

House Research Act Summary

CHAPTER: 220, veto overridden by the legislature **SESSION:** 2002 Session

TOPIC: Omnibus Budget Balancing Act

Date: February 28, 2002

Analyst: See Overview of each Article

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Article 1: Summary

Overview

Provides a summary of appropriations, transfers and cancellations by fund.

1 **Summary.** Summarizes appropriations, transfers, and cancellations by fund. Lists changes to appropriations for

- early education
- K-12 education

- higher education
- corrections
- transportation and public safety
- environment and natural resources
- agriculture
- state government
- courts
- economic development; and
- health and human services.

Article 2: Family and Early Childhood Education

Overview

Analyst: Danyell Punelli, 651-296-5058

Article 2 makes budget adjustments to family and early childhood education programs. The family and early childhood budget for the current biennium is reduced by \$4 million. The "budget tails" are reduced by \$8 million.

- 1 MFIP social services child care sunset and report.** Strikes language requiring any amount not needed for this program to be used for the Basic Sliding Fee program. Makes this section effective the day following final enactment.
- 2 Early childhood family education aid.** Makes forecast changes.
- 3 School age care aid.** Makes forecast changes.
- 4 Basic sliding fee.** Reduces the fiscal year 2003 general fund appropriation by \$3.5 million. Makes the reduced amount the base amount beginning in fiscal year 2004.
- 5 MFIP child care.** Makes forecast changes.
- 6 Child care services grants.** Reduces the fiscal year 2003 general fund appropriation by \$500,000. Makes the reduced amount the base amount beginning in fiscal year 2004.
- 7 Special revenue; child support collections.** Increases the fiscal year 2003 child care assistance special revenue appropriation by \$500,000.
- 8 Transition year families.** Reduces the fiscal year 2002 and 2003 TANF appropriations due to updated estimates by CFL. Requires any unspent balances to be returned to the TANF reserve.
- 9 MFIP social services child care.** Reduces the fiscal year 2002 and 2003 TANF appropriations due to updated estimates by CFL. Requires any unspent balances to be returned to the TANF reserve.
- 10 Community education aid.** Makes forecast changes.
- 11 Adult basic education audits.** Eliminates the fiscal year 2002 appropriation and reduces the fiscal year 2003, 2004, and 2005 appropriations by \$100,000 due to the elimination of the requirement to hire a state ABE director.
- 12 Basic support grants.** Increases the fiscal year 2004 and 2005 appropriations by \$100,000 in each year.
- 13 Regional library telecommunications aid.** Increases the fiscal year 2003 appropriation by \$200,000.
- 14 TANF appropriations.** Appropriates \$3 million in TANF to the Basic Sliding Fee program in fiscal year 2003.

15 Repealer. Repeals language requiring the commissioner to hire a state ABE director.

Article 3: K-12 Appropriation Adjustments

Overview

Analyst: Tim Strom, 651-296-1886

Article 3 makes budget adjustments to the K-12 finance programs. The K-12 budget for the current biennium is reduced by \$15 million and the "budget tails" are reduced by \$24 million. The career and technical levy is restored for one year, and the aid/levy ratio of integration revenue is modified for one year.

- 1 Subsidy for examination fees.** Focuses the subsidy for advanced placement and international baccalaureate examinations on pupils from low-income families.
- 2 Integration levy.** Increases the levy share of integration revenue from 22% to 29% of integration revenue for FY 05 only. The levy share returns to 22% in FY 06. Also codifies in this section the fiscal year 2003 aid/levy change that was passed by the 2002 legislature.
- 3 Integration aid.** Decreases the aid share of integration revenue from 78% to 71% of integration revenue for FY 05. The levy share returns to 78% for FY 06 and later. Also codifies in this section the fiscal year 2003 aid/levy change that was passed by the 2002 legislature.
- 4 Learning year pupil units.** Limits the maximum average daily membership (ADM) of a pupil to 1.5. Approximately 440 pupil units in the state exceed 1.5 in ADM.
- 5 Career and technical levy.** Sets the career and technical levy amount for FY 03 only at the same amount as the district's levy for taxes payable in 2002 with the exception that the maximum levy amount for small districts is raised from \$7,500 to \$10,000.
- 6 State property agreements.** Exempts agreements between MnSCU and intermediate school districts from a limited initial time duration of 10 years.
- 7 Work study student compensation.** Sunsets the 1998 and 1999 appropriations for school district work study funds as of February 14, 2002 (current law allows these appropriations to be continued until the amounts are fully used).
- 8 General education appropriation.** Adjusts the general education appropriation to match the November 2001 Forecast. Further reduces the appropriation by the savings attributable to limiting ADM to not more than 1.5.
- 9 Examination fees; AP/IB.** Lowers the amount that is available for advanced placement (AP) and international baccalaureate (IB) programs from \$2 million to \$1 million for FY 03 and later.
- 10 Best practices seminars.** Reduces the FY 03 appropriation for best practices seminars to \$2,180,000.
- 11 Education and employment transitions program grants.** Eliminates the funding for the education and employment transitions programs for FY 03 and later.
- 12 School evaluation services.** Lowers the FY 02 appropriation for a contract for an independent school evaluation from \$2.5 million to \$1.5 million. Adds an additional \$1.5 million appropriation for the program in FY 04 (currently the appropriation is limited to just the FY 02 and FY 03 biennium).
- 13 Alternative teacher compensation.** Reduces the appropriation for the alternative teacher compensation program from \$4 million to \$3 million in FY 02 and from \$4 million to \$3.7 million for FY 03 and later.
- 14 Web-based, individual interagency intervention plan.** Eliminates the funding for the web-based, individual interagency intervention plan for years after FY 02.
- 15 DCFL appropriation.** Cuts the appropriation for the department of children, families and learning

by 10 percent. Adds to this cut reductions of \$250,000 for the Minnesota academic excellence foundation (MAEF) and \$500,000 of the amount set-aside for upgrading the teacher licensing technology.

- 16 Perpich arts center appropriation.** Cuts the appropriation for the Perpich center for arts education by roughly 5 percent.
- 17 Excess cost aid adjustment; Cambridge-Isanti.** Makes a positive aid adjustment of \$400,000 in the special education excess cost aid for independent school district No. 911, Cambridge-Isanti, for FY 02 only.
- 18 Repealer.** Repeals laws 2001, chapter 6, article 1, section 31-this is a technical amendment to remove unnecessary language for the referendum equalization levy calculation.

Article 4: K-12 Forecast Adjustments

Overview

Analyst: Tim Strom, 651-296-1886

Article 4 consists of adjustments to appropriations because of forecast changes. These changes are technical and do not reflect any policy changes.

- 1 Debt service appropriation.** Changes the amount of the fixed, standing appropriation for debt service equalization aid to match the November 2001 forecast.
- 2 Referendum tax base replacement aid.** Changes the amount of the line item appropriation for referendum tax base replacement aid to match the November 2001 forecast.
- 3 Abatement aid.** Changes the amount of the line item appropriation for abatement aid to match the November 2001 forecast.
- 4 Nonpublic pupil aid.** Changes the amount of the line item appropriation for nonpublic pupil aid to match the November 2001 forecast.
- 5 Nonpublic pupil transportation aid.** Changes the amount of the line item appropriation for nonpublic pupil transportation aid to match the November 2001 forecast.
- 6 Consolidation transition aid.** Changes the amount of the line item appropriation for consolidation transition aid to match the November 2001 forecast.
- 7 Charter school building lease aid.** Changes the amount of the line item appropriation for charter school building lease aid to match the November 2001 forecast.
- 8 Charter school startup grant aid.** Changes the amount of the line item appropriation for charter school startup grant aid to match the November 2001 forecast.
- 9 Integration aid.** Changes the amount of the line item appropriation for integration aid to match the November 2001 forecast.
- 10 Magnet school startup aid.** Changes the amount of the line item appropriation for magnet school startup aid to match the November 2001 forecast.
- 11 Success for the future aid.** Changes the amount of the line item appropriation for the success for the future (American Indian) aid to match the November 2001 forecast.
- 12 Tribal contract schools aid.** Changes the amount of the line item appropriation for tribal contract schools aid to match the November 2001 forecast.
- 13 Special education aid.** Changes the amount of the line item appropriation for special education aid to match the November 2001 forecast.
- 14 Aid for children with a disability.** Changes the amount of the line item appropriation for aid for children with a disability to match the November 2001 forecast.

- 15 Travel for home-based services aid.** Changes the amount of the line item appropriation for travel for home-based services aid to match the November 2001 forecast.
- 16 Special education excess cost aid.** Changes the amount of the line item appropriation for special education excess cost aid to match the November 2001 forecast.
- 17 Transition programs; students with disabilities.** Changes the amount of the line item appropriation for transition programs for students with disabilities to match the November 2001 forecast.
- 18 Health and safety aid.** Changes the amount of the line item appropriation for health and safety aid to match the November 2001 forecast.
- 19 Debt service equalization aid.** Changes the amount of the line item appropriation for debt service equalization aid to match the November 2001 forecast.
- 20 Alternative facilities bonding aid.** Changes the amount of the line item appropriation for alternative facilities bonding aid to match the November 2001 forecast.
- 21 Telecommunications access cost revenue (TARP) aid.** Changes the amount of the line item appropriation for telecommunications access aid to match the November 2001 forecast.
- 22 School lunch aid.** Changes the amount of the line item appropriation for school lunch aid to match the November 2001 forecast.
- 23 Fast break to learning grants.** Changes the amount of the line item appropriation for the fast break breakfast program aid to match the November 2001 forecast.

