

**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
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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
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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
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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.

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<b>Corrections Dept</b>	<b>General</b>	<b>3,213</b>	<b>10,596</b>	<b>10,596</b>	<b>10,596</b>
<b>Total Net Change</b>	<b>Other Funds</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Judicial Standards Board**

**Deficiency Request--Hearings Costs**

General	Expenditure	172	0	0	0
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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.

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<b>Judicial Standards Board</b>	<b>General</b>	<b>172</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Net Change</b>	<b>Other Funds</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Peace Officers Board (POST)**

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**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.

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<b>Peace Officers Board (POST)</b>	<b>General</b>	<b>663</b>	<b>717</b>	<b>717</b>	<b>717</b>
<b>Total Net Change</b>	<b>Other Funds</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Public Defense Board**

**Appellate Transcripts**

General	Expenditure	200	200	200	200
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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.

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<b>Public Defense Board</b>	<b>General</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>
<b>Total Net Change</b>	<b>Other Funds</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Public Safety Dept**

**Deficiency--State Disaster Match**

General	Expenditure	284	0	0	0
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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
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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.

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*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
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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
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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
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This initiative would add a training component to the licensing of alcohol vendors to help prevent youth access to alcohol.

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<b>Public Safety Dept</b>	<b>General</b>	<b>284</b>	<b>3,486</b>	<b>2,181</b>	<b>2,181</b>
<b>Total Net Change</b>	<b>Other Funds</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Supreme Court**

**Judicial Chemical Dependency Initiative**

General	Expenditure	0	750	0	0
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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.

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<b>Supreme Court</b>	<b>General</b>	<b>0</b>	<b>750</b>	<b>0</b>	<b>0</b>
<b>Total Net Change</b>	<b>Other Funds</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Crime Prevention Finance, 2006 Supplemental Appropriations Bill**  
 (all dollars in thousands)

	Agency/Item Summary	Fund	FY06	Gov Rec FY07	FY06-07	Gov Rec Tails		
						FY08	FY09	FY08-09
1	<b>Supreme Court</b>							
2	Judicial Chemical Dependency Initiative	GF	0	750	750	0	0	0
3								
4	<b>Board of Judicial Standards</b>							
5	Deficiency Request - Hearing Costs	GF	172	0	172	0	0	0
6								
7	<b>Public Defense Board</b>							
8	Appellate Transcripts	GF	200	200	400	200	200	400
9								
10	<b>Public Safety</b>							
11	Deficiency - State Disaster Match	GF	284	0	284	0	0	0
12	Internet Child Pornography Team - 4 agents	GF	0	1,000	1,000	778	778	1,556
13	Illegal Immigration Enforcement Team - 10 agents	GF	0	2,186	2,186	1,187	1,187	2,374
14	Posting of Non-Compliant Sex Offenders	GF	0	200	200	116	116	232
15	Alcohol Vendor Training	GF	0	100	100	100	100	200
16								
17	<b>Total Public Safety</b>		284	3,486	3,770	2,181	2,181	4,362
18								
19	<b>Peace Officers Standards and Training (POST)</b>							
20	Training Reimbursements	GF	663	717	1,380	717	717	1,434
21								
22	<b>Corrections</b>							
23	Salary Supplement	GF	9,400	18,600	28,000	18,600	18,600	37,200
24	Bed Savings	GF	-6,187	-8,500	-14,687	-8,500	-8,500	-17,000
25	Grant - Mentoring Children of Inmates	GF	0	300	300	300	300	600
26	Scott County - Entry Comm Corr Act	GF	0	196	196	196	196	392
27								
28	<b>Total Corrections</b>	GF	3,213	10,596	13,809	10,596	10,596	21,192
29								
30	<b>TOTAL</b>	GF	4,532	15,749	20,281	13,694	13,694	27,388



**Minnesota Board  
of Peace Officer  
Standards and Training**

1600 University Avenue, Suite 200  
St. Paul, MN 55104-3825  
(651) 643-3060 • FAX (651) 643-3072  
TDD (651) 297-2100

**Reimbursement to Local Units of Government for  
Continuing Education Training of Peace Officers**

Fiscal Year	Per Officer Share	Increase/Decrease	Fund Total
2005	352.49	(\$5.62)	\$2,918,265
2004	\$358.11	(\$65.83)	\$2,909,000
2003	\$423.94	(\$0.28)	\$3,457,461
2002	\$424.22	\$4.89	\$3,450,000
2001	\$419.33	\$11.18	\$3,332,600
2000	\$408.15	\$78.94	\$3,189,250
1999	\$329.21	\$12.71	\$2,455,155
1998	\$316.50	(\$1.51)	\$2,341,741
1997	\$318.01	(\$4.42)	\$2,300,000
1996	\$322.43	(\$2.19)	\$2,300,000
1995	\$324.62	(\$3.78)	\$2,216,461
1994	\$328.40	(\$7.33)	\$2,216,460
1993	\$335.73	\$6.10	\$2,200,625
1992	\$329.63	(\$49.37)	\$2,087,326
1991	\$379.00	(\$81.00)	\$2,363,823
1990	\$460.00	(\$17.00)	\$2,801,400
1989	\$477.00	\$49.00	
1988	\$428.00	\$271.00	
1987	\$157.00		

