

# House Research Act Summary

**CHAPTER:** 374

**SESSION:** 2002

**TOPIC:** Omnibus Budget Balancing Bill

**Date:** May 29, 2002

**Analyst:** See Overview of each Article

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## **Article 1: Education Aid Payment Delay Overview**

Analyst: Tim Strom, 651-296-1886

Article 1 changes the aid payment schedule for school districts. Under current law, most state aid promised to school districts (the aid entitlements) are paid 90 percent in the current year and 10 percent in the following year. This article pushes the current year aid percentage down to 83% of the aid entitlement, and follows with a 17% aid payment in the subsequent fiscal year.

- 1 Payment of aids to charter schools.** Reduces the percentage of state aid that is paid to a charter school during the current school year from 90% of the aid entitlement to 83% of the aid entitlement.
- 2 Definitions.** Reduces the percentage of state aid that is paid to a school district during the current school year from 90% of the aid entitlement to 83% of the aid entitlement. Removes the final adjustment from this subdivision.
- 3 Payment dates and percentages.** Increases the metering schedule for school district semi-monthly payments. Adds a new set of August and September final payments to the October final payment.
- 4 Advance final payment.** Creates a mechanism to provide advance final payments to school districts and charter schools that have negative fund balances and are adversely affected by the cash flow changes in the metering schedule.
- 5 Payments to school nonoperating funds.** Reduces the percentage of state aid that is paid to school districts for their aids due for nonoperating fund programs from 90% of the aid entitlement to 83% of the aid entitlement for that year.
- 6 Aid payment percentage.** Changes the aid payment schedule for special education excess cost aid by lowering the percentage paid in the current fiscal year from 90% to 70% of the district's aid entitlement for the second prior fiscal year. This change more closely matches the fiscal year in which the aid is appropriated to the fiscal year in which the aid is paid-and if past years' practices are continued, will not result in slower cash flow to school districts.
- 7 Nonpublic aids.** Reduces the percentage of state aid that is paid for nonpublic pupil aid from 90% of the aid entitlement to 83% of the aid entitlement for that year.
- 8 State nutrition programs.** Reduces the percentage of state aid that is paid for state nutrition from 90% of the aid entitlement to 83% of the aid entitlement for that year.

- 9 Payment to third parties.** Reduces the percentage of state aid that is paid for payment to third parties from 90% of the aid entitlement to 83% of the aid entitlement for that year.
- 10 Appropriation, advance final payment.** Appropriates \$17,500,000 from the general fund to the commissioner of children, families and learning to make advance final payments to qualifying school districts and charter schools under section 4.

## **Article 2: Early Childhood and Family Education**

### **Overview**

Analyst: Danyell A. Punelli, 651-296-5058

This article makes appropriations changes to Family and Early Childhood Education programs based on the February forecast and a shift in state aid payments to school districts from a 90/10 to an 83/17 split. Under current law, school district-based programs receive 90 percent of their state aid payment in the current fiscal year and the remaining 10 percent in the following fiscal year. This proposal would change the state aid payments so that programs would receive 83 percent of their state aid payment in the current year and the remaining 17 percent in the following fiscal year.

- 1 School readiness program revenue.** Beginning in 2003, changes school readiness state aid payments from a 90/10 split to an 83/17 split.
- 2 Early childhood family education aid.** Makes changes based on the February forecast. Beginning in 2003, changes early childhood family education state aid payments from a 90/10 split to an 83/17 split.
- 3 Health and developmental screening aid.** Beginning in 2003, changes health and developmental screening state aid payments from a 90/10 split to an 83/17 split.
- 4 School age care aid.** Beginning in 2003, changes school age care state aid payments from a 90/10 split to an 83/17 split.
- 5 MFIP child care.** Makes changes based on the February forecast.
- 6 Transition year families.** Reduces TANF appropriations based on updated program participation estimates.
- 7 MFIP social services child care.** Reduces TANF appropriations based on updated program participation estimates.
- 8 Community education aid.** Makes changes based on the February forecast. Beginning in 2003, changes community education state aid payments from a 90/10 split to an 83/17 split.
- 9 Adults with disabilities program aid.** Beginning in 2003, changes adults with disabilities state aid payments from a 90/10 split to an 83/17 split.
- 10 Violence prevention education grants.** Beginning in 2003, changes violence prevention education grant payments from a 90/10 split to an 83/17 split.
- 11 Adult basic education aid.** Beginning in 2003, changes adult basic education state aid payments from a 90/10 split to an 83/17 split.
- 12 Adult graduation aid.** Makes changes based on the February forecast. Beginning in 2003, changes adult graduation state aid payments from a 90/10 split to an 83/17 split.
- 13 Basic support grants.** Beginning in 2003, changes library basic support grant payments from a 90/10 split to an 83/17 split.
- 14 Multicounty, multitype library systems.** Beginning in 2003, changes multicounty, multitype library system state aid payments from a 90/10 split to an 83/17 split.
- 15 Department of children, families, and learning.** Makes changes to TANF transfer language,

