (5), (6), (7), or (8), relating to the individual's relationship to the donor or prospective donor unless the person knows that the representation is untrue.

(d) An anatomical gift under this chapter is not a sale of goods as that term is defined in section 336.2-105, paragraph (1), or the sale of a product.

Sec. 48. **[525A.19] LAW GOVERNING VALIDITY; CHOICE OF LAW AS TO EXECUTION OF DOCUMENT OF GIFT; PRESUMPTION OF VALIDITY.**

(a) A document of gift is valid if executed in accordance with:

(1) this chapter;

(2) the laws of the state or country where it was executed; or

(3) the laws of the state or country where the person making the anatomical gift was domiciled, has a place of residence, or was a national at the time the document of gift was executed.

(b) If a document of gift is valid under this section, the law of this state governs the interpretation of the document of gift.

(c) A person may presume that a document of gift or amendment of an anatomical gift is valid unless that person knows that it was not validly executed or was revoked.

Sec. 49. **[525A.20] DONOR REGISTRY.**

(a) The Department of Health may establish or contract for the establishment of a donor registry.

(b) The Department of Public Safety shall cooperate with a person that administers any donor registry that this state establishes, contracts for, or recognizes for the purpose of transferring to the donor registry all relevant information regarding a donor's making, amendment to, or revocation of an anatomical gift.

(c) A donor registry must:

(1) allow a donor or other person authorized under section 525A.04 to include on the donor registry a statement or symbol that the donor has made, amended, or revoked an anatomical gift;

(2) be accessible to a procurement organization to allow it to obtain relevant information on the donor registry to determine, at or near death of the donor or a prospective donor, whether the donor or prospective donor has made, amended, or revoked an anatomical gift; and

(3) be accessible, for purposes of clauses (1) and (2), seven days a week on a 24-hour basis.

(d) Personally identifiable information on a donor registry about a donor or prospective donor may not be used or disclosed without the express consent of the donor, prospective donor, or person that made the anatomical gift for any purpose other than to determine, at or near death of the donor or prospective donor, whether the donor or prospective donor has made, amended, or revoked an anatomical gift.

(e) This section does not prohibit any person from creating or maintaining a donor registry that is not established by or under contract with the state. Any such registry must comply with paragraphs (c) and (d).

Sec. 50. **[525A.21] EFFECT OF ANATOMICAL GIFT ON ADVANCE HEALTH CARE DIRECTIVE.**

(a) In this section:

(1) "advance health care directive" means a power of attorney for health care or a record signed by a prospective donor containing the prospective donor's direction concerning a health care decision for the prospective donor;

(2) "declaration" means a record signed by a prospective donor specifying the circumstances under which a life support system may be withheld or withdrawn from the prospective donor; and

(3) "health care decision" means any decision made regarding the health care of the prospective donor.

(b) If a prospective donor has a declaration or advance health care directive, measures necessary to ensure the medical suitability of an organ for transplantation or therapy may not be withheld or withdrawn from the prospective donor, unless the declaration expressly provides to the contrary.

Sec. 51. **[525A.22] COOPERATION BETWEEN MEDICAL EXAMINER AND PROCUREMENT ORGANIZATION.**

(a) A medical examiner shall cooperate with procurement organizations to maximize the opportunity to recover anatomical gifts for the purpose of transplantation, therapy, research, or education.

(b) If a medical examiner receives notice from a procurement organization that an anatomical gift might be available or was made with respect to a decedent whose body is under the jurisdiction of the medical examiner and a postmortem examination is going to be performed, unless the medical examiner denies recovery in accordance with section 525A.23, the medical examiner or designee shall conduct a postmortem examination of the body or the part in a manner and within a period compatible with its preservation for the purposes of the gift.

(c) A part may not be removed from the body of a decedent under the jurisdiction of a medical examiner for transplantation, therapy, research, or education unless the part is the subject of an anatomical gift. The body of a decedent under the jurisdiction of the medical examiner may not be delivered to a person for research or education unless the body is the subject of an anatomical gift. This paragraph does not preclude a medical examiner from performing the medicolegal investigation upon the body or parts of a decedent under the jurisdiction of the medical examiner.

Sec. 52. [525A.23] FACILITATION OF ANATOMICAL GIFT FROM DECEDENT WHOSE BODY IS UNDER JURISDICTION OF MEDICAL EXAMINER.

(a) Upon request of a procurement organization, a medical examiner shall release to the procurement organization the name, contact information, and available medical and social history of a decedent whose body is under the jurisdiction of the medical examiner. If the decedent's body or part is medically suitable for transplantation, therapy, research, or education, the medical examiner shall release postmortem examination results to the procurement organization. The procurement organization may make a subsequent disclosure of the postmortem examination results or other information received from the medical examiner only if relevant to transplantation or therapy.

(b) The medical examiner may conduct a medicolegal examination by reviewing all medical records, laboratory test results, x-rays, other diagnostic results, and other information that any person possesses about a donor or prospective donor whose body is under the jurisdiction of the medical examiner which the medical examiner determines may be relevant to the investigation.

(c) A person that has any information requested by a medical examiner pursuant to paragraph (b) shall provide that information as expeditiously as possible to allow the medical examiner to conduct the medicolegal investigation within a period compatible with the preservation of parts for the purpose of transplantation, therapy, research, or education.

(d) If an anatomical gift has been or might be made of a part of a decedent whose body is under the jurisdiction of the medical examiner and a postmortem examination is not required, or the medical examiner determines that a postmortem examination is required but that the recovery of the part that is the subject of an anatomical gift will not interfere with the examination, the medical examiner and procurement organization shall cooperate in the timely removal of the part from the decedent for the purpose of transplantation, therapy, research, or education.

(e) If an anatomical gift of a part from the decedent under the jurisdiction of the medical examiner has been or might be made, but the medical examiner initially believes that the recovery of the part could interfere with the postmortem investigation into the decedent's cause or manner of death, the medical examiner shall consult with the procurement organization or physician or technician designated by the procurement organization about the proposed recovery. After consultation, the medical examiner may allow the recovery.

(f) Following the consultation under paragraph (e), in the absence of mutually agreed-upon protocols to resolve conflict between the medical examiner and the procurement organization, if the medical examiner intends to deny recovery of an organ for transplantation, the medical examiner or designee, at the request of the procurement organization, shall attend the removal procedure for the part before making a final determination not to allow the procurement organization to recover the part. During the removal procedure, the medical examiner or designee may allow recovery by the procurement organization to proceed, or, if the medical examiner or designee reasonably believes that the part may be involved in determining the decedent's cause or manner of death, deny recovery by the procurement organization.

(g) If the medical examiner or designee denies recovery under paragraph (f), the medical examiner or designee shall:

(1) explain in a record the specific reasons for not allowing recovery of the part;

(2) include the specific reasons in the records of the medical examiner; and

(3) provide a record with the specific reasons to the procurement organization.

(h) If the medical examiner or designee allows recovery of a part under paragraph (d), (e), or (f), the procurement organization, upon request, shall cause the physician or technician who removes the part to provide the medical examiner with a record describing the condition of the part, a biopsy, a photograph, and any other information and observations that would assist in the postmortem examination.

(i) If a medical examiner or designee is required to be present at a removal procedure under paragraph (f), upon request the procurement organization requesting the recovery of the part shall reimburse the medical examiner or designee for the additional costs incurred in complying with paragraph (f).

Sec. 53. [525A.24] RELATION TO ELECTRONIC SIGNATURES IN GLOBAL AND NATIONAL COMMERCE ACT.

This chapter modifies, limits, and supersedes the Electronic Signatures in Global and National Commerce Act, United States Code, title 15, section 7001 et seq., but does not modify, limit, or supersede section 101(a) of that act, United States Code, title 15, section 7001, or authorize electronic delivery of any of the notices described in section 103(b) of that act, United States Code, title 15, section 7003(b).

Sec. 54. Laws 2005, chapter 98, article 3, section 25, is amended to read:

Sec. 25. REPEALER.

Minnesota Statutes 2004, sections 245.713, ~~subdivisions 2 and~~ subdivision 4; 245.716; and 626.5551, subdivision 4, are repealed.

EFFECTIVE DATE. This section is effective retroactively from August 1, 2005.

Sec. 55. SOBER HOUSES.

Subdivision 1. **Sober house defined.** For purposes of this section, a "sober house" means a cooperative living residence that:

(1) provides temporary housing to persons with alcohol or other drug dependency and abuse problems in exchange for compensation;

(2) stipulates residents must abstain from using alcohol or drugs and meet other requirements as a condition of living in the residence; and

(3) does not provide counseling or treatment services to those residents within the meaning of Minnesota Statutes, chapter 148C or 254A.

Subd. 2. **Work group creation; membership.** The commissioner of human services shall convene a sober house work group which is comprised of the following members:

- (1) sober house landlords;
- (2) sober house residents;
- (3) community members with knowledge of sober housing;
- (4) representatives of cities and counties;
- (5) a representative from the Department of Human Services, Chemical Health Division;
- (6) a representative from the Department of Human Services, Licensing Division;
- (7) a representative of chemical dependency treatment providers; and
- (8) a representative from the Department of Health.

Subd. 3. **Report.** The work group created in subdivision 2 is directed to study the issue of sober houses in the state and determine whether state licensing or other regulation of sober houses is appropriate. Based on findings of the work group, the commissioner of human services shall submit a report of recommendations to the legislature by January 1, 2008.

Sec. 56. **INTERPRETER SERVICES WORK GROUP.**

(a) The commissioner of health shall, in consultation with the commissioners of commerce, human services, and employee relations, convene a work group to study the provision of interpreter services to patients in medical and dental care settings. The work group shall include one representative from each of the following groups:

- (1) consumers;
- (2) interpreters;
- (3) interpreter service providers or agencies;
- (4) health plan companies;
- (5) self-insured purchasers;
- (6) hospitals;
- (7) health care providers;
- (8) dental providers;
- (9) clinic administrators;
- (10) state agency staff from the Departments of Health, Human Services, and Employee Relations;
- (11) Minnesota Registry of Interpreters for the Deaf;
- (12) local county social services agencies;

(13) local public health agencies;

(14) interpreting stakeholders group;

(15) one interpreter trainer; and

(16) one interpreter certification examiner.

(b) The work group shall develop findings and recommendations on the following:

(1) assuring access to interpreter services;

(2) compliance with requirements of federal law and guidance;

(3) developing a quality assurance program to ensure the quality of health care interpreting services, including requirements for training and establishing a certification process; and

(4) identifying broad-based funding mechanisms for interpreter services.

(c) Based on the discussions of the work group, the commissioner shall make recommendations to the chairs of the health policy and finance committees in the house and senate by January 15, 2008, on how to ensure high quality interpreter services for patients in medical and dental settings, and for a broad-based funding mechanism for delivering these services.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 57. **FEDERAL GRANTS.**

The Board of Pharmacy shall apply for any applicable federal grants or other nonstate funds to establish and fully implement the prescription electronic reporting system.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 58. **BOARD OF PHARMACY.**

The Board of Pharmacy shall not increase the license fees of pharmacists or pharmacies in order to adequately fund the prescription electronic reporting system under Minnesota Statutes, section 152.126, without specific authority from the legislature.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 59. **BOARD OF MEDICAL PRACTICE.**

The Board of Medical Practice shall convene a work group to discuss the appropriate prescribing of controlled substances listed in Minnesota Statutes, section 152.02, subdivisions 3 and 4, and those substances defined by the Board of Pharmacy under Minnesota Statutes, section 152.02, subdivisions 7, 8, and 12, for pain management, and shall report to the legislature by December 15, 2007.

Sec. 60. **AGRICULTURAL COOPERATIVE HEALTH PLAN FOR FARMERS.**

Subdivision 1. **Pilot project requirements.** The commissioner of commerce shall authorize a joint self-insurance pilot project administered by a trust sponsored by one or more agricultural cooperatives organized under Minnesota Statutes, chapter 308A, or under a federal charter for the purpose of offering health coverage to members of the cooperatives and their families, provided the project satisfies the requirements of Minnesota Statutes, chapter 62H, except as follows:

(1) Minnesota Statutes, section 62H.02, paragraph (b), does not apply;

(2) the notice period required under Minnesota Statutes, section 62H.02, paragraph (e), is 90 days;

(3) the commissioner shall grant necessary waivers and approve an alternative arrangement that fully funds the plan's liability or incurred but unpaid claims under Minnesota Statutes, section 62H.02, paragraph (f), unless the commissioner provides evidence demonstrating that the insolvency protection proposed is substantially less than that typically provided by self-insured group plans of a similar size in Minnesota;

(4) notwithstanding Minnesota Statutes, section 62H.04, paragraph (a), the joint self-insurance plan shall be considered a large group and not subject to the small group insurance requirements in Minnesota Statutes, chapter 62L, even if some employer groups enrolled in the plan would be defined as small employers, except that the joint self-insurance plan may elect to treat the sale of a health plan to or for an employer that has only one eligible employee who has not waived coverage as the sale of an individual health plan as allowed under Minnesota Statutes, section 62L.02, subdivision 26;

(5) Minnesota Statutes, section 297I.05, subdivision 12, paragraph (c), does not apply; and

(6) the trust must pay the assessment for the Minnesota comprehensive health association as provided under Minnesota Statutes, section 62E.11.

Subd. 2. **Evaluation and renewal.** The pilot project authorized under this section is for a period of four years from the date of initial enrollment. The commissioner shall grant an extension of four additional years if the trust provides evidence that it remains in compliance with the requirements of this section and other applicable laws and rules. If the commissioner determines that the operation of the trust has not improved access, expanded health plan choices, or improved affordability of health coverage for farm families, or that it has significantly damaged access, choice, or affordability for other consumers not enrolled in the trust, the commissioner shall provide at least 180 days' advance written notice to the trust and to the chairs of the senate and house finance and policy committees with jurisdiction over health and insurance matters of the commissioner's intention not to renew the pilot project at the expiration of a four-year period.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 61. **HEALTH PLAN PURCHASING POOL STUDY GROUP.**

Subdivision 1. **Creation; membership.** A health care purchasing pool study group is created to study and make recommendations regarding the creation of a voluntary, statewide health care purchasing pool that would contract directly with providers to provide affordable health coverage to eligible Minnesota residents. The study group is composed of:

(1) the chief house and senate authors of this act;

(2) the chairs of the senate Committee on Health, Housing, and Family Security and the Health and Human Services Budget Division;

(3) the chairs of the house Health Care and Human Services Committee and the Health Care and Human Services Division;

(4) the attorney general or the attorney general's designated representative;

(5) three representatives of health care providers appointed as follows:

(i) one member appointed by the governor;

(ii) one member appointed by the speaker of the house; and

(iii) one member appointed by the Subcommittee on Committees of the senate Committee on Rules and Administration; and

(6) two consumers of health care appointed by the governor.

All appointments to be made under this subdivision must be made within 30 days of the effective date of this act.

Subd. 2. **Study; report.** The study group shall study and make recommendations on the following issues related to the creation, maintenance, and funding of a voluntary, statewide health plan purchasing pool to provide comprehensive, cost-effective, and medically appropriate health coverage to all public and private employees in Minnesota and all Minnesota residents:

(1) the creation of an independent public entity to administer the pool;

(2) eligibility and participation requirements for existing public and private health care purchasing pools, public and private employers, and residents of this state;

(3) how to contract directly with providers to provide comprehensive coverage for preventive, mental health, dental and other medical services, and comprehensive drug benefits to enrollees and maximize the cost savings and other efficiencies that a large purchasing pool would be expected to generate without the need for a public subsidy;

(4) provisions that allow the pool to contract directly with health care providers to provide coverage to enrollees;

(5) incentives designed to attract and retain the maximum number of enrollees;

(6) recommendations for the administration of the pool and the plans that will be available to enrollees including, but not limited to, recommendations to keep the pool solvent and profitable so that public subsidies are not necessary; and

(7) other elements the study group concludes are necessary or desirable for the pool to possess.

The study group shall submit its report and the draft legislation necessary to implement its recommendations to the chairs of the legislative committees and divisions with jurisdiction over health care policy and finance, the Health Care Access Commission, and the governor by February 1, 2008.

Subd. 3. **Staffing.** State agencies shall assist the study group with any requests for information the study group considers necessary to complete the study and report under subdivision 2.

Subd. 4. **Removal; vacancies; expenses.** Removal of members, vacancies, and expenses for members shall be as provided in Minnesota Statutes, section 15.059.

Subd. 5. **Expiration.** This section expires after the submission of the report as required in subdivision 2.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 62. **REPEALER.**

(a) Minnesota Statutes 2006, sections 254A.02, subdivisions 7, 9, 12, 14, 15, and 16; 254A.085; 254A.086; 254A.12; 254A.14; 254A.15; 254A.16, subdivision 5; 254A.175; 254A.18; 256J.561, subdivision 1; 256J.62, subdivision 9; and 256J.65, are repealed.

(b) Minnesota Rules, part 9503.0035, subpart 2, is repealed.

(c) Minnesota Statutes 2006, sections 525.921; 525.9211; 525.9212; 525.9213; 525.9214; 525.9215; 525.9216; 525.9217; 525.9218; 525.9219; 525.9221; 525.9222; 525.9223; and 525.9224, are repealed.

ARTICLE 8

CHILDREN'S HEALTH SECURITY PROGRAM

Section 1. **[16A.726] CHILDREN'S HEALTH SECURITY ACCOUNT.**

A children's health security account is created in a special revenue fund in the state treasury. The commissioner shall deposit to the credit of the account money made available to the account. Notwithstanding section 11A.20, any investment income attributable to the investment of the children's health security account not currently needed shall be credited to the children's health security account.

Sec. 2. Minnesota Statutes 2006, section 256B.057, subdivision 8, is amended to read:

Subd. 8. **Children under age two.** Medical assistance may be paid for a child under two years of age whose countable family income is above ~~275~~ 300 percent of the federal poverty guidelines for the same size family but less than or equal to ~~280~~ 305 percent of the federal poverty guidelines for the same size family.

EFFECTIVE DATE. This section is effective January 1, 2011, or upon federal approval, whichever is later.

Sec. 3. **[256N.01] CITATION.**

This chapter may be cited as the "Children's Health Security Act."

Sec. 4. **[256N.02] DEFINITIONS.**

Subdivision 1. **Applicability.** The terms used in this chapter have the following meanings unless otherwise provided for by text.

Subd. 2. **Child.** "Child" means an individual under age 21.

Subd. 3. **Commissioner.** "Commissioner" means the commissioner of human services.

Subd. 4. **Dependent child.** "Dependent child" means an unmarried child under age 25 who is claimed as a dependent for federal income tax purposes by a parent, grandparent, foster parent, relative caretaker, or legal guardian.

Sec. 5. **[256N.03] ESTABLISHMENT.**

The commissioner shall establish the children's health security program. The commissioner shall begin implementation of the program on October 1, 2008, or upon federal approval, whichever is later. The children's health security program must comply with title XIX of the federal Social Security Act, and waivers granted under title XIX.

Sec. 6. **[256N.05] ELIGIBILITY.**

Subdivision 1. **General requirements.** Children meeting the eligibility requirements of this section are eligible for the children's health security program.

Subd. 2. **Income limit.** (a) Effective October 1, 2008, children in families with gross household incomes equal to or less than 225 percent of the federal poverty guidelines are eligible for the children's health security program. In determining gross income, the commissioner shall use the income methodology applied to children under the MinnesotaCare program.

(b) Effective October 1, 2008, a dependent child who meets the program income limits under paragraph (a) and all other program eligibility requirements is eligible for state-funded benefits under this section.

(c) Effective January 1, 2011, or upon federal approval, whichever is later, children in families with household incomes equal to or less than 300 percent of the federal poverty guidelines must be included in the children's health security program.

(d) The Legislative Task Force On Children's Health Care Coverage established under section 19 shall develop recommendations on options for extending health insurance coverage to children in families with household incomes in excess of 300 percent of the federal poverty guidelines.

Subd. 3. **Residency.** Program participants must meet the residency requirements of section 256B.056, subdivision 1.

Subd. 4. **Enrollment voluntary.** Enrollment in the children's health security program is voluntary. Parents or guardians may retain private sector or Medicare coverage for a child as the sole source of coverage. Parents or guardians who have private sector or Medicare coverage for children may also enroll children in the children's health security program. If private sector or Medicare coverage is available, coverage under the children's health security program is secondary to the private sector or Medicare coverage.

Subd. 5. **Emergency services.** Payment must be made for care and services that are furnished to noncitizens, regardless of immigration status, who otherwise meet the eligibility requirements of this chapter, if the care and services are necessary for the treatment of an emergency medical condition, except for organ transplants and related care and services and routine prenatal care. For purposes of this subdivision, "emergency medical condition" means a medical condition that meets the requirements of United States Code, title 42, section 1396b(v).

Subd. 6. **Medical assistance standards and procedures.** (a) Unless otherwise specified in this chapter, the commissioner shall use medical assistance procedures and methodology when determining initial eligibility and redetermining eligibility for the children's health security program.

(b) The procedures and income standard specified in section 256B.056, subdivisions 5 and 5c, paragraph (a), apply to children who would be eligible for the children's health security program, except for excess income.

(c) Retroactive coverage for the children's health security program must be provided as specified in section 256B.056, subdivision 7.

Sec. 7. **[256N.07] COVERED SERVICES.**

Covered services under the children's health security program must consist of all covered services under chapter 256B.

Sec. 8. **[256N.09] NO ENROLLEE PREMIUMS OR COST SHARING.**

In order to ensure broad access to coverage, the children's health security program has no enrollee premium or cost-sharing requirements.

Sec. 9. **[256N.11] APPLICATION PROCEDURES; ELIGIBILITY DETERMINATION.**

Subdivision 1. **Application procedure.** The application form for the program must be easily understandable and must not exceed two pages in length. Applications for the program must be made available to provider offices, local human services agencies, school districts, schools, community health offices, and other sites willing to cooperate in program outreach. These sites may accept applications and forward applications to the commissioner, and counties where applicable. Applications may also be made directly to the commissioner and to counties that determine eligibility.

Subd. 2. **Eligibility determination.** Counties that determine eligibility for MinnesotaCare as of March 1, 2007, shall determine eligibility for the children's health security program. The commissioner, and counties where applicable, shall determine an applicant's eligibility for the program within 30 days of the date the application is received, according to the procedures in Code of Federal Regulations, title 42, section 435.911.

Subd. 3. **Presumptive eligibility.** Coverage under the program is available during a presumptive eligibility period for children under age 19 whose family income does not exceed the applicable income standard. The presumptive eligibility period begins on the date on which a health care provider enrolled in the program, or other entity designated by the commissioner, determines, based on preliminary information, that the child's family income does not exceed the applicable income standard. The presumptive eligibility period ends the earlier of the day on which a determination is made of eligibility under this section or the last day of the month following the month presumptive eligibility was determined.

Subd. 4. **Renewal of eligibility.** The commissioner shall require enrollees to renew eligibility every 12 months.

Subd. 5. **Continuous eligibility.** Children under the age of 19 who are eligible under this section shall be continuously eligible until the earlier of the next renewal period, or the time that a child exceeds age 19.

Sec. 10. **[256N.12] COUNTY ROLE.**

Counties not required to determine eligibility under section 256N.11, subdivision 2, may choose to determine eligibility under that section. Counties may also choose to provide assistance to applicants under section 256N.17, subdivision 1, and provide ombudsperson services under section 256N.17, subdivision 2. This must not limit the ability of the commissioner to establish reasonable staffing standards that relate to the number of persons served, and that provide a county option to hire part-time staff or pursue multicounty implementation models. If a county chooses not to deliver these services, they must be delivered by the commissioner. State and federal funding to support these services must be the same, whether delivered by the state or by a county or group of counties.

Sec. 11. **[256N.13] SERVICE DELIVERY.**

Subdivision 1. **Contracts for service delivery.** The commissioner, within each county, may contract with managed care organizations, including health maintenance organizations licensed under chapter 62D, community integrated service networks licensed under chapter 62N, accountable provider networks licensed under chapter 62T, and county-based purchasing plans established under section 256B.692, to provide covered health care services to

program enrollees under a managed care system, and may contract with health care and social service providers to provide services on a fee-for-service basis. Section 256B.69, subdivision 26, applies to contracts with managed care organizations. In determining the method for service delivery, the commissioner shall consider the cost and quality of health care services; the breadth of services offered, including medical, dental and mental health services; the breadth of choice of medical providers for enrollees; the ease of access to quality medical care for enrollees; the efficiency and cost-effectiveness of service delivery; and the integration of best medical practice standards into the children's health security program.

Subd. 2. **Managed care organization requirements.** (a) Managed care organizations under contract are responsible for coordinating covered health care services provided to eligible individuals. Managed care organizations under contract:

(1) shall authorize and arrange for the provision of all needed covered health services under chapter 256B, with the exception of services available only under a medical assistance home and community-based waiver, in order to ensure appropriate health care is delivered to enrollees;

(2) shall comply with the requirements of section 256B.69, subdivision 26;

(3) shall accept the prospective, per capita payment from the commissioner in return for the provision of comprehensive and coordinated health care services for enrollees;

(4) may contract with health care and social service providers to provide covered services to enrollees; and

(5) shall institute enrollee grievance procedures according to the method established by the commissioner, utilizing applicable requirements of chapter 62D and Code of Federal Regulations, title 42, section 438, subpart F. Disputes may also be appealed to the commissioner using the procedures in section 256.045.

(b) Upon implementation of the children's health security program, the commissioner shall withhold five percent of managed care organization payments pending completion of performance targets, including lead screening, well child services, immunizations, vision screening, and customer service performance targets. Effective January 1, 2011, the commissioner shall add treatment of asthma and screening for mental health as new performance targets. Each performance target must apply uniformly to all managed care organizations, and be qualitative, objective, measurable, and reasonably attainable, except in the case of a performance target based on federal or state law or rule. Criteria for assessment of each performance target must be outlined in writing prior to the contract effective date. The withhold funds must be returned no sooner than July of the following year if performance targets in the contract are achieved. The success of each managed care organization in reaching performance targets must be reported to the legislature annually.

Subd. 3. **Fee-for-service delivery.** Disputes related to services provided under the fee-for-service system may be appealed to the commissioner using the procedures in section 256.045.

Subd. 4. **Contracts for waiver services.** The commissioner, when services are delivered through managed care, may contract with health care and social service providers on a fee-for-service basis to provide program enrollees with covered services available only under a medical assistance home and community-based waiver. The commissioner shall determine eligibility for home and community-based waiver services using the criteria and procedures in chapter 256B. Disputes related to services provided on a fee-for-service basis may be appealed to the commissioner using the procedures in section 256.045.

Subd. 5. **Service delivery for Minnesota disabilities health option recipient.** Individuals who voluntarily enroll in the Minnesota Disability Health Option (MnDHO), established under section 256B.69, subdivision 23, shall continue to receive their home and community-based waiver services through MnDHO.

Subd. 6. **Disabled or blind children.** Children eligible for medical assistance due to blindness or disability as determined by the Social Security Administration or the state medical review team are exempt from enrolling in a managed care organization and shall be provided health benefits on a fee-for-service basis.

Sec. 12. **[256N.15] PAYMENT RATES.**

Subdivision 1. **Establishment.** The commissioner, in consultation with a health care actuary, shall establish the method and amount of payments for services. The commissioner shall annually contract with eligible entities to provide services to program enrollees. The commissioner, in consultation with the Risk Adjustment Association established under section 62Q.03, subdivision 6, shall develop and implement a risk adjustment system for the program.

Subd. 2. **Provider rates.** In establishing the payment amount under subdivision 1, the commissioner shall ensure that fee-for-service payment rates for preventative care services provided on or after October 1, 2008, are at least five percent above the medical assistance rates for preventative services in effect on September 30, 2008, and shall ensure that fee-for-service payment rates for all other services provided on or after October 1, 2008, are at least three percent above the medical assistance rates for those services in effect on September 30, 2008. The commissioner shall adjust managed care capitation rates to reflect these increases, and shall require managed care organizations, as a condition of contract, to pass these increases on to providers under contract.

Sec. 13. **[256N.17] CONSUMER ASSISTANCE.**

Subdivision 1. **Assistance to applicants.** The commissioner shall assist applicants in choosing a managed care organization or fee-for-service provider by:

(1) establishing a Web site to provide information about managed care organizations and fee-for-service providers and to allow online enrollment;

(2) make information on managed care organizations and fee-for-service providers available at the sites specified in section 256N.11, subdivision 1;

(3) make applications and information on managed care organizations and fee-for-service providers available to applicants and enrollees according to Title VI of the Civil Rights Act and federal regulations adopted under that law or any guidance from the United States Department of Health and Human Services; and

(4) make benefit educators available to assist applicants in choosing a managed care organization or fee-for-service provider.

Subd. 2. **Ombudsperson.** The commissioner shall designate an ombudsperson to advocate for children enrolled in the children's health security program. The ombudsperson shall assist enrollees in understanding and making use of complaint and appeal procedures and ensure that necessary medical services are provided to enrollees. At the time of enrollment, the commissioner shall inform enrollees about the ombudsperson program, the right to a resolution of the enrollee's complaint by the managed care organization if the enrollee experiences a problem with the managed care organization or its providers, and appeal rights under section 256.045.

Sec. 14. **[256N.19] MONITORING AND EVALUATION OF QUALITY AND COSTS.**

(a) The commissioner, as a condition of contract, shall require each participating managed care organization and participating provider to submit, in the form and manner specified by the commissioner, data required for assessing enrollee satisfaction, quality of care, cost, and utilization of services. The commissioner shall evaluate this data, in order to:

(1) make summary information on the quality of care across managed care organizations, medical clinics, and providers available to consumers;

(2) require managed care organizations and providers, as a condition of contract, to implement quality improvement plans; and

(3) compare the cost and quality of services under the program to the cost and quality of services provided to private sector enrollees.

(b) The commissioner shall implement this section to the extent allowed by federal and state laws on data privacy.

Sec. 15. **[256N.21] FEDERAL APPROVAL.**

The commissioner shall seek all federal waivers and approvals necessary to implement this chapter including, but not limited to, waivers and approvals necessary to:

(1) coordinate medical assistance and MinnesotaCare coverage for children with the children's health security program;

(2) use federal medical assistance and MinnesotaCare dollars to pay for health care services under the children's health security program;

(3) maximize receipt of the federal medical assistance match for covered children, by increasing income standards through the use of more liberal income methodologies as provided under United States Code, title 42, sections 1396a and 1396u-1;

(4) extend presumptive eligibility and continuous eligibility to children under age 21; and

(5) use federal medical assistance and MinnesotaCare dollars to provide benefits to dependent children.

Sec. 16. **[256N.23] RULEMAKING.**

The commissioner shall adopt rules to implement this chapter.

Sec. 17. **[256N.25] CHILDREN'S HEALTH SECURITY PROGRAM OUTREACH.**

Subdivision 1. **Grant awards.** The commissioner shall award grants to public or private organizations to:

(1) provide information, in areas of the state with high uninsured populations, on the importance of maintaining insurance coverage and on how to obtain coverage through the children's health security program; and

(2) monitor and provide ongoing support to ensure enrolled children remain covered.

Subd. 2. **Criteria.** In awarding the grants, the commissioner shall consider the following:

(1) geographic areas and populations with high uninsured rates;

(2) the ability to raise matching funds;

(3) the ability to contact, effectively communicate with, or serve eligible populations; and

(4) the applicant's plan to monitor and provide support to ensure enrolled children remain covered.

Subd. 3. **Monitoring and termination.** The commissioner shall monitor the grants and may terminate a grant if the outreach effort does not increase enrollment in the children's health security program.

Sec. 18. **IMPLEMENTATION PLAN.**

The commissioner of human services shall develop an implementation plan for the children's health security program, which includes a health delivery plan based on the criteria specified in Minnesota Statutes, section 256N.13, subdivision 1. The commissioner shall present this plan, any necessary draft legislation, and a draft of proposed rules to the legislature by December 15, 2007. The plan must include recommendations for any additional legislative changes necessary to coordinate medical assistance and MinnesotaCare coverage for children with the children's health security program. The commissioner shall evaluate the provision of services under the program to children with disabilities and shall present recommendations to the legislature by December 15, 2009, for any program changes necessary to ensure the quality and continuity of care.

Sec. 19. **LEGISLATIVE TASK FORCE ON CHILDREN'S HEALTH CARE COVERAGE.**

Subdivision 1. **Establishment; membership.** (a) The Legislative Task Force on Children's Health Care Coverage is established. The task force is made up of 12 voting members and six nonvoting members.

(b) The voting members are:

(1) six members of the house of representatives appointed by the speaker, three from the majority party and three from the minority party; and

(2) six members of the senate appointed by the Subcommittee on Committees of the senate Committee on Rules and Administration, three from the majority party and three from the minority party.

(c) The nonvoting members are one representative selected by each of the following organizations:

(1) the American Academy of Pediatrics, Minnesota chapter;

(2) the Minnesota Nurses Association;

(3) the Minnesota Council of Health Plans;

(4) the Minnesota Children's Platform Coalition;

(5) the Minnesota Universal Health Care Coalition; and

(6) the Minnesota Business Partnership.

(d) The task force members must be appointed by September 1, 2007. The majority leader of the senate and the speaker of the house of representatives must each designate a chair from their appointments. The chair appointed by the speaker of the house of representatives shall convene and chair the first meeting of the task force. The chair appointed by the majority leader of the senate shall chair the next meeting of the task force. The chairs shall then alternate for the duration of the task force.

Subd. 2. **Study; staff support.** (a) The task force shall study viable options to extend coverage to all children as provided in Minnesota Statutes, section 256N.05, subdivision 2, paragraph (d), and provide recommendations to the legislature. The study must:

(1) evaluate methods to achieve universal coverage for children, including, but not limited to, changes to the employer-based coverage system and an expansion of eligibility for the children's health security program established under Minnesota Statutes, chapter 256N;

(2) examine health care reform and cost containment methods that will contain costs and increase access and improve health outcomes;

(3) examine how to increase access to preventive care and health care services; and

(4) examine how to reduce health disparities among minority populations.

(b) The task force, through the Legislative Coordinating Commission, may hire staff or contract for staff support for the study.

(c) The task force, in developing recommendations, shall hold meetings to hear public testimony at locations throughout the state, including locations outside of the seven-county metropolitan area.

Subd. 3. **Recommendations.** The task force shall report its recommendations to the legislature by December 15, 2009. Recommendations must be consistent with the following criteria:

(1) health care coverage must include preventive care and all other medically necessary services;

(2) health care coverage must be affordable for families, with the family share of premium costs and cost-sharing in total not exceeding five percent of family income;

(3) the system of coverage must give priority to ensuring access to and the quality and continuity of care; and

(4) enrollment must be simple and seamless for families.

Subd. 4. **Expiration.** This section expires December 16, 2009.

ARTICLE 9

HEALTH CARE REFORM

Section 1. Minnesota Statutes 2006, section 62A.65, subdivision 3, is amended to read:

Subd. 3. **Premium rate restrictions.** No individual health plan may be offered, sold, issued, or renewed to a Minnesota resident unless the premium rate charged is determined in accordance with the following requirements:

(a) Premium rates must be no more than 25 percent above and no more than 25 percent below the index rate charged to individuals for the same or similar coverage, adjusted pro rata for rating periods of less than one year. The premium variations permitted by this paragraph must be based only upon health status, claims experience, and occupation. For purposes of this paragraph, health status includes refraining from tobacco use or other actuarially valid lifestyle factors associated with good health, provided that the lifestyle factor and its effect upon premium rates have been determined by the commissioner to be actuarially valid and have been approved by the commissioner.

Variations permitted under this paragraph must not be based upon age or applied differently at different ages. This paragraph does not prohibit use of a constant percentage adjustment for factors permitted to be used under this paragraph.

(b) Premium rates may vary based upon the ages of covered persons only as provided in this paragraph. In addition to the variation permitted under paragraph (a), each health carrier may use an additional premium variation based upon age for adults aged 19 and above of up to plus or minus 50 percent of the index rate. Premium rates for children under the age of 19 may not vary based on age, regardless of whether the child is covered as a dependent or as a primary insured.