**Article 5: Higher Education
Overview**

Analyst: Kathy Novak, 651-296-2953

This article reduces funding for higher education a total of \$50 million by decreasing appropriations for the higher education services office, the Minnesota state colleges and universities and the university of Minnesota. The state grant program which provides need-based scholarships is fully funded for the biennium.

- 1 Appropriations; detail.** Changes the following appropriations authorized in the 2001 Omnibus Higher Education Law by the amounts shown:

SUMMARY BY FUND
(dollars in millions)

	<u>2002</u>	<u>2003</u>	<u>Total</u>
General	\$ (2.744)	\$ (47.256)	\$ (50.0)

SUMMARY BY AGENCY - ALL FUNDS

	<u>2002</u>	<u>2003</u>	<u>Total</u>
Higher Education Services Office (HESO)	(\$2.744)	(\$0.931)	(\$3.675)
Board of Trustees of the Minnesota State Colleges and Universities (MnSCU)		(\$22.692)	(\$22.692)
Board of Regents of the University of Minnesota		(\$23.633)	(\$23.633)

- 2 Subd. 1. HESO.** States appropriation change for HESO.

Subd. 2. State grant program. Provides that savings to the state grant program resulting from increases in federal Pell grants are first to be used to reduce family responsibility for independent students, with any remaining savings staying in the state grant program.

A reduction of \$75,000 each year is made to the summer scholarship program

appropriation. A reduction of \$125,000 each year is made to the national service scholars program. A reduction of \$75,000 in FY 2003 is made to the advanced placement scholarship program.

Subd. 3. Interstate tuition reciprocity. Reduces the appropriation for tuition reciprocity by \$1.5 million in FY 2002 and \$1.0 million in FY 2003.

Subd. 4. MNLink. Cancels \$822,000 of the remaining MNLink appropriation to the general fund.

Subd. 5. Minitex. Reduces the appropriation for Minitex by \$382,000 in FY 2002 and \$737,000 in FY 2003.

Subd. 6. Learning Network of Minnesota. Reduces the appropriation for the Learning Network of Minnesota by \$270,000 in FY 2002 and \$900,000 in FY 2003.

Subd. 7. Minnesota College Savings Plan; state match. Reduces the appropriation for the Minnesota College Savings Plan match by \$1.1 million in FY 2002 and \$900,000 in FY 2003. Sets the base appropriation at \$1.52 million beginning in FY 2004.

Subd. 8. HESO agency administration. Reduces the appropriation for HESO agency administration by \$389,000 in FY 2003.

Cancels money remaining in Youthworks after final payment to grantees.

- 3 MnSCU board appropriation.** Reduces the FY 2003 appropriation to the board of trustees of the Minnesota State Colleges and Universities (MnSCU) by \$22,692,000. Reduces the base appropriation for FY 2004-2005 by an additional \$1,786,000 per year. Directs the board to minimize impacts on students by decreasing administrative expenses and reserve balances, and through programmatic restructuring, before increasing tuition.
- 4 University of Minnesota board of regents appropriation.** Reduces the FY 2003 appropriation to the board of regents of the University of Minnesota by \$23,633,000. Reduces the base appropriation for FY 2004-2005 by an additional \$1,858,000 per year. Directs the board to minimize impacts on students by decreasing administrative expenses and reserve balances, and through programmatic restructuring, before increasing tuition.
- 5 Cost of attendance.** Sets the allowance for tuition and fee charges used in calculating a student's state grant amount to the lesser of the actual tuition and fees charged by the institution, or the private institution tuition and fee maximums established in law.
- 6-7 Advanced placement courses.** Make technical changes to allow two half-year advanced placement courses to be counted as one full-year course, and transfers the reporting and notification requirements from HESO to the Department of Children, Families, and Learning, which currently performs these tasks.
- 8-10 Minnesota college savings plan; federal conformity.** Modify the Minnesota college savings plan to make it consistent with federal tax law governing section 529 plans. The changes clarify the penalty provision, authorize limited self-direction of investments, and increase the maximum balance to the federal limit (\$235,000 for fiscal years 2002 and 2003).
- 11 Repealer.** Repeals the national service scholars program.

Article 6: Corrections

Overview

Analyst: Judie Zollar, 651-296-1554

This article contains an appropriation and reductions for the corrections and public defense areas. This article also separates the situations in which a child who is a habitual truant will be treated as a petty offender from those where the child will be deemed to be a child in need of protection or services. This

article also requires correctional and social services agencies to work together in developing policies and procedures for offenders who have been diagnosed with certain types of mental illness. This article also requires an individual who received public defender services to pay a \$28 copayment.

- 1 Appropriations/Reductions.** Specifies that the dollar amounts shown are added to or, if shown in parentheses, subtracted from the 2001 appropriations in the corrections and public defense areas.
- 2 Board of public defense.** Reduces funding for FY03.
- 3 Corrections.**
 - Subd. 1. Total Appropriation Changes.** Contains the total appropriation changes for the department of corrections.
 - Subd. 2. Adult Institutions.** Reduces funding for the current biennium (both years) and the base for the 2004-05 biennium. Requires the commissioner to develop an agency wide spending plan for the 2004-05 biennium and to report to the legislature on its recommendations by January 15, 2003.
 - Subd. 3. Juvenile Services.** Reduces funding for FY03.
 - Subd. 4. Community Services.** Reduces funding for FY03. Contains riders to:
 - reduce funding for remote electronic alcohol monitoring, juvenile residential treatment grants, extended juvenile jurisdiction reimbursement grants, community corrections act subsidy funding, county probation officer reimbursement, and probation and supervised release services provided by the department of corrections;
 - eliminates funding for pretrial bail evaluation reimbursement and the community reentry program; and
 - appropriate funding for an increase in probation services in Clearwater county, which costs will be reimbursed to the state.
 - Subd. 5. Management Services.** Reduces funding for FY03.
- 4 Ombudsman for corrections.** Reduces funding for FY03.
- 5 Sentencing guidelines commission.** Reduces funding for FY03 and specifies that the base shall be reduced for the 2004-05 biennium.
- 6 Administration.** Requires the commissioner of administration to issue a request for proposals and select a vendor to provide housing and chemical dependency treatment for felony-level DWI offenders. Requires the commissioner of administration to work with the executive director of the sentencing guidelines commission and the commissioners of corrections and human services, as appropriate. Specifies certain factors that shall be considered in issuing the request for proposals. Requires the department of corrections to respond to the request for proposals.
- 7 Violations; penalties.** Changes the penalty from a misdemeanor to a petty misdemeanor for any person who fails or refuses to provide for the instruction of a child of whom the person has legal custody and who is required to receive instruction, when notified to do so by a truant officer or other official. Applies the same penalty change to someone who induces or attempts to induce any child unlawfully to be absent from school, or to a person who knowingly harbors or employs, while school is in session, any child unlawfully absent from school.
- 8 Charges to counties.** Makes permanent the provision stating that the commissioner of corrections shall charge counties or other appropriate jurisdictions 65% of the per diem cost of confinement of juveniles at MCF-Red Wing and of juvenile females committed to the commissioner of corrections. Under current law, this arrangement would have ended on June 30, 2002, and counties would have been responsible for 100% of the cost.
- 9 Content of plan.** Specifies that the offender's mental health case management services provider shall take part in an offender's predischarge assessment and planning meeting, which is held at least 30 days before discharge from the department of corrections.

- 10 Juvenile petty offender; juvenile petty offense.** Specifies that a "juvenile petty offense" also includes a habitual truant unless a petition brought under chapter 260C (child protection) states that an out-of-home placement is sought for the child.
- 11 Child in need of protection or services.** States that a petition alleging that a child is in need of protection or services as a habitual truant must give notice that the petitioner is seeking an out-of-home placement for the child. Specifies that, if the petition does not state that an out-of-home placement is sought for the child, then the matter must proceed as a juvenile petty offender action.
- 12 Appointment of counsel.** States that a child, parent, guardian, or custodian is not entitled to counsel at public expense in a case involving a child alleged to be in need of protection or services as a habitual truant unless the petition states that an out-of-home placement is sought for the child.
- 13 Financial inquiry; statements; co-payment.** Requires an individual who has received public defender services to pay a co-pay of \$28 unless the co-payment is, or has been, waived by the court. Specifies that this co-payment is a civil obligation and must not be made a condition of a criminal sentence.
- 14 Felony DWI study.** Amends the DOC's felony DWI reporting requirement to require reporting of additional information and sharing of information for the purpose of issuance of the RFP in section 6.
- 15 Collaborative case planning for certain mentally ill persons under correctional supervision; policies and practices; reports required.** Requires correctional and social services agencies to develop policies and practices that maximize collaborative case planning for adult and juvenile offenders under correctional supervision who have been diagnosed with serious and persistent mental illness or a severe emotional disturbance. Specifies what areas the policies and practices must cover. Requires a report from these agencies to the department of corrections. Also requires the commissioner of corrections to submit a statewide report to the legislature on mental health correctional policies and practices.
- 16 Data sharing on certain mentally ill persons under correctional supervision.** Notwithstanding any law to the contrary, allows correctional and social services agencies to share data on adult and juvenile offenders under correctional supervision who have been diagnosed with severe and persistent mental illness or a severe emotional disturbance. Specifies that this data sharing is for collaborative case planning.