transferring TANF funds into the child care and development fund instead of directly to child care programs.

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

### **Article 3: K-12 Education Appropriations Adjustments Overview**

Analyst: Tim Strom, 651-296-1886

This article consists of adjustments to appropriations because of forecast changes and the change from the 90/10 appropriation split to the 83/17 appropriation split.

- 1 Debt service appropriation.** Changes the amount of the fixed, standing appropriation for debt service equalization aid to match the February 2002 forecast.
- 2 Referendum tax base replacement aid.** Changes the amount of the line item appropriation for referendum tax base replacement aid to match the February 2002 forecast.
- 3 General and supplemental education aid.** Changes the general education aid appropriation for FY 02 and FY 03 to reflect the 83/17 appropriation split.
- 4 Abatement aid.** Changes the amount of the line item appropriation for abatement aid to match the February 2002 forecast.
- 5 Nonpublic pupil aid.** Changes the amount of the line item appropriation for nonpublic pupil aid to match the February 2002 forecast and to correspond to the 83/17 appropriation split.
- 6 Nonpublic pupil transportation aid.** Changes the amount of the line item appropriation for nonpublic pupil transportation aid to match the February 2002 forecast and to correspond to the 83/17 appropriation split.
- 7 Consolidation transition aid.** Changes the amount of the line item appropriation for consolidation transition aid to match the February 2002 forecast and to correspond to the 83/17 appropriation split.
- 8 Charter school building lease aid.** Changes the amount of the line item appropriation for charter school building lease aid to match the February 2002 forecast and to correspond to the 83/17 appropriation split.
- 9 Charter school startup grant aid.** Changes the amount of the line item appropriation for charter school startup grant aid to match the February 2002 forecast and to correspond to the 83/17 appropriation split.
- 10 Charter school integration aid.** Changes the amount of the line item appropriation for charter school integration aid to match the February 2002 forecast.
- 11 Integration aid.** Changes the amount of the line item appropriation for integration aid to match the February 2002 forecast and to correspond to the 83/17 appropriation split.
- 12 Magnet school startup aid.** Changes the amount of the line item appropriation for magnet school startup aid to match the February 2002 forecast and to correspond to the 83/17 appropriation split.
- 13 Success for the future aid.** Changes the amount of the line item appropriation for the success for the future (American Indian programs) aid to match the February 2002 forecast and to correspond to the 83/17 appropriation split.
- 14 Tribal contract schools aid.** Changes the amount of the line item appropriation for tribal contract schools aid to match the February 2002 forecast and to correspond to the 83/17 appropriation split.
- 15 Special education aid.** Changes the amount of the line item appropriation for special education aid to match the February 2002 forecast and to correspond to the 83/17 appropriation split.
- 16 Aid for children with a disability.** Changes the amount of the line item appropriation for aid for

children with a disability to match the February 2002 forecast.

