

Fastest Growing Expenditures

Reporting Requirement

This report identifies the fastest growing elements in Minnesota's state budget and reviews factors that have led to the growth. It is hoped that this information will provide the public with a better understanding of state expenditures.

"Fastest Growing Expenditures" is a preliminary version of the information required under Minnesota Statutes 16A.103, subdivision 4, first enacted in the 2005 legislative session:

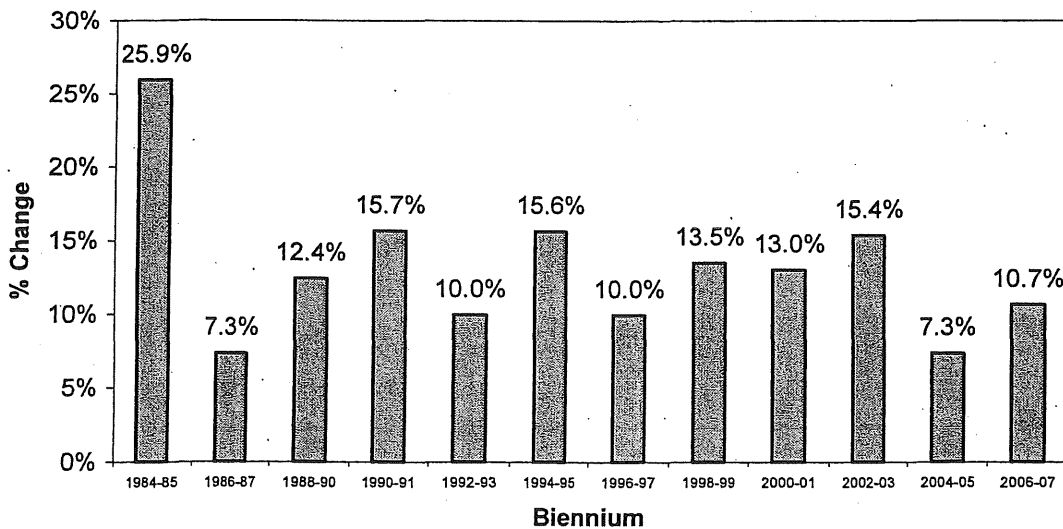
Subd. 4. Report on expenditure increases. By January 10 of an odd-numbered year, the commissioner of finance must report on those programs or components of programs for which expenditures for the next biennium according to the forecast issued the previous November are projected to increase more than 15 percent over the expenditures for that program in the current biennium. The report must include an analysis of the factors that are causing the increases in expenditures.

In compliance with the law, a final report will be submitted by the Department of Finance no later than January 10, 2007.

Background

The enacted budget for the FY 2006-07 biennium reflects a 10.7 percent increase over the previous biennium. Over the last decade, the growth in state spending has averaged 11.0 percent per biennium, and 11.8 percent over the last twenty years.

All Funds Spending: Biennial Increase



Many factors can contribute to growth in spending. In the last decade human services program costs have been among the most prominent - driven largely by health care enrollment growth and increasing medical costs. Straightforward budget decisions to spend more are another primary factor. Increases in other areas may be less apparent, often representing a much smaller share of the overall budget.

The 15 percent trigger in the reporting requirement identifies programs that are growing roughly 50 percent faster than the growth in total spending.

Timing and Reporting Period

For this initial report, FY 2004-05 expenditures are compared to those budgeted for FY 2006-07, as shown in the November 2005 expenditure forecast. "Fast growing" items were flagged if the change was 15 percent or more, biennium to biennium. This should not be confused with a 15% *annual* increases. For a program to grow 15% biennium to biennium, its average annual growth rate would be closer to 7.3%. FY 2008-09 projections are also noted, though that was not the focus of the analysis.

In preparing the final report, the biennial comparison will advance to FY 2006-07 and FY 2008-09 current law projections.

Program Identification and Selection Criteria

Total state spending, excluding federal funds, occurs from approximately 4,815 separate appropriation accounts, of which 776 are general fund. Generally, these represent program-level spending authorizations. To identify initial data on expenditure increases, we relied upon information from the statewide accounting system on actual spending for FY 2004-05, and budgeted spending for FY 2006-07. Projected spending for FY 2008-09 is taken from the November 2005 expenditure forecast.

The following criteria were applied:

- All state operating funds – excluding federal accounts - were included in the initial identification of spending growth.
- Program or component level was determined by the information available in the enacted appropriation, the statewide accounting system, and budgetary based fund statements.
- All programs were initially reviewed – this report covers forecast and non-forecast spending changes.

Please note that this report organizes data by programs and does not attempt to identify general cost pressures. Some costs may grow rapidly but are not reported because they are components of larger activities. For example, the cost of prescription drugs is included in the spending for health care programs, state operated services, and correctional facilities, but is not identified separately.

Report Format

The report is divided into two parts: *Part One* provides an analysis of some of the largest and fastest growing programs in the state budget. Information is provided for thirteen programs that account for over \$1.6 billion of biennial general fund spending growth, or nearly 2/3 of total general fund biennial growth. Each analysis identifies how much was spent and discusses some of the factors contributing to the growth, including economic, demographic and socio-economic factors, as well as policy choices.

Part Two is a listing of all programs that met the threshold of 15 percent growth. Abbreviated comments are provided to explain the nature of the expenditure growth. In a number of instances, the explanation points to a technical or accounting issue that distorts spending growth. For example, carry forward authority allows unused funding from FY 2004-05 to be budgeted in the current biennium. Since all funds in FY 2006-07 are assumed to be spent, biennial change will appear to be high, even if the underlying program may not be substantially different.

Additional Information

Information in this report has been prepared by the Minnesota Department of Finance. In some instances, data presented is based on other state agency reports. Any problems with the reporting or interpretation of data are the responsibility of the Department of Finance.

For further information, please contact Charlie Bieleck at charlie.bieleck@state.mn.us for additional statewide information or the Executive Budget Officer listed in the analysis for specific program questions.

Compensatory Aid

Expenditures (\$000s)	2004-05	2006-07	2008-09	% Change '06-'07 vs. '04-'05	% Change '08-'09 vs. '06-'07
General Fund	\$514,202	\$602,837	\$618,597	17.2%	2.6%

Note: Expenditures are state aid entitlements, not appropriations

From FY 2004-05 to FY 2006-07, Compensatory Aid is projected to grow by 17.2% before leveling off at a more stable growth rate of 2.6% in FY 2008-09. Compensatory Aid is provided to school districts based on the number and concentration of students certified as eligible for free and reduced price lunch. After Basic Education Aid, it is the second largest component of General Education. Given its size, even small percentage changes can result in large costs or savings to the state.

The increase from FY 2004-05 to FY 2006-07 results from the fact that average poverty concentration within school districts increased by 1% during this period of time. There are three primary factors that contribute to this change. First, the Departments of Education and Human Services have increased the frequency of direct certification of student eligibility for free meals. In addition to the July certification by DHS, additional certifications are done in November and February. Compensatory Aid is based on students enrolled on October 1st who are determined to be eligible for free or reduced price meals by December 15th. The availability of more current direct certification information in the fall reduces undercounting of students who enroll or become eligible after July 1st and are not otherwise determined to be eligible for free and reduced price meals by December 15th. Second, the economic slowdown experienced in Minnesota over the past several years has likely increased the number of students eligible for free and reduced price lunch. Third, immigration from other countries has risen in recent years and this tends to increase poverty concentration within school districts.

It is not possible to disaggregate the impact of these three factors. Since free and reduced price lunch eligibility is driven by household income, there are a number of interrelated issues that could cause changes in this program (e.g. unemployment rates, wage growth, immigration policy, etc.). These issues coupled with the fact that some school districts are more proactive in certifying eligible students than others make it difficult to be more precise in explaining program growth.

EBO contact: Brian Steeves (brian.steeves@state.mn.us)

Referendum Equalization Aid

Expenditures (\$000s)	2004-05	2006-07	2008-09	% Change '06-'07 vs. '04-'05	% Change '08-'09 vs. '06-'07
General Fund	\$197,823	\$233,656	\$178,263	18.1%	(23.7%)

Note: Expenditures are state aid entitlements, not appropriations

Referendum Equalization Aid is expected to grow by 18.1% from FY 2004-05 to FY 2006-07 before declining by 23.7% in the FY 2008-09 biennium. This program aims to ensure that school district operating levies generate similar per pupil referendum revenue, regardless of the local tax base.

The somewhat erratic fluctuations in Referendum Equalization Aid do not accurately reflect the trend in school district referendum revenue over these three biennia. In fact, the Minnesota Department of Education forecasts that districts will realize referendum revenue increases of 21.4% and 25.3% during these respective time periods. Changes in Referendum Equalization Aid are more influenced by changes in the aid formula and mix of districts that choose to levy than by changes in overall referendum revenue.

When calculating Referendum Equalization Aid, the state breaks revenue into two tiers that are capped and equalized at different rates. Over the past several years, the Legislature has adjusted the caps applied to these two tiers but has left the equalizing factors unchanged. By increasing the caps, but not the equalizing factors, the state provides a short-term aid increase to school districts. This is because districts initially have an incentive to seek new operating levies when the caps increase (since a portion of the cost will be borne by the state). However, after the levies are in place, school districts tend to grow out of their equalization aid since they become more able to raise funds through their levy. This is particularly true in districts with high tax bases or those with strong tax base growth.

As a result, Referendum Equalization Aid as a percentage of total referendum revenue can vary significantly.

Year	% State Aid
FY 2004	17.7%
FY 2005	24.3%
FY 2006	22.7%
FY 2007	18.9%
FY 2008	14.8%
FY 2009	10.6%

Source: MDE

EBO contact: Brian Steeves (brian.steeves@state.mn.us)

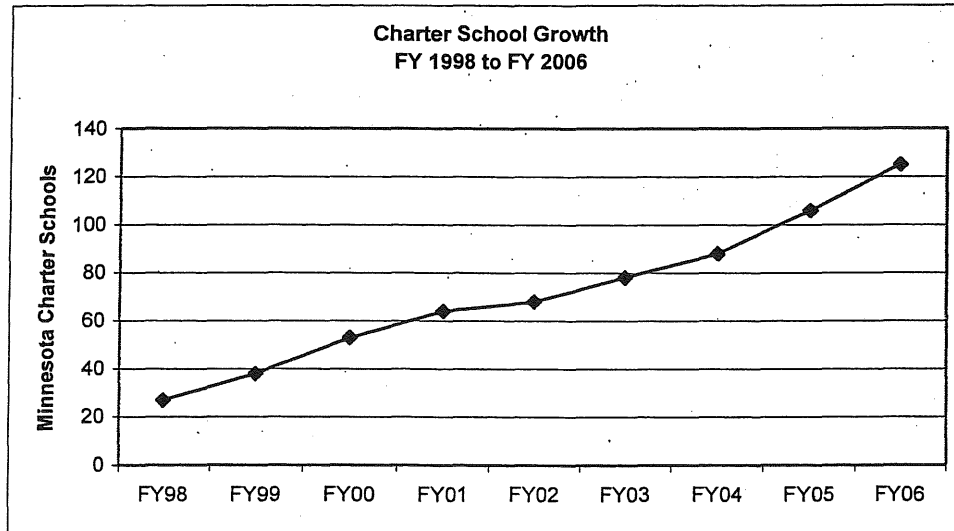
Charter School Start-Up Aid

Expenditures (\$000s)	2004-05	2006-07	2008-09	% Change '06-'07 vs. '04-'05	% Change '08-'09 vs. '06-'07
General Fund	\$761	\$3,818	\$3,074	401.7%	(19.5%)

Note: Expenditures are state aid entitlements, not appropriations

Charter School Start-up Aid is expected to grow to \$3.8 million in FY 2006-07, up more than 400% over FY 2004-05, then projected to decline to \$3.074 million in FY 2008-09, down almost 20 percent from FY 2006-07. Charter School Start-Up Aid was suspended for charter schools opening in FY 2004 and FY 2005 due to budget cuts. Because charter schools opening in these years did not receive aid, the growth in Charter School Start-Up Aid from FY 2004-05 to FY 2006-07 appears artificially high. If those schools opening in FY 2004 and FY 2005 had received aid, the growth from the FY 2004-05 biennium to FY 2006-07 would be closer to 42 percent.

Charter School Start-Up Aid is provided to charter schools during the first two years of operation based on the greater of \$50,000 per charter school or \$500 times the number of pupil units. The growth in Charter School Start-Up Aid is driven by the increase in the number of charter schools. In FY 1998, there were just 27 charter schools in the state, while there are more than 120 charter schools in FY 2006. Although the growth of charter schools has slowed somewhat, an additional 12 to 18 charter schools are expected to open in FY 2007.



EBO contact: Lisa Mueller (lisa.mueller@state.mn.us)

Charter School Lease Aid

<u>Expenditures</u> <u>(\$000s)</u>	<u>2004-05</u>	<u>2006-07</u>	<u>2008-09</u>	<u>% Change</u> <u>'06-'07 vs.</u> <u>'04-'05</u>	<u>% Change</u> <u>'08-'09 vs.</u> <u>'06-'07</u>
General Fund	\$38,355	\$52,893	\$68,363	37.9%	29.2%

Note: Expenditures are state aid entitlements, not appropriations

Charter School Lease Aid is expected to reach \$52.8 million in FY 2006-07, up \$14.5 million or almost 38 percent, from the FY 2004-05 biennium. Spending is projected to increase to \$68.3 million in FY 2008-09, a projected increase of \$15.4 million or almost 30 percent.

Charter Schools receive Charter School Lease Aid based on the lesser of 90 percent of lease costs or the product of the number of pupil units times \$1,200 or the allowance grandfathered in the 2002 legislative session for specific schools with high costs per pupil unit. The growth in the Charter School Lease Aid program is driven primarily by the growth in the number of charter schools and increasing lease costs.

In FY 1998, there were just 27 charter schools in the state. In FY 2006 there are more than 120 charter schools and although the growth of charter schools has slowed somewhat, an additional 12 to 18 charter schools are expected to open in FY 2007. At the same time that the number of charter schools is growing, lease costs for charter schools are increasing. The average lease cost per pupil unit has increased from \$509 per pupil unit in FY 1998 to more than \$1,200 per pupil unit in FY 2005.

EBO contact: Lisa Mueller (lisa.mueller@state.mn.us)

Homeowner's Property Tax Refund Program

Expenditures (\$000s)	2004-05	2006-07	2008-09	% Change '06-'07 vs. '04-'05	% Change '08-'09 vs. '06-'07
General Fund	\$276,879	\$366,600	\$446,300	32.4%	21.7%

Spending for the regular homeowners property tax refund program in FY 2006-2007 is expected to increase \$89.7 million, or 32.4%, over expenditures for the program in FY 2004-2005. In FY 2008-09, this program is projected to grow an additional \$79.7 million, or 21.7% over the level of the current biennium.

The homeowner property tax refund program provides tax relief to homeowners whose property taxes are high relative to their incomes. A combination of the following three factors have contributed to the growth in this program:

- Property taxes have risen significantly in recent years, leading to higher property tax refunds.
- The rise in property taxes has not been matched by a similar growth in household income, resulting in increased property tax refunds for homeowners.
- The participation rate for the program has risen. It has increased for several reasons. One is that the property tax refund program was expanded in the 2001 tax law, lowering the threshold for determining eligibility and increasing the maximum refund allowed. Another is that there are more homeowners in the state. A third reason is that, as property taxes have risen, they have become a more visible issue and are an increasingly important element in the financial decision-making of households.

Future increases or decreases in the homeowner's property tax refund program depend on whether or not these trends continue.

EBO contact: Alexandra Broat (alexandra.broat@state.mn.us)

Tax Refund Interest Program

Expenditures (\$000s)	2004-05	2006-07	2008-09	% Change '06-'07 vs. '04-'05	% Change '08-'09 vs. '06-'07
General Fund	\$32,644	\$91,100	\$67,000	179.1%	(26.5%)

Spending for the tax refund interest program in FY 2006-07 is expected to increase \$58.5 million, or 179.1%, over expenditures in FY 2004-05.

The tax refund interest program is not a traditional program. It is an open appropriation used to pay interest on refunds when the Department of Revenue loses disputes in tax court. Due to the nature of this program, its expenditures vary significantly from year to year. For FY 2006-07, the adverse Hutchinson Technology court decision significantly contributed to the projected growth in expenditures. As a result of this loss, an estimated \$30.8 million in interest will be paid out in FY 2006 and \$27.1 million in FY 2007.

Changing interest rates also contribute to fluctuations in this program. Based on the rates set by the Federal Reserve system, the refund interest rate for 2006 is 6 percent, up from 4 percent in 2005. The recent increase in the interest rate paid on refunds has added to the projected growth in the tax refund interest program. Since this program's spending depends on tax court rulings and fluctuating interest rates, it is expected to experience similar inconsistencies in the future.

EBO contact: Alexandra Broat (alexandra.broat@state.mn.us)

Children Services Grants

<u>Expenditures</u> <u>(\$000s)</u>	<u>2004-05</u>	<u>2006-07</u>	<u>2008-09</u>	<u>% Change</u> <u>'06-'07 vs.</u> <u>'04-'05</u>	<u>% Change</u> <u>'08-'09 vs.</u> <u>'06-'07</u>
General Fund	\$71,730	\$93,109	\$102,524	29.8%	10.1%

Spending for Children Services Grants are expected to increase \$21.4 million (29.8 percent) in FY 2006-07 over the previous biennium. Planning estimates for FY 2008-09 show a \$9.4 million (10.1 percent) increase over the current biennium.

Children Services Grants provide a variety of child welfare and community-based mental health services for children. The primary activities within the program are grants to individuals for adoption assistance (AA) and relative custody assistance (RCA) to offset costs of assuming custody and caring for special needs children. Other activities include grants to providers for recruitment of foster and adoptive parents, grants to counties for mental health case management and mental health screening. Below is a breakdown of the activities within the program:

<u>Expenditures</u> <u>(\$000s)</u>	<u>2004-05</u>	<u>2006-07</u>	<u>2008-09</u>	<u>% Change</u> <u>'06-'07 vs.</u> <u>'04-'05</u>	<u>% Change</u> <u>'08-'09 vs.</u> <u>'06-'07</u>
Adoption Assistance	\$39,381	\$47,847	\$50,876	21.5%	6.3%
Relative Custody Asst	\$13,099	\$16,520	\$19,472	26.1%	17.9%
Other Grants	\$19,250	\$28,742	\$32,176	49.3%	11.9%

The increased expenditures in the category labeled "Other Grants" are the product of policy and budgetary choices by the Legislature and Governor. For example, in the 2005 session a program was established to assist teens transitioning from foster care and a pilot project was established for two tribes to assume full responsibility of child welfare services. Conversely, the growth within AA and RCA is due to increased caseloads as the state and counties continue an aggressive effort to recruit adoptive parents and establish permanency for special needs children in a short time period. Average payment per case is relatively unchanged over the previous, current and subsequent biennia.

The table below displays the average monthly caseload, average monthly cost per case, and percent change in each biennium.

Monthly Average Cases and Cost	2004-05	2006-07	2008-09	% Change '06-'07 vs. '04-'05	% Change '08-'09 vs. '06-'07
Adoption Assistance <i>Cases</i>	5,763	6,679	7,591	15.9%	13.7%
Adoption Assistance <i>Ave. Cost</i>	\$869	\$895	\$929	3.0%	3.8%
Relative Custody <i>Asst. Cases</i>	1,771	2,236	2,707	26.3%	21.1%
Relative Custody <i>Ave. Cost</i>	\$924	\$924	\$920	0.0%	(0.4%)

EBO contact: Doug Green (doug.green@state.mn.us)

Medical Assistance Long-Term Care Waivers

Expenditures (\$000s)	2004-05	2006-07	2008-09	% Change '06-'07 vs. '04-'05	% Change '08-'09 vs. '06-'07
General Fund	\$1,353,729	\$1,723,832	\$2,057,038	27.4%	19.3%

Medical Assistance Long-Term Care Waiver expenditures are expected to grow \$371.1 million (27.4 percent) in FY 2006-07 over the previous biennium. The planning estimates for FY 2008-09 show an increase of \$333.2 million (19.3 percent) over the current biennium. From FY 2004 to FY 2009, the average annual increase in the waiver program is 9.9 percent. State expenditures in FY 2004-05 were lower because of temporary federal fiscal relief provided through an enhanced match rate for Medical Assistance expenditures, which reduced state expenditures on the LTC Waiver program by \$39.2 million in FY 2004.

The MA-LTC Waiver program consists of seven components: five waiver programs¹, home health agency (HHA) services, personal care assistance and private duty nursing (PCA/PDN). These services enable individuals with chronic care needs to receive care in home and community-based settings as opposed to institutional facilities. Below is a breakdown of the individual components within the waiver program:

Expenditures (\$000s)	2004-05	2006-07	2008-09	% Change '06-'07 vs. '04-'05	% Change '08-'09 vs. '06-'07
Developmental Disability Waiver	\$787,536	\$919,917	\$1,007,640	16.8%	9.5%
Elderly Waiver	\$116,318	\$145,064	\$141,839	24.7%	(2.2%)
Community Alternative for Disabled Indvls	\$108,930	\$187,618	\$309,791	72.2%	65.1%
Community Alternative Care	\$6,797	\$11,420	\$16,998	68.0%	48.8%
Traumatic Brain Injury Waiver	\$54,478	\$79,268	\$125,245	45.5%	58.0%
Home Health Agency	\$28,514	\$32,813	\$36,257	15.1%	10.5%
Personal Care Assistance/Private Duty Nurse	\$250,156	\$347,731	\$419,269	39.0%	20.6%

¹ Developmental Disability (DD) Waiver; Elderly Waiver (EW); Community Alternative for Disabled Individuals (CADI); Community Alternative Care (CAC); Traumatic Brain Injury (TBI) Waiver

The DD Waiver, PCA/PDN services, and CADI Waiver are increasing the most in actual expenditure terms, while almost every component of the program is growing at significant rates across each biennium.

Expanded caseloads and higher average payments per individual are equally contributing to the growth within the program, as both factors are increasing approximately ten percent over each biennium. However, within the individual components of the program, the growth is often attributable primarily to one factor. For example, the DD Waiver and EW growth in the current biennium is almost entirely due to increased average payments per individual, while the PCA/PDN growth is primarily the result of higher caseloads.

It should also be noted that the number of people served by the MA-LTC Waiver program has grown rapidly due to deliberate policy choices over time to serve more individuals in community-based settings as opposed to institutional settings like nursing homes or intermediate care facilities. Spending on those types of activities has been relatively slow growing or declining, while waiver spending has grown.

EBO contact: Doug Green (doug.green@state.mn.us)

Medical Assistance Basic Care for Elderly and Disabled

Expenditures ((\$000s))	2004-05	2006-07	2008-09	% Change	% Change
				'06-'07 vs. '04-'05	'08-'09 vs. '06-'07
General Fund	\$1,320,233	\$1,666,591	\$2,090,214	26.2%	25.4%

MA Elderly and Disabled Basic Care spending is estimated to reach \$1.7 billion in FY 2006-07, up 26.2 percent over FY 04-05 spending. Expenditures are projected to reach \$2.1 billion in FY 2008-09, up 25.4 percent over estimated FY 2006-07 costs.

Enrollment and average cost increases contribute to spending growth. Average enrollment is projected to grow by 7.5 percent in FY 2006-07 over FY 2004-05 (4.2% per year) and by another 7.4 percent in FY 2008-09 (3.3% per year). Enrollment of this population will continue to grow as baby boomers age.

Historically, MA Elderly and Disabled Basic Care covered prescription drugs for enrollees. However, most of these beneficiaries are now being served by the new Medicare prescription drug benefit that became available on January 1, 2006. While the federal law establishing the new Medicare benefit reduces state costs on prescription drugs, it also requires states to pay back most of these savings to the federal government through a "clawback" payment.

Because prescription drugs expenditures for MA Elderly and Disabled Basic Care are expected to be greatly reduced, average expenditures per enrollee decrease in FY 2006-07 by 2.1 percent over FY 2004-05. This decrease, however, is almost entirely offset by the "clawback" payments Minnesota must make to the federal government. Average costs for elderly and disabled enrollees are projected to grow by 8.9 percent in FY 2008-09. Public sector health care programs face similar cost pressures as the private health care market, created by increased utilization of prescription drugs, availability of expensive medical technology and many other factors.

In addition, the movement of Elderly Waiver recipients into managed care increases expenditures by about \$80 million in FY 2006-07 and another \$71 million in FY 2008-09, with a corresponding reduction in the MA LTC Waivers budget activity.

The federal government also provided temporary fiscal relief to state Medicaid programs in 2003 through an enhanced match rate for Medicaid expenditures, reducing state MA costs during FY 2004-05. This reduced state share in the earlier biennium contributes to the rate of biennial growth.

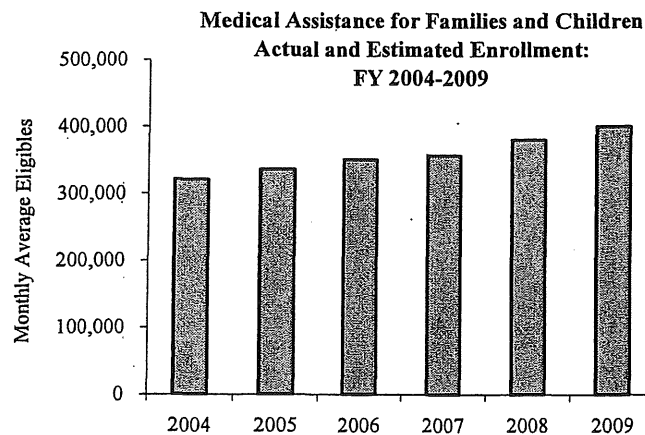
EBO contact: Katie Burns (katie.burns@state.mn.us)

Medical Assistance Basic Care for Families and Children

Expenditures (\$000s)	2004-05	2006-07	2008-09	% Change	% Change
				'06-'07 vs. '04-'05	'08-'09 vs. '06-'07
General Fund	\$1,012,319	\$1,242,272	\$1,610,873	22.7%	29.7%

MA Basic Care for Families and Children spending is estimated to reach \$1.2 billion in FY 2006-07, up 22.7 percent over FY 2004-05 spending. Expenditures are projected to reach \$1.6 billion in FY 2008-09, up 29.7 percent over estimated FY 2006-07 costs.

Enrollment in this program is projected to grow substantially through FY 2009. Average enrollment in FY 2006-07 is projected to grow by 7.7 percent over FY 2004-05, and by another 10.3 percent in FY 2008-09. A substantial portion of this growth is due to a projected shift of enrollees from MinnesotaCare to Medical Assistance. DHS is building a new eligibility determination system for Minnesota's publicly funded health care programs. Once fully implemented, HealthMatch will automatically assign new and continuing enrollees to the health care program that provides them the most benefits at the least cost to the enrollee. Because a significant portion of MinnesotaCare families are eligible for Medical Assistance, HealthMatch will cause most MA-eligible MinnesotaCare enrollees to move to Medical Assistance. This is expected to shift an average of 33,000 enrollees to MA in FY 2008-09, and roughly \$100 million in costs from the health care access fund to the general fund. This expected shift accounts for 8 percentage points of the biennial growth for FY 2008-09 over the previous biennium.



Average costs are also projected to increase through FY 2009. Average cost per enrollee is estimated to increase by 10.8 percent over FY 2004-05 and by another 14.5 percent in FY 2008-09. Much of this growth is due to similar cost pressures facing the private health care market, such as increased prescription drug utilization and availability of expensive medical technology.

Additionally, the federal government reduced state MA costs during FY 2004-05 by providing temporary fiscal relief to state Medicaid programs in 2003 through an enhanced match rate for Medicaid expenditures. This reduced state share in the earlier biennium contributes to the rate of biennial growth.

EBO contact: Katie Burns (katie.burns@state.mn.us)

Correctional Institutions

Expenditures (\$000s)	2004-05	2006-07	2008-09	% Change '06-'07 vs. '04-'05	% Change '08-'09 vs. '06-'07
General Fund	\$506,966	\$588,348	\$620,160	16.1%	5.4%

Expenditures for correctional institutions, which include adult and juvenile facilities, are projected to grow \$81.4 million, or 16.1 %, from FY 2004-05 to FY 2006-07, and \$31.8 million, or 5.4%, from FY 2006-07 to FY 2008-09.

The primary factor in the growth of the correctional institutions budget has been the continuing adult prison population increase and the need to fund the required bedspace. Nearly \$75 million of the change from the first to the second biennium is based on the average marginal cost of adding projected offenders to the correctional system. The remaining changes are attributable to increased enforcement efforts for sex offenders, additional chemical dependency treatment, and health care cost increases. All of the change from the second to the third biennium is based on the projected prison population increase.

Although most adult offenders are housed in state correctional facilities, some offenders are housed in private or local facilities, such as the Prairie Correctional Facility in Appleton, when the state facilities are full. The ongoing prison population increase is affected by changes in previous and current sentencing law, crime patterns (such as for drug offenses), law enforcement, and demographics.

Minnesota Prison Population Actual & Projected End-of-Biennium Totals	
FY 2004-05	8,295
FY 2006-07	8,957
FY 2008-09	9,466

The decrease in the growth rate between the first and second biennia and the second and third is projected based on a stabilizing of new court commitments to prison, especially for methamphetamine offenders.

EBO contact: Jim King (jim.king@state.mn.us)

Trial Courts

Expenditures (\$000s)	2004-05	2006-07	2008-09	% Change '06-'07 vs. '04-'05	% Change '08-'09 vs. '06-'07
General Fund	\$370,293	\$463,785	\$462,506	25.2%	(0.3%)

Trial court expenditures are projected to increase \$93.5 million, or 25.2%, from FY 2004-05 to FY 2006-07, and then remain virtually identical in FY 2008-09. The trial courts receive a single appropriation, so no further program breakouts are made.

The primary cost change from FY 2004-05 to 2006-07 is related to the completion of the state takeover of all court costs in all districts of the state. The major steps of the takeover started on July 1, 2000, when costs were assumed for the western districts in the state. This was followed by the takeover of the districts in Hennepin and Ramsey County on July 1, 2003. The last two phases of the takeover commenced on July 1, 2004, for the first and third districts (southeastern Minnesota), and July 1, 2005, for the sixth and tenth districts (northeastern Minnesota). The biennial change increase for the takeover is approximately \$63 million. A portion of this cost change is offset by a redirection of court revenues from the districts to the state. The biennial difference also includes a \$13 million increase recognizing court caseload increases under current law and \$11 million for caseload increases for sentencing changes primarily related to sex and drug offenders.

No significant changes are currently forecast for the trial courts budget in FY 2008-09.

EBO contact: Jim King (jim.king@state.mn.us)

Debt Service Transfer

Expenditures (\$000s)	2004-05	2006-07	2008-09	% Change '06-'07 vs. '04-'05	% Change '08-'09 vs. '06-'07
General Fund	\$589,160	\$775,941	\$907,226	32%	17%

The general fund transfer required for Debt Service is anticipated to grow in the next few years due to the larger bond authorizations passed in the 2003 and 2005 sessions, a decrease of premiums to be received and higher interest costs payable due to large premiums received from past bond issues. The cost of Debt Service levels out in future biennia, with estimated costs increasing only 1 and 3 percent for fiscal years 2010-2013, assuming that capital appropriations bills remain at forecast levels (see table below for forecast assumptions).

Debt Service costs are determined by three factors including: the cost to finance existing bonds outstanding, the sale of bonds that are to finance authorized but unissued bond authorizations, and the cost of future bond authorizations. Bond authorizations increased by 34% in FY 2002-03 and 17% in FY 2004-05. The bond sales are estimated to increase over the next few years due to higher levels of bond authorization that were passed in the 2003 and 2005 legislative sessions. The larger bond sales require higher levels of debt service transfer. Once the initial funding is completed for these large capital budgets the debt service cost will stabilize.

Other cost factors that increase the debt service requirement include the reduction in the premiums to be received in future biennia. Premiums are received on bond sales when interest rates are lower than five percent. Interest rates for the bond sales are projected to increase in the future to 4.9% to 5.7%, reducing any premiums to be received that would offset general fund transfers. Premiums received decrease by \$28 million in FY 2006-07 and decrease an additional \$28 million in FY 2008-09.

In previous biennia, bonds having higher interest rates were refunded which resulted in debt service savings. These savings have been realized in FY 2004 – FY 2006. Because of forecast interest rates in future biennia, there is limited ability to refund any additional bonds for new savings.

Debt Service Cost Factors											
Fiscal Year	Bond Authorizations	Biennial Total	% Change	Debt Service Transfer	Biennial Total	% Change	Bond Interest Rate	Premiums Received	Biennial Total	% Change	Biennial Refunding Savings
2002	570,127			285,553			4.2%	17,555			
2003	189,281	759,408	34%	295,446	580,999	4%	3.2%	34,216	51,771		240
2004	0			265,706			4.0%	22,036			
2005	885,892	885,892	17%	323,453	589,160	1%	3.9%	33,918	55,955	8%	56,547
2006	560,000			352,447			3.8%	22,528			
2007	135,000	695,000	-22%	423,494	775,941	32%	4.9%	5,161	27,690	-51%	16,303
2008	560,000			430,262			5.0%	0			
2009	135,000	695,000	0%	476,964	907,226	17%	5.3%	0	0	-100%	3,500

DOF contact: Peter Sausen (peter.sausen@state.mn.us)

K-12 Education
(\$000s)

Agency	Program	Component	Fund	Expenditures			% Change 06-07 vs. 04-05	% Change 08-09 vs. 06-07	Comments
				2004-05	2006-07	2008-09			
MDE	General Education	Gifted & Talented	General	-	12,349	16,984			37.5% New program phase in.
		Compensatory	General	514,202	602,837	618,597	17.2%		2.6% Changes are due to higher poverty concentrations within school districts as measured by student eligibility for free and reduced price lunch. See detailed explanation for further information.
MDE	General Education	QComp	General	-	95,945	154,722			61.3% New program phase in.
MDE	General Education	Referendum Equalization	General	197,823	233,656	178,263	18.1%		-23.7% Changes are primarily due to legislative adjustments in levy equalization caps, the mix of school districts that choose to levy, and rising property values. See detailed explanation for further information.
MDE	General Education	Alternative Attendance	General	2,559	1,216	2,284	-52.5%		87.8% Changes are primarily due to a new entitlement calculation methodology implemented by MDE in FY 2006. Previously, for charter schools not providing transportation, Basic Education Aid was reduced for the portion of revenue attributable to transportation and the corresponding increase to school districts was shown on the Alternative Attendance Aid line. Now, Basic Education Aid is shown at the statutory formula amount for all charter schools and the transportation adjustment is shown on the Alternative Attendance Aid line for both districts and charter schools. The change has no effect on revenue for any district or charter school.
MDE	General Education	Shared Time	General	7,263	3,708	7,671	-48.9%		106.9% Legislative action led to program growth. Funds are now distributed on a reimbursement basis, which creates a one-time savings in FY 2006-07.
MDE	General Education	Online Learning	General	183	851	2,155	365.0%		153.2% Legislative action led to program growth. Participation cap was removed.
MDE	Other General Education	Enrollment Options Transportation	General	81	110	110	35.8%		0.0% Lower than anticipated program utilization in FY 2004-05.
MDE	Other General Education	Nonpublic Pupil Aid	General	27,488	32,104	34,926	16.8%		8.8% Legislative action led to program growth.
		Charter School Lease Aid	General	38,355	52,893	68,363	37.9%		29.2% Growth is due to an increase in the number of charter schools and increases in lease costs. See detailed explanation for further information.
MDE	Choice	Charter School Start-Up Aid	General	761	3,818	3,074	401.7%		-19.5% Growth is due to an increase in charter schools and artificially low expenditures in FY 2004-2006 due to the suspension of start-up aid for charter schools opening in FY 2004 or FY 2005. See detailed explanation for further information.
MDE	Choice	Magnet School Grants	General	1,163	1,500	1,500	29.0%		0.0% Lower than anticipated program utilization in FY 2004-05.
MDE	Choice	Interdistrict Desegregation Transportation	General	9,478	17,981	23,277	89.7%		29.5% Growth is due to rising transportation costs and increases in participating districts.
MDE	Indian	Tribal Contract Schools	General	3,718	4,730	5,114	27.2%		8.1% Legislative action led to program growth.
MDE	Innovation Accountability	Best Practices Seminars	General	1,747	2,470	2,420	41.4%		-2.0% Legislative action led to program growth.
MDE	Special Student & Teacher	AP/IB	General	1,176	9,000	9,000	665.3%		0.0% Legislative action led to program growth.
MDE	Special Student & Teacher	Student Organizations	General	1,240	1,454	1,450	17.3%		-0.3% Legislative action led to program growth.
MDE	Special Student & Teacher	Get Ready, Get Credit - CLEP	General	-	2,475	3,300			33.3% New program phase in.
MDE	Special Education	Court Placed Special Education	General	96	135	146	-40.6%		8.1% Lower than anticipated program utilization in FY 2004-05.
		Children with Disabilities Aid	General	5,428	4,924	5,857	-9.3%		18.9% The decline in FY 06-07 is due to removing foster homes from the eligibility criteria. The growth is due to students being placed at earlier ages.
MDE	Special Education	Electronic Library for Minnesota	General	800	1,800	1,800	125.0%		0.0% Legislative action led to program growth.
MDE	Library	School Lunch	General	15,292	19,685	20,165	28.7%		2.4% Legislative action led to program growth.
MDE	Nutrition	Health & Development Screening	General	4,643	6,225	6,157	34.1%		-1.1% Legislative action led to program growth.
MDE	Early Childhood & Family Support								

Note: Expenditures are state aid entitlements, not appropriations

Property Tax Aids & Credits
(\$000s)

Agency	Program	Component Fund	Expenditures			% Change	% Change	Comments
			2004-05	2006-07	2008-09	06-07 vs. 04-05	08-09 vs. 06-07	
Revenue	Regular Homeowners	General	276,879	366,600	446,300	32.4%	21.7%	Reflects a trend toward increased participation in property tax refund program
Revenue	Aid To School Districts	General	52	251	232	382.7%	-7.6%	Legislative action led to program growth
Revenue	Finance Dept-CJ Aid-Public Def/Local Notes	General	956	1,428	1,428	49.4%	0.0%	
Revenue	Senior Deferral Reimbursement	General	390	560	903	43.6%	61.3%	
Revenue	Tax Refund Interest (OPEN)	General	32,644	91,100	67,000	179.1%	-26.5%	Fluctuates depending on legal decisions
Revenue	Repl Taconite Prod Tax Red (TR OUT)	General	11,669	16,517	16,582	41.5%	0.4%	
Revenue	County Program Aid	General	111,620	409,572	409,572	266.9%	0.0%	Legislative action led to program growth

Higher Education
(\$000s)

Agency	Program	Component	Fund	Expenditures			% Change	% Change	Comments
				2004-05	2006-07	2008-09	06-07 vs. 04-05	08-09 vs. 06-07	
OHE	Student Financial Aid Svcs		General	300,688	349,310	354,362	16.2%	1.4%	This line in the fund balance is for the entire agency, not just one program. This level is too high to identify any fast growing expenditures for specific programs. Any individual program funding increases are swamped by the \$51,184 that was cancelled at the end of FY05

Debt Service & All Other
(\$000s)

Agency	Program	Component	Fund	Expenditures			% Change	% Change	Comments
				2004-05	2006-07	2008-09	06-07 vs. 04-05	08-09 vs. 06-07	
Finance	Debt Service		General	598,022	775,831	907,226	29.7%	16.9%	Larger bonding bills have contributed to rising costs of debt service.