March 21, 2006

Hon. Jane Ranum, Senator District 63  
Members of the Senate Public Safety Budget Division  
75 Constitution Avenue  
Room 120 Capitol  
St. Paul, MN 55155-1606

Re: 2006 Supplement Budget Request

Dear Sen. Ranum and Committee Members:

At the request of Sen. Ranum, I am pleased to take this opportunity to briefly explain the reasons for the *2006 Supplemental Budget Request*. The request was initially submitted by the Board on Judicial Standards (Board) to the Department of Finance on February 27, 2006, and has been included in the Governor's Proposed Budget.

The Board has requested a supplemental appropriation of \$172,000 for fiscal year 2006. The purpose of this request is to conduct two separate public hearings and to conduct two separate formal investigations.

The two public hearings are currently pending before independent factfinding panels, recently appointed by the Supreme Court. Judge Stacey, First Judicial District, demanded a public hearing after a Formal Complaint was issued alleging that he engaged in ticket fixing and improper courtroom conduct, in violation of the *Code of Judicial Conduct (Code)* and state law. The Formal Complaint was filed pursuant to the *Rules of the Board on Judicial Standard (R.Bd.Jud.Stds.)*, Rule 8. Judge Murphy, First Judicial District, demanded a public hearing after a Formal Complaint was issued alleging that he engaged in ticket fixing, in violation of the *Code* and state law. In accordance with the Supreme Court's rules, the filing of these two complaints has already been disclosed to the public.

In the third case, pursuant to *R.Bd.Jud.Stds.*, Rule 1(d)(1), the Board has initiated a formal investigation against a judge for flagrant abusive behavior toward other judges and court employees. After reviewing a preliminary investigation pursuant to

March 21, 2006

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*R.Bd.Jud.Stds., Rules 1(d)(2) and Rule 6*, the Board concluded that there was sufficient cause to proceed with a formal investigation and to approve the employment of a special counsel and an investigator to complete this investigation and process the matter before the Supreme Court.

The fourth matter concerns a series of serious complaints from court administrative personnel alleging intemperate and intimidating conduct by a judge, creating an alleged hostile work environment. After reviewing the preliminary investigation, the Board concluded that there was sufficient cause to proceed with a formal investigation. The judge has been previously disciplined for similar inappropriate behavior and is currently alleged to have engaged in repeated instances of misconduct.

The Board is strongly committed to its statutory mission – maintaining public confidence in the independence, integrity and impartiality of our judicial system through the observance by our judges and judicial officers of proper conduct. Historically, the legislature appropriates funds on an as needed basis for the above described activities. The costs of retaining attorneys, employing investigators and holding hearings are beyond the Board's budget, which consists only of operating costs and salary expenses. By rule, the Board is prohibited from utilizing the services of the Attorney General or state and local law enforcement personnel.

Please notify me if I can provide any further information at this time or answer any specific questions.

Yours truly,

David S. Paull  
Executive Secretary

# DRAFT

## 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:

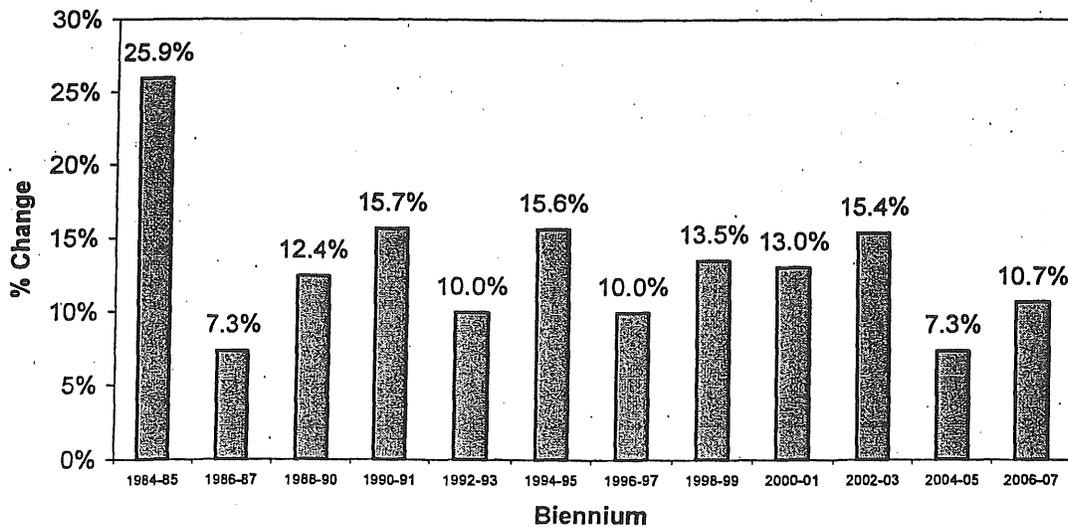
*Subd. 4. Report on expenditure increases. By January 10 of an odd-numbered year, the commissioner of finance must report on those programs or components of programs for which expenditures for the next biennium according to the forecast issued the previous November are projected to increase more than 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](mailto: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 1<sup>st</sup> who are determined to be eligible for free or reduced price meals by December 15<sup>th</sup>. The availability of more current direct certification information in the fall reduces undercounting of students who enroll or become eligible after July 1<sup>st</sup> and are not otherwise determined to be eligible for free and reduced price meals by December 15<sup>th</sup>. 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)