- 17 Travel for home-based services aid.** Changes the amount of the line item appropriation for travel for home-based services aid to match the February 2002 forecast and to correspond to the 83/17 appropriation split.
- 18 Special education excess cost aid.** Changes the amount of the line item appropriation for special education excess cost aid to match the February 2002 forecast and to correspond to the 70/30 appropriation split for this program.
- 19 Transition programs; students with disabilities.** Changes the amount of the line item appropriation for transition programs for students with disabilities to match the February 2002 forecast and to correspond to the 83/17 appropriation split.
- 20 Health and safety aid.** Changes the amount of the line item appropriation for health and safety aid to match the February 2002 forecast and to correspond to the 83/17 appropriation split.
- 21 Debt service equalization aid.** Changes the amount of the line item appropriation for debt service equalization aid to match the February 2002 forecast and to correspond to the 83/17 appropriation split.
- 22 Alternative facilities bonding aid.** Changes the amount of the line item appropriation for alternative facilities bonding aid to match the February 2002 forecast and to correspond to the 83/17 appropriation split.
- 23 School breakfast.** Changes the amount of the line item appropriation for the school breakfast program to match the February 2002 forecast.
- 24 Effective date.** Makes this article effective the day following final enactment.

#### **Article 4: K-12 Education Policy**

##### **Overview**

Analyst: Tim Strom, 651-296-1886

This article makes education policy changes and funding changes to selected K-12 education programs.

- 1 Uncommon schools serving students with chemical dependencies; allocation of funds.** Allows school districts to allocate additional funds from its undesignated general fund to a private contracted alternative program, including a private contracted alternative program that is tuition free and provides a comprehensive secondary academic program for students who have been assessed chemically dependent.
- 2 Responsibility allocated.** Changes references for a "visually disabled" child to "blind/visually impaired" child, and references to "hearing impaired" child to "deaf/hard of hearing" child for those attending the Minnesota State Academy for the Deaf or the Minnesota State Academy for the Blind.
- 3 Education program; tuition.** Clarifies the calculation for the amount of tuition charged to school districts by the Minnesota State Academies (this change conforms the statute to the current practice being followed by the academies).
- 4 Student count; tuition.** Clarifies that the State Academies must count all students eligible for special education services, including preschool students, for tuition purposes (the current statute excludes prekindergarten pupils). Allows the State Academies to claim the revised student counts retroactively to May 1, 1996. Deletes separate tuition calculations for elementary students and secondary students and creates a new tuition formula for all students that reflects current tuition allocation practices.
- 5 Calculation.** Makes a technical change to reflect the new tuition calculation in section 4 and updates a reference to the Minnesota State Academy for the Deaf and the Minnesota State Academy for the Blind.

- 6 Total operating capital revenue.** Extends the telecommunications access revenue program (TARP) reserve on \$5 of operating capital revenue for one more fiscal year.
- 7 Referendum equalization aid.** Limits a district's referendum equalization aid to 18.2 percent of the formula allowance (commonly called the referendum cap) for districts where the referendum equalization aid exceeds 90 percent of the referendum revenue.
- 8 Appropriations; Perpich Center for Arts Education.** Restores the Phase 1 reductions to the appropriation for the Perpich Center for Arts Education that were made in Laws 2002, Chapter 220. The amount restored is \$250,000 in FY2002 and \$500,000 in FY2003.
- 9 Referendum transfer adjustment.** Adjusts the referendum allowance for the Duluth school district for FY 2003 and later by adding \$42 per pupil to the district's allowance to account for \$500,000 of supplemental revenue that was negated beginning in FY 03 as a result of the effects of the \$415 roll-in of referendum revenue into the general education formula allowance enacted during the 2001 legislative session.
- 10 Declining pupil unit aid; Albert Lea.** Provides for declining pupil aid in the amount of \$300,000 in FY2003, \$225,000 in FY2004, \$150,000 in FY2005, and \$75,000 in FY2006 for the Albert Lea school district because of the closure of the Farmland Foods plant.
- 11 Declining enrollment; LTV closure.** Provides for declining pupil aid for the Mesabi East school district because of the closure of the LTV plant in Hoyt Lakes. The amount of aid is estimated at \$200,000 in FY 2003, \$150,000 in FY 2004, \$100,000 in FY 2005, and \$50,000 in FY 2006.
- 12 Fund transfer; Butterfield.** Allows the Butterfield school district to transfer up to \$117,000 in FY 2002 from its reserved for operating capital account to its undesignated fund balance.
- 13 Fund transfer; Truman.** Allows the Truman school district transfer up to \$500,000 in FY 2002 from its reserved for operating capital account to its undesignated fund balance.
- 14 Appropriation.**
  - (a) Appropriates \$300,000 in FY 2003 to the Albert Lea school district for declining pupil aid.
  - (b) Increases the general and supplemental education aid appropriation in FY 2003 by \$295,000 for the aid portion of the referendum transfer adjustment for the Duluth school district.
  - (c) Appropriates \$200,000 in FY 2003 to the Mesabi East school district for declining pupil aid.
- 15 Effective date.** Makes the article effective the day following final enactment.