Health & Human Services
(\$000s)

Agency	Program	Component	Fund	Expenditures			% Change	% Change	Comments
				2004-05	2006-07	2008-09	06-07 vs. 04-05	08-09 vs. 06-07	
DHS	Children Services Grants	Adoption Assistance/Relative Custody Assistance	General	52,480	64,367	70,348	22.7%	9.3%	Caseloads and cost are the main drivers of growth. Policy and Budgetary choices by the Governor and Legislature account for the increase.
DHS	Children Services Grants	Childrens MH Screening, TCM, Foster Care, etc.	General	19,250	28,742	32,176	49.3%	11.9%	
DHS	Children Services Grants Total		General	71,730	93,109	102,524	29.8%	10.1%	
DHS	General Assistance		General	55,003	68,082	70,664	23.8%	3.8%	
DHS	MA LTC Waivers	MR/RC	General	795,015	912,133	988,631	14.7%	8.4%	
DHS	MA LTC Waivers	EW	General	116,318	145,064	141,839	24.7%	-2.2%	
DHS	MA LTC Waivers	CADI	General	108,930	187,618	309,791	72.2%	65.1%	
DHS	MA LTC Waivers	CAC	General	6,797	11,420	16,998	68.0%	48.8%	
DHS	MA LTC Waivers	TBI	General	54,478	79,268	125,245	45.5%	58.0%	
DHS	MA LTC Waivers	HHA	General	28,514	32,813	36,257	15.1%	10.5%	
DHS	MA LTC Waivers	PDA/DPN	General	250,156	347,731	419,269	39.0%	20.6%	
DHS	MA LTC Waivers Total		General	1,360,208	1,716,048	2,038,029	26.2%	18.8%	Caseloads and cost are the main drivers of growth across all waivers.
DHS	Child Care Development		General	2,598	3,080	3,080	18.6%	0.0%	
DHS	Other Ch/Econ Grants		General	24,402	32,889	35,304	34.8%	7.3%	
DHS	MA - MFIP Families Basic Care		General	1,012,319	1,242,272	1,610,873	22.7%	29.7%	Caseload and average cost increases cause growth.
DHS	MA - Elderly and Disabled Basic Care		General	1,320,233	1,666,591	2,080,214	26.2%	25.4%	Caseload and average cost increases cause growth.
DHS	General Assistance Medical Care		General	482,203	564,110	424,556	17.0%	-24.7%	Caseload and average cost increases cause growth.
DHS	MinnesotaCare	Direct appropriation only	HCAF	497,883	607,839	874,691	22.1%	43.9%	A combination average cost growth and significant
MDH	Admin Support Services	Direct appropriation only	General	10,586	15,081	16,942	42.5%	12.3%	Increased rent for new buildings accounts for the jump from 04-05 to 06-07
MDH	Agency Wide	Direct appropriation only	SGSR	57,627	73,354	77,210	27.3%	5.3%	Increase is associated with the fee increases passed during the 2005 session
Ombud for Fam	Operations	Direct appropriation only	General	430	551	490	28.1%	-11.1%	Carryforward from 04-05 accounts for the increase in 06-07
Med Practice			SGSR	5,292	7,614	7,654	43.9%	0.5%	Growth is due to unexpended balances in FY04-05 and policy/budget decisions.
Nursing			SGSR	4,548	6,777	7,587	49.0%	12.0%	Growth is due to unexpended balances in FY04-05 and policy/budget decisions.
NHAB			SGSR	329	1,307	1,260	297.3%	-3.6%	Growth is due to a technical, administrative transfer between agencies.
Podiatry			SGSR	90	106	110	17.8%	3.8%	Growth is due to policy/budget decisions.
Psychology			SGSR	1,161	1,382	1,382	19.0%	0.0%	Growth is due to unexpended balances in FY04-05.
Diet & Nutrition			SGSR	148	210	210	41.9%	0.0%	Growth is due to unexpended balances in FY04-05.
Social Work			SGSR	1,597	1,993	1,788	24.8%	-10.3%	Growth is due to unexpended balances in FY04-05 and policy/budget decisions.
BBHT			SGSR	498	1,363	1,370	173.7%	0.5%	Growth is due to combining two agencies (ADC program from MDH).

Ag, Environment, & Economic Development
(\$000s)

Agency	Program	Component	Fund	Expenditures			% Change 06-07 vs. 04-05	% Change 08-09 vs. 06-07	Comments
				2004-05	2006-07	2008-09			
Agriculture	Administration and Financial Assistance	General		9,487	14,178	15,064	49.4%	6.2%	Due to increased rent in the new agriculture/health building
Agriculture	Promotion and Marketing	Special Revenue		337,977	951,330		181.5%		
Board of Animal Health	Livestock and Poultry Health	General		5,459	6,520	5,922	19.4%	8.5%	Due to increased rent in the new agriculture/health building and a one-time appropriation of \$300,000 a year for grants to the Veterinary Diagnostic Lab at the U of MN
Board of Animal Health	Livestock and Poultry Health	Special Revenue		13,515	87,405		547.0%		
DEED	Workforce Services	General		19,959	40,330	40,330	102.1%	0.0%	Apparent increase due to program consolidation
DEED	State Funded Administration	General		4,098	6,554	6,554	59.9%	0.0%	Apparent increase due to program consolidation
EMT	Explore Minnesota Tourism	General		8,301	18,402	19,402	121.7%	5.4%	Apparent increase due to spinoff as separate agency and carryforward
Commerce	Administrative Services	General		5,562	10,836	10,836	94.8%	0.0%	Apparent increase due to consolidation of multiprogram expenditures into one program on fund balance in FY05.
Commerce	Market Assurance	General		5,412	9,844	9,844	81.9%	0.0%	Apparent increase due to consolidation of multiprogram expenditures into one program on fund balance in FY05.
Commerce	Energy & Telecommunications	General		4,130	7,624	7,624	84.6%	0.0%	Apparent increase due to consolidation of multiprogram expenditures into one program on fund balance in FY05.
Board of Barber/Cosmetol Examiners		General		729	1,398	1,398	91.8%	0.0%	Increase due to agency consolidation
Natural Resources	Trails and Waters	General		2485	3001	2568	20.7%	-14.0%	Increase from 04-05 to 06-07 is due to one-time appropriations for grants to municipalities
Natural Resources	Wildlife Management	Game & Fish		45,746	53,482	53,928	16.9%	0.8%	Due to increased registration fees, appropriations for salary increases, and one-time appropriations for special projects. Program is not projected to increase in FY 08-09.
Natural Resources	Lands and Minerals	Natural Resource		293	4,484	4,484	1430.0%	0.0%	Due to creation of the Minerals Management fee to supplant general fund expenditures for the Lands and Minerals program. 20% of total mineral receipts are now deposited in the Natural Resources Fund. Also reflects a new \$860,000 biennial appropriation for minerals exploration.
Natural Resources	License Center	Natural Resource		1802	4,766	4,484	164.0%	-5.9%	Apparent increase is due to internal reorganization of DNR licensing activities.
Natural Resources	Trails and Waters	Natural Resource		37,356	50,676	47,476	35.6%	-6.3%	Apparent is due to legislative action.
Natural Resources	Enforcement	Natural Resource		11,867	14,130	14,036	19.0%	-0.7%	Increase due to snowmobile sticker program enacted by the legislature.
Natural Resources	Forest Management	Natural Resource		6,135	20,811	20,860	239.0%	0.2%	Due to creation of the Forest Management Investment Fund in FY 05, which replaces general fund for certain forest management activities.
Pollution Control	OEA/PCA Merger	Environmental		53,446	116,767	117,758	118.5%	0.8%	Reflects OEA/PCA merger. No real growth in expenditures.

Transportation
(\$000s)

Agency	Program	Component	Fund	Expenditures			% Change 06-07 vs. 04-05	% Change 08-09 vs. 06-07	Comments
				2004-05	2006-07	2008-09			
Mn/DOT	Multimodal Systems	Rural transit	General	32,298	38,318	38,312	18.6%	0.0%	Legislative increase
Mn/DOT	State Roads	Small piece for leases	General	5	31	18	588.0%	-42.7%	Carryforward
Mn/DOT	State Roads	Electronic communications	TH	9,567	11,912	11,912	24.5%	0.0%	Legislative increase per Gov's Rec
Mn/DOT	State Roads	Debt Service	TH	14,177	120,476	128,772	749.8%	6.9%	Actual v. direct appopriated amounts
Met Council	Transit	Metro Transit Assistance	General	105,366	146,906	146,906	39.4%	0.0%	Legislative increase to address shortfall and MVST trend
Met Council	Transit	Metro Rail Operations	General	6,700	9,350	10,600	39.6%	13.4%	Ramp up of Hiawatha line

State Government
(000s)

Agency	Program	Component	Fund	Expenditures			% Change	% Change	Comments
				2004-05	2006-07	2008-09	06-07 vs. 04-05	08-09 vs. 06-07	
Administrative Hearings Office	Agency Budget		General	79	524	524	563.3%	0.0%	Transfer of Municipal Boundary Program from Admin to Admin Hearings
Administration	State Facilities Services		General	6,136	11,530	6,116	87.9%	-47.0%	One-time relocation funding of DHS move in FY06
CAAPB	Agency Budget		General	527	690	540	30.9%	-21.7%	Carry-forward of \$147,000 for HHH memorial-orig appr in 1990's
Military Affairs	Enlistment Incentives	Tuition Reimbursement & Bonus Incentives	General	10,785	20,424	20,414	89.4%	0.0%	Governor's 2005 Military Initiative
Military Affairs	EMERGENCY SERVICES		General	305	713	646	133.8%	-9.4%	Forecast GF Open Appropriation for Nat'l Guard Declared State Emergency. 2006 actual appropriation for Katrina preparation at \$450k impacting % increase and forecast.
Veterans Affairs	BENEFITS & SERVICES		General	3,451	8,581	8,230	148.7%	-4.1%	Change in program structure - services combined with benefits in 2006 and small vets orgs consolidated into DVA. Growth from 2004-05 is 8.9% with 2004-05 expenditures combined.

Public Safety
(\$000s)

Agency	Program	Component	Fund	Expenditures			% Change	% Change	Comments
				2004-05	2006-07	2008-09	06-07 vs. 04-05	08-09 vs. 06-07	
DPS Transp	Admin		General	2,504	5,317	4,752	112.3%	-10.6%	Technical--part of GF gets transferred to other funds
DPS Crime	Justice Programs	includes Law Enforcement	General	53,758	69,423	68,408	29.1%	-1.5%	Legislative increase
DPS Crime	Fire Marshall		General	4,846	5,763	5,664	18.9%	-1.7%	Legislative increase (resorts)
DPS Crime	911 program		173	52,148	89,129	88,542	70.9%	-0.7%	911 fee increase
Private Detective Board	Board		General	243	279	252	14.8%	-9.7%	Balance forward only
Trial Courts	Agency	All--No programs	General	370,293	463,785	462,506	25.2%	-0.3%	State takeover of courts
Corrections	Institutions		General	506,966	588,348	620,160	16.1%	5.4%	Prison population increase
Uniform Laws Commission			General	70	96	90	37.1%	-6.3%	National dues increase and catch-up

#2

Senators Michel, Larson, Ruud, Koering and Kierlin introduced—
S.F. No. 3317: Referred to the Committee on Finance.

1.1 A bill for an act
 1.2 relating to appropriations; appropriating and transferring money and
 1.3 supplementing or reducing appropriations for various state agencies, programs,
 1.4 or activities; establishing, regulating, or modifying certain programs or activities;
 1.5 requiring studies and reports; providing penalties; amending Minnesota
 1.6 Statutes 2004, sections 3.737, subdivision 1; 3.7371, subdivision 3; 43A.316,
 1.7 subdivisions 1, 2, 3, 4, 5, 10, by adding subdivisions; 115A.908, subdivision 2;
 1.8 135A.031, subdivision 7; 135A.034, subdivision 1; 135A.053, subdivision 2;
 1.9 136A.101, subdivisions 4, 8; 136A.15, subdivisions 6, 9, by adding a subdivision;
 1.10 136A.16, by adding a subdivision; 136A.162; 136A.1701, subdivisions 4, 7,
 1.11 by adding a subdivision; 136A.233, subdivision 3; 137.17, subdivisions 1, 3;
 1.12 296A.18, subdivision 4; 326.105; 446A.12, subdivision 1; Minnesota Statutes
 1.13 2005 Supplement, sections 16A.724, subdivision 2; 115C.09, subdivision 3j;
 1.14 136A.1701, subdivision 12; Laws 2005, chapter 136, article 1, sections 10; 13,
 1.15 subdivision 3; Laws 2003, First Special Session chapter 18, article 1, section 2;
 1.16 Laws 2005, First Special Session chapter 1, article 2, section 11, subdivision
 1.17 5; proposing coding for new law in Minnesota Statutes, chapters 116J; 136A;
 1.18 144; 341; 446A; repealing Minnesota Statutes 2004, sections 17.10; 135A.01;
 1.19 135A.031, subdivisions 1, 2, 5, 6; 135A.032; 135A.033; 136A.15, subdivision
 1.20 5; 136A.1702; 137.17, subdivisions 2, 4; Minnesota Statutes 2005 Supplement,
 1.21 section 135A.031, subdivisions 3, 4; Minnesota Rules, parts 4850.0011, subparts
 1.22 9, 10, 27; 4850.0014, subpart 1.

1.23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.24 **ARTICLE 1**
 1.25 **SUPPLEMENTAL APPROPRIATIONS**

1.26 Section 1. **SUPPLEMENTAL APPROPRIATIONS.**

1.27 The appropriations in this act are added to or, if shown in parentheses, subtracted
 1.28 from the appropriations enacted into law by the legislature in 2005, or other specified law,
 1.29 to the named agencies and for the specified programs or activities. The sums shown
 1.30 are appropriated from the general fund, or another named fund, to be available for the
 1.31 fiscal years indicated; 2006 is the fiscal year ending June 30, 2006, 2007 is the fiscal year

2.1 ending June 30, 2007, and the biennium is fiscal years 2006 and 2007. Supplementary
 2.2 appropriations and reductions to appropriations for the fiscal year ending June 30, 2006,
 2.3 are effective the day following final enactment.

2.4 **ARTICLE 2**

2.5 **STATE GOVERNMENT**

2.6 Section 1. **OFFICE OF ENTERPRISE**

2.7 **TECHNOLOGY** \$ 0 \$ 9,950,000

2.8 Summary by Fund

2.9 General Fund 0 9,950,000

2.10 **TOTAL** 0 9,950,000

2.11 **ENTERPRISE INFORMATION**

2.12 **TECHNOLOGY SECURITY**

2.13 **MANAGEMENT. \$2,950,000 in 2007 is to**

2.14 **be used to address comprehensive planning,**

2.15 **implementation, and administration of**

2.16 **enterprise information technology security**

2.17 **according to Minnesota Statutes, sections**

2.18 **16E.01 and 16E.03. Of the amount in**

2.19 **this rider, \$1,800,000 annually shall be**

2.20 **considered ongoing to provide for continuing**

2.21 **administration of enterprise security.**

2.22 Sec. 2. **FINANCE**

2.23 Summary by Fund

2.24 General Fund 0 325,000

2.25 **\$325,000 in 2007 is to pay for the cost of the**

2.26 **state's bankruptcy counsel representing the**

2.27 **state in the Northwest Airline's bankruptcy.**

2.28 Sec. 3. **EMPLOYEE RELATIONS**

3.1 Summary by Fund

3.2 Health Care Access Fund 60,000 2,260,000

3.3 **PUBLIC BUYERS GROUP.**

3.4 Notwithstanding Minnesota Statutes, section

3.5 295.581, this appropriation of \$60,000

3.6 in 2006 and \$2,260,000 in 2007 is for

3.7 onetime administrative costs for marketing,

3.8 communication, plan administration, and the

3.9 development of a data warehouse to support

0 the public buyers group.

3.11 Sec. 4. Minnesota Statutes 2004, section 43A.316, subdivision 1, is amended to read:

3.12 Subdivision 1. **Intent.** The legislature finds that the creation of a statewide program
 3.13 using best purchasing practices and innovative benefit design and administration to
 3.14 provide public employees, school district employees, and other eligible persons with
 3.15 life insurance and hospital, medical, and dental benefit coverage through provider
 3.16 organizations would result in a ~~greater utilization~~ more efficient use of government
 3.17 resources and would advance the health and welfare of the citizens of the state.

3.18 Sec. 5. Minnesota Statutes 2004, section 43A.316, subdivision 2, is amended to read:

3.19 Subd. 2. **Definitions.** For the purpose of this section, the terms defined in this
 3.20 subdivision have the meaning given them.

3.21 (a) **Commissioner.** "Commissioner" means the commissioner of employee relations.

3.22 (b) **Employee.** "Employee" means:

3.23 (1) a person who is a public employee within the definition of section 179A.03,
 3.24 subdivision 14, who is insurance eligible and is employed by an eligible employer;

3.25 (2) an elected public official of an eligible employer who is insurance eligible;

3.26 (3) a person employed by a labor organization or employee association certified as
 3.27 an exclusive representative of employees of an eligible employer or by another public
 3.28 employer approved by the commissioner, so long as the plan meets the requirements of a
 29 governmental plan under United States Code, title 29, section 1002(32); or

3.30 (4) a person employed by a county or municipal hospital.

3.31 (c) **Eligible employer.** "Eligible employer" means:

3.32 (1) a public employer within the definition of section 179A.03, subdivision 15, that
 3.33 is a town, county, city, school district as defined in section 120A.05, service cooperative

4.1 as defined in section 123A.21, intermediate district as defined in section 136D.01,
 4.2 Cooperative Center for Vocational Education as defined in section 123A.22, regional
 4.3 management information center as defined in section 123A.23, or an education unit
 4.4 organized under the joint powers action, section 471.59; or

4.5 (2) an exclusive representative of employees, as defined in paragraph (b);

4.6 (3) a county or municipal hospital; or

4.7 (4) another public employer approved by the commissioner.

4.8 (d) **Exclusive representative.** "Exclusive representative" means an exclusive
 4.9 representative as defined in section 179A.03, subdivision 8.

4.10 (e) **Labor-Management Committee.** "Labor-Management Committee" means the
 4.11 committee established by subdivision 4.

4.12 (f) **Program.** "Program" means the statewide public ~~employee insurance~~ buyers
 4.13 group program created by subdivision 3.

4.14 Sec. 6. Minnesota Statutes 2004, section 43A.316, subdivision 3, is amended to read:

4.15 Subd. 3. **Public ~~employee insurance~~ buyers group program.** The commissioner
 4.16 shall be the administrator of the public ~~employee insurance~~ buyers group program and
 4.17 may determine its funding arrangements. The commissioner shall model the program
 4.18 after the plan established in section 43A.18, subdivision 2, but may modify that plan,
 4.19 in consultation with the Labor-Management Committee. The commissioner, or the
 4.20 commissioner's designated representatives, shall be consulted in discussions or studies
 4.21 by state agencies related to improving statewide health care quality, outcomes, and costs.

4.22 The commissioner may:

4.23 (1) Develop and administer separately rated programs within the public buyers
 4.24 group program, including a separately rated and administered program for employees of
 4.25 public school districts. Separate programs within the public buyers group program may be
 4.26 pilot or demonstration programs, or permanent programs.

4.27 (2) Develop, implement, and administer demonstration or pilot programs to help
 4.28 explore methods for improving the effectiveness and value of the public buyers group
 4.29 program.

4.30 (3) Conduct evaluations and studies to determine the effectiveness and impact of
 4.31 pilot, demonstration, or other programs as part of the public buyers group program.

4.32 (4) Develop, adopt, modify, and implement strategies to control health care costs
 4.33 and to improve health care outcomes, including, but not limited to, health care cost and
 4.34 quality measurement and reporting strategies, pay-for-performance strategies, value-based

purchasing strategies, and other demonstrated or emerging best practices in health care purchasing.

(5) In consultation with the labor management committee in subdivision 4, develop, adopt, modify, and administer innovative health benefit designs, including possible tiered arrangements, high deductible plans with health care savings accounts, special provider networks, limited benefit plans, incentive programs for healthy behaviors and health improvement, and other health benefit designs.

(6) Temporarily suspend or limit new entrant groups into the public buyers group program if necessary to maintain the quality, effectiveness, and viability of the program.

(7) Participate as part of broader community, regional, or national alliances or initiatives, including joint public-private sector efforts to improve health care purchasing, health care costs, quality, and outcomes.

(8) Develop, implement, and administer a Web site and related capabilities to provide members and the public with information and a means to make inquiries to the public buyers group program. The Web site may include information on the program's goals and its performance in reaching the goals.

Sec. 7. Minnesota Statutes 2004, section 43A.316, is amended by adding a subdivision to read:

Subd. 3a. **Health improvement programs.** The commissioner is authorized to plan, develop, purchase, administer, and evaluate disease management and other programs, strategies, and incentives to improve the health and health outcomes of members.

Sec. 8. Minnesota Statutes 2004, section 43A.316, subdivision 4, is amended to read:

Subd. 4. Labor-Management Committee. The Labor-Management Committee consists of ten members appointed by the ~~commissioner~~ governor. The Labor-Management Committee must comprise five members who represent employees, including at least one retired employee, and five members who represent eligible employers. Committee members are eligible for expense reimbursement in the same manner and amount as authorized by the commissioner's plan adopted under section 43A.18, subdivision 2. The commissioner shall consult with the labor-management committee in major decisions that affect the program. The committee shall study issues relating to the insurance program including, but not limited to, flexible benefits, utilization review, quality assessment, and cost efficiency. The committee continues to exist while the program remains in operation.

Sec. 9. Minnesota Statutes 2004, section 43A.316, subdivision 5, is amended to read:

6.1 Subd. 5. **Public employee participation.** (a) Participation in the program is subject
6.2 to the conditions in this subdivision.

6.3 (b) Each exclusive representative for an eligible employer determines whether the
6.4 employees it represents will participate in the program. The exclusive representative shall
6.5 give the employer notice of intent to participate at least 30 days before the expiration date
6.6 of the collective bargaining agreement preceding the collective bargaining agreement that
6.7 covers the date of entry into the program. The exclusive representative and the eligible
6.8 employer shall give notice to the commissioner of the determination to participate in the
6.9 program at least 30 days before entry into the program. Entry into the program is governed
6.10 by a schedule established by the commissioner.

6.11 (c) Employees not represented by exclusive representatives may become members
6.12 of the program upon a determination of an eligible employer to include these employees
6.13 in the program. Either all or none of the employer's unrepresented employees must
6.14 participate. The eligible employer shall give at least 30 days' notice to the commissioner
6.15 before entering the program. Entry into the program is governed by a schedule established
6.16 by the commissioner.

6.17 (d) Participation in the program is for a ~~two-year~~ three-year term. Participation is
6.18 automatically renewed for an additional two-year term unless the exclusive representative,
6.19 or the employer for unrepresented employees, gives the commissioner notice of
6.20 withdrawal at least 30 days before expiration of the participation period. A group that
6.21 withdraws must wait two years before rejoining. An exclusive representative, or employer
6.22 for unrepresented employees, may also withdraw if premiums increase 50 percent or more
6.23 from one insurance year to the next. The commissioner may modify the participation
6.24 requirement as part of a demonstration or pilot effort. Any modifications must be clearly
6.25 communicated to all employers who are members of the public buyers group program, and
6.26 incorporated into any information about the program, at least 60 days prior to the change
6.27 becoming effective. The modifications must apply on an equal basis to all current and
6.28 prospective employers enrolled in the program.

6.29 (e) To improve the stability and effectiveness of the public buyers group program,
6.30 the commissioner, in consultation with the Labor-Management Committee and other
6.31 experts, may explore mutual gain-sharing arrangements, discounts, incentives, or penalties
6.32 for public employers based on the length of their continuous membership in the public
6.33 buyers group program and other factors. Any incentives for long-term membership in the
6.34 program must be: (1) consistent with the program's goals of maintaining the overall
6.35 integrity and viability of the program; (2) consistent with other applicable laws, rules, and
6.36 policies; and (3) available to all groups on equal terms. The terms of any incentives for

7.2 long-term participation in the program must be clearly communicated to all employers
7.3 who are members of the public buyers group program and incorporated into any
7.4 information about the program. Any administration of the incentives or changes must be
7.5 communicated at least 180 days prior to each employer's renewal date before the change
7.6 may become effective. The commissioner, in consultation with the Labor-Management
7.7 Committee, shall report to the legislature and the governor by January 15, 2008, and
7.8 annually thereafter, on the adequacy of the participation requirement and any special
7.9 incentives based on the length of participation in helping maintain the stability and
effectiveness of the public buyers group program.

7.10 (f) The exclusive representative shall give the employer notice of intent to withdraw
7.11 to the commissioner at least 30 days before the expiration date of a collective bargaining
7.12 agreement that includes the date on which the term of participation expires.

7.13 (g) Each participating eligible employer shall notify the commissioner of
7.14 names of individuals who will be participating within two weeks of the commissioner
7.15 receiving notice of the parties' intent to participate. The employer shall also submit other
7.16 information as required by the commissioner for administration of the program.

7.17 Sec. 10. Minnesota Statutes 2004, section 43A.316, is amended by adding a
7.18 subdivision to read:

7.19 Subd. 5a. Participating employers. Employers participating in the public buyers
7.20 group program shall not be refused or impeded by the program in their efforts to obtain
7.21 the utilization or claims data needed by the employer to seek alternative bids for insurance
7.22 coverage. The ability of participating employers to secure their data for the purposes of
7.23 seeking alternative bids for coverage exists regardless of any other program participation
7.24 requirements or incentives for long-term participation in the program. Participating
7.25 employers must not be charged for the report generated to satisfy this subdivision.

7.26 Sec. 11. Minnesota Statutes 2004, section 43A.316, is amended by adding a
7.27 subdivision to read:

7.28 Subd. 5b. School district's bids. School districts eligible for the public buyers
7.29 group program must request bids for insurance coverage through the public buyers
7.30 group program at least once every four years. This subdivision does not require school
7.31 districts eligible for the program to purchase coverage through the program. Other public
7.32 employers are encouraged to seek bids from the public buyers group program at least
7.33 once every four years.

8.1 Sec. 12. Minnesota Statutes 2004, section 43A.316, is amended by adding a
8.2 subdivision to read:

8.3 Subd. 9a. Report. The commissioner shall report biennially to the governor and
8.4 legislature on March 1 of each odd-numbered year. The report must include information
8.5 on membership, finances, operations, effectiveness, and impact of the public buyers group
8.6 program. The report may include discussion of changes and innovations, particularly with
8.7 respect to improving health care costs, quality, and outcomes, and any issues or challenges
8.8 faced by the program and how they might be addressed. The report must be posted on a
8.9 Web site maintained by or for the public buyers group program, and must be available
8.10 to the public.

8.11 Sec. 13. Minnesota Statutes 2004, section 43A.316, subdivision 10, is amended to read:

8.12 Subd. 10. **Exemption.** The public ~~employee insurance~~ buyers group program
8.13 and, where applicable, the employers participating in it are exempt from chapters 60A,
8.14 62A, 62C, 62D, 62E, and 62H, section 471.617, subdivisions 2 and 3, and the bidding
8.15 requirements of section 471.6161. Nothing in this statute or other statutes shall limit the
8.16 commissioner's ability to develop and test innovative health insurance benefit designs for
8.17 the public buyers group program.

8.18 ARTICLE 3

8.19 HIGHER EDUCATION

8.20 Section 1. Minnesota Statutes 2004, section 135A.031, subdivision 7, is amended to
8.21 read:

8.22 Subd. 7. **Reports.** Instructional expenditure and enrollment data ~~for each~~
8.23 ~~instructional category~~ shall be submitted to the Office of Higher Education and the
8.24 Department of Finance and included in the biennial budget document. The specific data
8.25 shall be submitted only after the director of the Office of Higher Education has consulted
8.26 with a data advisory task force to determine the need, content, and detail of the information.

8.27 Sec. 2. Minnesota Statutes 2004, section 135A.034, subdivision 1, is amended to read:

8.28 Subdivision 1. **Operating budget.** The governing boards of the University of
8.29 Minnesota, and the Minnesota State Colleges and Universities shall each develop, for
8.30 legislative and executive branch acceptance, its highest budget priorities in accordance
8.31 with statewide objectives for higher education. ~~It is the intent of the legislature to~~
8.32 ~~appropriate at least 67 percent of the total cost of instruction after adjusting for inflation~~
8.33 ~~and enrollment changes. However, in the event of a budget shortfall, or if funding of~~

~~inflation is not possible, available funding shall first be applied to the agreed upon budget priorities.~~

9.2
9.3 Sec. 3. Minnesota Statutes 2004, section 135A.053, subdivision 2, is amended to read:

9.4 Subd. 2. **Performance and accountability.** Higher education systems and
9.5 campuses are expected to achieve the objectives in subdivision 1 and will be held
9.6 accountable for doing so. The legislature is increasing the flexibility of the systems and
9.7 campuses to provide greater responsibility to higher education in deciding how to achieve
9.8 statewide objectives, and to decentralize authority so that those decisions can be made
9.9 at the level where the education is delivered. ~~To demonstrate their accountability, the~~
9.10 ~~legislature expects each system and campus to measure and report on its performance,~~
9.11 ~~using meaningful indicators that are critical to achieving the objectives in subdivision 1,~~
9.12 ~~as provided in section 135A.033.~~ Nothing in this section precludes a system or campus
9.13 from determining its own objectives and performance measures beyond those identified
9.14 in this section.

9.15 Sec. 4. Minnesota Statutes 2004, section 136A.101, subdivision 4, is amended to read:

9.16 Subd. 4. **Eligible institution.** "Eligible institution" means a postsecondary
9.17 educational institution that:

9.18 (1) is located in this state or in a state with which the office has entered into a higher
9.19 education reciprocity agreement on state student aid programs ~~that either (1);~~

9.20 (2) is operated by this state or by the University of Minnesota, or (2) is operated
9.21 publicly or privately and, as determined by the office, maintains academic standards
9.22 substantially equivalent to those of comparable institutions operated in this state;

9.23 (3) is licensed or registered as a postsecondary institution by the Office of Higher
9.24 Education or another state agency; and

9.25 (4) is participating in federal student aid programs under Title IV of the Higher
9.26 Education Act of 1965, as amended. Institutions not participating in federal student aid
9.27 programs on the effective date of this section have three years from the effective date of
9.28 this act to begin participating in federal student aid programs under Title IV.

9.29 Sec. 5. Minnesota Statutes 2004, section 136A.101, subdivision 8, is amended to read:

9.30 Subd. 8. **Resident student.** "Resident student" means a student who meets one of
9.31 the following conditions:

10.1 (1) a student who has resided in Minnesota for purposes other than postsecondary
 10.2 education for at least 12 months without being enrolled at a postsecondary educational
 10.3 institution for more than five credits in any term;

10.4 (2) a dependent student whose parent or legal guardian resides in Minnesota at the
 10.5 time the student applies;

10.6 (3) a student who graduated from a Minnesota high school, if the student was a
 10.7 resident of Minnesota during the student's period of attendance at the Minnesota high
 10.8 school and the student is physically attending a Minnesota postsecondary educational
 10.9 institution; or

10.10 (4) a student who, after residing in the state for a minimum of one year, earned a
 10.11 high school equivalency certificate in Minnesota;

10.12 (5) a member, spouse, or dependent of a member of the armed forces of the United
 10.13 States stationed in Minnesota on active federal military service as defined in section
 10.14 190.05, subdivision 5c;

10.15 (6) a person or spouse of a person who relocated to Minnesota from an area that is
 10.16 declared a presidential disaster area within the preceding 12 months; or

10.17 (7) a person defined as a refugee under United States Code, title 8, section
 10.18 1101(a)(42), who, upon arrival in the United States, moved to Minnesota and has
 10.19 continued to reside in Minnesota.

10.20 Sec. 6. Minnesota Statutes 2004, section 136A.15, subdivision 6, is amended to read:

10.21 Subd. 6. **Eligible institution.** "Eligible institution" means a postsecondary
 10.22 educational institution that ~~either:~~

10.23 (1) is operated or regulated by this state or by the University of Minnesota, or ~~(2)~~ is
 10.24 operated publicly or privately in another state, is approved by the United States Secretary
 10.25 of Education, and, as determined by the office, maintains academic standards substantially
 10.26 equal to those of comparable institutions operated in this state. ~~It also includes any~~
 10.27 ~~institution chartered in a province;~~

10.28 (2) is licensed or registered as a postsecondary institution by the Office of Higher
 10.29 Education or another state agency; and

10.30 (3) is participating in federal student aid programs under Title IV of the Higher
 10.31 Education Act of 1965, as amended. Institutions not participating in federal student aid
 10.32 programs on the effective date of this section have three years from the effective date of
 10.33 this section to begin participating in federal student aid programs under Title IV.

10.34 Sec. 7. Minnesota Statutes 2004, section 136A.15, subdivision 9, is amended to read:

Subd. 9. Minnesota resident student. "Minnesota resident student" means a student who meets one of the following conditions in section 136A.101, subdivision 8.:

(1) a student who has resided in Minnesota for purposes other than postsecondary education for at least 12 months without being enrolled at a postsecondary educational institution for more than five credits in any term;

(2) a dependent student whose parent or legal guardian resides in Minnesota at the time the student applies;

(3) a student who graduated from a Minnesota high school, if the student was a resident of Minnesota during the student's period of attendance at the Minnesota high school and the student is physically attending a Minnesota postsecondary-educational institution; or

(4) a student who, after residing in the state for a minimum of one year, earned a high school equivalency certificate in Minnesota.

Sec. 8. Minnesota Statutes 2004, section 136A.15, is amended by adding a subdivision to read:

Subd. 10. Eligible cosigner. "Eligible cosigner" means a cosigner who:

(1) is creditworthy. "Creditworthy" means one who, in the judgment of the director, has:

(i) no credit bureau balances discharged through bankruptcy;

(ii) no garnishments, attachments, foreclosure, repossession, or suit;

(iii) no delinquent or unsatisfied credit obligation, such as tax or mechanics liens or judgments; and

(iv) no more than five percent of current credit bureau balances past due.

A cosigner is considered creditworthy if the total obligation in subclause (iii) or the amount past due in subclause (iv) does not exceed \$50 and all other requirements under this clause are met;

(2) is at least 24 years old;

(3) is a United States citizen or permanent resident;

(4) permanently resides in the United States; and

(5) agrees to the release of information to a consumer credit reporting agency, as specified in section 136A.162, paragraph (b).

The office may establish alternative credit requirements using credit scoring.

Sec. 9. Minnesota Statutes 2004, section 136A.16, is amended by adding a subdivision to read:

12.1 Subd. 16. Interest rate swaps and other agreements. (a) The office may enter into
12.2 interest rate exchange or swap agreements, hedges, forward purchase or sale agreements,
12.3 or other comparable interest rate protection agreements with a third party in connection
12.4 with the issuance or proposed issuance of bonds, outstanding bonds or notes, or existing
12.5 comparable interest rate protection agreements.

12.6 (b) The agreements authorized by this subdivision include, without limitation, master
12.7 agreements, options, or contracts to enter into those agreements in the future and related
12.8 agreements, including, without limitation, agreements to provide credit enhancement,
12.9 liquidity, or remarketing.

12.10 (c) The agreements authorized by this subdivision may be entered into on the basis
12.11 of negotiation with a qualified third party or through a competitive proposal process on
12.12 terms and conditions as and with covenants and provisions approved by the office and
12.13 may include, without limitation:

12.14 (1) provisions establishing reserves;

12.15 (2) pledging assets or revenues of the office for current or other payments or
12.16 termination payments;

12.17 (3) contracting with the other parties to the agreements to provide for the custody,
12.18 collection, securing, investment, and payment of money of the office or money held in
12.19 trust; or

12.20 (4) requiring the issuance of bonds or other agreements authorized by this section
12.21 in the future.

12.22 (d) With respect to bonds or notes outstanding or proposed to be issued bearing
12.23 interest at a variable rate, the office may agree to pay sums equal to interest at a fixed rate
12.24 or at a different variable rate determined in accordance with a formula set out in the
12.25 agreement on an amount not exceeding the outstanding principal amount of the bonds or
12.26 notes at the time of payment in exchange for an agreement by the third party to pay sums
12.27 equal to interest on a like amount at a variable rate determined according to a formula
12.28 set out in the agreement.

12.29 (e) With respect to bonds or notes outstanding or proposed to be issued bearing
12.30 interest at a fixed rate or rates, the office may agree to pay sums equal to interest at a
12.31 variable rate determined in accordance with a formula set out in the agreement on an
12.32 amount not exceeding the outstanding principal amount of the bonds or notes at the time of
12.33 payment in exchange for an agreement by the third party to pay sums equal to interest on a
12.34 like amount at a fixed rate or rates determined according to a formula set in the agreement.

12.35 (f) Subject to any applicable covenants of the office, payments required to be made
12.36 by the office under the agreement, including termination payments, may be made from

13.1 amounts pledged or available to pay debt service on the bonds or notes with respect to
 13.2 which the agreement was made or from assets of the loan capital fund of the office.
 13.3 The office may issue bonds or notes to provide for any payments, including, without
 13.4 limitation, a termination payment due or to become due under an agreement authorized
 13.5 under this section.

13.6 Sec. 10. Minnesota Statutes 2004, section 136A.162, is amended to read:

13.7 **136A.162 CLASSIFICATION OF DATA.**

13.8 All data on applicants for financial assistance collected and used by the Higher
 13.9 Education Services Office for student financial aid programs administered by that office
 13.10 shall be classified as private data on individuals under section 13.02, subdivision 12.

13.11 Exceptions to this classification are that:

13.12 ~~(a) the names and addresses of program recipients or participants are public data;~~

13.13 ~~(b)~~ data on applicants may be disclosed to the commissioner of human services
 13.14 to the extent necessary to determine eligibility under section 136A.121, subdivision 2,
 13.15 clause (5); and

13.16 ~~(c)~~ (b) the following data collected in the Minnesota supplemental loan program
 13.17 under section 136A.1701 may be disclosed to a consumer credit reporting agency only
 13.18 if the borrower and the cosigner give informed consent, according to section 13.05,
 13.19 subdivision 4, at the time of application for a loan:

13.20 (1) the lender-assigned borrower identification number;

13.21 (2) the name and address of borrower;

13.22 (3) the name and address of cosigner;

13.23 (4) the date the account is opened;

13.24 (5) the outstanding account balance;

13.25 (6) the dollar amount past due;

13.26 (7) the number of payments past due;

13.27 (8) the number of late payments in previous 12 months;

13.28 (9) the type of account;

13.29 (10) the responsibility for the account; and

13.30 (11) the status or remarks code.

13.31 Sec. 11. Minnesota Statutes 2004, section 136A.1701, subdivision 4, is amended to
 13.32 read:

13.33 Subd. 4. **Terms and conditions of loans.** (a) The office may loan money upon such
 13.34 terms and conditions as the office may prescribe. The principal amount of a loan to an

14.1 undergraduate student for a single academic year shall not exceed \$6,000 for grade levels
 14.2 1 and 2 effective July 1, 2006, through June 30, 2008. Effective July 1, 2008, the principal
 14.3 amount of a loan for grade levels 1 and 2 shall not exceed \$7,500. The principal amount
 14.4 of a loan for grade levels 3, 4, and 5 shall not exceed \$7,500 effective July 1, 2006. The
 14.5 aggregate principal amount of all loans made under this section to an undergraduate
 14.6 student shall not exceed ~~\$25,000~~ \$34,500 through June 30, 2008, and \$37,500 after June
 14.7 30, 2008. The principal amount of a loan to a graduate student for a single academic year
 14.8 shall not exceed \$9,000. The aggregate principal amount of all loans made under this
 14.9 section to a student as ~~a~~ an undergraduate and graduate student shall not exceed ~~\$40,000~~
 14.10 \$52,500 through June 30, 2008, and \$55,500 after June 30, 2008. The amount of the loan
 14.11 may not exceed the cost of attendance less all other financial aid, including PLUS loans or
 14.12 other similar parent loans borrowed on the student's behalf. The cumulative SELF loan
 14.13 debt must not exceed the borrowing maximums in paragraph (b).

14.14 (b) The cumulative undergraduate borrowing maximums for SELF loans are:

14.15 (1) effective July 1, 2006, through June 30, 2008:

14.16 (i) grade level 1, \$6,000;

14.17 (ii) grade level 2, \$12,000;

14.18 (iii) grade level 3, \$19,500;

14.19 (iv) grade level 4, \$27,000; and

14.20 (v) grade level 5, \$34,500; and

14.21 (2) effective July 1, 2008:

14.22 (i) grade level 1, \$7,500;

14.23 (ii) grade level 2, \$15,000;

14.24 (iii) grade level 3, \$22,500;

14.25 (iv) grade level 4, \$30,000; and

14.26 (v) grade level 5, \$37,500.