Article 7: Public Safety and Transportation and Other Agencies Appropriations Overview

Analysts: John Williams, 651-296-5045 (Transportation)

Joe Cox, 651-296-5044 (Public Safety)

This article provides the appropriations and reductions for those agencies and departments that have public safety and transportation responsibilities.

- 1 Transportation and public safety appropriations; summary.** Summarizes the appropriation reductions contained in this article. Reductions are from the general fund except where noted.
- 2 Transportation. Makes the following reductions for FY 2003:**
 - aeronautics, \$50,000 (also reduces budget base by same amount)
 - transit, \$400,000 (also reduces budget base by same amount)
 - railroads and waterways, \$60,000 (also reduces budget base by same amount)

3 Metropolitan Council. Makes the following reductions for FY 2003:

administration, \$600,000 (also reduces budget base by same amount)

metropolitan transit other than metro transit, \$100,000

transit operations other than metro mobility, \$2,015,000, to be achieved by increasing operating revenue or reducing high-subsidy or off-peak service (also reduces budget base by same amount)

4 Public Safety. Reduces the general fund appropriation to the department of public safety by a total amount of \$2.018 million in FY 2002 and \$3.296 million in FY2003. Makes the following specific changes:

Emergency management reductions:

FY 2003: \$200,000

FY 2004: \$3,627,000

FY 2005: \$3,627,000

Fire Marshal reductions:

FY 2003: \$84,000 (permanent reduction)

Alcohol and gambling enforcement reductions:

FY 2003: \$84,000 (permanent reduction)

Also provides for a \$7 fee increase to gambling-related businesses and entities for employee background checks.

Domestic abuse shelter per diem reductions:

FY 2003: \$600,000 (permanent reduction)

Crime victim services center staff and grant reductions:

FY 2002: \$384,000

FY 2003: \$768,000

FY 2004: \$2,000,000

FY 2005: \$2,000,000

Drug policy and violence prevention grants reductions:

FY 2002: \$1,292,000

FY 2003: \$142,000

FY 2004: \$243,000

FY 2005: \$243,000

Model policing program mental illness calls reduction:

FY 2002: \$150,000

Camp Ripley weekend camp eliminated:

FY 2003: \$175,000 (permanent reduction)

Violence prevention council grants eliminated:

FY 2002: \$75,000

FY 2003: \$75,000 (permanent reduction)

Gang strike force grants reduction:

FY 2002: \$117,000

FY 2003: \$117,000

Specifies that the base is \$1,515,000 beginning July 1, 2003.

Drug policy and violence prevention staff reductions:

FY 2003: \$176,000 (permanent reduction)

Automobile theft prevention special revenue account: transfers the unencumbered balance (\$1,317,000) from this account to the general fund.

Provides that DPS may not reduce the allocation of federal Byrne grants for the Camp Ripley youth experiencing alternatives program.

State patrol - capitol security reductions targeted to executive protection:
FY 2003: \$175,000 (permanent reduction)

Administration. Reduces by \$500,000 in FY 2003 the transfer from the general fund to trunk highway fund on December 31, 2002. This transfer compensates the trunk highway fund for non-highway expenditures.

Driver and vehicle services reductions:
FY 2003: \$200,000 (permanent reduction)

Prohibits the department from achieving this reduction by closing greater Minnesota driver examination stations.

- 5 Crime Victim Ombudsman.** Eliminates funding for this office: \$411,000 each year beginning in FY 2003. The duties of the ombudsman are transferred to the Minnesota Center for Crime Victim Services.
- 6 Crime Victims.** Conforming amendment relating to the changes to the crime victim ombudsman.
- 7 Greater Minnesota Transit Fund.** Authorizes DOT to use up to \$400,000 each year for administration of the transit program.
- 8 Policy Required.** Conforming amendment relating to the changes to the crime victim ombudsman.
- 9 Automobile Theft Prevention Account.** Specifies that the first \$1.3 million in the automobile theft prevention special revenue account shall be transferred to the general fund.
- 10 Drivers' License Reinstatement Fees.** Increases the percentage of revenue deposited in the general fund from the drivers' license reinstatement fee from 55 percent to 67 percent and deletes language depositing 12 percent of the revenues in the alcohol impaired driver education account. (Estimated to be \$605,000 in FY 2003.)
- 11 Child Maltreatment Review Panel.** Conforming amendment relating to the changes to the crime victim ombudsman.
- 12 Automobile Theft Program.** Specifies that the commissioner of public safety is appropriated the proceeds in the automobile theft prevention special revenue account less the transfer of \$1.3 million to the general fund each year.
- 13 Fire Marshal Fees.** Authorizes the fire marshal to charge a \$100 fee for hazardous installation plan reviews.
- 14 Alcohol and Gambling Enforcement Background Check Fees.** Requires \$7 from each alcohol and gambling background check fee to be deposited in the general fund.
- 15 Alcohol and Gambling Enforcement Background Check Fees.** Same as section 14: requires \$7 from each alcohol and gambling background check fee to be deposited in the general fund.
- 16 Domestic Abuse Shelter Payment Structure.** Changes the payment structure for domestic abuse shelters from a per diem system to grants.
- 17 Domestic Abuse Shelter Payment Structure Changes.** Conforming amendments.
- 18 Domestic Abuse Shelter Payment Structure Changes and Accountability.** Conforming amendments. Also, requires shelters to comply with any reporting requirements imposed by the Minnesota Center for Crime Victim Services.
- 19- 27 Crime Victim Ombudsman Changes.** Sections 19 through 27 are conforming amendments relating to the elimination of the crime victim ombudsman and the shift of those duties to the Minnesota Center for Crime Victim Services.
- 28 Technical corrections.** Amending the "totals" and "summary by fund" sections from last year's

omnibus bill to reflect the total amounts appropriated.

- 29 Technical corrections.** Amending the "totals" and "summary by fund" sections from last year's omnibus bill to reflect the total amounts appropriated.
- 30 Board of Peace Officer Standards and Training.** Reduces the appropriation from the peace officer training account in the special revenue fund by \$88,000 in FY 2002 and \$91,000 in FY 2003.
- 31 Working Group on Criminal Justice System Efficiency.** Establishes a working group to study efficiencies in the criminal justice system.
- 32 File and Data Transfer.** Requires the crime victim ombudsman to deliver data and files to DPS.
- 33 Repealer.** Repeals statutes relating to the crime victim ombudsman changes and relating to the domestic abuse shelter funding structure changes.
- 34 Effective dates.** The following sections are effective the day following final enactment: 1 to 5, 9, 12, 18 (subd. 3), and 30. The following sections are effective July 1, 2003: 16, 17, 18 (subd. 1 and 2), and 33 (para. (a)). The remaining sections are effective July 1, 2002.

Article 8: Environment and Natural Resources

Overview

Analysts: Mike Bull, 651-296-8961
John Helland, 651-296-5039

This article provides the appropriations and reductions for those agencies and departments that have environmental, and natural resources responsibilities.

- 1 Environmental and natural resources; appropriations and reductions.** Specifies appropriations and reductions in state appropriations for environmental and natural resources purposes. Provides for a total savings for the general fund in the current biennium of \$14,200,000.
- 2 Pollution control agency.**
 - Subd. 1. Total.** Increases the appropriation to the PCA for the current biennium by \$927,000 in fiscal year 2002 and reduces it by \$1,437,000 in fiscal year 2003.
 - Subd. 2. Water.** Shifts \$1.3 million for the clean water partnership program from the appropriation for fiscal year 2003 for use in fiscal year 2002. Restores base level funding for this program in fiscal year 2004 to \$2,348,000. Reduces the general fund appropriation for water quality programs by \$683,000 in fiscal year 2003 and restores this funding through an increase in water quality permit fees (see section 14).
 - Subd. 3. Land.** Reduces the general fund appropriation by \$1,030,000 in fiscal year 2002 and \$1,041,000 in fiscal year 2003, and restores this level of funding from the solid waste fund.
 - Subd. 4. Administrative support.** Reduces the appropriation for administrative support by \$373,000 in fiscal year 2002 and \$137,000 in fiscal year 2003.
- 3 Office of environmental assistance.** Reduces the appropriation to the OEA by \$2,049,000 in fiscal year 2003. Of this amount, \$1,401,000 in fiscal year 2003 is taken from appropriation for SCORE block grants to counties.

Appropriates \$1,500,000 in fiscal year 2003 from the solid waste fund for processing payments to counties under section 115A.545. Sections 11, 12 and 13 expand the eligibility for processing payments, and this appropriation pays for that expansion.

4 Zoological board. Reduces the appropriation to the Zoo Board by \$383,000 in fiscal year 2003.

5 Department of natural resources.

Subd. 1. Total. Increases the agency's appropriation by \$800,000 in fiscal year 2002 and reduces it by \$4,535,000 in fiscal year 2003.

Subd. 2. Land and mineral resources management. Reduces the appropriation for programs for land and mineral resources management by \$89,000 in fiscal year 2003. Of this reduction:

\$33,000 in fiscal year 2003 is from the appropriation for iron ore cooperative research;

\$30,000 in fiscal year 2003 is from the appropriation for minerals diversification; and

\$15,000 in fiscal year 2003 is from the appropriation for minerals cooperative environmental research.

Subd. 3. Water resources management. Reduces the appropriation for water resources management by \$563,000 in fiscal year 2003.

