

Finance Committee

Chair: Senator Richard J. Cohen

Monday, March 21, 2005

8:00 AM

Room 123, Capitol

PRESENT: Cohen, Chaudhary, Berglin, Dibble*, Dille, Fischbach, Frederickson, Gerlach, Hottinger, Kierlin, Kiscaden, Langseth, Larson, Metzen, Murphy, Neuville, Nienow, Olson, Pappas, Pariseau, Ranum, Stumpf, Wiger

ABSENT: Ourada

*Senator Dibble temporarily replaced Senator Sams on the Finance Committee beginning 3/18/05.

Senator Cohen called the meeting to order at 8:22 A.M.

A quorum was present.

- Senator Chaudhary began chairing the meeting at 8:24 A.M.
- Senator Cohen testified on S.F. XXXX, document # 05-3632, the state budget bill.
- Senator Cohen moved that 05-3632 be recommended to pass.
- Peter Wattson, Finance Counsel, testified in response to a question about the history of the Capital Investment Committee.
- Senator Larson moved to recess the meeting.
- Discussion on the motion ensued, and motion failed on a voice vote. Division. Motion failed 9-12.
- Senator Berglin moved the BL0882 amendment. Motion carried.
- The Committee decided it should hear from all of the division chairs in regard to their articles of the bill (05-3632).
- Senator Pappas testified on Article 5 of the bill, the higher education article.
- Senator Berglin testified on Article 11 of the bill, the health and human services article
- Senator Berglin answered questions about Article 13, the human services policy article.
- Senator Kiscaden testified on Article 10 of the bill, the state government article.
- Senator Hottinger testified on Article 2 of the bill, the early education article.
- Senator Stumpf testified on Article 3 of the bill, the K-12 education article.
- Greg Knopff, Legislative Analyst for the Environment, Agriculture, and Economic Development Budget Division, testified on Article 6 of the bill, the environment and agriculture article.
- Dave Jensen, Fiscal Analyst for the Environment, Agriculture, and Economic Development Budget Division, testified on Article 7 of the bill, the economic development article.
- Eric Nauman, Fiscal Analyst for the K-12 Education Budget Division, testified on Article 4 of the bill, the E-12 education forecast adjustments article.
- Senator Murphy testified on Article 8 of the bill, the transportation article.
- Senator Ranum testified on Article 9 of the bill, the public safety article.
- Senator Berglin moved the BL0883 amendment. Senator Berglin then moved an oral amendment to the BL0883 amendment:

-Page 131, line 12, after "for" insert "mental health treatment services at the"

- Senator Berglin's motion carried, and the amendment as orally amended was adopted.
- Senator Cohen moved the A1 amendment. Motion carried.
- Senator Hottinger moved that on page 33, lines 1-7, be deleted. Motion carried.
- Senator Cohen moved that S.F. XXXX (05-3632) as amended be introduced as a committee bill and be recommended to pass.

- Senator Neuville requested a roll call vote.
- The committee discussed the bill further.
- Senator Hottinger moved the BL0884 amendment. Motion carried.
- Roll call vote:

Ayes: Cohen, Berglin, Chaudhary, Dibble, Hottinger, Kiscaden, Langseth, Metzen, Murphy, Pappas, Ranum, Stumpf, Wiger (13)

Nays: Fischbach, Frederickson, Gerlach, Kierlin, Larson, Neuville, Nienow, Olson, Pariseau (9)

- On a vote of 13-9, the motion carried.

Senator Cohen adjourned the meeting at 10:25 A.M.

Respectfully submitted,



Lisa M. Schmid
Legislative Assistant



Richard J. Cohen
Chair

Senate Finance Committee

Chair: Richard J. Cohen

Monday, March 21, 2005

8:00 a.m.

Room 123, Capitol

Agenda:

S.F. XXXX-Cohen: State Budget Bill

GENERAL FUND REVENUE AND EXPENDITURE SUMMARY
SF1209 and SFXXXX

3/21/2005, 7:52 AM

(all dollars in thousands)