## **Article 5: Higher Education**

### **Overview**

Analyst: Kathy Novak, 651-296-9253

This article appropriates general fund money for the projected shortfall in state appropriations for the state grant program. It clarifies the process for prorating student grants and requires transfers from other programs before reducing any student aid. The grant program provides need-based financial aid to eligible Minnesota post-secondary students.

- 1 Insufficient appropriation.** Clarifies the procedure used by the higher education services office to prorate state financial aid grants if the general fund appropriation for the program is less than is needed to make full awards. Reductions are made by adding a surcharge to the assigned family responsibility and a percentage increase to the assigned student responsibility.
- 2 State grant appropriation.** Appropriates \$5 million from the general fund to HESO for state financial aid grants for post-secondary education. The appropriation is added to the \$226 million appropriated in

2001 for the current biennium and the \$4.5 million appropriated in the first budget reconciliation act (chapter 220) for the current biennium..

Requires HESO to determine by July 1, 2002 the adequacy of funding for full grant awards under the state grant program and to transfer state appropriations from the work study program and child care aid as necessary to make full grant awards in the next fiscal and academic year. Transfers must be made before grant awards are reduced.

**3 Effective date.** Makes the article effective the day following final enactment.

## **Article 6: Environment and Natural Resources**

### **Overview**

Analyst: Mike Bull, 651-296-8961

This article: (1) makes changes to the funding source and distribution formula for the SCORE block grants; (2) transfers administration of the household hazardous waste program from the PCA to the OEA; makes a technical correction with regard to PCA's water quality permit fees; and (4) encourages the governor to consider making the governor the appointing authority of the director of the OEA.

**1 SCORE block grants; appropriation shift.** Cancels \$9,000,000 of the fiscal year 2003 general fund appropriation to the Office of Environmental Assistance (OEA) for the county waste reduction and recycling funding program (commonly known as the SCORE grants).

Replaces these funds with a \$9,000,000 appropriation from the solid waste fund to the OEA for SCORE grants. Specifies that these are one-time actions, and that \$9,000,000 must be restored to the general fund budget base for fiscal year 2004. Specifies that this provision is effective immediately.

**2 SCORE block grants; distribution formula.** Amends the SCORE block grant program to adjust for any reduction in funds from 2001 levels. Specifies that all counties will receive a proportionate reduction in funding from 2001 levels, including those who previously received the minimum level of \$55,000 per year. Specifies that this provision is effective immediately.

**3 to 7; 9 Household hazardous waste management programs; transfer to OEA.** Transfers the administration of the household hazardous waste program from the Pollution Control Agency (PCA) to the OEA. Section 9 provides for the transfer of the program and specifies that base funding for the program shall be from the solid waste fund. Sections 3 to 7 provide conforming changes. Specifies that these sections are effective July 1, 2003.

**8 Water quality permit fees.** Corrects an error in Laws 2002, chapter 220. This section reduces the permit fee for a major municipal facility water quality permit (more than 50 million gallons of flow per day) from \$175,750 to \$175,500. This change will make the law conform to the fee schedule proposed by the pollution control agency. Specifies that this provision is effective immediately.

**10 Gubernatorial appointment of director of OEA; evaluation.** Encourages the governor to evaluate the advantages and disadvantages of making the governor the appointing authority for the director of OEA, instead of the commissioner of the pollution control agency, as is the case under current law. Specifies that this provision is effective immediately.