Subd. 4. Forest management. Reduces the appropriation for programs for forest management by \$599,000 in fiscal year 2003. This reduction includes specific reductions of:

\$300,000 in fiscal year 2003 from the appropriation for programs to regenerate and protect Minnesota's white pine; and

\$200,000 in fiscal year 2003 from the forest resources council's appropriation to implement the Sustainable Forest Resources Act.

Subd. 5. Parks and recreation management. Reduces the appropriation for programs for parks and recreation management by \$317,000 in fiscal year 2003. In addition, provides for a base level reduction in fiscal year 2004 of (1) \$250,000 for state parks and recreation areas; and (2) \$400,000 for metropolitan area regional parks maintenance and operations.

Specifies that \$25,000 from the amount provided for in fiscal year 2003 for state parks and recreation for a grant to Taylors Falls for fire and rescue operations in support of Interstate park.

Authorizes the use of funds appropriated in 2001 for acquisition of in-holdings for state parks and recreation areas may be used for state park operations (\$995,000 in fiscal year 2002 and \$995,000 in fiscal year 2003).

Subd. 6. Trails and waterway management. Increases the appropriation for programs for trails and waterway management by \$800,000 in fiscal year 2002 and \$523,000 in fiscal year 2003.

Appropriations \$800,000 in fiscal year 2002 and \$700,000 in fiscal year 2003 from the snowmobile trails and enforcement account for the grants in aid trail system.

Subd. 7. Fish management. Reduces the appropriation for programs for fish management by \$154,000 in fiscal year 2003, taking \$134,000 of this reduction from the appropriation for the reinvest in Minnesota (RIM) program.

Subd. 8. Wildlife management. Reduces the appropriation for programs for wildlife management by \$110,000 in fiscal year 2003.

Subd. 9. Ecological services. Reduces the appropriation for programs for ecological services by \$44,000 in fiscal year 2003, taking this reduction from the appropriation for RIM.

Subd. 10. Enforcement. Reduces the general fund appropriation for enforcement programs by \$349,000 in fiscal year 2003. Provides \$150,000 in fiscal year 2003 from the snowmobile trails and enforcement account for snowmobile enforcement activities.

Subd. 11. Operations support. Reduces the appropriation for programs for operations support by \$2,983,000 in fiscal year 2003. Of this reduction, \$1,052,000 in fiscal year 2003 is from the appropriation for the operations of youth programs. Specifies that the entire base appropriation for

these programs is eliminated in fiscal year 2004. Reduces the annual base level funding for operations support by \$901,000 in fiscal year 2004.

- 6 Board of water and soil resources.** Reduces the appropriation to the Board of water and soil resources by \$1,754,000 in fiscal year 2003. Of this reduction:
 - \$382,000 in fiscal year 2003 from the appropriation for natural resources block grants to local governments;
 - \$800,000 in fiscal year 2003 from the appropriation for grants to soil and water conservation districts for cost-sharing contracts for erosion control and water quality management; and
 - \$49,000 in fiscal year 2003 is from the appropriation for flood plain management grants to watershed districts and other local units of government in the southern Minnesota river basin.
- 7 Science museum of Minnesota.** Reduces the appropriation for the science museum by \$65,000 in fiscal year 2003.
- 8 Minnesota resources.** Appropriates a total of \$158,000 in each year from the environment and natural resources trust fund:
 - \$127,000 in each year to the University of Minnesota to complete production of a film series on the history of Minnesota's natural landscapes; and
 - \$31,000 in each year is to reimburse the LCMR for expenses and anticipated costs of the citizens advisory committee.
- 9 Cancellations.** Directs the commissioner of finance to transfer \$1.3 million from the future resources fund to the general fund by June 30, 2002.
- 10 Zoo board; additional powers.** Authorizes the zoo board to establish a schedule of charges for admission or use of the zoological garden or related facilities without legislative approval.
- 11 Taconite mining grants.** Reduces the appropriation for taconite mining grants in fiscal year 2003 and thereafter by \$100,000 annually.
- 12 Processing payments; definitions.** Provides a definition for the term "processing facility." Also, specifies that the term "county" includes a consortium of counties operating under a solid waste management joint powers agreement. Sections 12, 13, and 14 are effective July 1, 2002.
- 13 Processing payments; eligibility.** Amends the current processing payment statute to make several counties eligible for processing payments. To be eligible under this amended language, a county must not qualify under the previous language and must have constructed a processing facility. Specifies that the payment for these counties is to be \$5 per ton of mixed municipal waste generated in the county and delivered under contract with the county.
- 14 Processing payments; WLSSD.** Specifies that sanitary districts are eligible to receive processing payments.
- 15 Water quality permit fees.** Directs the pollution control agency to increase fees for water quality permits, effective July 1, fiscal year 2002.
- 16 Repealers.** Repeals
 - Minnesota Statutes, section 103B.3369, subdivisions 7-8: The Board of Water and Soil Resources rules and priorities for grant requests for the local water resources protection and management program.
 - Minnesota Statutes, section 103F.461: BOWSR groundwater education activities coordination with local units of government and a report to the legislature.
 - Minnesota Statutes, section 103G.2373: DNR and BOWSR annual wetland and public waters wetland report to the legislature.
 - Minnesota Rules 8405.0100-8405.0230: BOWSR local water protection and management

grants program that is repealed above in Minnesota Statutes, section 103B.3369, subdivisions 7-8.

17 Effective date. Specifies that, except as otherwise specified, this act is effective the day following final enactment.

Article 9: Agriculture and Rural Development

Overview

Analyst: Sam Rankin, 651-296-5047

This article details funding reductions for the Department of Agriculture, the Ethanol Producer Payment program, the Minnesota Horticulture Society, and the Agricultural Utilization Research Institute (AURI). Agriculture department administration and programs are reduced \$879,000 in the current biennium and \$1,667,000 in the 2004-05 biennium. Ethanol producer payments in fiscal year 2005 are reduced from \$0.20 per gallon to \$0.19 per gallon for a projected savings of \$1,648,000. The Horticulture Society takes a one-time reduction of \$16,000 in fiscal year 2003. AURI funding is reduced \$801,000 for the current biennium and the lower amount becomes its base funding level for future years.

A technical amendment provides for remaining balances and future repayments from obsolete dedicated accounts to flow into appropriate accounts in the consolidated agricultural fund created in 2001.

The remaining balance in a disaster recovery account is transferred to an existing program of loans for manure digester technology.

1 Agricultural appropriations and reductions. This section explains the layout of appropriations and cuts in subsequent sections.

2 Agriculture.

Subd. 1. Total reductions. Reductions in fiscal year 2002 amount to \$26,000 and in fiscal year 2003 are \$810,000.

Subd. 2. Protection services division. Cuts in FY 2003 are \$250,000, and the new base funding for future fiscal years is \$11,451,000.

Subd. 3. Agricultural marketing and development division. Cuts in FY 2002 for the division are \$21,000, increasing to \$71,000 in FY 2003. Base funding for the division is \$5,530,000 beginning July 1, 2003.

Subd. 4. Administrative and financial assistance divisions. Cuts are \$5,000 in FY 2002 and \$489,000 in FY 2003. Specific reductions are made in the family farm security interest payment adjustment appropriation; grants to agricultural information centers; and a 2001 appropriation for the seaway port authority of Duluth. Base level funding beginning in fiscal year 2004 is \$4,344,000.

Subd. 5. Cancellations. \$43,000 remaining for grants to cooperatives for short rotation woody crops is cancelled to the general fund.

Subd. 6. Transfers. Transfers the cash balance in the ethanol development fund to the general fund. Transfers unneeded bond proceeds balances in the family farm security account (part by the end of FY 2002 and the rest by the end of FY 2004) to the debt service fund. Transfers part of the balance in the family farm security account to the general fund (\$50,000 by the end of FY 2003 and another \$410,000 by the end of FY 2005).

3 Minnesota horticulture society. Makes a one-time reduction (for FY 2003) of \$16,000.

4 Agricultural utilization research institute. Reduces the appropriation by \$400,000 in FY 2002 and \$401,000 in FY 2003. \$20,000 of this amount is from the hybrid tree management research and

development program. The new base funding level beginning in FY 2004 is \$3,717,000.

- 5 Agricultural and environmental revolving accounts.** Laws 2001 created an agricultural fund and pooled a number of separate ag-related funds into it. However, that legislation failed to include language transferring all remaining balances from the separate accounts into the new agricultural fund, and also failed to provide that repayments to the separate accounts should be deposited in the new agricultural fund. This section amends the law to make these transfers and deposit instructions.
- 6 Ethanol producer payments.** Ethanol producer payments are reduced from \$0.20 to \$0.19 per gallon beginning in fiscal year 2005. [this section has a delayed effective date.]
- 7 Transfer of funds; deposit of repayments.** The remaining balance in the disaster recovery revolving fund is transferred to the manure digester loan account in section 17.115.
- 8 Repealer.** Section 41B.047, subdivision 2 (the disaster recovery revolving fund) is repealed.
- 9 Effective date.** Except for section 6, this article is effective the day following final enactment.

Article 10: State Government Appropriations Overview

Analyst: Mark Shepard, 651-296-5051

This article contains appropriations and appropriation reductions for agencies under the jurisdiction of the State Government Finance Committee. Significant language items include reductions in professional or technical service contracts in sections 36 and 37, and a hiring freeze in section 38.