14.27 Sec. 12. Minnesota Statutes 2004, section 136A.1701, subdivision 7, is amended to
 14.28 read:

14.29 Subd. 7. **Repayment of loans.** (a) The office shall establish repayment procedures
 14.30 for loans made under this section, but in no event shall the period of permitted repayment
 14.31 for SELF II or SELF III loans exceed ten years from the eligible student's termination of
 14.32 the student's postsecondary academic or vocational program, or 15 years from the date of
 14.33 the student's first loan under this section, whichever is less.

14.34 (b) For SELF loans from phases after SELF III, eligible students with aggregate
 14.35 principal loan balances from all SELF phases that are less than \$18,750 shall have a

15.2 repayment period not exceeding ten years from the eligible student's graduation or
15.3 termination date. For SELF loans from phases after SELF III, eligible students with
15.4 aggregate principal loan balances from all SELF phases of \$18,750 or greater shall
15.5 have a repayment period not exceeding 15 years from the eligible student's graduation
15.6 or termination date. For SELF loans from phases after SELF III, the loans shall enter
repayment no later than seven years after the first disbursement date on the loan.

15.7 Sec. 13. Minnesota Statutes 2005 Supplement, section 136A.1701, subdivision 12,
15.8 is amended to read:

15.9 Subd. 12. **Eligible student.** "Eligible student" means a student who is a Minnesota
15.10 resident who is enrolled or accepted for enrollment at an eligible institution in Minnesota
15.11 or in another state or province. Non-Minnesota residents are eligible students if they are
15.12 enrolled or accepted for enrollment in a minimum of one course of at least 30 days in
15.13 length during the academic year that requires physical attendance at an eligible institution
15.14 located in Minnesota. Non-Minnesota resident students enrolled exclusively during the
15.15 academic year in correspondence courses or courses offered over the Internet are not
15.16 eligible students. Non-Minnesota resident students not physically attending classes in
15.17 Minnesota due to enrollment in a study abroad program for 12 months or less are eligible
15.18 students. Non-Minnesota residents enrolled in study abroad programs exceeding 12
15.19 months are not eligible students. For purposes of this section, an "eligible student" must
15.20 also meet the eligibility requirements of section 136A.15, subdivision 8.

15.21 Sec. 14. Minnesota Statutes 2004, section 136A.1701, is amended by adding a
15.22 subdivision to read:

15.23 Subd. 13. Cosigner requirement. All borrowers under this section must have an
15.24 eligible cosigner. The cosigner is jointly and separately responsible for making loan
15.25 payments, including principal, interest, and other charges.

15.26 Sec. 15. [136A.1704] LOAN REHABILITATION.

15.27 (a) For SELF loans that have defaulted, the borrower or cosigner has the option to
15.28 rehabilitate the loan, as loan rehabilitation is not prohibited under any federal or state
15.29 statute, rule, regulation, act, or requirement.

15.30 (b) A defaulted SELF loan can be rehabilitated only once and rehabilitation can
15.31 only be attempted twice per loan.

16.1 (c) An agreement specifying the required payment amount and payment due date
16.2 must be signed by the borrower or cosigner prior to the start of the rehabilitation process
16.3 and within two years of the default date.

16.4 (d) Twelve consecutive months of on-time payments are required to consider the
16.5 loan rehabilitated. There is a five business day grace period.

16.6 (e) If the loan is paid in full within 90 days of default, the loan will be considered
16.7 rehabilitated upon receipt of a rehabilitation request.

16.8 (f) Rehabilitation results in removal of the defaulted status, but not the past due
16.9 history, from the credit bureau.

16.10 **Sec. 16. [136A.1705] TEMPORARY TOTAL DISABILITY.**

16.11 A temporary total disability for up to three years may be granted to a borrower upon
16.12 medical certification that the total disability is expected to last four months or longer. The
16.13 total disability must have originated after the loan was fully disbursed. The borrower is
16.14 required to provide a certification from a qualified physician. A qualified physician is a
16.15 doctor of medicine or osteopathy who is legally authorized to practice medicine. Periodic
16.16 recertifications of the total disability status must be provided upon request. During the
16.17 approved total disability period, the loan does not accrue interest. The borrower shall be
16.18 given the option to sign a payment extension agreement at the time payments are resumed.

16.19 **Sec. 17. Minnesota Statutes 2004, section 136A.233, subdivision 3, is amended to read:**

16.20 **Subd. 3. Payments.** Work-study payments shall be made to eligible students by
16.21 postsecondary institutions as provided in this subdivision.

16.22 (a) Students shall be selected for participation in the program by the postsecondary
16.23 institution on the basis of student financial need.

16.24 (b) In selecting students for participation, priority must be given to students enrolled
16.25 for at least 12 credits. A student may be awarded work-study payments during one period
16.26 of nonenrollment or less than half-time enrollment per academic year, provided the student
16.27 will enroll on at least a half-time basis during the next term.

16.28 (c) Students will be paid for hours actually worked and the maximum hourly rate
16.29 of pay shall not exceed the maximum hourly rate of pay permitted under the federal
16.30 college work-study program.

16.31 (d) Minimum pay rates will be determined by an applicable federal or state law.

16.32 (e) The office shall annually establish a minimum percentage rate of student
16.33 compensation to be paid by an eligible employer.

(f) Each postsecondary institution receiving money for state work-study grants shall make a reasonable effort to place work-study students in employment with eligible employers outside the institution. However, a public employer other than the institution may not terminate, lay off, or reduce the working hours of a permanent employee for the purpose of hiring a work-study student, or replace a permanent employee who is on layoff from the same or substantially the same job by hiring a work-study student.

(g) The percent of the institution's work-study allocation provided to graduate students shall not exceed the percent of graduate student enrollment at the participating institution.

(h) An institution may use up to 30 percent of its allocation for student internships with private, for-profit employers.

Sec. 18. Minnesota Statutes 2004, section 137.17, subdivision 1, is amended to read:

Subdivision 1. **Establish.** The Board of Regents may establish a ~~school of professional and graduate studies as a nonresidential~~ branch campus of the University of Minnesota; in Rochester, to serve the educational needs of working adults and other nontraditional students in southeastern Minnesota and to foster the economic goals of the region and the state. The legislature intends that the University of Minnesota expand higher education offerings in Rochester. It is the intent of the legislature that this be achieved in part by developing new and strengthening existing partnerships with higher education institutions in Rochester and the region in which the state already has a significant investment. The campus shall be a joint partnership of the University of Minnesota with Rochester Community and Technical College, and Winona State University.

~~The Board of Trustees of the Minnesota State Colleges and Universities shall cooperate to achieve the foregoing.~~

Sec. 19. Minnesota Statutes 2004, section 137.17, subdivision 3, is amended to read:

Subd. 3. **Missions.** The legislature intends that the mission of the expanded education offerings in Rochester be congruent with the university's unique core mission of teaching, research, and outreach in order to support the educational needs and economic development of this region and the state. The legislature recognizes that the distinctiveness of each of the partner higher education institutions in Rochester must be maintained to achieve success in serving the higher education needs of the community and the economic goals of the state. Further, the legislature intends that the University of Minnesota and the other partner institutions avoid duplicative offerings of courses and programs. Therefore, the University of Minnesota, Winona State University, and Rochester Community and

18.1 ~~Technical College shall develop jointly a statement of missions, roles, and responsibilities~~
 18.2 ~~for the programs and services at Rochester which shall be submitted to the legislature by~~
 18.3 ~~January 30, 2000, and any time thereafter that the missions, roles, and responsibilities~~
 18.4 ~~change.~~

18.5 **Sec. 20. APPROPRIATION.**

18.6 \$5,000,000 is appropriated from the general fund for fiscal year 2007 to the Board of
 18.7 Regents of the University of Minnesota for the purposes of section 18. This appropriation
 18.8 is for academic programs supporting the University of Minnesota - Rochester, including
 18.9 faculty, staff, and program planning and development in the areas of biomedical
 18.10 technologies, engineering and computer technologies, health care administration, and
 18.11 allied health programs; ongoing operations of industrial liaison activities; and operation
 18.12 of leased facilities. This appropriation is in addition to the appropriation in Laws 2005,
 18.13 chapter 107, article 1, section 4, subdivision 2.

18.14 **Sec. 21. REVISOR'S INSTRUCTION.**

18.15 The revisor of statutes shall delete the term "sections 136A.15 to 136A.1702" and
 18.16 insert "sections 136A.15 to 136A.1705" wherever it appears in Minnesota Statutes and
 18.17 Minnesota Rules.

18.18 **Sec. 22. REPEALER.**

18.19 Minnesota Statutes 2004, sections 135A.01; 135A.031, subdivisions 1, 2, 5, and 6;
 18.20 135A.032; 135A.033; 136A.15, subdivision 5; 136A.1702; and 137.17, subdivisions 2
 18.21 and 4, and Minnesota Statutes 2005 Supplement, section 135A.031, subdivisions 3 and
 18.22 4, and Minnesota Rules, part 4850.0011, subparts 9, 10, and 27; and 4850.0014, subpart
 18.23 1, are repealed.

18.24 **ARTICLE 4**

18.25 **PUBLIC SAFETY AND JUDICIAL BRANCH**

18.26 **Section 1. SUPREME COURT**

-0-

750,000

18.27 In fiscal year 2007, \$750,000 is appropriated
 18.28 from the general fund to the Supreme Court
 18.29 for the first phase of a judicial initiative
 18.30 to more effectively address the increasing
 18.31 numbers of alcohol and other drug (AOD)

19.1 offenders coming into Minnesota courts,
 19.2 including the increase in methamphetamine
 19.3 offenders. This is a onetime appropriation
 19.4 and is available until June 30, 2007.

19.5 **Sec. 2. BOARD OF JUDICIAL**
 19.6 **STANDARDS**

172,000

-0-

19.7 In fiscal year 2006, \$172,000 is appropriated
 19.8 to the Board on Judicial Standards from the
 19.9 general fund for costs of special hearings
 0 and an investigation regarding complaints
 19.11 of judicial misconduct. This is a onetime
 19.12 appropriation and is available until June 30,
 19.13 2007.

19.14 **Sec. 3. BOARD OF PUBLIC DEFENSE**

200,000

200,000

19.15 In fiscal years 2006 and 2007, \$200,000 is
 19.16 appropriated to the Board of Public Defense
 19.17 from the general fund for additional costs
 19.18 associated with appellate transcripts.

19.19 **Sec. 4. PUBLIC SAFETY**

19.20 **Subdivision 1. Total appropriation**

284,000

3,486,000

19.21 These appropriations are added to
 19.22 appropriations in Laws 2005, chapter 136,
 19.23 article 1, section 9. The amounts that may
 19.24 be spent from this appropriation for each
 19.25 program are specified in subdivisions 2 and
 19.26 3.

27 **Subd. 2. Emergency management**

284,000

-0-

19.28 This appropriation is to provide matching
 19.29 funds for FEMA funds received for
 19.30 natural disaster assistance payments. This

20.1 appropriation is available on the day after
 20.2 enactment and is available until June 30,
 20.3 2007. This is a onetime appropriation.

20.4 **Subd. 3. Criminal apprehension** -0- 3,386,000

20.5 \$1,000,000 is to create a child pornography
 20.6 investigative unit to assist law enforcement
 20.7 throughout the state. The base for this
 20.8 activity shall be \$778,000 in fiscal year 2008
 20.9 and fiscal year 2009.

20.10 \$2,186,000 is to create the Minnesota illegal
 20.11 immigration enforcement team to focus on
 20.12 illegal immigrants who commit crimes such
 20.13 as human trafficking, identity theft, illegal
 20.14 drug use offenses, and terrorism. Of this
 20.15 appropriation \$817,000 is for citizenship and
 20.16 immigration and data enhancement to the
 20.17 criminal history database and it is available
 20.18 until June 30, 2008. The base for this activity
 20.19 shall be \$1,187,000 in fiscal year 2008 and
 20.20 fiscal year 2009.

20.21 \$200,000 is for the enhancement of the
 20.22 predatory offender database to facilitate
 20.23 notification of noncompliant sex offenders
 20.24 on the Internet. The base for this activity
 20.25 shall be \$116,000 in fiscal year 2008 and
 20.26 fiscal year 2009.

20.27 **Subd. 4. Alcohol and gambling enforcement** -0- 100,000

20.28 This appropriation is to provide a training
 20.29 component to the licensing of alcohol
 20.30 vendors to help prevent youth access to
 20.31 alcohol.

20.32 **Sec. 5. CORRECTIONS**

21.1	<u>Subdivision 1. Total appropriations</u>	<u>3,213,000</u>	<u>10,596,000</u>
21.2	<u>These amounts are added to the</u>		
21.3	<u>appropriations in Laws 2005, chapter</u>		
21.4	<u>136, article 1, section 13.</u>		
21.5	<u>Subd. 2. Correctional institutions</u>	<u>2,668,000</u>	<u>8,788,000</u>
21.6	<u>Subd. 3. Community services</u>	<u>545,000</u>	<u>1,808,000</u>
21.7	<u>\$300,000 in fiscal year 2007 is for a grant to</u>		
21.8	<u>provide a mentoring program for Minnesota</u>		
21.9	<u>children of incarcerated offenders.</u>		
21.10	<u>\$196,000 in fiscal year 2007 is for an</u>		
21.11	<u>increase in the Community Corrections Act</u>		
21.12	<u>subsidy for the addition of Scott County.</u>		
21.13	<u>The funding shall be distributed according</u>		
21.14	<u>to the community corrections aid formula</u>		
21.15	<u>contained in Minnesota Statutes, section</u>		
21.16	<u>401.10.</u>		
21.17	Sec. 6. Laws 2005, chapter 136, article 1, section 10, is amended to read:		
21.18	Sec. 10. PEACE OFFICER STANDARDS	4,154,000	4,014,000
21.19	AND TRAINING BOARD (POST)	<u>4,817,000</u>	<u>4,731,000</u>
21.20	EXCESS AMOUNTS TRANSFERRED.		
21.21	This appropriation is from the peace officer		
21.22	training account in the special revenue fund.		
21.23	Any new receipts credited to that account		
21.24	in the first year in excess of \$4,154,000		
21.25	<u>\$4,817,000</u> must be transferred and credited		
21.26	to the general fund. Any new receipts		
21.27	credited to that account in the second year		
21.28	in excess of \$4,014,000 <u>\$4,731,000</u> must be		
21.29	transferred and credited to the general fund.		

22.1 **TECHNOLOGY IMPROVEMENTS.**

22.2 \$140,000 the first year is for technology
22.3 improvements.

22.4 **PEACE OFFICER TRAINING**

22.5 **REIMBURSEMENT.** ~~\$2,909,000 each year~~
22.6 \$3,572,000 the first year and \$3,626,000 the
22.7 second year is for reimbursements to local
22.8 governments for peace officer training costs.

22.9 Sec. 7. Laws 2005, chapter 136, article 1, section 13, subdivision 3, is amended to read:

22.10	Subd. 3. Community Services	103,556,000	103,369,000
-------	------------------------------------	-------------	-------------

22.11 Summary by Fund

22.12	General Fund	103,456,000	103,269,000
-------	--------------	-------------	-------------

22.13	Special Revenue	100,000	100,000
-------	-----------------	---------	---------

22.14 **SHORT-TERM OFFENDERS.** \$1,207,000

22.15 each year is for costs associated with the
22.16 housing and care of short-term offenders.

22.17 The commissioner may use up to 20 percent
22.18 of the total amount of the appropriation
22.19 for inpatient medical care for short-term
22.20 offenders with less than six months to
22.21 serve as affected by the changes made to
22.22 Minnesota Statutes, section 609.105, in
22.23 2003. All funds remaining at the end of
22.24 the fiscal year not expended for inpatient
22.25 medical care shall be added to and distributed
22.26 with the housing funds. These funds shall
22.27 be distributed proportionately based on the
22.28 total number of days short-term offenders are
22.29 placed locally, not to exceed \$70 per day.

22.30 Short-term offenders may be housed in a
22.31 state correctional facility at the discretion of
22.32 the commissioner.

23.2 The Department of Corrections is exempt
23.3 from the state contracting process for the
23.4 purposes of Minnesota Statutes, section
23.5 609.105, as amended by Laws 2003, First
23.6 Special Session chapter 2, article 5, sections
7 to 9.

23.7 **GPS MONITORING OF SEX**

23.8 **OFFENDERS.** \$500,000 the first
23.9 year and \$162,000 the second year are for the
23.10 acquisition and service of bracelets equipped
11 with tracking devices designed to track
23.12 and monitor the movement and location of
23.13 criminal offenders. The commissioner shall
23.14 use the bracelets to monitor high-risk sex
23.15 offenders who are on supervised release,
23.16 conditional release, parole, or probation to
23.17 help ensure that the offenders do not violate
23.18 conditions of their release or probation.

23.19 **END OF CONFINEMENT REVIEWS.**

23.20 \$94,000 each year is for end of confinement
23.21 reviews.

23.22 **COMMUNITY SURVEILLANCE AND**

23.23 **SUPERVISION.** \$1,370,000 each year is
23.24 to provide housing options to maximize
23.25 community surveillance and supervision.

23.26 **INCREASE IN INTENSIVE**

23.27 **SUPERVISED RELEASE SERVICES.**

23.28 \$1,800,000 each year is to increase intensive
23.29 supervised release services.

23.30 **SEX OFFENDER ASSESSMENT**

23.31 **REIMBURSEMENTS.** \$350,000 each year
23.32 is to ~~provide grants to~~ reimburse counties
23.33 ~~for reimbursements, their designee, or courts~~
23.34 for sex offender assessments as required
23.35 under Minnesota Statutes, section 609.3452,

24.1 subdivision 1, which is being renumbered as
24.2 section 609.3457.

24.3 **SEX OFFENDER TREATMENT AND**
24.4 **POLYGRAPHS.** \$1,250,000 each year
24.5 is to provide treatment for sex offenders
24.6 on community supervision and to pay for
24.7 polygraph testing.

24.8 **INCREASED SUPERVISION OF SEX**
24.9 **OFFENDERS, DOMESTIC VIOLENCE**
24.10 **OFFENDERS, AND OTHER VIOLENT**
24.11 **OFFENDERS.** \$1,500,000 each year is for
24.12 the increased supervision of sex offenders
24.13 and other violent offenders, including
24.14 those convicted of domestic abuse. These
24.15 appropriations may not be used to supplant
24.16 existing state or county probation officer
24.17 positions.

24.18 The commissioner shall distribute \$1,050,000
24.19 in grants each year to Community Corrections
24.20 Act counties and \$450,000 each year to the
24.21 Department of Corrections Probation and
24.22 Supervised Release Unit. The commissioner
24.23 shall distribute the funds to the Community
24.24 Corrections Act counties according to the
24.25 formula contained in Minnesota Statutes,
24.26 section 401.10.

24.27 Prior to the distribution of these funds, each
24.28 Community Corrections Act jurisdiction and
24.29 the Department of Corrections Probation
24.30 and Supervised Release Unit shall submit
24.31 to the commissioner an analysis of need
24.32 along with a plan to meet their needs and
24.33 reduce the number of sex offenders and other
24.34 violent offenders, including domestic abuse
24.35 offenders, on probation officer caseloads.

COUNTY PROBATION OFFICERS.

25.2 \$500,000 each year is to increase county
25.3 probation officer reimbursements.

**25.4 INTENSIVE SUPERVISION AND
25.5 AFTERCARE FOR CONTROLLED
25.6 SUBSTANCES OFFENDERS; REPORT.**

25.7 \$600,000 each year is for intensive
25.8 supervision and aftercare services for
25.9 controlled substances offenders released
25.10 from prison under Minnesota Statutes,
25.11 section 244.055. These appropriations are
25.12 not added to the department's base budget.
25.13 By January 15, 2008, the commissioner
25.14 shall report to the chairs and ranking
25.15 minority members of the senate and house
25.16 of representatives committees and divisions
25.17 having jurisdiction over criminal justice
25.18 policy and funding on how this appropriation
25.19 was spent.

**25.20 REPORT ON ELECTRONIC
25.21 MONITORING OF SEX OFFENDERS.**

25.22 By March 1, 2006, the commissioner shall
25.23 report to the chairs and ranking minority
25.24 members of the senate and house of
25.25 representatives committees and divisions
25.26 having jurisdiction over criminal justice
25.27 policy and funding on implementing an
25.28 electronic monitoring system for sex
25.29 offenders who are under community
25.30 supervision. The report must address the
25.31 following:

32 (1) the advantages and disadvantages in
25.33 implementing this system, including the
25.34 impact on public safety;

26.1 (2) the types of sex offenders who should be
26.2 subject to the monitoring;

26.3 (3) the time period that offenders should be
26.4 subject to the monitoring;

26.5 (4) the financial costs associated with the
26.6 monitoring and who should be responsible
26.7 for these costs; and

26.8 (5) the technology available for the
26.9 monitoring.

26.10 **ARTICLE 5**

26.11 **ENVIRONMENT, AGRICULTURE, AND ECONOMIC DEVELOPMENT**

26.12 **Section 1. EMPLOYMENT AND**
26.13 **ECONOMIC DEVELOPMENT**

26.14 **Subdivision 1. Business and community**
26.15 **development.**

26.16 \$500,000 is appropriated to the BioBusiness
26.17 Alliance of Minnesota from the general
26.18 fund for completion of a study on the state's
26.19 bioscience industry and the development
26.20 of a strategic plan. This is a onetime
26.21 appropriation.

26.22 **Subd. 2. Biotech partnership.**

26.23 Notwithstanding Minnesota Statutes,
26.24 section 295.581, in fiscal year 2007,
26.25 \$18,000,000 from the health care access
26.26 fund is appropriated to the commissioner
26.27 of employment and economic development
26.28 for the direct and indirect expenses of the
26.29 collaborative research partnership between
26.30 the University of Minnesota and the Mayo
26.31 Foundation for research in biotechnology
26.32 and medical genomics. The is a onetime

27.2 appropriation. An annual report on the
 27.3 expenditure of this appropriation must be
 27.4 submitted to the governor and the chairs
 27.5 of the senate Higher Education Budget
 27.6 Division, the house of representatives
 27.7 Higher Education Finance Committee,
 27.8 the senate Environment, Agriculture, and
 27.9 Economic Development Budget Division,
 27.10 and the house of representatives Jobs and
 27.11 Economic Opportunity Policy and Finance
 27.12 Committee by June 30 of each fiscal year
 27.13 until the appropriation is expended. This
 27.14 appropriation is available until expended.

27.15 Subd. 3. Petroleum tank release cleanup.
 27.16 Notwithstanding Minnesota Statutes, section
 27.17 115C.09, subdivision 2a, \$477,500 in fiscal
 27.18 year 2007 and \$477,500 in fiscal year 2008
 27.19 are appropriated from the petroleum tank
 27.20 release cleanup fund to the commissioner of
 27.21 transportation for costs reimbursable under
 27.22 Minnesota Statutes, section 115C.09, that
 27.23 were incurred before January 1, 2004.

27.24 **Sec. 2. DEPARTMENT OF COMMERCE**

27.25	<u>Health Care Access Fund</u>	<u>-0-</u>	<u>10,000,000</u>
-------	--------------------------------	------------	-------------------

27.26 Minnesota Comprehensive Health
 27.27 Association assessment offset.
 27.28 Notwithstanding Minnesota Statutes,
 27.29 section 295.581, \$10,000,000 annually is
 27.30 appropriated from the health care access fund
 27.31 for a grant to the Minnesota Comprehensive
 27.32 Health Association to be made available
 27.33 on January 1 of each fiscal year to be used
 27.34 to offset the annual assessments that are

28.1 required to be paid by each contributing
 28.2 member according to Minnesota Statutes,
 28.3 section 62E.11.

28.4 **Sec. 3. BOXING COMMISSION**

28.5	<u>General Fund</u>	<u>-0-</u>	<u>50,000</u>
------	---------------------	------------	---------------

28.6 \$50,000 is appropriated to the Minnesota
 28.7 Boxing Commission from the general
 28.8 fund for the purposes of operating and
 28.9 administering the commission. This
 28.10 appropriation shall become the annual
 28.11 base for future years. This appropriation
 28.12 is contingent upon passage of Boxing
 28.13 Commission enabling statutes found in
 28.14 sections 16 to 31.

28.15 **Sec. 4. LABOR AND INDUSTRY**

28.16	<u>General Fund</u>	<u>300,000</u>	<u>2,000,000</u>
-------	---------------------	----------------	------------------

28.17 \$300,000 in fiscal year 2006 and \$2,000,000
 28.18 in fiscal year 2007 is appropriated from the
 28.19 general fund to the Department of Labor and
 28.20 Industry for staffing and design of the first
 28.21 phase of development of a statewide license
 28.22 system.

28.23 **Sec. 5. DEPARTMENT OF AGRICULTURE**

28.24	<u>General Fund</u>	<u>233,000</u>	<u>523,000</u>
-------	---------------------	----------------	----------------

28.25 Subdivision 1. Invasive species control.
 28.26 \$118,000 in 2006 and \$130,000 in 2007
 28.27 is appropriated to the Department of
 28.28 Agriculture from the general fund for
 28.29 invasive species control activities.

29.1 Subd. 2. Livestock depredation and crop
29.2 damage.

29.3 \$40,000 in 2006 and \$53,000 in 2007
29.4 is appropriated to the Department of
29.5 Agriculture from the general fund to make
29.6 compensation payments for livestock
29.7 depredation and crop damage.

29.8 Subd. 3. Biofuels.

29.9 \$75,000 in 2006 and \$150,000 in 2007
29.10 is appropriated to the Department of
29.11 Agriculture from the general fund for
29.12 promotion of greater public and private
29.13 use of biofuels and other renewable energy
29.14 products that can be made in Minnesota to
29.15 replace petroleum sources.

29.16 Subd. 4. Plant pathology.

29.17 \$190,000 in 2007 is appropriated to the
29.18 Department of Agriculture from the general
29.19 fund for plant pathology and biological
29.20 control facility operations.

29.21 **Sec. 6. BOARD OF ANIMAL HEALTH**

29.22 \$277,000 in fiscal year 2006 and \$408,000
29.23 in fiscal year 2007 is appropriated to the
29.24 Board of Animal Health from the general
29.25 fund to eliminate bovine tuberculosis from
29.26 cattle herds in Minnesota. This is a onetime
29.27 appropriation.

29.28 **Sec. 7. LEGISLATIVE COMMISSION ON**
29.29 **MINNESOTA RESOURCES**

30.1 \$300,000 is appropriated from the
30.2 environmental trust fund to the Legislative
30.3 Commission on Minnesota Resources for
30.4 development of a strategic long-range plan
30.5 for future expenditures to be made from the
30.6 environmental trust fund. The plan must
30.7 provide measurable outcomes and determine
30.8 areas of emphasis for trust fund future
30.9 expenditures.

30.10 **Sec. 8. NATURAL RESOURCES**

30.11 \$88,400 in fiscal year 2006 and \$132,000
30.12 in fiscal year 2007 are appropriated from
30.13 the general fund to the commissioner of
30.14 natural resources for bovine tuberculosis
30.15 surveillance and diagnosis to diminish the
30.16 risk of disease transmission in domestic
30.17 livestock.

30.18 \$600,000 is appropriated from the all-terrain
30.19 vehicle account in the natural resources fund
30.20 to the commissioner of natural resources for
30.21 the all-terrain vehicle grant-in-aid program
30.22 and rehabilitation and development of
30.23 all-terrain vehicle trails.

30.24 \$975,000 is appropriated from the general
30.25 fund to the commissioner of natural
30.26 resources for prevention and control of
30.27 harmful invasive species. Of this amount,
30.28 \$275,000 is for educational and enforcement
30.29 efforts with commercial businesses to reduce
30.30 the risk of introducing harmful invasive
30.31 species; \$250,000 is for reducing the impact
30.32 of terrestrial invasive species on state
30.33 recreational and forest lands; \$100,000 is for
30.34 implementing best management practices

31.2 designed to prevent the spread of invasive
31.3 species from department field operations;
31.4 \$100,000 is for prevention education and
31.5 awareness programs; and \$250,000 is for
31.6 grants to local units of government and lake
31.7 associations to reduce the impacts of aquatic
invasive species.

31.8 **Sec. 9. CLEAN WATER LEGACY**

31.9 The appropriations in this section shall
10 be used to protect, restore, and preserve
31.11 the quality of Minnesota's surface waters.
31.12 Allowable activities include surface water
31.13 assessments, program activities that target
31.14 identified impairments, and development of
31.15 total maximum daily load studies (TMDL's)
31.16 as required by section 303(d) of the federal
31.17 Clean Water Act, United States Code, title
31.18 33, section 1313(d) and applicable federal
31.19 regulations.

20 Unless otherwise specified, the
31.21 appropriations in this section are from
31.22 the general fund and are available for
31.23 the fiscal year ending June 30, 2007.
31.24 Appropriations in this section that are
31.25 encumbered under contract, including grant
31.26 contracts, on or before June 30, 2007, are
31.27 available until June 30, 2009. All of the
31.28 appropriations under this section are onetime
31.29 appropriations.

31.30 **POLLUTION CONTROL AGENCY.**

31.31 The following amounts are appropriated to
31.32 the commissioner of the Pollution Control
31.33 Agency for the purposes stated:

32.1 (1) \$1,860,000 for statewide assessment
32.2 of surface water quality and trends; of
32.3 this amount, up to \$1,010,000 is available
32.4 for grants or contracts to support citizen
32.5 monitoring of surface waters; and
32.6 (2) \$3,170,000 is available to develop
32.7 TMDL's for waters listed on the United
32.8 States Environmental Protection Agency
32.9 approved 2004 impaired waters list; of this
32.10 appropriation, up to \$1,740,000 is available
32.11 for grants or contracts to develop TMDL's.

32.12 **PUBLIC FACILITIES AUTHORITY.**

32.13 \$4,310,000 is appropriated to the Public
32.14 Facilities Authority for grants under
32.15 Minnesota Statutes, of which \$2,000,000 is
32.16 to the phosphorus reduction grant program
32.17 for grants under Minnesota Statutes, section
32.18 446A.073; \$1,000,000 is to the small
32.19 community wastewater treatment fund for
32.20 loans and grants under Minnesota Statutes,
32.21 section 446A.074; and \$1,310,000 is to
32.22 the water pollution control revolving fund
32.23 under Minnesota Statutes, section 446A.07,
32.24 for wastewater treatment and storm water
32.25 projects, and for total maximum daily load
32.26 grants under Minnesota Statutes, section
32.27 446A.075. These appropriations do not
32.28 cancel and are available until expended.

32.29 **AGRICULTURE DEPARTMENT. The**
32.30 **following amounts are appropriated to the**
32.31 **commissioner of agriculture for the purposes**
32.32 **stated:**

32.33 (1) \$1,400,000 is for agricultural best
32.34 management practices low-interest loans to
32.35 producers and rural landowners and these

1 funds remain available until expended; of
 33.2 this amount, \$1,200,000 is available for
 33.3 pass-through to local governments and
 33.4 lenders for low-interest loans;
 33.5 (2) \$800,000 is available to expand technical
 33.6 assistance to producers and conservation
 33.7 professionals on nutrient and pasture
 33.8 management; target practices to sources
 33.9 of water impairments; coordinate federal
 33.10 and state farm conservation programs to
 11 fully utilize federal conservation funds; and
 33.12 expand conservation planning assistance
 33.13 for producers; of this amount, \$210,000 is
 33.14 available for grants or contracts to develop
 33.15 nutrient and conservation planning assistance
 33.16 information materials; and
 33.17 (3) \$400,000 is available for research,
 33.18 evaluation, and effectiveness monitoring of
 33.19 agricultural practices in restoring impaired
 33.20 waters.

21 **BOARD OF WATER AND SOIL**
 33.22 **RESOURCES.** The following amounts are
 33.23 **appropriated to the Board of Water and Soil**
 33.24 **Resources for restoration and prevention**
 33.25 **actions. Money appropriated as grants to**
 33.26 **local governments shall be administered**
 33.27 **through the Board of Water and Soil**
 33.28 **Resources' existing local water resources**
 33.29 **protection and management program under**
 33.30 **Minnesota Statutes, section 103B.3369:**
 33.31 **(1) \$1,500,000 is for targeted nonpoint**
 33.32 **restoration cost-share and incentive**
 33.33 **payments; of this amount, up to \$1,400,000**
 33.34 **in fiscal year 2007 is available for grants;**

- 34.1 (2) \$2,000,000 is for targeted nonpoint
34.2 restoration technical, compliance, and
34.3 engineering assistance activities; up to
34.4 \$1,900,000 in fiscal year 2007 is available
34.5 for grants;
- 34.6 (3) \$200,000 is for reporting and evaluation
34.7 of applied soil and water conservation
34.8 practices;
- 34.9 (4) \$730,000 is for grants for implementation
34.10 of county individual sewage treatment
34.11 system programs; and
- 34.12 (5) \$1,500,000 is for grants to support local
34.13 nonpoint source protection activities related
34.14 to lake and river protection and management.

34.15 **DEPARTMENT OF NATURAL**
34.16 **RESOURCES.** The following amounts are
34.17 appropriated to the commissioner of natural
34.18 resources for the purposes stated:

- 34.19 (1) \$280,000 is for statewide assessment of
34.20 surface water quality and trends;
- 34.21 (2) \$1,000,000 is available for acquisition of
34.22 high priority, sensitive riparian lands; and
- 34.23 (3) \$850,000 is available for forest
34.24 stewardship planning and implementation;
34.25 for research, evaluation, and monitoring;
34.26 and for technical assistance to local units of
34.27 government.

34.28 Sec. 10. Minnesota Statutes 2004, section 3.737, subdivision 1, is amended to read:

34.29 Subdivision 1. **Compensation required.** (a) Notwithstanding section 3.736,
34.30 subdivision 3, paragraph (e), or any other law, a livestock owner shall be compensated
34.31 by the commissioner of agriculture for livestock that is destroyed by a gray wolf or is so
34.32 crippled by a gray wolf that it must be destroyed. Except as provided in this section, the
34.33 owner is entitled to the fair market value of the destroyed livestock as determined by the

35.2 commissioner, upon recommendation of a university extension agent or a conservation
35.3 officer. In any calendar year, a livestock owner may not be compensated for a destroyed
35.4 animal claim that is less than \$100 in value and may be compensated up to \$20,000 per
35.5 claim, as determined under this section. In any calendar year, the commissioner may
35.6 provide compensation for claims filed pursuant to this section and section 3.7371 to a total
35.7 of \$100,000 for both programs combined.

35.8 (b) Either the agent or the conservation officer must make a personal inspection of
35.9 the site. The agent or the conservation officer must take into account factors in addition to
35.10 a visual identification of a carcass when making a recommendation to the commissioner.
35.11 The commissioner, upon recommendation of the agent or conservation officer, shall
35.12 determine whether the livestock was destroyed by a gray wolf and any deficiencies in the
35.13 owner's adoption of the best management practices developed in subdivision 5. The
35.14 commissioner may authorize payment of claims only if the agent or the conservation
35.15 officer has recommended payment. The owner shall file a claim on forms provided by the
35.16 commissioner and available at the university extension agent's office.

35.17 Sec. 11. Minnesota Statutes 2004, section 3.7371, subdivision 3, is amended to read:

35.18 Subd. 3. **Compensation.** The crop owner is entitled to the target price or the
35.19 market price, whichever is greater, of the damaged or destroyed crop plus adjustments
35.20 for yield loss determined according to agricultural stabilization and conservation service
35.21 programs for individual farms, adjusted annually, as determined by the commissioner,
35.22 upon recommendation of the county extension agent for the owner's county. The
35.23 commissioner, upon recommendation of the agent, shall determine whether the crop
35.24 damage or destruction is caused by elk and, if so, the amount of the crop that is damaged
35.25 or destroyed. In any calendar year, a crop owner may not be compensated for a damaged
35.26 or destroyed crop that is less than \$100 in value and may be compensated up to \$20,000,
35.27 as determined under this section, if normal harvest procedures for the area are followed. In
35.28 any calendar year, the commissioner may provide compensation for claims filed pursuant
to this section and section 3.737 to a total of \$100,000 for both programs combined.

35.29 Sec. 12. Minnesota Statutes 2005 Supplement, section 115C.09, subdivision 3j,
35.30 is amended to read:

35.31 Subd. 3j. **Retail locations and transport vehicles.** (a) As used in this subdivision,
35.32 "retail location" means a facility located in the metropolitan area as defined in section
35.33 473.121, subdivision 2, where gasoline is offered for sale to the general public for use in

36.1 automobiles and trucks. "Transport vehicle" means a liquid fuel cargo tank used to deliver
36.2 gasoline into underground storage tanks during 2002 ~~and~~ or 2003 at a retail location.

36.3 (b) Notwithstanding any other provision in this chapter, and any rules adopted under
36.4 this chapter, the board shall reimburse 90 percent of an applicant's cost for retrofits of
36.5 retail locations and transport vehicles completed between January 1, 2001, and ~~January~~
36.6 September 1, 2006, to comply with section 116.49, subdivisions 3 and 4, provided that the
36.7 board determines the costs were incurred and reasonable. The reimbursement may not
36.8 exceed \$3,000 per retail location and \$3,000 per transport vehicle.

36.9 **EFFECTIVE DATE.** This section is effective retroactively from August 1, 2003.

36.10 Sec. 13. **[116J.656] SMALL BUSINESS ACCESS TO FEDERAL RESEARCH**
36.11 **FUNDS.**

36.12 (a) The commissioner shall assist small businesses to access federal funds through
36.13 the federal Small Business Innovation Research program and the Small Business
36.14 Technology Transfer program. In providing this assistance, the commissioner shall
36.15 maintain connections to 11 federal programs, access specific funding opportunities, review
36.16 funding proposals, provide referrals to specific consulting services, and hold training
36.17 workshops throughout the state.

36.18 (b) Unless prohibited by federal law, the commissioner must implement fees for
36.19 services that help companies seek federal Phase II Small Business Innovation Research
36.20 grants. The fees must be deposited in a special revenue account and are annually
36.21 appropriated to the commissioner for the Small Business Innovation Research and Small
36.22 Business Technology Transfer programs.

36.23 Sec. 14. Minnesota Statutes 2004, section 296A.18, subdivision 4, is amended to read:

36.24 Subd. 4. **All-terrain vehicle.** Approximately ~~0.15~~ 0.27 of one percent of all gasoline
36.25 received in or produced or brought into this state, except gasoline used for aviation
36.26 purposes, is being used for the operation of all-terrain vehicles in this state, and of the total
36.27 revenue derived from the imposition of the gasoline fuel tax, ~~0.15~~ 0.27 of one percent is
36.28 the amount of tax on fuel used in all-terrain vehicles operated in this state.

36.29 Sec. 15. Minnesota Statutes 2004, section 326.105, is amended to read:

36.30 **326.105 FEES.**

36.31 The fee for licensure or renewal of licensure as an architect, professional engineer,
36.32 land surveyor, landscape architect, or geoscience professional is \$120 per biennium.

37.2 The fee for certification as a certified interior designer or for renewal of the certificate
 37.3 is \$120 per biennium. The fee for an architect applying for original certification as a
 37.4 certified interior designer is \$50 per biennium. The initial license or certification fee for
 37.5 all professions is \$120. The renewal fee shall be paid biennially on or before June 30 of
 37.6 each even-numbered year. The renewal fee, when paid by mail, is not timely paid unless it
 37.7 is postmarked on or before June 30 of each even-numbered year. The application fee is
 37.8 \$25 for in-training applicants and \$75 for professional license applicants.

37.9 ~~The fee for monitoring licensing examinations for applicants is \$25, payable by
 the applicant.~~

10 Sec. 16. [341.21] DEFINITIONS.

37.11 Subdivision 1. Applicability. The definitions in this section apply to this chapter.

37.12 Subd. 2. Boxing. "Boxing" means the act of attack and defense with the fists, using
 37.13 padded gloves, that is practiced as a sport under the rules of the World Boxing Association,
 37.14 the World Boxing Council, the International Boxing Federation, or equivalent. Where
 37.15 applicable, boxing includes full contact karate.