'06 '07 '06-'07

SC4022 SUMMARY

1				
2	SC4022 Revenue change items:			
3	PSF—investment earnings loss related to line 76	(58)	(126)	(184)
4	COM: Accelerate sale of unclaimed property	25,000	5,000	30,000
5	Medicare modernization: transform PDP 1/106-REV	252	394	646
6	Total SC4022 revenue change items	25,194	5,268	30,462
9	Article 2: Early Childhood Education			
10	Forecast baseline	110,329	109,976	220,305
11	No change items			
12	<i>SC4022: Early Childhood Education Total</i>	<i>110,329</i>	<i>109,976</i>	<i>220,305</i>
13				
14				
15	Article 3: K-12 Education			
16	Forecast baseline	5,924,561	5,928,500	11,853,061
17	Change items:			
18	Abatement aid recalculation	(458)	(438)	(896)
19	Department of Education operating reduction	(1,225)	(1,225)	(2,450)
20	Total change items	(1,683)	(1,663)	(3,346)
21	<i>SC4022: K-12 Education Total</i>	<i>5,922,878</i>	<i>5,926,837</i>	<i>11,849,715</i> 0
22				
23				
24	Article 4: Higher Education			
25	Forecast baseline	1,427,266	1,325,492	2,752,758
26	Change items:			
27	HESO: reciprocity base reduction	(2,600)	(2,600)	(5,200)
28	HESO: learning network cut	(500)	(500)	(1,000)
29	Reduce UM Enrollment Adjustment	(11,752)	(11,752)	(23,504)
	Total change items	(14,852)	(14,852)	(29,704)
31	<i>SC4022: Higher Education Total</i>	<i>1,412,414</i>	<i>1,310,640</i>	<i>2,723,054</i>
32				
33	Article 5 and 6: Environment, Agriculture, and Economic Development			
34	Forecast baseline	368,666	368,118	736,784
35	Change items:			
36	DNR: Minerals management fee (transfer)	(1,526)	(1,526)	(3,052)
37	DNR general fund reduction plan	(3,171)	(3,171)	(6,342)
38	DNR debt service for air tankers	(763)	(1,529)	(2,292)
39	BOWSR: administrative budget reallocations	(300)	(300)	(600)
40	DEED: eliminate mortgage credit program	(250)	(250)	(500)
41	DEED: community development administrative reduction	(329)	(329)	(658)
42	DEED: State funded administration	(444)	(444)	(888)
43	COM: Contractor recovery fund (shift admn costs)	(100)	(100)	(200)
44	COM: Energy/Telecomm. Division reduct.	(125)	(125)	(250)
45	COM: Renewable energy incentive (shift to RDF)	(4,538)	(4,538)	(9,076)
46	Board of Accountancy	(90)	(90)	(180)
47	Total change items	(11,636)	(12,402)	(24,038)
48	<i>SC4022: Environ., Ag., and Econ. Develop. Total</i>	<i>357,030</i>	<i>355,716</i>	<i>712,746</i>
49				
50				
51	Article 7: Transportation			
52	Forecast baseline	80,740	81,995	162,735
	Change items:			
	DPS: DVS Operating Acct Reduction	(1,774)	(1,774)	(3,548)
55	Total change items	(1,774)	(1,774)	(3,548)
56	<i>SC4022: Transportation Total</i>	<i>78,966</i>	<i>80,221</i>	<i>159,187</i>
57				
58				