- 1 Appropriations and reductions.** Summarizes appropriations and reductions.
- 2 Legislature.**
- 3 Secretary of state.** Provides that budget reductions shall not come from revenue producing programs or elections.
- 4 Governor.** Provides no funding may be used for the Washington D.C. office.
- 5 State Auditor.**
- 6 State Treasurer.**
- 7 Attorney General.** Requires the attorney general, in consultation with the affected agencies, to prepare a plan for ending partnership agreements with agencies, and to submit the plan to the legislature by November 15, 2002.
- 8 Board of Government Innovation and Cooperation.**
- 9 Office of strategic and long-range planning.**
- 10 Administration.**
- 11 Finance.** Provides for a transfer to the dedicated worker program.
- 12 Employee relations.**
- 13 Revenue.**
- 14 Amateur Sports commission.**
- 15 Humanities commission.**
- 16 Board of the arts.**
- 17 Military affairs.**
- 18 Veterans affairs.**
- 19 Minnesota state retirement system.** Specifies reduction of an open appropriation for judges not participating in the postretirement fund. A later section of the bill provides that all retired judges will

participate in the postretirement fund.

20 Campaign finance and public disclosure board.

21 Investment board.

22 Capitol area architectural and planning board.

23 Lawful gambling control board.

24 Minnesota racing commission.

25 Tort claims.

26 Contingent accounts.

27 Legislative intent. States intent that unless otherwise provided base reductions be distributed across agency accounts without a disproportionate reduction to a single program, and that budget reductions should be made with an emphasis on cutting administrative and overhead expenses and with as little impact as possible on programs and services.

28 Citizenship and volunteer services. Strikes reference to the office of citizenship and volunteer services advisory committee, because the bill repeals the office.

29 Warrants. Provides that payees receiving more than ten payments or \$10,000 per year must supply the commissioner of finance with their bank routing information to enable payments to be made through an electronic fund transfer.

30 Building code. Inserts reference to certain building code proceeds being deposited in the general fund, instead of a special revenue fund, correcting a mistake made in drafting of the 2001 law.

31 Building code. Inserts reference to certain building code proceeds being deposited in the general fund, instead of a special revenue fund, correcting a mistake made in drafting of the 2001 law.

32 Citizenship and volunteer services. Strikes reference to the office of citizenship and volunteer services, because the bill repeals the office.

33 Citizenship and volunteer services. Strikes reference to the office of citizenship and volunteer services advisory committee, because the bill repeals the office. Inserts reference to board of aging consultation with the commissioner of human services instead.

34 Postretirement fund. Requires all judges receiving pension benefits to receive the benefit from the postretirement investment fund.

35 RiverCentre repayments. Provides that loan repayments from the city of St. Paul in connection with the RiverCentre will be deposited in the general fund, rather than in a youth activities account.

36 Reduction in contract expenditures. Requires the governor to reduce planned executive agency general fund expenditures on professional or technical service contracts by at least \$35 million during the current biennium. Requires the governor to allocate this reduction among executive agencies, including MnSCU.

37 Moratorium on consultant contracts. Provides that an entity in the executive branch may not enter into a new contract or renew an existing contract for professional or technical services before July 1, 2003. There are exceptions for contracts that relate to a threat the public health, welfare or safety, or that are paid for entirely with federal funds previously received. Also, an entity may apply for a waiver, which the commissioner of administration may grant upon a finding that the contract is necessary. Requires monthly reporting of waivers.

38 Hiring freeze. Provides that an executive or legislative branch employer may not hire any permanent or temporary employees before July 1, 2003. This does not apply to MnSCU. This does not apply to a student in a work-study position or to a position that is necessary to perform essential services, as determined by leadership in the legislative branch, by a constitutional officer with respect to their employees, or by the governor with respect to another executive employee. Requires reporting on

waivers.

Provides that the legislature anticipates that application of this section to executive branch agencies and the MnSCU will result in general fund savings of \$40 million during the biennium. Provides that if the governor determines that application of this section will not save \$40 million, the governor must make proportional reductions in executive agency operating budgets to achieve these savings.

39 Savings are additional. Provides that savings achieved from the freeze in state hiring or the reduction in state contracts are in addition to reductions in spending required by other sections of this article.

40 Repealers.

- 4.50: Office of citizenship and volunteer services
- 13.202, subd. 8; 465.795; 465.796; 465.797; 465.7971; 465.798; 465.799; 465.801; 465.802; 465.803; 465.83; 465.87; 465.88: Board of Government Innovation and Cooperation (effective July 1, 2002)
- 490.123, subd. 1d: appropriation on behalf of certain retired judges not participating in the postretirement fund (effective June 30, 2002)

41 Effective date. Except as provided in section 40, the article is effective the day following final enactment.

**Article 11: Courts
Overview**

Analyst: Jeff Diebel, 651-296-5041

This article contains appropriations/reductions for the courts. This article also increases the filing fee for civil suits and lawsuits brought in conciliation court.

1 Appropriations/Reductions. Specifies that the dollar amounts shown are added to or, if shown in parentheses, subtracted from the 2001 appropriations in the judiciary finance area.

2 Supreme Court. Contains riders to:

- reduce 2003 funding for civil legal services,
- reduce the base for the Supreme Court in the 2004-05 biennium, and
- specify that no portion of the reductions may come from money appropriated for the Minnesota criminal information system.

3 Court of appeals. Provides that the base shall be reduced for the 2004-05 biennium.

4 District courts. Provides that the base shall be reduced for the 2004-05 biennium. Also states that the reductions may be applied to the 2001 appropriations made to trial courts.

5 Human rights. Provides that the base shall be reduced for the 2004-05 biennium.

6 Fee amounts. Increases the filing fee for parties to a civil suit from \$122 to \$135.

7 Conciliation court fee. Increases the filing fee for parties to a lawsuit heard in conciliation court. For cases where the amount in dispute is less than \$2,000, the filing fee is increased from \$15 to \$25. For cases where the amount in dispute is more than \$2,000, the filing fee is increased from \$25 to \$35.

**Article 12: Economic Development
Overview**

Analysts: Linda Holmes, 651-296-5059
Wendy Simons, 651-296-5052

This article contains the reductions for the economic development portion of the budget. It also postpones the reorganization of the departments of economic security and trade and economic development until at least the summer of 2003.

1 Appropriations and reductions.

2 Trade and economic development.

Subd. 1. Total appropriation.

Provides for \$80,000 reduction in the first year and a \$190,000 reduction in the second year for administrative costs, with another \$200,000 each year in reductions in 2004 and 2005. \$146,000 the first year is strike salary savings.

Subd. 2. Business and community development.

The base funding for the Minnesota investment fund is reduced by \$500,000 in each year of the 2004-2005 biennium. \$150,000 is added to the base for the rural policy and development center, beginning in 2004.

Subd. 3. Minnesota Trade Office. \$43,000 the first year and \$270,000 the second year. There is an additional \$50,000 each year in base reductions in the 2004-2005 biennium.

Subd. 4. Workforce development.

\$250,000 is appropriated for the ISEEK program.

Subd. 5. Office of Tourism.

Specifies that the reduction cannot be taken from the grant for the Mississippi River Parkway Commission given last session. Provides for a reduction in the office's base budget of \$350,000 each year in 2004-2005. \$20,000 the second year is a reduction to the snowbate program. Sets the future base for the program.

Subd. 6. Information and analysis. \$100,000 each year.

Subd. 7. Administrative support. \$15,000 the first year and \$16,000 the second year.

Subd. 8. Dislocated worker program. Provides for a transfer of \$13,200,000 from the general fund into the workforce development fund within 14 days of enactment.

Subd. 9. Biomedical innovation and commercialization initiative. Cancels a \$10,000,000 appropriation for this project, effective the day following final enactment.

3 Minnesota Technology, Inc. There is a base reduction of \$750,000 the second year.

4 Economic security. Total reductions of \$80,000 the first year and \$559,000 the second year.

Subd. 1. Total appropriation.

Provides for base reductions of \$200,000 in 2004 and then another \$400,000 in 2005 as a result of reorganization of state agencies.

Subd. 2. Workforce services. Reduction of \$500,000 each year in the 2004-2005 biennium for the Minnesota youth program.

Provides for base reductions of \$428,000 for each year of the 2004-2005 biennium.biennium.

Base funding for the displaced homemaker programs cannot be reduced.reduced.

Subd. 3. Workforce rehabilitation services. \$204,000 the second year.

Subd. 4. Workforce services for the blind. \$127,000 the second year.

Subd. 5. Strike salary savings. \$80,000 the first year.

5 Housing finance agency. \$216,000 the second year. Includes rider language directing the agency to take the reductions across programs without disproportionate impact on any particular program, and to focus on reductions in administrative and overhead expenses.

6 Commerce. \$44,000 the first year and \$104,000 the second year for administrative reductions. \$59,000 the first year and \$147,000 the second year from weights and measures reductions. \$50,000 the first year and \$125,000 the second year are administrative cost savings. There is an additional \$25,000 reduction each year for the 2004-2005 biennium. \$353,000 the first year is for strike salary savings.

7 Labor and industry.

\$70,000 the first year and \$141,000 the second year are for staff reductions.

\$100,000 the second year is a transfer from the workforce development fund for administrative costs related to apprenticeship.

8 Bureau of mediation services. \$30,000 each year to reduce labor-management cooperation grants. Sets the base for this program in the 2004-2005 biennium.