(c) A health carrier may request approval by the commissioner to establish separate geographic regions determined by the health carrier and to establish separate index rates for each such region. The commissioner shall grant approval if the following conditions are met:

- (1) the geographic regions must be applied uniformly by the health carrier;
- (2) each geographic region must be composed of no fewer than seven counties that create a contiguous region; and
- (3) the health carrier provides actuarial justification acceptable to the commissioner for the proposed geographic variations in index rates, establishing that the variations are based upon differences in the cost to the health carrier of providing coverage.

(d) Health carriers may use rate cells and must file with the commissioner the rate cells they use. Rate cells must be based upon the number of adults or children covered under the policy and may reflect the availability of Medicare coverage. The rates for different rate cells must not in any way reflect generalized differences in expected costs between principal insureds and their spouses.

(e) In developing its index rates and premiums for a health plan, a health carrier shall take into account only the following factors:

- (1) actuarially valid differences in rating factors permitted under paragraphs (a) and (b); and
 - (2) actuarially valid geographic variations if approved by the commissioner as provided in paragraph (c).
- (f) All premium variations must be justified in initial rate filings and upon request of the commissioner in rate revision filings. All rate variations are subject to approval by the commissioner.
- (g) The loss ratio must comply with the section 62A.021 requirements for individual health plans.

(h) The rates must not be approved, unless the commissioner has determined that the rates are reasonable. In determining reasonableness, the commissioner shall consider the growth rates applied under section 62J.04, subdivision 1, paragraph (b), to the calendar year or years that the proposed premium rate would be in effect, actuarially valid changes in risks associated with the enrollee populations, and actuarially valid changes as a result of statutory changes in Laws 1992, chapter 549.

(i) An insurer may, as part of a minimum lifetime loss ratio guarantee filing under section 62A.02, subdivision 3a, include a rating practices guarantee as provided in this paragraph. The rating practices guarantee must be in writing and must guarantee that the policy form will be offered, sold, issued, and renewed only with premium rates and premium rating practices that comply with subdivisions 2, 3, 4, and 5. The rating practices guarantee must be accompanied by an actuarial memorandum that demonstrates that the premium rates and premium rating system

used in connection with the policy form will satisfy the guarantee. The guarantee must guarantee refunds of any excess premiums to policyholders charged premiums that exceed those permitted under subdivision 2, 3, 4, or 5. An insurer that complies with this paragraph in connection with a policy form is exempt from the requirement of prior approval by the commissioner under paragraphs (c), (f), and (h).

Sec. 2. **[62A.67] MINNESOTA HEALTH INSURANCE EXCHANGE.**

Subdivision 1. **Title; citation.** This section may be cited as the "Minnesota Health Insurance Exchange."

Subd. 2. **Creation; tax exemption.** The Minnesota Health Insurance Exchange is created for the limited purpose of providing individuals with greater access, choice, portability, and affordability of health insurance products. The Minnesota Health Insurance Exchange is a not-for-profit corporation under chapter 317A and section 501(c) of the Internal Revenue Code.

Subd. 3. **Definitions.** The following terms have the meanings given them unless otherwise provided in text.

(a) "Board" means the board of directors of the Minnesota Health Insurance Exchange under subdivision 13.

(b) "Commissioner" means:

(1) the commissioner of commerce for health insurers subject to the jurisdiction of the Department of Commerce;

(2) the commissioner of health for health insurers subject to the jurisdiction of the Department of Health; or

(3) either commissioner's designated representative.

(c) "Exchange" means the Minnesota Health Insurance Exchange.

(d) "HIPAA" means the Health Insurance Portability and Accountability Act of 1996.

(e) "Individual market health plans," unless otherwise specified, means individual market health plans defined in section 62A.011.

(f) "Section 125 Plan" means a cafeteria or Premium Only Plan under section 125 of the Internal Revenue Code that allows employees to pay for health insurance premiums with pretax dollars.

Subd. 4. **Insurer and health plan participation.** All health plans as defined in section 62A.011, subdivision 3, issued or renewed in the individual market shall participate in the exchange. No health plans in the individual market may be issued or renewed outside of the exchange. Group health plans as defined in section 62A.10 shall not be offered through the exchange. Health plans offered through the Minnesota Comprehensive Health Association as defined in section 62E.10 are offered through the exchange to eligible enrollees as determined by the Minnesota Comprehensive Health Association. Health plans offered through MinnesotaCare under chapter 256L are offered through the exchange to eligible enrollees as determined by the commissioner of human services.

Subd. 5. **Approval of health plans.** No health plan may be offered through the exchange unless the commissioner has first certified that:

(1) the insurer seeking to offer the health plan is licensed to issue health insurance in the state; and

(2) the health plan meets the requirements of this section, and the health plan and the insurer are in compliance with all other applicable health insurance laws.

Subd. 6. **Individual market health plans.** Individual market health plans offered through the exchange continue to be regulated by the commissioner as specified in chapters 62A, 62C, 62D, 62E, 62Q, and 72A, and must include the following provisions that apply to all health plans issued or renewed through the exchange:

(1) premiums for children under the age of 19 shall not vary by age in the exchange; and

(2) premiums for children under the age of 19 must be excluded from rating factors under section 62A.65, subdivision 3, paragraph (b).

Subd. 7. **Individual participation and eligibility.** Individuals are eligible to purchase health plans directly through the exchange or through an employer Section 125 Plan under section 62A.68. Nothing in this section requires guaranteed issue of individual market health plans offered through the exchange. Individuals are eligible to purchase individual market health plans through the exchange by meeting one or more of the following qualifications:

(1) the individual is a Minnesota resident, meaning the individual is physically residing on a permanent basis in a place that is the person's principal residence and from which the person is absent only for temporary purposes;

(2) the individual is a student attending an institution outside of Minnesota and maintains Minnesota residency;

(3) the individual is not a Minnesota resident but is employed by an employer physically located within the state and the individual's employer is required to offer a Section 125 Plan under section 62A.68;

(4) the individual is not a Minnesota resident but is self-employed and the individual's principal place of business is in the state; or

(5) the individual is a dependent as defined in section 62L.02, of another individual who is eligible to participate in the exchange.

Subd. 8. **Continuation of coverage.** Enrollment in a health plan may be canceled for nonpayment of premiums, fraud, or changes in eligibility for MinnesotaCare under chapter 256L. Enrollment in an individual market health plan may not be canceled or nonrenewed because of any change in employer or employment status, marital status, health status, age, residence, or any other change that does not affect eligibility as defined in this section.

Subd. 9. **Responsibilities of the exchange.** The exchange shall serve as the sole entity for enrollment and collection and transfer of premium payments for health plans sold to individuals through the exchange. The exchange shall be responsible for the following functions:

(1) publicize the exchange, including but not limited to its functions, eligibility rules, and enrollment procedures;

(2) provide assistance to employers to establish Section 125 Plans under section 62A.68;

(3) provide education and assistance to employers to help them understand the requirements of Section 125 Plans and compliance with applicable regulations;

(4) create a system to allow individuals to compare and enroll in health plans offered through the exchange;

(5) create a system to collect and transmit to the applicable plans all premium payments made by individuals, including developing mechanisms to receive and process automatic payroll deductions for individuals who purchase coverage through employer Section 125 Plans;

(6) not accept premium payments for individual market health plans from an employer Section 125 Plan if the employer offers a group health plan as defined in section 62A.10, or if the employer is a self-insurer as defined in section 62E.02;

(7) provide jointly with health insurers a cancellation notice directly to the primary insured at least ten days prior to termination of coverage for nonpayment of premium;

(8) bill the employer for the premiums payable by an employee, provided that the employer is not liable for payment except from payroll deductions for that purpose;

(9) refer individuals interested in MinnesotaCare under chapter 256L to the Department of Human Services to determine eligibility;

(10) establish a mechanism with the Department of Human Services to transfer premiums and subsidies for MinnesotaCare to qualify for federal matching payments;

(11) upon request, issue certificates of previous coverage according to the provisions of HIPAA and as referenced in section 62Q.181 to all such individuals who cease to be covered by a participating health plan through the exchange;

(12) establish procedures to account for all funds received and disbursed by the exchange for individual participants of the exchange;

(13) make available to the public, at the end of each calendar year, a report of an independent audit of the exchange's accounts; and

(14) provide copies of written and signed statements from employers stating that the employer is not contributing to the employee's premiums for health plans purchased by an employee through the exchange to all health insurers with enrolled employees of the employer.

Health insurers may rely on the employer's statement in clause (4) provided by the Minnesota Health Insurance Exchange and are not required to guarantee-issue individual health plans to the employer's employees.

Subd. 10. **State not liable.** The state of Minnesota shall not be liable for the actions of the Minnesota Health Insurance Exchange.

Subd. 11. **Powers of the exchange.** The exchange shall have the power to:

(1) contract with insurance producers licensed in accident and health insurance under chapter 60K and vendors to perform one or more of the functions specified in subdivision 10;

(2) contract with employers to collect premiums through a Section 125 Plan for eligible individuals who purchase an individual market health plan through the exchange;

(3) establish and assess fees on health plan premiums of health plans purchased through the exchange to fund the cost of administering the exchange;

(4) seek and directly receive grant funding from government agencies or private philanthropic organizations to defray the costs of operating the exchange;

(5) establish and administer rules and procedures governing the operations of the exchange;

(6) establish one or more service centers within Minnesota;

(7) sue or be sued or otherwise take any necessary or proper legal action;

(8) establish bank accounts and borrow money; and

(9) enter into agreements with the commissioners of commerce, health, human services, revenue, employment and economic development, and other state agencies as necessary for the exchange to implement the provisions of this section.

Subd. 12. **Dispute resolution.** The exchange shall establish procedures for resolving disputes with respect to the eligibility of an individual to participate in the exchange. The exchange does not have the authority or responsibility to intervene in or resolve disputes between an individual and a health plan or health insurer. The exchange shall refer complaints from individuals participating in the exchange to the commissioner to be resolved according to sections 62Q.68 to 62Q.73.

Subd. 13. **Governance.** The exchange shall be governed by a board of directors with 11 members. The board shall convene on or before July 1, 2007, after the initial board members have been selected. The initial board membership consists of the following:

(1) the commissioner of commerce;

(2) the commissioner of human services;

(3) the commissioner of health;

(4) four members appointed by a joint committee of the Minnesota senate and the Minnesota house of representatives to serve three-year terms; and

(5) four members appointed by the governor to serve three-year terms.

Subd. 14. **Subsequent board membership.** Ongoing membership of the exchange consists of the following effective July 1, 2010:

(1) the commissioner of commerce;

(2) the commissioner of human services;

(3) the commissioner of health;

(4) two members appointed by the governor with the approval of a joint committee of the senate and house of representatives to serve two-year terms; and

(5) six members elected by the membership of the exchange of which three are elected to serve a two-year term and three are elected to serve a three-year term. Appointed and elected members may serve more than one term.

Subd. 15. **Operations of the board.** Officers of the board of directors are elected by members of the board and serve one-year terms. Six members of the board constitutes a quorum, and the affirmative vote of six members of the board is necessary and sufficient for any action taken by the board. Board members serve without pay, but are reimbursed for actual expenses incurred in the performance of their duties.

Subd. 16. **Operations of the exchange.** The board of directors shall appoint an exchange director who shall:

- (1) be a full-time employee of the exchange;
- (2) administer all of the activities and contracts of the exchange; and
- (3) hire and supervise the staff of the exchange.

Subd. 17. **Insurance producers.** An individual has the right to choose any insurance producer licensed in accident and health insurance under chapter 60K to assist them in purchasing an individual market health plan through the exchange. When a producer licensed in accident and health insurance under chapter 60K enrolls an eligible individual in the exchange, the health plan chosen by an individual may pay the producer a commission.

Subd. 18. **Implementation.** Health plan coverage through the exchange begins on January 1, 2009. The exchange must be operational to assist employers and individuals by September 1, 2008, and be prepared for enrollment by December 1, 2008. Enrollees of individual market health plans, MinnesotaCare, and the Minnesota Comprehensive Health Association as of December 2, 2008, are automatically enrolled in the exchange on January 1, 2009, in the same health plan and at the same premium that they were enrolled as of December 2, 2008, subject to the provisions of this section. As of January 1, 2009, all enrollees of individual market health plans, MinnesotaCare, and the Minnesota Comprehensive Health Association shall make premium payments to the exchange.

Sec. 3. **[62A.68] SECTION 125 PLANS.**

Subdivision 1. **Definitions.** The following terms have the meanings given unless otherwise provided in text:

(a) "Current employee" means an employee currently on an employer's payroll other than a retiree or disabled former employee.

(b) "Employer" means a person, firm, corporation, partnership, association, business trust, or other entity employing one or more persons, including a political subdivision of the state, filing payroll tax information on such employed person or persons.

(c) "Section 125 Plan" means a cafeteria or Premium Only Plan under section 125 of the Internal Revenue Code that allows employees to purchase health insurance with pretax dollars.

(d) "Exchange" means the Minnesota Health Insurance Exchange under section 62A.67.

(e) "Exchange director" means the appointed director under section 62A.67, subdivision 16.

Subd. 2. **Section 125 Plan requirement.** (a) Effective January 1, 2009, all employers with 11 or more current employees shall establish a Section 125 Plan to allow their employees to purchase individual market health plan coverage with pretax dollars. Nothing in this section requires or mandates employers to offer or purchase health insurance coverage for their employees. The following employers are exempt from the Section 125 Plan requirement:

- (1) employers that offer a group health insurance plan as defined in 62A.10;
- (2) employers that are self-insurers as defined in section 62E.02; and
- (3) employers with fewer than 11 current employees, except that employers under this clause may voluntarily offer a Section 125 Plan.

(b) Employers that offer a Section 125 Plan may enter into an agreement with the exchange to administer the employer's Section 125 Plan.

Subd. 3. **Tracking compliance.** By July 1, 2008, the exchange, in consultation with the commissioners of commerce, health, employment and economic development, and revenue shall establish a method for tracking employer compliance with the Section 125 Plan requirement.

Subd. 4. **Employer requirements.** Employers that are required to offer or choose to offer a Section 125 Plan shall:

(1) allow employees to purchase any individual market health plan for themselves and their dependents through the exchange;

(2) allow employees to choose any insurance producer licensed in accident and health insurance under chapter 60K to assist them in purchasing an individual market health plan through the exchange;

(3) provide a written and signed statement to the exchange stating that the employer is not contributing to the employee's premiums for health plans purchased by an employee through the exchange;

(4) upon an employee's request, deduct premium amounts on a pretax basis in an amount not to exceed an employee's wages, and remit these employee payments to the exchange; and

(5) provide notice to employees that individual market health plans purchased through the exchange are not employer-sponsored or administered. Employers shall be held harmless from any and all liability claims related to the individual market health plans purchased through the exchange by employees under a Section 125 Plan.

Subd. 5. **Section 125 eligible health plans.** Individuals who are eligible to use an employer Section 125 Plan to pay for health insurance coverage purchased through the exchange may enroll in any health plan offered through the exchange for which the individual is eligible including individual market health plans, MinnesotaCare, and the Minnesota Comprehensive Health Association.

Sec. 4. Minnesota Statutes 2006, section 62E.141, is amended to read:

62E.141 INCLUSION IN EMPLOYER-SPONSORED PLAN.

No employee of an employer that offers a group health plan, under which the employee is eligible for coverage, is eligible to enroll, or continue to be enrolled, in the comprehensive health association, except for enrollment or continued enrollment necessary to cover conditions that are subject to an unexpired preexisting condition limitation, preexisting condition exclusion, or exclusionary rider under the employer's health plan. This section does not apply to persons enrolled in the Comprehensive Health Association as of June 30, 1993. With respect to persons eligible to enroll in the health plan of an employer that has more than 29 current employees, as defined in section 62L.02, this section does not apply to persons enrolled in the Comprehensive Health Association as of December 31, 1994.

Sec. 5. Minnesota Statutes 2006, section 62J.04, subdivision 3, is amended to read:

Subd. 3. **Cost containment duties.** The commissioner shall:

(1) establish statewide and regional cost containment goals for total health care spending under this section and, collect data as described in sections 62J.38 to 62J.41 to monitor statewide achievement of the cost containment goals, and annually report to the legislature on whether the goals were achieved and, if not, what action should be taken to ensure that goals are achieved in the future;

(2) divide the state into no fewer than four regions, with one of those regions being the Minneapolis/St. Paul metropolitan statistical area but excluding Chisago, Isanti, Wright, and Sherburne Counties, for purposes of fostering the development of regional health planning and coordination of health care delivery among regional health care systems and working to achieve the cost containment goals;

(3) monitor the quality of health care throughout the state and take action as necessary to ensure an appropriate level of quality;

(4) issue recommendations regarding uniform billing forms, uniform electronic billing procedures and data interchanges, patient identification cards, and other uniform claims and administrative procedures for health care providers and private and public sector payers. In developing the recommendations, the commissioner shall review the work of the work group on electronic data interchange (WEDI) and the American National Standards Institute (ANSI) at the national level, and the work being done at the state and local level. The commissioner may adopt rules requiring the use of the Uniform Bill 82/92 form, the National Council of Prescription Drug Providers (NCPDP) 3.2 electronic version, the Centers for Medicare and Medicaid Services 1500 form, or other standardized forms or procedures;

(5) undertake health planning responsibilities;

(6) authorize, fund, or promote research and experimentation on new technologies and health care procedures;

(7) within the limits of appropriations for these purposes, administer or contract for statewide consumer education and wellness programs that will improve the health of Minnesotans and increase individual responsibility relating to personal health and the delivery of health care services, undertake prevention programs including initiatives to improve birth outcomes, expand childhood immunization efforts, and provide start-up grants for worksite wellness programs;

(8) undertake other activities to monitor and oversee the delivery of health care services in Minnesota with the goal of improving affordability, quality, and accessibility of health care for all Minnesotans; and

(9) make the cost containment goal data available to the public in a consumer-oriented manner.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 6. Minnesota Statutes 2006, section 62J.495, is amended to read:

62J.495 HEALTH INFORMATION TECHNOLOGY AND INFRASTRUCTURE ~~ADVISORY COMMITTEE.~~

Subdivision 1. ~~Establishment; members; duties~~ **Implementation.** By January 1, 2012, all hospitals and health care providers must have in place an interoperable electronic health records system within their hospital system or clinical practice setting. The commissioner of health, in consultation with the Health Information Technology and Infrastructure Advisory Committee, shall develop a statewide plan to meet this goal, including the adoption of uniform standards to be used for the interoperable system for sharing and synchronizing patient data across systems. The standards must be compatible with federal efforts. The uniform standards must be refined and adopted for use when a standard development organization accredited by the American National Standards Institute completes the development of a standard for sharing and synchronizing patient data across systems.

Subd. 2. **Health Information Technology and Infrastructure Advisory Committee.** (a) The commissioner shall establish a Health Information Technology and Infrastructure Advisory Committee governed by section 15.059 to advise the commissioner on the following matters:

(1) assessment of the use of health information technology by the state, licensed health care providers and facilities, and local public health agencies;

(2) recommendations for implementing a statewide interoperable health information infrastructure, to include estimates of necessary resources, and for determining standards for administrative data exchange, clinical support programs, patient privacy requirements, and maintenance of the security and confidentiality of individual patient data; and

(3) other related issues as requested by the commissioner.

(b) The members of the Health Information Technology and Infrastructure Advisory Committee shall include the commissioners, or commissioners' designees, of health, human services, administration, and commerce and additional members to be appointed by the commissioner to include persons representing Minnesota's local public health agencies, licensed hospitals and other licensed facilities and providers, private purchasers, the medical and nursing professions, health insurers and health plans, the state quality improvement organization, academic and research institutions, consumer advisory organizations with an interest and expertise in health information technology, and other stakeholders as identified by the Health Information Technology and Infrastructure Advisory Committee.

~~Subd. 2. Annual report.~~ (c) The commissioner shall prepare and issue an annual report not later than January 30 of each year outlining progress to date in implementing a statewide health information infrastructure and recommending future projects.

~~Subd. 3. Expiration.~~ (d) Notwithstanding section 15.059, this ~~section~~ subdivision expires June 30, ~~2009~~ 2012.

Sec. 7. [62J.496] ELECTRONIC HEALTH RECORD SYSTEM REVOLVING ACCOUNT AND LOAN PROGRAM.

Subdivision 1. **Account establishment.** The commissioner of finance shall establish and implement a revolving account in the state government special revenue fund to provide loans to eligible borrowers to assist in financing the installation or support of an interoperable health record system. The system must provide for the interoperable exchange of health care information between the applicant and, at a minimum, a hospital system, pharmacy, and a health care clinic or other physician group.

Subd. 2. **Eligibility.** (a) "Eligible borrower" means one of the following:

(1) community clinics, as defined under section 145.9268;

(2) hospitals eligible for rural hospital capital improvement grants, as defined in section 144.148;

(3) physician clinics located in a community with a population of less than 50,000 according to United States Census Bureau statistics and outside the seven-county metropolitan area;

(4) nursing facilities licensed under sections 144A.01 to 144A.27; and

(5) other providers of health or health care services approved by the commissioner for which interoperable electronic health record capability would improve quality of care, patient safety, or community health.

(b) To be eligible for a loan under this section, the applicant must submit a loan application to the commissioner of health on forms prescribed by the commissioner. The application must include, at a minimum:

(1) the amount of the loan requested and a description of the purpose or project for which the loan proceeds will be used;

(2) a quote from a vendor;

(3) a description of the health care entities and other groups participating in the project;

(4) evidence of financial stability and a demonstrated ability to repay the loan; and

(5) a description of how the system to be financed interconnects or plans in the future to interconnect with other health care entities and provider groups located in the same geographical area.

Subd. 3. **Loans.** (a) The commissioner of health may make a no interest loan to a provider or provider group who is eligible under subdivision 2 on a first-come, first-served basis provided that the applicant is able to comply with this section. The total accumulative loan principal must not exceed \$1,500,000 per loan. The commissioner of health has discretion over the size and number of loans made.

(b) The commissioner of health may prescribe forms and establish an application process and, notwithstanding section 16A.1283, may impose a reasonable nonrefundable application fee to cover the cost of administering the loan program.

(c) The borrower must begin repaying the principal no later than two years from the date of the loan. Loans must be amortized no later than six years from the date of the loan.

(d) Repayments must be credited to the account.

Subd. 4. **Data classification.** Data collected by the commissioner of health on the application to determine eligibility under subdivision 2 and to monitor borrowers' default risk or collect payments owed under subdivision 3 are (1) private data on individuals as defined in section 13.02, subdivision 12; and (2) nonpublic data as defined in section 13.02, subdivision 9. The names of borrowers and the amounts of the loans granted are public data.

Sec. 8. [62J.536] UNIFORM ELECTRONIC TRANSACTIONS AND IMPLEMENTATION GUIDE STANDARDS.

Subdivision 1. **Electronic claims and eligibility transactions required.** (a) Beginning January 15, 2009, all group purchasers must accept from health care providers the eligibility for a health plan transaction described under Code of Federal Regulations, title 45, part 162, subpart L. Beginning July 15, 2009, all group purchasers must accept from health care providers the health care claims or equivalent encounter information transaction described under Code of Federal Regulations, title 45, part 162, subpart K.

(b) Beginning January 15, 2009, all group purchasers must transmit to providers the eligibility for a health plan transaction described under Code of Federal Regulations, title 45, part 162, subpart L. Beginning December 1, 2009, all group purchasers must transmit to providers the health care payment and remittance advice transaction described under Code of Federal Regulations, title 45, part 162, subpart P.

(c) Beginning January 15, 2009, all health care providers must submit to group purchasers the eligibility for a health plan transaction described under Code of Federal Regulations, title 45, part 162, subpart L. Beginning July 15, 2009, all health care providers must submit to group purchasers the health care claims or equivalent encounter information transaction described under Code of Federal Regulations, title 45, part 162, subpart K.

(d) Beginning January 15, 2009, all health care providers must accept from group purchasers the eligibility for a health plan transaction described under Code of Federal Regulations, title 45, part 162, subpart L. Beginning December 15, 2009, all health care providers must accept from group purchasers the health care payment and remittance advice transaction described under Code of Federal Regulations, title 45, part 162, subpart P.

(e) Each of the transactions described in paragraphs (a) to (d) shall require the use of a single, uniform companion guide to the implementation guides described under Code of Federal Regulations, title 45, part 162. The companion guides will be developed pursuant to subdivision 2.

(f) Notwithstanding any other provisions in sections 62J.50 to 62J.61, all group purchasers and health care providers must exchange claims and eligibility information electronically using the transactions, companion guides, implementation guides, and timelines required under this subdivision. Group purchasers may not impose any fee on providers for the use of the transactions prescribed in this subdivision.

(g) Nothing in this subdivision shall prohibit group purchasers and health care providers from using a direct data entry, Web-based methodology for complying with the requirements of this subdivision. Any direct data entry method for conducting the transactions specified in this subdivision must be consistent with the data content component of the single, uniform companion guides required in paragraph (e) and the implementation guides described under Code of Federal Regulations, title 45, part 162.

Subd. 2. **Establishing uniform, standard companion guides.** (a) At least 12 months prior to the timelines required in subdivision 1, the commissioner of health shall promulgate rules pursuant to section 62J.61 establishing and requiring group purchasers and health care providers to use the transactions and the uniform, standard companion guides required under subdivision 1, paragraph (e).

(b) The commissioner of health must consult with the Minnesota Administrative Uniformity Committee on the development of the single, uniform companion guides required under subdivision 1, paragraph (e), for each of the transactions in subdivision 1. The single uniform companion guides required under subdivision 1, paragraph (e), must specify uniform billing and coding standards. The commissioner of health shall base the companion guides required under subdivision 1, paragraph (e), billing and coding rules, and standards on the Medicare program, with modifications that the commissioner deems appropriate after consulting the Minnesota Administrative Uniformity Committee.

(c) No group purchaser or health care provider may add to or modify the single, uniform companion guides defined in subdivision 1, paragraph (e), through additional companion guides or other requirements.

(d) In promulgating the rules in paragraph (a), the commissioner shall not require data content that is not essential to accomplish the purpose of the transactions in subdivision 1.

Sec. 9. Minnesota Statutes 2006, section 62J.692, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For purposes of this section, the following definitions apply:

(a) "Accredited clinical training" means the clinical training provided by a medical education program that is accredited through an organization recognized by the Department of Education, the Centers for Medicare and Medicaid Services, or another national body who reviews the accrediting organizations for multiple disciplines and whose standards for recognizing accrediting organizations are reviewed and approved by the commissioner of health in consultation with the Medical Education and Research Advisory Committee.

(b) "Commissioner" means the commissioner of health.

(c) "Clinical medical education program" means the accredited clinical training of physicians (medical students and residents), doctor of pharmacy practitioners, doctors of chiropractic, dentists, advanced practice nurses (clinical nurse specialists, certified registered nurse anesthetists, nurse practitioners, and certified nurse midwives), and physician assistants.

(d) "Sponsoring institution" means a hospital, school, or consortium located in Minnesota that sponsors and maintains primary organizational and financial responsibility for a clinical medical education program in Minnesota and which is accountable to the accrediting body.

(e) "Teaching institution" means a hospital, medical center, clinic, or other organization that conducts a clinical medical education program in Minnesota.

(f) "Trainee" means a student or resident involved in a clinical medical education program.

(g) "Eligible trainee FTEs" means the number of trainees, as measured by full-time equivalent counts, that are at training sites located in Minnesota with a currently active medical assistance provider number enrollment status and a National Provider Identification (NPI) number where training occurs in either an inpatient or ambulatory patient care setting and where the training is funded, in part, by patient care revenues.

Sec. 10. Minnesota Statutes 2006, section 62J.692, subdivision 4, is amended to read:

Subd. 4. **Distribution of funds.** (a) The commissioner shall annually distribute 90 percent of ~~available medical education~~ funds transferred according to section 256B.69, subdivision 5c, paragraph (a), clause (1), to all qualifying applicants based on a distribution formula that reflects a summation of two factors:

(1) an education factor, which is determined by the total number of eligible trainee FTEs and the total statewide average costs per trainee, by type of trainee, in each clinical medical education program; and

(2) a public program volume factor, which is determined by the total volume of public program revenue received by each training site as a percentage of all public program revenue received by all training sites in the fund pool.

In this formula, the education factor is weighted at 67 percent and the public program volume factor is weighted at 33 percent.

Public program revenue for the distribution formula includes revenue from medical assistance, prepaid medical assistance, general assistance medical care, and prepaid general assistance medical care. Training sites that receive no public program revenue are ineligible for funds available under this paragraph. Total statewide average costs per trainee for medical residents is based on audited clinical training costs per trainee in primary care clinical medical education programs for medical residents. Total statewide average costs per trainee for dental residents is based on audited clinical training costs per trainee in clinical medical education programs for dental students. Total statewide average costs per trainee for pharmacy residents is based on audited clinical training costs per trainee in clinical medical education programs for pharmacy students.

(b) The commissioner shall annually distribute ten percent of ~~total available medical education~~ funds transferred according to section 256B.69, subdivision 5c, paragraph (a), clause (1), to all qualifying applicants based on the percentage received by each applicant under paragraph (a). These funds are to be used to offset clinical education costs at eligible clinical training sites based on criteria developed by the clinical medical education program. Applicants may choose to distribute funds allocated under this paragraph based on the distribution formula described in paragraph (a).

(c) The commissioner shall annually distribute \$5,000,000 of the funds dedicated to the commissioner under section 297F.10, subdivision 1, clause (2), plus any federal financial participation on these funds and on funds transferred under subdivision 10, to all qualifying applicants based on a distribution formula that gives 100 percent weight to a public program volume factor, which is determined by the total volume of public program revenue received by each training site as a percentage of all public program revenue received by all training sites in the fund pool. If federal approval is not obtained for federal financial participation on any portion of funds distributed under this paragraph, 90 percent of the unmatched funds shall be distributed by the commissioner based on the formula described in paragraph (a) and ten percent of the unmatched funds shall be distributed by the commissioner based on the formula described in paragraph (b).

(d) The commissioner shall annually distribute \$3,060,000 of funds dedicated to the commissioner under section 297F.10, subdivision 1, clause (2), through a formula giving 100 percent weight to an education factor, which is determined by the total number of eligible trainee full-time equivalents and the total statewide average costs per trainee, by type of trainee, in each clinical medical education program. If no matching funds are received on funds distributed under paragraph (c), funds distributed under this paragraph shall be distributed by the commissioner based on the formula described in paragraph (a).

(e) The commissioner shall annually distribute \$340,000 of funds dedicated to the commissioner under section 297F.10, subdivision 1, clause (2), to all qualifying applicants based on the percentage received by each applicant under paragraph (a). These funds are to be used to offset clinical education costs at eligible clinical training sites based on criteria developed by the clinical medical education program. Applicants may choose to distribute funds allocated under this paragraph based on the distribution formula described in paragraph (a). If no matching funds are received on funds distributed under paragraph (c), funds distributed under this paragraph shall be distributed by the commissioner based on the formula described in paragraph (b).

~~(e)~~ (f) Funds distributed shall not be used to displace current funding appropriations from federal or state sources.

~~(d)~~ (g) Funds shall be distributed to the sponsoring institutions indicating the amount to be distributed to each of the sponsor's clinical medical education programs based on the criteria in this subdivision and in accordance with the commissioner's approval letter. Each clinical medical education program must distribute funds allocated under paragraph (a) to the training sites as specified in the commissioner's approval letter. Sponsoring institutions, which are accredited through an organization recognized by the Department of Education or the Centers for Medicare and Medicaid Services, may contract directly with training sites to provide clinical training. To ensure the quality of clinical training, those accredited sponsoring institutions must:

(1) develop contracts specifying the terms, expectations, and outcomes of the clinical training conducted at sites; and

(2) take necessary action if the contract requirements are not met. Action may include the withholding of payments under this section or the removal of students from the site.

~~(e)~~ (h) Any funds not distributed in accordance with the commissioner's approval letter must be returned to the medical education and research fund within 30 days of receiving notice from the commissioner. The commissioner shall distribute returned funds to the appropriate training sites in accordance with the commissioner's approval letter.

~~(f)~~ (i) The commissioner shall distribute by June 30 of each year an amount equal to the funds transferred under subdivision 10, ~~plus five percent interest~~ to the University of Minnesota Board of Regents for the instructional costs of health professional programs at the Academic Health Center and for interdisciplinary academic initiatives within the Academic Health Center.

~~(e)~~ (j) A maximum of \$150,000 of the funds dedicated to the commissioner under section 297F.10, subdivision 1, ~~paragraph (b)~~, clause (2), may be used by the commissioner for administrative expenses associated with implementing this section.

Sec. 11. Minnesota Statutes 2006, section 62J.692, subdivision 7a, is amended to read:

Subd. 7a. **Clinical medical education innovations grants.** (a) The commissioner shall award grants to teaching institutions and clinical training sites for projects that increase dental access for underserved populations and promote innovative clinical training of dental professionals.

(b) The commissioner shall award grants to teaching institutions and clinical training sites for projects that increase mental health access for underserved populations, promote innovative clinical training of mental health professionals, increase the number of mental health providers in rural or underserved areas, and promote the incorporation of patient safety principles into clinical medical education programs.

(c) In awarding the grants, the commissioner, in consultation with the commissioner of human services, shall consider the following:

- (1) potential to successfully increase access to an underserved population;
- (2) the long-term viability of the project to improve access beyond the period of initial funding;
- (3) evidence of collaboration between the applicant and local communities;
- (4) the efficiency in the use of the funding; ~~and~~
- (5) the priority level of the project in relation to state clinical education, access, patient safety, and workforce goals; and
- (6) the potential of the project to impact the number or distribution of the health care workforce.

~~(b)~~ (d) The commissioner shall periodically evaluate the priorities in awarding the innovations grants in order to ensure that the priorities meet the changing workforce needs of the state.

Sec. 12. Minnesota Statutes 2006, section 62J.692, subdivision 8, is amended to read:

Subd. 8. **Federal financial participation.** (a) The commissioner of human services shall seek to maximize federal financial participation in payments for medical education and research costs. ~~If the commissioner of human services determines that federal financial participation is available for the medical education and research, the commissioner of health shall transfer to the commissioner of human services the amount of state funds necessary to maximize the federal funds available. The amount transferred to the commissioner of human services, plus the amount of federal financial participation, shall be distributed to medical assistance providers in accordance with the distribution methodology described in subdivision 4.~~

(b) For the purposes of paragraph (a), the commissioner shall use physician clinic rates where possible to maximize federal financial participation.

Sec. 13. Minnesota Statutes 2006, section 62J.692, subdivision 10, is amended to read:

Subd. 10. **Transfers from University of Minnesota.** Of the funds dedicated to the Academic Health Center under section 297F.10, subdivision 1, clause (1), \$4,850,000 shall be transferred annually to the commissioner of health no later than April 15 of each year for distribution under subdivision 4, paragraph ~~(f)~~ (i).

Sec. 14. Minnesota Statutes 2006, section 62J.81, subdivision 1, is amended to read:

Subdivision 1. **Required disclosure of estimated payment.** (a) A health care provider, as defined in section 62J.03, subdivision 8, or the provider's designee as agreed to by that designee, shall, at the request of a consumer, provide that consumer with a good faith estimate of the ~~reimbursement~~ allowable payment the provider ~~expects to receive from the health plan company in which the consumer is enrolled~~ has agreed to accept from the consumer's health plan company for the services specified by the consumer, specifying the amount of the allowable payment due from the health plan company. Health plan companies must allow contracted providers, or their designee, to release this information. ~~A good faith estimate must also be made available at the request of a consumer who is not enrolled in a health plan company. If a consumer has no applicable public or private coverage, the health care provider must give the consumer a good faith estimate of the average allowable reimbursement the provider accepts as payment from private third-party payers for the services specified by the consumer and the estimated amount the noncovered consumer will be required to pay.~~ Payment information provided by a provider, or by the provider's designee as agreed to by that designee, to a patient pursuant to this subdivision does not constitute a legally binding estimate of the allowable charge for or cost to the consumer of services.