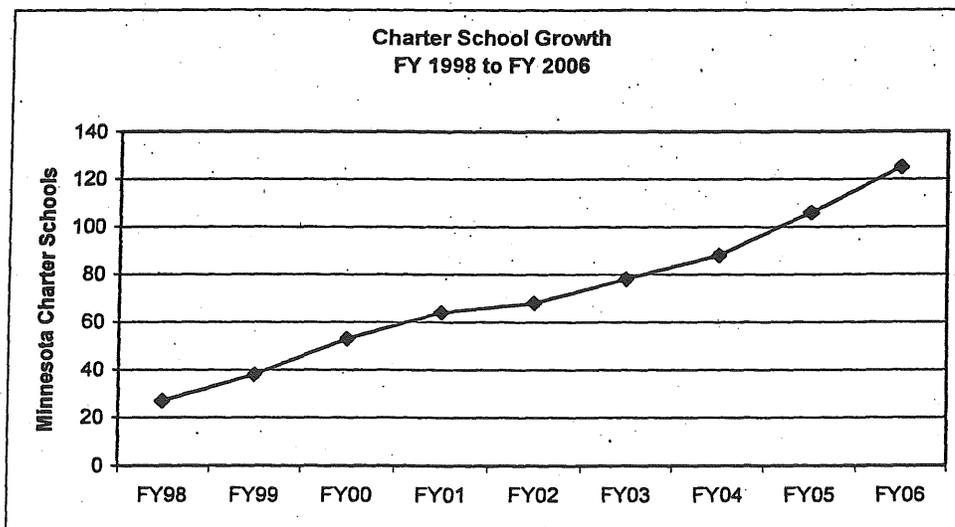
## Charter School Start-Up Aid

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](mailto:lisa.mueller@state.mn.us))

## Charter School Lease Aid

Expenditures (S000s)	2004-05	2006-07	2008-09	% Change '06-'07 vs. '04-'05	% Change '08-'09 vs. '06-'07
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

Expenditures (\$000s)	2004-05	2006-07	2008-09	% Change '06-'07 vs. '04-'05	% Change '08-'09 vs. '06-'07
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:

Expenditures (\$000s)	2004-05	2006-07	2008-09	% Change '06-'07 vs. '04-'05	% Change '08-'09 vs. '06-'07
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.

<b>Monthly Average Cases and Cost</b>	<b>2004-05</b>	<b>2006-07</b>	<b>2008-09</b>	<b>% Change '06-'07 vs. '04-'05</b>	<b>% Change '08-'09 vs. '06-'07</b>
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%)

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## 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 programs<sup>1</sup>, 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%

<sup>1</sup> 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.

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## 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.

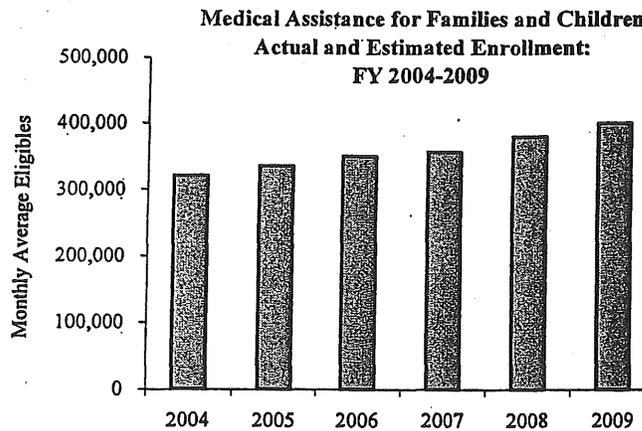
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## Medical Assistance Basic Care for Families and Children

Expenditures (\$000s)	2004-05	2006-07	2008-09	% Change '06-'07 vs. '04-'05	% Change '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.