9 Minnesota historical society.

Subd. 1. Total appropriation. \$400,000 each year.

Subd. 2. Education and outreach. \$224,000 the first year and \$224,000 the second year.

Subd. 3. Preservation and access. \$176,000 the first year and \$176,000 the second year.

10 Cancellations.

Subd. 1. Journey travel information system. Cancels an appropriation to the office of tourism for this program.

Subd. 2. Rural policy development center fund. Transfers \$1,000,000 each fiscal year in the 2004-2005 biennium from this fund to the general fund.

Subd. 3. Real estate education, research, and recovery fund. Transfers \$3,200,000 from this fund to the general fund.

Subd. 4. World trade conference center. Transfers all special revenue accounts related to this program to the general fund.

11 Fee for real estate fund. Reduces the fee paid by realtors.

12 Economic security contingent account. Provides for the transfer of the remainder of this fund (after a previously determined transfer to the workforce development fund) into the general fund, rather than remaining in the department.

13- Merger. Postpones the merger of the departments of economic security and trade and economic

16 development until July 1, 2003 at the earliest. Prohibits the governor from reorganizing DES by executive order until that date.

17 Effective date. The article is effective the day following final enactment unless otherwise provided.

Article 13: Cancellations, Transfers, and Adjustments

Overview

Analyst: Kathy Novak, 651-296-9253

This article increases the general fund by canceling all or some of the balances of certain state accounts, funds, and appropriations including all of the budget reserve and a portion of the cash flow account. This article authorizes borrowing from the tobacco endowment fund for budget shortfalls. The article also eliminates inflation from future budget forecasts and requires the cash flow account and budget reserve to be replenished if a budget surplus exists.

- 1- Inflation allowance.** Remove the inflation allowance from future budget forecasts.
- 2**
- 3 Cash flow account; restoration.** Authorizes the commissioner of finance to begin restoring the cash-flow account up to \$350 million beginning July 1, 2003. This is required because section 7 cancels \$195 million of the current cash-flow account balance of \$350 million to the general fund.
- 4, Budget reserve account.** Set the amount of the budget reserve at \$653 million and provide for it to
- 5** be replenished if a future forecast shows there will be a positive balance in the general fund at the close of the biennium. This is necessary because section 7 cancels the current \$653 million balance to the general fund.
- 6 Borrowing from accounts.** Authorize the commissioner of finance to borrow from the tobacco use prevention and local public health endowment fund to meet cash-flow needs of the general fund, beginning July 1, 2003. Any transfers must be returned by the end of the biennium.
- 7 Unobligated balances.** Cancels to the general fund the unobligated balances in the cash-flow account, the budget reserve, the local government aid reform account, the tax relief account, and \$195 million of the unobligated balance in the cash flow account.
- 8 TIF grant fund.** Cancels the FY 2002 and 2003 appropriations to the TIF grant account (\$91 million in FY 2002 and \$38 million in FY 2003).
- 9 Transfers to general fund.**
 - Subd. 1. Assigned risk plan.** Transfers to the general fund \$120 million in assets of the assigned risk plan. Directs \$25.1 million of the transfer to fund the settlement of the lawsuit and to reimburse the tort claims account for payments to implement the settlement.
 - Subd. 2. Special compensation fund.** Transfers to the general fund after June 1, 2003, \$230 million in assets of the excess surplus account of the special compensation fund for workers compensation.
 - Subd. 3. Repealer.** Repeals a section of a 2000 law that prohibited transfer of assets in the excess surplus account before June 1, 2003.
- 10 Busway appropriation.** Reduces the FY 2001 appropriation for an exclusive busway in St. Paul from \$25 million to \$4 million and cancels the FY 2002 appropriation of \$19 million.
- 11 Repealer.** Repeals
 - Minnesota Statutes 2001 Supplement, section 16A.1523, is the local government aid reform account
- 12 Effective date.** Makes the article effective the day following final enactment, except that the authorization to borrow from the tobacco endowments is effective July 1, 2003.

Article 14: Continuing Care and Long Term Care Overview

Analyst: Randall Chun, 651-296-8639

Provisions in this article: Modify the criteria and procedures for providing variable rate adjustments for ICFs/MR (sections 1 to 4, 14 to 18).

Increase the amount raised by the surcharge on licensed nursing home beds and

intergovernmental transfers from counties that own and operate nursing homes (sections 5, 8 to 10).

Require the commissioner to provide the equivalent of a 180-day delay in reassigning slots for the MR/RC waiver, and requires new MR/RC waiver diversion slots to be authorized in January, rather than July of each year (sections 6 and 20).

Require counties, beginning January 1, 2003, to pay for 20 percent of the cost of nursing facility placements for persons with disabilities under age 65 that exceed 90 days (section 7).

Delay by one year (until July 1, 2003) the date for dissemination of long-term care quality profiles and also delays by one year (until July 1, 2004) the date for implementing a quality profile system for long-term care providers other than nursing homes (sections 12 and 13).

Delay by one year (until July 1, 2004) implementation of a new performance based contracting system for nursing facilities (section 19).

Make other changes related to continuing and long-term care initiatives.

- 1 Host county responsibility.** Amends § 252.282, subd. 1. Eliminates the requirement that a local system needs plan be amended when recommendations are made for ICF/MR rate adjustments exceeding 90 days duration (these adjustments are eliminated elsewhere in the article).
- 2 Recommendations.** Amends § 252.282, subd. 3. Requires county recommendations for ICF/MR rate increases in cases of closure, relocation, or downsizing contain documentation that supports the payment rate increase, and also eliminates a reference to recommendations for rate adjustments exceeding 90 days.
- 3 Statewide advisory committee.** Amends § 252.282, subd. 4. Requires the statewide advisory committee for local system needs planning to establish guidelines for ICF/MR rate adjustments and state policy directions for providing services to persons with developmental disabilities. Requires the committee to ensure that cost projections are within the limits of the legislative appropriation. Clarifies language and eliminates the requirement that the advisory committee submit recommendations to the commissioner within 60 days of the deadline.
- 4 Responsibilities of the commissioner.** Amends § 252.282, subd. 5. Requires the commissioner to notify counties and providers to submit requests for ICF/MR payment rate adjustments no less than biannually (current law requires this to be done twice each calendar year).
- 5 Nursing home license surcharge.** Amends § 256.9057, subd. 1. Authorizes an increase in the nursing home license surcharge. The increase must be adequate to ensure a net gain to the general fund of \$9,620,000 in fiscal year 2004, and of \$10,228,000 in succeeding years as a result of:
 - increased county intergovernmental transfers authorized in this bill;
 - increased county nursing home payment adjustments authorized in this bill;
 - the surcharges under this section; and
 - nursing facility rate increases authorized in this bill to offset the surcharges
- 6 Allocation of new diversions and priorities for reassignment of resources for the home and community-based waiver for persons with mental retardation or related conditions.** Amends § 256B.0916, subd. 5. Effective July 1, 2002, requires the commissioner to: (1) authorize spending for new MR/RC waiver diversion slots beginning in January of each year (rather than in July); and (2) manage the reassignment of MR/RC waiver slots resulting from persons leaving the waiver in a manner that results in the cost reduction equivalent of delaying reuse of the slots by 180 days. Strikes

language related to approval of increased county capacity (this is related to the repeal of § 256B.0916, subdivisions 1 and 6, in article 4).

- 7 Division of cost.** Amends § 256B.19, subd. 1. Effective January 1, 2003, requires counties to contribute 20 percent of the non-federal share of the costs of nursing facility placements for persons with disabilities under age 65 that have exceeded 90 days.
- 8 Portion of nonfederal share; certain counties.** Amends § 256B.19, subd. 1d. Increases by \$10,784 per bed the intergovernmental transfer collected from certain counties that own and operate nursing homes. The transfer payments must be made before noon each May 31. The Department of Human Services (DHS) may reduce the transfer amounts on a per-bed basis as long as the transfer is equivalent to the payment back to the counties authorized in this article.
- 9 County nursing home payment adjustments.** Amends § 256B.431, subd. 23. Increases county nursing home payment adjustments by \$29.55 per bed per day. The adjustments are paid to counties after noon each May 31. The commissioner may reduce the payments in order not to exceed the Medicare upper payment limits. The reductions must be proportional to reductions in intergovernmental transfers.
- 10 Nursing home facility rate increases effective July 1, 2003.** Amends 256B.431, by adding subd. 37. Provides a nursing facility rate increase equal to the surcharge increase authorized in this article, converted to a per-day amount, and divided by .80.
- 11 Planning and development of community-based services.** Amends 256B.437, subd. 2. Modifies language adopted in 2001 establishing planning requirements related to downsizing the nursing facility industry and establishing county alternatives. County plans must be submitted biennially instead of annually, and area agencies on aging and SAIL projects must provide comment within 60 days of the submission.
- 12 Development and implementation of quality profiles.** Amends 256B.439, subd. 1. Delays by one year, until July 1, 2004, the development of a quality profile system for providers of long-term care services other than nursing facility services.
- 13 Dissemination of quality profiles.** Amends 256B.439, subd. 4. Delays by one year, until July 1, 2003, the implementation of a quality profile system for providers of nursing facility services.
- 14 Variable rate adjustments.** Amends § 256B.5013, subd. 1. Modifies the criteria and procedures for providing variable rates adjustments for ICFs/MR. These modifications:
 - limit the extent to which variable rate adjustments can be provided for persons admitted to a facility who require additional resources;
 - prohibit facilities with base rates above the 50th percentile of the statewide average rate for the facility class from receiving variable rate adjustments;
 - limit rate adjustments to one year, except in cases of retirement from day training and habilitation services;
 - specify that adjustments approved solely on the basis of changes on a developmental disabilities screening document end of June 30, 2002;
 - clarify current language defining situations under which a rate adjustment can be provided;
 - require facilities to report to county case managers quarterly on the use of variable rate funds and the status of the individual for whom funds are provided; and
 - require funds not used by the facility to meet the needs of the individual to be returned to the state.
- 15 Other payment rate adjustments.** Amends § 256B.5013, subd. 2. Clarifies that it is the commissioner who adjusts rates, and limits funds for adjustments to those made available through a legislative appropriation and published in the state register.