(b) A health plan company, as defined in section 62J.03, subdivision 10, shall, at the request of an enrollee or the enrollee's designee, provide that enrollee with a good faith estimate of the ~~reimbursement~~ allowable amount the health plan company ~~would expect to pay to~~ has contracted for with a specified provider within the network as total payment for a health care service specified by the enrollee and the portion of the allowable amount due from the enrollee and the enrollee's out-of-pocket costs. ~~If requested by the enrollee, the health plan company shall also provide to the enrollee a good faith estimate of the enrollee's out of pocket cost for the health care service.~~ An estimate provided to an enrollee under this paragraph is not a legally binding estimate of the ~~reimbursement~~ allowable amount or enrollee's out-of-pocket cost.

EFFECTIVE DATE. This section is effective August 1, 2007.

Sec. 15. Minnesota Statutes 2006, section 62J.82, is amended to read:

62J.82 HOSPITAL CHARGE INFORMATION REPORTING DISCLOSURE.

Subdivision 1. **Required information.** The Minnesota Hospital Association shall develop a Web-based system, available to the public free of charge, for reporting ~~charge information~~ the following, for Minnesota residents:;

(1) hospital-specific performance on the measures of care developed under section 256B.072 for acute myocardial infarction, heart failure, and pneumonia;

(2) by January 1, 2009, hospital-specific performance on the public reporting measures for hospital-acquired infections as published by the National Quality Forum and collected by the Minnesota Hospital Association and Stratis Health in collaboration with infection control practitioners; and

(3) charge information, including, but not limited to, number of discharges, average length of stay, average charge, average charge per day, and median charge, for each of the 50 most common inpatient diagnosis-related groups and the 25 most common outpatient surgical procedures as specified by the Minnesota Hospital Association.

Subd. 2. **Web site.** The Web site must provide information that compares hospital-specific data to hospital statewide data. The Web site must be established by October 1, 2006, and must be updated annually. The commissioner shall provide a link to this reporting information on the department's Web site.

Subd. 3. **Enforcement.** The commissioner shall provide a link to this information on the department's Web site. If a hospital does not provide this information to the Minnesota Hospital Association, the commissioner of health may require the hospital to do so in accordance with section 144.55, subdivision 6. The commissioner shall provide a link to this information on the department's Web site.

Sec. 16. [62J.84] HEALTH CARE TRANSFORMATION TASK FORCE.

Subdivision 1. **Task force.** The governor shall convene a health care transformation task force to advise and assist the governor and the Minnesota legislature. The task force shall consist of:

(1) four legislators from the house of representatives appointed by the speaker, two from the majority party and two from the minority party, and four legislators from the senate appointed by the Subcommittee on Committees of the senate Committee on Rules and Administration, two from the majority party and two from the minority party;

(2) four representatives of the governor and state agencies appointed by the governor;

(3) at least four persons appointed by the governor who have demonstrated leadership in health care organizations, health improvement initiatives, health care trade or professional associations, or other collaborative health system improvement activities; and

(4) at least two persons appointed by the governor who have demonstrated leadership in employer and group purchaser activities related to health system improvement, at least one of which must be from a labor organization.

Subd. 2. **Public input.** The commissioner of health shall review available research, and conduct statewide, regional, and local surveys, focus groups, and other activities as needed to fill gaps in existing research, to determine Minnesotans' values, preferences, opinions, and perceptions related to health care and to the issues confronting the task force, and shall report the findings to the task force.

Subd. 3. **Inventory and assessment of existing activities; action plan.** The task force shall complete an inventory and assessment of all public and private organized activities, coalitions, and collaboratives working on tasks relating to health system improvement including, but not limited to, patient safety, quality measurement and reporting, evidence-based practice, adoption of health information technology, disease management and chronic care coordination, medical homes, access to health care, cultural competence, prevention and public health, consumer incentives, price and cost transparency, nonprofit organization community benefits, education, research, and health care workforce.

Subd. 4. **Action plan.** By December 15, 2007, the governor, with the advice and assistance of the task force, shall develop and present to the legislature a statewide action plan for transforming the health care system to improve affordability, quality, and access. The plan shall include draft legislation needed to implement the plan. The plan may consist of legislative actions, administrative actions of governmental entities, collaborative actions, and actions of individuals and individual organizations. Among other things, the action plan must include the following, with specific and measurable goals and deadlines for each:

(1) proposed actions that will slow the rate of increase in health care costs to a rate that does not exceed the increase in the Consumer Price Index for urban consumers for the preceding calendar year plus two percentage points, plus an additional percentage based on the added costs necessary to implement legislation enacted in 2007;

(2) actions that will increase the affordable health coverage options for uninsured and underinsured Minnesotans and other strategies that will ensure that all Minnesotans will have health coverage by January 2011;

(3) actions to improve the quality and safety of health care and reduce racial and ethnic disparities in access and quality;

(4) actions that will reduce the rate of preventable chronic illness through prevention and public health and wellness initiatives; and

(5) proposed changes to state health care purchasing and payment strategies used for state health care programs and state employees that will promote higher quality, lower cost health care through incentives that reward prevention and early intervention, use of cost-effective primary care, effective care coordination, and management of chronic disease;

(6) actions that will promote the appropriate and cost-effective investment in new facilities, technologies, and drugs;

(7) actions to reduce administrative costs; and

(8) the results of the inventory completed under subdivision 3 and recommendations for how these activities can be coordinated and improved.

Subd. 5. **Options for small employers.** The task force shall study and report back to the legislature by December 15, 2007, on options for serving small employers and their employees, and self-employed individuals.

Sec. 17. Minnesota Statutes 2006, section 62L.12, subdivision 2, is amended to read:

Subd. 2. **Exceptions.** (a) A health carrier may sell, issue, or renew individual conversion policies to eligible employees otherwise eligible for conversion coverage under section 62D.104 as a result of leaving a health maintenance organization's service area.

(b) A health carrier may sell, issue, or renew individual conversion policies to eligible employees otherwise eligible for conversion coverage as a result of the expiration of any continuation of group coverage required under sections 62A.146, 62A.17, 62A.21, 62C.142, 62D.101, and 62D.105.

(c) A health carrier may sell, issue, or renew conversion policies under section 62E.16 to eligible employees.

(d) A health carrier may sell, issue, or renew individual continuation policies to eligible employees as required.

(e) A health carrier may sell, issue, or renew individual health plans if the coverage is appropriate due to an unexpired preexisting condition limitation or exclusion applicable to the person under the employer's group health plan or due to the person's need for health care services not covered under the employer's group health plan.

(f) A health carrier may sell, issue, or renew an individual health plan, if the individual has elected to buy the individual health plan not as part of a general plan to substitute individual health plans for a group health plan nor as a result of any violation of subdivision 3 or 4.

(g) Nothing in this subdivision relieves a health carrier of any obligation to provide continuation or conversion coverage otherwise required under federal or state law.

(h) Nothing in this chapter restricts the offer, sale, issuance, or renewal of coverage issued as a supplement to Medicare under sections 62A.3099 to 62A.44, or policies or contracts that supplement Medicare issued by health maintenance organizations, or those contracts governed by sections 1833, 1851 to 1859, 1860D, or 1876 of the federal Social Security Act, United States Code, title 42, section 1395 et seq., as amended.

(i) Nothing in this chapter restricts the offer, sale, issuance, or renewal of individual health plans necessary to comply with a court order.

(j) A health carrier may offer, issue, sell, or renew an individual health plan to persons eligible for an employer group health plan, if the individual health plan is a high deductible health plan for use in connection with an existing health savings account, in compliance with the Internal Revenue Code, section 223. In that situation, the same or a different health carrier may offer, issue, sell, or renew a group health plan to cover the other eligible employees in the group.

(k) A health carrier may offer, sell, issue, or renew an individual health plan to one or more employees of a small employer if the individual health plan is marketed directly through the Minnesota Health Insurance Exchange under section 62A.67 or 62A.68 to all employees of the small employer and the small employer does not contribute directly or indirectly to the premiums or facilitate the administration of the individual health plan. The requirement to market an individual health plan to all employees through the Minnesota Health Insurance Exchange under section 62A.67 or 62A.68 does not require the health carrier to offer or issue an individual health plan to any employee. For purposes of this paragraph, an employer is not contributing to the premiums or facilitating the administration of the individual health plan if the employer does not contribute to the premium and merely collects the premiums from an employee's wages or salary through payroll deductions and submits payment for the premiums of one or more employees ~~in a lump sum to the health carrier to the Minnesota Health Insurance Exchange under section 62A.67 or 62A.68~~. Except for coverage under section 62A.65, subdivision 5, paragraph (b), or 62E.16, at the request of an employee, the ~~health carrier~~ Minnesota Health Insurance Exchange under section 62A.67 or 62A.68 may bill the employer for the premiums payable by the employee, provided that the employer is not liable for payment except from payroll deductions for that purpose. If an employer is submitting payments under this paragraph, the health carrier and the Minnesota Health Insurance Exchange under section 62A.67 or 62A.68 shall jointly provide a cancellation notice directly to the primary insured at least ten days prior to termination of coverage for nonpayment of premium. ~~Individual coverage under this paragraph may be offered only if the small employer has not provided coverage under section 62L.03 to the employees within the past 12 months.~~

The employer must provide a written and signed statement to the ~~health carrier~~ Minnesota Health Insurance Exchange under section 62A.67 or 62A.68 that the employer is not contributing directly or indirectly to the employee's premiums. The Minnesota Health Insurance Exchange under section 62A.67 or 62A.68 shall provide all health carriers with enrolled employees of the employer with a copy of the employer's statement. The health carrier may rely on the employer's statement provided by the Minnesota Health Insurance Exchange under section 62A.67 or 62A.68 and is not required to guarantee-issue individual health plans to the employer's ~~other current or future~~ employees.

Sec. 18. Minnesota Statutes 2006, section 62L.12, subdivision 4, is amended to read:

Subd. 4. **Employer prohibition.** A small employer offering a health benefit plan shall not encourage or direct an employee or applicant to:

(1) refrain from filing an application for health coverage when other similarly situated employees may file an application for health coverage;

(2) file an application for health coverage during initial eligibility for coverage, the acceptance of which is contingent on health status, when other similarly situated employees may apply for health coverage, the acceptance of which is not contingent on health status;

(3) seek coverage from another health carrier, including, but not limited to, MCHA; or

(4) cause coverage to be issued on different terms because of the health status or claims experience of that person or the person's dependents.

Sec. 19. Minnesota Statutes 2006, section 62Q.165, subdivision 1, is amended to read:

Subdivision 1. **Definition.** It is the commitment of the state to achieve universal health coverage for all Minnesotans by the year 2011. Universal coverage is achieved when:

(1) every Minnesotan has access to a full range of quality health care services;

(2) every Minnesotan is able to obtain affordable health coverage which pays for the full range of services, including preventive and primary care; and

(3) every Minnesotan pays into the health care system according to that person's ability.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 20. Minnesota Statutes 2006, section 62Q.165, subdivision 2, is amended to read:

Subd. 2. **Goal.** It is the goal of the state to make continuous progress toward reducing the number of Minnesotans who do not have health coverage so that by January 1, 2000, ~~fewer than four percent of the state's population will be without health coverage~~ 2011, all Minnesota residents have access to affordable health care. The goal will be achieved by improving access to private health coverage through insurance reforms and market reforms, by making health coverage more affordable for low-income Minnesotans through purchasing pools and state subsidies, and by reducing the cost of health coverage through cost containment programs and methods of ensuring that all Minnesotans are paying into the system according to their ability.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 21. Minnesota Statutes 2006, section 62Q.80, subdivision 3, is amended to read:

Subd. 3. **Approval.** (a) Prior to the operation of a community-based health care coverage program, a community-based health initiative shall submit to the commissioner of health for approval the community-based health care coverage program developed by the initiative. ~~The commissioner shall only approve a program that has been awarded a community access program grant from the United States Department of Health and Human Services.~~ The commissioner shall ensure that the program meets the federal grant requirements and any requirements described in this section and is actuarially sound based on a review of appropriate records and methods utilized by the community-based health initiative in establishing premium rates for the community-based health care coverage program.

(b) Prior to approval, the commissioner shall also ensure that:

(1) the benefits offered comply with subdivision 8 and that there are adequate numbers of health care providers participating in the community-based health network to deliver the benefits offered under the program;

(2) the activities of the program are limited to activities that are exempt under this section or otherwise from regulation by the commissioner of commerce;

(3) the complaint resolution process meets the requirements of subdivision 10; and

- (4) the data privacy policies and procedures comply with state and federal law.

Sec. 22. Minnesota Statutes 2006, section 62Q.80, subdivision 4, is amended to read:

Subd. 4. **Establishment.** ~~(a)~~ The initiative shall establish and operate upon approval by the commissioner of health a community-based health care coverage program. The operational structure established by the initiative shall include, but is not limited to:

- (1) establishing a process for enrolling eligible individuals and their dependents;
- (2) collecting and coordinating premiums from enrollees and employers of enrollees;
- (3) providing payment to participating providers;
- (4) establishing a benefit set according to subdivision 8 and establishing premium rates and cost-sharing requirements;
- (5) creating incentives to encourage primary care and wellness services; and
- (6) initiating disease management services, as appropriate.

~~(b) The payments collected under paragraph (a), clause (2), may be used to capture available federal funds.~~

Sec. 23. Minnesota Statutes 2006, section 62Q.80, subdivision 13, is amended to read:

Subd. 13. **Report.** (a) The initiative shall submit quarterly status reports to the commissioner of health on January 15, April 15, July 15, and October 15 of each year, with the first report due January 15, ~~2007~~ 2008. The status report shall include:

- (1) the financial status of the program, including the premium rates, cost per member per month, claims paid out, premiums received, and administrative expenses;
- (2) a description of the health care benefits offered and the services utilized;
- (3) the number of employers participating, the number of employees and dependents covered under the program, and the number of health care providers participating;
- (4) a description of the health outcomes to be achieved by the program and a status report on the performance measurements to be used and collected; and
- (5) any other information requested by the commissioner of health or commerce or the legislature.

(b) The initiative shall contract with an independent entity to conduct an evaluation of the program to be submitted to the commissioners of health and commerce and the legislature by January 15, ~~2009~~ 2010. The evaluation shall include:

- (1) an analysis of the health outcomes established by the initiative and the performance measurements to determine whether the outcomes are being achieved;
- (2) an analysis of the financial status of the program, including the claims to premiums loss ratio and utilization and cost experience;

- (3) the demographics of the enrollees, including their age, gender, family income, and the number of dependents;
- (4) the number of employers and employees who have been denied access to the program and the basis for the denial;
- (5) specific analysis on enrollees who have aggregate medical claims totaling over \$5,000 per year, including data on the enrollee's main diagnosis and whether all the medical claims were covered by the program;
- (6) number of enrollees referred to state public assistance programs;
- (7) a comparison of employer-subsidized health coverage provided in a comparable geographic area to the designated community-based geographic area served by the program, including, to the extent available:
 - (i) the difference in the number of employers with 50 or fewer employees offering employer-subsidized health coverage;
 - (ii) the difference in uncompensated care being provided in each area; and
 - (iii) a comparison of health care outcomes and measurements established by the initiative; and
- (8) any other information requested by the commissioner of health or commerce.

Sec. 24. Minnesota Statutes 2006, section 62Q.80, subdivision 14, is amended to read:

Subd. 14. **Sunset.** This section expires December 31, ~~2011~~ 2012.

Sec. 25. Minnesota Statutes 2006, section 144.698, subdivision 1, is amended to read:

Subdivision 1. **Yearly reports.** (a) Each hospital and each outpatient surgical center, which has not filed the financial information required by this section with a voluntary, nonprofit reporting organization pursuant to section 144.702, shall file annually with the commissioner of health after the close of the fiscal year:

- (1) a balance sheet detailing the assets, liabilities, and net worth of the hospital or outpatient surgical center;
- (2) a detailed statement of income and expenses;
- (3) a copy of its most recent cost report, if any, filed pursuant to requirements of Title XVIII of the United States Social Security Act;
- (4) a copy of all changes to articles of incorporation or bylaws;
- (5) information on services provided to benefit the community, including services provided at no cost or for a reduced fee to patients unable to pay, teaching and research activities, or other community or charitable activities;
- (6) information required on the revenue and expense report form set in effect on July 1, 1989, or as amended by the commissioner in rule;
- (7) information on changes in ownership or control; ~~and~~
- (8) other information required by the commissioner in rule;

(9) information on the number of available hospital beds that are dedicated to certain specialized services, as designated by the commissioner, and annual occupancy rates for those beds, separately for adult and pediatric care;

(10) from outpatient surgical centers, the total number of surgeries; and

(11) a report on health care capital expenditures during the previous year, as required by section 62J.17.

(b) Beginning with hospital fiscal year 2009, each nonprofit hospital shall report on community benefits under paragraph (a), clause (5). "Community benefit" means the costs of community care, underpayment for services provided under state health care programs, research costs, community health services costs, financial and in-kind contributions, costs of community building activities, costs of community benefit operations, education, and the cost of operating subsidized services. The cost of bad debts and underpayment for Medicare services are not included in the calculation of community benefit.

Sec. 26. Minnesota Statutes 2006, section 144.699, is amended by adding a subdivision to read:

Subd. 5. **Annual reports on community benefit, community care amounts, and state program underfunding.** (a) For each hospital reporting health care cost information under section 144.698 or 144.702, the commissioner shall report annually on the hospital's community benefit, community care, and underpayment for state public health care programs.

(b) For purposes of this subdivision, "community benefits" has the definition given in section 144.698, paragraph (b).

(c) For purposes of this subdivision, "community care" means the costs for medical care for which a hospital has determined is charity care, as defined under Minnesota Rules, part 4650.0115, or for which the hospital determines after billing for the services that there is a demonstrated inability to pay. Any costs forgiven under a hospital's community care plan or under section 62J.83 may be counted in the hospital's calculation of community care. Bad debt expenses and discounted charges available to the uninsured shall not be included in the calculation of community care. The amount of community care is the value of costs incurred and not the charges made for services.

(d) For purposes of this subdivision, underpayment for services provided by state public health care programs is the difference between hospital costs and public program payments. The information shall be reported in terms of total dollars and as a percentage of total operating costs for each hospital.

Sec. 27. Minnesota Statutes 2006, section 256.01, subdivision 2b, is amended to read:

Subd. 2b. **Performance payments.** (a) The commissioner shall develop and implement a pay-for-performance system to provide performance payments to:

(1) eligible medical groups and clinics that demonstrate optimum care in serving individuals with chronic diseases who are enrolled in health care programs administered by the commissioner under chapters 256B, 256D, and 256L;

(2) medical groups that implement effective medical home models of patient care that improve quality and reduce costs through effective primary and preventive care, care coordination, and management of chronic conditions; and

(3) eligible medical groups and clinics that evaluate medical provider usage patterns and provide feedback to individual medical providers on that provider's practice patterns relative to peer medical providers.

(b) The commissioner shall also develop and implement a patient incentive health program to provide incentives and rewards to patients who are enrolled in health care programs administered by the commissioner under chapters 256B, 256D, and 256L, and who have agreed to and meet personal health goals established with their primary care provider to manage a chronic disease or condition including, but not limited to, diabetes, high blood pressure, and coronary artery disease.

(c) The commissioner may receive any federal matching money that is made available through the medical assistance program for managed care oversight contracted through vendors including consumer surveys, studies, and external quality reviews as required by the Federal Balanced Budget Act of 1997, Code of Federal Regulations, title 42, part 438, subpart E. Any federal money received for managed care oversight is appropriated to the commissioner for this purpose. The commissioner may expend the federal money received in either year of the biennium.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 28. Minnesota Statutes 2006, section 256B.0625, is amended by adding a subdivision to read:

Subd. 49. **Provider-directed care coordination services.** The commissioner shall develop and implement a provider-directed care coordination program for medical assistance recipients who are not enrolled in the prepaid medical assistance program and who are receiving services on a fee-for-service basis. This program provides payment to primary care clinics for care coordination for people who have complex and chronic medical conditions. Clinics must meet certain criteria such as the capacity to develop care plans; have a dedicated care coordinator; and have an adequate number of fee-for-service clients, evaluation mechanisms, and quality improvement processes to qualify for reimbursement. For purposes of this subdivision, a primary care clinic is a medical clinic designated as the patient's first point of contact for medical care, available 24 hours a day, seven days a week, that provides or arranges for the patient's comprehensive health care needs, and provides overall integration, coordination and continuity over time and referrals for specialty care.

Sec. 29. Minnesota Statutes 2006, section 256L.01, subdivision 4, is amended to read:

Subd. 4. **Gross individual or gross family income.** (a) "Gross individual or gross family income" for nonfarm self-employed means income calculated for the six-month period of eligibility using the net profit or loss reported on the applicant's federal income tax form for the previous year and using the medical assistance families with children methodology for determining allowable and nonallowable self-employment expenses and countable income.

(b) "Gross individual or gross family income" for farm self-employed means income calculated for the six-month period of eligibility using as the baseline the adjusted gross income reported on the applicant's federal income tax form for the previous year ~~and adding back in reported depreciation amounts that apply to the business in which the family is currently engaged.~~

(c) "Gross individual or gross family income" means the total income for all family members, calculated for the six-month period of eligibility.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 30. **HEALTH CARE PAYMENT SYSTEM REFORM.**

Subdivision 1. **Payment reform plan.** The commissioners of employee relations, human services, commerce, and health shall develop a plan for promoting and facilitating changes in payment rates and methods for paying for health care services, drugs, devices, supplies, and equipment in order to:

- (1) reward the provision of cost-effective primary and preventive care;
- (2) reward the use of evidence-based care;
- (3) discourage underutilization, overuse, and misuse;
- (4) reward the use of the most cost-effective settings, drugs, devices, providers, and treatments; and
- (5) encourage consumers to maintain good health and use the health care system appropriately.

In developing the plan, the commissioners shall analyze existing data to determine specific services and health conditions for which changes in payment rates and methods would lead to significant improvements in quality of care.

Subd. 2. **Report.** The commissioners shall submit a report to the legislature by December 15, 2007, describing the payment reform plan. The report must include proposed legislation for implementing those components of the plan requiring legislative action or appropriations of money.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 31. COMMUNITY COLLABORATIVE PILOT PROJECTS TO COVER THE UNINSURED.

Subdivision 1. **Community collaboratives.** The commissioner of human services shall provide grants to and authorization for up to three community collaboratives that satisfy the requirements in this section. To be eligible to receive a grant and authorization under this section, a community collaborative must include:

- (1) one or more counties;
- (2) one or more local hospitals;
- (3) one or more local employers who collectively provide at least 300 jobs in the community;
- (4) one or more health care clinics or physician groups; and
- (5) a third-party payer, which may be a county-based purchasing plan operating under Minnesota Statutes, section 256B.692, a self-insured employer, or a health plan company as defined in Minnesota Statutes, section 62Q.01, subdivision 4.

Subd. 2. **Pilot project requirements.** (a) Community collaborative pilot projects must:

- (1) identify and enroll persons in the community who are uninsured, and who have, or are at risk of developing, one of the following chronic conditions: mental illness, diabetes, asthma, hypertension, or other chronic condition designated by the project;
- (2) assist uninsured persons to obtain private-sector health insurance coverage if possible or to enroll in any public health care programs for which they are eligible. If the uninsured individual is unable to obtain health coverage, the community collaborative must enroll the individual in a local health care assistance program that provides specified services to prevent or effectively manage the chronic condition;
- (3) include components to help uninsured persons retain employment or to become employable, if currently unemployed;

(4) ensure that each uninsured person enrolled in the program has a medical home responsible for providing, or arranging for, health care services and assisting in the effective management of the chronic condition;

(5) coordinate services between all providers and agencies serving an enrolled individual; and

(6) be coordinated with the state's Q-Care initiative and improve the use of evidence-based treatments and effective disease management programs in the broader community, beyond those individuals enrolled in the project.

(b) Projects established under this section are not insurance and are not subject to state-mandated benefit requirements or insurance regulations.

Subd. 3. **Criteria.** Proposals must be evaluated by actuarial, financial, and clinical experts based on the likelihood that the project would produce a positive return on investment for the community. In awarding grants, the commissioner of human services shall give preference to proposals that:

(1) have broad community support from local businesses, provider counties, and other public and private organizations;

(2) would provide services to uninsured persons who have, or are at risk of developing, multiple, co-occurring chronic conditions;

(3) integrate or coordinate resources from multiple sources, such as employer contributions, county funds, social service programs, and provider financial or in-kind support;

(4) provide continuity of treatment and services when uninsured individuals in the program become eligible for public or private health insurance or when insured individuals lose their coverage;

(5) demonstrate how administrative costs for health plan companies and providers can be reduced through greater simplification, coordination, consolidation, standardization, reducing billing errors, or other methods; and

(6) involve local contributions to the cost of the pilot projects.

Subd. 4. **Grants.** The commissioner of human services shall provide implementation grants of up to one-half of the community collaborative's costs for planning, administration, and evaluation. The commissioner shall also provide grants to community collaboratives to develop a fund to pay up to 50 percent of the cost of the services provided to uninsured individuals. The remaining costs must be paid for through other sources or by agreement of a health care provider to contribute the cost as charity care.

Subd. 5. **Evaluation.** The commissioner of human services shall evaluate the effectiveness of each community collaborative project awarded a grant, by comparing actual costs for serving the identified uninsured persons to the predicted costs that would have been incurred in the absence of early intervention and consistent treatment to manage the chronic condition, including the costs to medical assistance, MinnesotaCare, and general assistance medical care. The commissioner shall require community collaborative projects, as a condition of receipt of a grant award, to provide the commissioner with all information necessary for this evaluation.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 32. HEALTH CARE PAYMENT REFORM PILOT PROJECTS.

Subdivision 1. **Pilot projects.** (a) The commissioners of health, human services, and employee relations shall develop and administer payment reform pilot projects for state employees and persons enrolled in medical assistance, MinnesotaCare, or general assistance medical care, to the extent permitted by federal requirements. The purpose of the projects is to promote and facilitate changes in payment rates and methods for paying for health care services, drugs, devices, supplies, and equipment in order to:

- (1) reward the provision of cost-effective primary and preventive care;
- (2) reward the use of evidence-based care;
- (3) reward coordination of care for patients with chronic conditions;
- (4) discourage overuse and misuse;
- (5) reward the use of the most cost-effective settings, drugs, devices, providers, and treatments;
- (6) encourage consumers to maintain good health and use the health care system appropriately.

(b) The pilot projects must involve the use of designated care professionals or clinics to serve as a patient's medical home and be responsible for coordinating health care services across the continuum of care. The pilot projects must evaluate different payment reform models and must be coordinated with the Minnesota senior health options program and the Minnesota disability health options program. To the extent possible, the commissioners shall coordinate state purchasing activities with other public employers and with private purchasers, self-insured groups, and health plan companies to promote the use of pilot projects encompassing both public and private purchasers and markets.

Subd. 2. **Payment methods and incentives.** The commissioners shall modify existing payment methods and rates for those enrollees and health care providers participating in the pilot project in order to provide incentives for care management, team-based care, and practice redesign, and increase resources for primary care, chronic condition care, and care provided to complex patients. The commissioners may create financial incentives for patients to select a medical home under the pilot project by reducing, modifying, or eliminating deductibles and co-payments for certain services, or through other incentives. The commissioners may require patients to remain with their designated medical home for a specified period of time. Alternative payment methods may include complete or partial capitation, fee-for-service payments, or other payment methodologies. The payment methods may provide for the payment of bonuses to medical home providers or other providers, or to patients, for the achievement of performance goals. The payment methods may include allocating a portion of the payment that would otherwise be paid to health plans under state prepaid health care programs to the designated medical home for specified services.

Subd. 3. **Requirements.** In order to be designated a medical home under the pilot project, health care professionals or clinics must demonstrate their ability to:

- (1) be the patient's first point of contact by telephone or other means, 24 hours a day, seven days a week;
- (2) provide or arrange for patients' comprehensive health care needs, including the ability to structure planned chronic disease visits and to manage chronic disease through the use of disease registries;
- (3) coordinate patients' care when care must be provided outside the medical home;
- (4) provide longitudinal care, not just episodic care, including meeting long-term and unique personal needs;
- (5) utilize an electronic health record and incorporate a plan to develop and make available to patients that choose a medical home an electronic personal health record that is prepopulated with the patient's data, consumer-directed, connected to the provider, 24-hour accessible, and owned and controlled by the patient;
- (6) systematically improve quality of care using, among other inputs, patient feedback; and
- (7) create a provider network that provides for increased reimbursement for a medical home in a cost-neutral manner.

Subd. 4. **Evaluation.** Pilot projects must be evaluated based on patient satisfaction, provider satisfaction, clinical process and outcome measures, program costs and savings, and economic impact on health care providers. Pilot projects must be evaluated based on the extent to which the medical home:

(1) coordinated health care services across the continuum of care and thereby reduced duplication of services and enhanced communication across providers;

(2) provided safe and high-quality care by increasing utilization of effective treatments, reduced use of ineffective treatments, reduced barriers to essential care and services, and eliminated barriers to access;

(3) reduced unnecessary hospitalizations and emergency room visits and increased use of cost-effective care and settings;

(4) encouraged long-term patient and provider relationships by shifting from episodic care to consistent, coordinated communication and care with a specified team of providers or individual providers;

(5) engaged and educated consumers by encouraging shared patient and provider responsibility and accountability for disease prevention, health promotion, chronic disease management, acute care, and overall well-being, encouraging informed medical decision-making, ensuring the availability of accurate medical information, and facilitated the transfer of accurate medical information;

(6) encouraged innovation in payment methodologies by using patient and provider incentives to coordinate care and utilize medical home services and fostering the expansion of a technology infrastructure that supports collaboration; and

(7) reduced overall health care costs as compared to conventional payment methods for similar patient populations.

Subd. 5. **Rulemaking.** The commissioners are exempt from administrative rulemaking under chapter 14 for purposes of developing, administering, contracting for, and evaluating pilot projects under this section. The commissioner shall publish a proposed request for proposals in the State Register and allow 30 days for comment before issuing the final request for proposals.

Subd. 6. **Regulatory and payment barriers.** The commissioners shall study state and federal statutory and regulatory barriers to the creation of medical homes and provide a report and recommendations to the legislature by December 15, 2007.

Sec. 33. **HEALTH CARE SYSTEM CONSOLIDATION.**

(a) The commissioner of health shall study the effect of health care provider and health plan company consolidation in the four metropolitan statistical areas in Minnesota on: health care costs, including provider payment rates; quality of care; and access to care. The commissioner shall separately consider hospitals, specialty groups, and primary care groups. The commissioner shall present findings and recommendations to the legislature by December 15, 2007.

(b) For purposes of this study, health carriers, provider networks, and other health care providers shall provide data on network participation, contracted payment rates, charges, costs, payments received, patient referrals, and other information requested by the commissioner, in the form and manner specified by the commissioner. Provider-level information on contracted payment rates and payments from health plans provided to the commissioner of

health for the purposes of this study are (1) private data on individuals as defined in Minnesota Statutes, section 13.02, subdivision 12, and (2) nonpublic data as defined in Minnesota Statutes, section 13.02, subdivision 9. The commissioner may not collect patient-identified data for purposes of this study. Data collected for purposes of this study may not be used for any other purposes.

Sec. 34. **REPEALER.**

Minnesota Statutes 2006, section 62J.052, subdivision 1, is repealed effective August 1, 2007.

ARTICLE 10

PUBLIC HEALTH

Section 1. Minnesota Statutes 2006, section 13.3806, is amended by adding a subdivision to read:

Subd. 21. **Birth defects registry system.** Data on individuals collected by the birth defects registry system are private data on individuals and classified pursuant to section 144.2215.

Sec. 2. Minnesota Statutes 2006, section 16B.61, is amended by adding a subdivision to read:

Subd. 3b. **Window fall prevention device code.** The commissioner of labor and industry shall adopt rules for window fall prevention devices as part of the state Building Code. Window fall prevention devices include, but are not limited to, safety screens, hardware, guards, and other devices that comply with the standards established by the commissioner of labor and industry. The rules must require compliance with standards for window fall prevention devices developed by ASTM International, contained in the International Building Code as the model language with amendments deemed necessary to coordinate with the other adopted building codes in Minnesota. The rules must establish a scope that includes the applicable building occupancies, and the types, locations, and sizes of windows that will require the installation of fall devices. The rules will be effective July 1, 2009. The commissioner shall report to the legislature on the status of the rulemaking on or before February 15, 2008.

Sec. 3. Minnesota Statutes 2006, section 103I.101, subdivision 6, is amended to read:

Subd. 6. **Fees for variances.** The commissioner shall charge a nonrefundable application fee of ~~\$175~~ \$215 to cover the administrative cost of processing a request for a variance or modification of rules adopted by the commissioner under this chapter.

EFFECTIVE DATE. This section is effective July 1, 2008.

Sec. 4. Minnesota Statutes 2006, section 103I.208, subdivision 1, is amended to read:

Subdivision 1. **Well notification fee.** The well notification fee to be paid by a property owner is:

(1) for a new water supply well, ~~\$175~~ \$215, which includes the state core function fee;

(2) for a well sealing, ~~\$35~~ \$50 for each well, which includes the state core function fee, except that for monitoring wells constructed on a single property, having depths within a 25 foot range, and sealed within 48 hours of start of construction, a single fee of ~~\$35~~ \$50; and

(3) for construction of a dewatering well, ~~\$175~~ \$215, which includes the state core function fee, for each dewatering well except a dewatering project comprising five or more dewatering wells shall be assessed a single fee of ~~\$875~~ \$1,075 for the dewatering wells recorded on the notification.

EFFECTIVE DATE. This section is effective July 1, 2008.

Sec. 5. Minnesota Statutes 2006, section 103I.208, subdivision 2, is amended to read:

Subd. 2. **Permit fee.** The permit fee to be paid by a property owner is:

- (1) for a water supply well that is not in use under a maintenance permit, ~~\$150~~ \$175 annually;
- (2) for construction of a monitoring well, ~~\$175~~ \$215, which includes the state core function fee;
- (3) for a monitoring well that is unsealed under a maintenance permit, ~~\$150~~ \$175 annually;
- (4) for monitoring wells used as a leak detection device at a single motor fuel retail outlet, a single petroleum bulk storage site excluding tank farms, or a single agricultural chemical facility site, the construction permit fee is ~~\$175~~ \$215, which includes the state core function fee, per site regardless of the number of wells constructed on the site, and the annual fee for a maintenance permit for unsealed monitoring wells is ~~\$150~~ \$175 per site regardless of the number of monitoring wells located on site;
- (5) for a groundwater thermal exchange device, in addition to the notification fee for water supply wells, ~~\$175~~ \$215, which includes the state core function fee;
- (6) for a vertical heat exchanger, ~~\$175~~ \$215;
- (7) for a dewatering well that is unsealed under a maintenance permit, ~~\$150~~ \$175 annually for each dewatering well, except a dewatering project comprising more than five dewatering wells shall be issued a single permit for ~~\$750~~ \$875 annually for dewatering wells recorded on the permit; and
- (8) for an elevator boring, ~~\$175~~ \$215 for each boring.

EFFECTIVE DATE. This section is effective July 1, 2008.

Sec. 6. Minnesota Statutes 2006, section 103I.235, subdivision 1, is amended to read:

Subdivision 1. **Disclosure of wells to buyer.** (a) Before signing an agreement to sell or transfer real property, the seller must disclose in writing to the buyer information about the status and location of all known wells on the property, by delivering to the buyer either a statement by the seller that the seller does not know of any wells on the property, or a disclosure statement indicating the legal description and county, and a map drawn from available information showing the location of each well to the extent practicable. In the disclosure statement, the seller must indicate, for each well, whether the well is in use, not in use, or sealed.