37.16 Subd. 3. Commission. "Commission" means the Minnesota Boxing Commission.

37.17 Subd. 4. Contest. "Contest" means any boxing or nontraditional fighting contest,
 37.18 match, or exhibition.

37.19 Subd. 5. Nontraditional fighting contest. "Nontraditional fighting contest" means
 37.20 any competition between two or more persons, with or without gloves, who use any
 37.21 combination of fighting skills, including boxing, wrestling, hitting, kicking, martial arts,
 37.22 and other combative full contact techniques. Nontraditional fighting contests include, but
 37.23 are not limited to, ultimate fighting, extreme fighting, elimination contests, cage fighting,
 37.24 mixed martial arts fighting, tough man contests, shoot fighting, and the like, but do not
 37.25 include kick boxing or any recognized martial arts competition.

37.26 Subd. 6. Professional. "Professional" means any person who competes for any
 37.27 money prize or a prize that exceeds the value of \$50 or teaches, pursues, or assists in
 37.28 the practice of boxing or nontraditional fighting as a means of obtaining a livelihood
 37.29 or pecuniary gain.

37.30 Subd. 7. Director. "Director" means the executive director of the commission.

37.31 Subd. 8. Tough man contest. "Tough man contest" means any boxing match
 37.32 consisting of one-minute rounds between two or more persons who use their hands,
 37.33 wearing padded gloves that weigh not less than 12 ounces, or their feet, or both, in any
 37.34 manner. Tough man contest does not include kick boxing, any recognized martial arts
 37.35 competition, or boxing as defined in subdivision 2.

38.1 Sec. 17. [341.22] BOXING COMMISSION.

38.2 There is hereby created the Minnesota Boxing Commission, consisting of seven
38.3 members who are citizens of this state. Three members of the commission shall be
38.4 retired judges of the Minnesota district court, Minnesota Court of Appeals, Minnesota
38.5 Supreme Court, the United States District Court for the District of Minnesota, or the
38.6 Eighth Circuit Court of Appeals, two members shall be licensed medical doctors, and two
38.7 members shall be boxers; no member may fulfill more than one of these requirements at a
38.8 time. Membership terms, compensation of members, removal of members, the filling of
38.9 membership vacancies, and fiscal year and reporting requirements shall be as provided
38.10 in sections 214.07 to 214.09. The provision of staff, administrative services, and office
38.11 space; the review and processing of complaints; the setting of fees; and other provisions
38.12 relating to commission operations shall be as provided in chapter 214.

38.13 Sec. 18. [341.23] LIMITATIONS.

38.14 No member of the boxing commission shall directly or indirectly promote any
38.15 boxing or nontraditional fighting contest, or directly or indirectly engage in the managing
38.16 of any boxer or fighter or be interested in any manner in the proceeds from any boxing
38.17 match or nontraditional fighting contest.

38.18 Sec. 19. [341.24] EXECUTIVE DIRECTOR.

38.19 The commission may appoint, and at its pleasure remove, an executive director
38.20 and prescribe the powers and duties of the office. The executive director shall not be a
38.21 member of the commission. The commission may employ personnel necessary to the
38.22 performance of its duties.

38.23 Sec. 20. [341.25] RULES.

38.24 (a) The commission may adopt rules that include standards for the physical
38.25 examination and condition of boxers, nontraditional fighters, and referees.

38.26 (b) The commission may adopt other rules necessary to carry out the purposes of this
38.27 chapter, including, but not limited to, the conduct of boxing exhibitions, bouts, fights, and
38.28 nontraditional fighting contests and events, and their manner, supervision, time, and place.

38.29 Sec. 21. [341.26] MEETINGS.

38.30 The commission shall hold a regular meeting quarterly and in addition may hold
38.31 special meetings. Except as otherwise provided in law, all meetings of the commission

shall be open to the public and reasonable notice of the meetings shall be given under
chapter 13D.

Sec. 22. **[341.27] COMMISSION DUTIES.**

The commission shall:

(1) issue, deny, renew, suspend, or revoke licenses;

(2) make and maintain records of its acts and proceedings including the issuance, denial, renewal, suspension, or revocation of licenses;

(3) keep public records of the commission open to inspection at all reasonable times;

(4) assist the director in the development of rules to be implemented under this chapter; and

(5) conform to the rules adopted under this chapter.

Sec. 23. **[341.28] REGULATION OF BOXING AND NONTRADITIONAL FIGHTING CONTESTS.**

Subdivision 1. Regulatory authority; boxing. All boxing contests are subject to this chapter. Every contestant in a boxing contest shall wear padded gloves that weigh at least eight ounces. The commission shall, for every boxing contest:

(1) direct a commission member to be present; and

(2) direct the attending commission member to make a written report of the contest.

All boxing contests within this state shall be conducted according to the requirements of this chapter.

Subd. 2. Regulatory authority; tough man contests. All tough man contests, including amateur tough man contests, are subject to this chapter. Every contestant in a tough man contest shall wear padded gloves that weight at least 12 ounces.

Subd. 3. Regulatory authority; nontraditional fighting. All nontraditional fighting, including amateur nontraditional fighting contests, are subject to this chapter and the rules adopted by the commission. Contestants in nontraditional fighting contests shall not strike other contestants in the spinal column or in the back of the head, and shall not strike with their knees or elbows.

Sec. 24. **[341.29] JURISDICTION OF COMMISSION.**

The commission shall:

(1) have sole direction, supervision, regulation, control, and jurisdiction over all boxing contests, tough man contests, and nontraditional fighting contests held within this state unless a contest is exempt from the application of this chapter under federal law;

40.1 (2) have sole control, authority, and jurisdiction over all licenses required by this
40.2 chapter; and

40.3 (3) grant a license to an applicant if, in the judgment of the commission, the financial
40.4 responsibility, experience, character, and general fitness of the applicant are consistent
40.5 with the public interest, convenience, or necessity and the best interests of boxing and
40.6 conforms with this chapter and the commission's rules.

40.7 **Sec. 25. [341.30] LICENSURE; PERSONS REQUIRED TO OBTAIN**
40.8 **LICENSES; REQUIREMENTS; BACKGROUND INFORMATION; FEE; BOND.**

40.9 Subdivision 1. **Licensure; individuals.** All referees, judges, matchmakers,
40.10 promoters, trainers, ring announcers, timekeepers, ringside physicians, boxers,
40.11 nontraditional fighters, boxers' managers, and boxers' seconds are required to be licensed
40.12 by the commission. The commission shall not permit any of these persons to participate
40.13 in the holding or conduct of any boxing contest unless the commission has first issued
40.14 the person a license.

40.15 Subd. 2. **Entity licensure.** Before participating in the holding or conduct of any
40.16 boxing or nontraditional fighting contest, a corporation, partnership, limited liability
40.17 company, or other business entity organized and existing under law, its officers and
40.18 directors, and any person holding 25 percent or more of the ownership of the corporation
40.19 shall obtain a license from the commission and must be authorized to do business under
40.20 the laws of this state.

40.21 Subd. 3. **Background investigation.** The commission shall require referees,
40.22 judges, matchmakers, promoters, boxers, and nontraditional fighters' managers to furnish
40.23 fingerprints and background information under commission rules before licensure. The
40.24 commission shall charge a fee for receiving fingerprints and background information
40.25 in an amount determined by the commission. The commission may require referees,
40.26 judges, matchmakers, promoters, boxers, and nontraditional fighters' managers to furnish
40.27 fingerprints and background information before license renewal if the commission
40.28 determines that the fingerprints and background information are desirable or necessary.
40.29 The fee may include a reasonable charge for expenses incurred by the commission or the
40.30 Department of Public Safety. For this purpose, the commission and the Department of
40.31 Public Safety may enter into an interagency agreement.

40.32 Subd. 4. **Prelicensure requirements.** (a) Before the commission issues a license to
40.33 a promoter, matchmaker, corporation, or other business entity, the applicant shall:

41.2 (1) provide the commission with a copy of any agreement between a contestant
41.3 and the applicant which binds the applicant to pay the contestant a certain fixed fee or
41.4 percentage of the gate receipts;

41.5 (2) show on the application the owner or owners of the applicant entity and the
41.6 percentage of interest held by each owner holding a 25 percent or more interest in the
41.7 applicant;

41.8 (3) provide the commission with a copy of the latest financial statement of the
41.9 entity; and

41.10 (4) provide the commission with a copy or other proof acceptable to the commission
41.11 of the insurance contract or policy required by this chapter.

41.12 (b) Before the commission issues a license to a promoter, the applicant shall deposit
41.13 with the commission a cash bond or surety bond in an amount set by the commission.
41.14 The bond shall be executed in favor of this state and shall be conditioned on the faithful
41.15 performance by the promoter of the promoter's obligations under this chapter and the
41.16 rules adopted under it.

41.17 (c) Before the commission issues a license to a boxer or nontraditional fighter, the
41.18 applicant shall submit to the commission the results of a current medical examination on
41.19 forms furnished or approved by the commission. The medical examination must include
41.20 an ophthalmological and neurological examination. The ophthalmological exam must be
41.21 designed to detect any retinal defects or other damage or condition of the eye that could
2 be aggravated by boxing or nontraditional fighting. The neurological examination must
41.23 include an electroencephalogram or medically superior test if the boxer or nontraditional
41.24 fighter has been knocked unconscious in a previous boxing, nontraditional fighting, or
41.25 other athletic competition. The commission may also order an electroencephalogram or
41.26 other appropriate neurological or physical exam before any contest, match, or exhibition
41.27 if it determines that the examination is desirable to protect the health of the boxer or
41.28 nontraditional fighter.

41.28 **Sec. 26. [341.31] SIMULCAST LICENSES.**

41.29 The commission shall issue a license to a person or organization holding, showing,
41.30 or exhibiting a simultaneous telecast of any live, current, or spontaneous boxing or
41.31 sparring match or nontraditional fighting exhibition or performance on a closed circuit
41.32 telecast or subscription television program viewed within the state, whether originating
41.33 in this state or elsewhere, and for which a charge is made. Each person or organization
41.34 shall apply for such a license in advance of each showing. No showing may be licensed
41.35 unless the person or organization applying for the license:

- 42.1 (1) certifies that the match is subject to the jurisdiction and regulation of a boxing or
 42.2 athletic regulatory authority in another state or country;
 42.3 (2) certifies the match is in compliance with the requirements of the authority;
 42.4 (3) identifies the authority; and
 42.5 (4) provides any information the commission may require.

42.6 **Sec. 27. [341.32] LICENSE FEES; EXPIRATION; RENEWAL.**

42.7 Subdivision 1. Annual licensure. The commission may establish and issue annual
 42.8 licenses subject to the collection of advance fees by the commission for: promoters,
 42.9 matchmakers, managers, judges, referees, ring announcers, ringside physicians,
 42.10 timekeepers, boxers, nontraditional fighters, boxers' trainers, boxers' seconds, business
 42.11 entities filing for a license to participate in the holding of any boxing contest, and officers,
 42.12 directors, or other persons affiliated with the business entity.

42.13 Subd. 2. Expiration and renewal. A license expires December 31 at midnight in
 42.14 the year of its issuance and may be renewed on filing an application for renewal of a
 42.15 license with the commission and payment of the license fee required in subdivision 1. An
 42.16 application for a license and renewal of a license shall be on a form provided by the
 42.17 commission. There is a 30-day grace period during which a license may be renewed if a
 42.18 late filing penalty fee equal to the license fee is submitted with the regular license fee.
 42.19 A licensee that files late shall not conduct any activity regulated by this chapter until the
 42.20 commission has renewed the license. If the licensee fails to apply to the commission within
 42.21 the 30-day grace period the licensee must apply for a new license under subdivision 1.

42.22 **Sec. 28. [341.33] CONTESTANTS AND REFEREES; PHYSICAL**
 42.23 **EXAMINATION; ATTENDANCE OF PHYSICIAN; PAYMENT OF FEES;**
 42.24 **INSURANCE.**

42.25 Subdivision 1. Examination by physician. All boxers, nontraditional fighters,
 42.26 and referees shall be examined by a physician licensed by this state within three hours
 42.27 before entering the ring, and the examining physician shall immediately file with the
 42.28 commission a written report of the examination. The physician's examination shall report
 42.29 on the condition of the boxer's heart and general physical and neurological condition. The
 42.30 physician's report may record the condition of the boxer's nervous system and brain as
 42.31 required by the commission. The physician may prohibit the boxer from entering the ring
 42.32 if, in the physician's professional opinion, it is in the best interest of the boxer's health.
 42.33 The cost of the examination is payable by the person or entity conducting the contest
 42.34 or exhibition.

43.2 Subd. 2. Attendance of physician. Every person holding or sponsoring any boxing
43.3 or nontraditional fighting contest shall have in attendance at every boxing contest a
43.4 physician licensed by this state. The commission may establish a schedule of fees to be
paid to each attending physician by the person holding or sponsoring the contest.

43.5 **Sec. 29. [341.34] INSURANCE.**

43.6 Subdivision 1. Required insurance. The commission shall:

43.7 (1) require insurance coverage for a boxer or nontraditional fighter to provide
43.8 for medical, surgical, and hospital care for injuries sustained in the ring in an amount
43.9 of \$100,000 with \$25 deductible and payable to the boxer or nontraditional fighter as
43.10 beneficiary; and

43.11 (2) require life insurance for a boxer or nontraditional fighter in the amount of
43.12 \$50,000 payable in case of accidental death resulting from injuries sustained in the ring.

43.13 Subd. 2. Payment for insurance. The cost of the insurance required by this section
43.14 is payable by the promoter.

43.15 **Sec. 30. [341.35] PENALTIES FOR NONLICENSED EXHIBITIONS.**

43.16 Any person or persons who send or cause to be sent, published, or otherwise made
43.17 known, any challenge to fight what is commonly known as a prize fight, or engage in any
43.18 public boxing or sparring match, or nontraditional exhibition or contest, with or without
43.19 gloves, for any prize, reward or compensation, or for which any admission fee is charged
43.20 directly or indirectly, or go into training preparatory for such fight, exhibition, or contest,
43.21 or act as a trainer, aider, abettor, backer, umpire, referee, second, surgeon, assistant, or
43.22 attendant at such fight, exhibition, or contest, or in any preparation for same, and any
43.23 owner or lessee of any ground, building, or structure of any kind permitting the same to
43.24 be used for any fight, exhibition, or contest, is guilty of a misdemeanor unless a license
43.25 for the holding of the fight, exhibition, or contest has been issued by the commission in
43.26 compliance with the rules adopted by it.

43.27 **Sec. 31. [341.36] GROSS RECEIPTS TAX.**

43.28 The promoter or promoters of all boxing or nontraditional fighting contests, shows,
43.29 or exhibitions held under this chapter shall pay to the commissioner of finance, for credit
43.30 to the Minnesota Boxing Commission account, a tax of five percent of the gross receipts
43.31 from the contest or exhibition. This section also applies to all boxing, kick boxing, and
43.32 nontraditional fighting contests or exhibitions that are simulcast or shown over closed
43.33 circuit television and for which a fee is charged for the right to view the event in this state.

44.1 **Sec. 32. [341.37] APPROPRIATION.**

44.2 A Boxing Commission account is created in the special revenue fund. Money in
44.3 the account is annually appropriated to the Boxing Commission for the purposes of
44.4 conducting its statutory responsibilities and obligations.

44.5 **Sec. 33. [446A.074] CLEAN WATER LEGACY PHOSPHORUS REDUCTION**
44.6 **GRANTS.**

44.7 Subdivision 1. **Creation of fund.** The authority shall establish a clean water legacy
44.8 capital improvement fund and shall make grants from the fund as provided in this section.

44.9 Subd. 2. **Grants.** The authority shall award grants from the clean water legacy
44.10 capital improvement fund to governmental units for the capital costs of wastewater
44.11 treatment facility projects or a portion thereof that will reduce the discharge of total
44.12 phosphorus from the facility to one milligram per liter or less. A project is eligible for a
44.13 grant if it meets the following requirements:

44.14 (1) the applicable phosphorus discharge limit is incorporated in a permit issued by
44.15 the agency for the wastewater treatment facility on or after March 28, 2000, the grantee
44.16 agrees to comply with the applicable limit as a condition of receiving the grant, or the
44.17 grantee made improvements to a wastewater treatment facility on or after March 28, 2000,
44.18 that include infrastructure to reduce the discharge of total phosphorus to one milligram
44.19 per liter or less;

44.20 (2) the governmental unit has submitted a facilities plan for the project to the agency
44.21 and a grant application to the authority on a form prescribed by the authority; and

44.22 (3) the agency has approved the facilities plan, and certified the eligible costs for the
44.23 project to the authority.

44.24 Subd. 3. **Eligible capital costs.** Eligible capital costs for phosphorus reduction
44.25 grants under subdivision 4, paragraph (a), include the as-bid construction costs and
44.26 engineering planning and design costs. Eligible capital costs for phosphorus reduction
44.27 grants under subdivision 4, paragraph (b), include the final, incurred construction,
44.28 engineering, planning, and design costs.

44.29 Subd. 4. **Grant amounts and priorities.** (a) Priority must be given to projects that
44.30 start construction on or after July 1, 2005. If a facility's plan for a project is approved
44.31 by the agency before July 1, 2009, the amount of the grant is 75 percent of the eligible
44.32 capital cost of the project. If a facility's plan for a project is approved by the agency on
44.33 or after July 1, 2009, the amount of the grant is 50 percent of the eligible capital cost of
44.34 the project. Priority in awarding grants under this paragraph must be based on the date of
44.35 approval of the facility's plan for the project.

45.2 (b) Projects that meet the eligibility requirements in subdivision 2 and have started
45.3 construction before July 1, 2005, are eligible for grants to reimburse up to 75 percent of
45.4 the eligible capital cost of the project, less any amounts previously received in grants from
45.5 other sources. Application for a grant under this paragraph must be submitted to the
45.6 authority no later than June 30, 2007. Priority for award of grants under this paragraph
45.7 must be based on the date of agency approval of the facility plan.

45.8 (c) In each fiscal year that money is available for grants, the authority shall first
45.9 award grants under paragraph (a) to projects that met the eligibility requirements of
45.10 subdivision 2 by May 1 of that year. The authority shall use any remaining money
45.11 available that year to award grants under paragraph (b). Grants that have been approved
45.12 but not awarded in a previous fiscal year carry over and must be awarded in subsequent
45.13 fiscal years in accordance with the priorities in this paragraph.

45.14 (d) Disbursements of grants under this section by the authority to recipients must
45.15 be made for eligible project costs as incurred by the recipients, and must be made by the
45.16 authority in accordance with the project financing agreement and applicable state law.

45.17 Subd. 5. Fees. The authority may charge the grant recipient a fee for its
45.18 administrative costs not to exceed one-half of one percent of the grant amount, to be
45.19 paid upon execution of the grant agreement.

45.20 **Sec. 34. [446A.075] SMALL COMMUNITY WASTEWATER TREATMENT**
45.21 **PROGRAM.**

45.22 Subdivision 1. Creation of fund. The authority shall establish a small community
45.23 wastewater treatment fund and shall make loans and grants from the fund as provided in
45.24 this section. Money in the fund is annually appropriated to the authority and does not
45.25 lapse. The fund shall be credited with all loan repayments and investment income from
45.26 the fund, and servicing fees assessed under section 446A.04, subdivision 5. The authority
45.27 shall manage and administer the small community wastewater treatment fund, and for
45.28 these purposes, may exercise all powers provided in this chapter.

45.29 Subd. 2. Loans and grants. (a) The authority shall award loans as provided in
45.30 paragraph (b) and grants as provided in paragraphs (c) and (d) to governmental units from
45.31 the small community wastewater treatment fund for projects to replace noncomplying
45.32 individual sewage treatment systems with a community wastewater treatment system or
45.33 systems meeting the requirements of section 115.55. A governmental unit receiving a loan
45.34 or loan and grant from the fund shall own the community wastewater treatment systems
built under the program and shall be responsible, either directly or through a contract

46.1 with a private vendor, for all inspections, maintenance, and repairs necessary to assure
46.2 proper operation of the systems.

46.3 (b) Loans may be awarded for up to 100 percent of eligible project costs as described
46.4 in this section.

46.5 (c) When the area to be served by a project has a median household income below
46.6 the state average median household income, the governmental unit may receive 50
46.7 percent of the funding provided under this section in the form of a grant. An applicant
46.8 may submit income survey data collected by an independent party if it believes the most
46.9 recent United States census does not accurately reflect the median household income
46.10 of the area to be served.

46.11 (d) If requested, a governmental unit receiving funding under this section may
46.12 receive a grant equal to ten percent of its first year's award, up to a maximum of \$30,000,
46.13 to contract for technical assistance services from the University of Minnesota Extension
46.14 Service to develop the technical, managerial, and financial capacity necessary to build,
46.15 operate, and maintain the systems.

46.16 Subd. 3. Project priority list. Governmental units seeking loans or loans and grants
46.17 from the small community wastewater treatment program shall first submit a project
46.18 proposal to the agency on a form prescribed by the agency. A project proposal shall
46.19 include the compliance status for all individual sewage treatment systems in the project
46.20 area. The agency shall rank project proposals on its project priority list used for the water
46.21 pollution control revolving fund under section 446A.07.

46.22 Subd. 4. Applications. Governmental units with projects on the project priority
46.23 list shall submit applications to the authority on forms prescribed by the authority. The
46.24 application shall include:

46.25 (1) a list of the individual sewage treatment systems proposed to be replaced over a
46.26 period of up to three years;

46.27 (2) a project schedule and cost estimate for each year of the project;

46.28 (3) a financing plan for repayment of the loan; and

46.29 (4) a management plan providing for the inspection, maintenance, and repairs
46.30 necessary to ensure proper operation of the systems.

46.31 Subd. 5. Awards. The authority shall award loans or loans and grants as provided in
46.32 subdivision 2 to governmental units with approved applications based on their ranking
46.33 on the agency's project priority list. The total amount awarded shall be based on the
46.34 estimated project costs for the portion of the project expected to be completed within
46.35 one year, up to an annual maximum of \$500,000. For projects expected to take more
46.36 than one year to complete, the authority may make a multiyear commitment for a period

47.2 not to exceed three years, contingent on the future availability of funds. Each year of a
47.3 multiyear commitment must be funded by a separate loan or loan and grant agreement
47.4 meeting the terms and conditions in subdivision 6. A governmental unit receiving a loan
47.5 or loan and grant under a multiyear commitment shall have priority for additional loan and
47.6 grant funds in subsequent years.

47.7 Subd. 6. **Loan terms and conditions.** Loans from the small community wastewater
47.8 treatment fund shall comply with the following terms and conditions:

47.9 (1) principal and interest payments must begin no later than two years after the
47.10 loan is awarded;

47.11 (2) loans shall carry an interest rate of one percent;

47.12 (3) loans shall be fully amortized within ten years of the first scheduled payment
47.13 or, if the loan amount exceeds \$10,000 per household, shall be fully amortized within 20
47.14 years but not to exceed the expected design life of the system;

47.15 (4) a governmental unit receiving a loan must establish a dedicated source or sources
47.16 of revenues for repayment of the loan and must issue a general obligation note to the
47.17 authority for the full amount of the loan; and

47.18 (5) each property owner to be served by a community wastewater treatment system
47.19 under this program must provide an easement to the governmental unit to allow access to
47.20 the system for management and repairs.

47.21 Subd. 7. **Special assessment deferral.** (a) A governmental unit receiving a loan
47.22 under this section that levies special assessments to repay the loan may defer payment of
47.23 the assessments under the provisions of sections 435.193 to 435.195.

47.24 (b) A governmental unit that defers payment of special assessments for one or more
47.25 properties under paragraph (a) may request deferral of that portion of the debt service on
47.26 its loan, and the authority shall accept appropriate amendments to the general obligation
47.27 note of the governmental unit. If special assessment payments are later received from
47.28 properties that received a deferral, the funds received shall be paid to the authority with
47.29 the next scheduled loan payment.

47.30 Subd. 8. **Eligible costs.** Eligible costs for small community wastewater treatment
47.31 loans and grants shall include the costs of technical assistance as provided in subdivision
47.32 2, paragraph (d), planning, design, construction, legal fees, administration, and land
47.33 acquisition.

47.34 Subd. 9. **Disbursements.** Loan and grant disbursements by the authority under this
47.35 section must be made for eligible project costs as incurred by the recipients, and must be
47.36 made in accordance with the project loan or grant and loan agreement and applicable
47.37 state law.

48.1 Subd. 10. Audits. A governmental unit receiving a loan under this section must
 48.2 annually provide to the authority for the term of the loan a copy of its annual independent
 48.3 audit or, if the governmental unit is not required to prepare an independent audit, a copy of
 48.4 the annual financial reporting form it provides to the state auditor.

48.5 Sec. 35. [446A.076] TOTAL MAXIMUM DAILY LOAD GRANTS.

48.6 Subdivision 1. Program established. When money is appropriated for grants under
 48.7 this program, the authority shall make grants to municipalities to cover up to 50 percent
 48.8 of the cost of wastewater treatment or stormwater projects made necessary by wasteload
 48.9 reductions under total maximum daily load required by section 303(d) of the federal
 48.10 Clean Water Act, United States Code, title 33, section 1313(d), or up to 50 percent of the
 48.11 additional project costs described in subdivision 3, paragraph (b).

48.12 Subd. 2. Grant application. Application for a grant shall be made to the authority
 48.13 on forms prescribed by the authority for the total maximum daily load grant program, with
 48.14 additional information as required by the authority, including a project schedule and cost
 48.15 estimate for the work necessary to comply with the point source wasteload allocation. The
 48.16 Pollution Control Agency shall review and certify approved projects to the authority.

48.17 Subd. 3. Project priorities. (a) When money is appropriated for grants under this
 48.18 program, the authority shall reserve money for projects expected to start construction in
 48.19 the next 12 months in the order that:

48.20 (1) their total maximum daily load was approved by the United States Environmental
 48.21 Protection Agency;

48.22 (2) their grant application is received by the authority; and

48.23 (3) have the greatest load reduction as determined by the Pollution Control Agency.

48.24 The authority shall reserve money for projects in an amount based on their most recent
 48.25 cost estimates submitted to the authority or the as-bid costs, whichever is less.

48.26 (b) Any balances remaining after money is reserved for projects in paragraph (a)
 48.27 may be reserved for projects on the Pollution Control Agency's project priority list
 48.28 to cover additional costs associated with alternate wastewater disposal methods where
 48.29 discharge to an impaired water is prohibited due to the lack of TMDL approval by the
 48.30 United States Environmental Protection Agency.

48.31 Subd. 4. Grant approval. The authority shall make a grant to a municipality, as
 48.32 defined in section 116.182, subdivision 1, only after:

48.33 (1) the commissioner of the Minnesota Pollution Control Agency has certified to the
 48.34 United States Environmental Protection Agency a total maximum daily load for identified

1 waters of this state that includes a point source wasteload allocation, except for projects
49.2 described in subdivision 3, paragraph (b);

49.3 (2) the Environmental Protection Agency has approved the total maximum daily
49.4 load, except for projects described in subdivision 3, paragraph (b);

49.5 (3) a municipality for which money is reserved has submitted the as-bid costs for its
49.6 wastewater treatment or stormwater projects to the authority;

49.7 (4) the Pollution Control Agency has reviewed and certified the project to the
49.8 authority; and

49.9 (5) the authority has determined that the additional financing necessary to complete
49.10 the project has been committed from other sources.

49.11 Subd. 5. Grant disbursement. Disbursement of a grant shall be made for eligible
49.12 project costs as incurred by the municipality and in accordance with a project financing
49.13 agreement and applicable state and federal laws and rules governing the payments.

49.14 Subd. 6. Fees. The authority may charge the grant recipient a fee for its
49.15 administrative costs not to exceed one-half of one percent of the grant amount, to be
49.16 paid upon execution of the grant agreement.

49.17 Sec. 36. Minnesota Statutes 2004, section 446A.12, subdivision 1, is amended to read:

49.18 Subdivision 1. **Bonding authority.** The authority may issue negotiable bonds in a
49.19 principal amount that the authority determines necessary to provide sufficient funds for
49.20 achieving its purposes, including the making of loans and purchase of securities, the
21 payment of interest on bonds of the authority, the establishment of reserves to secure its
49.22 bonds, the payment of fees to a third party providing credit enhancement, and the payment
49.23 of all other expenditures of the authority incident to and necessary or convenient to carry
49.24 out its corporate purposes and powers, but not including the making of grants. Bonds of
49.25 the authority may be issued as bonds or notes or in any other form authorized by law. The
49.26 principal amount of bonds issued and outstanding under this section at any time may not
49.27 exceed ~~\$1,250,000,000~~ \$1,500,000,000, excluding bonds for which refunding bonds or
49.28 crossover refunding bonds have been issued.

49.29 Sec. 37. Laws 2005, First Special Session chapter 1, article 2, section 11, subdivision
49.30 5, is amended to read:

49.31			5,038,000
49.32	Subd. 5. Fish and Wildlife Habitat	5,038,000	<u>8,738,000</u>

50.1 Summary by Fund

50.2			5,038,000
50.3	Trust Fund	5,038,000	<u>8,386,000</u>

50.4 (a) Restoring Minnesota's Fish and Wildlife
 50.5 Habitat Corridors-Phase III
 50.6 \$2,031,000 the first year and ~~\$2,031,000~~
 50.7 \$5,379,000 the second year are from the trust
 50.8 fund to the commissioner of natural resources
 50.9 for the third biennium for acceleration of
 50.10 agency programs and cooperative agreements
 50.11 with Pheasants Forever, Minnesota Deer
 50.12 Hunters Association, Ducks Unlimited,
 50.13 Inc., National Wild Turkey Federation,
 50.14 the Nature Conservancy, Minnesota Land
 50.15 Trust, the Trust for Public Land, Minnesota
 50.16 Valley National Wildlife Refuge Trust, Inc.,
 50.17 U.S. Fish and Wildlife Service, Red Lake
 50.18 Band of Chippewa, Leech Lake Band of
 50.19 Chippewa, Fond du Lac Band of Chippewa,
 50.20 USDA-Natural Resources Conservation
 50.21 Service, and the Board of Water and Soil
 50.22 Resources to plan, restore, and acquire
 50.23 fragmented landscape corridors that connect
 50.24 areas of quality habitat to sustain fish,
 50.25 wildlife, and plants. Expenditures are limited
 50.26 to the 11 project areas as defined in the
 50.27 work program. Land acquired with this
 50.28 appropriation must be sufficiently improved
 50.29 to meet at least minimum habitat and facility
 50.30 management standards as determined by
 50.31 the commissioner of natural resources.
 50.32 This appropriation may not be used for
 50.33 the purchase of residential structures,
 50.34 unless expressly approved in the work

1 program. Any land acquired in fee title
51.2 by the commissioner of natural resources
51.3 with money from this appropriation must be
51.4 designated: (1) as an outdoor recreation unit
51.5 under Minnesota Statutes, section 86A.07;
51.6 or (2) as provided in Minnesota Statutes,
51.7 sections 89.018, subdivision 2, paragraph (a);
51.8 97A.101; 97A.125; 97C.001; and 97C.011.
51.9 The commissioner may similarly designate
51.10 any lands acquired in less than fee title. This
51.11 appropriation is available until June 30, 2008,
51.12 at which time the project must be completed
51.13 and final products delivered, unless an earlier
51.14 date is specified in the work program.

51.15 (b) Metropolitan Area Wildlife
51.16 Corridors-Phase II

51.17 \$1,765,000 the first year and \$1,765,000 the
51.18 second year are from the trust fund to the
51.19 commissioner of natural resources for the
51.20 second biennium for acceleration of agency
51.21 programs and cooperative agreements with
51.22 the Trust for Public Land, Ducks Unlimited,
51.23 Inc., Friends of the Mississippi River,
51.24 Great River Greening, Minnesota Land
51.25 Trust, Minnesota Valley National Wildlife
51.26 Refuge Trust, Inc., Pheasants Forever, Inc.,
51.27 and Friends of the Minnesota Valley for
51.28 the purposes of planning, improving, and
51.29 protecting important natural areas in the
51.30 metropolitan region, as defined by Minnesota
51.31 Statutes, section 473.121, subdivision 2,
51.32 and portions of the surrounding counties,
51.33 through grants, contracted services,
51.34 conservation easements, and fee acquisition.
51.35 Land acquired with this appropriation
51.36 must be sufficiently improved to meet at

52.1 least minimum management standards as
52.2 determined by the commissioner of natural
52.3 resources. Expenditures are limited to the
52.4 identified project areas as defined in the
52.5 work program. This appropriation may
52.6 not be used for the purchase of residential
52.7 structures, unless expressly approved in the
52.8 work program. Any land acquired in fee title
52.9 by the commissioner of natural resources
52.10 with money from this appropriation must be
52.11 designated: (1) as an outdoor recreation unit
52.12 under Minnesota Statutes, section 86A.07;
52.13 or (2) as provided in Minnesota Statutes,
52.14 sections 89.018, subdivision 2, paragraph (a);
52.15 97A.101; 97A.125; 97C.001; and 97C.011.
52.16 The commissioner may similarly designate
52.17 any lands acquired in less than fee title. This
52.18 appropriation is available until June 30, 2008,
52.19 at which time the project must be completed
52.20 and final products delivered, unless an earlier
52.21 date is specified in the work program.

52.22 (c) Development of Scientific and Natural
52.23 Areas

52.24 \$67,000 the first year and \$67,000 the
52.25 second year are from the trust fund to the
52.26 commissioner of natural resources to develop
52.27 and enhance lands designated as scientific
52.28 and natural areas. This appropriation is
52.29 available until June 30, 2008, at which time
52.30 the project must be completed and final
52.31 products delivered, unless an earlier date is
52.32 specified in the work program.

52.33 (d) Prairie Stewardship of Private Lands

52.34 \$50,000 the first year and \$50,000 the
52.35 second year are from the trust fund to the

commissioner of natural resources to develop

53.2 stewardship plans and implement prairie
53.3 management on private prairie lands on a
53.4 cost-share basis with private or federal funds.
53.5 This appropriation is available until June
53.6 30, 2008, at which time the project must
53.7 be completed and final products delivered,
53.8 unless an earlier date is specified in the work
53.9 program.

53.10 (e) Local Initiative Grants-Conservation

11 Partners and Environmental Partnerships
53.12 \$250,000 the first year and \$250,000 the
53.13 second year are from the trust fund to the
53.14 commissioner of natural resources to provide
53.15 matching grants of up to \$20,000 to local
53.16 government and private organizations for
53.17 enhancement, restoration, research, and
53.18 education associated with natural habitat and
53.19 environmental service projects. Subdivision
53.20 16 applies to grants awarded in the approved
53.21 work program. This appropriation is
53.22 available until June 30, 2008, at which time
53.23 the project must be completed and final
53.24 products delivered, unless an earlier date is
53.25 specified in the work program.

53.26 (f) Minnesota ReLeaf Community Forest

53.27 Development and Protection
53.28 \$250,000 the first year and \$250,000 the
53.29 second year are from the trust fund to
53.30 the commissioner of natural resources
53.31 for acceleration of the agency program
53.32 and a cooperative agreement with Tree
53.33 Trust to protect forest resources, develop
53.34 inventory-based management plans, and
53.35 provide matching grants to communities

54.1 to plant native trees. At least \$390,000 of
54.2 this appropriation must be used for grants
54.3 to communities. For the purposes of this
54.4 paragraph, the match must be a nonstate
54.5 contribution, but may be either cash or
54.6 qualifying in-kind. This appropriation is
54.7 available until June 30, 2008, at which time
54.8 the project must be completed and final
54.9 projects delivered, unless an earlier date is
54.10 specified in the work program.

54.11 (g) Integrated and Pheromonal Control of
54.12 Common Carp

54.13 \$275,000 the first year and \$275,000 the
54.14 second year are from the trust fund to the
54.15 University of Minnesota for the second
54.16 biennium to research new options for
54.17 controlling common carp. This appropriation
54.18 is available until June 30, 2009, at which
54.19 time the project must be completed and final
54.20 products delivered, unless an earlier date is
54.21 specified in the work program.

54.22 (h) Biological Control of European
54.23 Buckthorn and Garlic Mustard

54.24 \$100,000 the first year and \$100,000 the
54.25 second year are from the trust fund to
54.26 the commissioner of natural resources to
54.27 research potential insects for biological
54.28 control of invasive European buckthorn
54.29 species for the second biennium and to
54.30 introduce and evaluate insects for biological
54.31 control of garlic mustard. This appropriation
54.32 is available until June 30, 2008, at which
54.33 time the project must be completed and final
54.34 products delivered, unless an earlier date is
54.35 specified in the work program.

55.2 (i) Land Exchange Revolving Fund for
 55.3 Aitkin, Cass, and Crow Wing Counties
 55.4 \$250,000 the first year and \$250,000 the
 55.5 second year are from the trust fund to the
 55.6 commissioner of natural resources for an
 55.7 agreement with Aitkin County for a six-year
 55.8 revolving loan fund to improve public and
 55.9 private land ownership patterns, increase
 55.10 management efficiency, and protect critical
 55.11 habitat in Aitkin, Cass, and Crow Wing
 55.12 Counties. By June 30, 2011, Aitkin County
 55.13 shall repay the \$500,000 to the commissioner
 55.14 of finance for deposit in the environment
 55.15 and natural resources trust fund. * (The
 55.16 preceding text beginning "(i) Land Exchange
 55.17 Revolving Fund" was indicated as vetoed by
 the governor.)

55.18 **Sec. 38. REPEALER.**
 55.19 Minnesota Statutes 2004, section 17.10, is repealed.

20 **Sec. 39. EFFECTIVE DATE.**
 55.21 Sections 1 to 15 and 33 to 38 are effective the day following final enactment.
 55.22 Sections 16 to 32 are effective January 1, 2007.

55.23 **ARTICLE 6**

55.24 **HEALTH AND HUMAN SERVICES**

55.25 **Section 1. HUMAN SERVICES**

55.26 **APPROPRIATIONS**

55.27 SUMMARY BY FUND

				<u>BIENNIAL</u>
		<u>2006</u>	<u>2007</u>	<u>TOTAL</u>
55.28				
55.29				
55.30	<u>General</u>	\$ <u>40,233,000</u>	\$ <u>60,963,000</u>	\$ <u>101,196,000</u>

56.1	<u>State Government Special</u>			
56.2	<u>Revenue Fund</u>	<u>514,000</u>	<u>622,000</u>	<u>1,136,000</u>
56.3	<u>Health Care Access Fund</u>	<u>500,000</u>	<u>25,654,000</u>	<u>26,154,000</u>
56.4	<u>Federal TANF</u>	<u>-0-</u>	<u>10,067,000</u>	<u>10,067,000</u>
56.5	<u>TOTAL</u>	<u>\$ 41,247,000</u>	<u>\$ 97,306,000</u>	<u>\$ 138,553,000</u>

56.6		<u>APPROPRIATIONS</u>	
56.7		<u>Available for the Year</u>	
56.8		<u>Ending June 30</u>	
56.9		<u>2006</u>	<u>2007</u>

56.10 Sec. 2. COMMISSIONER OF HUMAN
 56.11 SERVICES

56.12 Subdivision 1. Total Appropriation \$ 37,903,000 \$ 70,089,000

56.13 Summary by Fund

56.14	<u>General</u>	<u>37,403,000</u>	<u>56,367,000</u>
56.15	<u>Health Care Access Fund</u>	<u>500,000</u>	<u>3,654,000</u>
56.16	<u>Federal TANF</u>	<u>-0-</u>	<u>10,067,000</u>

56.17 TANF MAINTENANCE OF EFFORT.

56.18 (a) Notwithstanding Laws 2005, First
 56.19 Special Session chapter 4, article 9, section
 56.20 2, subdivision 1, the commissioner shall
 56.21 ensure that for state fiscal year 2007,
 56.22 the maintenance of effort used by the
 56.23 commissioner of finance for the February
 56.24 and November forecast required under
 56.25 Minnesota Statutes, section 16A.103,
 56.26 contains expenditures under the TANF/MOE
 56.27 rider, paragraph (a), clause (1) in Laws 2005,
 56.28 First Special Session chapter 4, article 9,
 56.29 section 2, subdivision 1, equal to at least 21
 56.30 percent of the total required under Code of
 56.31 Federal Regulations, Title 45, section 263.1.