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## Correctional Institutions

Expenditures (S000s)	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.

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## 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.

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## 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

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**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 Compensatory	General	-	12,349	16,984			37.5% New program phase in.
			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	7,871	-48.9%		108.9% 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	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.
MDE	Other General Education	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	Choice	Tribal Contract Schools	General	3,718	4,730	5,114	27.2%		8.1% Legislative action led to program growth.
MDE	Indian	Best Practices Seminars	General	1,747	2,470	2,420	41.4%		-2.0% Legislative action led to program growth.
MDE	Innovation Accountability	AP/IB	General	1,176	9,000	9,000	685.3%		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.
MDE	Special Education	Children with Disabilities Aid	General	5,428	4,824	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	19,885	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 06-07 vs. 04-05	% Change 08-09 vs. 06-07	Comments
				2004-05	2006-07	2008-09			
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	<i>Children Services Grants Total</i>		General	71,730	93,109	102,524	29.8%	10.1%	
DHS	<i>General Assistance</i>		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%	Caseloads and cost are the main drivers of growth across all waivers.
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	79,288	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/PDN	General	250,156	347,731	419,269	39.0%	20.6%	
DHS	<i>MA LTC Waivers Total</i>		General	1,360,208	1,716,048	2,038,029	26.2%	18.8%	
DHS	Child Care Development		General	2,598	3,080	3,080	18.8%	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	2,090,214	26.2%	25.4%	Caseload and average cost increases cause growth.
DHS	General Assistance Medical Care		General	482,203	584,110	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	43.8%	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	1,280	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	1,181	1,382	1,382	19.0%	0.0%	Growth is due to unexpended balances in FY04-05.
Diet & Nutrition			SGSR	148	210	210	41.8%	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	488	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 06-09 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 multi-program 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 multi-program 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 multi-program expenditures into one program on fund balance in FY05.
Board of Barber/Cosmetologist 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	% Change	Comments
				2004-05	2006-07	2008-09	06-07 vs. 04-05	08-09 vs. 06-07	
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-org 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