GENERAL FUND REVENUE AND EXPENDITURE SUMMARY
SF1209 and SFXXXX

3/21/2005, 7:52 AM

	'06	'07	'06-'07
59 Article 8: Public Safety			
60 Forecast baseline	809,329	823,253	1,632,582
61 <u>Change items:</u>			
62 CRIMNET 1500; Suspense File 500	(2,000)	(2,000)	(4,000)
63 Emergency Mgmt. Center absorbed by BCA	(309)	(309)	(618)
64 Total change items	(2,309)	(2,309)	(4,618)
65 <i>SC4022: Public Safety Total</i>	<i>807,020</i>	<i>820,944</i>	<i>1,627,964</i>
66			
67			
68 Article 9: State Government			
69 Forecast baseline	256,478	259,255	515,733
70 <u>Change items:</u>			
71 Legislature: carry-forward reduction (Cancellation)	(2,500)		(2,500)
72 Legislature: cancel unspent ERER funds (TRN IN)	(1,764)		(1,764)
73 Admin: 3% Operational Reductions	(507)	(507)	(1,014)
74 Admin: eliminate local planning assistance	(299)	(299)	(598)
75 Admin: office of technology restructuring	(602)	(602)	(1,204)
76 Campaign Finance Board (2.5% reduction)	(18)	(18)	(36)
77 Finance (2.7% reduction)	(408)	(408)	(816)
78 DOER: staff restructuring	(333)	(441)	(774)
79 DOER: online affirmative action/pay equity	(84)	(87)	(171)
80 DOER: health and safety info. access/RTK	(63)	(63)	(126)
81 DOER: shared funding for technology	(41)	(41)	(82)
82 Lottery: Cancel Unclaimed Prizes (TRN IN)	(2,187)	-	(2,187)
83 Revenue: operating reductions	(3,500)	(2,500)	(6,000)
84 Total change items	(12,306)	(4,966)	(17,272)
85 <i>SC4022: State Government Total</i>	<i>250,623</i>	<i>254,289</i>	<i>504,912</i>
86			
87 Additional State Agency Reductions			
88 <u>Change items:</u>			
89 Add'l 3% reduction; exempts selected agencies			(14,526)
90 Administrative systems billing acct.-balance (TRN IN)	(3,000)		(3,000)
91 Total change items*	(3,000)	0	(17,526)
92 * Reductions exclude the departments of Agriculture, Corrections, Health, Human Services, Military Affairs, Public Safet			
93 Changes have not yet been allocated to individual agency budgets.			
94			
95			
96 Article 10: Health and Human Services			
97 Forecast baseline	4,101,933	4,469,295	8,571,228
98 <u>Change items:</u>			
99 Adj. appropriation for adoption assistance	(526)	(449)	(975)
100 Adj. appropriation for relative custody assistance	(814)	(1,042)	(1,856)
101 Delay projects of regional significance	(25,000)	(25,000)	(50,000)
102 Medicare modernization: adjust PDP to forecast	(4,720)	(9,803)	(14,523)
103 Medicare modernization: transform PDP 1/106	(2,253)	(4,007)	(6,260)
104 Selective distribution of speciality pharmaceuticals	(133)	(205)	(338)
105 Hemophilia blood factor products	(343)	(517)	(860)
106 Align payment for adm drugs and Medicare rates	(451)	(502)	(953)
107 Prior authorization of new drugs	(1,933)	(1,361)	(3,294)
108 Recover uncompensated trns. of income and assets	(96)	(144)	(240)
109 Improve cost effectiveness of coverage (net expenses)	(595)	(1,931)	(2,526)
110 Manage caseload growth in home/community waivers-MR/MC	(1,405)	(7,102)	(8,507)
111 Total change items	(38,269)	(52,063)	(90,332)
112 <i>SC4022: Health and Human Services Total</i>	<i>4,063,664</i>	<i>4,417,232</i>	<i>8,480,896</i>
113			
114 TOTAL EXPENDITURE CHANGES	(97,843)	(100,519)	(212,888)
115			
116 Debt Service	365,852	350,710	716,562
117			
118 Dedicated Expenditures, Cancellations, Other	32,113	21,952	54,065
119			
120 TOTAL GENERAL FUND EXPENDITURES	14,861,464	15,126,922	29,988,386

	Governor			Senate		
	FY 2006	FY 2007	FY06-07	FY 2006	FY 2007	FY06-07
1 SC4022 SUMMARY						
2 <u>SC4022 Revenue change items:</u>						
3 PSF--investment earnings loss related to line 76	(58)	(126)	(184)	(58)	(126)	(184)
4 COM: Accelerate sale of unclaimed property	25,000	5,000	30,000	25,000	5,000	30,000
5 Medicare modernization: transform PDP 1/106-REV	252	394	646	252	394	646
6 Total SC4022 revenue change items	25,194	5,268	30,462	25,194	5,268	30,462
7						
8						
9 <u>Article 2: Early Childhood Education</u>						
10 Forecast baseline	110,329	109,976	220,305	110,329	109,976	220,305
11 <u>No change items</u>						
12 <i>SC4022: Early Childhood Education Total</i>	<i>110,329</i>	<i>109,976</i>	<i>220,305</i>	<i>110,329</i>	<i>109,976</i>	<i>220,305</i>
13						
14						
15 <u>Article 3: K-12 Education</u>						
16 Forecast baseline	5,924,561	5,928,500	11,853,061	5,924,561	5,928,500	11,853,061
17 <u>Change items:</u>						
18 Abatement aid recalculation	(458)	(438)	(896)	(458)	(438)	(896)
19 Department of Education operating reduction	(1,225)	(1,225)	(2,450)	(1,225)	(1,225)	(2,450)
20 Total change items	(1,683)	(1,663)	(3,346)	(1,683)	(1,663)	(3,346)
21 <i>SC4022: K-12 Education Total</i>	<i>5,922,878</i>	<i>5,926,837</i>	<i>11,849,715</i>	<i>5,922,878</i>	<i>5,926,837</i>	<i>11,849,715</i>
22						
23						
24 <u>Article 5: Higher Education</u>						
25 Forecast baseline	1,427,266	1,325,492	2,752,758	1,427,266	1,325,492	2,752,758
26 <u>Change items:</u>						
27 HESO: reciprocity base reduction	(2,600)	(2,600)	(5,200)	(2,600)	(2,600)	(5,200)
28 HESO: learning network cut	(500)	(500)	(1,000)	(500)	(500)	(1,000)
29 Reduce UM Enrollment Adjustment	58,362	15,388	73,750	(11,752)	(11,752)	(23,504)
30 Total change items	55,262	12,288	67,550	(14,852)	(14,852)	(29,704)
31 <i>SC4022: Higher Education Total</i>	<i>1,482,528</i>	<i>1,337,780</i>	<i>2,820,308</i>	<i>1,412,414</i>	<i>1,310,640</i>	<i>2,723,054</i>
32						
33 <u>Article 6 and 7: Environment, Agriculture, and Economic Development</u>						
34 Forecast baseline	368,666	368,118	736,784	368,666	368,118	736,784
35 <u>Change items:</u>						
36 DNR: Minerals management fee (transfer)	(1,526)	(1,526)	(3,052)	(1,526)	(1,526)	(3,052)