## **Article 7: State Government**

### **Overview**

Analyst: Mark Shepard, 651-296-5051

**1 State government appropriations.** Summarizes appropriations by fund.

**2 Legislature.** Reduces appropriations to the Senate by \$1 million in fiscal year 2002 and by \$1

million in fiscal year 2003. Reduces appropriations to the House by \$2 million in fiscal year 2002 (\$1 million of this reduction is from amounts previously carried forward) and by \$1 million in fiscal year 2003.

- 3 Governor.** Appropriates \$375,000 in fiscal year 2003: \$200,000 to reopen the governor's residence and make it available for public use, and \$175,000 to the commissioner of public safety for security at the governor's residence.
- 4 Administration.** Cancels \$2 million from the state building code account in the special revenue fund to the general fund.
- 5 Uniform Laws Commission.** Appropriates \$10,000 to the commission.
- 6 Grants.** Permits encumbrances for grants issued by June 30 to be carried forward for one year beyond the year in which the funds were originally appropriated. Provides that services rendered under grant contracts may occur during the certification period.
- 7 Governor's residence.** Provides that a nonstate entity using the governor's residence must pay the state for all direct and indirect costs associated with use of the facility.
- 8 Voluntary unpaid leave.** Under current law, an appointing authority may permit a state employee to take up to 160 hours of unpaid leave during the biennium while continuing to accrue benefits such as vacation and sick leave and pension credit, and remaining eligible for insurance. This section increases the limit from 160 to 320 hours.
- 9 Governor's Washington office.** Repeals prohibition against funding for operation of the Governor's Washington D.C. office.
- 10 Reduction in contract expenditures.** Amends the Phase I 2002 law dealing with reduction in consultant contract expenditures. Under the amended language, mandated savings are \$28.3 million instead of \$35 million, in recognition of a new exemption of MnSCU and HESO. Provides that if the governor determines that these savings cannot be achieved, the governor must make proportional reductions to executive agency operating budget to achieve the savings.
- 11 Moratorium on consultant contracts.** Amends the Phase I 2002 law that created a moratorium on state contracts for professional or technical services. Provides that the moratorium does not apply to MnSCU and the higher education services office,. Also provides that the moratorium does not apply to contracts the cost of which is entirely recovered from nonstate sources, or to a contract that is necessary to avoid a disruption of essential state functions, will reduce state costs, or is necessary to avoid a legal liability.

Provides that the governor, rather than the commissioner of administration, may grant a waiver. Requires monthly reporting of all exceptions, in addition to the reporting of waivers required under prior law.
- 12 Hiring freeze.** Provides that the state employee hiring freeze imposed in Phase I does not apply to an employee at a state correctional facility; an employee of the department of corrections who provides direct services to offenders; an employee of state operated services under the department of human services; student workers (current law exempts only students in work-study positions); or an employee paid entirely with federal funds or a special revenue fund, or whose costs are entirely recovered from nonstate entities.
- 13 Hiring freeze; savings.** Amends law stating anticipated savings from the hiring freeze. Anticipated savings are reduced from \$40 million to \$29.7 million, in recognition of exclusions of certain department of corrections and department of human services employees. Provides that if the governor makes proportional reductions to executive agency operating budgets to achieve the required savings, the governor shall exclude certain department of corrections and department of human services employees.
- 14 Savings additional.** Clarifies that savings from the contract and hiring moratoriums imposed in



phase I are in addition to reductions in spending required by the entire Phase I act, rather than just article 10 of that act.

**15 Nonprofit grant and contract decisions.** Provides that where a state agency has delayed a decision on entering into a grant or contract with a nonprofit corporation for fiscal year 2002, pending budget decisions, and the nonprofit has provided services based on an appropriation that names the nonprofit or based on a grant award letter from a state agency, the agency must process the grants and contracts and issue payments within 15 business days after enactment of this act. Provides that a contract encumbered or a grant awarded by a state agency for services rendered in the fiscal year ending June 30, 2002 is retroactive to the date the services were first provided, whichever is later. Provides that a contract encumbered or a grant awarded by a state agency for services rendered in the fiscal year ending June 30, 2003 is retroactive to the date services were first provided.

**16 Voting equipment grants.** Provides that within 30 days of the effective date of this section, the commissioner of administration must make voting equipment grants that were authorized in 2001.