# 2006 Budget Supplement

CONTRIBUTING TO A  
SAFER MINNESOTA

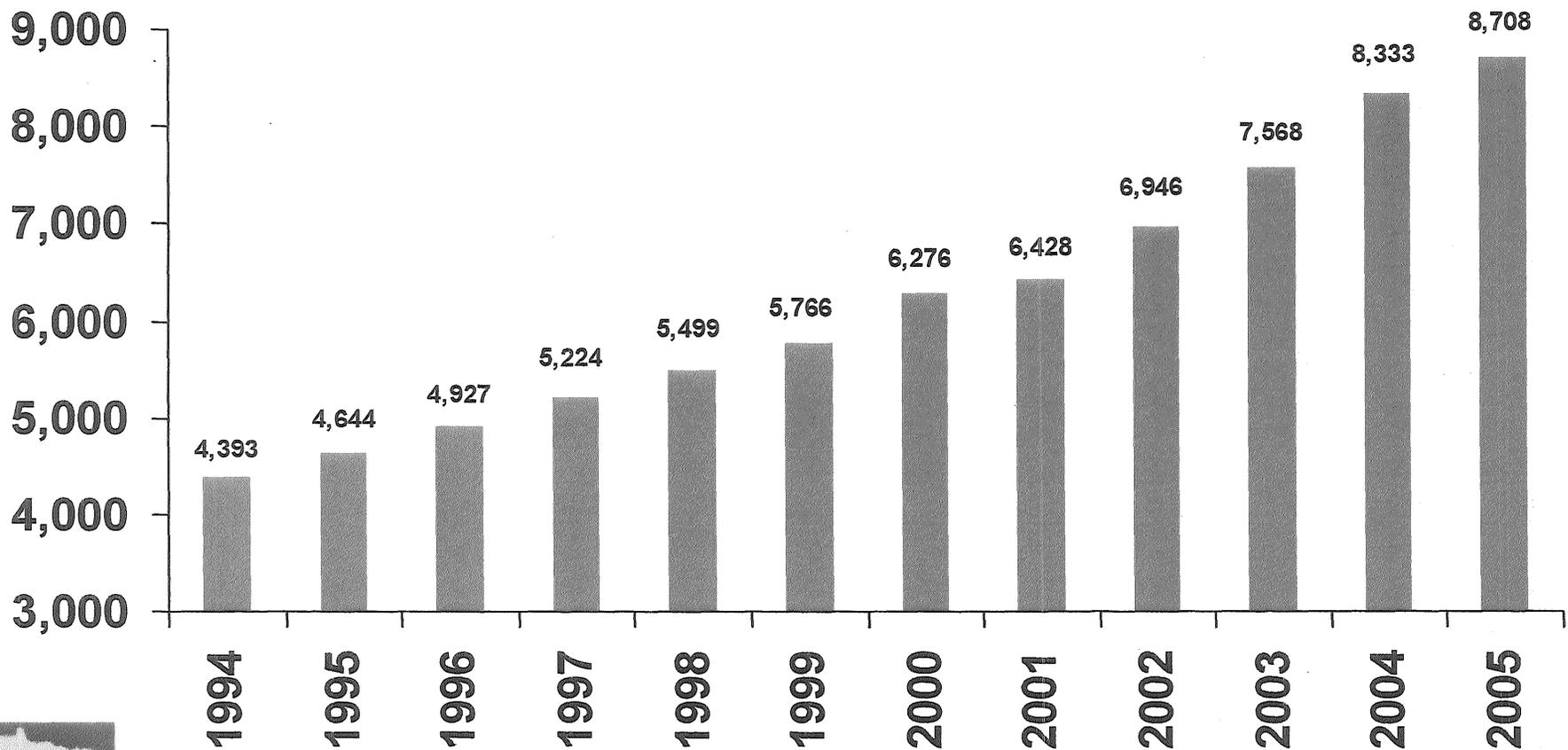
# Department of Corrections

- **Facility Division**
  - Ten Correctional Facilities
  - Facility Support Services
- **Community Services**
  - Community Supervision
  - Community Programs
- **Operations Support**
  - Human Resources, Financial Services, Information Technology, Policy & Legal Services, and Employee Development.