37	DNR general fund reduction plan	(3,171)	(3,171)	(6,342)	(3,171)	(3,171)	(6,342)
38	DNR debt service for air tankers	(763)	(1,529)	(2,292)	(763)	(1,529)	(2,292)
39	BOWSR: administrative budget reallocations	(300)	(300)	(600)	(300)	(300)	(600)
40	DEED: eliminate mortgage credit program	(250)	(250)	(500)	(250)	(250)	(500)
41	DEED: community development administrative reduction	(329)	(329)	(658)	(329)	(329)	(658)
42	DEED: State funded administration	(444)	(444)	(888)	(444)	(444)	(888)
43	COM: Contractor recovery fund (shift admn costs)	(100)	(100)	(200)	(100)	(100)	(200)
44	COM: Energy/Telecomm. Division reduct.	(125)	(125)	(250)	(125)	(125)	(250)
45	COM: Renewable energy incentive (shift to RDF)	(4,538)	(4,538)	(9,076)	(4,538)	(4,538)	(9,076)
46	Board of Accountancy	(90)	(90)	(180)	(90)	(90)	(180)
47	Total change items	(11,636)	(12,402)	(24,038)	(11,636)	(12,402)	(24,038)
48	<i>SC4022: Environ., Ag., and Econ. Develop. Total</i>	<i>357,030</i>	<i>355,716</i>	<i>712,746</i>	<i>357,030</i>	<i>355,716</i>	<i>712,746</i>
49							
50							
51	Article 8: Transportation						
52	Forecast baseline	80,740	81,995	162,735	80,740	81,995	162,735
53	<u>Change items:</u>						
54	DPS: DVS Operating Acct Reduction	(1,774)	(1,774)	(3,548)	(1,774)	(1,774)	(3,548)
55	Total change items	(1,774)	(1,774)	(3,548)	(1,774)	(1,774)	(3,548)
56	<i>SC4022: Transportation Total</i>	<i>78,966</i>	<i>80,221</i>	<i>159,187</i>	<i>78,966</i>	<i>80,221</i>	<i>159,187</i>
57							
58							
59	Article 9: Public Safety						
60	Forecast baseline	809,329	823,253	1,632,582	809,329	823,253	1,632,582
61	<u>Change items:</u>						
62	CRIMNET 1500; Suspense File 500	(2,000)	(2,000)	(4,000)	(2,000)	(2,000)	(4,000)
63	Emergency Mgmt. Center absorbed by BCA	(309)	(309)	(618)	(309)	(309)	(618)
64	Total change items	(2,309)	(2,309)	(4,618)	(2,309)	(2,309)	(4,618)
65	<i>SC4022: Public Safety Total</i>	<i>807,020</i>	<i>820,944</i>	<i>1,627,964</i>	<i>807,020</i>	<i>820,944</i>	<i>1,627,964</i>
66							
67							
68	Article 10: State Government						
69	Forecast baseline	256,478	259,255	515,733	256,478	259,255	515,733
70	<u>Change items:</u>						
71	Legislature: carry-forward reduction (Cancellation)	(8,656)		(8,656)	(2,500)		(2,500)
72	Legislature: cancel unspent ERER funds (TRN IN)	(1,764)		(1,764)	(1,764)		(1,764)
73	Admin: 3% Operational Reductions	(507)	(507)	(1,014)	(507)	(507)	(1,014)