(b) At the time of closing of the sale, the disclosure statement information, name and mailing address of the buyer, and the quartile, section, township, and range in which each well is located must be provided on a well disclosure certificate signed by the seller or a person authorized to act on behalf of the seller.

(c) A well disclosure certificate need not be provided if the seller does not know of any wells on the property and the deed or other instrument of conveyance contains the statement: "The Seller certifies that the Seller does not know of any wells on the described real property."

(d) If a deed is given pursuant to a contract for deed, the well disclosure certificate required by this subdivision shall be signed by the buyer or a person authorized to act on behalf of the buyer. If the buyer knows of no wells on the property, a well disclosure certificate is not required if the following statement appears on the deed followed by the signature of the grantee or, if there is more than one grantee, the signature of at least one of the grantees: "The Grantee certifies that the Grantee does not know of any wells on the described real property." The statement and signature of the grantee may be on the front or back of the deed or on an attached sheet and an acknowledgment of the statement by the grantee is not required for the deed to be recordable.

(e) This subdivision does not apply to the sale, exchange, or transfer of real property:

(1) that consists solely of a sale or transfer of severed mineral interests; or

(2) that consists of an individual condominium unit as described in chapters 515 and 515B.

(f) For an area owned in common under chapter 515 or 515B the association or other responsible person must report to the commissioner by July 1, 1992, the location and status of all wells in the common area. The association or other responsible person must notify the commissioner within 30 days of any change in the reported status of wells.

(g) For real property sold by the state under section 92.67, the lessee at the time of the sale is responsible for compliance with this subdivision.

(h) If the seller fails to provide a required well disclosure certificate, the buyer, or a person authorized to act on behalf of the buyer, may sign a well disclosure certificate based on the information provided on the disclosure statement required by this section or based on other available information.

(i) A county recorder or registrar of titles may not record a deed or other instrument of conveyance dated after October 31, 1990, for which a certificate of value is required under section 272.115, or any deed or other instrument of conveyance dated after October 31, 1990, from a governmental body exempt from the payment of state deed tax, unless the deed or other instrument of conveyance contains the statement made in accordance with paragraph (c) or (d) or is accompanied by the well disclosure certificate containing all the information required by paragraph (b) or (d). The county recorder or registrar of titles must not accept a certificate unless it contains all the required information. The county recorder or registrar of titles shall note on each deed or other instrument of conveyance accompanied by a well disclosure certificate that the well disclosure certificate was received. The notation must include the statement "No wells on property" if the disclosure certificate states there are no wells on the property. The well disclosure certificate shall not be filed or recorded in the records maintained by the county recorder or registrar of titles. After noting "No wells on property" on the deed or other instrument of conveyance, the county recorder or registrar of titles shall destroy or return to the buyer the well disclosure certificate. The county recorder or registrar of titles shall collect from the buyer or the person seeking to record a deed or other instrument of conveyance, a fee of ~~\$40~~ \$45 for receipt of a completed well disclosure certificate. By the tenth day of each month, the county recorder or registrar of titles shall transmit the well disclosure certificates to the commissioner of health. By the tenth day after the end of each calendar quarter, the county recorder or registrar of titles shall transmit to the commissioner of health ~~\$32.50~~ \$37.50 of the fee for each well disclosure certificate received during the quarter. The commissioner shall maintain the well disclosure certificate for at least six years. The commissioner may store the certificate as an electronic image. A copy of that image shall be as valid as the original.

(j) No new well disclosure certificate is required under this subdivision if the buyer or seller, or a person authorized to act on behalf of the buyer or seller, certifies on the deed or other instrument of conveyance that the status and number of wells on the property have not changed since the last previously filed well disclosure certificate. The following statement, if followed by the signature of the person making the statement, is sufficient to comply with the certification requirement of this paragraph: "I am familiar with the property described in this instrument and I certify that the status and number of wells on the described real property have not changed since the last previously filed well disclosure certificate." The certification and signature may be on the front or back of the deed or on an attached sheet and an acknowledgment of the statement is not required for the deed or other instrument of conveyance to be recordable.

(k) The commissioner in consultation with county recorders shall prescribe the form for a well disclosure certificate and provide well disclosure certificate forms to county recorders and registrars of titles and other interested persons.

(l) Failure to comply with a requirement of this subdivision does not impair:

(1) the validity of a deed or other instrument of conveyance as between the parties to the deed or instrument or as to any other person who otherwise would be bound by the deed or instrument; or

(2) the record, as notice, of any deed or other instrument of conveyance accepted for filing or recording contrary to the provisions of this subdivision.

EFFECTIVE DATE. This section is effective July 1, 2008.

Sec. 7. Minnesota Statutes 2006, section 144.123, is amended to read:

144.123 FEES FOR DIAGNOSTIC LABORATORY SERVICES; EXCEPTIONS.

Subdivision 1. **Who must pay.** Except for the limitation contained in this section, the commissioner of health shall charge a handling fee for each specimen submitted to the Department of Health for analysis for diagnostic purposes by any hospital, private laboratory, private clinic, or physician. No fee shall be charged to any entity which receives direct or indirect financial assistance from state or federal funds administered by the Department of Health, including any public health department, nonprofit community clinic, ~~venera~~ sexually transmitted disease clinic, ~~family planning clinic~~, or similar entity. No fee will be charged for any biological materials submitted to the Department of Health as a requirement of Minnesota Rules, part 4605.7040, or for those biological materials requested by the department to gather information for disease prevention or control purposes. The commissioner of health may establish ~~by rule~~ other exceptions to the handling fee as may be necessary to ~~gather information for epidemiologic purposes~~ protect the public's health. All fees collected pursuant to this section shall be deposited in the state treasury and credited to the state government special revenue fund.

Subd. 2. **Rules for Fee amounts.** The commissioner of health shall ~~promulgate rules, in accordance with chapter 14, which shall specify the amount of the charge~~ a handling fee prescribed in subdivision 1. The fee shall approximate the costs to the department of handling specimens including reporting, postage, specimen kit preparation, and overhead costs. The fee prescribed in subdivision 1 shall be ~~\$15~~ \$25 per specimen ~~until the commissioner promulgates rules pursuant to this subdivision.~~

Sec. 8. Minnesota Statutes 2006, section 144.125, is amended to read:

144.125 TESTS OF INFANTS FOR HERITABLE AND CONGENITAL DISORDERS.

Subdivision 1. **Duty to perform testing.** It is the duty of (1) the administrative officer or other person in charge of each institution caring for infants 28 days or less of age, (2) the person required in pursuance of the provisions of section 144.215, to register the birth of a child, or (3) the nurse midwife or midwife in attendance at the birth, to arrange to have administered to every infant or child in its care tests for heritable and congenital disorders according to subdivision 2 and rules prescribed by the state commissioner of health. Testing and the recording and reporting of test results shall be performed at the times and in the manner prescribed by the commissioner of health. The commissioner shall charge ~~laboratory service fees~~ a fee so that the total of fees collected will approximate the costs of conducting the tests and implementing and maintaining a system to follow-up infants with heritable or congenital disorders. The ~~laboratory service~~ fee is ~~\$64~~ \$101 per specimen. Costs associated with capital expenditures and the development of new procedures may be prorated over a three-year period when calculating the amount of the fees.

Subd. 2. **Determination of tests to be administered.** The commissioner shall periodically revise the list of tests to be administered for determining the presence of a heritable or congenital disorder. Revisions to the list shall reflect advances in medical science, new and improved testing methods, or other factors that will improve the public health. In determining whether a test must be administered, the commissioner shall take into consideration the

adequacy of ~~laboratory~~ analytical methods to detect the heritable or congenital disorder, the ability to treat or prevent medical conditions caused by the heritable or congenital disorder, and the severity of the medical conditions caused by the heritable or congenital disorder. The list of tests to be performed may be revised if the changes are recommended by the advisory committee established under section 144.1255, approved by the commissioner, and published in the State Register. The revision is exempt from the rulemaking requirements in chapter 14, and sections 14.385 and 14.386 do not apply.

Subd. 3. **Objection of parents to test.** Persons with a duty to perform testing under subdivision 1 shall advise parents of infants (1) that the blood or tissue samples used to perform testing thereunder as well as the results of such testing may be retained by the Department of Health, (2) the benefit of retaining the blood or tissue sample, and (3) that the following options are available to them with respect to the testing: (i) to decline to have the tests, or (ii) to elect to have the tests but to require that all blood samples and records of test results be destroyed within 24 months of the testing. If the parents of an infant object in writing to testing for heritable and congenital disorders or elect to require that blood samples and test results be destroyed, the objection or election shall be recorded on a form that is signed by a parent or legal guardian and made part of the infant's medical record. A written objection exempts an infant from the requirements of this section and section 144.128.

Sec. 9. Minnesota Statutes 2006, section 144.2215, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** Within the limits of available appropriations, the commissioner of health shall establish and maintain an information system containing data on the cause, treatment, prevention, and cure of major birth defects. The commissioner shall consult with representatives and experts in epidemiology, medicine, insurance, health maintenance organizations, genetics, consumers, and voluntary organizations in developing the system and may phase in the implementation of the system. After the parents have provided informed consent under section 144.2216, subdivision 4, the commissioner shall offer the parents with their informed consent a visit by a trained health care worker to interview the parents about:

- (1) all previous home addresses, occupations, and places of work including from childhood;
- (2) the time and place of any military service; and
- (3) known occasions or sites of toxic exposures.

Sec. 10. Minnesota Statutes 2006, section 144.672, subdivision 1, is amended to read:

Subdivision 1. **Rule authority.** The commissioner of health shall collect cancer incidence information, analyze the information, and conduct special studies designed to determine the potential public health significance of an increase in cancer incidence.

The commissioner shall adopt rules to administer the system, collect information, and distribute data. The rules must include, but not be limited to, the following:

- (1) the type of data to be reported, which must include current and previous occupational data;
- (2) standards for reporting specific types of data;
- (3) payments allowed to hospitals, pathologists, and registry systems to defray their costs in providing information to the system;
- (4) criteria relating to contracts made with outside entities to conduct studies using data collected by the system. The criteria may include requirements for a written protocol outlining the purpose and public benefit of the study, the description, methods, and projected results of the study, peer review by other scientists, the methods and facilities to protect the privacy of the data, and the qualifications of the researcher proposing to undertake the study; and

(5) specification of fees to be charged under section 13.03, subdivision 3, for all out-of-pocket expenses for data summaries or specific analyses of data requested by public and private agencies, organizations, and individuals, and which are not otherwise included in the commissioner's annual summary reports. Fees collected are appropriated to the commissioner to offset the cost of providing the data.

Sec. 11. Minnesota Statutes 2006, section 144.9502, subdivision 3, is amended to read:

Subd. 3. **Reports of blood lead analysis required.** (a) Every hospital, medical clinic, medical laboratory, other facility, or individual performing blood lead analysis shall report the results after the analysis of each specimen analyzed, for both capillary and venous specimens, and epidemiologic information required in this section to the commissioner of health, within the time frames set forth in clauses (1) and (2):

(1) within two working days by telephone, fax, or electronic transmission, with written or electronic confirmation within one month, for a venous blood lead level equal to or greater than ~~45~~ ten micrograms of lead per deciliter of whole blood; or

(2) within one month in writing or by electronic transmission, for any capillary result or for a venous blood lead level less than ~~45~~ ten micrograms of lead per deciliter of whole blood.

(b) If a blood lead analysis is performed outside of Minnesota and the facility performing the analysis does not report the blood lead analysis results and epidemiological information required in this section to the commissioner, the provider who collected the blood specimen must satisfy the reporting requirements of this section. For purposes of this section, "provider" has the meaning given in section 62D.02, subdivision 9.

(c) The commissioner shall coordinate with hospitals, medical clinics, medical laboratories, and other facilities performing blood lead analysis to develop a universal reporting form and mechanism.

Sec. 12. Minnesota Statutes 2006, section 144.9504, subdivision 2, is amended to read:

Subd. 2. **Lead risk assessment.** (a) An assessing agency shall conduct a lead risk assessment of a residence according to the venous blood lead level and time frame set forth in clauses (1) to (4) for purposes of secondary prevention:

(1) within 48 hours of a child or pregnant female in the residence being identified to the agency as having a venous blood lead level equal to or greater than ~~60~~ 45 micrograms of lead per deciliter of whole blood;

(2) within five working days of a child or pregnant female in the residence being identified to the agency as having a venous blood lead level equal to or greater than ~~45~~ 15 micrograms of lead per deciliter of whole blood;

(3) within ten working days of a child in the residence being identified to the agency as having a venous blood lead level equal to or greater than ~~45~~ ten micrograms of lead per deciliter of whole blood; or

(4) within ten working days of a pregnant female in the residence being identified to the agency as having a venous blood lead level equal to or greater than ten micrograms of lead per deciliter of whole blood.

(b) Within the limits of available local, state, and federal appropriations, an assessing agency may also conduct a lead risk assessment for children with any elevated blood lead level.

(c) In a building with two or more dwelling units, an assessing agency shall assess the individual unit in which the conditions of this section are met and shall inspect all common areas accessible to a child. If a child visits one or more other sites such as another residence, or a residential or commercial child care facility, playground, or school, the assessing agency shall also inspect the other sites. The assessing agency shall have one additional day added to the time frame set forth in this subdivision to complete the lead risk assessment for each additional site.

(d) Within the limits of appropriations, the assessing agency shall identify the known addresses for the previous 12 months of the child or pregnant female with venous blood lead levels of at least ~~15~~ ten micrograms per deciliter ~~for the child or at least ten micrograms per deciliter for the pregnant female~~; notify the property owners, landlords, and tenants at those addresses that an elevated blood lead level was found in a person who resided at the property; and give them primary prevention information. Within the limits of appropriations, the assessing agency may perform a risk assessment and issue corrective orders in the properties, if it is likely that the previous address contributed to the child's or pregnant female's blood lead level. The assessing agency shall provide the notice required by this subdivision without identifying the child or pregnant female with the elevated blood lead level. The assessing agency is not required to obtain the consent of the child's parent or guardian or the consent of the pregnant female for purposes of this subdivision. This information shall be classified as private data on individuals as defined under section 13.02, subdivision 12.

(e) The assessing agency shall conduct the lead risk assessment according to rules adopted by the commissioner under section 144.9508. An assessing agency shall have lead risk assessments performed by lead risk assessors licensed by the commissioner according to rules adopted under section 144.9508. If a property owner refuses to allow a lead risk assessment, the assessing agency shall begin legal proceedings to gain entry to the property and the time frame for conducting a lead risk assessment set forth in this subdivision no longer applies. A lead risk assessor or assessing agency may observe the performance of lead hazard reduction in progress and shall enforce the provisions of this section under section 144.9509. Deteriorated painted surfaces, bare soil, and dust must be tested with appropriate analytical equipment to determine the lead content, except that deteriorated painted surfaces or bare soil need not be tested if the property owner agrees to engage in lead hazard reduction on those surfaces. The lead content of drinking water must be measured if another probable source of lead exposure is not identified. Within a standard metropolitan statistical area, an assessing agency may order lead hazard reduction of bare soil without measuring the lead content of the bare soil if the property is in a census tract in which soil sampling has been performed according to rules established by the commissioner and at least 25 percent of the soil samples contain lead concentrations above the standard in section 144.9508.

(f) Each assessing agency shall establish an administrative appeal procedure which allows a property owner to contest the nature and conditions of any lead order issued by the assessing agency. Assessing agencies must consider appeals that propose lower cost methods that make the residence lead safe. The commissioner shall use the authority and appeal procedure granted under sections 144.989 to 144.993.

(g) Sections 144.9501 to 144.9509 neither authorize nor prohibit an assessing agency from charging a property owner for the cost of a lead risk assessment.

Sec. 13. Minnesota Statutes 2006, section 144.9507, is amended by adding a subdivision to read:

Subd. 6. **Medical assistance.** Medical assistance reimbursement for lead risk assessment services under section 256B.0625, subdivision 49, shall not be used to replace or decrease existing state or local funding for lead services and lead-related activities.

Sec. 14. Minnesota Statutes 2006, section 144.9512, is amended to read:

144.9512 LEAD ABATEMENT PROGRAM.

Subdivision 1. **Definitions.** (a) The definitions in section 144.9501 and in this subdivision apply to this section.

(b) ~~"Eligible organization" means a lead contractor, city, board of health, community health department, community action agency as defined in section 256E.30, or community development corporation.~~

(e) "Commissioner" means the commissioner of health, ~~or the commissioner of the Minnesota Housing Finance Agency as authorized by section 462A.05, subdivision 15e.~~

Subd. 2. **Grants; administration.** Within the limits of the available appropriation, the commissioner ~~must develop a swab team services program which may shall~~ make demonstration and training grants to eligible organizations ~~a nonprofit organization currently operating the CLEARCorps lead hazard reduction project to train workers to provide swab team services and swab team services for residential property. Grants may be awarded to nonprofit organizations to provide technical assistance and training to ensure quality and consistency within the statewide program. Grants must be awarded to help ensure full-time employment to workers providing swab team services and must be awarded for a two-year period.~~

Grants awarded under this section must be made in consultation with the commissioner of the Housing Finance Agency and representatives of neighborhood groups from areas at high risk for toxic lead exposure, a labor organization, the lead coalition, community action agencies, and the legal aid society. The consulting team must review grant applications and recommend awards to eligible organizations that meet requirements for receiving a grant under this section.

Subd. 3. **Applicants.** (a) Interested eligible organizations may apply to the commissioner for grants under this section. Two or more eligible organizations may jointly apply for a grant. Priority shall be given to community action agencies in greater Minnesota and to either community action agencies or neighborhood-based nonprofit organizations in cities of the first class. ~~Of the total annual appropriation, 12.5 percent may be used for administrative purposes. The commissioner may deviate from this percentage if a grantee can justify the need for a larger administrative allowance. Of this amount, up to five percent may be used by the commissioner for state administrative purposes. Applications must provide information requested by the commissioner, including at least the information required to assess the factors listed in paragraph (d).~~

(b) ~~The commissioner must consult with boards of health to provide swab team services for purposes of secondary prevention. The priority for swab teams created by grants to eligible organizations under this section must be work assigned by the commissioner of health, or by a board of health if so designated by the commissioner of health, to provide secondary prevention swab team services to fulfill the requirements of section 144.9504, subdivision 6, in response to a lead order. Swab teams assigned work under this section by the commissioner, that are not engaged daily in fulfilling the requirements of section 144.9504, subdivision 6, must deliver swab team services in response to elevated blood lead levels as defined in section 144.9501, subdivision 9, where lead orders were not issued, and for purposes of primary prevention in census tracts known to be in areas at high risk for toxic lead exposure as described in section 144.9503, subdivision 2.~~

(c) ~~Any additional money must be used for grants to establish swab teams for primary prevention under section 144.9503, in census tracts in areas at high risk for toxic lead exposure as determined under section 144.9503, subdivision 2.~~

(d) In evaluating grant applications, the commissioner must consider the following criteria:

- (1) ~~the use of lead contractors and lead workers for residential swab team services;~~
- (2) ~~the participation of neighborhood groups and individuals, as swab team workers, in areas at high risk for toxic lead exposure;~~
- (3) ~~plans for the provision of swab team services for primary and secondary prevention as required under subdivision 4;~~
- (4) ~~plans for supervision, training, career development, and postprogram placement of swab team members;~~

- ~~(5) plans for resident and property owner education on lead safety;~~
- ~~(6) plans for distributing cleaning supplies to area residents and educating residents and property owners on cleaning techniques;~~
- ~~(7) sources of other funding and cost estimates for training, lead inspections, swab team services, equipment, monitoring, testing, and administration;~~
- ~~(8) measures of program effectiveness;~~
- ~~(9) coordination of program activities with other federal, state, and local public health, job training, apprenticeship, and housing renovation programs including programs under sections 116L.86 to 116L.881; and~~
- ~~(10) prior experience in providing swab team services.~~

Subd. 4. ~~Lead supervisor or certified firm~~ **Eligible grant activities.** (a) ~~Eligible organizations and lead supervisors or certified firms may participate in the swab team program. An eligible organization~~ The nonprofit receiving a grant under this section must ~~assure~~ ensure that all participating lead supervisors or certified firms are licensed and that all swab team workers are certified by the Department of Health under section 144.9505. ~~Eligible organizations and lead supervisors or certified firms may distinguish between interior and exterior services in assigning duties and~~ The nonprofit organization may participate in the program by:

- (1) providing on-the-job training for swab team workers;
- (2) providing swab team services to meet the requirements of sections 144.9503, subdivision 4, and 144.9504, subdivision 6;
- (3) providing ~~a removal and replacement component using skilled craft workers under subdivision 7~~ lead hazard reduction to meet the requirements of section 144.9501, subdivision 17;
- ~~(4) providing lead testing according to subdivision 8;~~
- ~~(5) (4) providing lead dust cleaning supplies cleanup equipment and materials, as described in section 144.9507 144.9503, subdivision 4, paragraph (c) 1, to residents; or~~
- ~~(6) (5) having a swab team worker instruct residents and property owners on appropriate lead control techniques, including the lead-safe directives developed by the commissioner of health;~~
- (6) conducting blood lead testing events including screening children and pregnant women according to Department of Health screening guidelines;
- (7) performing case management services according to Department of Health case management guidelines; or
- (8) conducting mandated risk assessments under Minnesota Statutes, section 144.9504, subdivision 2.
- (b) ~~Participating lead supervisors or certified firms must:~~
- ~~(1) demonstrate proof of workers' compensation and general liability insurance coverage;~~

~~(2) be knowledgeable about lead abatement requirements established by the Department of Housing and Urban Development and the Occupational Safety and Health Administration and lead hazard reduction requirements and lead safe directives of the commissioner of health;~~

~~(3) demonstrate experience with on the job training programs;~~

~~(4) demonstrate an ability to recruit employees from areas at high risk for toxic lead exposure; and~~

~~(5) demonstrate experience in working with low income clients.~~

Subd. 5. **Swab team workers.** Each worker engaged in swab team services established under this section must have blood lead concentrations below 15 micrograms of lead per deciliter of whole blood as determined by a baseline blood lead screening. ~~Any~~ The nonprofit organization receiving a grant under this section is responsible for lead screening and must ~~assure~~ ensure that all swab team workers meet the standards established in this subdivision. ~~Grantees~~ The nonprofit organization must use appropriate workplace procedures including following the lead-safe directives developed by the commissioner of health to reduce risk of elevated blood lead levels. ~~Grantees~~ The nonprofit organization and participating contractors must report all employee blood lead levels that exceed 15 micrograms of lead per deciliter of whole blood to the commissioner of health.

Subd. 6. **~~On the job training component.~~** ~~(a) Programs established under this section must provide on the job training for swab team workers.~~

~~(b) Swab team workers must receive monetary compensation equal to the prevailing wage as defined in section 177.42, subdivision 6, for comparable jobs in the licensed contractor's principal business.~~

Subd. 7. **Removal and replacement component.** ~~(a) Within the limits of the available appropriation and if a need is identified by a lead inspector, the commissioner may establish a component for removal and replacement of deteriorated paint in residential properties according to the following criteria:~~

~~(1) components within a residence must have both deteriorated lead based paint and substrate damage beyond repair or rotting wooden framework to be eligible for removal and replacement;~~

~~(2) all removal and replacement must be done using least cost methods and following lead safe directives;~~

~~(3) whenever windows and doors or other components covered with deteriorated lead based paint have sound substrate or are not rotting, those components should be repaired, sent out for stripping, planed down to remove deteriorated lead based paint, or covered with protective guards instead of being replaced, provided that such an activity is the least cost method of providing the swab team service;~~

~~(4) removal and replacement or repair must be done by lead contractors using skilled craft workers or trained swab team members; and~~

~~(5) all craft work that requires a state license must be supervised by a person with a state license in the craft work being supervised. The grant recipient may contract for this supervision.~~

~~(b) The program design must:~~

~~(1) identify the need for on the job training of swab team workers to be removal and replacement workers; and~~

~~(2) describe plans to involve appropriate groups in designing methods to meet the need for training swab team workers.~~

Subd. 8. ~~Testing and evaluation.~~ ~~(a) Testing of the environment is not necessary by swab teams whose work is assigned by the commissioner of health or a designated board of health under section 144.9504. The commissioner of health or designated board of health must share the analytical testing data collected on each residence for purposes of secondary prevention under section 144.9504 with the swab team workers in order to provide constructive feedback on their work and to the commissioner for the purposes set forth in paragraph (c).~~

~~(b) For purposes of primary prevention evaluation, the following samples must be collected: pretesting and posttesting of one noncarpeted floor dust lead sample and a notation of the extent and location of bare soil and of deteriorated lead-based paint. The analytical testing data collected on each residence for purposes of primary prevention under section 144.9503 must be shared with the swab team workers in order to provide constructive feedback on their work and to the commissioner for the purposes set forth in paragraph (c).~~

~~(c) The commissioner of health must establish a program to collect appropriate data as required under paragraphs (a) and (b), in order to conduct an ongoing evaluation of swab team services for primary and secondary prevention. Within the limits of available appropriations, the commissioner of health must conduct on up to 1,000 residences which have received primary or secondary prevention swab team services, a postremediation evaluation, on at least a quarterly basis for a period of at least two years for each residence. The evaluation must note the condition of the paint within the residence, the extent of bare soil on the grounds, and collect and analyze one noncarpeted floor dust lead sample. The data collected must be evaluated to determine the efficacy of providing swab team services as a method of reducing lead exposure in young children. In evaluating this data, the commissioner of health must consider city size, community location, historic traffic flow, soil lead level of the property by area or census tract, distance to industrial point sources that emit lead, season of the year, age of the housing, age and number of children living at the residence, the presence of pets that move in and out of the residence, and other relevant factors as the commissioner of health may determine.~~

Subd. 9. Program benefits. As a condition of providing swab team services under this section, ~~an~~ the nonprofit organization may require a property owner to not increase rents on a property solely as a result of a substantial improvement made with public funds under the programs in this section.

Subd. 10. ~~Requirements of organizations receiving grants~~ the nonprofit organization. ~~An eligible~~ The nonprofit organization that is awarded a ~~training and demonstration~~ grant under this section must prepare and submit a quarterly progress report to the commissioner beginning three months after receipt of the grant.

Sec. 15. [144.966] EARLY HEARING DETECTION AND INTERVENTION ACT.

Subdivision 1. Definitions. (a) "Child" means a person 18 years of age or younger.

(b) "False positive rate" means the proportion of infants identified as having a significant hearing loss by the screening process who are ultimately found to not have a significant hearing loss.

(c) "False negative rate" means the proportion of infants not identified as having a significant hearing loss by the screening process who are ultimately found to have a significant hearing loss.

(d) "Hearing screening test" means automated auditory brain stem response, otoacoustic emissions, or another appropriate screening test approved by the Department of Health.

(e) "Hospital" means a birthing health care facility or birthing center licensed in this state that provides obstetrical services.

(f) "Infant" means a child who is not a newborn and has not attained the age of one year.

(g) "Newborn" means an infant 28 days old or younger.

(h) "Parent" means a natural parent, stepparent, adoptive parent, guardian, or custodian of a newborn or infant.

Subd. 2. **Newborn Hearing Screening Advisory Committee.** (a) The commissioner of health shall appoint a Newborn Hearing Screening Advisory Committee to advise and assist the Department of Health and the Department of Education in:

(1) developing protocols and timelines for screening, rescreening, and diagnostic audiological assessment and early medical, audiological, and educational intervention services for children who are deaf or hard-of-hearing;

(2) designing protocols for tracking children from birth through age three that may have passed newborn screening but are at risk for delayed or late onset of permanent hearing loss;

(3) designing a technical assistance program to support facilities implementing the screening program and facilities conducting rescreening and diagnostic audiological assessment;

(4) designing implementation and evaluation of a system of follow-up and tracking; and

(5) evaluating program outcomes to increase effectiveness and efficiency and ensure culturally appropriate services for children with a confirmed hearing loss and their families.

(b) Membership of the committee shall include at least one member from each of the following groups with no less than two of the members being deaf or hard-of-hearing:

(1) a representative from a consumer organization representing culturally deaf persons;

(2) a parent with a child with hearing loss representing a parent organization;

(3) a consumer from an organization representing oral communication options;

(4) a consumer from an organization representing cued speech communication options;

(5) an audiologist who has experience in evaluation and intervention of infants and young children;

(6) a speech-language pathologist who has experience in evaluation and intervention of infants and young children;

(7) two primary care providers who have experience in the care of infants and young children, one of which shall be a pediatrician;

(8) a representative from the early hearing detection intervention teams;

(9) a representative from the Department of Education resource center for the deaf and hard-of-hearing or their designee;

(10) a representative of the Minnesota Commission Serving Deaf and Hard of Hearing People;

(11) a representative from the Department of Human Services Deaf and Hard of Hearing Services Division;

(12) one or more of the Part C coordinators from the Department of Education, the Department of Health, or the Department of Human Services or their designee;

(13) the Department of Health early hearing detection and intervention coordinator;

(14) two birth hospital representatives from one rural and one urban hospital;

(15) a pediatric geneticist;

(16) an otolaryngologist;

(17) a representative from the Newborn Screening Advisory Committee under this subdivision; and

(18) a representative of the Department of Education regional low-incidence facilitators.

The Department of Health member shall chair the first meeting of the committee. At the first meeting, the committee shall elect a chairperson from its membership. The committee shall meet at the call of the chairperson, at least four times a year. The committee shall adopt written bylaws to govern its activities. The Department of Health shall provide technical and administrative support services as required by the committee. These services shall include technical support from individuals qualified to administer infant hearing screening, rescreening, and diagnostic audiological assessments.

Members of the committee shall receive no compensation for their service, but shall be reimbursed for expenses incurred as a result of their duties as members of the committee.

Subd. 3. **Newborn and infant hearing screening programs.** All hospitals shall establish a Universal Newborn Hearing and Infant Screening (UNHS) program. Each UNHS program shall:

(1) in advance of any hearing screening testing, provide to the newborn's or infant's parents information concerning the nature of the screening procedure, applicable costs of the screening procedure, the potential risks and effects of hearing loss, and the benefits of early detection and intervention;

(2) comply with parental consent under section 144.125, subdivision 3;

(3) develop policies and procedures for screening and rescreening based on Department of Health recommendations;

(4) provide appropriate training and monitoring of individuals responsible for performing hearing screening tests as recommended by the Department of Health;

(5) test the newborn's hearing prior to discharge, or, if the newborn is expected to remain in the hospital for a prolonged period, testing shall be performed prior to three months of age, or when medically feasible;

(6) develop and implement procedures for documenting the results of all hearing screening tests;

(7) inform the baby's parents or parent, primary care physician, and the Department of Health according to recommendations of the Department of Health of the results of the hearing screening test or rescreening if conducted, or if the newborn or infant was not successfully tested. The hospital that discharges the baby to home is responsible for the screening; and

(8) collect performance data specified by the Department of Health.

Subd. 4. **Notification and information.** (a) Notification to the parents, primary care provider, and Department of Health shall occur prior to discharge or no later than ten days following the date of testing. Notification shall include information recommended by the Department of Health.

(b) A physician, nurse, midwife, or other health professional attending a birth outside a hospital or institution shall provide information, orally and in writing, as established by the Department of Health, to parents regarding places where the parents may have their infants' hearing screened and the importance of such screening.

(c) The professional conducting the diagnostic procedure to confirm the hearing loss must report the results to the parents, primary care provider, and Department of Health according to the Department of Health recommendations.

Subd. 5. **Oversight responsibility.** The Department of Health shall exercise oversight responsibility for UNHS programs, including establishing a performance data set and reviewing performance data collected by each hospital.

Subd. 6. **Civil and criminal immunity and penalties.** (a) No physician or hospital shall be civilly or criminally liable for failure to conduct hearing screening testing.

(b) No physician, midwife, nurse, other health professional, or hospital acting in compliance with this section shall be civilly or criminally liable for any acts conforming with this section, including furnishing information required according to this section.

Subd. 7. **Laboratory service fees.** The commissioner shall charge laboratory service fees according to section 16A.1285 so that the total of fees collected will approximate the costs of implementing and maintaining a system to follow up infants, provide technical assistance, a tracking system, data management, and evaluation.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 16. **[144.967] ARSENIC HEALTH RISK STANDARD.**

Subdivision 1. **Arsenic health risk standard established.** The commissioner of health in cooperation with the commissioners of agriculture and the Pollution Control Agency responsible for monitoring land and water cleanup and soil contamination information shall determine a health risk standard for human exposure to arsenic. The commissioner of health shall ensure that the established arsenic health risk standard is included in all information provided to the public.

Subd. 2. **Information.** The commissioner of health, in consultation with the commissioners of agriculture and the Pollution Control Agency with jurisdiction over soil and water contamination, shall establish a central information source available to the public to provide accurate information on arsenic soil and water contamination in residential areas.

Subd. 3. **Testing for arsenic.** (a) The commissioner of health shall ensure access to medical testing for arsenical pesticide exposure to persons living within one mile of the CMC Heartland Lite Yard Superfund site who are not covered by health insurance or medical assistance.

(b) Through an agreement with the United States Environmental Protection Agency, the commissioner shall ensure soil testing is available to households within one mile of the CMC Heartland Lite Yard Superfund site at no cost to the residents.

Subd. 4. **Evaluation.** The commissioner of health shall evaluate the cumulative health impact burdens of environmental toxins in the residential communities impacted by arsenic-contaminated soil from the CMC Heartland Lite Yard Superfund site. The first priority shall be to evaluate health burdens to those communities experiencing health disparities as documented by the Minority and Multicultural Health Division of the Minnesota Department of Health.

Sec. 17. **[144.995] DEFINITIONS.**

(a) For purposes of sections 144.995 to 144.998, the terms in this section have the meanings given.

(b) "Advisory panel" means the Environmental Health Tracking and Biomonitoring Advisory Panel established under section 144.998.

(c) "Biomonitoring" means the process by which chemicals and their metabolites are identified and measured within a biospecimen.

(d) "Biospecimen" means a sample of human fluid, serum, or tissue that is reasonably available as a medium to measure the presence and concentration of chemicals or their metabolites in a human body.

(e) "Commissioner" means the commissioner of the Department of Health.

(f) "Community" means geographically or nongeographically-based populations that may participate in the biomonitoring program. A "nongeographical community" includes, but is not limited to, populations that may share a common chemical exposure through similar occupations, populations experiencing a common health outcome that may be linked to chemical exposures, or populations that may experience similar chemical exposures because of comparable consumption, lifestyle, product use, or subpopulations that share ethnicity, age, or gender.

(g) "Department" means the Department of Health.

(h) "Designated chemicals" means those chemicals that are known to, or strongly suspected of, adversely impacting human health or development, based upon scientific, peer-reviewed animal, human, or in vitro studies, and baseline human exposure data, and consists of chemical families or metabolites that are included in the federal Centers for Disease Control and Prevention studies that are known collectively as the National Reports on Human Exposure to Environmental Chemicals program and any substances specified under section 144.998, subdivision 3, clause (6).

(i) "Environmental hazard" means a chemical, metal, or other substance for which scientific, peer-reviewed studies of humans, animals, or cells have demonstrated that the chemical is known or reasonably anticipated to adversely impact human health.

(j) "Environmental health tracking" means collection, integration, analysis, and dissemination of data on human exposures to chemicals in the environment and on diseases potentially caused or aggravated by those chemicals.