(b) the commissioner may use up to

57.2 \$5,000,000 per year of Department of
57.3 Education qualified spending as child care
57.4 development fund TANF maintenance of
57.5 effort. The commissioner of education
57.6 shall assist the commissioner in identifying
57.7 eligible expenditures.

57.8 **INCREASE WORKING FAMILY**

57.9 **CREDIT EXPENDITURES TO BE**

57.10 **CLAIMED FOR TANF/MOE.** In addition

57.11 to the amounts provided in Laws 2005, First
57.12 Special Session chapter 4, article 9, section 2,
57.13 subdivision 1, the commissioner may count
57.14 the following amounts of working family
57.15 credit expenditures as TANF/MOE:

- 57.16 (1) fiscal year 2006, \$9,774,000
- 57.17 (2) fiscal year 2007, \$12,886,000;
- 57.18 (3) fiscal year 2008, \$27,686,000; and
- 57.19 (4) fiscal year 2009, \$27,693,000.

57.20 Notwithstanding any section to the contrary,
57.21 this provision shall sunset June 30, 2009.

57.22 **Subd. 2. Children and Economic Assistance**

57.23 **Grants**

57.24 General -0- (7,452,000)

57.25 Federal TANF -0- 10,067,000

57.26 **(a) MFIP Child Care Assistance Grants**

57.27 General -0- (10,067,000)

57.28 Federal TANF -0- 10,067,000

29 **INCREASE TANF TRANSFER TO**

57.30 **FEDERAL CHILD CARE AND**

57.31 **DEVELOPMENT FUND.** (a) In addition

57.32 to the TANF amounts provided in Laws
57.33 2005, First Special Session chapter 4,

58.1 article 9, section 2, subdivisions 3 and
58.2 4, \$10,067,000 in fiscal year 2007 is
58.3 appropriated to the commissioner for the
58.4 purposes of MFIP/transition year child care
58.5 under Minnesota Statutes, section 119B.05
58.6 and shall be added to the base for fiscal
58.7 years 2008 and 2009. This amount shall not
58.8 become part of the base for fiscal year 2010.
58.9 The commissioner shall authorize transfer
58.10 of sufficient TANF funds to the federal
58.11 child care and development fund to meet
58.12 this appropriation and shall ensure that all
58.13 transferred funds are expended according to
58.14 the federal child care and development fund
58.15 regulations. Notwithstanding any section to
58.16 the contrary, this paragraph shall sunset June
58.17 30, 2009.

58.18 (b) Basic Sliding Fee Child Care Assistance
58.19 Grants

58.20 **BASIC SLIDING FEE ALLOCATIONS;**
58.21 **CONVERSION TO AUTOMATED**
58.22 **SYSTEM. As determined by the**
58.23 **commissioner, counties may use up to six**
58.24 **percent of either calendar year 2008 or 2009**
58.25 **allocations under Minnesota Statutes, section**
58.26 **119B.03, to fund accelerated payments that**
58.27 **may occur during the preceding calendar**
58.28 **year during conversion to the automated**
58.29 **child care assistance program system. If**
58.30 **conversion occurs over two calendar years,**
58.31 **counties may use up to three percent of the**
58.32 **combined calendar year allocations to fund**
58.33 **accelerated payments. Funding advanced**
58.34 **under this rider shall be considered part of**
58.35 **the allocation from which it was originally**
58.36 **advanced for purposes of setting future**

59.2 allocations under Minnesota Statutes, section
 59.3 119B.03, subdivisions 6, 6a, 6b, and 8, and
 59.4 shall include funding for administrative costs
 59.5 under Minnesota Statutes, section 119B.15.
 59.6 Notwithstanding the provisions of any
 59.7 section to the contrary, this provision shall
 59.8 sunset December 31, 2009.

59.8 **CHILD CARE AND DEVELOPMENT**

59.9 **FUND; FEDERAL DEFICIT**

59.10 **REDUCTION ACT OF 2005. Increased**

11 child care funds from the federal Deficit
 59.12 Reduction Act of 2005 may be allocated by
 59.13 the commissioner for the basic sliding fee
 59.14 child care program.

59.15 (c) Children's Services Grants

59.16	<u>General</u>	<u>-0-</u>	<u>2,615,000</u>
-------	----------------	------------	------------------

59.17 **CHILDREN'S SERVICES GRANTS**

59.18 **BASE LEVEL ADJUSTMENT. The**

59.19 general fund base for children's services
 59.20 grants shall be increase by \$7,845,000 in
 21 fiscal year 2008 and \$11,485,000 in fiscal
 59.22 year 2009.

59.23 (d) Children's and Community Services

59.24 Grants

59.25 **CHILDREN AND COMMUNITY**

59.26 **SERVICES GRANTS BASE LEVEL**

59.27 **ADJUSTMENT. The general fund base for**
 59.28 **children and community service grants shall**
 59.29 **be decreased by \$2,849,000 in fiscal year**
 59.30 **2009 for the implementation of the mental**
 31 **health payment model.**

59.32 **CHILDREN AND COMMUNITY**

59.33 **SERVICES GRANTS. Notwithstanding**

59.34 **Minnesota Statutes, section 256M.50,**

60.1 supplemental social service block grant funds
 60.2 of \$153,936 appropriated under the federal
 60.3 2005 Department of Defense Appropriations
 60.4 Act, Public Law 109-148, shall be allocated
 60.5 proportionately to those counties that served
 60.6 hurricane evacuees and reported those
 60.7 services on the Social Service Information
 60.8 System (SSIS).

60.9 Subd. 3. Children and Economic Assistance
 60.10 Management

60.11	<u>General</u>	<u>-0-</u>	<u>19,000</u>
60.12	<u>(a) Children's and Economic</u>		
60.13	<u>Assistance Operations</u>	<u>-0-</u>	<u>19,000</u>

60.14 CHILDREN AND ECONOMIC
 60.15 ASSISTANCE OPERATIONS BASE
 60.16 LEVEL ADJUSTMENT. The general fund
 60.17 base for children and economic assistance
 60.18 operations shall be decreased by \$19,000 in
 60.19 fiscal year 2008 and \$19,000 in fiscal year
 60.20 2009.

60.21 CHILDREN AND ECONOMIC
 60.22 ASSISTANCE OPERATIONS. The TANF
 60.23 base for children and economic assistance
 60.24 operations shall be reduced by \$33,000 in
 60.25 fiscal year 2008 and \$33,000 in fiscal year
 60.26 2009.

60.27 Subd. 4. Health Care Grants

60.28 Summary by Fund

60.29	<u>General</u>	<u>-0-</u>	<u>4,439,000</u>
60.30	<u>Health Care Access</u>	<u>-0-</u>	<u>(299,000)</u>
60.31	<u>(a) MinnesotaCare Grants</u>		
60.32	<u>Health Care Access</u>	<u>-0-</u>	<u>(299,000)</u>

TRANSFER TO MINNESOTA

61.2 **PHARMACY ACCESS ACCOUNT.**

61.3 Notwithstanding Minnesota Statutes, section

61.4 295.581, the commissioner of finance shall

61.5 transfer \$1,576,000 from the health care

61.6 access fund to the Minnesota pharmacy

61.7 access account in fiscal year 2008, \$990,000

61.8 in fiscal year 2009. Notwithstanding any

61.9 section to the contrary, this section shall

61.10 sunset June 30, 2009.

1 (b) Medical Assistance Basic Health Care - Families and Children

61.12 General -0- 75,000

61.13 (c) Medical Assistance Basic Health Care - Elderly and Disabled

61.14 General -0- (472,000)

61.15 (d) General Assistance Medical Care

61.16 General -0- 4,836,000

61.17 Subd. 5. Health Care Management

18 Summary by Fund

61.19 General -0- 1,291,000

61.20 Health Care Access -0- 2,595,000

61.21 (a) Health Care Administration

61.22 General -0- 1,253,000

61.23 Health Care Access -0- 780,000

61.24 **HEALTH CARE ADMINISTRATION**

61.25 **BASE LEVEL ADJUSTMENT.**

61.26 The general fund base for health care

27 administration shall be increased by

61.28 \$270,000 in fiscal year 2008 and decreased

61.29 by \$307,000 in fiscal year 2009.

62.1 **HEALTH CARE ADMINISTRATION**

62.2 **BASE LEVEL ADJUSTMENT. The**
62.3 **health care access fund base for health**
62.4 **care administration shall be increased by**
62.5 **\$237,000 in fiscal year 2008 and \$237,000 in**
62.6 **fiscal year 2009.**

62.7 **(b) Health Care Operations**

62.8	<u>General</u>	<u>-0-</u>	<u>38,000</u>
62.9	<u>Health Care Access</u>	<u>-0-</u>	<u>1,815,000</u>

62.10 **HEALTH CARE OPERATIONS BASE**

62.11 **LEVEL ADJUSTMENT. The general fund**
62.12 **base for health care operations shall be**
62.13 **decreased by \$14,000 in fiscal year 2008 and**
62.14 **increased by \$56,000 in fiscal year 2009.**

62.15 **HEALTH CARE OPERATIONS BASE**

62.16 **LEVEL ADJUSTMENT. The health care**
62.17 **access fund base for health care operations**
62.18 **shall be decreased by \$1,180,000 in fiscal**
62.19 **year 2008 and \$1,180,000 in fiscal year 2009.**

62.20 **Subd. 6. Continuing Care Grants**

62.21 **Summary by Fund**

62.22	<u>General</u>	<u>-0-</u>	<u>594,000</u>
62.23	<u>Health Care Access</u>	<u>500,000</u>	<u>1,250,000</u>

62.24 **(a) Aging and Adult Grants**

62.25	<u>Health Care Access</u>	<u>500,000</u>	<u>1,250,000</u>
-------	----------------------------------	-----------------------	-------------------------

62.26 **AGING AND ADULT SERVICES**

62.27 **GRANTS FOR MEDICARE PART D**

62.28 **ASSISTANCE. \$500,000 in fiscal year**
62.29 **2006 and \$1,250,000 in fiscal year 2007**
62.30 **is appropriated to the commissioner of**
62.31 **human services for grants awarded through**
62.32 **the Minnesota Board on Aging to Area**

63.2 Agencies on Aging to provide information
 63.3 and enrollment assistance for the Medicare
 63.4 Part D program.

63.5 **AGING AND ADULT SERVICES**

63.6 **GRANTS BASE ADJUSTMENT.** The
 63.7 health care access fund base for aging
 63.8 and adult services grants is decreased by
 63.9 \$100,000 in fiscal year 2008 and \$100,000
 63.10 in fiscal year 2009 for information and
 63.11 assistance grants to area agencies on aging
 63.12 for assisting with Medicare Part D.

63.13 **MEDICARE PART D INFORMATION**
 63.14 **AND ASSISTANCE REIMBURSEMENT.**

63.15 Federal administrative reimbursement
 63.16 obtained from information and assistance
 63.17 services provided by the Senior Linkage or
 63.18 Disability Linkage lines to people who are
 63.19 identified as eligible for medical assistance
 63.20 shall be appropriated to the commissioner
 63.21 for this activity.

63.22 **(b) Alternative Care Grants**

63.22	<u>General</u>	<u>-0-</u>	<u>3,337,000</u>
-------	----------------	------------	------------------

63.23 **ALTERNATIVE CARE BASE LEVEL**

63.24 **ADJUSTMENT.** Base level funding for
 63.25 alternative care grants shall be reduced
 63.26 by \$1,737,000 in fiscal year 2008 and
 63.27 \$2,504,000 in fiscal year 2009 to adjust base
 63.28 funding for projected caseload needs.

63.29 **(c) Medical Assistance Long-term Care Facilities**

63.30	<u>General</u>	<u>-0-</u>	<u>(115,000)</u>
-------	----------------	------------	------------------

63.31 **(d) Medical Assistance Long-term Care Waivers**

63.32	<u>General</u>	<u>-0-</u>	<u>(415,000)</u>
-------	----------------	------------	------------------

64.1 (e) Mental Health Grants

64.2 General -0- (2,213,000)

64.3 MENTAL HEALTH GRANTS BASE

64.4 LEVEL ADJUSTMENT. The general
64.5 fund base for mental health grants shall
64.6 be decreased by \$3,011,000 in fiscal year
64.7 2008 and \$6,661,000 in fiscal year 2009 for
64.8 implementation of the mental health payment
64.9 model.

64.10 Subd. 7. Continuing Care Management

64.11 General -0- 663,000

64.12 Health Care Access -0- 108,000

64.13 CONTINUING CARE MANAGEMENT

64.14 BASE LEVEL ADJUSTMENT. The
64.15 general fund base for continuing care
64.16 management shall be decreased by \$120,000
64.17 in fiscal year 2008 and \$306,000 in fiscal
64.18 year 2009.

64.19 CONTINUING CARE MANAGEMENT

64.20 BASE LEVEL ADJUSTMENT. The health
64.21 care access fund base for continuing care
64.22 management shall be decreased by \$10,000
64.23 in fiscal year 2008 and \$10,000 in fiscal year
64.24 2009.

64.25 Subd. 8. State-Operated Services

64.26 General 37,403,000 56,813,000

64.27 MINNESOTA SECURITY HOSPITAL.

64.28 For the purposes of enhancing the safety
64.29 of the public, improving supervision, and
64.30 enhancing community-based mental health
64.31 treatment, state-operated services may

65.2 establish additional community capacity
 65.3 for providing treatment and supervision
 65.4 of clients who have been ordered into a
 65.5 less restrictive alternative of care from the
 65.6 state-operated services transition services
 65.7 program consistent with Minnesota Statutes,
 65.8 section 246.014.

65.8 **SEX OFFENDER EPIDEMIOLOGY**
 65.9 **STUDY.** \$200,000 is appropriated in fiscal
 65.10 year 2007 to the commissioner of human
 65.11 services to address the problem of children
 65.12 and juveniles at risk of becoming a criminal
 65.13 or predatory sex offender. \$100,000 shall
 65.14 be used to study the occurrence, severity,
 65.15 types, causal factors, intervention methods,
 65.16 available treatment, success factors, or
 65.17 service gaps of this population. \$100,000
 65.18 shall be used to develop a multifaceted
 65.19 approach to intervening prior to a sex crime
 65.20 committed by this population.

65.21 **STATE-OPERATED SERVICES BASE**
 65.22 **LEVEL ADJUSTMENT.** The general fund
 65.23 base for state-operated services is increased
 65.24 by \$8,499,000 in fiscal year 2008 and
 65.25 decreased by \$1,125,000 in fiscal year 2009.

65.26 **Sec. 3. COMMISSIONER OF HEALTH**

65.27	<u>Subdivision 1. Total Appropriation</u>	<u>-0-</u>	<u>22,000,000</u>
-------	--	-------------------	--------------------------

65.28 Summary by Fund

65.29	<u>Health Care Access Fund</u>	<u>-0-</u>	<u>22,000,000</u>
-------	--------------------------------	------------	-------------------

65.30 The appropriations in this section are
 65.31 from the health care access fund to the
 65.32 commissioner of health. The appropriations

66.1 are added to appropriations in Laws 2005,
66.2 First Special Session chapter 4, article 9,
66.3 section 3.

66.4 **PANDEMIC INFLUENZA**

66.5 **PREPAREDNESS. \$10,500,000 is**
66.6 for preparation, planning, and response to
66.7 an outbreak of influenza. Of this amount,
66.8 the commissioner of health shall transfer
66.9 \$1,100,000 to the commissioner of public
66.10 safety, \$100,000 to the commissioner
66.11 of natural resources, \$100,000 to the
66.12 commissioner of human services, \$100,000
66.13 to the attorney general, \$100,000 to the
66.14 commissioner of transportation, \$100,000 to
66.15 the commissioner of education, \$100,000
66.16 to the commissioner of military affairs,
66.17 \$100,000 to the commissioner of employee
66.18 relations, and \$100,000 to the Board of
66.19 Animal Health to add necessary staff and
66.20 resources for agency-specific influenza
66.21 preparedness efforts.

66.22 **HEALTH INFORMATION**

66.23 **TECHNOLOGY. \$12,000,000 is for**
66.24 improving health information technology
66.25 statewide. This appropriation is available
66.26 until June 30, 2009. Of this amount,
66.27 \$500,000 in each of fiscal years 2007,
66.28 2008, and 2009 is to operate the E-Health
66.29 Coordination and Evaluation Center. The
66.30 balance shall be used to provide health
66.31 information technology matching grants
66.32 according Minnesota Statutes, section
66.33 144.366.

66.34 **IMMIGRANT HEALTH. \$500,000 is to**
66.35 improve health care for immigrant families.

67.1 (1) \$200,000 is to reimburse local public
 67.2 health agencies for case management of
 67.3 individuals with tuberculosis; (2) \$90,000
 67.4 is to provide tuberculosis treatment
 67.5 medications to individuals who are uninsured
 67.6 or underinsured; and (3) \$210,000 is
 67.7 to provide perinatal hepatitis B case
 67.8 management services to women and their
 67.9 families.

67.10 **Sec. 4. VETERANS NURSING HOMES**
 1 **BOARD**

	<u>2,830,000</u>	<u>4,596,000</u>
--	------------------	------------------

67.12 This appropriation is added to appropriations
 67.13 in Laws 2005, First Special Session chapter
 67.14 4, article 9, section 4.

67.15 **BASE ADJUSTMENT.** The general fund
 67.16 base is increased by \$8,541,000 in fiscal year
 67.17 2008 and \$8,541,000 in fiscal year 2009 for
 67.18 the Veterans Homes Board.

67.19 **Sec. 5. HEALTH-RELATED BOARDS**

67.20 **Subdivision 1. State Government Special**
 67.21 **Revenue**

	<u>514,000</u>	<u>622,000</u>
--	----------------	----------------

67.22 **Subd. 2. Board of Chiropractic Examiners**

	<u>5,000</u>	<u>5,000</u>
--	--------------	--------------

67.23 **BOARD OF CHIROPRACTIC**
 67.24 **EXAMINERS APPROPRIATION**

67.25 **INCREASE.** (a) This appropriation is
 67.26 added to appropriations in Laws 2005,
 67.27 First Special Session chapter 4, article 9,
 67.28 section 5, subdivision 3. This is a onetime
 67.29 appropriation.

67.30 (b) This increase is to correct programming
 67.31 difficulties incurred during implementation
 67.32 of payment processing changes.

68.1	<u>Subd. 3. Board of Dentistry</u>	<u>-0-</u>	<u>67,000</u>
------	------------------------------------	------------	---------------

68.2 **BOARD OF DENTISTRY**
 68.3 **APPROPRIATION INCREASE.**

68.4 (a) This appropriation is added to
 68.5 appropriations in Laws 2005, First Special
 68.6 Session chapter 4, article 9, section 5,
 68.7 subdivision 4.

68.8 (b) This increase is to retain a legal analyst
 68.9 as part of the board staff.

68.10	<u>Subd. 4. Board of Medical Practice</u>	<u>500,000</u>	<u>500,000</u>
-------	---	----------------	----------------

68.11 **BOARD OF MEDICAL PRACTICE**
 68.12 **INCREASE. (a) This appropriation is**

68.13 added to appropriations in Laws 2005,
 68.14 First Special Session chapter 4, article 9,
 68.15 section 5, subdivision 7. This is a onetime
 68.16 appropriation.

68.17 (b) This increase is to cover higher than
 68.18 expected costs of investigation and legal
 68.19 action.

68.20	<u>Subd. 5. Board of Physical Therapy</u>	<u>9,000</u>	<u>-0-</u>
-------	---	--------------	------------

68.21 **BOARD OF PHYSICAL THERAPY**
 68.22 **APPROPRIATION INCREASE. (a) This**

68.23 appropriation is added to appropriations in
 68.24 Laws 2005, First Special Session chapter 4,
 68.25 article 9, section 5, subdivision 12. This is a
 68.26 onetime appropriation.

68.27 (b) This increase is to correct programming
 68.28 difficulties incurred during implementation
 68.29 of payment processing changes.

68.30	<u>Subd. 6. Emergency Medical Services Board</u>	<u>-0-</u>	<u>50,000</u>
-------	--	------------	---------------

68.31 **EMERGENCY MEDICAL SERVICES**
 68.32 **BOARD APPROPRIATION INCREASE.**

(a) This appropriation is added to appropriations in Laws 2005, First Special Session chapter 4, article 9, section 5, subdivision 12.

(b) This increase is to be spent by the health professional service program from the state government special revenue fund.

Sec. 6. Minnesota Statutes 2005 Supplement, section 16A.724, subdivision 2, is amended to read:

Subd. 2. **Transfers.** (a) Notwithstanding section 295.581, to the extent available resources in the health care access fund exceed expenditures in that fund, effective with the biennium beginning July 1, 2007, the commissioner of finance shall transfer the excess funds from the health care access fund to the general fund on June 30 of each year, provided that the amount transferred in any fiscal biennium shall not exceed ~~\$96,000,000~~ \$126,582,000.

(b) For fiscal years 2006 to 2009, MinnesotaCare shall be a forecasted program, and, if necessary, the commissioner shall reduce these transfers from the health care access fund to the general fund to meet annual MinnesotaCare expenditures or, if necessary, transfer sufficient funds from the general fund to the health care access fund to meet annual MinnesotaCare expenditures.

Sec. 7. **[144.366] INTERCONNECTED ELECTRONIC HEALTH RECORD GRANTS.**

Subdivision 1. Definitions. The following definitions are used for the purposes of this section.

(a) "Eligible community e-health collaborative" means an existing or newly established collaborative to support the adoption and use of interoperable electronic health records. A collaborative must consist of at least three or more eligible health care entities in at least two of the categories listed in paragraph (b) and have a focus on interconnecting the members of the collaborative for secure and interoperable exchange of health care information.

(b) "Eligible health care entity" means one of the following:

(1) community clinics, as defined under section 145.9268;

(2) hospitals eligible for rural hospital capital improvement grants, as defined in section 144.148;

70.1 (3) physician clinics located in a community with a population of less than 50,000
 70.2 according to United States Census Bureau statistics and outside the seven-county
 70.3 metropolitan area;

70.4 (4) nursing facilities licensed under sections 144A.01 to 144A.27;

70.5 (5) community health boards as established under chapter 145A;

70.6 (6) nonprofit entities with a purpose to provide health information exchange
 70.7 coordination governed by a representative, multi-stakeholder board of directors; and

70.8 (7) other providers of health or health care services approved by the commissioner
 70.9 for which interoperable electronic health record capability would improve quality of
 70.10 care, patient safety, or community health.

70.11 Subd. 2. Grants authorized. The commissioner of health shall award grants to
 70.12 eligible community e-health collaborative projects to improve the implementation and
 70.13 use of interoperable electronic health records including but not limited to the following
 70.14 projects:

70.15 (1) collaborative efforts to host and support fully functional interoperable electronic
 70.16 health records in multiple care settings;

70.17 (2) electronic medication history and electronic patient registration information;

70.18 (3) electronic personal health records for persons with chronic diseases and for
 70.19 prevention services;

70.20 (4) rural and underserved community models for electronic prescribing; and

70.21 (5) enabling local public health systems to rapidly and electronically exchange
 70.22 information needed to participate in community e-health collaboratives or for public
 70.23 health emergency preparedness and response.

70.24 Grant funds may not be used for construction of health care or other buildings or
 70.25 facilities.

70.26 Subd. 3. Allocation of grants. (a) To receive a grant under this section, an eligible
 70.27 community e-health collaborative must submit an application to the commissioner of
 70.28 health by the deadline established by the commissioner. A grant may be awarded upon the
 70.29 signing of a grant contract. In awarding grants, the commissioner shall give preference to
 70.30 projects benefiting providers located in rural and underserved areas of Minnesota which
 70.31 the commissioner has determined have an unmet need for the development and funding
 70.32 of electronic health records. Applicants may apply for and the commissioner may award
 70.33 grants for one-year, two-year, or three-year periods.

70.34 (b) An application must be on a form and contain information as specified by the
 70.35 commissioner but at a minimum must contain:

70.36 (1) a description of the purpose or project for which grant funds will be used;

- 71.2 (2) a description of the problem or problems the grant funds will be used to address,
71.3 including an assessment likelihood of the project occurring absent grant funding;
- 71.4 (3) a description of achievable objectives, a workplan, budget, budget narrative, a
71.5 project communications plan, a timeline for implementation and completion of processes
71.6 or projects enabled by the grant, and an assessment of privacy and security issues and a
71.7 proposed approach to address these issues;
- 71.8 (4) a description of the health care entities and other groups participating in the
71.9 project, including identification of the lead entity responsible for applying for and
71.10 receiving grant funds;
- 71.11 (5) a plan for how patients and consumers will be involved in development of
71.12 policies and procedures related to the access to and interchange of information;
- 71.13 (6) evidence of consensus and commitment among the health care entities and others
71.14 who developed the proposal and are responsible for its implementation; and
- 71.15 (7) a plan for documenting and evaluating results of the grant.
- 71.16 (c) The commissioner shall review each application to determine whether the
71.17 application is complete and whether the applicant and the project are eligible for a
71.18 grant. In evaluating applications, the commissioner shall take into consideration factors,
71.19 including but not limited to, the following:
- 71.20 (1) the degree to which the proposal interconnects the various providers of care
71.21 in the applicant's geographic community;
- 71.22 (2) the degree to which the project provides for the interoperability of electronic
71.23 health records or related health information technology between the members of the
71.24 collaborative, and presence and scope of a description of how the project intends to
71.25 interconnect with other providers not part of the project into the future;
- 71.26 (3) the degree to which the project addresses current unmet needs pertaining
71.27 to interoperable electronic health records in a geographic area of Minnesota and the
71.28 likelihood that the needs would not be met absent grant funds;
- 71.29 (4) the applicant's thoroughness and clarity in describing the project, how the project
71.30 will improve patient safety, quality of care, and consumer empowerment, and the role of
71.31 the various collaborative members;
- 71.32 (5) the recommendations of the Health Information and Technology Infrastructure
71.33 Advisory Committee; and
- 71.34 (6) other factors that the commissioner deems relevant.
- 71.35 (d) Grant funds shall be awarded on a three-to-one match basis. Applicants shall be
71.36 required to provide one dollar in the form of cash or in-kind staff or services for each three
dollars provided under the grant program.

72.1 (e) Grants shall not exceed \$900,000 per grant. The commissioner has discretion
 72.2 over the size and number of grants awarded.

72.3 Subd. 4. Evaluation and report. The commissioner of health shall evaluate the
 72.4 overall effectiveness of the grant program. The commissioner shall collect progress
 72.5 and expenditure reports to evaluate the grant program from the eligible community
 72.6 collaboratives receiving grants. Every two years, as part of this evaluation, the
 72.7 commissioner shall, in coordination with the Health Information Technology and
 72.8 Infrastructure Advisory Committee, report to the legislature on the needs of the
 72.9 community, and provide any recommendations for adding or changing eligible activities.

72.10 **ARTICLE 7**
 72.11 **TRANSPORTATION**

72.12 Section 1. **TRANSPORTATION**

72.13 <u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>-0-</u>	<u>\$</u>	<u>88,000,000</u>
--	------------------	-------------------	------------------	--------------------------

72.14 This appropriation from the trunk highway
 72.15 fund is for fiscal year 2007 and added to
 72.16 appropriations in Laws 2005, First Special
 72.17 Session chapter 6, article 1, section 2.
 72.18 The amounts that may be spent from this
 72.19 appropriation for each program are specified
 72.20 in subdivisions 2 and 3.

72.21 <u>Subd. 2. Infrastructure Investment Support</u>		<u>-0-</u>		<u>5,000,000</u>
--	--	-------------------	--	-------------------------

72.22 For program delivery related to projects
 72.23 identified in the federal High Priority Projects
 72.24 Program. This is a onetime appropriation
 72.25 from the trunk highway fund.

72.26 <u>Subd. 3. State Road Construction</u>		<u>-0-</u>		<u>83,000,000</u>
--	--	-------------------	--	--------------------------

72.27 This appropriation is for the actual
 72.28 construction, reconstruction, and
 72.29 improvement of trunk highways, including
 72.30 design-build contracts and consultant usage
 72.31 to support these activities. This includes the
 72.32 cost of actual payment to landowners for

1 lands acquired for highway rights-of-way,
 73.2 payment to lessees, interest subsidies, and
 73.3 relocation expenses. This is a onetime
 73.4 appropriation from the trunk highway fund.
 73.5 Of this amount, \$50,000,000 may only be
 73.6 used for projects identified in the federal
 73.7 High Priority Projects Program.

73.8 **Subd. 4. Mounds View Land Conveyance**

73.9 On or before June 30, 2006, the commissioner
 73.10 of finance shall transfer \$1,221,000 from the
 .11 general fund to the trunk highway fund for
 73.12 consideration of land conveyed under Laws
 73.13 2005, chapter 152, article 2, section 27.

73.14 **Sec. 2. PUBLIC SAFETY**

73.15	<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>-0-</u>	<u>\$</u>	<u>3,128,000</u>
-------	--	------------------	-------------------	------------------	-------------------------

73.16 This appropriation is for fiscal year 2007 and
 73.17 added to appropriations in Laws 2005, First
 73.18 Special Session chapter 6, article 1, section
 19 4. The amounts that may be spent from this
 73.20 appropriation for each program are specified
 73.21 in subdivision 2.

73.22	<u>Subd. 2. Driver Services</u>		<u>-0-</u>		<u>3,128,000</u>
-------	--	--	-------------------	--	-------------------------

73.23 To implement facial recognition technology
 73.24 for the issuance or renewal of drivers'
 73.25 licenses and state identification cards. The
 73.26 base for this activity shall be \$800,000 in
 73.27 fiscal year 2008 and fiscal year 2009.

28 **Sec. 3. Minnesota Statutes 2004, section 115A.908, subdivision 2, is amended to read:**

73.29 **Subd. 2. Deposit of revenue.** (a) From July 1, 2003, through June 30, 2007, revenue
 73.30 collected shall be credited to the general fund.

74.1 (b) After June 30, 2007, revenue collected ~~shall~~ from \$4 of each fee must be credited
 74.2 to the environmental fund. The remainder of the revenue collected from each fee must
 74.3 be credited to the general fund.

74.4 Sec. 4. Laws 2003, First Special Session chapter 18, article 1, section 2, is amended to
 74.5 read:

74.6 Sec. 2. **TRANSPORTATION** 110,000,000

74.7 This appropriation is from the trunk highway
 74.8 bond proceeds account in the trunk highway
 74.9 fund and is available for expenditure
 74.10 beginning the day following final enactment.
 74.11 It is for the same purposes as specified in
 74.12 Laws 2000, chapter 479, article 1, section 2,
 74.13 subdivision 3.

74.14 Of the general fund appropriation in Laws
 74.15 2000, chapter 479, article 1, section 2,
 74.16 subdivision 3, \$110,000,000 cancels to the
 74.17 general fund. This cancellation is effective
 74.18 the day following final enactment.

74.19 By June 30, 2003, the commissioner of
 74.20 finance shall transfer \$15,000,000 of the cash
 74.21 balance in the state airports fund established
 74.22 in Minnesota Statutes, section 360.017, to
 74.23 the general fund.

74.24 By June 30, 2007, the commissioner must
 74.25 transfer \$3,000,000 from the general fund to
 74.26 the state airports fund.

74.27 On July 1, 2007, the commissioner must
 74.28 transfer ~~\$15,000,000~~ \$12,000,000 from the
 74.29 general fund to the state airports fund.

74.30 **ARTICLE 8**
 74.31 **TRANSFERS**

74.32 Section 1. **TAX RELIEF ACCOUNT REDUCTION.**

75.2 On June 30, 2006, the commissioner of finance shall transfer any balance in the tax relief account to the general fund.

75.3 Sec. 2. **BUDGET RESERVE INCREASE.**

75.4 On July 1, 2006, the commissioner of finance shall transfer to the general fund
75.5 budget reserve an amount equal to any unreserved general fund budgetary balance
75.6 projected for June 30, 2007, based on the February 2006 budget forecast after giving effect
75.7 to any enacted revenue and expenditure change in the 2006 legislative session.

ARTICLE 1 SUPPLEMENTAL APPROPRIATIONS..... Page.Ln 1.24

ARTICLE 2 STATE GOVERNMENT Page.Ln 2.4

ARTICLE 3 HIGHER EDUCATION..... Page.Ln 8.18

ARTICLE 4 PUBLIC SAFETY AND JUDICIAL BRANCH Page.Ln 18.24

ARTICLE 5 ENVIRONMENT, AGRICULTURE, AND ECONOMIC DEVELOPMENT Page.Ln
26.10

ARTICLE 6 HEALTH AND HUMAN SERVICES Page.Ln 55.23

ARTICLE 7 TRANSPORTATION..... Page.Ln 72.10

ARTICLE 8 TRANSFERS Page.Ln 74.30

135A.01 FUNDING POLICY.

It is the policy of the legislature to provide stable funding, including recognition of the effects of inflation, for instructional services at public postsecondary institutions and that the state and students share the cost of those services. The legislature intends to provide at least 67 percent of the instructional services costs for each postsecondary system. It is also the policy of the legislature that the budgetary process serves to support high quality public postsecondary education.

135A.031 APPROPRIATIONS FOR INSTRUCTIONAL SERVICES.

Subdivision 1. **Determination of appropriation.** The direct appropriation to each board for instructional services shall equal 67 percent of the estimated total cost of instruction for the University of Minnesota, the state universities, and the community colleges, and, for technical colleges, at least 67 percent of the estimated total cost of instruction.

Subd. 2. **Appropriations for certain enrollments.** The state share of the estimated expenditures for instruction shall vary for some categories of students, as designated in this subdivision.

(a) The state must provide at least 67 percent of the estimated expenditures for:

(1) students who resided in the state for at least one calendar year prior to applying for admission or dependent students whose parent or legal guardian resides in Minnesota at the time the student applies;

(2) Minnesota residents who can demonstrate that they were temporarily absent from the state without establishing residency elsewhere;

(3) residents of other states or provinces who are attending a Minnesota institution under a tuition reciprocity agreement;

(4) students who have been in Minnesota as migrant farmworkers, as defined in the Code of Federal Regulations, title 20, section 633.104, over a period of at least two years immediately before admission or readmission to a Minnesota public postsecondary institution, or students who are dependents of such migrant farmworkers; and

(5) persons who: (i) were employed full time and were relocated to the state by the person's current employer, or (ii) moved to the state for employment purposes and, before moving and before applying for admission to a public postsecondary institution, accepted a job in the state, or students who are spouses or dependents of such persons.

(b) The definition of full year equivalent for purposes of the formula calculations in this chapter is twice the normal value for the following enrollments:

(1) students who are concurrently enrolled in a public secondary school and for whom the institution is receiving any compensation under the Postsecondary Enrollment Options Act; and

(2) students enrolled under the student exchange program of the Midwest Compact.

Subd. 3. **Determination of instructional services base.** The instructional services base for each public postsecondary system is the sum of: (1) the state share; and (2) the legislatively estimated tuition for the second year of the most recent biennium; and (3) performance as calculated in subdivision 5.

Subd. 4. **Enrollments for budgeting.** For all purposes where student enrollment is used for budgeting purposes, student enrollment shall be measured in full-year equivalents and shall include only enrollments in courses that award credit or otherwise satisfy any of the requirements of an academic or vocational program.

Subd. 5. **Adjustment for performance.** Each public postsecondary system's instructional services base shall be adjusted, up to one percent, if the system meets the performance standards established by the system's governing board as part of the biennial budget document.

Subd. 6. **Adjustment for change items.** The instructional services base may be adjusted for change items as determined by the governor and the legislature after adjustments for inflation, enrollments, and performance.

135A.032 APPROPRIATIONS FOR NONINSTRUCTIONAL SERVICES.

Subdivision 1. **Determination of noninstructional appropriations base.** The noninstructional services base for each public postsecondary system is the state share for the second year of the most recent biennium plus adjustments for inflation and for performance as specified in subdivision 2. The cost of technical college extension programs shall be included in noninstructional services.

APPENDIX

Repealed Minnesota Statutes: 06-6740

Subd. 2. **Adjustment for performance.** The noninstructional services base shall be increased, up to one percent, if the system meets the performance standards established by the system's governing board as part of the biennial budget document.

Subd. 3. **Adjustment for change items.** The noninstructional services base may be adjusted for change items as determined by the governor and the legislature after noninstructional base adjustments for inflation and performance.

135A.033 PERFORMANCE FUNDING.

The governing boards of the University of Minnesota and the Minnesota State Colleges and Universities, in conjunction with their respective campuses, shall each specify performance categories and indicators relating to section 135A.053, subdivision 1, to be used for policy and appropriations decisions, as well as allocations for rewarding campuses that achieve performance levels and assisting campuses that are unable to achieve these levels. Because the mission of each system and type of campus varies, categories and indicators shall vary accordingly.

136A.15 DEFINITIONS.

Subd. 5. **Province.** "Province" means the Canadian province of Manitoba.

136A.1702 COMMISSION APPROVAL.

The office shall obtain approval from the Legislative Advisory Commission prior to taking the following actions with regard to student loan programs described in Laws 1983, chapter 258:

(1) implementing a loan program for parents and students eligible for auxiliary loans as defined in section 136A.15, subdivision 7;

(2) acquiring student loans from other lenders to facilitate student loan programs provided for in section 136A.17; and

(3) providing for programs of supplemental and additional loans as defined in section 136A.1701.

137.17 ROCHESTER BRANCH.

Subd. 2. **Leadership.** The legislature intends that the Rochester branch strengthen the existing partnership of institutions in Rochester by providing better coordination and leadership in serving the needs of the region, while maintaining a cooperative basis among the institutions. The University of Minnesota is expected to take the leadership role in assessing community needs and facilitating the delivery of upper division and graduate academic programming and student services by existing higher education providers. It is the intent of the legislature that this branch not diminish the role or function of existing higher education institutions in Rochester or elsewhere in the region in which the state already has a significant investment.

Subd. 4. **Changes.** Major changes in the missions, programs, services or roles of the partner institutions shall be made in full consultation with the partner institutions and the systems.

17.10 BIENNIAL REPORTS.

The commissioner shall, biennially, on or before November 15 in each even-numbered year, submit to the governor and the legislature a report of the department, with such recommendations and suggestions as the interests of agriculture and foods and marketing conditions require, and shall report, on or before November 15 of each even-numbered year, concerning official acts, showing official receipts and disbursements, and may issue public bulletins of information from time to time.

#3

February Forecast Leaves \$88 Million After Completing School Shift Buyback

(\$ in millions)	February <u>Forecast</u>	<u>Change</u>
Beginning Balance	\$1,393	\$0
Revenues	31,404	124
Spending	31,296	(57)
Reserves	1,003	0
Tax Relief Account	<u>317</u>	<u>0</u>
Forecast Balance	\$ 181	\$ 181
<i>School Shift Buyback</i>	(93)	
Available Balance	\$88	

1

Governor's Plan: 60% to Initiatives, 40% to Budget Reserve

<u>Available Balances</u> (\$ in millions)	<u>\$405</u>
✓ Emergency Items, Fixes	102
✓ Other initiatives	<u>144</u>
Subtotal	246
✓ Increase reserve to \$812M	<u>159</u>
<u>Balance (Revised Budget)</u>	<u>\$ 0</u>

2

Impact of Governor's Plan on FY 2008-09

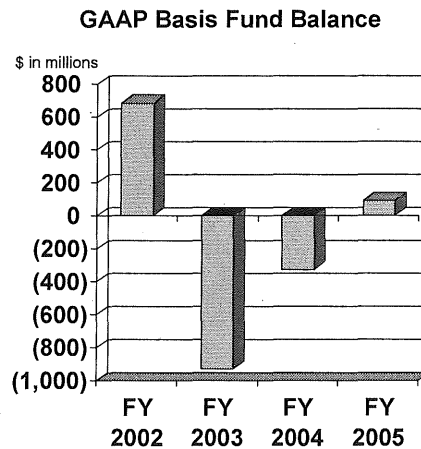
(\$ in millions)	<u>FY 2008</u>	<u>FY 2009</u>
Projected Revenues	\$16,341	\$16,974
Estimated Spending	15,967	16,257
Gov. Proposals (net)	<u>(177)</u>	<u>(188)</u>
Balance	197	529

Projected 08-09 balances are before taking into account the impact of inflation and a proposed constitutional dedication of MVET.

