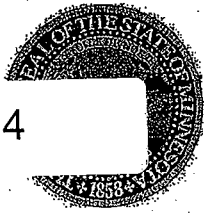


06 - 0014



# STATE OF MINNESOTA

## Office of Governor Tim Pawlenty

130 State Capitol ♦ Rev. Dr. Martin Luther King Jr. Boulevard ♦ Saint Paul, MN 55155

### Leadership Agreement

July 9, 2005 1:30 AM

#### EDUCATION

\$800m Total for schools, including local levies, at \$139.2 million and 4.0%/4.0% each year on the formula.

Agreed upon language for Q Comp at \$78.5 million in aid plus \$9 million in levy with equitable geographic distribution. Get Ready Get Credit language and funding level at \$11.6 million.

Referendum cap raised to 26%; \$200 per student of additional referendum authority to "grandfathered" districts; referendum equalization increased to \$600 per student in FY 2007 and \$700 per student in FY 2008 and later.

Establish a low referendum district equity increase, metro equity increase and modified equity formula to provide statewide equity. The modified equity formula includes \$32 million in school board approved levy as an allowance per pupil for all school districts below the 95th percentile and includes cities of the first class. School districts above the 95th percentile shall receive a levy allowance equal to 50% of the allowance that districts below the 95<sup>th</sup> percentile receive.

\$10 million aid for early childhood programs.

#### HHS

\$110m Over Governor's March budget for 06-07; 08-09 tails also \$110m over Governor's tails  
Maintain current law MnCare eligibility. Repeal MnCare cap and restore diabetic supplies.  
Fully utilize HCAF balance in both biennia.

#### TAX

\$ 86m Over the Governor's March budget.  
Offer assumes Health Savings Account conformity, single sales, and gross premium tax reduction, plus other items including:

\$ 45m

Local Government Aid; \$25m from the general fund and \$20m from the tax relief account to be used only for the current formula or small cities or for adjustments to avoid excess aid.

Current law for political contribution refund program and the renter's credit program.

TRANSPORTATION

\$ 46m

Over Governor's March budget for transit (\$40m metro and \$6m rural)

Basic funding bill without gas tax or license tab or other tax increases. Senate position on Governor's proposed general fund fee increases.

REVENUE

\$401m

HIF at \$.75 to be referenced in law as "Health Impact Fee." (Includes other tobacco products and floor stocks.) The Health Impact Fee will be carried in the Health and Human Services bill.

\$232m

Net revenue increase only from the Governor's March budget revenues, plus abusive tax shelters (\$57 m) and the gas pipeline case adjustment (\$16 m.)

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Executive branch including constitutional offices receives authority to carry unexpended funds forward from FY 2005 to FY 2006.

The Governor agrees not to line item veto provisions specifically referenced in this agreement.

The House and Senate will pass and send to the Governor a bill authorizing continued spending at FY 2005 appropriated levels until midnight, Thursday, July 14, 2005.

Working Groups will make decisions by 5:00 PM on Monday, July 11 or leadership will finish the bills. The bills will pass the House and the Senate by 8:00 PM on Wednesday, July 13, 2005.

*[Signature]*  
Governor  
7/9/05

*[Signature]*  
7/9/05

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7/9/05

Licensing of Background checks	.589 M
Fair Hearings	1.113 M
Am. Indian Child Welfare grants	2.419 M (trails at Gov's level)
Prevent Teenage Homeless	2.247 M
Supportive Housing - Homeless	10.000 M
Better Manage Health Care Programs	4.873 M (+ Savings 3.06)
SOS Forensic	10.402 M
Improve Mental Health Coverage	3.406 M
Meth. Treatment	.600 M

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areas by the following:

House conditions

- 1) Provider COLA at house level (2.26 in '06 and 2.26 in '07) \$69M
- 2) Reduce family planning monies when 1115 waiver implemented (-\$3.8M)

Agreement must also include following HHS reforms:

- 3) MN Health Program Integrity Provisions (-\$6.3M)
- 4) MNCare Premium Increases (-\$5M) (-2.5M)
- ~~Drop~~ 5) Subsidized Housing @ \$100 (-\$6.2M)
- 6) Child Care Absent Day limit (-\$1.5M)

\$46.2M

~~92~~  
52.4