Sec. 18. **[144.996] ENVIRONMENTAL HEALTH TRACKING; BIOMONITORING.**

Subdivision 1. **Environmental health tracking.** In cooperation with the commissioner of the Pollution Control Agency, the commissioner shall establish an environmental health tracking program to:

(1) coordinate data collection activities with the Pollution Control Agency, Department of Agriculture, University of Minnesota, and any other relevant state agency and work to promote the sharing of and access to health and environmental databases in order to develop an environmental health tracking system for Minnesota, consistent with applicable data practices laws;

(2) facilitate the dissemination of public health tracking data to the public and researchers in accessible format and provide technical assistance on interpreting the data;

(3) develop written data sharing agreements with the Minnesota Pollution Control Agency, Department of Agriculture, and other relevant state agencies and organizations, and develop additional procedures as needed to protect individual privacy;

(4) develop a strategic plan that includes a mission statement, the identification of core priorities for research and epidemiologic surveillance, the identification of internal and external stakeholders, and a work plan describing future program development;

(5) organize, analyze, and interpret available data, in order to:

(i) characterize statewide and localized trends and geographic patterns of prevalence and incidence of chronic diseases, including, but not limited to, cancer, respiratory diseases, reproductive problems, birth defects, neurologic diseases, and developmental disorders;

(ii) recommend to the commissioner methods to improve data collection on statewide population rates of chronic diseases and the occurrence of environmental hazards and exposures;

(iii) characterize statewide and localized trends and geographic patterns in the occurrence of environmental hazards and exposures;

(iv) assess the level of correlation with disease rate data and indicators of exposure such as biomonitoring data, and other health and environmental data;

(v) incorporate newly collected and existing health tracking and biomonitoring data into efforts to identify communities with elevated rates of chronic disease, higher likelihood of exposure to environmental pollutants, or both;

(vi) analyze occurrence of environmental hazards, exposures, and diseases with relation to socioeconomic status, race, and ethnicity;

(vii) develop and implement targeted plans to conduct more intensive health tracking and biomonitoring among communities;

(viii) work with the Pollution Control Agency, the Department of Agriculture, and other relevant state agency personnel and organizations to develop, implement, and evaluate preventive measures to reduce elevated rates of diseases and exposures identified through activities performed under sections 144.995 to 144.998; and

(ix) provide baseline data and present descriptive information relevant to policy formation that are consistent with existing goals of the department; and

(6) submit a biennial report to the legislature by January 15, beginning January 15, 2009, on the status of environmental health tracking activities and related research programs, and making recommendations regarding the continuation and improvement of the programs.

Subd. 2. **Biomonitoring.** The commissioner shall:

(1) conduct biomonitoring of communities on a voluntary basis by collecting and analyzing biospecimens, as appropriate, to assess environmental exposures to designated chemicals;

(2) conduct biomonitoring of pregnant women and minors on a voluntary basis, when scientifically appropriate;

(3) communicate findings to the public, and plan ensuing stages of biomonitoring and disease tracking work to further develop and refine the integrated analysis;

(4) share analytical results with the advisory panel and work with the panel to interpret results, communicate findings to the public, and plan ensuing stages of biomonitoring work; and

(5) submit a biennial report to the legislature by January 15, beginning January 15, 2009, on the status of the biomonitoring program and any recommendations for improvement.

Subd. 3. **Health data.** Data collected under the biomonitoring program are health data under section 13.3805.

Sec. 19. **[144.997] BIOMONITORING PILOT PROGRAM.**

Subdivision 1. **Pilot program.** With advice from the advisory panel, the commissioner shall develop a biomonitoring pilot program. The program shall collect one biospecimen from each of the voluntary participants. The biospecimen selected must be the biospecimen that most accurately represents body concentration of the chemical of interest. Each biospecimen from the voluntary participants must be analyzed for one type or class of related chemicals or metals, based on recommendations from the advisory panel. The panel shall determine the chemical or class of chemicals that community members were most likely exposed to. The program shall collect and assess biospecimens in accordance with the following:

(1) 30 voluntary participants from each of three communities that the advisory panel identifies as likely to have been exposed to a designated chemical;

(2) 100 voluntary participants from each of two communities: (i) that the advisory panel identifies as likely to have been exposed to arsenic and (ii) that the advisory panel identifies as likely to have been exposed to mercury; and

(3) 100 voluntary participants from each of two communities that the advisory panel identifies as likely to have been exposed to perfluorinated chemicals.

Subd. 2. **Base program.** Following the conclusion of the pilot program and within the appropriations available, the program shall:

(1) collect and assess biospecimens from at least as many voluntary participants and communities as identified in subdivision 1, clause (1); and

(2) work with the advisory panel to assess the usefulness of continuing biomonitoring among members of communities assessed during the initial phase of the program, and to identify other communities and other designated chemicals to be assessed via biomonitoring.

Subd. 3. **Participation.** (a) Participation in the biomonitoring program by providing biospecimens is voluntary and requires written, informed consent. Minors may participate in the program if a written consent is signed by the minor's parent or legal guardian. The written consent must include the information required to be provided under this subdivision to all voluntary participants.

(b) All participants shall be evaluated for the presence of the designated chemical of interest as a component of the biomonitoring process. Participants shall be provided with information and fact sheets about the program's activities and its findings. Individual participants shall, if requested, receive their complete results. Any results provided to participants shall be subject to the Department of Health Institutional Review Board protocols and guidelines. When either physiological or chemical data obtained from a participant indicate a significant known

health risk, program staff experienced in communicating biomonitoring results shall consult with the individual and recommend follow-up steps, as appropriate. Program administrators shall receive training in administering the program in an ethical, culturally sensitive, participatory, and community-based manner.

Subd. 4. **Program guidelines.** (a) The commissioner, in consultation with the advisory panel, shall develop:

(1) protocols or program guidelines that address the science and practice of biomonitoring to be utilized and procedures for changing those protocols to incorporate new and more accurate or efficient technologies as they become available. The protocols shall be developed utilizing a peer-review process in a manner that is participatory and community-based in design, implementation, and evaluation;

(2) guidelines for ensuring the privacy of information; informed consent; follow-up counseling and support; and communicating findings to participants, communities, and the general public. The informed consent used for the program must meet the informed consent protocols developed by the National Institutes of Health;

(3) educational and outreach materials that are culturally appropriate for dissemination to program participants and communities. Priority shall be given to the development of materials specifically designed to ensure that parents are informed about all of the benefits of breastfeeding so that the program does not result in an unjustified fear of toxins in breast milk, which might inadvertently lead parents to avoid breastfeeding. The materials shall communicate relevant scientific findings; data on the accumulation of pollutants to community health; and the required responses by local, state, and other governmental entities in regulating toxicant exposures;

(4) a training program that is culturally sensitive specifically for health care providers, health educators, and other program administrators;

(5) a designation process for state and private laboratories that are qualified to analyze biospecimens and report the findings; and

(6) a method for informing affected communities and local governments representing those communities concerning biomonitoring activities and for receiving comments from citizens concerning those activities.

(b) The commissioner may enter into contractual agreements with health clinics, community-based organizations, or experts in a particular field to perform any of the activities described under this section.

Sec. 20. [144.998] ENVIRONMENTAL HEALTH TRACKING AND BIOMONITORING ADVISORY PANEL.

Subdivision 1. **Creation.** The commissioner shall establish the Environmental Health Tracking and Biomonitoring Advisory Panel. The commissioner shall appoint, from the panel's membership, a chair. The panel shall meet as often as it deems necessary but, at a minimum, on a quarterly basis. Members of the panel shall serve without compensation but shall be reimbursed for travel and other necessary expenses incurred through performance of their duties. Members appointed under this subdivision are appointed for a three-year term and may be reappointed.

Subd. 2. **Members.** The commissioner shall appoint eight members, none of whom may be lobbyists registered under chapter 10A, who have backgrounds or training in designing, implementing, and interpreting health tracking and biomonitoring studies or in related fields of science, including epidemiology, biostatistics, environmental health, laboratory sciences, occupational health, industrial hygiene, toxicology, and public health, including:

(1) two scientists who represent nongovernmental organizations with a focus on environmental health, environmental justice, children's health, or on specific chronic diseases; and

(2) one scientist who is a representative of the University of Minnesota.

In addition, the commissioner shall appoint one member representing each of the following departments or divisions: the department's health promotion and chronic disease division, the Pollution Control Agency, and the Department of Agriculture.

Subd. 3. **Duties.** The advisory panel shall make recommendations to the commissioner and the legislature on:

(1) priorities for health tracking;

(2) priorities for biomonitoring that are based on sound science and practice, and that will advance the state of public health in Minnesota;

(3) specific chronic diseases to study under the environmental health tracking system;

(4) specific environmental pollutant exposures to study under the environmental health tracking system, with the agreement of at least seven of the advisory panel members;

(5) specific communities and geographic areas on which to focus environmental health tracking and biomonitoring efforts;

(6) specific chemicals and metals to study under the biomonitoring program that meet the following criteria, with the agreement of at least seven of the advisory panel members:

(i) the degree of potential exposure to the public or specific subgroups, including, but not limited to, occupational;

(ii) the likelihood of a chemical being a carcinogen or toxicant based on peer-reviewed health data, the chemical structure, or the toxicology of chemically related compounds;

(iii) the limits of laboratory detection for the chemical, including the ability to detect the chemical at low enough levels that could be expected in the general population;

(iv) exposure or potential exposure to the public or specific subgroups;

(v) the known or suspected health effects resulting from the same level of exposure based on peer-reviewed scientific studies;

(vi) the need to assess the efficacy of public health actions to reduce exposure to a chemical;

(vii) the availability of a biomonitoring analytical method with adequate accuracy, precision, sensitivity, specificity, and speed;

(viii) the availability of adequate biospecimen samples; and

(ix) other criteria that the panel may agree to; and

(7) other aspects of the design, implementation, and evaluation of the environmental health tracking and biomonitoring system, including, but not limited to:

(i) identifying possible community partners and sources of additional public or private funding;

(ii) developing outreach and educational methods and materials; and

(iii) disseminating environmental health tracking and biomonitoring findings to the public.

Subd. 4. **Liability.** No member of the panel shall be held civilly or criminally liable for an act or omission by that person if the act or omission was in good faith and within the scope of the member's responsibilities under sections 144.995 to 144.998.

Sec. 21. Minnesota Statutes 2006, section 144E.101, subdivision 6, is amended to read:

Subd. 6. **Basic life support.** (a) Except as provided in paragraph (e), a basic life support ambulance shall be staffed by at least two ambulance service personnel, at least one of which must be an EMT, who provide a level of care so as to ensure that:

- (1) life-threatening situations and potentially serious injuries are recognized;
- (2) patients are protected from additional hazards;
- (3) basic treatment to reduce the seriousness of emergency situations is administered; and
- (4) patients are transported to an appropriate medical facility for treatment.

(b) A basic life support service shall provide basic airway management.

(c) By January 1, 2001, a basic life support service shall provide automatic defibrillation, as provided in section 144E.103, subdivision 1, paragraph (b).

(d) A basic life support service licensee's medical director may authorize the ambulance service personnel to carry and to use medical antishock trousers and to perform intravenous infusion if the ambulance service personnel have been properly trained.

(e) Upon application from an ambulance service that includes evidence demonstrating hardship, the board may grant a ~~temporary~~ variance from the staff requirements in paragraph (a) and may authorize a basic life support ambulance to be staffed by one EMT and one first responder. The variance shall apply to basic life support ambulances operated by the ambulance service ~~for up to one year from the date of the variance's issuance until the ambulance service renews its license.~~ When a variance expires, an ambulance service may apply for a new variance under this paragraph. For purposes of this paragraph, "ambulance service" means either an ambulance service whose primary service area is located outside the metropolitan counties listed in section 473.121, subdivision 4, and outside the cities of Duluth, Mankato, Moorhead, Rochester, and St. Cloud; or an ambulance service based in a community with a population of less than 1,000.

Sec. 22. Minnesota Statutes 2006, section 144E.127, is amended to read:

144E.127 INTERHOSPITAL; INTERFACILITY TRANSFER.

Subdivision 1. **Interhospital transfers.** When transporting a patient from one licensed hospital to another, a licensee may substitute for one of the required ambulance service personnel, a physician, a registered nurse, or physician's assistant who has been trained to use the equipment in the ambulance and is knowledgeable of the licensee's ambulance service protocols.

Subd. 2. **Interfacility transfers.** In an interfacility transport, a licensee whose primary service area is located outside the metropolitan counties listed in section 473.121, subdivision 4, and outside the cities of Duluth, Mankato, Moorhead, Rochester, and St. Cloud; or an ambulance service based in a community with a population of less than 1,000, may substitute one EMT with a registered first responder if an EMT or EMT-paramedic, physician, registered nurse, or physician's assistant is in the patient compartment. If using a physician, registered nurse, or physician's assistant as the sole provider in the patient compartment, the individual must be trained to use the equipment in the ambulance and be knowledgeable of the ambulance service protocols.

Sec. 23. Minnesota Statutes 2006, section 144E.35, subdivision 1, is amended to read:

Subdivision 1. **Repayment for volunteer training.** ~~Any political subdivision, or nonprofit hospital or nonprofit corporation operating~~ A licensed ambulance service shall be reimbursed by the board for the necessary expense of the initial training of a volunteer ambulance attendant upon successful completion by the attendant of a basic emergency care course, or a continuing education course for basic emergency care, or both, which has been approved by the board, pursuant to section 144E.285. Reimbursement may include tuition, transportation, food, lodging, hourly payment for the time spent in the training course, and other necessary expenditures, except that in no instance shall a volunteer ambulance attendant be reimbursed more than ~~\$450~~ \$600 for successful completion of a basic course, and ~~\$225~~ \$275 for successful completion of a continuing education course.

Sec. 24. **[145.958] BISPHENOL-A IN PRODUCTS FOR CHILDREN.**

Subdivision. 1. **Bisphenol-A and phthalates committee.** The commissioner of health shall create a committee under the direction of the environmental health division of the Department of Health to study the scientific literature and make recommendations to the legislature on the health impact of bisphenol-A and phthalates on children in products intended for use by young children, including, but not limited to, toys, pacifiers, baby bottles, and teething, and report back by January 15, 2008. The committee shall also identify least harmful alternatives. Of the seven committee members at least one shall be a representative of the Department of Health, one shall be a representative of environmental health sciences research, one shall be a representative of the Minnesota Nurses Association, one shall be a representative of environmental health consumer advocates, one shall be a member of a children's product manufacturer's association, and one shall be a representative of the University of Minnesota, chemical plastics research department.

Subd. 2. **Definitions.** For the purposes of this section, the following terms have the meanings given them:

(a) "Toy" means all products designed or intended by the manufacturer to be used by children when they play.

(b) "Child care article" means all products designed or intended by the manufacturer to facilitate sleep, relaxation, or the feeding of children or to help children with sucking or teething.

Sec. 25. Minnesota Statutes 2006, section 145A.17, is amended to read:

145A.17 FAMILY HOME VISITING PROGRAMS.

Subdivision 1. **Establishment; goals.** The commissioner shall establish a program to fund family home visiting programs designed to foster a healthy beginning for children in families at or below 200 percent of the federal poverty guidelines beginnings, improve pregnancy outcomes, promote school readiness, prevent child abuse and neglect, reduce juvenile delinquency, promote positive parenting and resiliency in children, and promote family health and economic self-sufficiency for children and families. The commissioner shall promote partnerships, collaboration, and multidisciplinary visiting done by teams of professionals and paraprofessionals from the fields of public health nursing, social work, and early childhood education. A program funded under this section must serve families at or below 200 percent of the federal poverty guidelines, and other families determined to be at risk, including but not limited to being at risk for child abuse, child neglect, or juvenile delinquency. Programs must give priority for services to families considered to be in need of services, including but not limited to begin prenatally whenever possible and must be targeted to families with:

- (1) adolescent parents;
- (2) a history of alcohol or other drug abuse;
- (3) a history of child abuse, domestic abuse, or other types of violence;
- (4) a history of domestic abuse, rape, or other forms of victimization;
- (5) reduced cognitive functioning;
- (6) a lack of knowledge of child growth and development stages;
- (7) low resiliency to adversities and environmental stresses; ~~or~~
- (8) insufficient financial resources to meet family needs;
- (9) a history of homelessness;
- (10) a risk of long-term welfare dependence or family instability due to employment barriers; or
- (11) other risk factors as determined by the commissioner.

Subd. 3. **Requirements for programs; process.** ~~(a) Before a community health board or tribal government may receive an allocation under subdivision 2, a community health board or tribal government must submit a proposal to the commissioner that includes identification, based on a community assessment, of the populations at or below 200 percent of the federal poverty guidelines that will be served and the other populations that will be served. Each program that receives funds must~~ Community health boards and tribal governments that receive funding under this section must submit a plan to the commissioner describing a multidisciplinary approach to targeted home visiting for families. The plan must be submitted on forms provided by the commissioner. At a minimum, the plan must include the following:

- (1) a description of outreach strategies to families prenatally or at birth;
 - (2) provisions for the seamless delivery of health, safety, and early learning services;
 - (3) methods to promote continuity of services when families move within the state;
 - (4) a description of the community demographics;
 - (5) a plan for meeting outcome measures; and
 - (6) a proposed work plan that includes:
 - (i) coordination to ensure nonduplication of services for children and families;
 - (ii) a description of the strategies to ensure that children and families at greatest risk receive appropriate services;
- and
- (iii) collaboration with multidisciplinary partners including public health, ECFE, Head Start, community health workers, social workers, community home visiting programs, school districts, and other relevant partners. Letters of intent from multidisciplinary partners must be submitted with the plan.

(b) Each program that receives funds must accomplish the following program requirements:

(1) use ~~either a broad community-based or selective community-based~~ strategy to provide preventive and early intervention home visiting services;

(2) offer a home visit by a trained home visitor. If a home visit is accepted, the first home visit must occur prenatally or as soon after birth as possible and must include a public health nursing assessment by a public health nurse;

(3) offer, at a minimum, information on infant care, child growth and development, positive parenting, preventing diseases, preventing exposure to environmental hazards, and support services available in the community;

(4) provide information on and referrals to health care services, if needed, including information on and assistance in applying for health care coverage for which the child or family may be eligible; and provide information on preventive services, developmental assessments, and the availability of public assistance programs as appropriate;

(5) provide youth development programs when appropriate;

(6) recruit home visitors who will represent, to the extent possible, the races, cultures, and languages spoken by families that may be served;

(7) train and supervise home visitors in accordance with the requirements established under subdivision 4;

(8) maximize resources and minimize duplication by coordinating ~~activities or contracting~~ with local social and human services organizations, education organizations, and other appropriate governmental entities and community-based organizations and agencies; ~~and~~

(9) utilize appropriate racial and ethnic approaches to providing home visiting services; and

(10) connect eligible families, as needed, to additional resources available in the community, including, but not limited to, early care and education programs, health or mental health services, family literacy programs, employment agencies, social services, and child care resources and referral agencies.

(c) When available, programs that receive funds under this section must offer or provide the family with a referral to center-based or group meetings that meet at least once per month for those families identified with additional needs. The meetings must focus on further enhancing the information, activities, and skill-building addressed during home visitation; offering opportunities for parents to meet with and support each other; and offering infants and toddlers a safe, nurturing, and stimulating environment for socialization and supervised play with qualified teachers.

~~(b)~~ (d) Funds available under this section shall not be used for medical services. The commissioner shall establish an administrative cost limit for recipients of funds. The outcome measures established under subdivision 6 must be specified to recipients of funds at the time the funds are distributed.

~~(e)~~ (e) Data collected on individuals served by the home visiting programs must remain confidential and must not be disclosed by providers of home visiting services without a specific informed written consent that identifies disclosures to be made. Upon request, agencies providing home visiting services must provide recipients with information on disclosures, including the names of entities and individuals receiving the information and the general purpose of the disclosure. Prospective and current recipients of home visiting services must be told and informed in writing that written consent for disclosure of data is not required for access to home visiting services.

Subd. 4. **Training.** The commissioner shall establish training requirements for home visitors and minimum requirements for supervision ~~by a public health nurse~~. The requirements for nurses must be consistent with chapter 148. The commissioner must provide training for home visitors. Training must include child development, positive parenting techniques, screening and referrals for child abuse and neglect, and diverse cultural practices in child rearing and family systems the following:

(1) effective relationships for engaging and retaining families and ensuring family health, safety, and early learning;

(2) effective methods of implementing parent education, conducting home visiting, and promoting quality early childhood development;

(3) early childhood development from birth to age five;

(4) diverse cultural practices in child rearing and family systems;

(5) recruiting, supervising, and retaining qualified staff;

(6) increasing services for underserved populations; and

(7) relevant issues related to child welfare and protective services, with information provided being consistent with state child welfare agency training.

Subd. 5. **Technical assistance.** The commissioner shall provide administrative and technical assistance to each program, including assistance in data collection and other activities related to conducting short- and long-term evaluations of the programs as required under subdivision 7. The commissioner may request research and evaluation support from the University of Minnesota.

Subd. 6. **Outcome and performance measures.** The commissioner shall establish ~~outcomes~~ measures to determine the impact of family home visiting programs funded under this section on the following areas:

(1) appropriate utilization of preventive health care;

(2) rates of substantiated child abuse and neglect;

(3) rates of unintentional child injuries;

(4) rates of children who are screened and who pass early childhood screening; ~~and~~

(5) rates of children accessing early care and educational services;

(6) program retention rates;

(7) number of home visits provided compared to the number of home visits planned;

(8) participant satisfaction;

(9) rates of at-risk populations reached; and

(10) any additional qualitative goals and quantitative measures established by the commissioner.

Subd. 7. **Evaluation.** Using the qualitative goals and quantitative outcome and performance measures established under subdivisions 1 and 6, the commissioner shall conduct ongoing evaluations of the programs funded under this section. Community health boards and tribal governments shall cooperate with the commissioner in the evaluations and shall provide the commissioner with the information necessary to conduct the evaluations. As part of the ongoing evaluations, the commissioner shall rate the impact of the programs on the outcome measures listed in subdivision 6, and shall periodically determine whether home visiting programs are the best way to achieve the qualitative goals established under subdivisions 1 and 6. If the commissioner determines that home visiting programs are not the best way to achieve these goals, the commissioner shall provide the legislature with alternative methods for achieving them.

Subd. 8. **Report.** By January 15, 2002, and January 15 of each even-numbered year thereafter, the commissioner shall submit a report to the legislature on the family home visiting programs funded under this section and on the results of the evaluations conducted under subdivision 7.

Subd. 9. **No supplanting of existing funds.** Funding available under this section may be used only to supplement, not to replace, nonstate funds being used for home visiting services as of July 1, 2001.

Sec. 26. Minnesota Statutes 2006, section 156.001, is amended by adding a subdivision to read:

Subd. 10a. **Program for the Assessment of Veterinary Education Equivalence; PAVE certificate.** A "Program for the Assessment of Veterinary Education Equivalence" or "PAVE" certificate is issued by the American Association of Veterinary State Boards, indicating that the holder has demonstrated knowledge and skill equivalent to that possessed by a graduate of an accredited or approved college of veterinary medicine.

Sec. 27. **[156.015] FEES.**

Subdivision 1. **Verification of licensure.** The board may charge a fee of \$25 per license verification to a licensee for verification of licensure status provided to other veterinary licensing boards.

Subd. 2. **Continuing education review.** The board may charge a fee of \$50 per submission to a sponsor for review and approval of individual continuing education seminars, courses, wet labs, and lectures. This fee does not apply to continuing education sponsors that already meet the criteria for preapproval under Minnesota Rules, part 9100.1000, subpart 3, item A.

Sec. 28. Minnesota Statutes 2006, section 156.02, subdivision 1, is amended to read:

Subdivision 1. **License application.** Application for a license to practice veterinary medicine in this state shall be made in writing to the Board of Veterinary Medicine upon a form furnished by the board, accompanied by satisfactory evidence that the applicant is at least 18 years of age, is of good moral character, and has one of the following:

(1) a diploma conferring the degree of doctor of veterinary medicine, or an equivalent degree, from an accredited or approved college of veterinary medicine;

(2) an ECFVG or PAVE certificate; or

(3) a certificate from the dean of an accredited or approved college of veterinary medicine stating that the applicant is a student in good standing expecting to be graduated at the completion of the current academic year of the college in which the applicant is enrolled.

The application shall contain the information and material required by subdivision 2 and any other information that the board may, in its sound judgment, require. The application shall be filed with the board at least 60 days before the date of the examination. If the board deems it advisable, it may require that such application be verified by the oath of the applicant.

Sec. 29. Minnesota Statutes 2006, section 156.02, subdivision 2, is amended to read:

Subd. 2. **Required with application.** Every application shall contain the following information and material:

(1) the application fee set by the board in the form of a check or money order payable to the board, which fee is not returnable in the event permission to take the examination is denied for good cause;

(2) a copy of a diploma from an accredited or approved college of veterinary medicine or a certificate from the dean or secretary of an accredited or approved college of veterinary medicine showing the time spent in the school and the date when the applicant was duly and regularly graduated or will duly and regularly graduate or verification of ECFVG or PAVE certification;

(3) affidavits of at least two veterinarians and three adults who are not related to the applicant setting forth how long a time, when, and under what circumstances they have known the applicant, and any other facts as may be proper to enable the board to determine the qualifications of the applicant; and

(4) if the applicant has served in the armed forces, a copy of discharge papers.

Sec. 30. Minnesota Statutes 2006, section 156.04, is amended to read:

156.04 BOARD TO ISSUE LICENSE.

The Board of Veterinary Medicine shall issue to every applicant who has successfully passed the required examination, who has received a diploma conferring the degree of doctor of veterinary medicine or an equivalent degree from an accredited or approved college of veterinary medicine or an ECFVG or PAVE certificate, and who shall have been adjudged to be duly qualified to practice veterinary medicine, a license to practice.

Sec. 31. Minnesota Statutes 2006, section 156.072, subdivision 2, is amended to read:

Subd. 2. **Required with application.** Such doctor of veterinary medicine shall accompany the application by the following:

(1) a copy of a diploma from an accredited or approved college of veterinary medicine or certification from the dean, registrar, or secretary of an accredited or approved college of veterinary medicine attesting to the applicant's graduation from an accredited or approved college of veterinary medicine, or a certificate of satisfactory completion of the ECFVG or PAVE program.

(2) affidavits of two licensed practicing doctors of veterinary medicine residing in the United States or Canadian licensing jurisdiction in which the applicant is currently practicing, attesting that they are well acquainted with the applicant, that the applicant is a person of good moral character, and has been actively engaged in practicing or teaching in such jurisdiction for the period above prescribed;

(3) a certificate from the regulatory agency having jurisdiction over the conduct of practice of veterinary medicine that such applicant is in good standing and is not the subject of disciplinary action or pending disciplinary action;

(4) a certificate from all other jurisdictions in which the applicant holds a currently active license or held a license within the past ten years, stating that the applicant is and was in good standing and has not been subject to disciplinary action;

(5) in lieu of clauses (3) and (4), certification from the Veterinary Information Verification Agency that the applicant's licensure is in good standing;

(6) a fee as set by the board in form of check or money order payable to the board, no part of which shall be refunded should the application be denied;

(7) score reports on previously taken national examinations in veterinary medicine, certified by the Veterinary Information Verification Agency; and

(8) if requesting waiver of examination, provide evidence of meeting licensure requirements in the state of the applicant's original licensure that were substantially equal to the requirements for licensure in Minnesota in existence at that time.

Sec. 32. Minnesota Statutes 2006, section 156.073, is amended to read:

156.073 TEMPORARY PERMIT.

The board may issue without examination a temporary permit to practice veterinary medicine in this state to a person who has submitted an application approved by the board for license pending examination, and holds a doctor of veterinary medicine degree or an equivalent degree from an approved or accredited college of veterinary medicine or an ECFVG or PAVE certification. The temporary permit shall expire the day after publication of the notice of results of the first examination given after the permit is issued. No temporary permit may be issued to any applicant who has previously failed the national examination and is currently not licensed in any licensing jurisdiction of the United States or Canada or to any person whose license has been revoked or suspended or who is currently subject to a disciplinary order in any licensing jurisdiction of the United States or Canada.

Sec. 33. Minnesota Statutes 2006, section 156.12, subdivision 2, is amended to read:

Subd. 2. **Authorized activities.** No provision of this chapter shall be construed to prohibit:

(a) a person from rendering necessary gratuitous assistance in the treatment of any animal when the assistance does not amount to prescribing, testing for, or diagnosing, operating, or vaccinating and when the attendance of a licensed veterinarian cannot be procured;

(b) a person who is a regular student in an accredited or approved college of veterinary medicine from performing duties or actions assigned by instructors or preceptors or working under the direct supervision of a licensed veterinarian;

(c) a veterinarian regularly licensed in another jurisdiction from consulting with a licensed veterinarian in this state;

(d) the owner of an animal and the owner's regular employee from caring for and administering to the animal belonging to the owner, except where the ownership of the animal was transferred for purposes of circumventing this chapter;

(e) veterinarians who are in compliance with subdivision 6 and who are employed by the University of Minnesota from performing their duties with the College of Veterinary Medicine, College of Agriculture, Agricultural Experiment Station, Agricultural Extension Service, Medical School, School of Public Health, or other unit within the university; or a person from lecturing or giving instructions or demonstrations at the university or in connection with a continuing education course or seminar to veterinarians or pathologists at the University of Minnesota Veterinary Diagnostic Laboratory;

(f) any person from selling or applying any pesticide, insecticide or herbicide;

(g) any person from engaging in bona fide scientific research or investigations which reasonably requires experimentation involving animals;

(h) any employee of a licensed veterinarian from performing duties other than diagnosis, prescription or surgical correction under the direction and supervision of the veterinarian, who shall be responsible for the performance of the employee;

(i) a graduate of a foreign college of veterinary medicine from working under the direct personal instruction, control, or supervision of a veterinarian faculty member of the College of Veterinary Medicine, University of Minnesota in order to complete the requirements necessary to obtain an ECFVG or PAVE certificate.

Sec. 34. Minnesota Statutes 2006, section 156.12, subdivision 4, is amended to read:

Subd. 4. **Titles.** It is unlawful for a person who has not received a professional degree from an accredited or approved college of veterinary medicine, or ECFVG or PAVE certification, to use any of the following titles or designations: Veterinary, veterinarian, animal doctor, animal surgeon, animal dentist, animal chiropractor, animal acupuncturist, or any other title, designation, word, letter, abbreviation, sign, card, or device tending to indicate that the person is qualified to practice veterinary medicine.

Sec. 35. Minnesota Statutes 2006, section 156.12, subdivision 6, is amended to read:

Subd. 6. **Faculty licensure.** (a) Veterinary Medical Center clinicians at the College of Veterinary Medicine, University of Minnesota, who are engaged in the practice of veterinary medicine as defined in subdivision 1 and who treat animals owned by clients of the Veterinary Medical Center must possess the same license required by other veterinary practitioners in the state of Minnesota except for persons covered by paragraphs (b) and (c).

(b) A specialty practitioner in a hard-to-fill faculty position who has been employed at the College of Veterinary Medicine, University of Minnesota, for five years or more prior to 2003 or is specialty board certified by the American Veterinary Medical Association or the European Board of Veterinary Specialization may be granted a specialty faculty Veterinary Medical Center clinician license which will allow the licensee to practice veterinary medicine in the state of Minnesota in the specialty area of the licensee's training and only within the scope of employment at the Veterinary Medical Center.

(c) A specialty practitioner in a hard-to-fill faculty position at the College of Veterinary Medicine, University of Minnesota, who has graduated from a board-approved foreign veterinary school may be granted a temporary faculty Veterinary Medical Center clinician license. The temporary faculty Veterinary Medical Center clinician license expires in two years and allows the licensee to practice veterinary medicine as defined in subdivision 1 and treat animals owned by clients of the Veterinary Medical Center. The temporary faculty Veterinary Medical Center clinician license allows the licensee to practice veterinary medicine in the state of Minnesota in the specialty area of the licensee's training and only within the scope of employment at the Veterinary Medical Center while under the direct supervision of a veterinarian currently licensed and actively practicing veterinary medicine in Minnesota, as defined in section 156.04. The direct supervising veterinarian shall not have any current or past conditions,

restrictions, or probationary status imposed on the veterinarian's license by the board within the past five years. The holder of a temporary faculty Veterinary Medical Center clinician license who is enrolled in a PhD program may apply for up to two additional consecutive two-year extensions of an expiring temporary faculty Veterinary Medical Center clinician license. Any other holder of a temporary faculty Veterinary Medical Center clinician license may apply for one two-year extension of the expiring temporary faculty Veterinary Medical Center clinician license. Temporary faculty Veterinary Medical Center clinician licenses that are allowed to expire may not be renewed. The board shall grant an extension to a licensee who demonstrates suitable progress toward completing the requirements of their academic program, specialty board certification, or full licensure in Minnesota by a graduate of a foreign veterinary college.

(d) Temporary and specialty faculty Veterinary Medical Center clinician licensees must abide by all the laws governing the practice of veterinary medicine in the state of Minnesota and are subject to the same disciplinary action as any other veterinarian licensed in the state of Minnesota.

(e) The fee for a license issued under this subdivision is the same as for a regular license to practice veterinary medicine in Minnesota. License payment deadlines, late payment fees, and other license requirements are also the same as for regular licenses.

Sec. 36. Minnesota Statutes 2006, section 156.15, subdivision 2, is amended to read:

Subd. 2. **Service.** Service of an order under this section is effective if the order is served on the person or counsel of record personally or by ~~certified~~ United States mail to the most recent address provided to the board for the person or counsel of record.

Sec. 37. Minnesota Statutes 2006, section 156.16, subdivision 3, is amended to read:

Subd. 3. **Dispensing.** "Dispensing" means distribution of veterinary prescription drugs or over-the-counter drugs for extra-label use or human drugs for extra-label use by a person licensed as a pharmacist by the Board of Pharmacy or a person licensed by the Board of Veterinary Medicine.

Sec. 38. Minnesota Statutes 2006, section 156.16, subdivision 10, is amended to read:

Subd. 10. **Prescription.** "Prescription" means an order from a veterinarian to a pharmacist or another veterinarian authorizing the dispensing of ~~a veterinary prescription drug~~ drugs, human drugs for extra-label use, or over-the-counter drugs for extra-label use to a client for use on or in a patient.

Sec. 39. Minnesota Statutes 2006, section 156.18, subdivision 1, is amended to read:

Subdivision 1. **Prescription.** (a) A person may not dispense a veterinary prescription drug to a client without a prescription or other veterinary authorization. A person may not make extra-label use of an animal or human drug for an animal without a prescription from a veterinarian. A veterinarian or the veterinarian's authorized employee may dispense ~~a veterinary prescription drug to~~ drugs, human drugs for extra-label use, or an over-the-counter drug for extra-label use by a client ~~or oversee the extra-label use of a veterinary drug directly by a client~~ without a separate written prescription, providing there is documentation of the prescription in the medical record and there is an existing veterinarian-client-patient relationship. The prescribing veterinarian must monitor the use of veterinary prescription drugs, human drugs for extra-label use, or over-the-counter drugs for extra-label use by a client.

(b) A veterinarian may dispense prescription veterinary drugs and prescribe and dispense extra-label use drugs to a client without personally examining the animal if a bona fide veterinarian-client-patient relationship exists and in the judgment of the veterinarian the client has sufficient knowledge to use the drugs properly.

(c) A veterinarian may issue a prescription or other veterinary authorization by oral or written communication to the dispenser, or by computer connection. If the communication is oral, the veterinarian must enter it into the patient's record. The dispenser must record the veterinarian's prescription or other veterinary authorization within 72 hours.

(d) A prescription or other veterinary authorization must include:

- (1) the name, address, and, if written, the signature of the prescriber;
- (2) the name and address of the client;
- (3) identification of the species for which the drug is prescribed or ordered;
- (4) the name, strength, and quantity of the drug;
- (5) the date of issue;
- (6) directions for use; ~~and~~
- (7) withdrawal time; if applicable; and
- (8) number of authorized refills.

(e) A veterinarian may, in the course of professional practice and an existing veterinarian-client-patient relationship, prepare medicaments that combine drugs approved by the United States Food and Drug Administration and other legally obtained ingredients with appropriate vehicles.