3

GAAP Financial Statement Again Positive After Two Successive Deficits

- Elimination of reserves and use of shifts moved state from surplus to a deficit in FY 2003
- Positives for FY 2005 included full restoration of reserves, school shift buybacks, year-end balance
- Further building reserves, paying down Hutchinson Technology costs and completing aid payment shift will improve FY 2006 figures



7

#4

Duluth Heavy Maintenance Facility

Background

The Minnesota Legislature passed enabling legislation in 1991 regarding the construction of a heavy maintenance facility at the Duluth Airport, an engine repair facility at the Chisholm Airport and the sale lease back of equipment by the Metropolitan Airports Commission.

The state of Minnesota, the Metropolitan Airports Commission, Saint Louis County and the city of Duluth entered into agreements with Northwest Airlines in March 1992 to carryout the intent of the enabling legislation. The agreements for the maintenance facility and the engine repair facility were not implemented because of a taxpayer lawsuit and NWA's poor financial position. The agreements were amended in December 1994 resulting in a downsized heavy maintenance facility in Duluth and a reservation center in Chisholm instead of the engine repair facility.

The results of the agreements were:

- The state sold \$47,670,000 of state general obligation bonds to finance the construction of the heavy maintenance facility.
- MAC sold \$270 million of general obligation revenue bonds to finance the sale lease back of NWA equipment including the flight-training center in Eagan.
- The IRRRB made \$9.7 million in loans to NWA to finance the construction of the reservation center. The loans were forgivable if certain employment levels were attained.

NWA agreed to public policy covenants that were to be outstanding as long as there were bonds outstanding. The public policy covenants cover:

- Noise covenants
- Retention of Employees, Operations, Facilities
- Employment at Duluth and Chisholm
- Headquarters
- Hub Covenant

Jobs at Duluth

NWA had been in compliance with all the provisions of the public policy covenants until 2004. The required number of jobs at the Duluth heavy maintenance facility is 350. During 2004 the number of jobs fell to about 217. This number put them in breach of the public policy covenants.

When the mechanics struck the airline in August 2005, the Duluth maintenance facility was closed and the jobs that were created were lost.

Collateral

The 1991 enabling legislation requires collateral coverage on 125% on the outstanding state bonds. NWA pledged the heavy maintenance facility and their Detroit to Paris route as the collateral for the state bonds. The facility was valued in May 2004 at \$14,546,000

and the route was valued in June 2003 at \$46,859,000. With these values, NWA was over collateralized. Almost \$37 million of bonds remain outstanding, but not all the bonds need to be fully collateralized by NWA. The Duluth pledge of future franchise fee payments provides a portion of required collateral.

In 2005, NWA told the Commissioner of Finance that the Detroit to Paris route was now subject to Open Skies. This means that any airlines can fly that route. Therefore, the value of the route was zero and as collateral it had no value.

Northwest's high debt load resulted in all their assets being pledged as collateral for other loans. NWA offered to the state as new collateral a \$40 million loan made by NWA to Champion Air as a result of the management buyout of Champion Air in 2003. The legal documents were completed in June 2005 with NWA pledging the Champion Air loan as collateral to the state.

The table below shows information on the state bonds sold for the Duluth maintenance facility. The Series A, B, C and D bonds all have a state general obligation pledge supporting them which makes them state general obligation bonds. The Series E bonds, which are now all paid, had a Saint Louis County general obligation pledge supporting them.

<u>Series</u>	<u>Name</u>	<u>Original Principal</u>	<u>Currently Outstanding</u>	<u>Source of Payment</u>
Series A	Tax Increment	\$ 7,800,000	\$ 6,420,000	NWA Tax Increment +
Series B	Franchise Fee	\$ 11,430,000	\$ 9,205,000	Duluth Franchise Fee
Series C	Lease Tax Exempt	\$ 20,840,000	\$ 19,035,000	NWA Lease Payment
Series D	Lease Taxable	\$ 4,890,000	\$ 2,190,000	NWA Lease Payment
Series E	Lease Tax Exempt	<u>\$ 2,710,000</u>	<u>\$ -</u>	NWA Lease Payment
		\$ 47,670,000	\$ 36,850,000	

Northwest Airlines filed for bankruptcy on September 14, 2005.

February 1, 2006 Debt Service Payment

Northwest Airlines did not pay their property tax payment due on October 15, 2005.

Basic Rent payments were due from Northwest Airlines to U.S. Bank National Association, the Trustee, on January 30, 2006 to pay the February 1, 2006 interest payments on the Series 1995C Bonds and the Series 1995D Bonds.

The total amount due on the Series 1995A Bonds was \$198,093.75. Since Northwest Airlines did not make its October 15, 2005 property tax payment, the current Tax Increment was not available to make the payment. The city of Duluth provided \$186,444.15 from surplus Tax Increment payments made by Northwest Airlines in previous years that was held in the city treasury and \$11,649.60 in available funds held by the Trustee to pay the debt service on the Series 1995A Bonds.

The table below shows the total amount of Basic Rent due from Northwest Airlines, the amount of Basic Rent paid by Northwest Airlines and the Net Balance Owed (the deficiency).

	<u>Total Amt Due</u>	<u>Received from</u> <u>NWA</u>	<u>Net Balance</u> <u>Owed</u>
Series 1995C	590,231.25	434,764.34	155,466.91
Series 1995D	<u>86,158.75</u>	<u>63,464.54</u>	<u>22,694.21</u>
	676,390.00	498,228.88	178,161.12

The Series 1995C Bonds and the Series 1995D Bonds are secured ratably by a Debt Service Reserve Account created as a part of the State Bond Fund and held by the Trustee. On the date of issuance of the Series 1995C Bonds and the Series 1995 D Bonds, Minnesota Power deposited in the Debt Service Reserve Account a non-interest bearing note, payable on demand, in the principal amount of \$1,000,000. On the date of issue, Saint Louis County deposited in the Debt Service Reserve Account a full faith and credit non-interest bearing note; payable on demand, in the principal amount of \$1,899,920.

The Trustee presented the Reserve Account Notes to Minnesota Power and to Saint Louis County for payment and the deficiency attributable to the Series 1995C Bonds and the 1995D Bonds was paid from the Debt Service Reserve Account. Minnesota Power paid \$61,646.87 and Saint Louis County paid \$116,514.25.

Minnesota Department of Finance
March 20, 2006

Improvements and Modifications of Voluntary Health Insurance Pool for Local Units of Government

LEGISLATIVE INITIATIVE

Introduction

The Public Employees Insurance Program (PEIP) is a state-wide, voluntary health insurance pool for local units of government, including school districts. It is authorized under Minnesota Statute 43A.316 and is administered by the Minnesota Department of Employee Relations (DOER).

PEIP intends to offer two new plans modeled on the national award-winning, tiered Advantage Health Plan that is now available to state employees. Advantage members are provided with information and incentives to choose high quality, lower cost health providers, while providers have incentives to contain costs and improve quality or risk loss of market share. Advantage had a zero percent premium increase for 2006, and has saved taxpayers and employees millions of dollars. Based on Advantage's success, other tiered products are now being introduced in the health care market.

As a result of offering these two plans, local units of government will be able to obtain the same money-saving, market-transforming, tiered benefit design that state employees, legislators, the governor, and judges now have. In addition, an HSA-compliant version of Advantage will be offered.

Summary

This bill proposes to make changes to PEIP that are intended to support the new benefit design by:

- making available to local units of government the same innovative benefit designs and health care cost containment and quality improvement initiatives now available to state employees

- establishing new purchasing and health improvement initiatives, pilots and demonstrations that enhance the overall performance and value of the program
- improving services and service delivery for local units of government
- creating additional pressures on the health care market to provide greater transparency of health care costs and quality, and greater value for every dollar spent, to benefit all health care purchasers

The program remains a voluntary health insurance pooling option for local units of government that will have to meet its own market tests for service, innovation, and performance in order to attract and retain eligible public employees.

Major provisions of the bill:

- *PEIP is renamed the Public Buyers Group (PBG)*

The new name reflects a stronger focus for the program to provide not just a source of public employee insurance pooling, but to use new purchasing tools and innovations as an effective, proactive, prudent buyer of health care on behalf of local units of government.

- *Protect local units of governments' options*

Some public employers have reported difficulties obtaining their own experience data from an existing carrier or insurance arrangement that is needed to seek alternative, competitive bids. The PBG is committed to providing its member groups the data they need to obtain bids from other insurance vendors, at no cost to the member group. The bill also includes provisions for school districts and other public employers to periodically obtain a bid from PBG to ensure awareness of the PBG option and to assess the PBG's competitiveness.

- ***Develop and offer health improvement programs***

DOER has developed sophisticated programs and approaches to help state employees and their families to improve their health, reduce demand for medical care, and better manage complex, chronic conditions before they become more advanced and costly. The PBG will explore health improvement initiatives and incentives similar to those having a significant positive impact for state employees.

- ***Participate as part of other community, regional, or national health purchasing and quality improvement alliances***

The PBG is authorized to participate in broader health care purchasing and quality improvement alliances, including public-private efforts. The PBG will take advantage of potential opportunities for combined purchasing efforts, with greater purchasing power, and using the latest health care purchasing innovations and successes.

- ***Improve the stability and effectiveness of the program***

A problem often present in voluntary pooling arrangements arises when groups enter the pool as a means of spreading their higher costs with others and then leaving when their costs are lower. This bill allows innovative solutions that encourage longer term participation in the pool, to the mutual benefit of all those involved. Also allowed is the limitation of program membership growth to assure that expansion is not so rapid that service is affected and that reserves and financing remain at appropriate levels.

- ***Demonstrate a high level of transparency and accountability***

Included are provisions for biennial reports on membership, finances, operations, effectiveness, and impact of the PBG. The report will be posted on the Web and must be available to the public.

#16

OET Security Enhancement Supplementary Budget Request

State Government Budget Division
March 21, 2006

Gopal Khanna
State CIO

Budget Request

Enterprise Technology Office

Enterprise IT Security Enhancement

General Expenditure	0	2,950	1,800	1,800
---------------------	---	-------	-------	-------

This recommendation will provide for the initial development of a comprehensive security program, enterprise-wide risk assessments; coordination of the development and dissemination of security policies, procedures, and standards; properly configured basic security tools; and monitoring of compliance with policies, procedures and standards. This recommendation will address OLA Audit Report findings and recommendations, and lead to building-out a long-range comprehensive plan. Of the proposed new funding, \$1.75 million would be used for one-time start-up activities. The ongoing costs for staff salaries, licensing and maintenance will total \$1,200,000 for the first year and \$1,800,000 per year in the next biennium.

Enterprise Technology Office General

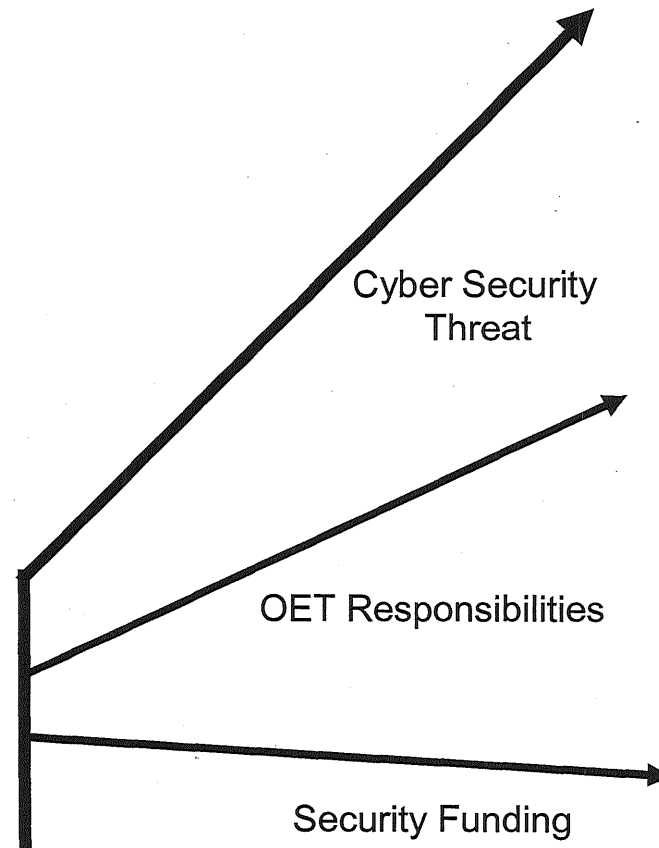
Other Funds	0	2,950	1,800	1,800
Total Net Change	0	0	0	0

OET's Responsibility has Changed

The office [OET] shall:

- ...ensure overall security of the state's information and technology systems and services.
- ... develop cyber security policies, guidelines, and standards, and shall install and administer state data security systems on the state's computer facilities consistent with these policies, guidelines, standards, and state law to ensure the integrity of computer-based and other data and to ensure applicable limitations on access to data, consistent with the public's right to know...

- Minnesota Statutes 2005, Chapter 16E



Current Resources Cannot Meet Expectations

OLA Key Findings:

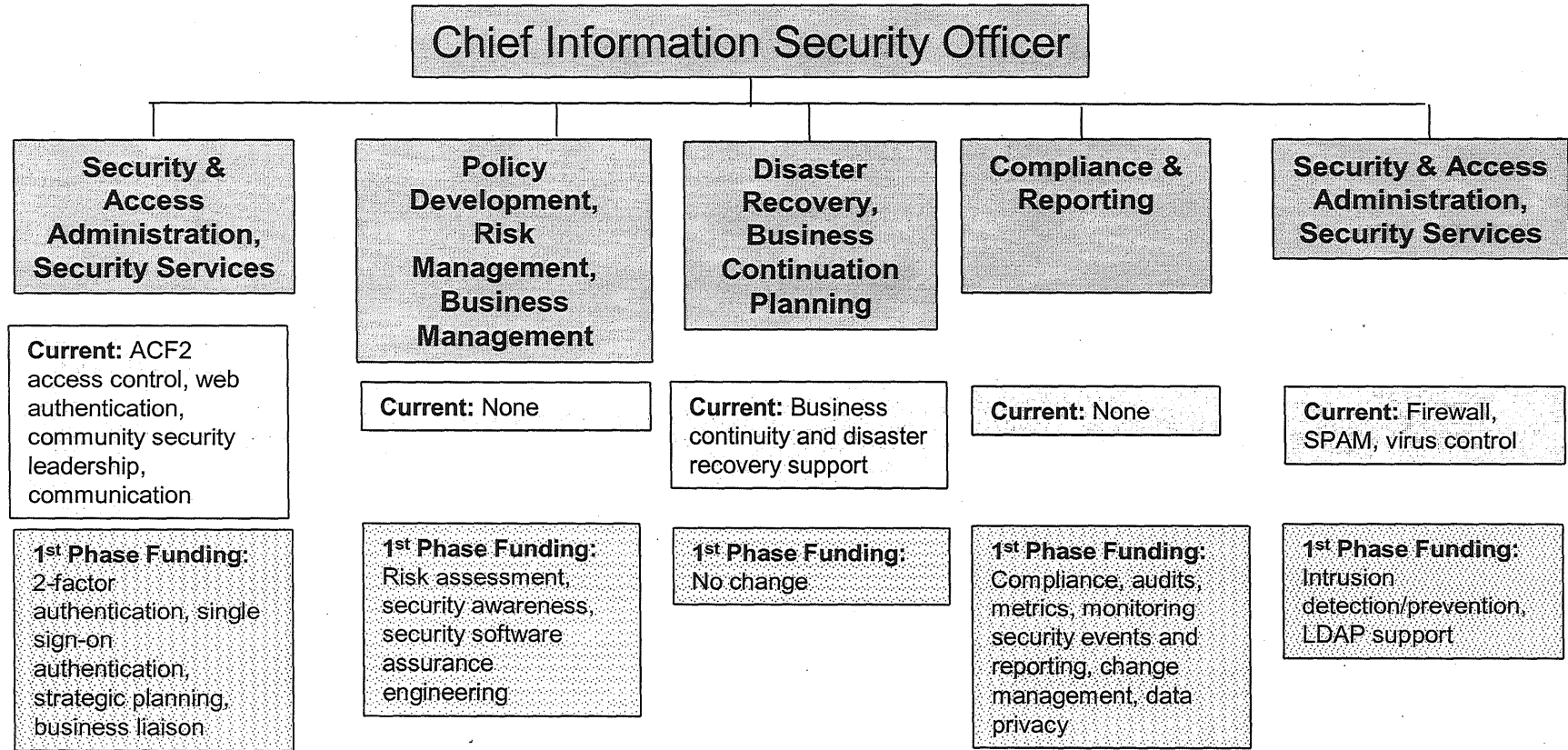
- Mainframe security issues (being addressed)
- **The Office of Enterprise Technology does not have a comprehensive security program to address pertinent technology risks.**

- OLA Mainframe Security Audit, December, 2005

What makes up a comprehensive Security Program?

- Policy – requirements, guidelines, directives, rules
- Management – compliance audits, education, roles and responsibilities, procedures
- Administration – backup/recovery, user administration, training, architecture
- Infrastructure – encryption, firewalls, intrusion detection, virus protection, authentication
- Monitoring – incident logging and response, forensics
- Facilities – physical access, asset control, climate

Phase One Funding – Supplementary Budget



2007 Priorities

- Hire qualified staff, train existing and new staff
- Perform outreach and security awareness programs
- Develop policy, process, procedures, standards and guidelines
- Perform risk assessments, vulnerability assessments and risk management
- Develop change management structure
- Implement data center reconfiguration
- Implement two-factor authentication in OET
- Begin implementation of encryption of data in transit and at rest in mainframe
- Build reporting, monitoring and metrics structure
- Evaluate, analyze and implement Intrusion Detection System
- Enhance Web Authentication / Identity Management systems
- Install encryption on OET laptop computers

2007 Supplementary Request

- Start-up Budget 1,750,000
- Staffing 1,200,000

TOTAL **\$2,950,000**

Startup budget

- Hardware – intrusion detection, authentication, directory services \$ 400,000
- Software – audit, encryption, authentication, rights management 1,000,000
- Consulting – enterprise security architecture, program design, remediation 250,000
- Training and implementation 100,000
- TOTAL \$1,750,000**

Permanent budget

- Year 1 – \$1,200,000 (staffing and startup costs for new functions – assumes ramp-up and knowledge transfer) – 10 new FTE
- Year 2 -- \$1,800,000 (staffing to full complement plus direct support costs) – total of 14 new FTE

Staffing plan

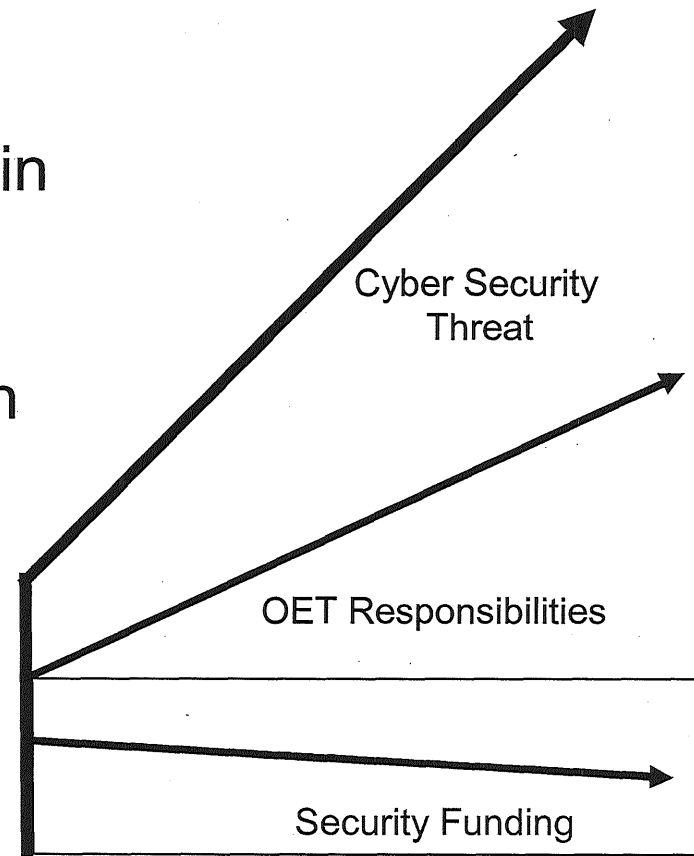
Function	Current FTE	Full Complement
Security, Access	11	11
Policy, Education & Engineering	0	5
Bus Cont & Recovery	5	5
Compliance audits, metrics	0	5
Tech support	5	9
TOTALS	21	35

Action Steps

- Conduct security gap assessment of 14 key agency security infrastructures
- Create State Chief Information Security Officer (CISO) position
- Create State Information Security Council
- Develop comprehensive enterprise security plan
- Develop comprehensive enterprise security "framework" (policies)
- Develop change management process
- Conduct agency risk assessments
- Purchase enterprise security software and tools
- Develop maintenance, audit, and enforcement capabilities & processes
- Workforce skills development and training

Significance of Investment

- The Supplementary Budget request will allow OET to begin closing the gap between its current capacity and the responsibilities represented in statute.



Thank You
Questions?

#7

**SENATE
STATE GOVERNMENT BUDGET
DIVISION**

MARCH 21, 2006

**MINNESOTA STATE BOARD OF INVESTMENT
BUDGET PROPOSAL
March 2006**

Proposal

- Would give the SBI more budget flexibility
- General Fund appropriation for State Assets
- Balance of the budget would be established by Board and bill back to participating organizations
- The statewide retirement systems, Duluth, Minneapolis, and St. Paul Teachers, and various local retirement organizations have similar budgetary authority.

SBI's budget

- Has been reduced or held constant over the past few years.
- Staffing has gone from 25 to 19.

Budget Proposal Supported by:

- SBI Board
- Retirement Funds
- Department of Finance
- Investment Advisory Council




Accountability:

- Would increase
 - The Legislature
 - Organizations for which the SBI's invests assets
 - The SBI Board

*Teacher's Retirement Association
Minnesota State Retirement System
Public Employees Retirement Association*

Date: September 7, 2004

To: Members of the Investment Advisory Council

From: Gary Austin, TRA Executive Director 
Dave Bergstrom, MSRS Executive Director 
Mary Most Vanek, PERA Executive Director 

Re: Proposed Change to State Board of Investment Budget Process

The retirement funds are very concerned that recent budget cuts have reduced the oversight capabilities by the State Board of Investment (SBI) staff. Of the more than \$47 billion managed by the SBI, \$40 billion are pension fund dollars held in trust for our members and retirees. We feel that the budget reductions were not prudent, because the resulting reduction in staffing does not allow the remaining resources to properly oversee the multitude of money managers engaged by the Board. To put it into perspective, if fewer resources for monitoring performance means a 1/100th of 1 percent lower return, the pension funds collectively stand to lose about \$4 million. Any funding not supported by returns on the investment of our assets has to be made up by participants and employers contributing to the retirement funds.

The current budget-setting process requires that the SBI submit a General Fund Appropriation Request as part of the Biennial Budget process. If approved by the Department of Finance, the request is submitted to the Legislature as part of the Governor's Budget Recommendations. The General Fund Appropriation approved by the Legislature covers internal operating expenses of the Board staff, including salaries, office rent, travel and all other operating expenses.

By statute, the SBI charges the statewide retirement funds and non-general fund accounts (e.g., Permanent School Fund, Environmental Trust Fund, etc.) for approximately 90% of its General Fund appropriation. These receipts are deposited in the General Fund as non-dedicated revenue to reimburse the General Fund for our share of SBI's costs and are not available for future use by the SBI. So while the Legislature appropriates General Fund assets to fund the SBI, the majority of the costs for managing the investment of pension and state funds is reimbursed to the General Fund. The portion of the appropriation not recovered by the bill-back provision (approximately 10%) represents SBI's budget that is associated with the investment of the General Fund portion of the Invested Treasurer's Cash Fund.

We support a change in the budgetary process, which would allow the State Board of Investment to directly bill operating costs to the retirement systems and the other agencies for which specific assets are invested.

Proposed Future Funding of SBI Operations

We discussed our proposal with the Commissioner of Finance, Peggy Ingison, and some members of her staff and received some helpful suggestions on the structure they felt appropriate. The SBI would bill all funds that use the SBI's investment service their share of operating expenses. Under the proposal, a dedicated account would be set up into which the retirement systems (and other agencies for which funds are managed) would deposit the amounts allocated to each and these funds would then be available for use by the SBI for its operating expenses.

The SBI's budget for these operating costs would be established through the committee process with a recommendation for final approval of the budget by the State Board of Investment.

Request for IAC support of the proposed budgeting change

We are interested in pursuing the change in the State Board's budgeting process this coming legislative session and would like the Investment Advisory Council's support for the change. Time is of the essence, as the Department of Finance requires all budget requests to be delivered to the Department by mid-October. Ideally, the modification would be effective for the fiscal year beginning July 1, 2005.

While in concept, Commissioner Ingison and her staff were supportive of the recommended change in the budgeting process for the SBI, they will discuss it with the Governor to find out if he is comfortable with it. They would prefer that the General Fund's portion of the SBI budget -- that associated with the management of the Invested Treasurer's Cash Fund -- continue to be a legislative appropriation and will work with us to define what this needs to be. They will also work with us to draft the technical changes to the statute to accommodate their concerns and effect a change they believe to be a reasonable approach.

One additional note: We are also concerned about the turnover of SBI staff, and would like to improve the compensation levels available to hire and retain qualified employees. We think this change in the budgeting process may help facilitate a change in the SBI's ability to establish a reasonable compensation level for the kind of professional skills required in this field.

We would appreciate the Investment Advisory Council's support of the change. We are very willing to be involved with whatever is necessary to effect this change in the budgeting process.

19.27 Sec. 12. Minnesota Statutes 2004, section 11A.04, is
19.28 amended to read:
19.29 11A.04 [DUTIES AND POWERS.]
19.30 The state board shall:
19.31 (1) Act as trustees for each fund for which it invests or
19.32 manages money in accordance with the standard of care set forth
19.33 in section 11A.09 if state assets are involved and in accordance
19.34 with chapter 356A if pension assets are involved.
19.35 (2) Formulate policies and procedures deemed necessary and
19.36 appropriate to carry out its functions. Procedures adopted by
20.1 the board must allow fund beneficiaries and members of the
20.2 public to become informed of proposed board actions. Procedures
20.3 and policies of the board are not subject to the Administrative
20.4 Procedure Act.
20.5 (3) Employ an executive director as provided in section
20.6 11A.07.
20.7 (4) Employ investment advisors and consultants as it deems
20.8 necessary.
20.9 (5) Prescribe policies concerning personal investments of
20.10 all employees of the board to prevent conflicts of interest.
20.11 (6) Maintain a record of its proceedings.
20.12 (7) As it deems necessary, establish advisory committees
20.13 subject to section 15.059 to assist the board in carrying out
20.14 its duties.
20.15 (8) Not permit state funds to be used for the underwriting
20.16 or direct purchase of municipal securities from the issuer or
20.17 the issuer's agent.
20.18 (9) Direct the commissioner of finance to sell property
20.19 other than money that has escheated to the state when the board
20.20 determines that sale of the property is in the best interest of
20.21 the state. Escheated property must be sold to the highest
20.22 bidder in the manner and upon terms and conditions prescribed by
20.23 the board.
20.24 (10) Undertake any other activities necessary to implement
20.25 the duties and powers set forth in this section.
20.26 (11) Establish a formula or formulas to measure management
20.27 performance and return on investment. Public pension funds in
20.28 the state shall utilize the formula or formulas developed by the
20.29 state board.
20.30 (12) Except as otherwise provided in article XI, section 8,
20.31 of the Constitution of the state of Minnesota, employ, at its
20.32 discretion, qualified private firms to invest and manage the
20.33 assets of funds over which the state board has investment
20.34 management responsibility. There is annually appropriated to
20.35 the state board, from the assets of the funds for which the
20.36 state board utilizes a private investment manager, sums
21.1 sufficient to pay the costs of employing private firms. Each
21.2 year, by January 15, the board shall report to the governor and
21.3 legislature on the cost and the investment performance of each
21.4 investment manager employed by the board.
21.5 (13) Adopt an investment policy statement that includes
21.6 investment objectives, asset allocation, and the investment
21.7 management structure for the retirement fund assets under its
21.8 control. The statement may be revised at the discretion of the
21.9 state board. The state board shall seek the advice of the
21.10 council regarding its investment policy statement. Adoption of
21.11 the statement is not subject to chapter 14.
21.12 There is annually appropriated to the state board, from the
21.13 assets of the funds for which the state board provides
21.14 investment services, sums sufficient to pay the costs of all

21.15 necessary expenses for the administration of the board. These
 21.16 sums will be deposited in the State Board of Investment
 21.17 operating account, which must be established by the commissioner
 21.18 of finance.
 21.19 Sec. 13. Minnesota Statutes 2004, section 11A.07,
 21.20 subdivision 4, is amended to read:
 21.21 Subd. 4. [DUTIES AND POWERS.] The director, at the
 21.22 direction of the state board, shall:
 21.23 (1) plan, direct, coordinate, and execute administrative
 21.24 and investment functions in conformity with the policies and
 21.25 directives of the state board and the requirements of this
 21.26 chapter and of chapter 356A;
 21.27 (2) prepare and submit biennial and annual budgets to the
 21.28 board and with the approval of the board submit the budgets to
 21.29 the Department of Finance;
 21.30 (3) employ professional and clerical staff as is necessary
 21.31 within the complement limits established by the legislature.
 21.32 Employees whose primary responsibility is to invest or manage
 21.33 money or employees who hold positions designated as unclassified
 21.34 under section 43A.08, subdivision 1a, are in the unclassified
 21.35 service of the state. Other employees are in the classified
 21.36 service;
 22.1 ~~(3)~~ (4) report to the state board on all operations under
 22.2 the director's control and supervision;
 22.3 ~~(4)~~ (5) maintain accurate and complete records of
 22.4 securities transactions and official activities;
 22.5 ~~(5)~~ (6) establish a policy relating to the purchase and
 22.6 sale of securities on the basis of competitive offerings or
 22.7 bids. The policy is subject to board approval;
 22.8 ~~(6)~~ (7) cause securities acquired to be kept in the custody
 22.9 of the commissioner of finance or other depositories consistent
 22.10 with chapter 356A, as the state board deems appropriate;
 22.11 ~~(7)~~ (8) prepare and file with the director of the
 22.12 Legislative Reference Library, by December 31 of each year, a
 22.13 report summarizing the activities of the state board, the
 22.14 council, and the director during the preceding fiscal year. The
 22.15 report must be prepared so as to provide the legislature and the
 22.16 people of the state with a clear, comprehensive summary of the
 22.17 portfolio composition, the transactions, the total annual rate
 22.18 of return, and the yield to the state treasury and to each of
 22.19 the funds whose assets are invested by the state board, and the
 22.20 recipients of business placed or commissions allocated among the
 22.21 various commercial banks, investment bankers, and brokerage
 22.22 organizations. The report must contain financial statements for
 22.23 funds managed by the board prepared in accordance with generally
 22.24 accepted accounting principles;
 22.25 ~~(8)~~ (9) require state officials from any department or
 22.26 agency to produce and provide access to any financial documents
 22.27 the state board deems necessary in the conduct of its investment
 22.28 activities;
 22.29 ~~(9)~~ (10) receive and expend legislative appropriations; and
 22.30 ~~(10)~~ (11) undertake any other activities necessary to
 22.31 implement the duties and powers set forth in this subdivision
 22.32 consistent with chapter 356A.
 22.33 Sec. 14. Minnesota Statutes 2004, section 11A.07,
 22.34 subdivision 5, is amended to read:
 22.35 Subd. 5. [APPORTIONMENT OF EXPENSES.] ~~The executive~~
 22.36 ~~director shall apportion the actual expenses incurred by the~~
 23.1 ~~board on an accrual basis among the several funds whose assets~~
 23.2 ~~are invested by the board based on the weighted average assets~~

~~23.3 under management during each quarter. The charge to each fund
23.4 must be calculated, billed, and paid on a quarterly basis in
23.5 accordance with procedures for interdepartmental payments
23.6 established by the commissioner of finance. The amounts
23.7 necessary to pay these charges are appropriated from the
23.8 investment earnings of each fund. Receipts must be credited to
23.9 the general fund as nondedicated receipts. The annual expenses
23.10 incurred by the state board will be apportioned among the state
23.11 general fund, the retirement funds administered by the Minnesota
23.12 State Retirement System, Public Employees Retirement
23.13 Association, and Teachers Retirement Association, and all other
23.14 funds as follows:~~

~~23.15 (1) on a biennial basis, the state board, in accordance
23.16 with biennial budget procedures established by the commissioner
23.17 of finance, may request a direct appropriation that represents
23.18 the portion of the state board's expenses necessary to provide
23.19 investment services to the state general fund. This
23.20 appropriation must be deposited in the State Board of Investment
23.21 operating account;~~

~~23.22 (2) the executive director shall apportion the actual
23.23 expenses incurred by the state board, less the charge to the
23.24 state general fund, among the funds whose assets are invested by
23.25 the state board, with the exception of the state general fund,
23.26 based on the weighted average assets under management during the
23.27 fiscal year. The amounts necessary to pay these charges are
23.28 apportioned from the investment earnings of each fund. Receipts
23.29 must be credited to the State Board of Investment operating
23.30 account;~~

~~23.31 (3) the actual expenses apportioned and charged to the
23.32 funds, with the exception of the state general fund and the
23.33 retirement funds administered by the Minnesota State Retirement
23.34 System, Public Employees Retirement Association, and Teachers
23.35 Retirement Association, must be calculated, billed, and paid on
23.36 a quarterly basis in accordance with procedures for
24.1 interdepartmental payments established by the commissioner of
24.2 finance; and~~

~~24.3 (4) the annual estimated expenses to be incurred by the
24.4 state board that will be payable by the retirement funds
24.5 administered by the Minnesota State Retirement System, Public
24.6 Employees Retirement Association, and Teachers Retirement
24.7 Association must be deposited in the State Board of Investment
24.8 operating account on the first business day of each fiscal
24.9 year. A reconciliation of the actual expenses compared to the
24.10 estimated costs must occur at the end of each fiscal year with
24.11 any surplus or deficit being credited or debited to each of the
24.12 respective funds. The state board must present a statement of
24.13 accrued actual expenses to each fund at the end of each quarter
24.14 during each fiscal year.~~

Governor's Supplemental Budget for Veterans Affairs

The Governor's supplemental budget would increase funding of the **State Soldiers Assistance Program** by \$3,000,000 annually for a total of a \$4,426,000 annual appropriation. This bill would also provide for a One-Stop Website and Internet Support Service for Veterans Programs and Services. The proposed funding for this area would be \$200,000 annually.

This bill also includes a \$3,000,000 Service Grant for County Veterans Service Officers. This will allow the Department of Veterans Affairs to provide standards, expectations, training, and leadership to the corps of County Veterans Service Officers by significantly enhancing their ability to serve our veterans community, which in turn will assist in vastly improving the lives of the veterans we serve. SF 2654 would provide an annual appropriation of \$2,600,000 for veterans' assistance offices at public colleges and the University of MN.

The \$3,000,000 increase to the State Soldiers Assistance Program will allow the department to provide a cost of living adjustment to the benefits we currently offer. At a time when we have an ever growing number of veterans in need of help, increasing the SSAP fund will not only enable us to bring back and make whole some needed programs (emergency medical, dental, optical, subsistence), while providing a long overdue cost of living adjustment, it will enable us to expand the current mission. This expansion will include a reintegration program for all of the recently separated veterans returning home to Minnesota. We will provide family therapy for those soldiers and families of soldiers who have been severely wounded or killed in action. Our State Soldier Assistance Program could provide the temporary financial assistance for newly separated veterans who are experiencing difficulties obtaining their USDVA (federal), benefits. We currently have veterans and families that are already facing these temporary financial hardships – including eviction. There is currently no safety net to help these veterans and families avoid falling into the proverbial downward spiral to homelessness.

Financial Assumptions made in this area were based on the growing veteran population and their needs, lengthy discussion with veteran providers in the community, having a working knowledge and understanding of the current issues and needs of veterans, working with Military Affairs to help identify the current and future needs of our discharging military members from the national guard, reserves, and active duty. We also tried to plan for the unknown. To accomplish this expanded mission we will need approximately two Veterans Assistance Coordinators and one Support Staff to review applications for benefits, solicit supporting documentation, and determine eligibility and amount of payment.

Expenditures for the State Soldiers Assistance Fund will follow the current formulas except at a more appropriate rate and will include additional dollars for new, and past programs that were dropped due to budget constraints. This area is one where there is always the unknown factor. This department has a long history of consulting with the CVS Association as we make changes. We will add three additional FTE with expenditures for office space, furniture, travel, training, computer software, and hardware.

One-Stop Website and Internet Support Service for Veterans Programs and Service - There is a bewildering array of agencies, public and private, that provide goods and services to veterans and/or their families. These agencies are unaware of each others' programs regarding veterans, and in the case of large agencies, are sometimes not even aware of what their own agency provides. Often veterans will attempt to search the web for help and currently they are running into problems. There is no centralized portal for discovering what is available for veterans and their families. We are proposing two positions, a Veterans Services Coordinator and a Web Content Manager, with an annual appropriation of \$200,000. Administrative costs are also included in the appropriation.

The Centralized Web Site appropriation expenditures will consist of two employees, office space, furniture, travel, training, computer software, and hardware.

Service Grant for County Veterans Service Officers – SF 2654 provides \$3,000,000 for annual grants to County Veterans Service Officers to provide the necessary funding to standardize the CVSO system and ensure that all veterans, regardless of which county they live in, receive consistent service. There will be two FTE funded from this grant, along with funding for all CVSO training. The department is currently meeting and working with CVSO's and Veterans Service Organizations to develop standard benchmarks. CVSO's need to play an active role in the reintegration process of our new veterans, and this grant will enable them to more actively participate in the vital reintegration process of our returning service members.

The County Veterans Service Office Grant appropriation expenditures will consist of administrative costs, not to exceed 15 percent (\$450,000) of the grant dollars, for two full time equivalencies, office space, furniture, travel, computer software, and hardware, and including additional amounts for training of CVSO's. The grants to each individual county will be based on a formula utilizing reports from the USDVA, population of veterans in individual counties, participation in training, and being certified by the Department of Veterans Affairs. The standards and expectations will be developed as we continue to meet, and work with, veterans' service organizations, County Veterans Service Officers, and the Association of Minnesota Counties. This will be a way for us to provide them the necessary tools needed to reach out and improve upon, and expand the services they provide.

Veterans' Assistance Offices at Public Colleges and the University of MN – Military operations conducted since September 11, 2001 has produced thousands of young Minnesotans who are combat veterans. Past experience dictates that combat veterans entering or re-entering post-secondary educational institutions face a multitude of challenges that eventually lead to a drop-out rate that is proportionally higher than other student groups. Since most veterans/students are utilizing some form of government funded education benefits, the veteran's offices will work to insure that there is a positive return on the investment of these benefit dollars. By providing a campus "home" for current or former military personnel, the "Veterans Assistance Office" will serve as a referral point for veterans' benefits, community services, and college/university issues. Additionally, the centers will provide an opportunity for networking both personal and professional. The cost of this portion of the bill will be \$2,600,000 of which \$100,000 will be given to the Board of Trustees of the Minnesota State Colleges and Universities to fund a system wide coordinator to facilitate the provision of assistance to veterans at Minnesota State Colleges and Universities campuses.