74	Admin: eliminate local planning assistance	(299)	(299)	(598)	(299)	(299)	(598)
75	Admin: office of technology restructuring	(602)	(602)	(1,204)	(602)	(602)	(1,204)
76	Campaign Finance Board (2.5% reduction)	(18)	(18)	(36)	(18)	(18)	(36)
77	Finance (2.7% reduction)	(408)	(408)	(816)	(408)	(408)	(816)
78	DOER: staff restructuring	(333)	(441)	(774)	(333)	(441)	(774)
79	DOER: online affirmative action/pay equity	(84)	(87)	(171)	(84)	(87)	(171)
80	DOER: health and safety info. access/RTK	(63)	(63)	(126)	(63)	(63)	(126)
81	DOER: shared funding for technology	(41)	(41)	(82)	(41)	(41)	(82)
82	Lottery: Cancel Unclaimed Prizes (TRN IN)	(1,312)	-	(1,312)	(2,187)	-	(2,187)
83	Revenue: operating reductions	(3,500)	(2,500)	(6,000)	(3,500)	(2,500)	(6,000)
84	Total change items	(17,587)	(4,966)	(22,553)	(12,306)	(4,966)	(17,272)
85	SC4022: State Government Total	250,623	254,289	504,912	250,623	254,289	504,912
86							
87	Additional State Agency Reductions						
88	<u>Change items:</u>						
89	Add'l 3% reduction; exempts selected agencies	0	-	-			(14,526)
90	Administrative systems billing acct.-balance (TRN IN)	0	-	-	(3,000)		(3,000)
91	Total change items*	0	0	0	(3,000)	0	(17,526)
92	* Reductions exclude the departments of Agriculture, Corrections, Health, Human Services, Military Affairs, Public Safety, and Veterans Affairs.						
93	Changes have not yet been allocated to individual agency budgets.						
94							
95							
96	Article 11: Health and Human Services						
97	Forecast baseline	4,101,933	4,469,295	8,571,228	4,101,933	4,469,295	8,571,228
98	<u>Change items:</u>						
99	Adj. appropriation for adoption assistance	(526)	(449)	(975)	(526)	(449)	(975)
100	Adj. appropriation for relative custody assistance	(814)	(1,042)	(1,856)	(814)	(1,042)	(1,856)
101	Delay projects of regional significance	(25,000)	(25,000)	(50,000)	(25,000)	(25,000)	(50,000)
102	Medicare modernization: adjust PDP to forecast	(4,720)	(9,803)	(14,523)	(4,720)	(9,803)	(14,523)
103	Medicare modernization: transform PDP 1/106	(2,253)	(4,007)	(6,260)	(2,253)	(4,007)	(6,260)
104	Selective distribution of speciality pharmaceuticals	(133)	(205)	(338)	(133)	(205)	(338)
105	Hemophilia blood factor products	(343)	(517)	(860)	(343)	(517)	(860)
106	Align payment for adm drugs and Medicare rates	(451)	(502)	(953)	(451)	(502)	(953)
107	Prior authorization of new drugs	(1,933)	(1,361)	(3,294)	(1,933)	(1,361)	(3,294)
108	Recover uncompensated trns. of income and assets	(96)	(144)	(240)	(96)	(144)	(240)
109	Improve cost effectiveness of coverage (net expenses)	(595)	(1,931)	(2,526)	(595)	(1,931)	(2,526)
110	Manage caseload growth in home/community waivers-MR	(1,405)	(7,102)	(8,507)	(1,405)	(7,102)	(8,507)

111	Total change items	(38,269)	(52,063)	(90,332)	(38,269)	(52,063)	(90,332)
112	<i>SC4022: Health and Human Services Total</i>	4,063,664	4,417,232	8,480,896	4,063,664	4,417,232	8,480,896
113							
114	TOTAL EXPENDITURE CHANGES			(190,384)			(190,384)
115							
116	Debt Service	365,852	350,710	716,562	365,852	350,710	716,562
117							
118	Dedicated Expenditures, Cancellations, Other	32,113	21,952	54,065	32,113	21,952	54,065
119							
120	TOTAL GENERAL FUND EXPENDITURES	14,861,464	15,126,922	29,988,386	14,861,464	15,126,922	29,988,386

Roll Call Vote

Committee: Finance

Bill/Amendment: Revisor No. 05-3632

Date: 3/21/05

Action: Pass as Introduced as amended and rec. to pass. Motion carried.

Dibble

Member	Aye	Nay	Pass
Cohen	X		
Berglin	X		
Chaudhary	X		
Dille			
Fischbach		X	
Frederickson		X	
Gerlach		X	
Hottinger	X		
Kierlin		X	
Kiscaden	X		
Langseth	X		
Larson		X	
Metzen	X		
Murphy	X		
Neuville		X	
Nienow		X	
Olson		X	
Ourada			
Pappas	X		
Pariseau		X	
Ranum	X		
Sams			
Stumpf	X		
Wiger	X		
Results:	(13)	(9)	
Dibble	X		

Structural Balance Bill
Revisor No. 05-3632

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