# Prison Population Growth

98 Percent Overall Increase from 1994 to 2005

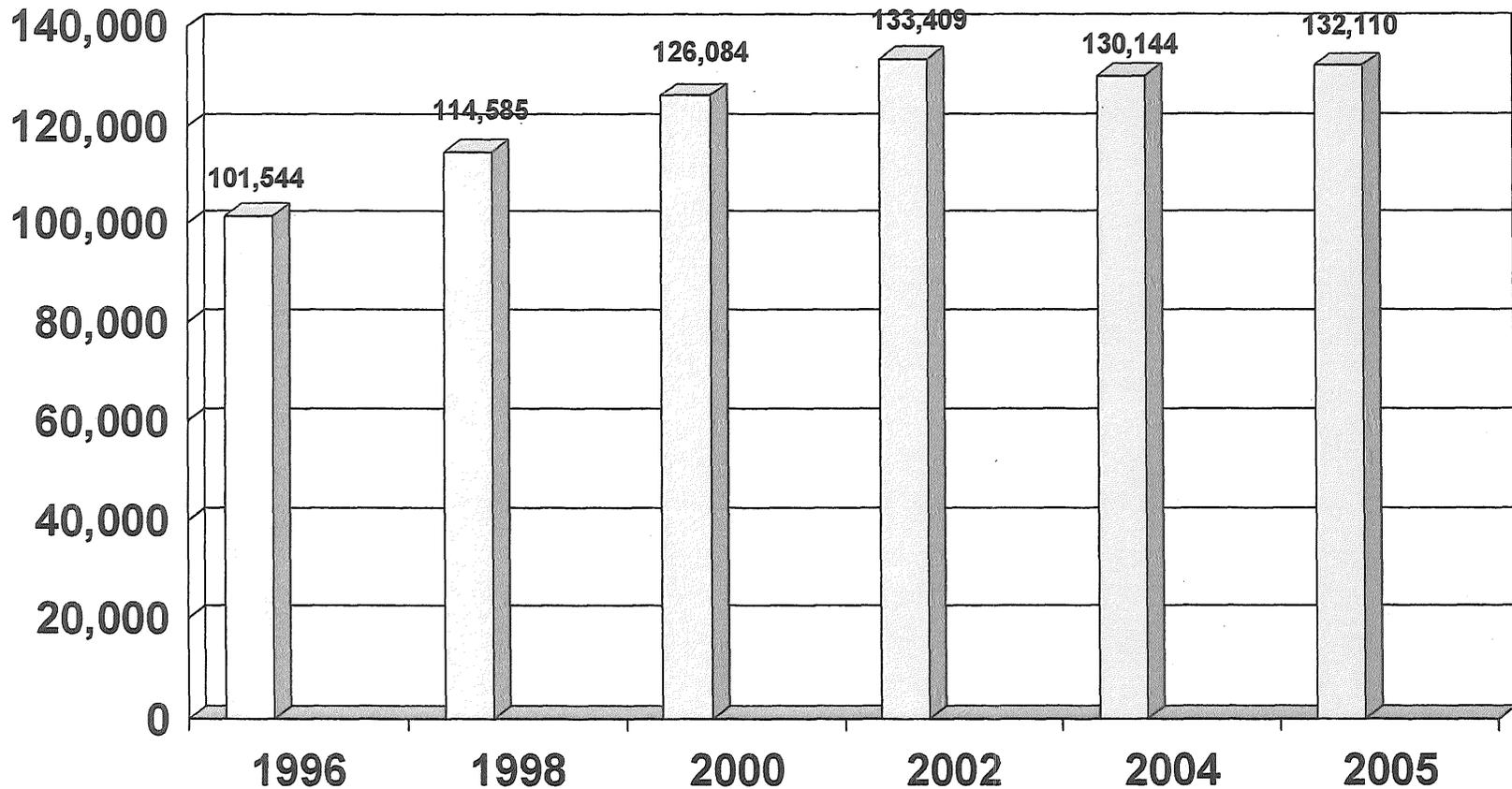


Actual prison population include those housed in a DOC facility or contracted to be housed in a local jail/private facility.

CONTRIBUTING TO A SAFER MINNESOTA

# Probation/Supervised Release Growth

30% overall increase from 1996 to 2005



# Budget Request

## Salary Supplement for direct care staff

- FY06 \$3.213 million (net after rental bed savings)
- FY07 \$10.1 million (net after rental bed savings)

Scott County CCA - \$196,000

Mentoring Children of Inmates - \$300,000



# New Salary Obligations

- FY06 \$9.4 million
- FY07 \$18.6 million
- Calculation includes:
  - Two-percent across the board adjustments for labor negotiated increases
  - Employer paid insurance increase for FY07
  - Minnesota Nurses Association contract increases
  - Correctional Officer low cost inequity adjustment
  - Facility and Community Services staff only



# Rental Bed Savings

- FY06 \$6.187 million savings
  - Based on approximately 230 less beds than projection
- FY07 \$8.5 million savings
  - Based on approximately 335 less beds than projected



# QUESTIONS?



CONTRIBUTING TO A SAFER MINNESOTA

## S.A.L.E.S Alcohol Server Training



### Menu

[Home](#)[FAQ / Help](#)[Purchase](#)[Contact Us](#)

### Courses

[Login](#)[Register](#)

## Welcome to MLBA's S.A.L.E.S Online Alcohol Server Training Website

If you would like to sign up for a course or a block of courses for you or your employees, you must purchase a SALES Membership ID. Click [Purchase](#) on the left

If you or your employer has already purchased a course and you are here for the first time, have your SALES Membership ID ready and [Register](#) now.

If you have already registered or are returning to complete your training, please have your login and password ready and click [Login](#) on the left.

To learn more about the S.A.L.E.S Online Training or system requirements please refer to the "[Frequently Asked Questions \(FAQ\)](#)" on the left.

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# S.A.L.E.S Alcohol Server Training



### Menu

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### Courses

- [Login](#)
- [Register](#)

## Register for S.A.L.E.S Alcohol Server Training

If you have already registered or are returning to complete a training then:

[Login now!](#)

### Registration Form

To begin your S.A.L.E.S Online Training Course, please fill out the following registration form below. All information you give will be kept in the strictest confidence and will not be used or sold to any third party. (Fields with a \* are required.)

\* Your Email

(You must have a valid email)

\* Password

(Enter a password that you can remember ie. Dog's name, Mother's maiden name, etc.)

\* First Name

\* Last Name

Middle Initial

\* Your Address 1

Your Address 2

\* City

* State	<input type="text"/>
* Zip	<input type="text"/>
* Your Sex	<input type="radio"/> M <input type="radio"/> F
* Your Age	<input type="text"/>
* Business Name	<input type="text"/>
* Business City	<input type="text"/>
* Business Phone	<input type="text"/>
Name of Employer	<input type="text"/>
* Your Title	<input type="radio"/> Wait staff <input type="radio"/> Bartender <input type="radio"/> Clerk/sales <input type="radio"/> Owner/manager <input type="radio"/> Doorman/security <input type="radio"/> Other
Your Highest Education Level	<input type="radio"/> Grade School <input type="radio"/> High School <input type="radio"/> Some College <input type="radio"/> College Degree <input type="radio"/> Masters/PhD
* Your Experience	<input type="radio"/> New <input type="radio"/> Less than 6 months <input type="radio"/> 6 months to a year <input type="radio"/> 1-2 years

2-5 years

5+ years

\* Reason for taking training

Insurance Requirement

Employer policy

Failed Compliance Check

Required by City

Other

\* Have you ever been the subject of a compliance check(or sting) by a government entity?