Higher Education Veterans Assistance Offices – Of the \$2,600,000 - \$100,000 will go to the Board of Trustees of the Minnesota State Colleges and Universities. The remaining \$2,500,000 will be spent as follows:

Approximately 50 FTE - \$2,125,000 - average of \$42,500 per FTE includes salary and fringe
Administrative Costs - \$ 375,000

Our department will need to continue working with Higher Education, and assorted other State and Federal agencies to determine which colleges need how much staffing. The number of FTE listed is for budget purposes only. Some colleges may need only a part time officer and other larger colleges may need more than one. The 50 Full Time Equivalencies will include two supervisory staff and two support staff to deal with an additional 50 or more individuals located throughout the state. These officers' will need training on the multitude of available benefits and appropriate referral sources.

#19

Senator Kiscaden introduced-

S.F. No. 3395: Referred to the Committee on Health and Family Security.

1.1 A bill for an act
1.2 relating to state government; establishing the Center for Health Care Purchasing
1.3 Improvement; appropriating money; proposing coding for new law in Minnesota
1.4 Statutes, chapter 43A.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. [43A.312] CENTER FOR HEALTH CARE PURCHASING
1.7 IMPROVEMENT.

1.8 Subdivision 1. Establishment; administration. The commissioner shall establish
1.9 and administer the Center for Health Care Purchasing Improvement as an administrative
1 unit within the Department of Employee Relations.

1.11 Subd. 2. Purpose. The purpose of the Center for Health Care Purchasing
1.12 Improvement is to support the state in its efforts to be a more prudent and efficient
1.13 purchaser of quality health care services.

1.14 Subd. 3. Staffing; duties; scope. (a) The commissioner may appoint a director, and
1.15 up to three additional senior-level staff or co-directors, and other staff as needed who shall
1.16 be under the direction of the commissioner.

1.17 (b) With the authorization of the commissioner of the Department of Employee
1.18 Relations, and in consultation or interagency agreement with the appropriate
1.19 commissioners of state agencies, the director, or co-directors, may:

1.20 (1) initiate projects for development of plan designs for state health care purchasing;

1 (2) require reports or surveys to evaluate the performance of current health care
1.22 purchasing strategies;

1.23 (3) conduct policy audits of state programs to measure conformity to state statute or
1.24 other purchasing initiatives or objectives;

- 2.1 (4) support the Administrative Uniformity Committee under section 62J.50 and
2.2 other relevant groups or activities to advance agreement on health care administrative
2.3 process streamlining;
- 2.4 (5) consult with the Health Economics Unit of the Department of Health regarding
2.5 reports and assessments of the health care marketplace;
- 2.6 (6) consult with the departments of Health and Commerce regarding health care
2.7 regulatory issues and legislative initiatives;
- 2.8 (7) work with appropriate Department of Human Services staff and the Centers for
2.9 Medicare and Medicaid Services to address federal requirements and conformity issues
2.10 for health care purchasing;
- 2.11 (8) assist the Minnesota Comprehensive Health Association in health care
2.12 purchasing strategies;
- 2.13 (9) convene medical directors of agencies engaged in health care purchasing for
2.14 advice, collaboration, and exploring possible synergies;
- 2.15 (10) recommend redeployment of staff among various state agencies to
2.16 commissioners and the governor to better organize health care purchasing efforts;
- 2.17 (11) consult with the commissioner of finance regarding:
- 2.18 (i) any fees to be assessed to agencies to support the activities of the center; and
2.19 (ii) calculation of fiscal impacts, including net savings and return on investment, of
2.20 health care purchasing strategies and initiatives;
- 2.21 (12) contact and participate with other relevant health care task forces, study
2.22 activities, and similar efforts with regard to:
- 2.23 (i) promoting health information technology;
2.24 (ii) health care performance measurement and performance-based purchasing;
2.25 (iii) improving health outcomes for health care conditions of interest; and
2.26 (iv) identifying and overcoming barriers to more efficient, effective, quality health
2.27 care related to items (i) to (iii);
- 2.28 (13) develop options or plans for building off existing examples or consensus on
2.29 common health care performance measures relevant to ambulatory care, hospitals, and
2.30 health plans; and
- 2.31 (14) convene a group of health policy experts as advisors on health care market
2.32 trends.
- 2.33 Subd. 4. Fees; funding. The commissioner, in consultation with the commissioner
2.34 of finance, may assess appropriate fees or charges to state agencies for services and
2.35 products received from the center. The center may assist in seeking external funding

3.2 through appropriate grants or other funding opportunities, and may administer grants
3.3 and externally funded projects.

3.4 Subd. 5. Report. The commissioner must report annually to the legislature and the
3.5 governor on the operations, activities, and impacts of the center. The report must be posted
3.6 on the Department of Employee Relations Web site and must be available to the public.

3.7 **Sec. 2. APPROPRIATION.**

3.8 \$100,000 is appropriated in fiscal year 2007 from the general fund to the
commissioner of employee relations for the purposes in section 1.



State of Minnesota
Department of Finance

400 Centennial Building
658 Cedar Street
St. Paul, Minnesota 55155
Voice: (651) 296-5900
Fax: (651) 296-8685
TTY: 1-800-627-3529

March 14, 2006

TO: Senator Dean Johnson Representative Steve Sviggum
 Senator Richard Cohen Representative Jim Knoblach

FROM: Peggy S. Ingison *PSI*
 Commissioner

SUBJECT: Governor's FY 2006-07 Supplemental Budget Recommendations

The purpose of this letter is to officially transmit Governor Pawlenty's proposed supplemental budget for the current biennium. The Governor's general fund recommendations are based upon the February 2006 forecast for available resources projected for the current biennium, an \$88 million available general fund balance plus \$317 million in the tax relief account. The Governor is proposing general fund budget changes that total \$246 million, along with non-general changes of \$170 million. Additionally, the Governor is requesting that the legislature implement provisions that will transfer any general fund balance remaining at the end of the 2006 session to the budget reserve.

FY 2006-07 Proposed Budget Changes

The Governor's supplemental budget maintains a balanced budget for the current biennium. FY 2006-07 recommended changes include \$49 million in tax reductions, an \$8 million increase in non-tax revenues, \$102 million in "budget fixes," and \$103 million in other general fund spending for the biennium. These recommendations provide for limited new spending for emergency items, critical initiatives, and the cost of the Governor's 2006 capital budget.

In addition to specific initiatives the Governor has announced, over 40 percent of the recommended spending change relates to important budget fixes needed in the current biennium. Primary among these is \$64 million for Human Services forensics reflecting the continuing growth of sex offender caseloads and those for mentally ill and dangerous persons. Remedying gaps in the current budget, \$17 million is provided for DHS State Operated Services salary deficiencies, \$13 million for Corrections salary contracts and bed impacts, as well as a \$6 million deficiency appropriation for Veterans Homes.

The recommendations represent a mix of both on-going and one-time items. The recommendations carry a \$364 million net general fund cost into budget planning estimates for the next biennium. Under the Governor's proposals, revenue-expenditure differences projected for FY 2008-09 remain positive providing a \$729 million balance before inflation and other potential spending pressures are considered.

FY 2006-07 General Fund Recommendations
(\$ in millions)

Forecast General Fund Balance	\$88
Tax Relief Account Balance	317
Emergency Items, Budget Fixes	102
Other Initiatives	144
Total – Recommended Changes	<u>\$246</u>
Balance	\$159
Increase Budget Reserve to \$812 Million	<u>(159)</u>
Ending Balance	\$-0-

Budget Reserve

The recommendations add \$159 million to the budget reserve to bring the total to \$812 million in FY 2007. This represents an amount equal to nearly 5.1 percent of revised FY 2007 spending. The Governor believes that increasing existing reserves is important in managing the risks within the forecast for the remaining 15 months of the biennium.

Non-general Fund Recommendations

The Governor is also recommending allocating \$170 million of projected balances in other state funds in FY 2006-07 to support recommended initiatives. The cost of these non-general fund proposals projected through FY 2008-09 is \$120 million. Primary among these recommendations is the use of \$136 million from the health care access fund over three years to expand mental health treatment programs, and provide health care premium relief to small businesses, health information technology, and a response plan for Avian Flu.

Supplemental Budget Materials

There are several attachments to this letter. The first is a summary highlighting the key pieces of the Governor's general fund recommendations, showing net costs for both the current and the next biennium. Next are two tables showing recommended general fund revenues and expenditures compared to the February forecast. Finally, a one-page general fund summary displays proposed revenue and expenditures changes by omnibus appropriation bill and fiscal year. The most detail is provided in a listing that provides the Governor's recommended items for all funds, by omnibus bill, agency, and item.

I expect that a supplemental budget bill and any companion pieces of legislation necessary to implement the Governor's plan will be introduced by week's end. Individual agency staffs, along with Finance executive budget officers, are prepared to answer any questions you may have on the recommendations.

cc: Finance and Appropriation Chairs
Representative Matt Entenza
Senator Dick Day

Governor's Supplemental Budget Recommendations
General Fund (\$ in millions)

	<u>FY 2006-07</u>	<u>FY2008-09</u>
Budget Fixes, Emergency Items		
DHS Forensics Caseload	65	83
State Operated Services Salary Shortfall	17	21
Corrections Salary and Bed Impact (net)	13	20
Vets Home Deficiency	6	14
Other	1	0
Subtotal	<u>102</u>	<u>138</u>
Initiatives		
Dairy Credit Enhancement	5	11
Veterans Initiatives	13	40
Immigration	6	6
Mental Health *	[3]	[46]
Capital Budget	11	52
Clean Water Legacy	20	0
Tax Items	39	50
Higher Ed Initiatives	5	11
Technology Issues	7	19
Education Initiatives	27	56
Avian Influenza*	[11]	[21]
Health Information Technology*	[12]	0
MCHA Premium Relief*	[10]	[20]
U/Mayo Bioscience*	[18]	0
Other HHS Initiatives	(2)	(10)
Miscellaneous Items	13	(7)
Subtotal	<u>144</u>	<u>228</u>
Total Budget Changes	246	366
Increase Budget Reserve	159	0
(from \$653 to \$812 Million)		
Total General Fund	\$405	\$366

* Non-general fund items, financed through Health Care Access Fund.

Governor's Supplemental Budget (Non-General Fund)
Other Operating Funds (\$ in millions)

Net Spending by Fund:

Environment & Natural Resources	4	0
Federal TANF	10	20
Health Care Access	58	78
Higher Education Services Office (SELF)	9	25
Highway Users Tax Distribution	1	1
Natural Resources	(2)	(1)
Petroleum Tank Cleanup	1	0
State Government Special Revenue	2	(3)
Trunk Highway	87	0
Total - Other State Funds	\$170	\$120

Governor's Supplemental Recommendations
2006-07 Biennium - General Fund
March 2006
(\$ in thousands)

	2-06 Fcst FY 2006-07	3-06 Gov Rec FY 2006-07	Gov vs Fcst FY 2006-07
<u>Actual & Estimated Resources</u>			
Balance Forward From Prior Year	1,393,086	1,393,086	0
Current Resources:			
Tax Revenues	28,894,749	28,894,749	0
Non-Tax Revenues	1,556,494	1,556,494	0
Dedicated Revenue	117,577	117,577	0
Transfers In	785,620	785,620	0
Prior Year Adjustments	50,000	50,000	0
Budget Changes - Taxes	0	(48,810)	(48,810)
Budget Changes - Non-Taxes	0	8,313	8,313
Subtotal-Current Resources	31,404,440	31,363,943	(40,497)
Total Resources Available	32,797,526	32,757,029	(40,497)
<u>Actual & Estimated Spending</u>			
K-12 Education	13,281,308	13,308,762	27,454
K-12 Shift Buyback	93,486	93,486	0
Subtotal K-12 Education	13,374,794	13,402,248	27,454
Property Tax Aids & Credits	3,033,525	3,033,525	0
Higher Education	2,761,485	2,766,285	4,800
Health & Human Services	8,196,802	8,297,798	100,996
Environment, Agriculture & Economic Dev	694,170	716,967	22,797
Transportation	205,737	213,086	7,349
Public Safety	1,690,416	1,709,317	18,901
State Government	609,606	621,581	11,975
Debt Service	756,927	761,796	4,869
Capital Projects	0	6,280	6,280
Estimated Cancellations	(22,500)	(22,500)	0
Subtotal Expenditures & Transfers	31,300,962	31,506,383	205,421
Dedicated Expenditures	88,493	88,493	0
Total Expenditures & Transfers	31,389,455	31,594,876	205,421
Balance Before Reserves	1,408,071	1,162,153	(245,918)
Cash Flow Account	350,000	350,000	0
Budget Reserve	653,000	812,153	159,153
Tax Relief Account	316,716	0	(316,716)
Budgetary Balance	88,355	0	(88,355)

**Governor's Supplemental Recommendations
2008-09 Biennium - General Fund**

March 2006
(\$ in thousands)

	2-06 Plng Est FY 2008-09	3-06 Gov Rec FY 2008-09	Gov vs Fcst FY 2008-09
<u>Actual & Estimated Resources</u>			
Balance Forward From Prior Year	1,408,071	1,162,153	(245,918)
Current Resources:			
Tax Revenues	31,012,570	31,012,570	0
Non-Tax Revenues	1,507,187	1,507,187	0
Dedicated Revenue	116,909	116,909	0
Transfers In	628,764	628,764	0
Prior Year Adjustments	50,000	50,000	0
Budget Changes - Taxes	0	(85,615)	(85,615)
Budget Changes - Non-Taxes	0	56,710	56,710
Subtotal-Current Resources	33,315,430	33,286,525	(28,905)
Total Resources Available	34,723,501	34,448,678	(274,823)
<u>Actual & Estimated Spending</u>			
K-12 Education	12,875,366	12,931,626	56,260
K-12 Shift Buyback	16,555	16,555	0
Subtotal K-12 Education	12,891,921	12,948,181	56,260
Property Tax Aids & Credits	3,138,717	3,138,537	(180)
Higher Education	2,791,000	2,801,830	10,830
Health & Human Services	9,247,192	9,410,233	163,041
Environment, Agriculture & Economic Dev	679,042	688,535	9,493
Transportation	221,442	220,042	(1,400)
Public Safety	1,712,704	1,738,658	25,954
State Government	589,760	610,760	21,000
Debt Service	889,611	939,183	49,572
Capital Projects	0	2,500	2,500
Estimated Cancellations	(20,000)	(20,000)	0
Subtotal Expenditures & Transfers	32,141,389	32,478,459	337,070
Dedicated Expenditures	82,109	82,109	0
Total Expenditures & Transfers	32,223,498	32,560,568	337,070
Balance Before Reserves	2,500,003	1,888,110	(611,893)
Cash Flow Account	350,000	350,000	0
Budget Reserve	653,000	812,153	159,153
Tax Relief Account	316,716	0	(316,716)
Budgetary Balance	1,180,287	725,957	(454,330)

Governor's Supplemental Budget
General Fund Summary by Omnibus Bill
(Dollars in Thousands)

	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2006-07</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2008-09</u>	
Tax Aids and Credits							
Revenues	(5,190)	(43,620)	(48,810)	(40,985)	(44,630)	(85,615)	
Expenditures	0	0	0	(90)	(90)	(180)	
K-12 Education							
Revenues	0	0	0	0	0	0	
Expenditures	1,057	26,397	27,454	27,899	28,361	56,260	
Higher Education							
Revenues	0	0	0	0	0	0	
Expenditures	0	4,800	4,800	4,750	6,080	10,830	
Health and Human Services							
Revenues	3,174	11,319	14,493	29,292	24,574	53,866	
Expenditures	40,803	60,963	101,766	89,191	75,197	164,388	
Environment, Agric, & Econ Dev							
Revenues	0	(4,030)	(4,030)	(4,093)	(4,382)	(8,475)	
Expenditures	721	22,076	22,797	5,644	3,849	9,493	
Transportation							
Revenues	0	0	0	7,050	7,050	14,100	
Expenditures	0	7,349	7,349	(2,200)	800	(1,400)	
Public Safety							
Revenues	(663)	(717)	(1,380)	(717)	(717)	(1,434)	
Expenditures	3,869	15,032	18,901	12,977	12,977	25,954	
State Government							
Revenues	(1,950)	(1,950)	(3,900)	(1,950)	(1,950)	(3,900)	
Expenditures	(1,950)	10,025	8,075	8,550	8,550	17,100	
Capital Budget & Debt Service							
Revenues	0	0	0	0	0	0	
Expenditures	6,280	4,869	11,149	19,274	32,798	52,072	
Total	Revenues	(4,629)	(38,998)	(43,627)	(11,403)	(20,055)	(31,458)
	Expenditures	50,780	151,511	202,291	165,995	168,522	334,517
	NET CHANGE	55,409	190,509	245,918	177,398	188,577	365,975

**Governor's Supplemental Budget
All Funds by Omnibus Bill and Agency**

Dollars in Thousands

FY 2006 FY 2007 FY 2008 FY 2009

Tax Aids and Credits

Revenue Dept - Other

Dairy Investment Tax Credit

General	Revenue	0	(4,700)	(5,200)	(5,700)
---------	---------	---	---------	---------	---------

This initiative provides income tax credits to producers who invest in dairy operations. It proposes a nonrefundable credit against the individual income or corporate franchise tax equal to 10% of the first \$500,000 of qualifying dairy investments between 2006 and 2011. Qualifying expenditures include amounts spent for the acquisition, construction, or improvement of buildings or facilities; or the acquisition of equipment for dairy animal housing, confinement, feeding, milk production, and waste management. The program would be uncapped and include a 15-year carry forward of unused credit.

Citizenship Tax Credit

General	Revenue	0	(1,100)	(1,200)	(1,300)
---------	---------	---	---------	---------	---------

This provides a refundable individual income tax credit for qualified citizenship expenses incurred during the naturalization process, defined as English as a second language classes and citizenship application fees. The credit would be capped at \$300 per family per year and would be allowed to households with an adjusted annual income of less than \$30,000. A taxpayer could claim the credit for each year that the expenses were incurred and it would be available for eligible expenses incurred from the time of application for permanent residency until U.S. citizenship status is attained.

Tax Exemptions for Military Retirees

General	Revenue	0	(4,100)	(8,600)	(13,600)
---------	---------	---	---------	---------	----------

This allows a subtraction from Minnesota taxable income and from Minnesota alternative minimum taxable income for military pensions and retirement payments. The subtraction would be phased in over four years with no ceiling on pension income in the fourth and succeeding years. These estimates include a subtraction for survivor benefits.

Federal Conformity - Energy Incentives

General	Revenue	(600)	(1,960)	(3,000)	(3,700)
---------	---------	-------	---------	---------	---------

These changes would conform Minnesota to the federal Energy Tax Incentives Act of 2005. This law changed federal taxable income predominantly for taxpayers engaged in the production and distribution of energy. The provision includes shortening the depreciation period for such things as electricity transmission property and equipment used in refining liquid fuels.

Federal Conformity - Gulf Opportunity

General	Revenue	(385)	(550)	(250)	(10)
---------	---------	-------	-------	-------	------

These changes conform Minnesota to the federal Gulf Opportunity Zone Act of 2005. This act provides tax incentives to assist recovery and rebuilding in areas affected by Hurricanes Katrina, Rita, and Wilma. Provisions of the act include additional first-year depreciation for property in the Hurricane Katrina disaster area and temporary suspension of limitations for corporate charitable contributions related to Hurricanes Rita and Wilma.

Federal Conformity - Katrina

General	Revenue	(4,205)	(30)	55	0
---------	---------	---------	------	----	---

These changes conform Minnesota to the federal Katrina Emergency Tax Relief Act of 2005. This act provides tax relief to victims of Hurricane Katrina and includes a temporary suspension of limitations for charitable contributions, among other provisions.

Federal Conformity - Std Deduct/Married

General	Revenue	0	(28,700)	(14,800)	(6,500)
---------	---------	---	----------	----------	---------

This would conform Minnesota to the federal change in the standard deduction for filers contained in the Working Families Tax Relief Act of 2004. This provision defines the standard deduction for a married couple filing a joint return to be equal to twice the amount of the standard deduction for single filers, and the standard deduction for married persons filing separate returns to be equal to that for single filers. These definitions would apply beginning in tax year 2006, instead of being phased in by TY 2009 as current law provides.

**Governor's Supplemental Budget
All Funds by Omnibus Bill and Agency**

Dollars in Thousands

FY 2006 FY 2007 FY 2008 FY 2009

Tax Aids and Credits

Revenue Dept - Other

Single Sales Factor for Corporate Tax

General	Revenue	0	(1,600)	(7,000)	(12,800)
---------	---------	---	---------	---------	----------

This proposal shortens the phase-in period of the single sales factor for corporate franchise tax to five years. Current law phases in the single sales factor by weighting the sales factor 78% in tax year (TY) 2007 to weighting it 100% in TY 2014 and after. This initiative would phase it in by weighting the sales factor 80% in TY 2007 to weighting it 100% in TY 2011 and after (85% in TY 2008, 90% in TY 2009, 95% in TY 2010).

Sales Tax Exemption for Resorts

General	Revenue	0	(880)	(990)	(1,020)
---------	---------	---	-------	-------	---------

This initiative grants a sales and use tax exemption up to \$10,000 per resort per calendar year for construction materials and supplies used in physically expanding or making capital improvements to resorts classified as class 1c (homestead resorts) or class 4c (commercial seasonal recreational residential) for property tax purposes, including any portion of the resort classified as class 3. Improvements to restaurants, clubhouses, golf courses, and purchases of movable items such as furniture, TV sets, microwave ovens, ice machines, and laundry appliances would not qualify for the exemption.

Disparity Reduction Aid Adjustments

General	Expenditure	0	0	(75)	(75)
---------	-------------	---	---	------	------

This technical item is to allow the Commissioner of Revenue to defer a Disparity Reduction Aid (DRA) adjustment related to changes in class rates for one year when data are insufficient to make a reasonable adjustment. The current statute does not specifically give the commissioner the authority to defer a DRA adjustment when that is the most prudent course.

Ag Homestead Market Value Credit

General	Expenditure	0	0	(15)	(15)
---------	-------------	---	---	------	------

This technical change clarifies the language of the law establishing the agricultural homestead market value credit for homestead farmland. Specifically, it changes the calculation of the agricultural market value credit for fractional homesteads to prevent a partial owner from having a larger credit, and lower tax, than a full owner of the a same-valued homestead.

Increase Budget Reserve

General	Transfer In	0	0	0	0
---------	-------------	---	---	---	---

The Governor recommended increasing the budget reserve to \$812 million to manage forecast risk and contingencies during the remaining year and a half of the current budget. The proposal places the entire \$159 million general fund balance remaining after the Governor's supplemental budget revenue and expenditure proposals into the budget reserve. With this recommendation the budget reserve will be increased from \$653 million to \$812 million, or 5.1 percent of estimated FY 2007 spending.

On July 1, 2006 the commissioner of finance shall transfer to the general fund budget reserve an amount equal to any unreserved general fund budgetary balance projected for June 30, 2007, based on the February 2006 budget forecast after giving effect to any enacted revenue and expenditure change in the 2006 legislative session.

Release Tax Relief Account Balance

General	Transfer Out	0	0	0	0
---------	--------------	---	---	---	---

Releases \$317 million balance in the Tax Relief Account allowing the available funds to fall to the general fund as available balance to fund Governor's supplemental budget recommendations. On June 30, 2006 the commissioner of finance shall transfer any balance in the tax relief account to the general fund.

Revenue Dept - Other	General	5,190	43,620	40,895	44,540
Total Net Change	Other Funds	0	0	0	0

**Governor's Supplemental Budget
All Funds by Omnibus Bill and Agency**

Dollars in Thousands

FY 2006 FY 2007 FY 2008 FY 2009

K-12 Education

Education Dept

AP/IB Expansion

General	Expenditure	0	7,319	8,132	8,132
---------	-------------	---	-------	-------	-------

This proposal expands the Advanced Placement (AP) and International Baccalaureate (IB) programs within elementary, middle and high schools. Currently, there are approximately 260 schools statewide participating in these programs. At this funding level at least ten additional school districts or charter schools would be able to participate.

District & High School Redesign Pilot

General	Expenditure	0	5,000	5,000	5,000
---------	-------------	---	-------	-------	-------

This pilot project provides funding to at least five school districts to look at ways to redesign districts and high schools. The focus may include redesigning math and science courses and curriculum; providing access to more rigorous programming to students; rigorous teacher training and professional development in the Science, Technology, Engineering, and Math (STEM) disciplines; redesigning Career and Technical Education (CTE) programs; year-round school options; and online learning opportunities among other options. Redesign efforts must accomplish systemic changes and promote innovation in education.

Teach for Minnesota/Alternative Pathways

General	Expenditure	0	500	500	500
---------	-------------	---	-----	-----	-----

The Teach for Minnesota program provides an alternative pathway for young professionals holding a B.A. degree to teach in high-needs schools and hard-to-staff schools. This proposal also provides the Minnesota Department of Education (MDE) with funding to develop partnerships and provide grants to teacher preparation institutions in order to establish alternative preparation programs for mid career professionals to become teachers in high need subject areas.

Intensive English for Refugees

General	Expenditure	0	1,000	1,000	0
---------	-------------	---	-------	-------	---

Funding is provided for an intensive English language instruction program for new adult refugees through the Adult Basic Education (ABE) system. This initiative would allow an additional 800 new Minnesotans to receive intensive English instruction at a cost of \$1,250 annually per student.

Mandarin Chinese Project

General	Expenditure	0	250	0	0
---------	-------------	---	-----	---	---

Under this proposal, Minnesota would develop a Mandarin Chinese curriculum, classroom-based assessments, and related materials for school districts and charter schools. This stems from the Governor's trade mission to China and was developed in response to the need to build more capacity for world languages.

Grants to Incent Educational Child Care

General	Expenditure	0	6,100	6,100	6,100
---------	-------------	---	-------	-------	-------

This initiative creates a grant program to incent licensed family care providers, family friend and neighbor (FFN) caregivers, and child care centers to embed early education in child care services. These providers would receive a designation from the Minnesota Department of Education (MDE) for having a strong developmental component and promoting Kindergarten readiness.

ECFE Grant Program

General	Expenditure	0	2,100	2,100	2,100
---------	-------------	---	-------	-------	-------

The Early Childhood and Family Education (ECFE) statute would be modified to allow licensed family child care providers, family friend and neighbor (FFN) non licensed child care providers, and other family caregivers to participate in ECFE. Funds will be awarded through competitive grants to ECFE programs.

**Governor's Supplemental Budget
All Funds by Omnibus Bill and Agency**

Dollars in Thousands

		<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
<u>K-12 Education</u>					
Education Dept					
Early Childhood Intervention					
General	Expenditure	0	1,500	1,500	1,500
This initiative provides grants to school districts to fund intervention services for children deemed "not yet proficient" for Kindergarten.					
Kindergarten Readiness Assessment					
General	Expenditure	0	287	287	287
Reinstates the Minnesota Kindergarten Readiness Assessment. The assessment is based on a random sample of 6,000 Kindergarteners. This assessment will help determine which districts are in need of intervention services to help children develop the skills necessary to enter Kindergarten.					
New Parent Education					
General	Expenditure	0	80	50	50
The purpose of this proposal is to provide new parents with educational materials in partnership with United Way, HealthPartners and other health care providers. Materials will cover child development, parent education, child care, and consumer safety. Total project cost is \$1.4 million per year, most of which will be paid for by the nonprofit partners.					
Early Childhood Part C Eligibility					
General	Expenditure	0	1,049	2,660	4,271
This proposal brings Minnesota's early childhood "Part C" eligibility criteria into compliance with federal laws. It expands services to a group of children from birth to three years old who are not currently eligible. The proposal requires rulemaking.					
Early Childhood Screening Correction					
General	Expenditure	89	54	27	26
This item corrects errors made when Early Childhood Screening statutes were revised during the 2005 session. The change allows districts to receive state aid for children screened in a "catch-up" period, not later than 30 days after entering Kindergarten. Under current law, districts receive state aid only for children who are screened prior to entering Kindergarten.					
Transition for Pre-Kindergarten Programs					
General	Expenditure	968	851	646	468
The purpose of this initiative is to provide full transition revenue beginning in FY 2006 for districts that received General Education revenue for pre-Kindergarten programs in FY 2004. Transition revenue provides temporary hold-harmless funding as districts implement modifications to their programs.					
Waseca Health & Safety Revenue Recovery					
General	Expenditure	0	316	0	
This proposal allows the Waseca school district to recover Health & Safety revenue lost in FY 1997-1999 due to a Department of Education calculation error. The proposal includes a general fund appropriation for lost state aid, and allows Waseca to levy up to \$343,550 over a five year period.					
Expand Participation in QComp					
General	Expenditure	0	(9)	(11)	(7)
Integration Districts and the Perpich Center for Arts Education would be allowed to apply for participation in the state's alternative teacher compensation program (QComp) as if they were Intermediate Districts. Schools would receive the state average per pupil QComp revenue entirely in state aid. Since these schools will not implement a QComp levy, there is a small savings in equalization aid.					

**Governor's Supplemental Budget
All Funds by Omnibus Bill and Agency**

Dollars in Thousands

FY 2006 FY 2007 FY 2008 FY 2009

K-12 Education

Education Dept

Extend QComp Transition Period

General	Expenditure	0	0	(92)	(66)
---------	-------------	---	---	------	------

This initiative extends by two years the transition period for school districts to move from the state's former alternative teacher compensation program to the new QComp program. Since these districts will not implement a QComp levy as soon as anticipated, there is a small savings in equalization aid.

Education Dept	General	1,057	26,397	27,899	28,361
Total Net Change	Other Funds	0	0	0	0

**Governor's Supplemental Budget
All Funds by Omnibus Bill and Agency**

Dollars in Thousands

FY 2006 FY 2007 FY 2008 FY 2009

Higher Education

Office of Higher Education

Rochester Higher Education Programs

General	Expenditure	0	5,000	5,000	6,330
---------	-------------	---	-------	-------	-------

This proposal provides funding for new higher education programs at the University of Minnesota's Rochester branch, as recommended by the Rochester Higher Education Development Committee in its January 2006 report. These funds are for academic programs at University of Minnesota Rochester, including faculty, staff and program planning and development in the areas of biomedical technologies, engineering and computer technologies, health care administration and allied health. Funding is also included for ongoing operations of industrial liaison activities and to operate leased facilities.

Changes to SELF Loan Limits

Higher Education Svcs Office	Expenditure	0	9,000	12,000	14,000
------------------------------	-------------	---	-------	--------	--------

Under this proposal, the annual amount that students could borrow through the Student Educational Loan Fund (SELF) program would increase to \$6,000 per year for first and second year students on July 1, 2006, and to \$7,500 per year on July 1, 2008. Other elements of the proposal include: extending repayment schedules for students with larger loan balances; requiring that loan co-signers be age 24 or older; allowing credit scores to be used to demonstrate credit-worthiness; establishing a loan rehabilitation program for default loans and authorizing OHE to conduct interest rate swaps.

Eligible Institution Definition Modified

General	Expenditure	0	(400)	(400)	(400)
Higher Education Svcs Office	Expenditure	0	(450)	(450)	(450)

This initiative would require that post-secondary institutions participate in federal Title IV student aid programs in order for their students to be eligible for State Grants and SELF loans. Currently, students attending institutions that do not participate in the federal Title IV aid programs are unable to access federal financial resources such as Pell Grants and Stafford Loans. Federal Title IV requirements include administrative capacity and institutional financial integrity standards. Non-participating institutions would have three years to begin participating.

Minnesota Resident Definition Modified

General	Expenditure	0	100	50	50
---------	-------------	---	-----	----	----

For the purposes of the State Grant program, the definition of Minnesota residents would be broadened under this proposal to include: persons stationed in Minnesota for active military duty as well as their spouse and dependents; refugees; and persons displaced by natural disasters. The State Grant program statute would also be modified to require that students who graduated from Minnesota high schools but have since left the state be current residents of Minnesota in order to be eligible to apply for the State Grant program.

Office of Higher Education	General	0	4,700	4,650	5,980
Total Net Change	Other Funds	0	8,550	11,550	13,550

State Colleges & Universities

Campus Veterans Assistance Offices

General	Expenditure	0	100	100	100
---------	-------------	---	-----	-----	-----

This is part of the Governor's package to support members of the veteran and military communities, in this case by providing funding for a systemwide coordinator for all of MnSCU's campus Veterans Assistance Offices. (MnSCU would also utilize student workers as campus-based resources for veterans. Funding for those workers is included in the Governor's recommendation for \$2.5 million for "Veterans Assistance Offices on Campus" for the Department of Veterans Affairs.)

Governor's Supplemental Budget
All Funds by Omnibus Bill and Agency

Dollars in Thousands

FY 2006 FY 2007 FY 2008 FY 2009

Higher Education

State Colleges & Universities	General	0	100	100	100
Total Net Change	Other Funds	0	0	0	0

**Governor's Supplemental Budget
All Funds by Omnibus Bill and Agency**

Dollars in Thousands

FY 2006 FY 2007 FY 2008 FY 20

Health and Human Services

Chiropractors Board

Payment System Conversion

State Government Special Rev	Expenditure	5	5	0	0
------------------------------	-------------	---	---	---	---

This initiative provides \$10,000 in the current biennium to fund programming difficulties discovered during the conversion to US Bank payment processing.

Chiropractors Board	General	0	0	0	0
Total Net Change	Other Funds	5	5	0	0

Dentistry Board

Retain Legal Analyst

State Government Special Rev	Expenditure	0	67	67	67
------------------------------	-------------	---	----	----	----

By retaining an in-house legal analyst with these funds, the Board will have lower costs for its basic legal services rather than contracting with the Attorney General's office. The lower costs were already adjusted for in the biennial budget in the Attorney General's portion of the Board's indirect costs.

Dentistry Board	General	0	0	0	0
Total Net Change	Other Funds	0	67	67	67

Emergency Medical Svcs Reg Bd

HPSP Operating Increase

State Government Special Rev	Expenditure	0	50	50	50
------------------------------	-------------	---	----	----	----

This proposal provides \$50,000 per year to maintain the Health Professional Service Program's ability to address rising caseloads and maintain current service levels for their clients.

Emergency Medical Svcs Reg Bd	General	0	0	0	0
Total Net Change	Other Funds	0	50	50	50

Health Dept

Avian Influenza Preparedness

Health Care Access	Expenditure	0	10,500	10,500	10,500
--------------------	-------------	---	--------	--------	--------

To address a possible outbreak of avian flu, this proposal provides resources for preparation and coordination of a statewide response. These funds will be used to provide grants to local governments for their preparedness efforts, to conduct regional and statewide conference/exercises, and to add necessary resources and staff at relevant state government agencies. Amounts for specific agencies: Department of Health \$8.6 million per year (\$3.9 million for grants to local governments), Department of Public Safety \$1.1 million per year, and \$100,000 per year for Human Services, Natural Resources, Board of Animal Health, Agriculture, Transportation, Education, Employee Relations, and Military Affairs.

**Governor's Supplemental Budget
All Funds by Omnibus Bill and Agency**

Dollars in Thousands

FY 2006 FY 2007 FY 2008 FY 2009

Health and Human Services

Health Dept

Health Information Technology

Health Care Access	Expenditure	0	12,000	0	0
--------------------	-------------	---	--------	---	---

This initiative provides funding for health information technology matching grants. Priority will be given to those projects that are community collaborative models that interconnect multiple sites of care and service, and for projects in rural or underserved areas. Also included is funding for administration and coordination at the Department of Health.

Hepatitis B Management for Immigrants

Health Care Access	Expenditure	0	210	210	210
--------------------	-------------	---	-----	-----	-----

These funds would be used to provide reimbursement for local public health agencies for case management of perinatal hepatitis B infection in the immigrant population and to encourage immunization.

Tuberculosis Management for Immigrants

Health Care Access	Expenditure	0	290	290	290
--------------------	-------------	---	-----	-----	-----

This proposal provides reimbursement to local public health agencies for case management and follow-up for tuberculosis infections, and provides tuberculosis medication to distribute to immigrants.

Health Dept	General	0	0	0	0
Total Net Change	Other Funds	0	23,000	11,000	11,000

Human Services Dept

Mental Health Access and Improvement

General	Revenue	0	1,887	3,588	3,502
General	Transfer In	0	1,873	17,280	13,303
General	Expenditure	0	3,760	20,868	16,805
Health Care Access	Expenditure	0	1,493	6,752	8,893
Health Care Access	Transfer Out	0	1,873	17,280	13,303

This initiative would substantially change how mental health services are purchased and enhance mental health benefits in Minnesota's public health care programs. It would also address gaps in the mental health care delivery system by increasing reimbursement rates for certain mental health providers and services; provide grants to certain crisis service providers; support evidence-based practices; create an outcome measurement system; track mental health service availability; provide funding for providers who treat populations with unique treatment needs; and backfill reduced federal support for school-based mental health services for children with serious mental illness.

Sex Offender Commitment Growth

General	Revenue	1,093	1,549	1,946	1,508
General	Expenditure	14,948	21,368	27,409	17,760

This proposal provides additional funding to open four new units (100 beds) over the biennium to accommodate the growth in the Minnesota Sex Offender Program (MSOP). In the 2005 session, MSOP growth was projected at 48 over the biennium, but recent data indicates growth will be 116 over the same period, an increase of 68. To address this growth, this request provides the needed staff and funding to renovate and occupy temporary space at the Moose Lake Correctional Facility while new facilities are constructed. Also included is funding for additional security staff to bring the security at MSOP facilities up to Department of Corrections standards.

**Governor's Supplemental Budget
All Funds by Omnibus Bill and Agency**

Dollars in Thousands

FY 2006 FY 2007 FY 2008 FY 2009

Health and Human Services

Human Services Dept

Mentally Ill & Dangerous Pop. Growth

General	Revenue	995	1,578	1,844	1,846
General	Expenditure	13,869	19,707	22,365	22,390

This initiative provides funding to open six additional units to address the growth and changing composition of the mentally ill and dangerous (MI&D) population—five units in the Minnesota Security Hospital and one in the Forensic Nursing Home, a total of 150 beds. The MI&D population was only projected to grow by 15 for the biennium when the budget was enacted. More recent data shows that growth to be 50, and changes within the population require opening new units for specialized treatment. This proposal provides staff and supplies to address this unanticipated growth.

Expansion of SOS Community Treatment

General	Revenue	1,086	2,203	2,416	2,416
General	Expenditure	1,753	3,553	3,553	3,553

This initiative provides an appropriation for State Operated Service's Community Support Services (CSS). This program provides community based treatment for developmentally disabled individuals and can prevent future civil commitment to the Minnesota Extended Treatment Options (METO) program. The funding provided by the proposal should prevent future civil commitments to METO.

SOS Salary Supplement

General	Revenue	0	1,711	1,711	1,711
General	Expenditure	6,833	11,985	11,985	11,985

This proposal would adjust operational appropriations to address salary increases as a result of labor contracts negotiated between the administration and employee unions for the FY 2006-07 biennium. The proposal only reflects the costs for State Operated Services staff.

Youth Sex Offender Study

General	Expenditure	0	200	0	0
---------	-------------	---	-----	---	---

This funding is to conduct a study on the epidemiology of children and juveniles at risk of becoming predatory sex offenders, and to develop strategies to prevent these behaviors.

Medicare Part D Information & Assistance

Health Care Access	Revenue	0	155	138	138
Health Care Access	Expenditure	500	1,637	1,494	1,494

This funding would increase staffing levels in order to assist Minnesotans in obtaining Medicare Part D prescription drug coverage. Following initial enrollment, on-going capacity is needed to assist with beneficiaries questions, support effective prescription drug plan selection, and deal with consumer confusion/concerns.

Medicare Part D Payer of Last Resort

General	Expenditure	570	0	0	0
---------	-------------	-----	---	---	---

This proposal would allow DHS to continue to pay Medicare pharmacy claims and recover costs from responsible health plans. Due to the time sensitivity of this issue, a bill to implement this item was introduced on March 1 and signed into law on March 8, 2006.