**17 Effective date.** Effective the day following final enactment.

## **Article 8: Cancellations; Cash Flow; Transfers In**

### **Overview**

Analyst: Mark Shepard, 651-296-5051

**1 Medical endowment fund.** Provides for use of cash reserves of the medical education endowment fund when specified other resources are insufficient. States that if cash reserves are transferred to the general fund to meet cash flow needs, the amount transferred, plus interest, must be returned to the endowment fund as soon as sufficient cash balances are available, but no later than the end of the biennium. Provides that if cash reserves of the endowment fund are used to pay general fund expenses, the academic health center must be held harmless to the extent possible.

**2 Assigned risk plan.** Requires transfer of excess assets in the assigned risk plan to the budget reserve account in the general fund.

**3 Tobacco use prevention fund.** Provides that if cash reserves are transferred from the tobacco use prevention and local public health endowment fund to the general fund to meet cash flow needs, the amount repaid must include interest. Provides that if cash reserves of the endowment fund are used to pay expenses for the general fund, grant recipients must be held harmless to the extent possible in the following order: (1) local public health; (2) local tobacco prevention; (3) statewide tobacco prevention.

**4 Cash flow account cancellation.** Increases the amount canceled to the general fund from the cash flow account to \$350 million (up from \$195 under prior law).

**5 Assigned risk plan.** Increases the amount transferred to the general fund from the assigned risk plan to \$134 million (up from \$120 million under prior law).

**6 Special compensation fund.** Increases the amount transferred to the general fund from the special compensation fund to \$250 million (up from \$230 million in prior law)

**7 Balances deposited in budget reserve.** Provides that any positive unrestricted general fund balance on June 30, 2003 must be allocated to the budget reserve account in the general fund.

**8 Effective dates.**

## **Article 9: Health and Human Services Appropriations**

### **Overview**

Analyst: Amy Petschauer, 651-296-5808

This article includes appropriations, appropriation reductions, and budget riders for the Department of

Human Services, the Minnesota Department of Health, and the Veterans Nursing Homes Board.

- 1 **Health and human services appropriations.** Shows the FY 2002 and FY 2003 appropriations and reductions by fund.
- 2 **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:

**Family preservation and children's mental health grants.** Specifies that the total appropriation includes a reduction of \$6,548,000 in family preservation and children's mental health grants due to changes in allocations, and an increase of \$1.8 million in local collaboratives wraparound services coordination grants. Also specifies that the increased appropriation for coordination grants becomes part of the base-level funding for the 2004-2005 biennium.

**MinnesotaCare eligibility determination carryover.** Allows the appropriation for the 2002-2003 biennium to be available until June 30, 2005.

**U special kids program.** Makes a one-time appropriation of \$350,000 in FY 2002 that is immediately available to be transferred to the University of Minnesota for the U Special Kids program. Specifies that the money may be used to match private grants and must be used to provide physician-supervised medical case management services for up to 50 children in the program who are eligible for MA. Allows any unspent portion of the appropriation to be available until June 30, 2005.

**HIV/AIDS drug rebates.** Provides that \$1,150,000 of the general fund appropriations in FY 2003 for HIV/AIDS grants and services that are no longer needed must be used to meet funding needs of the state prescription drug program.

**ADAP funding.** Specifies that \$1,150,000 in FY 2003 from the AIDS drug assistance program (ADAP) program must be used to meet the needs of the HIV/AIDS grants and services program.

**State operated services dedicated revenue accounts.** Requires the commissioner of human services to provide the House and Senate committee chairs with copies of certain dedicated revenue account quarterly and annual financial statements. Specifies the components that the statements must include. Also specifies that quarterly financial statements must be available to the chairs within 30 days of the closing date of that quarter and that the annual financial statement must be available by August 15 of each year.

**One-time appropriation.** Makes a one-time appropriation of \$4 million from the general fund to the commissioner of human services for state-operated services.

**State-operated services study.** Requires the commissioner of human services, in consultation with community representatives, to evaluate strategies to consolidate the delivery of state-operated services and to provide recommendations to the 2003 legislature.