(f) A veterinarian or a bona fide employee of a veterinarian may dispense veterinary prescription drugs to a person on the basis of a prescription issued by a licensed veterinarian. The provisions of paragraphs (c) and (d) apply.

(g) This section does not limit the authority of the Minnesota Racing Commission to regulate veterinarians providing services at a licensed racetrack.

Sec. 40. Minnesota Statutes 2006, section 156.18, subdivision 2, is amended to read:

Subd. 2. Label of dispensed veterinary drugs. (a) A veterinarian or the veterinarian's authorized agent or employee dispensing a veterinary prescription drug ~~or prescribing the extra-label use of an over-the-counter drug, an over-the-counter drug for extra-label use, or a human drug for extra-label use~~ must provide written information which includes the name and address of the veterinarian, date of filling, species of patient, name or names of drug, strength of drug or drugs, directions for use, withdrawal time, and cautionary statements, if any, appropriate for the drug.

(b) If the veterinary drug has been prepared, mixed, formulated, or packaged by the dispenser, all of the information required in paragraph (a) must be provided on a label affixed to the container.

(c) If the veterinary drug is in the manufacturer's original package, the information required in paragraph (a) must be supplied in writing but need not be affixed to the container. Information required in paragraph (a) that is provided by the manufacturer on the original package does not need to be repeated in the separate written information. Written information required by this paragraph may be written on the sales invoice.

Sec. 41. Minnesota Statutes 2006, section 156.19, is amended to read:

156.19 EXTRA-LABEL USE.

A person, other than a veterinarian or ~~a person working under the control of~~ an employee of a veterinarian, must not make extra-label use of a veterinary drug in or on a food-producing animal, unless permitted by the prescription of a veterinarian. A veterinarian may prescribe the extra-label use of a ~~veterinary~~ drug if:

(1) the veterinarian makes a careful medical diagnosis within the context of a valid veterinarian-client-patient relationship;

(2) the veterinarian determines that there is no marketed drug specifically labeled to treat the condition diagnosed, or that drug therapy as recommended by the labeling has, in the judgment of the attending veterinarian, been found to be clinically ineffective;

(3) the veterinarian recommends procedures to ensure that the identity of the treated animal will be carefully maintained; ~~and~~

(4) the veterinarian prescribes a significantly extended time period for drug withdrawal before marketing meat, milk, or eggs; and

(5) the veterinarian has met the criteria established in Code of Federal Regulations, title 21, part 530, which define the extra-label use of medication in or on animals.

Sec. 42. Minnesota Statutes 2006, section 198.075, is amended to read:

198.075 MINNESOTA VETERANS HOME EMPLOYEES; EXCLUDED FROM COMMISSARY PRIVILEGES.

Except as provided in this section, no commissary privileges including food, laundry service, janitorial service, and household supplies shall be furnished to any employee of the Minnesota veterans homes. An employee of the Minnesota veterans homes who works a second shift that is consecutive with a regularly scheduled shift may be allowed one free meal at the veterans home on the day of that extra shift.

Sec. 43. Minnesota Statutes 2006, section 256B.0625, subdivision 14, is amended to read:

Subd. 14. **Diagnostic, screening, and preventive services.** (a) Medical assistance covers diagnostic, screening, and preventive services.

(b) "Preventive services" include services related to pregnancy, including:

(1) services for those conditions which may complicate a pregnancy and which may be available to a pregnant woman determined to be at risk of poor pregnancy outcome;

(2) prenatal HIV risk assessment, education, counseling, and testing; and

(3) alcohol abuse assessment, education, and counseling on the effects of alcohol usage while pregnant. Preventive services available to a woman at risk of poor pregnancy outcome may differ in an amount, duration, or scope from those available to other individuals eligible for medical assistance.

(c) "Screening services" include, but are not limited to, blood lead tests. Screening services also include, for children with blood lead levels equal to or greater than five micrograms of lead per deciliter of whole blood, environmental investigations to determine the source of lead exposure. Reimbursement is limited to a health professional's time and activities during an on-site investigation of a child's home or primary residence.

Sec. 44. Minnesota Statutes 2006, section 256B.0625, is amended by adding a subdivision to read:

Subd. 49. **Lead risk assessments.** (a) Effective October 1, 2007, or six months after federal approval, whichever is later, medical assistance covers lead risk assessments provided by a lead risk assessor who is licensed by the commissioner of health under section 144.9505 and employed by an assessing agency as defined in section 144.9501. Medical assistance covers a onetime on-site investigation of a recipient's home or primary residence to determine the existence of lead so long as the recipient is under the age of 21 and has a venous blood lead level specified in section 144.9504, subdivision 2, paragraph (a).

(b) Medical assistance reimbursement covers the lead risk assessor's time to complete the following activities:

(1) gathering samples;

(2) interviewing family members;

(3) gathering data, including meter readings; and

(4) providing a report with the results of the investigation and options for reducing lead-based paint hazards.

Medical assistance coverage of lead risk assessment does not include testing of environmental substances such as water, paint, or soil or any other laboratory services. Medical assistance coverage of lead risk assessments is not included in the capitated services for children enrolled in health plans through the prepaid medical assistance program and the MinnesotaCare program.

(c) Payment for lead risk assessment must be cost-based and must meet the criteria for federal financial participation under the Medicaid program. The rate must be based on allowable expenditures from cost information gathered. Under section 144.9507, subdivision 5, federal medical assistance funds may not replace existing funding for lead-related activities. The nonfederal share of costs for services provided under this subdivision must be from state or local funds and is the responsibility of the agency providing the risk assessment. Eligible expenditures for the nonfederal share of costs may not be made from federal funds or funds used to match other federal funds. Any federal disallowances are the responsibility of the agency providing risk assessment services.

Sec. 45. **[325E.385] PRODUCTS CONTAINING POLYBROMINATED DIPHENYL ETHER.**

Subdivision 1. **Definitions.** For the purposes of sections 325E.386 to 325E.388, the terms in this section have the meanings given them.

Subd. 2. **Commercial decabromodiphenyl ether.** "Commercial decabromodiphenyl ether" means the chemical mixture of decabromodiphenyl ether, including associated polybrominated diphenyl ether impurities not intentionally added.

Subd. 3. **Commissioner.** "Commissioner" means the commissioner of the Pollution Control Agency.

Subd. 4. **Manufacturer.** "Manufacturer" means any person, firm, association, partnership, corporation, governmental entity, organization, or joint venture that produces a product containing polybrominated diphenyl ethers or an importer or domestic distributor of a noncomestible product containing polybrominated diphenyl ethers.

Subd. 5. **Polybrominated diphenyl ethers or PBDE's.** "Polybrominated diphenyl ethers" or "PBDE's" means chemical forms that consist of diphenyl ethers bound with bromine atoms. Polybrominated diphenyl ethers include, but are not limited to, the three primary forms of the commercial mixtures known as pentabromodiphenyl ether, octabromodiphenyl ether, and decabromodiphenyl ether.

Subd. 6. **Retailer.** "Retailer" means a person who offers a product for sale at retail through any means, including, but not limited to, remote offerings such as sales outlets, catalogs, or the Internet, but does not include a sale that is a wholesale transaction with a distributor or a retailer.

Subd. 7. **Used product.** "Used product" means any product that has been previously owned, purchased, or sold in commerce. Used product does not include any product manufactured after January 1, 2008.

Sec. 46. **[325E.386] PRODUCTS CONTAINING CERTAIN POLYBROMINATED DIPHENYL ETHERS BANNED; EXEMPTIONS.**

Subdivision 1. **Penta- and octabromodiphenyl ethers.** Except as provided in subdivision 3, beginning January 1, 2008, a person may not manufacture, process, or distribute in commerce a product or flame-retardant part of a product containing more than one-tenth of one percent of pentabromodiphenyl ether or octabromodiphenyl ether by mass.

Subd. 2. **Exemptions.** The following products containing polybrominated diphenyl ethers are exempt from subdivision 1:

(1) the sale or distribution of any used transportation vehicle with component parts containing polybrominated diphenyl ethers;

(2) the sale or distribution of any used transportation vehicle parts or new transportation vehicle parts manufactured before January 1, 2008, that contain polybrominated diphenyl ethers;

(3) the manufacture, sale, repair, distribution, maintenance, refurbishment, or modification of equipment containing polybrominated diphenyl ethers and used primarily for military or federally funded space program applications. This exemption does not cover consumer-based goods with broad applicability;

(4) the sale or distribution by a business, charity, public entity, or private party of any used product containing polybrominated diphenyl ethers;

(5) the manufacture, sale, or distribution of new carpet cushion made from recycled foam containing more than one-tenth of one percent penta polybrominated diphenyl ether; or

(6) medical devices.

In-state retailers in possession of products on January 1, 2008, that are banned for sale under subdivision 1 may exhaust their stock through sales to the public. Nothing in this section restricts the ability of a manufacturer, importer, or distributor from transporting products containing polybrominated diphenyl ethers through the state, or storing such products in the state for later distribution outside the state.

Sec. 47. **[325E.387] REVIEW OF DECABROMODIPHENYL ETHER.**

Subdivision 1. **Commissioner duties.** The commissioner in consultation with the commissioners of health and public safety shall review uses of commercial decabromodiphenyl ether, availability of technically feasible and safer alternatives, fire safety and any evidence regarding the potential harm to public health and the environment posed by

commercial decabromodiphenyl ether and the alternatives. The commissioner must consult with key stakeholders. The commissioner must also review the findings from similar state and federal agencies and must report their findings and recommendations to the appropriate committees of the legislature no later than January 15, 2008.

Subd. 2. **State procurement.** By January 1, 2008, the commissioner of administration shall make available for purchase and use by all state agencies only equipment, supplies, and other products that do not contain polybrominated diphenyl ethers, unless exempted under section 325E.386, subdivision 2.

Sec. 48. **[325E.388] PENALTIES.**

A manufacturer who violates sections 325E.386 to 325E.388 is subject to a civil penalty not to exceed \$1,000 for each violation in the case of a first offense. A manufacturer is subject to a civil penalty not to exceed \$5,000 for each repeat offense. Penalties collected under this section must be deposited in an account in the special revenue fund and are appropriated in fiscal years 2008 and 2009 to the commissioner to implement and enforce this section.

Sec. 49. Laws 2005, First Special Session chapter 4, article 9, section 3, subdivision 2, is amended to read:

Subd. 2. **Community and Family Health Improvement**

Summary by Fund

General	40,413,000	40,382,000
State Government		
Special Revenue	141,000	128,000
Health Care Access	3,510,000	3,516,000
Federal TANF	6,000,000	6,000,000

~~**Family Planning Base Reduction.** Base level funding for the family planning special projects grant program is reduced by \$1,877,000 each year of the biennium beginning July 1, 2007, provided that this reduction shall only take place upon full implementation of the family planning project section of the 1115 waiver. Notwithstanding Minnesota Statutes, section 145.925, the commissioner shall give priority to community health care clinics providing family planning services that either serve a high number of women who do not qualify for medical assistance or are unable to participate in the medical assistance program as a medical assistance provider when allocating the remaining appropriations. Notwithstanding section 15, this paragraph shall not expire.~~

Shaken Baby Video. Of the state government special revenue fund appropriation, \$13,000 in 2006 is appropriated to the commissioner of health to provide a video to hospitals on shaken baby syndrome. The commissioner of health shall assess a fee to hospitals to cover the cost of the approved shaken baby video and the revenue received is to be deposited in the state government special revenue fund.

Sec. 50. **FUNDING FOR ENVIRONMENTAL JUSTICE MAPPING.**

The commissioner of health, in conjunction with the commissioner of the Pollution Control Agency, shall establish an environmental justice mapping program and shall apply for federal funding to renew and expand the state's environmental justice mapping capacity in order to promote public health tracking. The commissioner shall coordinate the project with the Pollution Control Agency and the Department of Agriculture in order to explore possible links between environmental health and toxic exposures and to help create a system for environmental public health tracking. The commissioner shall also make recommendations to the legislature for additional sources of funding within the state.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 51. **LEGISLATIVE FINDINGS AND PURPOSE.**

The legislature hereby finds that hearing loss occurs in newborn infants more frequently than any other health condition for which newborn infant screening is required. Early detection of hearing loss in a child and early intervention and treatment has been demonstrated to be highly effective in facilitating a child's healthy development in a manner consistent with the child's age, language acquisition, and cognitive ability. Without early hearing detection and intervention, children with hearing loss experience serious delays in language acquisition and social and cognitive development. With appropriate testing and identification of newborn infants, hearing loss screening will facilitate early intervention and treatment and will serve the public purpose of promoting the healthy development of children.

For these reasons, the legislature hereby determines that it is beneficial and in the best interests of the development of the children of the state of Minnesota that newborn infants' hearing be screened.

Sec. 52. **INFORMATION SHARING.**

By August 1, 2007, the commissioner of health, the Pollution Control Agency, the commissioner of agriculture, and the University of Minnesota are requested to jointly develop and sign a memorandum of understanding declaring their intent to share new and existing environmental hazard, exposure, and health outcome data, consistent with applicable data practices laws, and to cooperate and communicate effectively to ensure sufficient clarity and understanding of the data between these organizations.

Sec. 53. **COMMISSIONER OF HEALTH REPORT; ROUTINE RADIATION EMISSIONS.**

The commissioner of health, within the limits of available appropriations, in cooperation with the utilities that own the Monticello and Prairie Island nuclear plants, shall issue a report detailing where routine radiation releases go and the health impacts of the radiation emissions on affected communities. By April 1, 2008, the report must be distributed to house and senate committees having jurisdiction over public health and to all communities that are part of the emergency response planning.

Sec. 54. **FRAGRANCE-FREE SCHOOLS EDUCATION PILOT PROJECT.**

Subdivision 1. **Purpose.** Recognizing that scented products may trigger asthma or chemical sensitivity reactions in students and school staff, which can contribute to learning and breathing problems, the commissioner of health shall develop a fragrance-free schools education pilot project.

Subd. 2. **Education.** The commissioner of health, in collaboration with the commissioner of education and the Minneapolis Board of Education, shall establish a working group composed of at least three students, two teachers, one school administrator, and one member of the Minneapolis Board of Education to recommend an education campaign in Minneapolis public schools to inform students and parents about the potentially harmful effects of the use of fragrance products on sensitive students and school personnel in Minneapolis schools. The commissioner shall report findings to the legislature by February 1, 2008.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 55. **LINDANE COMMITTEE.**

The commissioner of health shall create a committee of stakeholders, including at least one environmental health research scientist and at least one parent consumer advocate, to review the scientific literature and make recommendations to the legislature on the health impact of Lindane on children and report back by January 15, 2008.

Sec. 56. **MEDICAL ASSISTANCE COVERAGE FOR ARSENIC TESTING.**

The commissioner of human services shall ensure that testing for arsenic under Minnesota Statutes, section 144.967, is covered under medical assistance.

Sec. 57. **BLOOD LEAD TESTING STUDY.**

The commissioner of health, in consultation with the Department of Human Services; cities of the first class; health care providers; and other interested parties shall conduct a study to evaluate blood lead testing methods used to confirm elevated blood lead status. The study shall examine and/or develop:

- (1) the false positive rate of capillary tests for children less than 72 months old;
- (2) current protocols for conducting capillary testing, including filter paper methodology;
- (3) existing guidelines and regulations from other states and federal agencies regarding lead testing;
- (4) recommendations regarding the use of capillary tests to initiate environmental investigations and case management, including number and timing of tests and fiscal implications for state and local lead programs; and
- (5) recommendations regarding reducing the state mandatory intervention to ten micrograms of lead per deciliter of whole blood.

The commissioner shall submit the results of the study and any recommendations, including any necessary legislative changes, to the legislature by February 15, 2008.

Sec. 58. **WINDOW SAFETY EDUCATION.**

The commissioner of health shall create in the department's current educational safety program a component targeted at parents and caregivers of young children to provide awareness of the need to take precautions to prevent children from falling through open windows. The commissioner of health shall consult with representatives of the residential building industry, the window products industry, the child safety advocacy community, and the Department of Labor and Industry to create the window safety program component. The program must include the gathering of data about falls from windows that result in severe injury in order to measure the effectiveness of the safety program. The commissioner of health may consult with other child safety advocacy groups, experts, and

interested parties in the development and implementation of the window safety program. The commissioner of health shall prepare and submit a final report on the window safety program to the legislature by March 1, 2011. The commissioner shall prepare and submit a yearly progress report to the legislature by March 1 of each year beginning in 2008 until the submission of the final report. The final report must include a summary of the safety program, the impact of the program on children falling from windows, and any recommendations for further study or action.

Sec. 59. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall change the range reference "144.9501 to 144.9509" to "144.9501 to 144.9512" wherever the reference appears in Minnesota Statutes and Minnesota Rules.

Sec. 60. **REPEALER.**

Laws 2004, chapter 288, article 6, section 27, is repealed.

ARTICLE 11

HUMAN SERVICES FORECAST ADJUSTMENTS

Section 1. **SUMMARY OF APPROPRIATIONS; DEPARTMENT OF HUMAN SERVICES FORECAST ADJUSTMENT.**

The dollar amounts shown are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2006, chapter 282, from the general fund, or any other fund named, to the Department of Human Services for the purposes specified in this article, to be available for the fiscal year indicated for each purpose. The figure "2007" used in this article means that the appropriation or appropriations listed are available for the fiscal year ending June 30, 2007.

	<u>2007</u>
<u>General Fund</u>	<u>\$(25,226,000)</u>
<u>Health Care Access</u>	<u>\$(53,980,000)</u>
<u>TANF</u>	<u>\$(24,805,000)</u>
<u>Total</u>	<u>\$(104,011,000)</u>

Sec. 2. **COMMISSIONER OF HUMAN SERVICES**

Subdivision 1. Total Appropriation **\$(104,011,000)**

Appropriations by Fund

	<u>2007</u>
<u>General</u>	<u>(25,226,000)</u>
<u>Health Care Access</u>	<u>(53,980,000)</u>

TANF (24,805,000)

Subd. 2. Revenue and Pass Through

TANF (106,000)

Subd. 3. Children and Economic Assistance Grants

General 3,221,000

TANF (24,699,000)

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) MFIP/DWP Grants

General 13,827,000

TANF (24,699,000)

(b) MFIP Child Care Assistance Grants

General (4,733,000)

(c) General Assistance Grants

General 1,081,000

(d) Minnesota Supplemental Aid Grants

General (1,099,000)

(e) Group Residential Housing Grants

General (5,855,000)

Subd. 4. Basic Health Care Grants

General 17,592,000

Health Care Access (53,980,000)

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) MinnesotaCare Health Care Access (53,980,000)

(b) MA Basic Health Care - Families and Children

General 15,729,000

(c) MA Basic Health Care - Elderly and Disabled

<u>General</u>	<u>(4,540,000)</u>
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(d) General Assistance Medical Care

<u>General</u>	<u>6,403,000</u>
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Subd. 5. Continuing Care Grants

<u>General</u>	<u>(46,039,000)</u>
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The amounts that may be spent from this appropriation for each purpose are as follows:

(a) MA Long-Term Care Facilities

<u>General</u>	<u>(15,028,000)</u>
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(b) MA Long-Term Care Waivers

<u>General</u>	<u>(20,677,000)</u>
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(c) Chemical Dependency Entitlement Grants

<u>General</u>	<u>(10,334,000)</u>
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Sec. 3. EFFECTIVE DATE.

Sections 1 and 2 are effective the day following final enactment.

ARTICLE 12

HUMAN SERVICES APPROPRIATIONS

Section 1. SUMMARY OF APPROPRIATIONS.

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

	<u>2008</u>	<u>2009</u>	<u>Total</u>
<u>General</u>	<u>\$4,559,985,000</u>	<u>\$4,920,502,000</u>	<u>\$9,480,487,000</u>
<u>State Government Special Revenue</u>	<u>13,854,000</u>	<u>13,864,000</u>	<u>27,718,000</u>
<u>Health Care Access</u>	<u>432,115,000</u>	<u>536,076,000</u>	<u>968,191,000</u>
<u>Federal TANF</u>	<u>244,463,000</u>	<u>252,899,000</u>	<u>497,362,000</u>
<u>Lottery Prize Fund</u>	<u>2,184,000</u>	<u>1,787,000</u>	<u>3,971,000</u>
<u>Total</u>	<u>\$5,252,601,000</u>	<u>\$5,730,508,000</u>	<u>\$10,983,109,000</u>

Sec. 2. **HEALTH AND HUMAN SERVICES APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2008" and "2009" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2008, or June 30, 2009, respectively. "The first year" is fiscal year 2008. "The second year" is fiscal year 2009. "The biennium" is fiscal years 2008 and 2009. Appropriations for the fiscal year ending June 30, 2007, are effective the day following final enactment.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 2009

Sec. 3. **HUMAN SERVICES**

Subdivision 1. **Total Appropriation**

\$5,198,244,000

\$5,684,723,000

Appropriations by Fund

	<u>2008</u>	<u>2009</u>
<u>General</u>	<u>4,341,800,000</u>	<u>4,904,289,000</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>545,000</u>	<u>555,000</u>
<u>Health Care Access</u>	<u>409,252,000</u>	<u>519,813,000</u>
<u>Federal TANF</u>	<u>244,463,000</u>	<u>252,899,000</u>
<u>Lottery Prize Fund</u>	<u>2,184,000</u>	<u>1,787,000</u>

The amounts that may be spent for each purpose are specified in the following subdivisions.

Receipts for Systems Projects. Appropriations and federal receipts for information system projects for MAXIS, PRISM, MMIS, and SSIS must be deposited in the state system account authorized in Minnesota Statutes, section 256.014. Money appropriated for computer projects approved by the Minnesota Office of Enterprise Technology, funded by the legislature, and approved by the commissioner of finance, may be transferred from one project to another and from development to operations as the commissioner of human services considers necessary. Any unexpended balance in the appropriation for these projects does not cancel but is available for ongoing development and operations.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

Systems Continuity. In the event of disruption of technical systems or computer operations, the commissioner may use available grant appropriations to ensure continuity of payments for maintaining the health, safety, and well-being of clients served by programs administered by the Department of Human Services. Grant funds must be used in a manner consistent with the original intent of the appropriation.

Nonfederal Share Transfers. The nonfederal share of activities for which federal administrative reimbursement is appropriated to the commissioner may be transferred to the special revenue fund.

Gifts. Notwithstanding Minnesota Statutes, sections 16A.013 to 16A.016, the commissioner may accept, on behalf of the state, additional funding from sources other than state funds for the purpose of financing the cost of assistance program grants or nongrant administration. All additional funding is appropriated to the commissioner for use as designated by the grantor of funding.

TANF Funds Appropriated to Other Entities. Any expenditures from the TANF block grant shall be expended according to the requirements and limitations of part A of title IV of the Social Security Act, as amended, and any other applicable federal requirement or limitation. Prior to any expenditure of these funds, the commissioner shall ensure that funds are expended in compliance with the requirements and limitations of federal law and that any reporting requirements of federal law are met. It shall be the responsibility of any entity to which these funds are appropriated to implement a memorandum of understanding with the commissioner that provides the necessary assurance of compliance prior to any expenditure of funds. The commissioner shall receipt TANF funds appropriated to other state agencies and coordinate all related interagency accounting transactions necessary to implement these appropriations. Unexpended TANF funds appropriated to any state, local, or nonprofit entity cancel at the end of the state fiscal year unless appropriating or statutory language permits otherwise.

TANF Block Grant. Of this amount, \$750,000 the first year and \$750,000 the second year are onetime appropriations from the state's federal TANF block grant under Title I of Public Law 104-193. If the appropriation in either year is insufficient, the appropriation for the other year is available.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

TANF Maintenance of Effort. (a) In order to meet the basic maintenance of effort (MOE) requirements of the TANF block grant specified under Code of Federal Regulations, title 45, section 263.1, the commissioner may only report nonfederal money expended for allowable activities listed in the following clauses as TANF/MOE expenditures:

(1) MFIP cash, diversionary work program, and food assistance benefits under Minnesota Statutes, chapter 256J;

(2) the child care assistance programs under Minnesota Statutes, sections 119B.03 and 119B.05, and county child care administrative costs under Minnesota Statutes, section 119B.15;

(3) state and county MFIP administrative costs under Minnesota Statutes, chapters 256J and 256K;

(4) state, county, and tribal MFIP employment services under Minnesota Statutes, chapters 256J and 256K;

(5) expenditures made on behalf of noncitizen MFIP recipients who qualify for the medical assistance without federal financial participation program under Minnesota Statutes, section 256B.06, subdivision 4, paragraphs (d), (e), and (j); and

(6) qualifying working family credit expenditures under Minnesota Statutes, section 290.0671.

(b) The commissioner shall ensure that sufficient qualified nonfederal expenditures are made each year to meet the state's TANF/MOE requirements. For the activities listed in paragraph (a), clauses (2) to (6), the commissioner may only report expenditures that are excluded from the definition of assistance under Code of Federal Regulations, title 45, section 260.31.

(c) The commissioner shall ensure that the maintenance of effort used by the commissioner of finance for the February and November forecasts required under Minnesota Statutes, section 16A.103, contains expenditures under paragraph (a), clause (1), equal to at least 25 percent of the total required under Code of Federal Regulations, title 45, section 263.1.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

(d) Minnesota Statutes, section 256.011, subdivision 3, which requires that federal grants or aids secured or obtained under that subdivision be used to reduce any direct appropriations provided by law, does not apply if the grants or aids are federal TANF funds.

(e) Notwithstanding section 13, this rider expires June 30, 2011.

Working Family Credit Expenditures as TANF/MOE. The commissioner may claim as TANF maintenance of effort up to \$6,707,000 per year for fiscal year 2008 through fiscal year 2011. Notwithstanding section 13, this rider expires June 30, 2011.

Additional Working Family Credit Expenditures to be Claimed for TANF/MOE. In addition to the amounts provided in this section, the commissioner may count the following amounts of working family credit expenditure as TANF/MOE:

(1) fiscal year 2008, \$4,269,000; and

(2) fiscal year 2009, \$4,889,000.

Notwithstanding section 13, this rider expires June 30, 2011.

Capitation Rate Increase. Of the health care access fund appropriations to the University of Minnesota in the higher education omnibus appropriation bill, \$2,157,000 in fiscal year 2008 and \$2,157,000 in fiscal year 2009 are to be used to increase the capitation payments under Minnesota Statutes, section 256B.69.

Health Care Access Fund Transfer. Notwithstanding Minnesota Statutes, section 295.581, in addition to the transfers in Minnesota Statutes, section 16A.724, subdivision 2, the commissioner of finance shall transfer up to the following amounts from the health care access fund to the general fund on June 30 of each fiscal year:

(1) fiscal year 2008, \$6,416,000;

(2) fiscal year 2009, \$5,643,000;

(3) fiscal year 2010, \$6,677,000; and

(4) fiscal year 2011, \$7,866,000.

Notwithstanding section 13, this rider expires June 30, 2011.

			<u>APPROPRIATIONS</u>	
			<u>Available for the Year</u>	
			<u>Ending June 30</u>	
			<u>2008</u>	<u>2009</u>
<u>Subd. 2. Agency Management</u>			<u>57,495,000</u>	<u>57,696,000</u>
<u>Appropriations by Fund</u>				
<u>General</u>	<u>48,181,000</u>	<u>48,417,000</u>		
<u>State Government</u>				
<u>Special Revenue</u>	<u>424,000</u>	<u>432,000</u>		
<u>Health Care Access</u>	<u>8,018,000</u>	<u>7,975,000</u>		
<u>Federal TANF</u>	<u>222,000</u>	<u>222,000</u>		
<u>The amounts that may be spent from the appropriation for each purpose are as follows:</u>				
<u>(a) Financial Operations</u>				
<u>Appropriations by Fund</u>				
<u>General</u>	<u>7,102,000</u>	<u>7,523,000</u>		
<u>Health Care Access</u>	<u>889,000</u>	<u>880,000</u>		
<u>Federal TANF</u>	<u>122,000</u>	<u>122,000</u>		
<u>(b) Legal and Regulation Operations</u>				
<u>Appropriations by Fund</u>				
<u>General</u>	<u>12,805,000</u>	<u>12,673,000</u>		
<u>State Government</u>				
<u>Special Revenue</u>	<u>424,000</u>	<u>432,000</u>		
<u>Health Care Access</u>	<u>891,000</u>	<u>908,000</u>		
<u>Federal TANF</u>	<u>100,000</u>	<u>100,000</u>		
<u>Base Adjustment.</u> <u>The general fund base is decreased by \$177,000 in fiscal year 2010 and \$353,000 in fiscal year 2011 for legal and regulatory.</u>				

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

Child Care Licensing. \$697,000 is appropriated from the general fund to the commissioner of human services for the biennium beginning July 1, 2007, for purposes of completing background studies for family and group family child care providers under Minnesota Statutes, chapter 245C. This appropriation will be \$288,000 in fiscal year 2010 and \$112,000 in fiscal year 2011.

(c) Management Operations

Appropriations by Fund

<u>General</u>	<u>4,390,000</u>	<u>4,433,000</u>
<u>Health Care Access</u>	<u>234,000</u>	<u>238,000</u>

(d) Information Technology Operations

Appropriations by Fund

<u>General</u>	<u>23,884,000</u>	<u>23,788,000</u>
<u>Health Care Access</u>	<u>6,004,000</u>	<u>5,949,000</u>

<u>Subd. 3. Revenue and Pass-Through Expenditures</u>	<u>56,509,000</u>	<u>56,897,000</u>
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<u>Federal TANF</u>	<u>56,509,000</u>	<u>56,897,000</u>
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TANF Transfer to Federal Child Care and Development Fund.
The following TANF fund amounts are appropriated to the commissioner for the purposes of MFIP transition year child care under MFIP, Minnesota Statutes, section 119B.05:

(1) fiscal year 2008, \$9,478,000

(2) fiscal year 2009, \$13,022,000

(3) fiscal year 2010, \$3,332,000 and

(4) fiscal year 2011, \$4,668,000.

The commissioner shall authorize transfer of sufficient TANF funds to the federal child care and development fund to meet this appropriation and shall ensure that all transferred funds are expended according the federal child care and development fund regulations.

<u>APPROPRIATIONS</u>		
<u>Available for the Year</u>		
<u>Ending June 30</u>		
	<u>2008</u>	<u>2009</u>
Subd. 4. <u>Children and Economic Assistance Grants</u>	<u>603,305,000</u>	<u>581,714,000</u>
<u>Appropriations by Fund</u>		
General	<u>416,519,000</u>	<u>387,330,000</u>
Federal TANF	<u>186,536,000</u>	<u>194,584,000</u>
Health Care Access	<u>250,000</u>	<u>-0-</u>

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) MFIP/DWP Grants

<u>Appropriations by Fund</u>		
General	<u>62,000,000</u>	<u>61,911,000</u>
Federal TANF	<u>82,532,000</u>	<u>90,003,000</u>

(b) Support Services Grants

<u>Appropriations by Fund</u>		
General	<u>8,815,000</u>	<u>9,465,000</u>
Federal TANF	<u>103,382,000</u>	<u>103,382,000</u>

TANF Prior Appropriation Cancellation. Notwithstanding Laws 2001, First Special Session chapter 9, article 17, section 2, subdivision 11, paragraph (b), any unexpended TANF funds appropriated to the commissioner to contract with the Board of Trustees of Minnesota State Colleges and Universities, to provide tuition waivers to employees of health care and human service providers that are members of qualifying consortia operating under Minnesota Statutes, sections 116L.10 to 116L.15, must cancel at the end of fiscal year 2007.

MFIP Pilot Program. Of the general fund appropriation, \$100,000 in fiscal year 2008 and \$750,000 in fiscal year 2009 are for a grant to the Stearns-Benton Employment and Training Council for the Workforce U pilot program.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

Work Study. \$750,000 in fiscal year 2008 and \$750,000 in fiscal year 2009 are appropriated from the TANF reserve account to the Minnesota Office of Higher Education for work study grants under Minnesota Statutes, section 136A.233, specifically for low-income individuals who receive assistance under Minnesota Statutes, chapter 256J.

(c) MFIP Child Care Assistance Grants

<u>General</u>	<u>337,000</u>	<u>553,000</u>
<u>Federal TANF</u>	<u>32,000</u>	<u>609,000</u>

(d) Child Support Enforcement Grants

<u>General</u>	<u>11,705,000</u>	<u>3,705,000</u>
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Child Support Enforcement. \$8,000,000 for fiscal year 2008 is to make grants to counties for child support enforcement programs to make up for the loss under the 2006 federal Deficit Reduction Act of federal matching funds for federal incentive funds passed on to the counties by the state.

This appropriation is available until spent.

(e) Basic Sliding Fee Child Care Assistance Grants

<u>General</u>	<u>43,012,000</u>	<u>45,432,000</u>
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Base Adjustment. The general fund base is increased by \$3,583,000 in fiscal year 2010 and \$1,334,000 in fiscal year 2011 for basic sliding fee child care assistance grants.

(f) Child Care Development Grants

<u>General</u>	<u>5,865,000</u>	<u>5,865,000</u>
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Child Care Services Grants. \$5,000,000 is appropriated from the general fund to the commissioner of human services for the biennium beginning July 1, 2007, for purposes of providing child care services grants under Minnesota Statutes, section 119B.21, subdivision 5. This appropriation is for the 2008-2009 biennium only, and does not increase the base funding.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

Early Childhood Professional Development System.

\$2,000,000 is appropriated from the general fund to the commissioner of human services for the biennium beginning July 1, 2007, for purposes of the early childhood professional development system, which increases the quality and continuum of professional development opportunities for child care practitioners. This appropriation is for the 2008-2009 biennium only, and does not increase the base funding.

Family, Friend, and Neighbor Grant Program. \$750,000 in fiscal year 2008 and \$750,000 in fiscal year 2009 are appropriated from the general fund to the commissioner of human services for the family, friend, and neighbor grant program in section 31. Any balance in the first year does not cancel but is available in the second year. This appropriation is for the 2008-2009 biennium only, and does not increase the base funding.

(g) Increased Child Care Provider Connections. (1) \$200,000 is appropriated from the general fund to the commissioner of human services for the biennium beginning July 1, 2007, for the following purposes: \$100,000 each year is for a grant to Hennepin County, and \$100,000 each year is for a grant to Ramsey County. The two counties shall each contract with a nonprofit organization to work with the contracting county and county-based licensed family child care providers to facilitate county-based information regarding family and children's resources and to make training and peer support available to licensed family child care providers consistent with clause (2). These appropriations are available until June 30, 2009, and shall not become part of base-level funding for the biennium beginning July 1, 2009.

(2) Programs to improve child care provider connections to county services shall be established in Hennepin and Ramsey counties to:

(i) improve county contact activities with county-licensed family child care providers that facilitate utilization of county educational, social service, public health, and economic assistance services by eligible families, parents, and children using licensed family child care; and

(ii) support licensed family child care providers to qualify as quality-rated child care providers through peer support and coaching networks.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

Hennepin and Ramsey Counties shall contract with a nonprofit organization under clause (1) that utilizes licensed family child care providers as contacts for families using licensed family child care and to provide peer support to licensed family child care providers.

(3) Hennepin and Ramsey Counties must report back on successful strategies for increasing contact with county-based licensed family child care providers and report their findings to the appropriate legislative committees by February 15, 2010.

(h) Children's Services Grants

Appropriations by Fund

<u>General</u>	<u>62,745,000</u>	<u>73,133,000</u>
<u>Health Care Access</u>	<u>250,000</u>	<u>-0-</u>

Base Adjustment. The general fund base is decreased by \$673,000 in fiscal year 2010 and \$670,000 in fiscal year 2011 for children's services grants.

Privatized Adoption Grants. Federal reimbursement for privatized adoption grant and foster care recruitment grant expenditures is appropriated to the commissioner for adoption grants and foster care and adoption administrative purposes.

Adoption Assistance Incentive Grants. Federal funds available during fiscal year 2008 and fiscal year 2009 for the adoption incentive grants are appropriated to the commissioner for these purposes.