- 16 Temporary rate adjustments to address occupancy and access.** Amends § 256B.5013, subd. 4. Modifies criteria for temporary rate adjustments, effective July 1, 2002, by reducing from 90 to 75 days the period for which an adjustment can be paid and limiting adjustments to facilities that have an occupancy rate of at least 75 percent.
- 17 Required occupancy data.** Amends § 256B.5013, subd. 5. Requires facilities to maintain and submit monthly occupancy bed use data by client, in a format determined by the commissioner. Eliminates more detailed language related to rate adjustments.
- 18 Commissioner's responsibilities.** Amends § 256B.5013, subd. 6. Specifies the commissioner's duties related to rate adjustments and facility closure, downsizing, and relocation. Directs the commissioner to: (1) act on requests for variable rate adjustments within 30 days; (2) notify facilities and county case managers of the duration and conditions of variable rate adjustments; (3) modify MMIS II service agreements to provide reimbursement for variable rates; (4) provide notice of legislatively appropriated funding for facility closures, downsizing, and relocation; (5) assess the fiscal impact of proposals for closures, downsizing, and relocation; and (6) review the payment rate process biannually and recommend to the legislature necessary adjustments to the review and approval process.
- 19 Development of new nursing facility reimbursement system.** Amends Laws 2001, First Special Session, chapter 9, article 5, section 35. Delays for one year, until January 15, 2004, the deadline for DHS to develop a new nursing facility reimbursement system.
- 20 Repealer.** Repeals section 256B.0916, subd. 1. (Requirement that the waiting list for home and community based services for persons with mental retardation and related conditions be reduced or eliminated by June 30, 2003.)

Article 15: Health Care Overview

Analyst: Randall Chun, 651-296-839

Provisions in this article:

Require \$4.85 million each year to be transferred from the academic health center account to the commissioner of health for medical education, and requires the academic health center to receive funds for medical education equal to the amount of the transfer, plus interest earnings (sections 1 and 3).

Give the commissioner of human services authority to enter into supplemental rebate contracts with drug manufacturers, and to require prior authorization for drugs from manufacturers that have not signed supplemental rebate contracts (section 4).

Reduce MA and GAMC fee-for-service payments to hospitals for inpatient and outpatient services by one-half percent, effective July 1, 2002 (sections 5 and 14).

Modify MA asset transfer requirements (sections 6 to 12).12).

Require a five percent withhold for prepaid MA and GAMC payments, and a ½½ percent withhold for MinnesotaCare managed care payments, pending completion of performance targets (sections 15 and 23).

Effective January 1, 2003, reduce prepaid MA and prepaid GAMC payment rates for nonmetropolitan counties from 89 to 87 percent of the metropolitan county rate, excluding Hennepin county (section 16).

Transfer specified amounts from the University of Minnesota to the commissioner of human services, and require the commissioner to increase capitation rates by these amounts and transfer the same amounts to the medical education and research fund. Require the commissioner of health to transfer those amounts to the University of Minnesota, for clinical graduate medical education (sections 2, 17, and 18).

Effective January 1, 2003, reduce MA and GAMC payments to managed care plans by one-half percent (section 19).

Eliminate the exemption for certain children from MinnesotaCare premiums, for the first 12 months following termination from MA. Increase, from 150 percent to 175 percent of the federal poverty guidelines, the income limit under which children on MinnesotaCare are exempt from certain insurance barriers and qualify for reduced premiums (sections 21, 22, 24, 25, and 27).

- 1 Distribution of funds.** Amends § 62J.692, subd. 4. Requires the commissioner of health to distribute money received from the academic health center, plus interest earnings, to the University of Minnesota board of regents.
- 2 Transfers from the commissioner of human services.** Amends § 62J.692, subd. 7. Requires the additional money transferred from state health care program capitation rates to the medical education and research fund in section 256B.69, subdivision 5c, paragraph (a), clause (3) to be distributed by the commissioner of health to the University of Minnesota board of regents for clinical graduate medical education.
- 3 Expenditure; academic health center account.** Amends § 62J.694, subd 2a.. Transfers \$4.85 million annually from the academic health center account to the commissioner of health, for distribution as provided under section 62J.692, subd. 4.
- 4 Specific powers.** Amends § 256.01, subd. 2. Gives the commissioner of human services authority to administer a supplemental drug rebate program for drugs purchased under MA and the prescription drug program. Allows the commissioner to enter into supplemental rebate contracts, and to require prior authorization for drugs from manufacturers that have not signed supplemental rebate contracts.
- 5 Payments.** Amends § 256.969, subd. 3a. Reduces the total MA and GAMC payment rate (before third party liability and spenddown) for inpatient hospital services by .50 percent, for fee-for-service admissions occurring on or after July 1, 2002.
- 6 Asset limitations for elderly and disabled individuals.** Amends § 256B.056, subd. 3. For purposes of the MA burial expense exclusion, requires burial expenses funded by annuity contracts or life insurance policies to designate the individual's estate as the contingent beneficiary to the extent proceeds are not used for payment of selected burial expenses.
- 7 Definitions.** Amends § 256B.059, subd. 1. For purposes of provisions governing the division of assets between spouses, provides a definition of "for the sole benefit of" and also applies all the definitions in the subdivision to section 256B.0595 dealing with prohibitions on transfers.
- 8 Community spouse asset allowance.** Amends § 256B.059, subd. 3. Makes a conforming change related to the definition of "for the sole benefit of."
- 9 Asset availability.** Amends § 256B.059, subd. 5. Limits the value of assets that can be transferred from an institutionalized spouse to a community spouse to the limit for the community spouse asset allowance. Provides that assets that exceed this allowance are considered available to the institutionalized spouse. Makes conforming changes.
- 10 Prohibited transfers.** Amends § 256B.0595, subd. 1. Classifies as a prohibited transfer, for purposes of MA eligibility, the purchase on or after March 1, 2002 of an annuity that: (1) is not purchased

from an insurance company or financial institution regulated by a state; (2) does not pay out principal and interest in equal monthly installments; or (3) does not begin payment at the earliest possible date after annuitization.

- 11 Period of ineligibility.** Amends § 256B.0595, subd. 2. Reduces from \$500 to \$200 the total value of uncompensated transfers that can be disregarded in any month.
- 12 Other exceptions to the transfer prohibition.** Amends § 256B.0595, subd. 4. Makes a conforming change related to the definition of "for the sole benefit of."
- 13 Drugs.** Amends § 256B.0625, subd. 13. Moves existing language specifying the duties of the formulary committee and allows the commissioner to request prior authorization based on the cost of a drug. Requires the commissioner to provide the formulary committee with information on the impact placing a drug on prior authorization will have on program costs.
- 14 Facility fee for outpatient hospital emergency room and clinic visits.** Amends § 256B.32. Reduces the total payment rate (before third party liability and spenddown) for outpatient hospital services by .50 percent, for fee-for-service services provided on or after July 1, 2002.
- 15 Managed care contracts.** Amends § 256B.69, subd. 5a. Effective for services provided on or after January 1, 2003, requires the commissioner to withhold 5 percent of PMAP and prepaid GAMC payments, pending completion of performance targets. Requires the funds withheld to be returned by July of the following year if targets are met, and allows the commissioner to exclude demonstration projects for the elderly and persons with disabilities.
- 16 Prospective reimbursement rates.** Effective on or after January 1, 2003, reduces capitation rates for nonmetropolitan counties from 89 to 87 percent of the metropolitan rate, excluding Hennepin county.
- 17 Medical education and research fund.** Amends § 256B.69, subd. 5c. Beginning July 1, 2002, requires the commissioner of human services to transfer each year to the medical education and research fund an additional \$12.7 million from capitation rates. Beginning July 1, 2003, requires an additional \$4.7 million to be transferred.
- 18 Capitation rates.** Amends § 256B.69, by adding subd. 5f. Beginning July 1, 2002, increases capitation rates by \$12.7 million per year. Beginning July 1, 2003, increases rates by an additional \$4.7 million per year.
- 19 Payment for covered services.** Amends § 256B.69, by adding subd. 5g. Reduces MA and GAMC payment rates to managed care plans by .50 percent, for services provided on or after January 1, 2003. Excludes payments for nursing home services, home and community-based waivers, and payments to demonstration projects for persons with disabilities.
- 20 Hospital outpatient reimbursement.** Amends § 256B.75. Delays by one year (until July 1, 2003) implementation of an MA outpatient hospital payment system based on the Medicare outpatient prospective payment system and similarly delays presentation of the proposal to the legislature to define and implement the system. Provides additional language reducing outpatient hospital fee-for-service rates by .50 percent.
- 21 General requirements.** Amends § 256L.07, subd. 1. Allows children on MinnesotaCare with gross family incomes that do not exceed 175 percent of the federal poverty guidelines to be exempt from the requirement that an enrollee not have current access to employer-subsidized insurance, and not have had access through a current employer for 18 months (the current income limit is 150 percent). Provides a July 1, 2003 effective date.
- 22 Other health coverage.** Amends § 256L.07, subd. 3. Allows children on MinnesotaCare with family incomes that do not exceed 175 percent of the federal poverty guidelines to be exempt from the requirement that enrollees not have other health care coverage, if they meet the criteria for being "under-insured" (the current income limit is 150 percent). Provides a July 1, 2003 effective date.
- 23 Rate setting.** Amends § 256L.12, subd. 9. Effective for services provided on or after January 1,

2003, requires the commissioner to withhold .50 percent of MinnesotaCare managed care payments, pending completion of performance targets. Requires the funds withheld to be returned by July of the following year if targets are met.

