

House/Administration Offer #2, May 16, 2022, 11 PM

We thank the Senate for your offer. We are disappointed, however, not to see more investment in solving the many critically urgent problems facing Minnesotans, and we have little time left in which to reach a compromise.

This House/Administration offer represents a significant move toward the Senate's position by reducing our spending by over \$1.5 billion to stay within the spending that the Senate demanded. We also had to cut spending of \$234 million in federal funds that are available for medical assistance because the Senate insisted that these funds not be used. This House/Administration offer meets the target of no more than \$1 billion in spending from the general fund.

To move closer to the Senate position, we have drastically reduced spending on many House priorities and in fact have provided support for Senate priorities, several of which are described below. On the other hand, despite a more than \$10 billion surplus, \$4 billion tax bill, and \$1 billion target for HHS, **the Senate is still proposing to spend almost nothing in areas of critical urgency for Minnesotans:**

- Child care
- Supporting individuals and families experiencing homelessness
- Mental health
- Supporting people in deep poverty
- Reducing the cost of health care
- Preparing for future public health emergencies
- Rebuilding the health care workforce

Skilled Nursing Facilities (SNFs—nursing homes)

As noted in our offer of May 14, we realize that some SNFs are under financial stress. However, SNFs are funded through a cost-based system that increases over time without legislative action. Our offer adds \$25 million to the scheduled increase of \$337 million, resulting in a total increase of \$362 million in state funds.

As we all know, workforce shortages are reducing capacity in SNFs and placing additional stress on staff. As we put more taxpayer dollars into this industry it is critical to make sure that workforce standards, such as hours and working conditions, are adequate to keep residents safe and healthy. That is why this offer to increase SNF funding is contingent upon acceptance of House Article 12, Sections 1-9, 25, & 26 (Minnesota Nursing Home Workforce Standards Board).

Disability Services (DWRS)

This offer provides an increase in DWRS, increasing the Competitive Workforce Factor for disability services paid for under DWRS by one percent, adding to the 9.7 percent rate increase implemented in calendar year 2022 under current law. This results in an increase of \$17.8 million and a total increase of \$484.8 million in state funds when including the increases that will occur without legislative action.

Child care plays a significant role in the workforce shortage in disability services and SNFs (and in many areas as well). And child care currently lacks the automatic rate increases that go to disability services and SNFs, despite pay that is even lower than those sectors. That is why the offer to increase funding for DWRS beyond the scheduled increase is contingent upon the Senate's acceptance of the House's CCAP

proposals: the rate increase to the 50th percentile, permanent reprioritization, and the family definition. In addition, future rate increases to CCAP should be automatic, just as is true for DWRS and SNFs. The total state fund cost of these items - a major House/Administration priority that has been cut back significantly - is \$43.6 million.

Non-Emergency Transportation (NEMT) Rate Increase

This offer provides a rate increase for NEMT providers in addition to the fuel rate adjustment provided in both positions. We propose increasing the rates by 3.5%.

In order to have a bill processed and passed by midnight on Sunday, we will need to reach agreement very soon. We hope that the Senate's next offer will represent a major move toward meeting more of the urgent needs of Minnesotans, so that we can reach agreement and pass a bill this session.