**One-time reduction to shared services dedicated revenues.** Transfers \$564,000 of fund balances within the accounts established under Minnesota Statutes section 246.57, subd. 1 (shared services dedicated revenues) to the general fund in FY 2003 only.

**Funding usage.** Allows up to 75 percent of the FY 2004 appropriations for family preservation grants, developmental disability semi-independent living services, developmental disability family support, and adult and children's mental health grants may be used in calendar year 2003, with the resulting calendar year funding pattern continuing into the future. Appropriation reductions associated with this shift are one-time.

**Additional consolidated chemical dependency treatment fund reserve transfer.** Transfers an additional \$7 million of funds available in the consolidated chemical dependency treatment

fund general reserve account to the general fund in FY 2003.

**Authority to carryforward authorized transfer.** Allows the \$11 million in federal TANF funds that are authorized for transfer to the state's federal Title XX block grant to be available in FY 2004.

**TANF transfer to the department of children, families, and learning.** Appropriates \$93,000 in FY 2003 to the commissioner of children, families, and learning for the MFIP child care assistance program. Requires the commissioner of human services to authorize a sufficient transfer of funds from the state's federal TANF block grant to the state's federal child care and development fund block grant to meet this appropriation.

- 3 Commissioner of health.** Appropriates \$4,000 from the state government special revenue fund to the commissioner of health in FY 2003 and includes a budget rider titled "Registration Costs" that earmarks the appropriation for the voluntary registration of certain facilities as housing with services establishments.
- 4 Veterans nursing homes board.** Appropriates \$900,000 to the veterans nursing homes board in FY 2003 and includes a budget rider titled "Deficiency Appropriation" that specifies that the appropriation is to the board for a deficiency in board operations. Also specifies that the appropriation is one-time.
- 5 Veterans nursing homes board funding.** Provides up to \$500,000 to the veteran's nursing homes board in FY 2003 through the following means:
  - (a) a transfer on July 1, 2002, from the commissioner of administration, of any remaining portion for the payments received from contractors for the mold damage at the Luverne facility; and
  - (b) an appropriation to the board of any FY 2003 payments from contractors to settle legal issues regarding the mold damage.
- 6 Exemptions from reduction in contract expenditures and from hiring freeze.** Exempts DHS from the hiring freeze and the contract moratorium established in Laws 2002, ch. 220 for the purposes of establishing and implementing the supplemental drug rebate program.
- 7 Incarceration report.** Requires the commissioner of corrections, by February 1, 2003, to report to the House and Senate criminal justice and judiciary finance division chairs and ranking minority members alternatives for dealing with offenders that actually serve less than one year in prison. Specifies the components that the report must include.
- 8 Fiscal 2003 TANF maintenance of effort.** Requires the commissioner to ensure that the maintenance of effort amount used in the November 2002 and February 2003 MFIP forecast is not less than \$188,937,000 for fiscal year 2003.
- 9 Sunset of uncodified language.** Sunsets uncodified language in this article on June 30, 2003.
- 10 Effective date.** Makes this article effective the day following final enactment.

## **Article 10: Health and Human Services**

### **Overview**

Analysts: Randall Chun, 651-296-8639; Amy Petschauer, 651-296-5808

This article contains a variety of budget provisions related to health and human services. This article makes changes in the surcharge on licensed nursing home beds, delays implementation of a provision that prohibits certain ICFs/MR from receiving variable rate adjustments, modifies the definition of income for MinnesotaCare enrollees who are farm self-employed, modifies MFIP hardship extension provisions, and makes other changes.

- 1 Limitations on collection and use of data.** Amends § 13.05, subd. 4. Allows consent to the

dissemination of private MA and MinnesotaCare data to be ongoing during all terms of eligibility, for individual education plan health-related services provided by a school district.