- 24 Premium determination.** Amends § 256L.15, subd. 1. Effective July 1, 2002, eliminates a provision that would exempt children with incomes not exceeding 217 percent of the federal poverty guidelines from MinnesotaCare premiums, for the first 12 months following termination from MA.
- 25 Exceptions to sliding scale.** Amends § 256L.15, subd. 3. Increases from 150 to 175 percent of the federal poverty guidelines the income limit below which children on MinnesotaCare qualify for a reduced annual premium of \$48.
- 26** Amends Laws 2001, First Special Session, chapter 9, article 2, section 7. Delays, from January 1, 2002 to July 1, 2003, the increase in the income limit (from 120% to 135% of the federal poverty guidelines) for elderly persons enrolled in the prescription drug program.
- 27 Repealer.** Repeals section 256L.03 subd. 5a (no premium/\$5 copayment option for specified MinnesotaCare service for certain children).

Article 16: Miscellaneous Health

Overview

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This article amends statutes relating to fetal alcohol syndrome and regional treatment centers. It also repeals several health and human services statutes.

1 Professional training and education about fetal alcohol syndrome. Amends § 145.9266, subd. 3. Eliminates the duty of the commissioner of health to develop curricula about fetal alcohol syndrome for the professional training of health care and social services providers, educators, and other professionals.

2 Ah-Gwah-Ching, Willmar, and Fergus Falls regional treatment centers. Amends § 251.013, by adding subds. 4 and 5.

Subd. 4. Willmar. Specifies that it is the intent of the legislature that the Willmar regional treatment center continue operation in Willmar as a provider of mental health and chemical dependency treatment, and also as an operator of community-based programs for persons with developmental disabilities.

Subd. 5. Fergus Falls. Specifies that it is the intent of the legislature that the Fergus Falls regional treatment center continue operation as a downsized regional treatment center and to use state employees to operate and maintain the downsized facility.

3 Repealers.

Paragraph (a) repeals the occupational respiratory disease information system advisory group (section 144.6905) and the juvenile assessment centers grant program (section 145.475).

Paragraph (b) repeals on-site coordination services projects for congregate housing.

Paragraph (c) repeals the Work First Program.

Paragraphs (d) and (e) repeal the day training and habilitation reimbursement rate pilot project and related sections of law.

Article 17: Health and Human Services Appropriations

Overview

Article 17 includes forecast adjustments, appropriations, appropriation reductions, and budget riders for the Department of Human Services and the Minnesota Department of Health.

1 Appropriations by fund; Health and Human Services. Changes the following appropriations by the amounts shown:

	Fiscal Years		
	(dollars in millions)		
	2002	2003	Total
General fund forecast adjustments	\$13.759	\$36.283	\$50.042
General fund nonforecast	(\$1.386)	(\$54.038)	(\$55.424)
Health care access fund	\$13.881	\$8.410	\$22.291
State government special revenue	\$.075	\$0	\$.075
Federal TANF fund	\$7.406	\$9.482	\$16.888

2 Appropriations; commissioner of human services. Specifies the total human services appropriations and reductions, for all state funds and federal TANF funds, made in this article. Contains the following riders:

Transfer. (a) Of the general fund appropriations to the University of Minnesota in the higher education omnibus appropriation bill, specifies an amount in FY 2003 to be transferred to the commissioner for the capitation payments under the prepayment demonstration project (section 256B.69) and an amount in FY 2003 to be deposited in the general fund.

(b) Specifies an amount in FY 2004 and thereafter to be transferred to the commissioner for the capitation payments under the prepayment demonstration project (section 256B.69) and an amount in FY 2003 to be deposited in the general fund.

(c) Specifies that the transfers must not be made until the federal government approves certain medical education payments. Also specifies that this provision does not expire.

Non-metropolitan county prepaid medical assistance program rate reduction. Prohibits a demonstration provider from reducing payment rates to providers to reflect the reduction effective January 1, 2003, in rates paid to non-metropolitan counties.

Prescription drug program funding. Allows the commissioner to expend money for the prescription drug program in either fiscal year of the 2002-2003 biennium. Also requires the commissioner to administer the prescription drug program so that the costs are not more than the funds appropriated plus the drug rebate proceeds.

Commissioner of finance to recognize drug program projected need. Specifies that, for the November 2002 and February 2003 forecasts, the commissioner of finance must recognize in the fund balance the prescription drug program's projected spending for FY 2002 and FY 2003. Also requires the commissioner of finance, when establishing base level funding for the prescription drug program for the 2003-2004 biennium, to provide a base-level adjustment to reflect the program's projected spending, as reflected in legislative tracking documents.

Dental access grants carryover authority. Specifies that any unspent health care access fund appropriation in FY 2002 for dental access grants are carried forward to be spent in FY 2003.

Planning and service development. Eliminates the planning and service development grant for FY 2003. Sets the base-level funding for the 2004-2005 biennium. Beginning FY 2004, requires the commissioner to distribute a specified amount to each county and specifies how

the amounts are to be allocated. Also specifies the amount to be distributed to each area agency on aging.

Community services development grants. Reduces the base-level funding for community services development grants for FY 2003 and FY 2004. Sets the base-level funding for these grants in FY 2005 and for the 2006-2007 biennium. Also provides that this provision does not expire.

Federal funding for group residential housing costs. Requires the commissioner to seek federal funding to offset costs for group residential housing services. Specifies how any federal funding received must be distributed to counties. Requires the commissioner to report to the legislature by January 15, 2003 on the status of additional federal funding for group residential housing costs.

Consolidated chemical dependency treatment fund reserve transfer. Transfers an amount in FY 2003 from the consolidated chemical dependency treatment fund general reserve account to the general fund.

CSSA traditional appropriation reduction. Reduces the FY 2003 base-level funding for community social services aids. Specifies that this reduction becomes part of the base for the 2004-2005 biennium. Also provides that this provision does not expire.

CSSA grants for former GRH recipients. Reduces the FY 2003 base-level funding for community social service aids for former GRH recipients. Specifies that this reduction becomes part of the base for the 2004-2005 biennium. Also provides that this provision does not expire.

Day training task force. Eliminates the FY 2003 appropriation for the day training and habilitation restructuring task force.

TANF maintenance of effort. If the commissioner determines that the state will meet its federal TANF work participation rate for the federal fiscal year ending that September, requires the commissioner to reduce the state's maintenance of effort (MOE) expenditures to the extent allowed under federal law in FY 2004 and FY 2005. (Federal law allows a state to reduce its MOE expenditures from 80 percent to 75 percent of its historical spending on AFDC and related programs if it meets the federal work participation rate.)

3 Appropriations; commissioner of health. Specifies the total health department appropriations and appropriation reductions, for all state funds and federal TANF funds, made in this article. Contains the following riders:

One-time grant reductions. Of the appropriation reduction, a specified amount is from the FY 2002 appropriation for competitive grants to reduce health disparities in infant mortality rates and adult and child immunization rates. A specified amount is from the FY 2002 appropriation for competitive grants to reduce health disparities in breast and cervical cancer screening rates, HIV/AIDS and sexually transmitted infection rates, cardiovascular disease rates, diabetes rates, and rates of accidental injuries and violence. A specified amount is from the FY 2002 appropriation for community-based programs for suicide prevention.

Health care access fund administration. Reduces the health care access fund appropriation for administration by an amount each fiscal year of the 2002-2003 biennium.

Health care intern and career programs. Specifies an amount from the health care access fund appropriation in Laws 2001, First Special Session chapter 9, article 17, section 3, that is to be used in FY 2002 and FY 2003 for the summer health care intern program and for the promotion of health and long-term care careers program.

Health status improvement grants. Eliminates the funding for health status improvement grants.

Food safety. Eliminates the funding for a grant to the city of Minneapolis to establish a community-based health education and promotion program on food safety in certain communities.

4 Health-related boards. Specifies the total health-related boards appropriations made in this article. Contains the following riders:

No spending in excess of revenues. Prohibits the commissioner of finance from permitting 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. Provides that this provision and section 214.06 (statute governing fee adjustments for health-related boards) does not apply to transfers from the general contingent account.

Legal costs. Makes a one-time appropriation in FY 2002 to the board of chiropractic examiners to pay for extraordinary legal costs. Specifies that the amount does not become part of the base-level funding for the 2004-2005 biennium.

5 Sunset. Sunsets uncodified language in this article on June 30, 2003.

6 Effective date. Makes this article effective the day following final enactment.