Yes

No

Don't Know

If yes, did you

pass

fail

were not notified of the result

\* Have you taken the SALES course before

Yes (Classroom)

Yes (online)

yes (Both online and classroom)

No

\* Number of times you have taken a different Alcohol Server Training Class in Minnesota

0

1

2-3

4+

Name of course? (if known)

\* Number of times you have taken an Alcohol Server Training Class Outside of MN

- 0
- 1
- 2-3
- 4+

Name of course? (if known)

\* When was last server training course?

- Never
- 0-6 months
- 6 months-1 year
- 1-2 years
- 2+ years

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Senators Michel, Larson, Ruud, Koering and Kierlin introduced—

S.F. No. 3317: Referred to the Committee on Finance.

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  
3.10 the public buyers group.

1 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  
0 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  
3.29 governmental plan under United States Code, title 29, section 1002(32); or

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

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

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

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

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

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

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

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

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

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

5.33 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

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

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

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:

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

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

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

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

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

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

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

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

11.19 (i) no credit bureau balances discharged through bankruptcy;

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

11.21 (iii) no delinquent or unsatisfied credit obligation, such as tax or mechanics liens

11.22 or judgments; and

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

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

11.27 (2) is at least 24 years old;

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

11.29 (4) permanently resides in the United States; and

11.30 (5) agrees to the release of information to a consumer credit reporting agency, as

11.31 specified in section 136A.162, paragraph (b).

11.32 The office may establish alternative credit requirements using credit scoring.

11.33 Sec. 9. Minnesota Statutes 2004, section 136A.16, is amended by adding a subdivision  
 11.34 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:

2 (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;  
 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

15.1 repayment period not exceeding ten years from the eligible student's graduation or  
15.2 termination date. For SELF loans from phases after SELF III, eligible students with  
15.3 aggregate principal loan balances from all SELF phases of \$18,750 or greater shall  
15.4 have a repayment period not exceeding 15 years from the eligible student's graduation  
15.5 or termination date. For SELF loans from phases after SELF III, the loans shall enter  
15.6 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.

17.1 (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  
 17.3 employers outside the institution. However, a public employer other than the institution  
 17.4 may not terminate, lay off, or reduce the working hours of a permanent employee for the  
 17.5 purpose of hiring a work-study student, or replace a permanent employee who is on layoff  
 17.6 from the same or substantially the same job by hiring a work-study student.

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

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

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

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

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

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

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





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>		
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	<b>Sec. 10. PEACE OFFICER STANDARDS</b>	<del>4,154,000</del>	<del>4,014,000</del>
19	<b>AND TRAINING BOARD (POST)</b>	<u>4,817,000</u>	<u>4,731,000</u>
21.20	<b>EXCESS AMOUNTS TRANSFERRED.</b>		
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 <del>\$4,154,000</del>		
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 <del>\$4,014,000</del> <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.

23.1 The Department of Corrections is exempt  
23.2 from the state contracting process for the  
23.3 purposes of Minnesota Statutes, section  
23.4 609.105, as amended by Laws 2003, First  
23.5 Special Session chapter 2, article 5, sections  
23.6 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  
23.11 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.

25.1 **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:

25.32 (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



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>
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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>
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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>
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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

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

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

31.9 The appropriations in this section shall  
 31.10 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.

31.20 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

33.1 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  
 33.11 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.  
 33.21 **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

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

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

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

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

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

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

37.10 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

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

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

39.4 The commission shall:

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

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

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

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

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

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

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

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

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

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

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

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

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

39.30 The commission shall:

39.31 (1) have sole direction, supervision, regulation, control, and jurisdiction over all  
39.32 boxing contests, tough man contests, and nontraditional fighting contests held within this  
39.33 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:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

49.1 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  
3 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  
49.21 payment of interest on bonds of the authority, the establishment of reserves to secure its  
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		<del>5,038,000</del>
49.32	<b>Subd. 5. Fish and Wildlife Habitat</b>	<b>5,038,000</b> <u><b>8,738,000</b></u>

## 50.1 Summary by Fund

50.2			<del>5,038,000</del>
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

51.1 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

53.1 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  
53.11 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.

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

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

55.20 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				
29				
55.30	<u>General</u>	\$ <u>40,233,000</u>	\$ <u>60,963,000</u>	\$ <u>101,196,000</u>



57.1 (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,  
 3 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	<u>General</u>	<u>-0-</u>	<u>(7,452,000)</u>
57.25	<u>Federal TANF</u>	<u>-0-</u>	<u>10,067,000</u>
57.26	<u>(a) MFIP Child Care Assistance Grants</u>		
57.27	<u>General</u>	<u>-0-</u>	<u>(10,067,000)</u>
57.28	<u>Federal TANF</u>	<u>-0-</u>	<u>10,067,000</u>

57.29 **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**

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

59.8 **CHILD CARE AND DEVELOPMENT**

59.9 **FUND; FEDERAL DEFICIT**

59.10 **REDUCTION ACT OF 2005. Increased**  
 59.11 **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	<b><u>General</u></b>	<b><u>-0-</u></b>	<b><u>2,615,000</u></b>
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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**  
 59.21 **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**  
 59.31 **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>

61.1 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.