- 2 Health care.** Amends § 241.021, subd. 4. Authorizes the commissioner of corrections to reimburse health care providers at rates equal to the MA rate, unless otherwise negotiated.
- 3 Grants.** Amends § 241.44, subd. 5. Allows the ombudsman for corrections to apply for and receive grants from public and private entities.
- 4 Nursing home license surcharge.** Amends § 256.9657, subd. 1. Effective August 15, 2002, raises the surcharge on nursing homes from \$625 to \$990 per licensed bed. Strikes language enacted as part of chapter 220 that increased the surcharge in stages, beginning August 15, 2003.
- 5 County nursing home payment adjustments.** Amends § 256B.431, subd. 23. Directs the commissioner to pay nursing home payment adjustments each May 31 to counties in which a nursing home was county-owned and operated on that date (current law refers to January 1 of the previous year).
- 6 Nursing home rate increases effective July 1, 2002.** Amends § 256B.431, subd. 37. Makes conforming changes related to the modification of the surcharge on licensed nursing home beds.
- 7 Variable rate adjustments.** Amends § 256B.5013, subd. 1. Delays by one year, until July 1, 2003, implementation of a provision that limits variable rate adjustments to ICFs/MR with base rates that do not exceed the 50<sup>th</sup> percentile of the statewide average reimbursement rate for the facility type.
- 8 Payments to counties.** Amends § 256E.06, subd. 3. Requires DHS to make community social services payments to counties on or before July 10 of each year, rather than quarterly as currently required.
- 9 Hard-to-employ participants.** Amends § 256J.425, subd. 3. Adds a person who is a victim of family violence to the list of participants eligible for an extension for hard-to-employ participants. Also provides that victims of family violence must be participating in an alternative employment plan to be eligible for the extension.
- 10 Employed participants.** Amends § 256J.425, subd. 4. Provides that an assistance unit may be eligible for an employed participants extension if the participant:
  - (1) is participating in employment for fewer hours than the minimum hourly requirement;
  - (2) provides verification from a health care provider that the number of hours the participant may work is limited due to illness or disability;
  - (3) is participating in employment for at least the number of hours specified by the health care provider; and
  - (4) is following the treatment recommendations of that provider.Requires the commissioner to develop a form to be completed and signed by the health care provider. Also provides that if the participant is in a two-parent family, the other parent must be treated as a one-parent family for purposes of meeting the work requirements for an employed participants extension.
- 11 Hardship extension pending documentation.** Amends § 256J.425, by adding subd. 4a. Allows a county to grant an extension to a participant if the documentation needed to determine whether the participant is eligible for an extension under subdivision 2 ("ill or incapacitated" category) or 3 ("hard-to-employ" category) is not available by the participant's 60<sup>th</sup> month. Provides that the participant may be responsible for an overpayment if it is found that the participant is not eligible for the extension.
- 12 Accrual of certain exempt months.** Amends § 256J.425, subd. 5. Allows a participant who was placed into the employment and training exemption category for participants who are needed in the home to care for an ill or incapacitated household member (§ 256J.56, para (a), clause (3)) to receive

an extension for the number of months that they were eligible for an exemption under the special medical criteria category (§ 256J.56, para (a), clause (7)). (According to DHS, some participants may have been placed in the "needed in the home" exemption category instead of the special medical criteria category because the special medical criteria category did not exist before July 1, 2000 or because of an error.)

**13 Gross individual or gross family income.** Amends § 256L.01, subd. 4. Effective July 1, 2002, modifies the MinnesotaCare definition of gross income for the farm-self employed, by requiring only reported depreciation to be added back to adjusted gross income (under current law, carryover loss and net operating loss are also added back).

**14 Eligibility exception to the prescription drug program.** Amends Laws 2001, First Special Session chapter 9, article 2, section 74. Extends by one year, until June 30, 2003, the expiration date for a provision that allows certain individuals with an annual prescription drug benefit of \$400 to be eligible for the prescription drug program.

## **Article 11: General Fund Conversion to Bonds**

### **Overview**

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Returns \$75 million to the general fund by change the funding source of listed projects. For these projects, the general fund appropriation is decreased, and an equal amount is appropriated from the bond proceeds fund and the transportation fund. This article also makes a new appropriation of \$77,000 from the bond proceeds fund for bond sale expenses in connection with the bonds authorized in this article.

Provides that the purpose and use of appropriations in this article are the same as authorized in prior law. The change in fund source does not change or limit the purpose and use of the appropriations.