Adoption Assistance and Relative Custody Assistance. The commissioner may transfer unencumbered appropriation balances for adoption assistance and relative custody assistance between fiscal years and between programs.

Adoption Assistance and Relative Custody Assistance Subsidy Payment Increase. Notwithstanding Minnesota Rules, part 9560.0083, subparts 5 and 6, the commissioner shall increase the payment schedules for basic and supplemental maintenance needs subsidies by 3.95 percent effective July 1, 2007. The commissioner may make cost-neutral adjustments between schedules and between brackets within schedules to allow for whole-dollar bracket levels and account for differential cost

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2008</u>	<u>2009</u>

increases in caring for children with special needs. Counties have until December 31, 2007, to implement the relative custody assistance payment increases and shall make payment adjustments retroactive to July 1, 2007.

Crisis Nurseries. \$1,100,000 in fiscal year 2008 and \$1,100,000 in fiscal year 2009 are appropriated from the general fund for the crisis nurseries program. Of this amount, \$100,000 each year is to be made available for capacity development and technical support for crisis nurseries.

Respite Care. Of the general fund appropriation, \$1,250,000 in fiscal year 2008 and \$2,500,000 in fiscal year 2009 are to the commissioner of human services to fund respite care for children who have a diagnosis of emotional disturbance or severe emotional disturbance.

Childhood Trauma; Grants. Of the general fund appropriation, \$125,000 in fiscal year 2008 and \$250,000 in fiscal year 2009 are to the commissioner of human services to make grants for the purpose of maintaining and expanding evidence-based practices that support children and youth who have been exposed to violence or who are refugees.

Collaborative Services for High-Risk Children. Of the general fund appropriation, \$2,632,000 in fiscal year 2008 and \$6,150,000 in fiscal year 2009 are to the commissioner of human services to fund early intervention collaborative programs.

Evidence-Based Practice. Of the general fund appropriation, \$2,175,000 in fiscal year 2008 and \$4,350,000 in fiscal year 2009 are to the commissioner of human services to develop and implement evidence-based practice in children's mental health care and treatment.

MFIP and Children's Mental Health Pilot Project. Of the general fund appropriation, \$100,000 in fiscal year 2008 and \$200,000 in fiscal year 2009 are to the commissioner of human services to fund the MFIP and children's mental health pilot project.

Regional Children's Mental Health Initiative. \$700,000 in fiscal year 2008 and \$700,000 in fiscal year 2009 are appropriated to the commissioner of human services to fund the Regional Children's Mental Health Initiative pilot project. This is a onetime appropriation.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

Child Safety Efforts. \$1,000,000 in fiscal year 2008 and \$1,000,000 in fiscal year 2009 are appropriated to counties based on their population of residents under age 18. Funds are to be used to maintain and improve child safety services. By February 1, 2008, each county shall submit a report regarding current child safety efforts, child safety funding, and unmet needs including investments needed. The report shall also include methods and community partners available to ensure early identification of at-risk families. The Association of Minnesota Counties and county agencies shall develop a uniform report structure so that statewide data can be easily summarized. This is a onetime appropriation.

Fetal Alcohol Syndrome. Of the general fund appropriation, \$75,000 in fiscal year 2008 and \$75,000 in fiscal year 2009 are for three programs that provide services to reduce fetal alcohol syndrome under Minnesota Statutes, section 145.9266. The three program grantees are the University of Minnesota, the Meeker-McLeod-Sibley Community, and the American Indian Family Center. This appropriation shall become part of the base appropriation.

Base Adjustment. The general fund base is increased by \$366,000 in fiscal year 2010 and \$369,000 in fiscal year 2011 for children's services grants.

(i) Children and Community Services Grants

General	<u>110,802,000</u>	<u>69,567,000</u>
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Base Adjustment. The general fund base is increased by \$99,000 in each of fiscal years 2010 and 2011 for children and community services grants.

Targeted Case Management Temporary Funding. Of the general fund appropriation, \$40,000,000 in fiscal year 2008 is allocated to counties and tribes affected by reductions in targeted case management federal Medicaid revenue as a result of the provisions in the federal Deficit Reduction Act of 2005, Public Law 109-171. The commissioner shall distribute the funds proportionate to each affected county or tribe's targeted case management federal earnings for calendar year 2005. Prior to distribution of funds, the commissioner shall estimate and certify the amount by which the federal regulations will reduce case management revenue over the 2008-2009 biennium. The commissioner may provide grants up to the amount of the estimated reduction, not to exceed \$40,000,000 for the biennium.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

The commissioner may determine the timing and frequency of payments to counties. These funds are available in either year of the biennium. Counties shall use these funds to pay for social service-related costs, but the funds are not subject to provisions of the Children and Community Services Act grant under Minnesota Statutes, chapter 256M.

Child Welfare Project. Of the general fund appropriation, \$2,000,000 for the biennium beginning July 1, 2007, is for expanding the American Indian child welfare project under Minnesota Statutes, section 256.01, subdivision 14b, to include the Red Lake Band of Chippewa Indians Tribe, provided the tribe meets the criteria in Minnesota Statutes, section 256.01, subdivision 14b.

(j) General Assistance Grants

<u>General</u>	<u>37,876,000</u>	<u>38,253,000</u>
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General Assistance Standard. The commissioner shall set the monthly standard of assistance for general assistance units consisting of an adult recipient who is childless and unmarried or living apart from parents or a legal guardian at \$203. The commissioner may reduce this amount according to Laws 1997, chapter 85, article 3, section 54.

Emergency General Assistance. The amount appropriated for emergency general assistance funds is limited to no more than \$7,889,812 in fiscal year 2008 and \$7,889,812 in fiscal year 2009. Funds to counties must be allocated by the commissioner using the allocation method specified in Minnesota Statutes, section 256D.06.

(k) Minnesota Supplemental Aid Grants

<u>General</u>	<u>30,798,000</u>	<u>31,439,000</u>
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Emergency Minnesota Supplemental Aid Funds. The amount appropriated for emergency Minnesota supplemental aid funds is limited to no more than \$1,100,000 in fiscal year 2008 and \$1,100,000 in fiscal year 2009. Funds to counties must be allocated by the commissioner using the allocation method specified in Minnesota Statutes, section 256D.46.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

(l) Group Residential Housing Grants

<u>General</u>	<u>91,441,000</u>	<u>99,304,000</u>
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Base Adjustment. The general fund base is increased by \$6,665,000 in fiscal year 2010 and \$13,419,000 in fiscal year 2011.

People Incorporated. \$460,000 in fiscal year 2008 and \$460,000 in fiscal year 2009 are appropriated from the general fund to the commissioner of human services to augment community support and mental health services provided to individuals residing in facilities under Minnesota Statutes, section 256I.05, subdivision 1h.

(m) Other Children and Economic Assistance Grants

<u>Federal TANF</u>	<u>590,000</u>	<u>590,000</u>
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New Chance. \$140,000 in fiscal year 2008 and \$140,000 in fiscal year 2009 are appropriated from federal TANF funds to the Hennepin County new chance program.

Mothers First. Of the TANF appropriation, \$450,000 in fiscal year 2008 and \$450,000 in fiscal year 2009 are to fund the Ramsey County mothers first program. The appropriations are available until spent and are a onetime appropriation.

Homeless and Runaway Youth. \$3,500,000 in the first year and \$3,500,000 in the second year are for the Runaway and Homeless Youth Act under Minnesota Statutes, section 256K.45. Funds shall be spent in each area of the continuum of care to ensure that programs are meeting the greatest need. The base is decreased by \$2,000,000 each year in fiscal year 2010 and fiscal year 2011.

Transitional Housing and Emergency Services.

(1) \$750,000 each year from the federal TANF fund is for transitional housing programs under Minnesota Statutes, section 256E.33. The TANF appropriations are onetime. The general fund base for transitional housing is increased by \$422,000 each year for the fiscal 2010-2011 biennium. Up to ten percent of this appropriation may be used for housing and services which extend beyond 24 months. \$300,000 in each year of this amount is for grants for safe housing pilot projects for battered women and families in Anoka County, Houston County, and Beltrami County; and

APPROPRIATIONS
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Ending June 30
2008 **2009**

(2) \$527,000 each year is added to the base for emergency services grants under Laws 1997, chapter 162, article 3, section 7. The base for emergency services grants is decreased each year by \$300,000 in fiscal year 2010 and fiscal year 2011.

Foodshelf Programs. \$575,000 each year is added to the base for foodshelf programs under Minnesota Statutes, section 256E.34. The base is decreased by \$250,000 each year in fiscal year 2010 and fiscal year 2011.

Long-term Homeless Services. \$2,440,000 each year is added to the base for the long-term homeless services under Minnesota Statutes, section 256K.26. The base is decreased by \$1,000,000 each year in fiscal year 2010 and fiscal year 2011.

Minnesota Community Action Grants. \$1,500,000 each year is added to the base for the purposes of Minnesota community action grants under Minnesota Statutes, sections 256E.30 to 256E.32. The base is reduced by \$500,000 each year in fiscal year 2010 and fiscal year 2011.

Tenant Hotline Services Program. \$50,000 each year is added to the base for a grant to HOME Line for the tenant hotline services program. This is a onetime appropriation.

Subd. 5. Children and Economic Assistance Management

46,507,000

46,590,000

Appropriations by Fund

<u>General</u>	<u>44,964,000</u>	<u>45,040,000</u>
<u>Health Care Access</u>	<u>347,000</u>	<u>354,000</u>
<u>Federal TANF</u>	<u>1,196,000</u>	<u>1,196,000</u>

The amounts that may be spent from the appropriation for each purpose are as follows:

(a) Children and Economic Assistance Administration

Appropriations by Fund

<u>General</u>	<u>9,321,000</u>	<u>9,318,000</u>
<u>Federal TANF</u>	<u>1,196,000</u>	<u>1,196,000</u>

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

(b) Children and Economic Assistance Operations

Appropriations by Fund

<u>General</u>	<u>35,643,000</u>	<u>35,722,000</u>
<u>Health Care Access</u>	<u>347,000</u>	<u>354,000</u>

Spending Authority for Food Stamps Bonus Awards. In the event that Minnesota qualifies for the United States Department of Agriculture Food and Nutrition Services Food Stamp Program performance bonus awards, the funding is appropriated to the commissioner. The commissioner shall retain 25 percent of the funding, with the other 75 percent divided among the counties according to a formula that takes into account each county's impact on state performance in the applicable bonus categories.

Child Support Payment Center. Payments to the commissioner from other governmental units, private enterprises, and individuals for services performed by the child support payment center must be deposited in the state systems account authorized under Minnesota Statutes, section 256.014. These payments are appropriated to the commissioner for the operation of the child support payment center or system, according to Minnesota Statutes, section 256.014.

Financial Institution Data Match and Payment of Fees. The commissioner is authorized to allocate up to \$310,000 each year in fiscal years 2008 and 2009 from the PRISM special revenue account to make payments to financial institutions in exchange for performing data matches between account information held by financial institutions and the public authority's database of child support obligors as authorized by Minnesota Statutes, section 13B.06, subdivision 7.

Subd. 6. **Basic Health Care Grants**

2,396,290,000

2,738,179,000

Appropriations by Fund

<u>General</u>	<u>2,618,815,000</u>	<u>2,250,170,000</u>
<u>Health Care Access</u>	<u>377,475,000</u>	<u>487,989,000</u>

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

The amounts that may be spent from the appropriation for each purpose are as follows:

(a) MinnesotaCare Grants

<u>Health Care Access</u>	<u>376,588,000</u>	<u>455,429,000</u>
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MinnesotaCare Federal Receipts. Receipts received as a result of federal participation in administering costs of the Minnesota health care reform waiver must be deposited as nondedicated revenue in the health care access fund. Receipts received as a result of federal participation in making grants must be deposited in the federal fund and must offset health care access funds for payments to providers.

MinnesotaCare Funding. The commissioner may expend money appropriated from the health care access fund for MinnesotaCare in either fiscal year of the biennium.

HealthMatch Delay. Of this appropriation, \$2,560,000 in fiscal year 2008 and \$25,508,000 in fiscal year 2009 are for MinnesotaCare program costs related to implementation of the HealthMatch program.

(b) MA Basic Health Care - Families and Children

Appropriations by Fund

<u>General</u>	<u>759,866,000</u>	<u>853,680,000</u>
<u>Health Care Access</u>	<u>-0-</u>	<u>31,661,000</u>

(c) MA Basic Health Care - Elderly and Disabled

<u>General</u>	<u>1,017,023,000</u>	<u>1,142,719,000</u>
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Provider-Directed Care Coordination. In addition to medical assistance reimbursement under Minnesota Statutes, sections 256B.0625 and 256B.76, clinics participating in provider-directed care coordination under Minnesota Statutes, section 256B.0625, also receive a monthly payment per client when the clinic serves an eligible client. The payments across the program must average \$50 per month per client.

APPROPRIATIONS
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Ending June 30
2008 **2009**

Services for Developmentally Disabled. The commissioner must serve: an additional 200 persons in the MR/RC waiver program; an additional 200 persons in the family support grant program under Minnesota Statutes, section 252.32; and an additional 200 persons in the semi-independent living services program under Minnesota Statutes, section 252.275.

Transfer of Funds. (1) The commissioner of human services shall transfer to qualifying counties medical assistance funds for fiscal year 2007 equal to the difference between the state allocation for community alternatives for disabled individuals (CADI) and actual county spending for persons who have been receiving personal care assistant services but were transferred to the CADI waived services program according to Laws 2006, chapter 282, article 20, section 35. The medical assistance funds shall be transferred from appropriations for personal care assistant services that went unspent as a result of the provisions of Laws 2006, chapter 282, article 20, section 35.

(2) Counties that qualify under paragraph (a) shall provide to the commissioner by June 10, 2007, all necessary information regarding the funding amount to which they are entitled. The commissioner shall transfer funds to qualifying counties by June 25, 2007.

(3) The amounts provided to counties under this section shall become part of each county's base level state allocation for CADI for the biennium beginning July 1, 2007.

(4) The provisions in paragraphs (a) to (c) shall apply to persons who transferred to the elderly waiver as a result of Laws 2006, chapter 282, article 20, section 35.

(5) This rider is effective the day following final enactment.

(d) General Assistance Medical Care Grants

<u>General</u>	<u>238,887,000</u>	<u>251,082,000</u>
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(e) Other Health Care Grants

<u>General</u>	<u>3,039,000</u>	<u>2,709,000</u>
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<u>Health Care Access</u>	<u>887,000</u>	<u>899,000</u>
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APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

Care Coordination. Of the general fund appropriation, \$500,000 in fiscal year 2008 and \$1,000,000 in fiscal year 2009 are for the commissioner of human services for contracting for care coordination with the U special kids program under Minnesota Statutes, section 256B.0751.

Community-Based Health Care. Of the general fund appropriation, \$1,050,000 for the biennium beginning July 1, 2007, is to the commissioner of human services for the demonstration project grant described in Minnesota Statutes, section 62Q.80, subdivision 1a. This is a onetime appropriation and is available until June 30, 2012.

Community Collaboratives. Of the general fund appropriation, \$330,000 in fiscal year 2008 and \$850,000 in fiscal year 2009 are to provide grants to community collaboratives to cover the uninsured. These are onetime appropriations.

Health Care Payment Reform Pilot. Of the general fund appropriation, \$1,018,000 in fiscal year 2008 and \$1,027,000 in fiscal year 2009 are for the health care payment reform pilot project. These are onetime appropriations.

Patient Incentive Programs. Of the general fund appropriation, \$500,000 in fiscal year 2008 and \$500,000 in fiscal year 2009 are for patient incentive programs.

State Health Policies Grant. Of the general fund appropriation, \$300,000 in fiscal year 2008 is to provide a grant to a research center associated with a safety net hospital and county-affiliated health system to develop the capabilities necessary for evaluating the effects of changes in state health policies on low-income and uninsured individuals, including the impact on state health care program costs, health outcomes, cost-shifting to different units and levels of government, and utilization patterns including use of emergency room care and hospitalization rates.

Neighborhood Health Care Network. Of the general fund appropriation, \$150,000 in fiscal year 2008 and \$150,000 in fiscal year 2009 are for a grant to the Neighborhood Health Care Network to maintain and staff a toll-free health care access telephone number.

<u>APPROPRIATIONS</u>		
<u>Available for the Year</u>		
<u>Ending June 30</u>		
	<u>2008</u>	<u>2009</u>
Subd. 7. <u>Health Care Management</u>	<u>54,536,000</u>	<u>58,696,000</u>

Appropriations by Fund

<u>General</u>	<u>32,416,000</u>	<u>30,589,000</u>
<u>Health Care Access</u>	<u>22,120,000</u>	<u>28,125,000</u>

The amounts that may be spent from the appropriation for each purpose are as follows:

(a) Health Care Policy AdministrationAppropriations by Fund

<u>General</u>	<u>10,236,000</u>	<u>8,813,000</u>
<u>Health Care Access</u>	<u>2,323,000</u>	<u>10,074,000</u>

Minnesota Senior Health Options Reimbursement. Federal administrative reimbursement resulting from the Minnesota senior health options project is appropriated to the commissioner for this activity.

Utilization Review. Federal administrative reimbursement resulting from prior authorization and inpatient admission certification by a professional review organization is dedicated to the commissioner for these purposes. A portion of these funds must be used for activities to decrease unnecessary pharmaceutical costs in medical assistance.

Dental Access for Persons with Disabilities. Of the general fund appropriation, \$82,000 in fiscal year 2008 is for a study on access to dental services for persons with disabilities.

Base Adjustment. The health care access fund base is \$10,716,000 in fiscal year 2010 and \$8,870,000 in fiscal year 2011, for health care administration.

(b) Health Care OperationsAppropriations by Fund

<u>General</u>	<u>22,180,000</u>	<u>21,776,000</u>
<u>Health Care Access</u>	<u>19,797,000</u>	<u>18,051,000</u>

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

Base Adjustment. The general fund base is decreased by \$214,000 in fiscal year 2010 for health care operations.

Subd. 8. **Continuing Care Grants**

1,697,359,000

1,858,283,000

Appropriations by Fund

<u>General</u>	<u>1,694,876,000</u>	<u>1,855,900,000</u>
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<u>Health Care Access</u>	<u>750,000</u>	<u>750,000</u>
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<u>Lottery Prize</u>	<u>1,733,000</u>	<u>1,633,000</u>
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The amounts that may be spent from the appropriation for each purpose are as follows:

(a) **Aging and Adult Services Grants**

<u>General</u>	<u>15,986,000</u>	<u>16,605,000</u>
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Information and Assistance Reimbursement. Federal administrative reimbursement obtained from information and assistance services provided by the Senior LinkAge Line to people who are identified as eligible for medical assistance are appropriated to the commissioner for this activity.

Senior Companion Program. Of the general fund appropriation, \$191,000 in fiscal year 2008 and \$191,000 in fiscal year 2009 are for the senior companion program under Minnesota Statutes, section 256.977.

Volunteer Senior Citizens. Of the general fund appropriation, \$192,000 in fiscal year 2008 and \$192,000 in fiscal year 2009 are for the volunteer programs for retired senior citizens under Minnesota Statutes, section 256.9753.

Foster Grandparent Program. Of the general fund appropriation, \$192,000 in fiscal year 2008 and \$192,000 in fiscal year 2009 are for the foster grandparent program in Minnesota Statutes, section 256.976.

Senior Nutrition. Of the general fund appropriation, \$250,000 in fiscal year 2008 and \$250,000 in fiscal year 2009 are for the senior nutrition programs under Minnesota Statutes, section 256.9752. The commissioner shall give priority to increase services to: (1) persons facing language or cultural barriers, (2) persons with special diets, (3) persons living in isolated rural areas, and (4) other hard-to-serve populations.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

Living At Home/Block Nurse Program. Of the general fund appropriation, \$580,000 in fiscal year 2008 and \$655,000 in fiscal year 2009 are for the living at home/block nurse program. The purpose of the appropriation is to increase base funding levels to \$25,000 per program year, provide base funding for nine programs currently operating without base funding, provide base funding for five new programs beginning July 1, 2007, and provide base funding for six additional programs beginning July 1, 2008.

\$76,000 in fiscal year 2008 and \$62,000 in fiscal year 2009 are for increased staff for the ombudsman for older Minnesotans and related costs.

\$150,000 in fiscal year 2008 and \$150,000 in fiscal year 2009 are to increase the base of the Senior LinkAge line program.

Minnesota Kinship Caregivers Association. (1) Of the general fund appropriation, \$175,000 in fiscal year 2008 and \$175,000 in fiscal year 2009 are transferred to a nonprofit organization experienced in kinship caregiver programs, with at least 50 percent of its board composed of kinship caregivers for purposes of providing support to grandparents or relatives who are raising kinship children.

(2) The demonstration grant sites must include the Minnesota Kinship Caregivers Association central site in the metropolitan area and another site in the Bemidji region. The support must provide a one-stop services program. The services that may be provided include but are not limited to legal services, education, information, family activities, support groups, mental health access, advocacy, mentors, and information related to foster care licensing. The funds may also be used for a media campaign to inform kinship families about available information and services, support sites, and other program development. The general fund base for the program shall be \$160,000 in fiscal year 2010 and \$160,000 in fiscal year 2011.

Base Adjustment. The general fund base is increased by \$72,000 in fiscal year 2010 and \$72,000 in fiscal year 2011 for aging and adult services grants.

(b) Alternative Care Grants

<u>General</u>	<u>50,063,000</u>	<u>52,511,000</u>
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APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

Alternative Care Transfer. Any money allocated to the alternative care program that is not spent for the purposes indicated does not cancel but is transferred to the medical assistance account.

Base Adjustment. The general fund base is increased by \$547,000 in fiscal year 2010 and \$784,000 in fiscal year 2011 for alternative care grants.

(c) Medical Assistance Grants - Long-Term Care Facilities

<u>General</u>	<u>499,278,000</u>	<u>513,016,000</u>
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New Nursing Facility Reimbursement System Delay. Notwithstanding Minnesota Statutes, section 256B.441, subdivision 1, paragraph (c), the commissioner shall begin to phase in the new reimbursement system for nursing facilities on or after October 1, 2009.

Long-Term Care Consultation Funding Increase. For the rate year beginning October 1, 2008, the county long-term care consultation allocations in Minnesota Statutes, section 256B.0911, subdivision 6, must be increased based on the number of transitional long-term care consultation visits projected by the commissioner in each county. For the rate year beginning October 1, 2009, final allocations must be determined based on the average between the actual number of transitional long-term care visits that were conducted in the prior 12-month period and the projected number of consultations that will be provided in the rate year beginning October 1, 2009. Notwithstanding section 7, this rider expires June 30, 2010.

Life Safety Code Compliance. Of the general fund appropriation, \$1,000,000 in fiscal year 2008 is for payments to nursing facilities for life safety code compliance under Minnesota Statutes, section 256B.434, subdivision 4, paragraph (e). This is a onetime appropriation and available until spent.

(d) Medical Assistance Grants - Long-Term Care Waivers and Home Care Grants

<u>General</u>	<u>966,623,000</u>	<u>1,099,540,000</u>
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APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

(e) Mental Health Grants

Appropriations by Fund

<u>General</u>	<u>57,522,000</u>	<u>60,678,000</u>
<u>Health Care Access</u>	<u>750,000</u>	<u>750,000</u>
<u>Lottery Prize</u>	<u>1,733,000</u>	<u>1,633,000</u>

Dual Diagnosis; Demonstration Project. Of the general fund appropriation, \$800,000 in fiscal year 2008 and \$1,600,000 in fiscal year 2009 are to the commissioner of human services to fund the dual diagnosis demonstration project.

Mobile Mental Health Crisis Services. Of the general fund appropriation, \$2,500,000 in fiscal year 2008 and \$3,625,000 in fiscal year 2009 are to the commissioner of human services for statewide funding of adult mobile mental health crisis services. Providers must utilize all available funding streams.

National Council on Problem Gambling. (1) \$225,000 in fiscal year 2008 and \$225,000 in fiscal year 2009 are appropriated from the lottery prize fund to the commissioner of human services for a grant to the state affiliate recognized by the National Council on Problem Gambling. The affiliate must provide services to increase public awareness of problem gambling, education, and training for individuals and organizations providing effective treatment services to problem gamblers and their families, and research relating to problem gambling. These services must be complementary to and not duplicative of the services provided through the problem gambling program administered by the commissioner of human services. This grant does not prevent the commissioner from regular monitoring and oversight of the grant or the ability to reallocate the funds to other services within the problem gambling program for nonperformance of duties by the grantee.

(2) Of this appropriation, \$100,000 in fiscal year 2008 and \$100,000 in fiscal year 2009 are contingent on the contribution of nonstate matching funds. Matching funds may be either cash or qualifying in-kind contributions. The commissioner of finance may disburse the state portion of the matching funds in increments of \$25,000 upon receipt of a commitment for an equal amount of matching nonstate funds. The general fund base shall be \$100,000 in fiscal year 2010 and \$100,000 in fiscal year 2011

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

(3) \$100,000 in fiscal year 2008 is appropriated from the lottery prize fund to the commissioner of human services for a grant or grants to be awarded competitively to develop programs and services for problem gambling treatment, prevention, and education in immigrant communities. This appropriation is available until June 30, 2009, at which time the project must be completed and final products delivered, unless an earlier completion date is specified in the work program.

Compulsive Gambling. \$300,000 in fiscal year 2008 and \$100,000 in fiscal year 2009 are appropriated from the lottery prize fund to the commissioner of human services for purposes of compulsive gambling education, assessment, and treatment under Minnesota Statutes, section 245.98.

Compulsive Gambling Study. \$100,000 in fiscal year 2008 is to continue the study currently being done on compulsive gambling treatment effectiveness and long-term effects of gambling.

Base Adjustment. The general fund base is increased by \$266,000 in fiscal year 2010.

(f) Deaf and Hard-of-Hearing Grants

<u>General</u>	<u>1,932,000</u>	<u>2,380,000</u>
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Hearing Loss Mentors. Of the general fund appropriation, \$80,000 is to provide mentors who have a hearing loss to parents of newly identified infants and children with hearing loss.

Base Adjustment. The general fund base is increased by \$7,000 in fiscal year 2010 and \$7,000 in fiscal year 2011 for deaf and hard-of-hearing grants.

(g) Chemical Dependency Entitlement Grants

<u>General</u>	<u>78,749,000</u>	<u>89,946,000</u>
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(h) Chemical Dependency Nonentitlement Grants

<u>General</u>	<u>1,055,000</u>	<u>1,055,000</u>
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APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

(i) Other Continuing Care Grants

Appropriations by Fund

<u>General</u>	<u>23,668,000</u>	<u>20,169,000</u>
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Native American Juvenile Treatment Center. Of the general fund appropriation, \$50,000 is to conduct a feasibility study of and to predesign a Native American juvenile treatment center on or near the White Earth Reservation. The facility must house and treat Native American juveniles and provide culturally specific programming to juveniles placed in the treatment center. The commissioner of human services may contract with parties who have experience in the design and construction of juvenile treatment centers to assist in the feasibility study and predesign. On or before January 15, 2008, the commissioner shall present the results of the feasibility study and the predesign of the facility to the chairs of house of representatives and senate committees having jurisdiction over human services finance, public safety finance, and capital investment.

Leech Lake Youth Treatment Center. Of the general fund appropriation, \$75,000 in fiscal year 2008 and \$75,000 in fiscal year 2009 are for a grant to the Leech Lake Youth Treatment Center project partners, in order to pay the salaries and other directly related costs associated with the development of this project.

Assistive Technology. Of the general fund appropriation, \$300,000 in fiscal year 2008 is to the Minnesota State Council on Disability for the purposes of providing \$100,000 in financial support to the Minnesota Regions Assistive Technology Collaborative and \$200,000 in fiscal year 2008 is for a local match required to access the federal Technology-Related Assistance for Individuals with Disabilities Act, alternate finance project.

Repayment. For the fiscal year ending June 30, 2008, \$5,287,000 is appropriated to the commissioner of human services to repay the amount of overspending in the waiver program for persons with developmental disabilities incurred by affected counties in calendar years 2004 and 2005.

Base Adjustment. The general fund base is \$20,276,000 in fiscal year 2010 and \$20,332,000 in fiscal year 2011 for other continuing care grants.

<u>APPROPRIATIONS</u>		
<u>Available for the Year</u>		
<u>Ending June 30</u>		
	<u>2008</u>	<u>2009</u>
Subd. 9. <u>Continuing Care Management</u>	<u>20,248,000</u>	<u>19,400,000</u>
<u>Appropriations by Fund</u>		
General	<u>19,384,000</u>	<u>19,123,000</u>
State Government		
Special Revenue	<u>121,000</u>	<u>123,000</u>
Health Care Access	<u>292,000</u>	<u>-0-</u>
Lottery Prize	<u>451,000</u>	<u>154,000</u>

Community Trainee and Consultation. Of the general fund appropriation, \$125,000 in fiscal year 2008 is to the commissioner of human services to contract for training and consultation for clinical supervisors and staff of community mental health centers who provide services to children and adults. The purpose of the training and consultation is to improve clinical supervision of staff, strengthen compliance with federal and state rules and regulations, and to recommend strategies for standardization and simplification of administrative functions among community mental health centers.

Mental Health Tracking System. Of the general fund appropriation, \$448,000 in fiscal year 2008 and \$324,000 in fiscal year 2009 are to the commissioner of human services to fund implementation of the mental health services outcomes and tracking system.

Quality Management; Assurance; and Improvement System for Minnesotans Receiving Disability Services. Of the general fund appropriation, up to \$300,000 for the biennium beginning July 1, 2007, may be used for the purposes of the quality management, assurance, and improvement system for Minnesotans receiving disability services. Federal Medicaid matching funds obtained for this purpose shall be dedicated to the commissioner for this purpose.

Base Adjustment. The health care access fund base is \$0 in each of the fiscal years 2010 and 2011 for continuing care management.

Disability Linkage Line. Of the general fund appropriation, \$650,000 in fiscal year 2008 and \$626,000 in fiscal year 2009 are to establish and maintain the disability linkage line.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2008</u>	<u>2009</u>
<u>266,645,000</u>	<u>267,718,000</u>

Subd. 10. State-Operated Services

<u>General</u>	<u>266,645,000</u>	<u>267,718,000</u>
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Remembering With Dignity Project. (1) \$200,000 is appropriated from the general fund to the commissioner of human services to be available until September 30, 2008, to make a grant to Advocating Change Together for the purposes of the Remembering With Dignity project in paragraph (2).

(2) As part of the Remembering With Dignity project, the grant recipient shall:

(i) conduct necessary research on persons buried in state cemeteries who were residents of state hospitals or regional treatment centers and buried in numbered or unmarked graves;

(ii) purchase and install headstones that are properly inscribed with their names on the graves of those persons; and

(iii) collaborate with community groups and state and local government agencies to build community involvement and public awareness, ensure public access to the graves, and ensure appropriate perpetual maintenance of state cemeteries.

(3) This rider is effective the day following final enactment.

Transfer Authority Related to State-Operated Services. Money appropriated to finance state-operated services programs and administrative services may be transferred between fiscal years of the biennium with the approval of the commissioner of finance.

The amounts that may be spent from the appropriation for each purpose are as follows:

(a) Mental Health Services

<u>General</u>	<u>116,270,000</u>	<u>120,095,000</u>
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Appropriation Limitation. No part of the appropriation in this article to the commissioner for mental health treatment services at the regional treatment centers shall be used for the Minnesota sex offender program.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

(b) Minnesota Sex Offender Services

<u>General</u>	<u>67,719,000</u>	<u>62,787,000</u>
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(c) Minnesota Security Hospital and METO Services

<u>General</u>	<u>82,656,000</u>	<u>84,836,000</u>
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Minnesota Security Hospital. For the purposes of enhancing the safety of the public, improving supervision, and enhancing community-based mental health treatment, state-operated services may establish additional community capacity for providing treatment and supervision of clients who have been ordered into a less restrictive alternative care from the state-operated services transitional services program consistent with Minnesota Statutes, section 246.014.

Sec. 4. **COMMISSIONER OF HEALTH**

Subdivision 1. <u>Total Appropriation</u>	<u>\$54,357,000</u>	<u>\$45,785,000</u>
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Appropriations by Fund

	<u>2008</u>	<u>2009</u>
<u>General</u>	<u>18,185,000</u>	<u>16,213,000</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>13,309,000</u>	<u>13,309,000</u>
<u>Health Care Access</u>	<u>22,863,000</u>	<u>16,263,000</u>

Subd. 2. **Community and Family Health Promotion**

Appropriations by Fund

<u>General</u>	<u>46,707,000</u>	<u>46,443,000</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>468,000</u>	<u>471,000</u>
<u>Health Care Access</u>	<u>3,539,000</u>	<u>3,562,000</u>
<u>Federal TANF</u>	<u>8,667,000</u>	<u>9,002,000</u>

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

TANF Appropriations. (a) \$3,579,000 of the TANF funds is appropriated in each year of the biennium to the commissioner for home visiting and nutritional services listed under Minnesota Statutes, section 145.882, subdivision 7, clauses (6) and (7). Funding shall be distributed to community health boards based on Minnesota Statutes, section 145A.131, subdivision 1.

(b) \$5,088,000 in the first year and \$5,423,000 in the second year are appropriated to the commissioner of health for the family home visiting grant program. The commissioner shall distribute funds to community health boards using a formula developed in conjunction with the state Community Health Services Advisory Committee. The commissioner may use five percent of the funds appropriated in each fiscal year to conduct the ongoing evaluations required under Minnesota Statutes, section 145A.17, subdivision 7, and may use ten percent of the funds appropriated each fiscal year to provide training and technical assistance as required under Minnesota Statutes, section 145A.17, subdivisions 4 and 5.

TANF Carryforward. Any unexpended balance of the TANF appropriation in the first year of the biennium does not cancel but is available for the second year.

Loan Forgiveness. \$605,000 the first year and \$775,000 the second year and thereafter are for the loan forgiveness program under Minnesota Statutes, section 144.1501. This funding is in addition to the loan forgiveness program base.

MN ENABL. Base level funding for the MN ENABL program, under Minnesota Statutes, section 145.9255, is reduced by \$220,000 each year of the biennium beginning July 1, 2007.

Fetal Alcohol Spectrum Disorder. (a) \$900,000 each year is added to the base for fetal alcohol spectrum disorder. On July 1 each fiscal year, the portion of the general fund appropriation to the commissioner of health for fetal alcohol spectrum disorder administration and grants shall be transferred to a statewide organization that focuses solely on prevention of and intervention with fetal alcohol spectrum disorder as follows:

(1) on July 1, 2007, \$2,090,000; and

(2) on July 2, 2008, and annually thereafter, \$2,090,000.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

(b) The money shall be used for prevention and intervention services and programs, including, but not limited to, community grants, professional education, public awareness, and diagnosis. The organization may retain \$60,000 of the transferred money for administrative costs. The organization shall report to the commissioner annually by January 15 on the services and programs funded by the appropriation.

Deaf or Hearing Loss Support. \$100,000 for the first year and \$100,000 for the second year is for the purpose of providing family support and assistance to families with children who are deaf or have a hearing loss. The family support provided must include direct parent-to-parent assistance and information on communication, educational, and medical options. The commissioner may contract with a nonprofit organization that has the ability to provide these services throughout the state.

Heart Disease and Stroke Prevention. \$200,000 is appropriated in the first year for the heart disease and stroke prevention unit of the Department of Health to fund data collection and other activities to improve cardiovascular health and reduce the burden of heart disease and stroke in Minnesota. This is a onetime appropriation.

Family Planning Grants. \$1,000,000 each year is for family planning grants under Minnesota Statutes, section 145.925.

Bright Smiles Pilot Project. (a) \$384,000 in the first year and \$50,000 in the second year is to fund a grant for the Bright Smiles pilot project.

(b) Of these amounts, \$50,000 each year is to fund a dental health coordinator position.