61.11 (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

61.18 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

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

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

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

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

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

63.4 **AGING AND ADULT SERVICES**

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

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

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

63.21 (b) Alternative Care Grants

63.22	<u>General</u>	<u>-0-</u>	<u>3,337,000</u>
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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>
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63.31 (d) Medical Assistance Long-term Care Waivers

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

65.1 establish additional community capacity  
 65.2 for providing treatment and supervision  
 65.3 of clients who have been ordered into a  
 65.4 less restrictive alternative of care from the  
 65.5 state-operated services transition services  
 65.6 program consistent with Minnesota Statutes,  
 65.7 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	<b><u>Subdivision 1. Total Appropriation</u></b>	<b><u>-0-</u></b>	<b><u>22,000,000</u></b>
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65.28 **Summary by Fund**

65.29	<b><u>Health Care Access Fund</u></b>	<b><u>-0-</u></b>	<b><u>22,000,000</u></b>
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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**  
 67.11 **BOARD**

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

<b><u>Revenue</u></b>	<u>514,000</u>	<u>622,000</u>
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<b><u>Subd. 2. Board of Chiropractic Examiners</u></b>	<u>5,000</u>	<u>5,000</u>
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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>
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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>
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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>
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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>
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68.31 **EMERGENCY MEDICAL SERVICES**  
 68.32 **BOARD APPROPRIATION INCREASE.**

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

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

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

69.10 Subd. 2. **Transfers.** (a) Notwithstanding section 295.581, to the extent available  
 69.11 resources in the health care access fund exceed expenditures in that fund, effective with  
 69.12 the biennium beginning July 1, 2007, the commissioner of finance shall transfer the excess  
 69.13 funds from the health care access fund to the general fund on June 30 of each year,  
 69.14 provided that the amount transferred in any fiscal biennium shall not exceed ~~\$96,000,000~~  
 69.15 \$126,582,000.

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

69.21 1 **Sec. 7. [144.366] INTERCONNECTED ELECTRONIC HEALTH RECORD**  
 69.22 **GRANTS.**

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

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

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

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

69.33 (2) hospitals eligible for rural hospital capital improvement grants, as defined  
 69.34 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;

71.1 (2) a description of the problem or problems the grant funds will be used to address,  
71.2 including an assessment likelihood of the project occurring absent grant funding;

71.3 (3) a description of achievable objectives, a workplan, budget, budget narrative, a  
71.4 project communications plan, a timeline for implementation and completion of processes  
71.5 or projects enabled by the grant, and an assessment of privacy and security issues and a  
71.6 proposed approach to address these issues;

71.7 (4) a description of the health care entities and other groups participating in the  
71.8 project, including identification of the lead entity responsible for applying for and  
71.9 receiving grant funds;

71.10 (5) a plan for how patients and consumers will be involved in development of  
71.11 policies and procedures related to the access to and interchange of information;

71.12 (6) evidence of consensus and commitment among the health care entities and others  
71.13 who developed the proposal and are responsible for its implementation; and

71.14 (7) a plan for documenting and evaluating results of the grant.

71.15 (c) The commissioner shall review each application to determine whether the  
71.16 application is complete and whether the applicant and the project are eligible for a  
71.17 grant. In evaluating applications, the commissioner shall take into consideration factors,  
71.18 including but not limited to, the following:

71.19 (1) the degree to which the proposal interconnects the various providers of care  
71.20 in the applicant's geographic community;

71.21 (2) the degree to which the project provides for the interoperability of electronic  
71.22 health records or related health information technology between the members of the  
71.23 collaborative, and presence and scope of a description of how the project intends to  
71.24 interconnect with other providers not part of the project into the future;

71.25 (3) the degree to which the project addresses current unmet needs pertaining  
71.26 to interoperable electronic health records in a geographic area of Minnesota and the  
71.27 likelihood that the needs would not be met absent grant funds;

71.28 (4) the applicant's thoroughness and clarity in describing the project, how the project  
71.29 will improve patient safety, quality of care, and consumer empowerment, and the role of  
71.30 the various collaborative members;

71.31 (5) the recommendations of the Health Information and Technology Infrastructure  
71.32 Advisory Committee; and

71.33 (6) other factors that the commissioner deems relevant.

71.34 (d) Grant funds shall be awarded on a three-to-one match basis. Applicants shall be  
71.35 required to provide one dollar in the form of cash or in-kind staff or services for each three  
71.36 dollars provided under the grant program.

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.**

75.1 On June 30, 2006, the commissioner of finance shall transfer any balance in the tax  
75.2 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.