**Governor's Supplemental Budget
All Funds by Omnibus Bill and Agency**

Dollars in Thousands

		<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
--	--	----------------	----------------	----------------	----------------

Health and Human Services

Human Services Dept

MN Pharmacy Access Program

Health Care Access	Revenue	0	76	188	188
Health Care Access	Expenditure	0	276	470	470
Health Care Access	Transfer Out	0	0	1,576	990

This initiative would subsidize prescription drug costs for low and moderate income Minnesotans who otherwise lack prescription drug coverage. Enrollees would pay the same price for their prescriptions as the state does through the Medicaid program. Enrollees will additionally benefit from another discount as rebates are collected from drug manufacturers and these savings are passed on to program participants.

Alternative Care Program Shortfall

General	Expenditure	0	2,563	145	654
---------	-------------	---	-------	-----	-----

This funding would address an anticipated shortfall in the Alternative Care (AC) program in FY 2007.

Pay for Performance in Basic Care

General	Expenditure	0	75	75	85
Health Care Access	Revenue	0	124	120	120
Health Care Access	Expenditure	0	329	319	321

This initiative would create pay-for-performance arrangements for hospitals and medical groups serving Minnesota Health Care Program fee-for-service and managed care clients starting in January 2007. Providers would receive enhanced payments by demonstrating optimum care was provided to certain Medical Assistance and MinnesotaCare enrollees with diabetes.

Exempt GAMC Enrollees from MNCare

General	Expenditure	0	2,119	5,740	6,371
Health Care Access	Expenditure	0	(1,810)	(5,045)	(5,584)

As a modification to eligibility changes made last year, this proposal would allow limited additional groups of General Assistance Medical Care (GAMC) enrollees to stay in GAMC rather than attempt to shift to MinnesotaCare after six months of GAMC enrollment as current law would require. Three of these four groups would not be eligible for MNCare under current MNCare eligibility rules and would reapply for GAMC benefits, creating the possibility of harmful disruption in health insurance coverage and unnecessary administrative work for counties and clients.

Health Care Program Asset Verification

General	Expenditure	0	0	(493)	(1,052)
Health Care Access	Expenditure	0	9	(2,033)	(4,159)

This proposal would align asset verification policy for General Assistance Medical Care and MinnesotaCare with that for Medical Assistance. Requiring asset verification will result in program savings in FY 2008-09.

Rate Incr. for Facilities near St Cloud

General	Expenditure	0	1,788	1,954	1,957
---------	-------------	---	-------	-------	-------

This proposal funds higher nursing facility rates for facilities in the St. Cloud area, bringing them in line with facilities in the Twin Cities metropolitan geographic group. This change will affect facilities in Benton, Sherburne, and Stearns Counties.

**Governor's Supplemental Budget
All Funds by Omnibus Bill and Agency**

Dollars in Thousands

FY 2006 FY 2007 FY 2008 FY 2009

Health and Human Services

Human Services Dept

NF Performance Incentive Payments

General	Expenditure	0	0	0	0
---------	-------------	---	---	---	---

With no net fiscal impact, this initiative reallocates funding from the Laws of 2005 for nursing home rate reform. Funds were designated to hold facilities harmless under an incentive-based reimbursement system. This proposal redirects those funds to instead provide bonus payments for facilities who achieve improvements in their service quality, rather than holding others harmless.

Walker Nursing Facility

General	Expenditure	0	0	125	140
---------	-------------	---	---	-----	-----

With this funding, the Medical Assistance property rate would be increased by \$35 per day for a new nursing home in Cass County, an increase of approximately \$16.50 per day over what current law allows.

Deficit Reduction Act Compliance

General	Revenue	0	518	507	288
General	Expenditure	0	(684)	(3,009)	(3,92)
Health Care Access	Revenue	0	688	254	254
Health Care Access	Expenditure	0	1,720	635	635

This proposal would bring Medical Assistance (MA) and MinnesotaCare into compliance with the myriad new requirements contained in the federal Deficit Reduction Act of 2005. Many changes relate to asset transfers, related penalties and eligibility for MA long-term care services, while another significant new mandate requires verifying the citizenship of MA and MinnesotaCare enrollees and applicants.

Child Support Enforcement Fee

General	Expenditure	0	0	0	0
Special Revenue	Revenue	0	255	340	340
Special Revenue	Expenditure	0	255	340	340

As required by federal law, a new annual \$25 fee would be implemented for families that have never received cash assistance and receive at least \$500 of child support collections per year. The state will be required to return two-thirds of this fee revenue to the federal government. The portion of fee revenue the state could retain would be dedicated to county child support incentive grants.

TANF Refinancing for Early Childhood

Federal TANF	Expenditure	0	10,067	10,067	10,067
General	Expenditure	0	(10,067)	(10,067)	(10,067)

This proposal would refinance general fund spending with TANF funds to support the Governor's early childhood initiative at the Department of Education.

Human Services Dept	General	34,799	45,048	51,358	42,082
Total Net Change	Other Funds	500	14,551	30,815	25,730

Medical Practice Board

**Governor's Supplemental Budget
All Funds by Omnibus Bill and Agency**

Dollars in Thousands

FY 2006 FY 2007 FY 2008 FY 2009

Health and Human Services

Medical Practice Board

Contested Case Expenditures

State Government Special Rev	Expenditure	500	500	0	0
------------------------------	-------------	-----	-----	---	---

This proposal provides additional funding in both FY 2006 and FY 2007 to cover the unanticipated costs of investigation and legal work. This is a one time request.

Medical Practice Board	General	0	0	0	0
Total Net Change	Other Funds	500	500	0	0

Physical Therapy Board

Payment System Conversion

State Government Special Rev	Expenditure	9	0	0	0
------------------------------	-------------	---	---	---	---

This initiative provides \$9,000 in FY 2006 to fund unanticipated expenses for programming difficulties during the conversion to US Bank payment processing.

Physical Therapy Board	General	0	0	0	0
Total Net Change	Other Funds	9	0	0	0

Veterans Home Board

Consultant Study Recommendations

General	Expenditure	382	1,163	1,163	1,163
---------	-------------	-----	-------	-------	-------

This proposal funds positions recommended for the Veterans Home Board Central Office and three of the home sites, in accordance with the recommendations of a recently completed survey of Veterans Home Board operations.

Operational Shortfall

General	Expenditure	0	759	4,704	4,704
---------	-------------	---	-----	-------	-------

This proposal is to fund the difference between available resources and expenditures in the current biennium - a total of \$759,000. The agency has experienced an increasing disparity between revenues and expenditures, primarily because revenues have not met projections. The availability of carryforward dollars in the current biennium is a resource that is not available for the next biennium and accounts for the increased need in FY 2008-09.

Quality Assurance

General	Expenditure	2,448	2,674	2,674	2,674
---------	-------------	-------	-------	-------	-------

These funds would be used to add resources to remedy deficiencies found in the Department of Health's survey of the Minneapolis Veterans Home, and to prevent similar situations at other homes around the state. Included in this request are additional staff and equipment necessary to satisfy Health Department standards.

Veterans Home Board	General	2,830	4,596	8,541	8,541
Total Net Change	Other Funds	0	0	0	0

**Governor's Supplemental Budget
All Funds by Omnibus Bill and Agency**

Dollars in Thousands

FY 2006 FY 2007 FY 2008 FY 20

Environment, Agric, & Econ Dev

Agriculture Dept

Invasive Species Staffing

General	Expenditure	118	130	130	130
---------	-------------	-----	-----	-----	-----

This proposal adds staff to survey and eradicate gypsy moth, which was found in record numbers in 2005, and other invasive species in Minnesota. Funding is provided to make both a temporary GIS staff person and an information officer permanent employees.

Livestock/Crop Compensation Increase

General	Expenditure	40	53	53	53
---------	-------------	----	----	----	----

This request provides additional funding to cover a rise in wolf predation claims on livestock in northern Minnesota. Total wolf predation claims on livestock in northern MN have increased this year beyond the original appropriation for FY 2006. This item would also limit total compensation claims for livestock destroyed by wolves and crops damaged by elk to \$100,000.

Marketing Bio-Energy

General	Expenditure	75	150	175	200
---------	-------------	----	-----	-----	-----

This initiative adds staff and provides technical assistance as part of a collaborative effort to promote greater use of biofuels and other renewable energy products that can be made in Minnesota to replace petroleum sources. As part of the initiative, the Minnesota Department of Agriculture will also work on the effort to respond to opportunities and barriers that arise in the process of renewable development.

MDA/MAES Containment Facility Operations

General	Expenditure	0	190	190	190
---------	-------------	---	-----	-----	-----

This request provides personnel and operating funds to staff and maintain the Plant Pathology Biosafety Level 2 (BL2) and Level 3 (BL3) Containment Facilities located on the University of Minnesota - St. Paul campus and licensed to the Minnesota Department of Agriculture (MDA). The BL3 facility was funded in the 2005 legislative session and will be complete in October 2006. The BL2 facility was funded in 2000 and is complete. MDA shares the operating and personnel costs of these facilities with the U of M.

Agriculture Dept	General	233	523	548	573
Total Net Change	Other Funds	0	0	0	0

Animal Health Board

Elimination of Bovine Tuberculosis

General	Expenditure	100	585	0	0
---------	-------------	-----	-----	---	---

This proposal provides funding to test for and eliminate bovine tuberculosis from Minnesota's cattle population and to regain Minnesota's status as a Bovine Tuberculosis free state according to the U.S. Department of Agriculture. To date, five cattle herds and one deer have been found to be infected with bovine tuberculosis in Minnesota. The funds will be used primarily for the testing and removal of infected herds.

Animal Health Board	General	100	585	0	0
Total Net Change	Other Funds	0	0	0	0

Architecture, Engineering Bd

**Governor's Supplemental Budget
All Funds by Omnibus Bill and Agency**

Dollars in Thousands

FY 2006 FY 2007 FY 2008 FY 2009

Environment, Agric, & Econ Dev

Architecture, Engineering Bd

Eliminate Test Monitoring Fee

General	Revenue	0	0	0	0
---------	---------	---	---	---	---

This change would eliminate a mandatory state fee for exam monitoring. The board of architects and engineers is in the process of out-sourcing the monitoring of professional exams. They want to delete a statutory requirement that they charge a \$25 fee for exam monitoring. The fee is currently a non-dedicated general fund receipt. The vendor will charge applicants directly for this cost.

Architecture, Engineering Bd	General	0	0	0	0
Total Net Change	Other Funds	0	0	0	0

Boxing Board

Re-establish MN Boxing Commission

General	Revenue	0	1	1	1
General	Expenditure	0	50	50	50

This proposal provides one part time staff and related expenses to re-establish the boxing commission. The commission was last funded in the 1999 session, when funding was provided for FY 2000. As part of the request, the governing statutes previously codified under chapter 341 will be revised and reinstated.

Boxing Board	General	0	49	49	49
Total Net Change	Other Funds	0	0	0	0

Commerce Dept

MCHA Assessment Reduction

Health Care Access	Expenditure	0	10,000	10,000	10,000
--------------------	-------------	---	--------	--------	--------

This request appropriates \$10M each year from the Health Care Access Fund to the Department of Commerce, for payment to the MN Comprehensive Health Assn (MCHA), to reduce the annual assessment to health insurance companies.

MNDOT Reimbursement

Petroleum Tank Release Cleanup	Expenditure	450	450	0	0
--------------------------------	-------------	-----	-----	---	---

This proposal reduces administrative costs for MNDOT and Commerce by eliminating the preparation and processing of refund reimbursement applications and settling all outstanding Petrofund claims at one time. DOT has a backlog of 200 or claims for petrofund clean up work that qualify for reimbursement from the Petro Tank fund. Rather than hiring additional staff to process each claim, Commerce and DOT have agreed to a "settlement" amounting to 80% of the claims. The 80% is the average amount reimbursed to DOT for past claims.

Commerce Dept	General	0	0	0	0
Total Net Change	Other Funds	450	10,450	10,000	10,000

Employment & Economic Dev Dept

**Governor's Supplemental Budget
All Funds by Omnibus Bill and Agency**

Dollars in Thousands

FY 2006 FY 2007 FY 2008 FY 2009

Environment, Agric, & Econ Dev

Employment & Economic Dev Dept

U/Mayo Biotech & Genomics Partnership

Health Care Access	Expenditure	0	18,000	0	0
--------------------	-------------	---	--------	---	---

The University of Minnesota/Mayo Clinic Partnership in Biotechnology and Medical Genomics will be provided with \$18 million in additional one-time funding for new collaborative research projects and other infrastructure investments.

BioBusiness Alliance of MN

General	Expenditure	0	500	0	0
---------	-------------	---	-----	---	---

This proposal appropriates \$500,000 to the BioBusiness Alliance, for industry analysis, bioscience business development, marketing, promotion, and company technical assistance. The Alliance will retain 10 percent for grant processing and monitoring.

Increase PFA bonding authority.

Public Facilities Authority	Expenditure	0	0	0	0
-----------------------------	-------------	---	---	---	---

This change would increase PFA bonding authority from \$1.25 billion to \$1.5 billion to meet future needs. The change would allow the PFA to sell bonds for another 3-5 years, depending on bonding appropriations.

Small Business Assistance Fee

Special Revenue	Revenue	0	(10)	(15)	(25)
Special Revenue	Revenue	0	10	15	25

This change dedicates fees to the Small Business Innovation Research and Small Business Technology Transfer Assistance Programs. New fees were created in the 2005 session but the fee wasn't dedicated. This change corrects the error from the last session.

Employment & Economic Dev Dept	General	0	500	0	0
Total Net Change	Other Funds	0	18,000	0	0

Labor and Industry Dept

Construction Codes Consolidation

General	Revenue	0	(4,485)	(4,383)	(4,383)
General	Expenditure	0	(2,699)	(2,699)	(2,699)
State Government Special Rev	Revenue	0	4,213	4,213	4,213
State Government Special Rev	Expenditure	0	5,063	2,699	2,699
Workers Compensation	Revenue	0	272	170	170
Workers Compensation	Expenditure	0	272	170	170

This request results from Executive Order #193. It consolidates funding to support the Construction Codes & Licensing Division (CCLD) of DLI by moving revenue and expenses from the general fund to the special revenue fund, transferring surplus funds from the Dept of Health for technological integration, and dedicating penalties collected by the CCLD to the Assigned Risk Safety Account for safety consultations in the construction industry.

**Governor's Supplemental Budget
All Funds by Omnibus Bill and Agency**

Dollars in Thousands

FY 2006 FY 2007 FY 2008 FY 2009

Environment, Agric, & Econ Dev

Labor and Industry Dept

Licensing System

General	Expenditure	300	2,000	6,740	4,890
---------	-------------	-----	-------	-------	-------

This request is for the development of a one-stop electronic licensing system to improve customer service and operating efficiency. The plan is to hire dedicated staff in FY '06 to complete the planning, scope, timeframe, and cost estimates of the new system. The FY '07 cost assumes vendor contracts for overall project management and guidance.

Labor and Industry Dept	General	300	3,786	8,424	6,574
Total Net Change	Other Funds	0	850	(1,514)	(1,514)

Leg Comm Minnesota Resources

Statewide Strategic Plan

Environment & Natural Resource	Expenditure	0	300	0	0
--------------------------------	-------------	---	-----	---	---

The Governor proposes to use funds from the Environment and Natural Resources Trust Fund to support the development of a strategic conservation and preservation plan which provides a unified, long-term, comprehensive statewide strategic effort based on solid science to guide decision-making. The funds would be appropriated to the newly formed LCMR to solicit Requests for Proposals from qualified non-government entities to develop the plan.

Leg Comm Minnesota Resources	General	0	0	0	0
Total Net Change	Other Funds	0	300	0	0

Natural Resources Dept

Bovine T.B.

General	Expenditure	88	132	0	0
---------	-------------	----	-----	---	---

This initiative provides funding in FY 06-07 for testing and surveillance costs associated with the recent outbreak of Bovine T.B. in Northwestern Minnesota. The goal is to monitor the deer population. This is necessary for Minnesota livestock producers to achieve TB-free status on their herds. DNR tests harvested wild animals and coordinates with the Board of Animal Health to disseminate information and target animal testing.

Fish & Wildlife Habitat Corridors

Environment & Natural Resource	Expenditure	0	3,348	0	0
--------------------------------	-------------	---	-------	---	---

This change increases funding for planning, restoring and acquiring fragmented landscape corridors to sustain fish, wildlife, and ants. All land acquired must be improved to meet at least minimum habitat standards as determined by the commissioner.

Fish and Wildlife/Game and Fish Bill

Game and Fish	Revenue	(2)	(150)	(150)	(150)
---------------	---------	-----	-------	-------	-------

This request encourages youth hunting by reducing youth firearms deer hunting license fees for hunters aged 12-17 years of age. The license fee would be reduced from \$53 for a single zone/season license to \$14 for a multi-zone/multi-season license. DNR estimates \$150,000 per year in lost revenues to the Game and Fish Fund.

**Governor's Supplemental Budget
All Funds by Omnibus Bill and Agency**

Dollars in Thousands

FY 2006 FY 2007 FY 2008 FY 2009

Environment, Agric. & Econ Dev

Natural Resources Dept

Forestry/Forest Mgmt. Svcs to Landowners

Special Revenue	Revenue	0	35	35	35
Special Revenue	Expenditure	0	35	35	35

This proposal clarifies that fees charged for certain forest management activities should be deposited in the special revenue fund. Revenues from development of forest management plans and tree planting activities are appropriated to the Commissioner for providing forest management services to private landowners.

Forestry/State Forest Fees

Special Revenue	Revenue	0	45	45	45
Special Revenue	Expenditure	0	45	45	45

This proposal authorizes the DNR to establish fees for special events held in state forests. Revenues collected would come from performance bonds and permits required to hold special events in state forests. Revenues would be annually appropriated to the Commissioner and be used to develop, operate and maintain facilities and to mitigate the impacts of these events, especially to forest roads. Events could include motorcycle, snowmobile, and sports car rallies, dog sled races and other outdoor events.

Forestry/Timber Sales Bill

General	Revenue	0	434	289	0
Natural Resources	Revenue	0	1,586	1,057	0
Permanent School	Revenue	0	482	321	0
Special Revenue	Revenue	0	159	106	0

This request would implement a bid guarantee payment to reduce the risk of default on timber sale permits issued by the DNR. The proposed front-end payments are phased in over two fiscal years and would result in a one-time shift-forward in future timber sales revenues in FY 2007 and FY 2008.

Invasive Species

General	Expenditure	0	975	975	975
---------	-------------	---	-----	-----	-----

This request provides funding to address new pathways for introduction and spread of harmful invasive species. The DNR would increase its monitoring and enforcement activities, provide additional grant funds to local governments and organizations for management of aquatic invasive species; increase prevention education and awareness; and implement programs to inventory and combat harmful invasive species on state lands.

Lands & Min/Native Prairie Property Tax

General	Expenditure	0	10	30	60
---------	-------------	---	----	----	----

This proposal provides incentives for preservation of MN prairie by taxing native prairie land currently not eligible for the Prairie Tax Exemption (PTE) at the lower agricultural tax rate. To be eligible, landowners must ensure that livestock grazing practices are in accordance with an approved plan. General fund costs will be incurred in Education Finance and show as increased equalization aid costs.

Lands & Minerals- Omnibus Policy Bill

Natural Resources	Revenue	0	45	45	45
Natural Resources	Expenditure	0	45	45	45

This proposal allows DNR to reimburse donors who request it, up to \$5,000 for the costs of land appraisal. An appraisal may be needed by the donor for tax reporting purposes or to resolve other legal matters. This will act as an incentive for landowners to donate land to the state. Funding for land valuations would come from various land acquisition accounts in the natural resources fund.

**Governor's Supplemental Budget
All Funds by Omnibus Bill and Agency**

Dollars in Thousands

FY 2006 FY 2007 FY 2008 FY 2009

Environment, Agric. & Econ Dev

Natural Resources Dept

Lands and Minerals/Land Sale Bill

General	Revenue	0	20	0	0
Miscellaneous Agency	Revenue	0	5	0	0
Natural Resources	Revenue	0	25	0	0
Permanent School	Revenue	0	50	0	0

This proposal authorizes the sale of certain state and local government lands that require legislative approval prior to sale. The land sale bill is submitted annually to the legislature for their approval. Proceeds of land sales are deposited in various funds based on the land sold. Revenue estimates are based on a \$100,000 land sale in FY 2007.

Ops/Svcs Prepayment of Boat Storage

Game and Fish	Revenue	0	(1)	(1)	(1)
---------------	---------	---	-----	-----	-----

This change authorizes advance payment of boat slip and storage leases. Pre-payment is required by most marinas in order to reserve space for boat docking and storage. This practice is currently not allowed under state procurement rules, but similar exemptions have been made for subscriptions, registration fees and software maintenance services. The fiscal impact of this bill is minimal and is due to interest lost on an estimated \$30,000 that would be prepaid annually.

Parks/State Park Permit Fee Changes

Natural Resources	Revenue	0	(320)	(320)	(320)
Natural Resources	Expenditure	0	(320)	(320)	(320)

This change reduces the daily state park permit fee from the current \$7.00 price to \$5.00 and modifies current fee structures to reduce costs borne by RV users and motorcyclists. The purpose of this request is to maximize state park use and to provide a more equitable fee structure to all state park visitors.

Trails - ATV Gas Tax Increase

Highway Users Tax Distribution	Transfer Out	0	600	600	600
Natural Resources	Transfer In	0	600	600	600
Natural Resources	Expenditure	0	600	600	600

This change would increase the amount of unrefunded gas tax deposited into the ATV account in the natural resources fund as a result of increasing use of gasoline by ATV riders. A study has been submitted to the legislature quantifying the amount of gasoline used by recreational ATV riders.

Trails/Horse Trail Pass

Natural Resources	Revenue	0	314	314	314
Natural Resources	Expenditure	0	314	314	314

This request is for a \$4 daily or \$20 annual trail use fee for horseback riders 16 years of age and older who use state trails. Receipts would be deposited in a horse trail account in the natural resources fund. Revenues would be used for horse trail and trail facility development, maintenance and enforcement on state trails in forests, parks and recreation areas.

Natural Resources Dept	General	88	663	716	1,035
Total Net Change	Other Funds	2	1,792	(733)	751

Pollution Control Agency

**Governor's Supplemental Budget
All Funds by Omnibus Bill and Agency**

Dollars in Thousands

FY 2006 FY 2007 FY 2008 FY 2009

Environment, Agric. & Econ Dev

Pollution Control Agency

Clean Water Legacy

General	Expenditure	0	20,000	0	0
---------	-------------	---	--------	---	---

This proposal provides funding for agencies involved in implementing the Clean Water Act including Pollution Control, Natural Resources, the Board of Water and Soil Resources, Agriculture, and the Public Facilities Authority. This request includes funds for water quality monitoring, development of Total Maximum Daily Load (TMDL's) studies, as required by the federal Clean Water Act, and installation of point and non-point source pollution control technologies.

Pollution Control Agency	General	0	20,000	0	0
Total Net Change	Other Funds	0	0	0	0

**Governor's Supplemental Budget
All Funds by Omnibus Bill and Agency**

Dollars in Thousands

FY 2006 FY 2007 FY 2008 FY 2009

Transportation

Public Safety Dept

Facial Recognition for Drivers' License

General	Expenditure	0	3,128	800	800
---------	-------------	---	-------	-----	-----

This proposal implements facial recognition technology to ensure that the issuance or renewal of drivers' licenses incorporate additional protections against identity theft or other related frauds.

Motor Vehicle Transfer Fee Technical

General	Revenue	0	0	7,050	7,050
---------	---------	---	---	-------	-------

The 2005 session increased the motor vehicle transfer fee by \$6 in M.S. 115A.908, subd. 1. This change was assumed to be on-going general fund revenues for FY2008-09 and beyond in tracking, but subd. 2 was not updated to confirm this. The February 2006 forecast shows that the 2008-09 revenues from the \$6 increase will not go to the general fund as intended. This technical change would restore the anticipated revenue to the general fund in FY2008-09 and beyond.

Public Safety Dept	General	0	3,128	(6,250)	(6,250)
Total Net Change	Other Funds	0	0	0	0

Transportation Dept

Increase Program Delivery Budget

Trunk Highway	Expenditure	0	5,000	0	0
---------------	-------------	---	-------	---	---

This proposal adds \$5 million in FY2007 to the program delivery appropriation to plan for projects identified in the federal High Priority Projects Program in the recently passed Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). The amount of High Priority projects in the bill that passed was higher than had been budgeted.

Increase State Road Construction Budget

Trunk Highway	Expenditure	0	83,000	0	0
---------------	-------------	---	--------	---	---

This change increases the trunk highway state road construction appropriation because of additional projects identified in the federal High Priority Projects Program in the recently passed Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), and also because of refinements to the project program due to management of advance construction.

Change Timing on GF to Airport Fund

General	Expenditure	0	3,000	(3,000)	0
---------	-------------	---	-------	---------	---

Legislation in 2003 transferred \$15 million from the airports fund to the general fund, and had a provision to return the money in FY2008. This change would adjust the timing so that \$3 million would be returned to the airports fund from the general fund in 2007 and the remaining \$12 million in FY2008.

MnDOT Reimbursement of Fair Market Value

General	Expenditure	0	1,221	0	0
Trunk Highway	Revenue	0	1,221	0	0

This proposal directs the Commissioner of Finance to transfer \$1,221,000 from the general fund to the trunk highway fund to reimburse DOT for the full fair market value of the Medtronic expansion site in Moundsvew.

**Governor's Supplemental Budget
All Funds by Omnibus Bill and Agency**

Dollars in Thousands

		<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
<u>Transportation</u>					
Transportation Dept	General	0	4,221	(3,000)	0
Total Net Change	Other Funds	0	86,779	0	0

**Governor's Supplemental Budget
All Funds by Omnibus Bill and Agency**

Dollars in Thousands

FY 2006 FY 2007 FY 2008 FY 2009

Public Safety

Corrections Dept

Salary Costs and Prison Bed Savings

General	Expenditure	3,213	10,100	10,100	10,100
---------	-------------	-------	--------	--------	--------

This item funds employee and benefit increases that were not included in the biennial budget. Most correctional employees provide direct care to offenders, either in correctional institutions or through community supervision. These costs are partially offset by estimated prison bed savings resulting from a lower than previously anticipated prison population. The November 2005 forecast projected 9,118 offenders in prison at the end of FY 2007, down from 9,835 offenders projected the previous year for the same time.

Grant--Mentoring Children of Inmates

General	Expenditure	0	300	300	300
---------	-------------	---	-----	-----	-----

This item funds a grant to an organization providing mentoring to Minnesota children of incarcerated offenders. The program should match mentors with children whose parent or other significant family member is incarcerated. Outcomes should include reducing the incidence of these children entering the juvenile justice system.

Scott County--Community Corrections Act

General	Expenditure	0	196	196	196
---------	-------------	---	-----	-----	-----

This funding adds Scott County to the Community Corrections Act counties under Minnesota Statutes, Chapter 401, as the county has requested. The funding amount is the net increase necessary to hold harmless other counties already funded under the Act. Under this law counties may apply to the commissioner of corrections for grant funding for certain community-based correctional programs.

Corrections Dept	General	3,213	10,596	10,596	10,596
Total Net Change	Other Funds	0	0	0	0

Judicial Standards Board

Deficiency Request--Hearings Costs

General	Expenditure	172	0	0	0
---------	-------------	-----	---	---	---

This deficiency request is for estimated costs of three public hearings on complaints of judicial misconduct which are anticipated this year and for investigation costs related to one of those hearings. The amount is in addition to \$50,000 in funds already appropriated to the Board for special hearings costs this biennium.

Judicial Standards Board	General	172	0	0	0
Total Net Change	Other Funds	0	0	0	0

Peace Officers Board (POST)

**Governor's Supplemental Budget
All Funds by Omnibus Bill and Agency**

Dollars in Thousands

FY 2006 FY 2007 FY 2008 FY 200

Public Safety

Peace Officers Board (POST)

Training Reimbursements

General	Transfer In	(663)	(717)	(717)	(717)
Special Revenue	Expenditure	663	717	717	717
Special Revenue	Transfer Out	(663)	(717)	(717)	(717)

This item supplements dedicated training reimbursement funds to local units of government added to the agency's budget this biennium. Actual dedicated receipts from drivers license reinstatements, the dedicated funding source, are significantly less than originally forecast. This brings the total funding increase back up to the originally anticipated funding level, \$763,000 in FY 2006 and \$832,000 in FY 2007.

Peace Officers Board (POST)	General	663	717	717	717
Total Net Change	Other Funds	0	0	0	0

Public Defense Board

Appellate Transcripts

General	Expenditure	200	200	200	200
---------	-------------	-----	-----	-----	-----

This proposal pays for additional mandatory transcript costs. While the number of appeals continues to increase, transcripts are required for appeals of convictions, supervised release/parole revocations, and community notification actions. The State Public Defender's Office (SPD) provides services to indigent prisoners in these proceedings.

Public Defense Board	General	200	200	200	200
Total Net Change	Other Funds	0	0	0	0

Public Safety Dept

Deficiency--State Disaster Match

General	Expenditure	284	0	0	0
---------	-------------	-----	---	---	---

This change is for additional state match costs related to three past disaster declarations: additional eligible local government disaster costs by the City of Hastings (2001 storms), cost overruns from the 1998 tornado disaster for the City of St. Peter, and costs associated with the recent major disaster declaration for nine counties in western Minnesota that suffered significant damage from a winter storm that struck that area November 27-29, 2005.

Internet Child Pornography Team

General	Expenditure	0	1,000	778	778
---------	-------------	---	-------	-----	-----

This proposal creates a child pornography investigative unit in the Bureau of Criminal Apprehension. The team will feature four BCA agents who will be specially trained and have statewide jurisdiction, as well as a computer technologist, a criminal analyst and a training specialist who will work with local officials. This team will work with criminal justice agencies across the state, including the Internet Crimes Against Children Task Force in the St. Paul Police Department, as well as federal law enforcement officials.

**Governor's Supplemental Budget
All Funds by Omnibus Bill and Agency**

Dollars in Thousands

FY 2006 FY 2007 FY 2008 FY 2009

Public Safety

Public Safety Dept

Mn. Illegal Immigration Enforcement Team

General	Expenditure	0	2,186	1,187	1,187
---------	-------------	---	-------	-------	-------

To better enforce immigration laws and improve public safety in Minnesota, this proposal would create a team of ten state law enforcement agents who will serve as the Minnesota Illegal Immigration Enforcement Team (MIJET). These officers will obtain additional training and receive dual jurisdiction to enforce federal immigration laws. MIJET efforts will be focused on illegal immigrants that commit crimes such as human trafficking, identity theft, illegal drug use, and terrorism. This proposal also includes enhancements to the Criminal History data systems to improve tracking.

Posting of Non-compliant Sex Offenders

General	Expenditure	0	200	116	116
---------	-------------	---	-----	-----	-----

Minnesota law requires predatory offenders to register with the Department of Corrections and local law enforcement agencies following conviction for serious crimes such as criminal sexual conduct and kidnapping. This proposal would enhance the capability of the predatory offender database to allow the publishing on the internet of information about non-compliant sex offenders.

Alcohol Vendor Training

General	Expenditure	0	100	100	100
---------	-------------	---	-----	-----	-----

This initiative would add a training component to the licensing of alcohol vendors to help prevent youth access to alcohol.

Public Safety Dept	General	284	3,486	2,181	2,181
Total Net Change	Other Funds	0	0	0	0

Supreme Court

Judicial Chemical Dependency Initiative

General	Expenditure	0	750	0	0
---------	-------------	---	-----	---	---

Funding is for the first phase of a judicial initiative to more effectively address the increasing numbers of alcohol and other drug (AOD) offenders coming into Minnesota's courts, including the dramatic increase in methamphetamine offenders. The first phase will involve (1) training for multidisciplinary teams on the problem solving approach to high-risk AOD offenders; (2) a study of existing funding streams for a more cost-effective funding structure for this approach; and (3) filling gaps in available treatment and other services for current problem solving courts.

Supreme Court	General	0	750	0	0
Total Net Change	Other Funds	0	0	0	0

**Governor's Supplemental Budget
All Funds by Omnibus Bill and Agency**

Dollars in Thousands

FY 2006 FY 2007 FY 2008 FY 2009

State Government

Employee Relations Dept

PEIP Expansion for School Districts

Health Care Access	Expenditure	60	2,260	0	0
--------------------	-------------	----	-------	---	---

This proposal creates a new health care plan for school districts and other governmental employers to help contain the growing cost of employee health insurance. PEIP will be renamed the Public Buyers Group, and will offer PEIP's existing health insurance plans as well as two new plans (including one that offers Health Savings Accounts as an option). The plans would be modeled on the Advantage Health Plan, the current health insurance plan for Minnesota state employees.

Employee Relations Dept	General	0	0	0	0
Total Net Change	Other Funds	60	2,260	0	0

Enterprise Technology Office

Enterprise IT Security Enhancement

General	Expenditure	0	2,950	1,800	1,800
---------	-------------	---	-------	-------	-------

This recommendation will provide for the initial development of a comprehensive security program, enterprise-wide risk assessments; coordination of the development and dissemination of security policies, procedures, and standards; properly configured basic security tools; and monitoring of compliance with policies, procedures and standards. This recommendation will address OLA Audit Report findings and recommendations, and lead to building-out a long-range comprehensive plan. Of the proposed new funding, \$1.75 million would be used for one-time start-up activities. The ongoing costs for staff salaries, licensing and maintenance will total \$1,200,000 for the first year and \$1,800,000 per year in the next biennium.

Enterprise Technology Office	General	0	2,950	1,800	1,800
Total Net Change	Other Funds	0	0	0	0

Finance Dept

Bankruptcy Counsel

General	Expenditure	0	325	0	0
---------	-------------	---	-----	---	---

This proposal would provide funding for a special attorney to represent the state's interests in Northwest Airlines, Inc.(NAI) Chapter 11 bankruptcy proceedings. The Attorney General has determined that it is in the state's interests to employ special counsel officed within New York City. The state has \$36.9 million of general obligation bonds outstanding that were issued to build the Duluth Maintenance Facility; of this total \$21 million is scheduled to be paid by Northwest Airline lease payments.

Finance Dept	General	0	325	0	0
Total Net Change	Other Funds	0	0	0	0

Investment Board

**Governor's Supplemental Budget
All Funds by Omnibus Bill and Agency**

Dollars in Thousands

FY 2006 FY 2007 FY 2008 FY 2009

State Government

Investment Board

Funding Source Restructuring

General	Revenue	(1,950)	(1,950)	(1,950)	(1,950)
General	Expenditure	(1,950)	(1,950)	(1,950)	(1,950)
Invest Ext Money Managers #2	Revenue	1,950	1,950	1,950	1,950
Invest Ext Money Managers #2	Expenditure	1,950	1,950	1,950	1,950

This proposal allows the State Board of Investments (SBI) to deposit billing receipts directly into SBI's operating fund as dedicated receipts. This change will reduce both expenditures and non-dedicated receipts in the General Fund. Under this proposal approximately 90 percent of SBI's operating costs would be paid directly from the retirement systems and state funds other than the general fund.

Investment Board	General	0	0	0	0
Total Net Change	Other Funds	0	0	0	0

Veterans Affairs Dept

State Soldier's Assistance Program Grant

General	Expenditure	0	3,000	3,000	3,000
---------	-------------	---	-------	-------	-------

This proposal increases the annual appropriation for the SSAP to \$4.4 million, a \$3 million increase over current funding. The intent of the SSAP is to provide a safety net for Minnesota veterans and their families experiencing hardship. The additional funding will allow for enhanced services, such as family therapy or temporary financial assistance for veterans experiencing difficulties obtaining their VA benefits.

Service Enhancement Grants for CVSO's

General	Expenditure	0	3,000	3,000	3,000
---------	-------------	---	-------	-------	-------

This proposal creates a new incentive based grant program for County Veteran Services Offices (CVSO). The CVSO is the first call for help for many veterans providing the conduit to services and benefits available as veterans reintegrate into their communities. This program will be based on an agreed upon set of performance objectives that will emphasize training, coordination, support and accountability for the services provided to veterans throughout the state.

Veterans Assistance Offices on Campus

General	Expenditure	0	2,500	2,500	2,500
---------	-------------	---	-------	-------	-------

With this initiative, a "Veterans Assistance Office" will be established at state-funded four-year colleges and universities, coordinated by the Minnesota Department of Veterans Affairs. These offices would provide a "one-stop shop" for veterans to be connected to all of the state and federal resources available to them as they begin or continue their higher education.

e-Stop Website & Internet Support Serv

General	Expenditure	0	200	200	200
---------	-------------	---	-----	-----	-----

Recognizing the large number of programs geared toward helping veterans, throughout all levels of government and including private and non-profit organizations, this proposal will fund efforts to coordinate and manage information on available services for veterans and their families. Funding for this proposal includes two additional staff in the Department of Veterans Affairs.

Veterans Affairs Dept	General	0	8,700	8,700	8,700
Total Net Change	Other Funds	0	0	0	0

Governor's Supplemental Budget
All Funds by Omnibus Bill and Agency

Dollars in Thousands

		<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
<u>Capital Budget & Debt Service</u>					
Finance - Debt Service					
Bonding Bill: Debt Service					
General	Expenditure	0	4,869	16,774	32,798
Recommended funding reflects the increased cost to the General Fund, over and above the debt service amounts included in the February 2006 forecast, for the debt service needed to pay for the Governor's capital budget recommendations.					
<hr/>					
Finance - Debt Service	General	0	4,869	16,774	32,798
Total Net Change	Other Funds	0	0	0	0

Finance Non-Operating

Bonding Bill: Gen. Fund Projects

General	Expenditure	6,280	0	2,500	0
---------	-------------	-------	---	-------	---

Recommended funding tracks the associated General Fund costs in the Governor's bonding recommendations for projects at the Department of Administration, the Public Facilities Authority (PFA), and at the Board of Water and Soil Resources (BWSR):
 \$530,000 in FY 2006 at the Department of Administration
 \$300,000 in FY 2006 and again in FY 2008 at the PFA
 \$5.45 million in FY 2006 and \$2.2 million in FY 2008 at BWSR

Finance Non-Operating	General	6,280	0	2,500	0
Total Net Change	Other Funds	0	0	0	0

#B

State Government Budget Division - Governor's Supplemental Recommendations

(Dollars in thousands)

	Fund	FY 2006	FY 2007	FY 2006-07	FY 2008	FY 2009	FY 2008-09
General Fund Expenditure Changes - direct							
Office Of Enterprise Technology: IT Security Enhancement	GEN	0	2,950	2,950	1,800	1,800	3,600
Finance: Bankruptcy Counsel for Northwest Airlines proceedings	GEN	0	325	325	0	0	0
State Board of Investment: Funding Source Restructuring	GEN	0	(1,950)	(1,950)	(1,950)	(1,950)	(3,900)
Veterans Affairs:							
State Soldiers Assistance Program Grants	GEN	0	3,000	3,000	3,000	3,000	6,000
CVSO Service Enhancement Grants	GEN	0	3,000	3,000	3,000	3,000	6,000
Veterans Assistance Offices on Campus	GEN		2,500	2,500	2,500	2,500	5,000
One-Stop Website & Internet Support Services	GEN		200	200	200	200	400
subtotal expenditure changes:	GEN	0	10,025	10,025	8,550	8,550	17,100
General Fund Revenue Changes							
State Board of Investment: Funding Source Restructuring	GEN	0	(1,950)	(1,950)	(1,950)	(1,950)	(3,900)
subtotal revenue changes:	GEN	0	(1,950)	(1,950)	(1,950)	(1,950)	(3,900)
Net General Fund Change:	GEN	0	11,975	11,975	10,500	10,500	21,000
Non-General Fund Expenditure Changes - direct							
Employee Relations: PEIP Expansion for School Districts	HCA	60	2,260	2,320	0	0	0
Non-General Fund Expenditure Changes - statutory							
State Board of Investment: Funding Source Restructuring	SR	0	1,950	1,950	1,950	1,950	3,900
Non-General Fund Revenue Changes							
State Board of Investment: Funding Source Restructuring	SR	0	1,950	1,950	1,950	1,950	3,900