(c) The commissioner of health shall establish a pilot project to fund a Bright Smiles program designed to increase access to oral health care for low-income and immigrant children, ages birth to five years, and their families and to build the knowledge and ability of parents to care for the oral health of their children. Under this pilot project, a Bright Smiles program shall serve the medically underserved areas in Minneapolis and the Bemidji area, as determined by the commissioner of health.

(d) A grant shall be used to fund costs related to improving oral health outreach, education, screening, and access to care for families with children, ages birth to five years.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

(e) Grant applicants shall submit to the commissioner a written plan that demonstrates the ability to provide the following:

(1) new programs or continued expansion of current access programs that have demonstrated success in providing dental services in underserved areas of Minneapolis and the Bemidji area;

(2) programs for screening children entering the Minneapolis and the Bemidji area public school systems and facilitating access to care for their families;

(3) programs testing new models of care that are sensitive to cultural needs of the recipients;

(4) programs creating new educational campaigns that inform individuals of the importance of good oral health and the link between dental diseases, overall health status, and success in school; and

(5) programs testing new delivery models by creating partnerships between local early childhood and school-age education and community clinic dental providers.

(f) Qualified applicants are partnerships among early childhood experts, Minneapolis or Bemidji area public schools, and nonprofit clinics that are established to provide health services to low-income patients, provide preventive and dental care services, and utilize a sliding-scale fee or other method of providing charity care that ensures that no person is denied services because of inability to pay.

(g) Applicants shall submit to the commissioner an application and supporting documentation, in the form and manner specified by the commissioner. Applicants must be able to provide culturally appropriate outreach, screenings, and access to dental care for children, ages birth to five years, their parents, and pregnant women most at risk of poor oral health due to lack of access to dental care. Applicants must also meet the following criteria:

(1) have the potential to successfully increase access to families with children, ages birth to five years;

(2) incorporate quality program evaluation;

(3) maximize use of grant funds; and

APPROPRIATIONS
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Ending June 30
2008 **2009**

(4) have experience in providing services to the target populations of this program.

(h) The commissioner shall evaluate the effectiveness of this pilot program on the oral health of children and their families and report to the house of representatives and senate committees with jurisdiction over public health policy and finance by January 1, 2009, with recommendations as to how to develop programs throughout Minnesota that provide education and access to oral health care for low-income and immigrant children.

Suicide prevention programs. \$600,000 each year is to fund the suicide prevention program. The base for fiscal years 2010 and 2011 is reduced by \$300,000.

Subd. 3. Policy, Quality, and Compliance

51,557,000

45,785,000

Appropriations by Fund

<u>General</u>	<u>18,185,000</u>	<u>16,213,000</u>
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<u>State Government</u>		
<u>Special Revenue</u>	<u>13,309,000</u>	<u>13,309,000</u>

<u>Health Care Access</u>	<u>22,863,000</u>	<u>16,263,000</u>
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Health Care Access Survey. Of the health care access fund appropriation, \$600,000 in fiscal year 2008 is appropriated to the commissioner to conduct a health insurance survey of Minnesota households, in partnership with the State Health Access Data Assistance Center at the University of Minnesota. The commissioner shall contract with the State Health Access Data Assistance Center to conduct a survey that provides information on the characteristics of the uninsured in Minnesota and the reasons for changing patterns of insurance coverage and access to health care services. This appropriation shall become part of the agency's base budget for even-numbered fiscal years.

MERC. Of the general fund appropriation, \$8,000,000 each fiscal year is for distribution of MERC grants as follows:

(1) \$5,000,000 according to Minnesota Statutes, section 62J.692, subdivision 4, paragraph (c);

(2) \$900,000 according to Minnesota Statutes, section 62J.692, subdivision 4, paragraph (d);

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2008</u>	<u>2009</u>

(3) \$100,000 according to Minnesota Statutes, section 62J.692, subdivision 4, paragraph (e); and

(4) \$2,000,000 according to Minnesota Statutes, section 62J.692, subdivision 7a, paragraph (b).

Health Information Technology. Of the health care access fund appropriation, \$6,750,000 each fiscal year is to implement Minnesota Statutes, section 144.3345. Up to \$350,000 each fiscal year is available for grant administration and health information technology technical assistance and \$6,400,000 each year is to be transferred to the commissioner of finance to establish and implement a revolving account under Minnesota Statutes, section 62J.496. This appropriation shall not be included in the agency's base budget for the fiscal year beginning July 1, 2009.

Health Insurance Exchange. Of the health care access fund appropriation, \$6,000,000 in fiscal year 2008 is appropriated to the commissioner to establish the health insurance exchange in Minnesota Statutes, section 62A.76. Up to \$50,000 in fiscal year 2008 is available for administrative costs incurred by the Department of Health in establishing and providing grant funding to the legal entity responsible for implementing the health insurance exchange. This is a onetime appropriation.

Hearing Aid Loan Bank. Of the general fund appropriation, \$70,000 in fiscal year 2008 and \$70,000 in fiscal year 2009 are for the purpose of providing a statewide hearing aid and instrument loan bank to families with children newly diagnosed with hearing loss from birth to the age of ten. This appropriation shall cover the administrative costs of the program.

Uncompensated Care Fund. Of the general fund appropriation, \$65,000 in fiscal year 2008 is for the commissioner of health to study and present recommendations to the governor and the legislature by January 15, 2008, on the design, operation, and funding of an uncompensated care fund to be used to provide subsidies to hospitals, community clinics, federally qualified health centers, community mental health centers, and other health care providers that serve a disproportionately large percentage of uninsured patients. An organization must not provide or perform abortion services under this program.

APPROPRIATIONS
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2008 **2009**

Community Collaboratives. Of the general fund appropriation, \$300,000 for the biennium beginning July 1, 2007, is to the commissioner of health to provide grants to community collaboratives to cover the uninsured. This is a onetime appropriation.

Uniform Electronic Transactions. Of the general fund appropriation, \$146,000 in fiscal year 2008 is for development of uniform electronic transactions and implementation guide standards under Minnesota Statutes, section 62J.536.

Medical Home Learning Collaborative. Of the general fund appropriation, \$500,000 in fiscal year 2008 and \$500,000 in fiscal year 2009 are to expand the medical home learning collaborative initiative in collaboration with the commissioner of human services. Services provided under this funding must support a medical home model for children with special health care needs. The collaborative shall report back to the legislature on use of the funds by January 15, 2010.

Federally Qualified Health Centers. Of the general fund appropriation, \$3,000,000 in fiscal year 2008 and \$3,900,000 in fiscal year 2009 are for subsidies to federally qualified health centers under Minnesota Statutes, section 145.9269.

Pandemic Influenza Preparedness. Of the general fund appropriation to the commissioner, \$2,800,000 in fiscal year 2008 is for preparation, planning, and response to a pandemic influenza outbreak. This appropriation is available until June 30, 2009. Base funding for the 2010-2011 biennium is \$0 each fiscal year.

Subd. 4. Health Protection

Appropriations by Fund

<u>General</u>	<u>17,744,000</u>	<u>13,900,000</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>25,980,000</u>	<u>26,674,000</u>
<u>Environmental</u>	<u>300,000</u>	<u>300,000</u>

Pandemic Influenza Preparedness. Of the general fund appropriation to the commissioner, \$3,235,000 in fiscal year 2008 is for preparation, planning, and response to a pandemic influenza outbreak. This appropriation is available until June 30, 2009.

Base funding for the 2010-2011 biennium is \$0 each fiscal year.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

Environmental Health Tracking and Biomonitoring. (a) \$500,000 in the first year and \$900,000 in the second year are for the environmental health tracking and biomonitoring program. The base for fiscal year 2010 and fiscal year 2011 is increased by \$300,000 each year.

(b) \$300,000 each year is from the environmental fund to the Pollution Control Agency for transfer to the Department of Health for the health tracking and biomonitoring program. The base for the environmental fund is \$0 in fiscal year 2010 and after.

AIDS Prevention Initiative Focusing on African-born Residents. \$300,000 in 2008 is for an AIDS prevention initiative focusing on African-born residents. This appropriation is a onetime appropriation and shall not become part of the base-level funding for the 2010-2011 biennium.

The commissioner of health shall award grants in accordance with Minnesota Statutes, section 145.924, paragraph (b), for a public education and awareness campaign targeting communities of African-born Minnesota residents. The grants shall be designed to promote knowledge and understanding about HIV and to increase knowledge in order to eliminate and reduce the risk for HIV infection; to encourage screening and testing for HIV; and to link individuals to public health and health care resources. The grants must be awarded to collaborative efforts that bring together nonprofit community-based groups with demonstrated experience in addressing the public health, health care, and social service needs of African-born communities.

Arsenic Health Risk Standard. \$920,000 in the first year and \$461,000 in the second year is to fund the study relating to arsenic health risk standards, under Minnesota Statutes, section 144.967.

Lindane and Bisphenol-A Studies. \$114,000 in the first year is for the Lindane committee and the study of bisphenol-A, under Minnesota Statutes, section 145.958. This is a onetime appropriation.

Decabromodiphenyl Ether Study. \$118,000 in the first year is for transfer to the commissioner of the pollution control agency for the study of decabromodiphenyl ether under Minnesota Statutes, section 325E.387. This is a onetime appropriation.

Radiation Study. \$45,000 in the first year from the general fund and \$15,000 in the first year from the state government special revenue fund are for the radiation study in section 62. This is a onetime appropriation.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

Lead Abatement. \$925,000 in the first year and \$950,000 in the second year are for changes in lead abatement requirements. Of this amount, \$6,000 in the first year and \$11,000 in the second year are for transfer to the commissioner of human services for increased medical assistance costs. A portion of this amount may be used to reimburse local governments for costs of implementing the new requirements.

Water Treatment. \$40,000 in fiscal year 2008 is to augment any appropriation from the remediation fund to conduct an evaluation of point of use water treatment units at removing perfluorooctanoic acid, perfluorooctane sulfonate, and perfluorobutanoic acid from known concentrations of these compounds in drinking water. The evaluation shall be completed by December 31, 2007, and the commissioner may contract for services to complete the evaluation. This is a onetime appropriation.

Environmental Justice Mapping. \$137,000 in the first year and \$53,000 in the second year is for environmental justice mapping.

HIV Information. \$80,000 each year is to fund a community-based nonprofit organization with demonstrated capacity to operate a statewide HIV information and referral service using telephone, Internet, and other appropriate technologies.

Lead Hazard Reduction. \$250,000 is appropriated each year of the biennium for a grant to a nonprofit organization operating the CLEARCorps to conduct a pilot project to determine the incidence of lead hazards in pre-1978 rental property. Any balance in the first year does not cancel but is available in the second year.

Minnesota Birth Defects Information System. \$750,000 each year is to maintain the birth defects information system that was established by Minnesota Statutes, section 144.2215.

Subd. 5. Minority and Multicultural Health

Appropriations by Fund

<u>General</u>	<u>5,042,000</u>	<u>5,052,000</u>
<u>Federal TANF</u>	<u>2,683,000</u>	<u>2,998,000</u>

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

TANF Appropriations. (a) \$2,421,000 of the TANF funds is appropriated in each year of the biennium to the commissioner for home visiting and nutritional services listed under Minnesota Statutes, section 145.882, subdivision 7, clauses (6) and (7). Funding shall be distributed to tribal governments based on Minnesota Statutes, section 145A.14, subdivision 2a, paragraph (b).

(b) \$262,000 in the first year and \$577,000 in the second year are appropriated to the commissioner of health for the family home visiting grant program. The commissioner shall distribute funds to tribal governments using a formula developed in conjunction with tribal governments. The commissioner may use five percent of the funds appropriated in each fiscal year to conduct the ongoing evaluations required under Minnesota Statutes, section 145A.17, subdivision 7, and may use ten percent of the funds appropriated each fiscal year to provide training and technical assistance as required under Minnesota Statutes, section 145A.17, subdivisions 4 and 5.

TANF Carryforward. Any unexpended balance of the TANF appropriation in the first year of the biennium does not cancel but is available for the second year.

Subd. 6. **Administrative Support Services**

Appropriations by Fund

<u>General</u>	<u>11,047,000</u>	<u>11,197,000</u>
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Disease Surveillance. \$2,000,000 each fiscal year is for redesigning and implementing coordinated and modern disease surveillance systems for the department, ensuring that occupational and residential histories are included in the database. Base level funding for the 2012-2013 biennium will be \$600,000 each fiscal year for maintaining and operating the systems.

Sec. 5. **VETERANS NURSING HOMES BOARD**

\$44,124,000

\$46,244,000

Veterans Homes Special Revenue Account. The general fund appropriations made to the board may be transferred to a veterans homes special revenue account in the special revenue fund in the same manner as other receipts are deposited according to Minnesota Statutes, section 198.34, and are appropriated to the board for the operation of board facilities and programs.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

Repair and Betterment. Of this appropriation, \$4,000,000 in fiscal year 2008 and \$4,000,000 in fiscal year 2009 are to be used for repair, maintenance, rehabilitation, and betterment activities at facilities statewide.

Base Adjustment. The general fund base is decreased by \$2,000,000 in fiscal year 2010 and \$2,000,000 in fiscal year 2011.

Sec. 6. **HEALTH-RELATED BOARDS**

Subdivision 1. **Total Appropriation; State Government Special Revenue Fund**

\$14,654,000 **\$14,527,000**

The commissioner of finance shall not permit the allotment, encumbrance, or expenditure of money appropriated in this section in excess of the anticipated biennial revenues or accumulated surplus revenues from fees collected by the boards.

Subd. 2. **Board of Chiropractic Examiners** 450,000 447,000

Subd. 3. **Board of Dentistry** 987,000 1,009,000

Subd. 4. **Board of Dietetic and Nutrition Practice** 103,000 119,000

Base Adjustment. Of this appropriation in fiscal year 2009, \$14,000 is onetime.

Subd. 5. **Board of Marriage and Family Therapy** 134,000 154,000

Base Adjustment. Of this appropriation in fiscal year 2009, \$17,000 is onetime.

Subd. 6. **Board of Medical Practice** 4,120,000 3,674,000

Subd. 7. **Board of Nursing** 3,985,000 4,146,000

Subd. 8. **Board of Nursing Home Administrators** 633,000 647,000

Administrative Services Unit. Of this appropriation, \$430,000 in fiscal year 2008 and \$439,000 in fiscal year 2009 are for the administrative services unit. The administrative services unit may receive and expend reimbursements for services performed by other agencies.

<u>APPROPRIATIONS</u>		
<u>Available for the Year</u>		
<u>Ending June 30</u>		
	<u>2008</u>	<u>2009</u>
Subd. 9. <u>Board of Optometry</u>	<u>98,000</u>	<u>114,000</u>
<u>Base Adjustment.</u> <u>Of this appropriation in fiscal year 2009,</u> <u>\$13,000 is onetime.</u>		
Subd. 10. <u>Board of Pharmacy</u>	<u>1,375,000</u>	<u>1,442,000</u>
<u>Base Adjustment.</u> <u>Of this appropriation in fiscal year 2009,</u> <u>\$29,000 is onetime.</u>		
Subd. 11. <u>Board of Physical Therapy</u>	<u>306,000</u>	<u>295,000</u>
Subd. 12. <u>Board of Podiatry</u>	<u>54,000</u>	<u>63,000</u>
<u>Base Adjustment.</u> <u>Of this appropriation in fiscal year 2009,</u> <u>\$7,000 is onetime.</u>		
Subd. 13. <u>Board of Psychology</u>	<u>788,000</u>	<u>806,000</u>
Subd. 14. <u>Board of Social Work</u>	<u>997,000</u>	<u>1,022,000</u>
Subd. 15. <u>Board of Veterinary Medicine</u>	<u>230,000</u>	<u>195,000</u>
Subd. 16. <u>Board of Behavioral Health and Therapy</u>	<u>394,000</u>	<u>394,000</u>
Sec. 7. <u>EMERGENCY MEDICAL SERVICES BOARD</u>	<u>\$3,710,000</u>	<u>\$3,745,000</u>

Appropriations by Fund

	<u>2008</u>	<u>2009</u>
General	<u>3,023,000</u>	<u>3,041,000</u>
State Government		
Special Revenue	<u>687,000</u>	<u>704,000</u>

Regional Emergency Medical Services Programs. \$400,000
each year is for regional emergency medical services programs, to
be distributed equally to the eight emergency medical service
regions. This amount shall be added to the base funding.
Notwithstanding Minnesota Statutes, section 144E.50, 100 percent
of the appropriation shall be passed on to the emergency medical
service regions.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2008</u>	<u>2009</u>

Health Professional Services Program. \$687,000 in fiscal year 2008 and \$704,000 in fiscal year 2009 from the state government special revenue fund are for the health professional services program.

Sec. 8. **COUNCIL ON DISABILITY**

\$582,000

\$590,000

Options Too. (a) \$75,000 for the first year and \$75,000 for the second year are to continue the work of the Options Too disability services interagency work group established under Laws 2005, First Special Session chapter 4, article 7, section 57. Funds shall be used to monitor and assist the work group and the Options Too Steering Committee in the implementation of the recommendations in the Options Too report dated February 15, 2007.

(b) For purposes of this section, the Options Too Steering Committee shall consist of the following members:

(1) a representative from the Minnesota Housing Finance Agency;

(2) a representative from the Minnesota State Council on Disability;

(3) a representative from the Department of Veterans Affairs;

(4) a representative from the Department of Transportation;

(5) a representative from the Department of Human Services; and

(6) representatives from interested stakeholders including counties, local public housing authorities, the Metropolitan Council, disability service providers, and disability advocacy organizations who are appointed by the Minnesota State Council on Disability for two-year terms.

(c) Notwithstanding Laws 2005, First Special Session chapter 4, article 7, section 57, the interagency work group shall be administered by the Minnesota Housing Finance Agency, the Minnesota State Council on Disability, Department of Human Services, and the Department of Transportation.

(d) The Options Too Steering Committee shall report to the chairs of the health and human services policy and finance committees of the senate and house of representatives by October 15, 2007, and October 15, 2008, on the continued progress of the work group towards implementing the recommendations in the Options Too report dated February 15, 2007.

<u>APPROPRIATIONS</u>		
<u>Available for the Year</u>		
<u>Ending June 30</u>		
	<u>2008</u>	<u>2009</u>
Sec. 9. <u>OMBUDSMAN FOR MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES</u>	<u>\$1,567,000</u>	<u>\$1,621,000</u>
Sec. 10. <u>OMBUDSMAN FOR FAMILIES</u>	<u>\$251,000</u>	<u>\$257,000</u>
Sec. 11. <u>TRANSFERS.</u>		

Subdivision 1. **Grants.** The commissioner of human services, with the approval of the commissioner of finance and after notifying the chairs of the senate and house committees with jurisdiction, may transfer unencumbered appropriation balances for the biennium ending June 30, 2009, within fiscal years among the MFIP; general assistance; general assistance medical care; medical assistance; MFIP child care assistance under Minnesota Statutes, section 119B.05; Minnesota supplemental aid and group residential housing programs; and the entitlement portion of the chemical dependency consolidated treatment fund and between fiscal years of the biennium.

Subd. 2. **Administration.** Positions, salary money, and nonsalary administrative money may be transferred within the Departments of Human Services and Health and within the programs operated by the Veterans Nursing Homes Board as the commissioners and the board consider necessary, with the advance approval of the commissioner of finance. The commissioner or the board shall inform the chairs of the house and senate committees with jurisdiction quarterly about transfers made under this provision.

Sec. 12. **INDIRECT COSTS NOT TO FUND PROGRAMS.**

The commissioners of health and of human services shall not use indirect cost allocations to pay for the operational costs of any program for which they are responsible.

Sec. 13. **SUNSET OF UNCODIFIED LANGUAGE.**

All uncoded language contained in this article expires on June 30, 2009, unless a different expiration date is explicit.

Sec. 14. **EFFECTIVE DATE.**

The provisions in this article are effective July 1, 2007, unless a different effective date is specified."

Adjust the totals accordingly

Delete the title and insert:

"A bill for an act relating to state government; making changes to health and human services programs; changing children and family provisions; modifying licensing provisions; amending health care law; modifying continuing care provisions; amending mental health provisions; changing Department of Health provisions; establishing a children's health security program; changing public health provisions; amending MinnesotaCare, medical assistance, and general assistance medical care; instituting health care reform; establishing the Minnesota Health Insurance Exchange; requiring Section 125 Plans; modifying health insurance provisions; regulating anatomical gifts; establishing family supportive services; providing rate increases for certain providers; changing health records information provisions; making technical changes; providing civil and criminal penalties; establishing task forces;

requiring reports; making forecast adjustments; appropriating money for human services and health; amending Minnesota Statutes 2006, sections 13.3806, by adding a subdivision; 13.46, subdivision 2; 16A.10, by adding a subdivision; 16A.724, subdivision 2; 16B.61, by adding a subdivision; 16D.13, subdivision 3; 43A.316; 62A.65, subdivision 3; 62E.141; 62H.02; 62J.04, subdivision 3; 62J.17, subdivisions 2, 4a, 7; 62J.41, subdivision 1; 62J.495; 62J.52, subdivisions 1, 2; 62J.60, subdivisions 2, 3; 62J.692, subdivisions 1, 4, 7a, 8, 10; 62J.81, subdivision 1; 62J.82; 62L.12, subdivisions 2, 4; 62Q.165, subdivisions 1, 2; 62Q.80, subdivisions 3, 4, 13, 14, by adding a subdivision; 103I.101, subdivision 6; 103I.208, subdivisions 1, 2; 103I.235, subdivision 1; 119B.05, subdivision 1; 119B.09, subdivisions 1, 7, by adding subdivisions; 119B.12; 119B.125, subdivision 2; 119B.13, subdivisions 1, 3a, 6, 7; 119B.21, subdivision 5; 144.05, by adding a subdivision; 144.123; 144.125; 144.2215, subdivision 1; 144.3345; 144.565; 144.651, subdivision 26; 144.672, subdivision 1; 144.698, subdivision 1; 144.699, by adding a subdivision; 144.9502, subdivision 3; 144.9504, subdivision 2; 144.9507, by adding a subdivision; 144.9512; 144A.071, subdivision 4c; 144E.101, subdivision 6; 144E.127; 144E.35, subdivision 1; 145A.17; 145C.05; 145C.07, by adding a subdivision; 148.235, by adding a subdivision; 151.37, subdivision 2; 152.11, by adding a subdivision; 156.001, by adding a subdivision; 156.02, subdivisions 1, 2; 156.04; 156.072, subdivision 2; 156.073; 156.12, subdivisions 2, 4, 6; 156.15, subdivision 2; 156.16, subdivisions 3, 10; 156.18, subdivisions 1, 2; 156.19; 157.16, subdivision 1; 179A.03, subdivision 7; 198.075; 245.462, subdivision 20; 245.465, by adding a subdivision; 245.4874; 245.50, subdivision 5; 245.98, subdivisions 2, 5; 245A.035; 245A.10, subdivision 2; 245A.16, subdivisions 1, 3; 245C.02, by adding a subdivision; 245C.04, subdivision 1; 245C.05, subdivisions 1, 4, 5, 7, by adding subdivisions; 245C.08, subdivisions 1, 2; 245C.10, by adding a subdivision; 245C.11, subdivisions 1, 2; 245C.12; 245C.16, subdivision 1; 245C.17, by adding subdivisions; 245C.21, by adding a subdivision; 245C.23, subdivision 2; 245C.24, subdivision 2; 246.54, subdivision 1; 252.27, subdivision 2a; 252.32, subdivision 3; 252.46, by adding a subdivision; 253B.185, subdivision 2; 254A.03, subdivision 3; 254A.16, subdivision 2; 254B.02, subdivisions 1, 5; 254B.03, subdivisions 1, 3; 254B.06, subdivision 3; 256.01, subdivisions 2, 2b, 4, 18, by adding subdivisions; 256.015, subdivision 7; 256.017, subdivisions 1, 9; 256.0471, subdivision 1; 256.476, subdivisions 1, 2, 3, 4, 5, 10; 256.969, subdivisions 3a, 9, by adding a subdivision; 256.974; 256.9741, subdivisions 1, 3; 256.9742, subdivisions 3, 4, 6; 256.9744, subdivision 1; 256.975, subdivision 7; 256.984, subdivision 1; 256B.04, subdivision 14, by adding a subdivision; 256B.056, subdivisions 1a, 3, 5c, by adding a subdivision; 256B.057, subdivision 8; 256B.0621, subdivision 11; 256B.0625, subdivisions 3f, 13c, 13d, 14, 17, 18a, 20, 23, 47, by adding subdivisions; 256B.0644; 256B.0911, subdivisions 3a, 3b, 4b, 4c, 6, 7, by adding subdivisions; 256B.0913, subdivisions 4, 5, 5a, 8, 9, 10, 11, 12, 13, 14; 256B.0915; 256B.0917, subdivision 8; 256B.0919, subdivision 3; 256B.0943, subdivisions 6, 9, 11, 12; 256B.0945, subdivision 4; 256B.095; 256B.0951, subdivision 1; 256B.199; 256B.431, subdivisions 1, 2e, 3f, 17e; 256B.434, subdivision 4, by adding subdivisions; 256B.437, by adding a subdivision; 256B.438, subdivision 3; 256B.439, subdivision 1; 256B.441, subdivisions 1, 2, 5, 6, 10, 11, 13, 14, 17, 20, 24, 30, 31, 34, 38, by adding subdivisions; 256B.49, subdivision 11, by adding a subdivision; 256B.5012, by adding a subdivision; 256B.69, subdivisions 5g, 5h, 23, 28; 256B.75; 256B.76; 256B.763; 256D.03, subdivision 4; 256D.44, subdivisions 2, 5; 256E.35, subdivision 2; 256I.04, subdivision 3; 256I.05, by adding subdivisions; 256J.01, by adding a subdivision; 256J.02, subdivisions 1, 4; 256J.021; 256J.08, subdivision 65; 256J.21, subdivision 2; 256J.24, subdivision 10; 256J.42, subdivision 1; 256J.425, subdivisions 3, 4; 256J.46, by adding a subdivision; 256J.49, subdivision 13; 256J.521, subdivisions 1, 2, by adding a subdivision; 256J.53, subdivision 2; 256J.55, subdivision 1; 256J.626, subdivisions 1, 2, 3, 4, 5, 6; 256J.751, subdivisions 2, 5; 256J.95, subdivisions 3, 13; 256K.45, by adding a subdivision; 256L.01, subdivision 4; 256L.03, subdivisions 1, 5; 256L.035; 256L.04, subdivisions 1, 12; 256L.11, subdivision 7; 256L.12, subdivision 9a; 259.20, subdivision 2; 259.24, subdivision 3; 259.29, subdivision 1; 259.41; 259.53, subdivisions 1, 2; 259.57, subdivisions 1, 2; 259.67, subdivisions 4, 7; 259.75, subdivision 8; 260.012; 260.755, subdivisions 12, 20; 260.761, subdivision 7; 260.765, subdivision 5; 260.771, subdivisions 1, 2; 260B.157, subdivision 1; 260C.152, subdivision 5; 260C.163, subdivision 1; 260C.201, subdivision 11; 260C.209; 260C.212, subdivisions 1, 2, 4, 9; 260C.317, subdivision 3; 260C.331, subdivision 1; 270B.14, subdivision 1; 609.115, subdivision 9; 626.556, subdivisions 2, 3, 10, 10a, 10c, 10f, by adding subdivisions; Laws 2000, chapter 340, section 19; Laws 2005, chapter 98, article 3, section 25; Laws 2005, First Special Session chapter 4, article 9, section 3, subdivision 2; Laws 2006, chapter 282, article 20, section 37; proposing coding for new law in Minnesota Statutes, chapters 16A; 62A; 62J; 62Q; 144; 145; 152; 156; 245A; 245C; 254A; 256B; 256C; 256D; 256F; 256J; 260; 325E; proposing coding for new law as Minnesota Statutes, chapters 256N; 525A; repealing Minnesota

Statutes 2006, sections 62J.052, subdivision 1; 62J.17, subdivisions 1, 5a, 6a, 8; 119B.08, subdivision 4; 144.335; 252.21; 252.22; 252.23; 252.24; 252.25; 252.261; 252.275, subdivision 5; 254A.02, subdivisions 7, 9, 12, 14, 15, 16; 254A.085; 254A.086; 254A.12; 254A.14; 254A.15; 254A.16, subdivision 5; 254A.175; 254A.18; 256.969, subdivision 27; 256.9743; 256B.0913, subdivisions 5b, 5c, 5d, 5e, 5f, 5g, 5h; 256B.441, subdivisions 12, 16, 21, 26, 28, 42, 45; 256J.29; 256J.37, subdivisions 3a, 3b; 256J.561, subdivision 1; 256J.62, subdivision 9; 256J.626, subdivisions 7, 9; 256J.65; 525.921; 525.9211; 525.9212; 525.9213; 525.9214; 525.9215; 525.9216; 525.9217; 525.9218; 525.9219; 525.9221; 525.9222; 525.9223; 525.9224; Laws 1997, chapter 8, section 1; Laws 2004, chapter 288, article 6, section 27; Minnesota Rules, parts 9503.0035, subpart 2; 9560.0102, subpart 2, item C; 9585.0030."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Taxes.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 882, 1048 and 2227 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 493, 753, 837, 1048, 1236, 1335 and 1696 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Clark introduced:

H. F. No. 2422, A bill for an act relating to taxation; establishing alcohol health impact fund; imposing alcohol health impact fee; amending Minnesota Statutes 2006, sections 295.75, subdivisions 2, 11; 297G.04, subdivision 2; 297G.10; proposing coding for new law in Minnesota Statutes, chapters 16A; 297G.

The bill was read for the first time and referred to the Committee on Taxes.

Kelliher introduced:

H. F. No. 2423, A bill for an act relating to public health; allowing municipalities to enact an ordinance authorizing dogs to accompany persons patronizing outdoor areas of food and beverage service establishments; proposing coding for new law in Minnesota Statutes, chapter 157.

The bill was read for the first time and referred to the Committee on Health and Human Services.

Nelson; Smith, by request; Thissen and Lillie introduced:

H. F. No. 2424, A bill for an act relating to retirement; adding certain positions to salary limit provisions; amending duties of certain retirement associations' boards of trustees; amending Minnesota Statutes 2006, sections 15A.0815, subdivisions 2, 3; 352.03, subdivision 4; 353.03, subdivision 3a; 354.06, subdivision 2.

The bill was read for the first time and referred to the Committee on Governmental Operations, Reform, Technology and Elections.

Hilstrom and Brod introduced:

H. F. No. 2425, A bill for an act relating to sales and use tax; clarifying the treatment of kidney dialysis equipment; amending Minnesota Statutes 2006, section 297A.67, subdivision 7.

The bill was read for the first time and referred to the Committee on Taxes.

Norton, Liebling, Demmer and Welti introduced:

H. F. No. 2426, A bill for an act relating to human services; requiring notice for a redetermination of eligibility for services to disabled children; amending Minnesota Statutes 2006, section 252.27, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Health and Human Services.

Paulsen and Huntley introduced:

H. F. No. 2427, A bill for an act relating to health information technology; adding to the requirements of the Health Information Technology and Infrastructure Advisory Committee; amending Minnesota Statutes 2006, section 62J.495, subdivision 1.

The bill was read for the first time and referred to the Committee on Health and Human Services.

Rukavina introduced:

H. F. No. 2428, A bill for an act relating to capital investment; authorizing spending to acquire and better public land and buildings and other improvements of a capital nature; authorizing the issuance of general obligation bonds; appropriating money for a grant to the city of Eveleth for wastewater treatment plant renovation.

The bill was read for the first time and referred to the Committee on Finance.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 1004, A bill for an act relating to mortgages; prohibiting predatory lending practices; amending Minnesota Statutes 2006, sections 58.02, by adding a subdivision; 58.13, subdivision 1; 58.137, subdivision 1; 58.15; 58.16, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 58.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

I hereby announce that the Senate accedes to the request of the House for the appointment of a Conference Committee on the amendments adopted by the Senate to the following House File:

H. F. No. 886, A bill for an act relating to capital improvements; authorizing spending to acquire and better public land and buildings and other improvements of a capital nature with certain conditions; authorizing the sale of state bonds; appropriating money; amending Minnesota Statutes 2006, sections 16A.695, subdivisions 2, 3, by adding subdivisions; 16A.86, subdivision 3; 116R.01, subdivision 6; 116R.02, subdivisions 1, 2, 4, 5; 116R.03; 116R.05, subdivision 2; 116R.11, subdivision 1; 116R.12, by adding a subdivision; 272.01, subdivision 2; 290.06, subdivision 24; 297A.71, subdivision 10; 360.013, subdivision 39; 360.032, subdivision 1; 360.038, subdivision 4; Laws 2005, chapter 20, article 1, sections 7, subdivision 21; 20, subdivision 3; 23, subdivisions 8, 16; Laws 2006, chapter 258, sections 4, subdivision 4; 7, subdivision 11; 21, subdivisions 6, 15; repealing Minnesota Statutes 2006, sections 116R.02, subdivisions 3, 6, 7, 9; 116R.16.

The Senate has appointed as such committee:

Senators Langseth, Cohen, Senjem, Metzen and Wergin.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 221, 1495, 380 and 248.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 221, A bill for an act relating to employment; requiring employers to provide written notice of certain rights and remedies; proposing coding for new law in Minnesota Statutes, chapter 181.

The bill was read for the first time.

Holberg moved that S. F. No. 221 and H. F. No. 287, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1495, A bill for an act relating to employment; extending laws governing payroll card accounts; amending Laws 2005, chapter 158, section 4.

The bill was read for the first time.

Atkins moved that S. F. No. 1495 and H. F. No. 1554, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 380, A bill for an act relating to elections; changing certain school district election provisions; eliminating an approval requirement for mail elections; authorizing certain school board primary elections; amending Minnesota Statutes 2006, sections 204B.46; 205A.03, subdivision 1; 205A.06, subdivision 1a; 205A.12, by adding a subdivision.

The bill was read for the first time.

Dittrich moved that S. F. No. 380 and H. F. No. 646, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 248, A bill for an act relating to elections; changing a prohibition on certain expenditures; amending Minnesota Statutes 2006, section 211B.12.

The bill was read for the first time.

Pelowski moved that S. F. No. 248 and H. F. No. 75, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

CALENDAR FOR THE DAY

Sertich moved that the Calendar for the Day be continued. The motion prevailed.

MOTIONS AND RESOLUTIONS

Hansen moved that the name of Berns be added as an author on H. F. No. 74. The motion prevailed.

Hansen moved that the name of Berns be added as an author on H. F. No. 145. The motion prevailed.

Paulsen moved that the name of Berns be added as an author on H. F. No. 376. The motion prevailed.

Rukavina moved that the names of Heidgerken and Poppe be added as authors on H. F. No. 797. The motion prevailed.

Hortman moved that the name of Ruud be added as an author on H. F. No. 863. The motion prevailed.

Heidgerken moved that the name of Urdahl be added as an author on H. F. No. 1324. The motion prevailed.

Hortman moved that the name of Benson be added as an author on H. F. No. 1602. The motion prevailed.

Bunn moved that the name of Hausman be added as an author on H. F. No. 1621. The motion prevailed.

Severson moved that the name of Erickson be added as an author on H. F. No. 1845. The motion prevailed.

Bunn moved that the name of Ruud be added as an author on H. F. No. 1883. The motion prevailed.

Gottwalt moved that the name of Zellers be added as an author on H. F. No. 2106. The motion prevailed.

Gottwalt moved that the name of Zellers be added as an author on H. F. No. 2132. The motion prevailed.

Erickson moved that H. F. No. 2383 be returned to its author. The motion prevailed.

ADJOURNMENT

Sertich moved that when the House adjourns today it adjourn until 12:00 noon, Monday, April 16, 2007. The motion prevailed.

Sertich moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 12:00 noon, Monday, April 16, 2007.

ALBIN A. MATHIOWETZ, Chief Clerk, House of Representatives

